

MOUNT AMANZI SHARE BLOCK LIMITED
REGISTRATION NO: 1988/005182/06

MINUTES OF THE TWENTIETH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF
MOUNT AMANZI SHARE BLOCK LIMITED, HELD AT MOUNT AMANZI ON THE
03RD JULY 2010, AT 10:00 IN THE VISAREND HALL.

1. OPENING AND FORMALITIES

The Chairman, Mr John Meyer, introduced himself and welcomed all present. He introduced Pastor Andries who opened the meeting in prayer.

2. APOLOGIES PROXIES QUORUM

Apologies were received from 19 shareholders who had also submitted proxies. The attendance at the meetings was as follows:

• Registered shareholders	:	31	Votes :	203
• By proxy	:	32	Votes :	2114

Total number of votes : 2317

The Chairman confirmed that the notice of the 20th Annual General Meeting was sent out timeously, that a quorum was present and that the meeting was therefore properly constituted. The chairman introduced the Board members.

3. MINUTES OF THE AGM HELD ON 30 MAY 2009

The Chairman referred to the signed minutes included in the AGM pack and same were unanimously accepted.

4. MATTERS ARISING FROM THE PREVIOUS MINUTES

Dr Theron suggested that the Item Investments and interests are included on the Agenda.

The Chairman advised that this item would be discussed under the agenda item financial statements.

5. ACCEPTANCE OF THE CHAIRMAN'S REPORT

The Chairman's report having been circulated was accepted as read and the Chairman highlighted the following aspects.

- The resort is very popular amongst RCI members and had retained its RCI Silver Crown status and thanked Management and staff for maintaining the Silver Crown standards as this benefitted the members in terms of their exchange options.
- Further Investigations were conducted in accordance with the proposals at the previous AGM. The Board investigated the White Sails agreement and the work that was contracted to be completed. The investigations showed that the Board had sanctioned the

payment of a deposit but that the items had not all been delivered. The financial position of the owner seemed precarious and the current claim for undelivered goods was in the regions of R517 000. The Board had been informed that the business had been terminated and the owners had applied for voluntary sequestration, but that this had not yet been confirmed.

The members questioned the authorisation, risk and accountability relating to the possible loss and the Chairman confirmed that the Board was investigating the then Boards' decision regarding the entire transaction, and found that the Company Auditors had reported on the conclusion of the agreement and the prepayments and that Mr Danie Schutte who was on the Board at that time had noted his disagreement with the process. The Chairman requested Dr Jan Swanepoel who was the chairman at the time and in charge of the financial portfolio to address the meeting and to comment on the risk management.

Dr Jan Swanepoel advised that White Sails had delivered services and goods to the resort for approximately 2 years, and that all the linen and curtains that were used in the upgrading of the chalets were supplied by White Sails. Based on the track record of White Sails and the fact that the repairing of the couches was considered a priority, the Director in charge of this portfolio had thoroughly investigated the type material and the type of furniture, as well as durability. The Board had considered other quotations, but the White Sales White Sails' quotation was R300 000 cheaper than the other quotations.

Due to imminent price increases the decision was made by round robin resolution and Dr Swanepoel assured the meeting that the decision was not an impulsive one and that time the Board had no reason to believe there would've been any risk. The Board had conducted a credit check on White Sails, as well as the sole owner, and in subsequent negotiations she had also offered to cede a policy to the company as security, but this had not been pursued.

He stated that the Board had acted in good faith, and whilst there was some risk involved in advance payments the saving of + R300 000 weighed heavily in favour of the awarding of the contract to White Sales.

Mr Danie Schutte informed the meeting that he was on the Board when the White Sails decision was taken and the way in which the matter was handled led to his resignation before his term ended.

He contradicted Dr Jan Swanepoel' s explanation adding that it was a hasty decision, and that the expenditure was unbudgeted and added that in his opinion Dr Jan Swanepoel didn't have the proper authority to approve the transaction as the round robin decision was defective and the prepayments unauthorised. He confirmed had forwarded objections and proof to the Board as well as the Company Auditors. He had called for an investigation but this was rejected by Dr Swanepoel, he then called for a general meeting and that was also declined. As a result of this he resigned. Mr Schutte suggested that the current Board take the matter further, because he tried and he's attempts to uncover the matter proved to be futile.

The members question the level of authority re unbudgeted items and accountability of the implicated Directors.

The Chairman responded that each Board member had a fiduciary duty to ensure that all business was in the best interest of the Company, and that if Board members had a personal interest in the Company that it declared upfront. The spending of funds was

always subject to the approved budget, and reserves for unforeseen expenses for example the electric cabling could be sanctioned by a formal Board resolution.

The Chairman proposed that the meeting instruct the Board in accordance with the proposal by Mr Schutte and the meeting confirmed the proposal.

The Chairman advised that the then Board had appointed a third party to conduct a Management Audit the issue of the ordering and payments process re this contract was questioned however this section of the Resort was not pursued.

The Chairman introduced the Company Auditor, Mr Hennie Enslin to give feedback about the steps that were taken by the current Board to resolve the issue and acquire information.

Mr Hennie Enslin confirmed that the comments and objections by Mr Danie Schutte were noted in the minutes, He had ascertained that deposits were paid and there was an undertaking from White Sails to deliver the required goods and services, however it appeared that the deposit money was spent on other goods. This resulted in White Sails not being able to deliver the required services without further payments from the resort.

He confirmed that the current Board immediately stopped all payments, and on further investigation concluded that there was no financial sense in continuing with the arrangement of making prepayments to White Sails. The board had reported the matter to the SAPS who had visited him to obtain information regarding the case.

Mr Enslin confirmed that the loss was already provided for and written off as bad debt, but he expressed his doubts about being able to recover any of the prepayments.

Dr Swanepoel requested that his objection to Mr Schutte's comment be recorded as he contended that the previous Board's decision was taken legally and the majority of the directors had responded and approved the decision. Dr Swanepoel confirmed 3 SA Board members voted yes and 1 USA director the other 2 USA Directors hadn't voted and according to the articles of the Company, 3 South African Board members were a quorum.

The Board at that time had the power to make the payment to White Sails and had in fact had an obligation to do so and even gathered legal advice on the matter and this was precisely why the previous Board asked for a Management Audit.

Dr Swanepoel also informed the meeting that a SARS audit was conducted and the resultant expense was not budgeted for, so instead of the company having a surplus the SARS expense had reversed the expectation.

Dr Theron commented that it appeared there was a dispute between the Board, the Company Auditors and Mr Danie Schutte, and the fact of the matter was that the Company had a huge loss and he appealed to the current Board to continue with the case adding that according to the Companies Act, Directors could be held personally responsible if there was proof of negligence.

Mr Hein expressed his discontentment with the board's handling of the company's matters. Adding that he had no confidence in 2 current Board members and agreed with Mr Danie Schutte that there were irregularities and these must be pursued.

The chairman noted the comments of the members and agreed that the matter be pursued.

He confirmed that the Board was investigation all service contracts and that the operation of the Rental pool previously handled by Dr Swanepoel was now handled by the company as per the provisions of the articles and added that nothing prevented or prohibited any shareholder to rent out their booked week through a 3rd person. But should ensure that the entity was registered with the EAAB and VOASA.

The collection of debts previously handled by Dr Swanepoel was now handled internally by the company staff.

The international members operated through a USA agency in terms of a private arrangement between themselves.

Accounting policies and systems were also carefully reviewed and selected controls were introduced in respect of any authorizations

- A contract was entered into with MATCH, where they wanted rental units from the rental pool and peak week owners. MATCH had however withdrawn from the agreement as they were entitled to do and the entire industry's stock that was supplied to MATCH was returned during the beginning of January 2010. As the demand for the accommodation was not forthcoming.
- The Board had also resolved to only accept formal and duly authorised proxies which complied with the statutory conditions.

The Chairman's report was accepted and the comments noted.

6. ACCEPTANCE OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 AUGUST 2009.

The Chairman requested Mr Johan van Niekerk to present the financial statements, and for the auditor Mr Enslin to deal with questions from an audit perspective.

Mr van Niekerk presented the financial statement for the past period and explained the various entries and financial statements. Highlighting that that the Auditors agreed with the figures that were submitted to the meeting, and director's report reflected the change in accounting policy which is also a departure from accounting standards and the reason for the industry adopting this process.

He referred to the Statement of Comprehensive Income for the year ended 31 August 2009. which was a summary of the income and expenditure.

Highlighting that Interest was generated from money that was invested. And that the investment could only be invested in registered financial institutions like banks.

Directors remuneration referred to the compensation for Directors for attending meetings and provision of 'other services' that involved the contract for the collection of levies, labour consulting services and remuneration for management services rendered by Mr Gerrie Oosthuizen and Me Jenette Engelbrecht for management duties on the resort.

The Housekeeping contract increase was due to a new contract that was signed.

Personnel cost had increased significantly due to the payment of approximately R400 000 to the Receiver of Revenue for employee tax that had not been paid for the Directors. This was in addition to the fine that was paid. The Company was currently trying to collect the money.

The bad debts of about R600 000 in the business division was due to debts that were written off, because of non-payment for conferences. The Board was collecting the overdue amounts and some R160 000 was already collected.

Building cost related to the improvement of the restaurant and the braais and roofs that were erected at the chalets.

Computer system expenses were in respect of cost for replacing the server as well as purchasing a Point of Sale system.

In summary there was a deficit of R928 720 from the operating activities and the deficit was funded from the reserves.

Dr Theron enquired about the investments of the Company.

Mr Johan van Niekerk explained that the Company only invested with ABSA and Investec, which were considered as low risk financial institutions and no broker fee was involved.

Dr Theron also enquired about the collection fee of R100 000 that was paid to Dr JG Swanepoel.

Mr Johan van Niekerk explained that this was paid to Dr JG Swanepoel as part of a contract for the collection of levies. The total paid was only a percentage of the total charge that was collected. The contract has however been revoked as mentioned by the Chairman and the resort was now collecting the outstanding levies.

A Shareholder wanted to know why the Board deviated from the normal accounting procedure.

Mr Johan van Niekerk explained that in a normal operation, the assets would be written off over a period of time for tax purposes. The resort only paid tax on interest and additional income. Assets were therefore not written off against depreciation, but were written off on purchase and then maintained for the enjoyment of shareholders.

The Chairman thanked Mr Johan van Niekerk and explained to the meeting how the budget was prepared and the provision for future expenditure on refurbishment was made. He added that it was the Board's responsibility to ensure that levy increases were realistic given the operation requirement of the resort.

The Chairman asked for the acceptance of the Financial Statements for the year ending 31 August 2009.

The Financial Statements were accepted by a unanimous show of hands.

7. APPROVAL OF AUDITORS REMUNERATION

The Chairman called for a proposal for the Auditors to be paid and the proposal was approved by the meeting.

8. APPOINTMENT OF AUDITORS

The Board proposed that GKL be reappointed as Auditors.

The proposal was accepted by a unanimous show of hands.

9. APPROVAL OF INSURANCE WITH OR WITHOUT AMENDMENTS

The Chairman explained to the meeting that the Board has obtained various quotes on insurance, however the tabled schedule contained certain omissions and inclusions of items already disposed of and confirmed that the current policy would expire on 31 Aug 2010. The Board requested that the meeting accept the proposed insurance values subject to the board reviewing the schedules so as to validate their correctness.

Me Elriza Pienaar wanted to know who the current Broker was and if it was the current Broker who contacted the 3 Companies for quotations. She also enquired about the liability for actions of Directors.

The Chairman asked Dr Jan Swanepoel who was the Broker to comment on the current insurance.

Dr Swanepoel informed the meeting that his Company had been handling the resort's insurance portfolio for the past 5 years. Two years ago he obtained several quotations that were submitted to the Board and stressed that when insurance is considered, one shouldn't look at premiums only, but the benefit structure, policy wording, co-payment structure and enhancements to relevant departments, the strength of the Insurance Company, the claims record and how it is graded in the industry is also important.

He confirmed that when he was elected as Director, the risk management with regards to insurance was referred to him.

Dr Swanepoel emphasized that he was not a connected agent but a totally independent Broker. and added that the Company could certainly get cheaper insurance. Santam however had a very good claims record and all the claims that were submitted to Santam were paid without any problems. Dr Swanepoel mentioned that he was also paying a few hundred thousand Rand a year in personal levies and he therefore had an interest to ensure that the Company was properly insured. He further confirmed that the other quotes were sourced by the company and not by him personally. He cautioned against moving to another insurer purely due to premium considerations.

The Chairman confirmed that the company did not have Directors indemnity cover and asked Me Elriza Pienaar's for her proposal relating to the amount of cover for Directors liability. Me Elriza Pienaar informed the meeting that this was a very specialized market and there are currently only two underwriters specializing in this and she would need a lot more detail before being able to make a proposal

A shareholder mentioned that he was not happy with the fact that one of the Directors was also the Broker. He didn't think it was a good practice. The Chairman explained that the articles of association provide for this practice, subject to the declaration of interest prior to the discussion on the contract.

The Chairman dealt with further questions from the floor relating to quantum and insurance values and proposed that the current schedule and the premiums be reviewed by the Directors based on the issues raised by the members.

The proposal was accepted by a unanimous show of hands.

10. DETERMINATION OF NUMBER OF DIRECTORS

The Chairman informed the meeting that the number of Directors was currently set at 7 and that 3 Directors would standing down by way of rotation. Mr Gerrie Oosthuizen was co-opted by the Board after the previous AGM, and he was available for re-election and had been nominated.

There are thus 4 positions available and 6 nominations has been received.

The Chairman informed the meeting that Me Jenette Engelbrecht and Dr Jan Swanepoel informed him before the meeting that they wanted to withdraw their nominations and weren't available for re-election.

There are therefore 4 available positions and 4 nominations.

The Chairman asked for a proposal that the following nominees: Messrs Gerrie Oosthuizen, Danie Schutte, Tinus van Aarde and Johan van Niekerk, be appointed as Directors.

The proposal was accepted by a unanimous show of hands and the directors so appointed.

The Chairman welcomed the new Directors on board and thanked Jenette Engelbrecht and Dr Jan Swanepoel for their efforts as directors and handed them a gift as token of appreciation.

12. GENERAL

The Chairman declared that the statutory portion of the meeting was now completed and closed the formal portion of the meeting.

The Chairman advised that the members could raise items of general interest that these would be recorded and dealt with at the first Directors meeting.

Issued raised were:

The procedure re redundant stock.

Quality control on the porch roofs.

Noise pollution re conference activities.

General cleanliness of the grounds and gardens.

Church services and communication to members.

As a previous Chairman, Dr Jan Swanepoel thanked Me Jenette Engelbrecht for her great passion and sacrifice, which resulted in many of the improvements on the resort.

Mr Schutte thanked the current Board for pursuing matters previously raised, and the general appearance of the resort.

The Chairman thanked Me Marjorie Forssman and her team for their assistance in the setting up as well as the printing of the AGM booklet.

The Chairman thanked all the staff for their hard work as well as the shareholders for their input and the directors for their time and effort

The meeting was closed with thanks to the Chairman.

CHAIRMAN

DATE