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**OFFICE OF THE MILITARY COUNCIL
REPUBLIC OF TRANSKEI**



FAX TRANSMISSION

TO : MR Z. TITUS

COMPANY : TRANSKEI DELEGATION

FAX NO : 011 397 2211

DATE : 16/8/93

TIME : 11H00

FROM : MAJ GEN B. Holomisa

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06 August 1993**FOR ATTENTION : NEGOTIATING COUNCIL AND TEC TECHNICAL COMMITTEE****THE NEED FOR TEC TO HAVE EXCLUSIVE EXECUTIVE POWERS****1. FACTUAL BACKGROUND:****We forward herewith copies of six letters dated:**

- a. 20 June 1989 (from P.S. Roux - attorneys);
- b. 8 August 1990 (from Bowens - attorneys - and addressed to President F.W. De Klerk);
- c. 9 August 1990 (from Bowens - attorneys - and addressed to President F.W. De Klerk);

- d. 17 January 1991 (from the State Attorney - Pretoria and addressed to Bowens);
- e. 6 September 1990 (from Bowens to the Advocate-General); and
- f. 26 February 1991 (from Rooth and Wessels to Bowens).

The facts of this matter are outlined in the letter of the 8th of August 1990. In the letter of the 9th of August 1990 the attorneys Bowens concluded that:

"The above facts, need together with the chronological history of events, leads one to the inevitable conclusion that some massive fraud was being perpetrated."

2. ANALYSIS OF THE FACTS:

We have analysed the facts of this matter and we wish to express our concern about the fact that a scam of such massive proportions has been dismissed by the South African Government in the manner in which they have done. The denials on the part of the South African Government are not convincing. The State Attorney, without any public inquiry, even went as far as to deny "all allegations relating to such transactions". The Wessels blows up the cover of the South African Government. The letter of the 20th of June 1989 from attorneys Roux confirms quite clearly that the Reserve Bank was aware of the

transaction. The Reserve Bank, it is clear, could not have been involved in this matter without it being instructed by a State Department particularly in view of the guarantees which the Bank had to provide.

3. RELEVANCE OF THIS MATTER TO THE NEGOTIATIONS PROCESS:

The Negotiating Council will soon be considering the legislation relating to the Transitional Executive Council. We have noted that the TEC, in terms of proposals presently serving before the Technical Committee, will have its jurisdiction limited to certain key areas such as finance. It is unclear whether the TEC, of its own volition and without referring the matter to any other functionary, will have jurisdiction to appoint and institute commissions of inquiry.

The TEC will be tasked primarily with the levelling of the political playing field. It is clear from the scheme that was hatched by those mentioned in these documents that -

- a. the National Party can acquire overseas funds for political party purposes using devious means;
- b. the Government can institute projects in an illicit manner for vote-catching purposes; and

- c. during the TEC and Interim government stage, certain individuals may enrich themselves utilising schemes of this nature.

We therefore submit that:

- a. the TEC should be empowered to appoint commissions of inquiry to enquire into any area of governmental concern and that such powers should extend to the activities or alleged activities of any Department of State including those in respect of which the TEC sub-councils will have authority; and
- b. the TEC should be empowered to investigate the past and present activities of the Reserve Bank and to call for the production of documents. The TEC and the transitional process should be utilised as vehicles to unearth financial maladministration and financial irregularities of the past - otherwise a future government will inherit a financial mass.

4. CONCLUSION

We refer to the first submission which the Government of Transkei presented to the TEC Technical Committee. In that submission the Government emphasised the importance of according the TEC full executive powers and also the power to overrule the RSA Cabinet on matters set aside for its jurisdiction.

The latest revelations tend to confirm and fortify our earlier views on this matter. The TEC must be accorded, in addition, full and effective power to investigate all matters falling within the sphere of authority of any South African Department of State irrespective of when the factual circumstances arose. The Department of Justice, for example, should account for the large number of cases involving Forex charges which are presently outstanding.



(H.B. HOLOMISA)

CHAIRMAN OF THE MILITARY COUNCIL : MAJOR-GENERAL

KLAGSBRUNS — ROUX

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 Republic of South Africa

U verw./Your ref.

Ons verw./Our ref. P 5 ROUX

Datum/Date 20 JUNE 1989

MESSRS BOWENS ATTORNEYS
 FAX (011) 836 4195
 JOHANNESBURG

Dear Sirs,

re: CESSION OF DEBT IN TERMS OF CLAUSE 12 OF THE SECOND
 INTERIM ARRANGEMENTS

We have been requested to favour you with confirmation that the sum of \$600 million U S D will be guaranteed by the Reserve Bank of South Africa.

Witter have been advised by officials of the Reserve Bank that on receipt of a key tested telex from the funders bank that the amount of \$600 million is available for investment in order to effect the cession of the debt, a "loan confirmation agreement" will be entered into with the funder to guarantee repayment of the said amount.

Yours faithfully,
 KLAGSBRUNS-ROUX.

per:



Bowens

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DOCEX DX138

YOUR REFERENCE

Mr. Leith

OUR REFERENCE

8th August 1990.

The State President,
F.W. De Klerk D.M.S.,
Union Buildings,
PRETORIA.

Dear State President,

re: PROCUREMENT OF OFF-SHORE FUNDS FOR SUPRA TECH
HOLDINGS (PROPRIETARY) LIMITED

We have been requested to provide a brief outline of the chronological order of events leading up to the final negotiation of a One Billion U.S. Dollar loan for Supra Tech Holdings (Proprietary) Limited (hereinafter referred to as "Supra") as well as the negotiation of the availability of loan funds in multiples of 600 Million U.S. Dollars from Arab sources.

1. During early May 1989 I was advised by Mr. Graham Sterley of Lonrho Projects (later Loncon Projects), who were involved in the development of black

townships, that a Mr Gerry Simon was interested in an off-shore loan in the amount of 100 Million Dollars, for the development of a massive new black township to be situated North West of Pretoria, between Rosslyn and Shoshenguwe.

2. A meeting was arranged at the home of Mr. Gerry Simon in Wendywood, to pursue this matter. Present at the meeting were:
 - 1) Graham Sterley of Lonrho Projects
 - 2) Gerry Simon and
 - 3) Alwyn Lombard of Supra
 - 4) Peter Grant-Smith and the writer hereof as representatives of the potential lenders.

3. Mr Alwyn Lombard was introduced as Chairman of the Lombard Group of Companies, a group specialising in property developments. He advised that the proposed development was to be carried out by a Company known as Supra Tech Holdings (Proprietary) Limited of which he was Chairman.

4. He advised that Supra had been formed as a cover for the South African Government who were actually behind the development, and would guarantee any loans made. The reason for the cover was political as it was feared that blacks would not react favourably to the

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development if it was seen as a Government one.

5. The outcome of the meeting was that Peter Grant-Smith was mandated to arrange a loan in the amount of 100 Million Dollars repayable after a period of ten years, with an interest rate around the Libor rate.
6. Subsequent to the meeting, a non-circumvention agreement was drawn by myself and signed by the relevant parties.
7. At the meeting it was stated that the actual funding requirements for the project were far in excess of 100 Million Dollars and that further or larger loans would be considered at a later stage.
8. Thereafter various negotiations took place in an attempt to find a suitable lender.
9. With the co-operation of Mrs Sandra Woodland and Dr Ian Waitt of Edengem, in London, contact was made with an Arab Syndicate who were prepared to advance the necessary funds, provided their specific requirements were met. At this stage, Mr Gerry Simon had advised that the amount of the loan should be increased to 600 Million Dollars.

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10. A formal application was subsequently submitted to the Syndicate, dated the 21st July 1989. All information relating to the proposed township development and to Supra was supplied by Mr. Alwyn Lombard and Mr Gerry Simon, with, we were led to believe, the explicit backing of officials at the Reserve Bank.
11. Following receipt of the application, the Arab Syndicate enquired whether or not the Reserve Bank were prepared to sell large amounts of Gold Bullion to them. We immediately referred this to Mr Simon, who, after some delay, advised that such sales were possible, and that the Reserve Bank were at that stage looking for a Middle East buyer.
12. Further protracted negotiations followed, until a stage was reached at which the representatives of the Arab syndicate requested a meeting with a Supra representative in London, to finalise both the loan and the Gold sale transactions.
13. It was arranged that Mr. Alwyn Lombard would represent Supra, as he would be in London at that time and that the writer hereof would represent the the South African mandated agents.

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14. A meeting was arranged for Midday on Monday, the 26th September, 1989 at the Towers Hotel in London. Mr Lombard failed to arrive for the meeting, which caused acute embarrassment to myself, Dr. Waitt and Mrs. Woodland. He was eventually traced and a further meeting was arranged for that evening at the Royal Ocean Racing Club. Mr. Lombard duly arrived for the meeting. He however refused to be briefed by Dr. Waitt or myself, and in the course of the meeting severely embarrassed all present by:-
- a) asking for a 5 Million Dollar advance on the loan for the purpose of acquiring the property necessary for the townships.
 - b) asking for a payment of 20 000,00 pounds sterling for introducing the Syndicate to the correct people at the Reserve Bank for the purchase of Gold Bullion.
15. The Arab representative then terminated the meeting, and, after Mr. Lombard had left, advise Dr. Waitt, Mrs Woodland and myself that steps would have to be taken to rectify matters, as Mr. Lombard's actions were regarded as totally unacceptable.
16. A second meeting had already been arranged with a more senior Arab representative for the following day. However, pursuant to Mr. Lombard's actions at

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the Royal Ocean Racing Club, I was requested to present the loan application, which I duly did.

17. Following on from this trip, the syndicate representatives informed Mrs. Woodland and myself that the matter could only proceed if Mr. Lombard's name no longer appeared on Supra's letter head. This information was conveyed to Mr Simon. We were later informed that Mr Jan Carl Kruger would replace Mr. Lombard on the Board of Supra.

18. Negotiations continued, centring around the choice of a suitable fiduciary Bank to act as a channel for the funds to reach South Africa. Mr Gerry Simon, through his Israeli contacts, managed to procure the services of United Mizrachi Bank Limited of Israel. Arrangements were made for a meeting in Tel Aviv, between Mr Simon representing Supra, Dr. Ian Waitt, and Mr. Eliahié Miron and David Kimche of United Mizrachi. These meetings took place between the 19th and 22nd November 1989. Unfortunately these negotiations failed to finalise the position, and in an attempt to bring the matter to a head, Dr. Waitt came to South Africa at the beginning of December, 1989.

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19. While the negotiations concerning the loans were continuing, quite separate negotiations were being conducted relating to the sale of the Gold Bullion. The Arab bullion representative who had been present at the meetings in London requested the names of the responsible people at Reserve Bank and also the procedures to be adopted. This request was passed on to Mr. Gerry Simon who in turn requested the relevant information from the Reserve Bank officials concerned with the Supra transaction. He advised us that the contact persons were a Mr. Alan Buckland or Mr James Cross. Arrangements were then made or purported to be made for the Arab Bank to contact the abovementioned officials. However, on the contact being made, Mr. Buckland denied any knowledge of the matter, this despite the writer hereof personally faxing a letter confirming the contact the previous day.
20. While Dr. Waitt was in South Africa, Mrs Woodland managed to secure the services of two further fiduciaries in Europe, both of which were acceptable to Supra. She also managed through the agency of Mr. Derek Davies, an accountant representing Swiss financial interests, to procure a loan from a Swiss source in the amount of 1 Billion U.S. Dollars at an

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interest rate of 4 per centum for a period of 15 years. Mr Gerry Simon was advised of the availability of this loan, and after consultation with the Supra Board advised that the loan was acceptable to them and negotiations should proceed.

21. During these negotiations it became clear that some person or persons within either the Reserve Bank or Government were attempting to circumvent the mandated agents. This became apparent after several unauthorised telephone calls were made to the European fiduciary bank. As a result of this action, a new fiduciary was nominated and accepted by Supra.

22. During the course of further negotiations, it became apparent, and this was subsequently confirmed, that the loan had been elevated to the status of Government to Government. This was confirmed when an official from South Africa flew to the European country concerned and presented proof of the existence of external guarantees sufficient for the 1 Billion Dollar loan to the fiduciary Bank and to Mr. Davies. This same official then flew to London and negotiations took place between him, Mr Davies and Mrs Woodland at the South African Embassy. At these negotiations it was pointed out that a 'project' would have to be used to justify the loan,

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and to hide the South African connection for the obvious political reason. This was agreed to by the South Africans who undertook to prepare the necessary documents.

23. The project documents were only handed to Mrs. Woodland after an extensive delay, and after perusal thereof, it was discovered that they were defective. The South African representative was then advised that an 'off the shelf' project could be purchased from Auditors Coopers & Lybrand of London. At that stage, the South Africa Government representative requested that the loan be delayed until the visit of the State President to Europe. This the lenders reluctantly agreed to. Their reluctance was due to the fact that the funds had been moved in anticipation of the loan proceeding as a result of previous assurances and actions by the South Africans.

24. While the State President was in England he met with
- a) The Arab senior representatives whom the writer hereof had met while in London; and
 - b) had a telephonic conversation with Mr Derek Davies, the Swiss representative for the 1 Billion Dollar Loan.

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25. Further negotiations occurred directly with the Swiss lender during the State President's stay in Switzerland, on the 22nd and 23rd May 1990. At these meetings, the South Africans requested that the loan be delayed until the end of June. They also undertook that all the necessary paperwork would be handed to Mr Davies/Mrs. Woodland prior to that date.
26. Towards the end of June, Mr Davies telephoned the State President's office on a special number given for these matters to enquire when the outstanding paperwork could be expected. Surprise was expressed at the fact that it had not been delivered, and an undertaking was given to Mr. Davies that it would be seen to personally.
27. At the end of June the paperwork had still not materialized, and the Swiss lenders contacted the same number to establish the reason therefore. We are unaware at this stage of the response to their enquiry.
28. We are unaware of what transpired subsequent to the afore-mentioned telephone call.

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Following what has transpired over the last 15 months, as summarised above, we are satisfied that the mandated representatives of Supra Tech Holdings (Proprietary) Limited successfully completed their mandate in raising loans from both the Arab and Swiss source, on terms which were acceptable to Supra/the South African Government.

The fact that such loans were acceptable is evidenced by the presentation of acceptable guarantees to the European fiduciary and other evidence in our possession. The mandated representatives are therefore, in our opinion entitled to claim their agreed commission, namely 3% of the total facility arranged.


All documents supporting the points covered above are in our possession, together with the particulars of the European fiduciary banks and the names of officials representing the Arab Syndicate.

We are also in possession of the non circumvention agreement entered into after the initial meeting at the residence of Mr. Gerry Simon, as well as the commission agreements.

I will be most happy to make these documents and any further information you may require available to you at a

meeting at any time suitable to you, and await to hear
from you further in this matter.

Yours most respectfully,



BOWENS

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YOUR REFERENCE

OUR REFERENCE

The State President,
F.W. De Klerk D.M.S.,
Union Buildings,
PRETORIA.

Mr Leith

9th August 1990

Dear State President,

re: PROCUREMENT OF OFF-SHORE FUNDS FOR SUPRA TECH HOLDINGS (PROPRIETARY) LIMITED

We have been instructed by the mandated agents in the aforementioned matter to address this letter to you. Its main purpose is to highlight the parties involved in the Supra transaction, the chronological order of events of which are outlined in a separate letter.

1. Supra Tech Holdings (Proprietary) Limited, Number 87/05086/07, is a company incorporated in South Africa. The sole registered Director of the Company is Joubert Pienaar. Throughout the process of negotiations for the off-shore loans, the following

persons were held out as being duly appointed
Directors of Supra Tech

- a) Alwyn Lombard
- b) D Lombard
- c) Dr. W. J. Kock
- d) Dr. P. Truter
- e) Prof. N. du Preez
- f) Jan Carl Kruger
- g) Gerry Simon

Furthermore, we were informed verbally on many occasions that the above persons acted as fronts for various high ranking Reserve Bank officials including the deceased Governor and senior cabinet ministers, who for various reasons did not want their involvement known. It was requested that payment of any loans negotiated be made to a Jersey registered company, also known as Supra Tech, the funds then finding their way to South Africa by means unknown to us.

- 2. The following persons were named as being possible representatives of Supra for the negotiations which took place in London.

2

- a) Jan Lombard
- b) Jan Carl Kruger
- c) Alwyn Lombard
- d) Gerry Simon

3. As far the sale of Gold Bullion is concerned, the following persons were nominated as being the responsible people at the Reserve Bank

- a) Alan Buckland
- b) James Cross

4. The commission payable to the mandated agents in respect of the loan transactions was agreed at 3% of the total facility negotiated. Commission agreements to this end were signed by both Alwyn Lombard and Jan Carl Kruger on behalf of Supra Tech.

5. The Reserve Bank Officials who negotiated with the Swiss representatives in Europe and London were known only by their first names, namely Claire and Zig.

The original of the guarantees for the 1 billion dollars loan which were presented to the Swiss

2

representative were stated to have been in the offices of a Cape Town firm of attorneys, and would be hand delivered on transfer of the funds.

The above facts, read together with the chronological history of events leads one to the inevitable conclusion that some massive fraud was being perpetrated.

Yours most respectfully,



BOWENS

322-8522 X224
"GOVAT"
FAX 322 0177



GG/NvL

My Verw. My Ref. 10084/90/V1
U Verw. Your Ref. MR. C. A. LEITH

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SUIDTORING/SOUTH TOWER
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Van der Walt Street
PRETORIA
Navrae: MR G GENIS

DIE STAATSPROKUREUR
THE STATE ATTORNEY
Privaatsak X91
Private Bag
PRETORIA
0001

FAX: (011) 834-1241

17 January, 1991

Messrs Bowens
P O Box 8434
JOHANNESBURG
2000

Dear Sir

SUPRA TECH HOLDINGS (PTY) LIMITED ("SUPRA") AND ALLEGATIONS OF THE INVOLVEMENT OF THE SOUTH AFRICAN GOVERNMENT IN ALLEGED FOREIGN LOANS AND ALLEGED SALES OF GOLD BULLION

1. I act in this matter on behalf of the South African Government whilst Messrs Rooth and Wessels, as you are aware, are acting on behalf of the Reserve Bank.
2. With reference to the various letters addressed by your firm to the State President and the Minister of Justice during 1990, claiming commission on alleged foreign loans and gold sales I have been instructed to advise that the South African Government denies all allegations relating to such transactions as well as any liability for such alleged commission or any amount whatsoever relating to such transactions.

Yours faithfully

G. GENIS

STATE ATTORNEY (PRETORIA)



Bowens

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The Advocate General
Sinodale Gebou
PRETORIA

YOUR REFERENCE

Mr Justice P van der Walt

OUR REFERENCE

6th September 1990

Dear Sir,

re: SUPRA TECH HOLDINGS (PROPRIETARY) LIMITED

With reference to the above matter, we confirm the meeting held at your offices on Tuesday, the 4th September 1990, attended by the writer hereof and Mr. Peter Goslar.

We confirm further that you advised us that, in your opinion, the matter fell outside the ambit of your authority, and that you would be referring it back to the person concerned and that we would be contacted shortly.

We wish to advise that as at date hereof we have not been contacted by anyone.

Yours faithfully
BOWENS

Per:

Enc.

Attorneys Notaries & Conveyancers
Prokureurs Notarisse & Transportbesorger

24



Messrs Bowens
7th Floor
Hunts Corner
20 New Street South
JOHANNESBURG 2001

RECEIVED

1991-02-26

BOWENS
Date/Datum

Your Ref/Ur Verw

Our Ref/Ours Verw

Mr GA Leith

J LUTTIG/AF/S2752
Acc.S2752

26 February, 1991

Dear Sir,

SUPRA TECH HOLDINGS (PTY) LIMITED ("SUPRA") AND ALLEGATIONS OF THE INVOLVEMENT OF THE SOUTH AFRICAN RESERVE BANK ("the Bank") IN AN ALLEGED FOREIGN LOAN AND ALLEGED SALES OF GOLD BULLION.

1. As you are aware, we act in this matter on behalf of the Bank.
2. In various letters addressed by your firm to the State President and to the State Attorney during the current year, allegations are, inter alia, made that:
 - 2.1 Supra acted as agent or front for the Bank in connection with the foreign loan and gold sales, alleged in those letters;
 - 2.2 the Bank has been involved in a foreign loan and gold sales as alleged in those letters; and
 - 2.3 the Bank is liable to your clients for the payment of commission in connection with that alleged foreign loan and those alleged gold sales.
3. On behalf of the Bank we hereby deny that :
 - 3.1 Supra acted as agent or front for the Bank in connection with any foreign loan or any gold sales as alleged in those letters, or in respect of any other matter;
 - 3.2 the Bank has been involved in any foreign loan or gold sales as alleged in those letters; and

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Partners/Vennote
J Luttig BCom LLB H Dip Tax L G T Wessels BA LLB R M Brink BA LLB L M Bredell BA LLB H Dip Tax J R G Polson BA LLB H Dip Tax R Gerke Dip Proc
J N J van Rensburg BCom DProc P G Barn BA LLB M B Potgieter BSc LLB P Marais BLur LLB G E van der Spuy BComm LLB R C Meintjes BA LLB
E J Naudé BProc LLB S B van der Merwe BComm LLB A B T van der Hoven BProc D P de la Rey BAdmin BLur J G de Jager BSc BLur M Potgieter BLur LLB
Associates/Assosiate
J H Coetzee BProc LLB P C I Bernard BLur LLB LLM S F de Beer BCom LLB A J Kachelhoffer BProc G F Griessel BLC LLB LLM C R Botha BLur LLB LLB
Assisted by/Bygestaan deur
J J J van der Westhuizen BLC LLB A Roux BA LLB H Basson BLC LLB P Waugh BLC LLB G J Cassels BLC LLB

342

3.3 the Bank is liable to your clients for payment of the commission claimed in those letters, or any other amount whatsoever.

Yours faithfully

A handwritten signature in black ink, appearing to be 'R. W. S.', written in a cursive style.

Bowens

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To: Dr. Ian Waitt
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London
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YOUR REFERENCE

OUR REFERENCE

Mr Leith/Miss Pickersgill

Fax No: 1-289 6298

26 July 1989

Dear Ian

I refer to our recent telephone conversation and enclose the following documents:

1. Signed non-circumvention non-disclosure agreement. Kindly note that a Mr Walter Pugh has been added as a party to the Agreement. He is the agent of the Seller.
2. Letter from the Department of Finance authorising the Seller to sell unrought precious metals.
3. Letter from the Department of Trade and Industry L'Age D'Or International, the exporting Company of the Seller entitling him to export goods.

With regard to the other requirements of Roger, we have been requested to inform you that the Certificate of Origin will be included with the documentation which will accompany the metal on export.

We confirm that the Seller requires Roger to bring with him a letter from his bank confirming that availability of in excess of 25 Million US Dollars.

The suggested procedure once you and Roger are in the country is as follows:

1. Walter Pugh will arrange for his chauffeur to take you directly to the supplier where Roger and Mr De Agrella can conduct their final negotiations.

2. Once these are settled Mr De Agrella will take Roger to the Bank for the finalization of the banking agreements hence the necessity for the letter from Roger's bank.
3. A formal agreement will then be entered into. We have been placed in possession of a previous agreement entered into between the Seller and another Purchaser. This agreement was drawn by one of the most reputable Law firms in Johannesburg and appears to be totally above board. This agreement runs to sixteen pages and we shall be pleased to know if you require us to fax a copy thereof to yourselves for perusal.

Kindly note that it will remain a condition of this agreement that the 25 Million US Dollars be paid into the Escrow account as previously advised.

By finalising the agreement in South Africa, this will avoid the necessity and cost of arrange for KTT's.

Kindly advise us as soon as possible when you and Roger expect to arrive in South Africa.

Please advise as well whether we should make reservations for you on this side.

Best Regard
GORDON LEITH

P.S. If we can finalise this expeditiously, it will assist us greatly with the loan as our contact with Supra Tech informed us today that they cannot hold the loan for us much longer.

