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29 January 2008

Mr Jagdish Parekh  
Oakbay Investments (Pty) Ltd  
Midrand

Per fax: 011 [REDACTED]

Dear Sirs

**UTIMA RECURSOS LDA**

1. We address you at the instance of our client, Utima Recursos LDA, a company registered according to the laws of Angola.
2. At all material times hereto, our client's principal business was the procurement of oil and gas exploration concessions in Angola. Our client, through its shareholding, represents the interests of, inter alia, a significant number of Angolan war veterans.
3. In and during September 2007, our client, represented by Stanley Muntanga, ("Muntanga"), was introduced to you, represented by Jagdish Parekh, ("Parekh"), with the object of exploring potential joint ventures in Angola in line with our client's principal business.
4. In and during December 2006, Sonangol, the Angolan Government's petroleum concessionaire, published its intention to allocate several oil exploration concessions in their country, and invited interested parties to submit prequalification documents for eligibility in a prequalification stage which formed an essential prerequisite to the subsequent tender process.
5. It is common cause that submissions for the prequalification stage closed on 12 November 2007.
6. Our client apprised you of the foregoing business opportunity and you expressed interest in becoming an involved partner. Accordingly, on or about 12

October 2007, and at Midrand, our client entered into a written Memorandum of Understanding with you ("the MOU").

7. The terms of the MOU which are germane to the issues raised below are mentioned hereunder:
  - 7.1 the parties agreed to create a strategic alliance and to form joint venture companies for certain projects which included the exploitation and development of natural resources in Angola, and, more particularly, oil, gas and diamond concessions;
  - 7.2 you agreed to pursue selected projects to a "prequalification stage" and, during this period, the parties agreed to perform whatever was necessary to ensure that the proposed business activity was capable of implementation;
  - 7.3 the parties agreed to co-operate in good faith towards the achievement of the objects of the MOU.
8. At the time of the MOU, one of the joint ventures which the parties contemplated was the procurement of at least one of the oil concessions offered by Sonangol. The parties agreed, however, that it was necessary to secure a third partner in the enterprise who possessed the appropriate technological expertise and financial wherewithal to carry the project through to completion.
9. It was also agreed that, upon successful prequalification, the expenses already incurred by our client since January 2007, and to be incurred, in respect of the preparation of the submission, would be reimbursed, and an entry fee in the sum of \$5 million paid to it.
10. During October 2007, and at Sandton, you made the following representations to our client, namely:
  - 10.1 that you had secured the participation of Reliance Limited ("Reliance") as the third partner for the tender for at least one, if not two, concessions;
  - 10.2 Reliance had agreed to participate in the prequalification submission to Sonangol;
  - 10.3 you would liaise with Reliance to the extent pertinent, and at all material times, to facilitate a joint submission to Sonangol on behalf of all three parties for the award of at least one of the concessions on offer by the Government of Angola.
11. The above representations were material and were made with the intention of inducing our client to make a prequalification submission to Sonangol, relying implicitly on the vitally important, joint involvement of Reliance.
12. It was agreed with our client that it would take steps to prepare the relevant documents and employ personnel in Angola to conduct the appropriate investigations to ensure that the prequalification submission was made timeously

and with a high prognosis for success. Substantial costs were occasioned by it to this end.

13. In conformity with your representation to our client, you addressed a letter dated 5 November 2007 to the President of the Republic of Angola, in which you stated, inter alia, as follows:

*"Combined, our consortium has been further strengthened by harnessing the support of one of the largest private enterprises from India – Reliance Limited.*

*Reliance, which today holds one of the largest acreages of exploration land in the world, is rapidly emerging as the most dynamic company in the fields of Oil Exploration & Production as well as in the field of Refineries."*

14. At the time of your representations, you knew that same were false, in that, at the relevant time, you had not secured agreement from Reliance to participate in the submission. This is borne out by, inter alia, various emails from Atul Chandra of Reliance to our client, in which it is recorded that Reliance had no knowledge of, and did not agree to, the prequalification submission in its name, nor its involvement in the venture as a whole. It subsequently transpired that whatever documents you had provided to our client pertaining to Reliance were documents to which any member of the public had access.
15. These facts came to the attention of Sonangol (and thereafter, our client), during Sonangol's vetting procedure, when it was required to corroborate the involvement of the participants, and Reliance informed it that it had never agreed to be involved in the venture.
16. Sonangol was, quite obviously, unable to approve the submission for eligibility as a prequalified tenderer. We are instructed that, had the representations not proved false, there was every prospect of a concession being granted in due course.
17. In the result, your conduct completely negated any prospect of the venture securing a concession, and thwarted any potential for the considerable profits which would ultimately have been earned. Moreover, your conduct constitutes a material breach of your commitment under the MOU to act in good faith towards our client.
18. Not only did you make false representations to our client, but also to the President of the Republic of Angola. Through association with your wrongful conduct, our client's credibility and ability to be taken seriously in the industry have been severely compromised, with its future prospects in the industry problematic, to say the least. The extent of this loss cannot be underestimated.
19. In a meeting on 22 December 2007 between our client, represented by Muntanga, and you, represented by Parekh, you agreed to effect payment to our client of all costs incurred by it in regard to the aborted submission, this by 3 January 2008. Despite your commitment in this regard, to date, you have failed to make any payment whatsoever to our client.

20. As a consequence of your conduct, our client has suffered damages in the following terms, namely:
- 20.1 expenses incurred by it in the sum of \$924 960,00, calculated at 80% of the amounts set out in annexure "A" hereto;
  - 20.2 loss of the entry fee which would have been payable to it upon the successful prequalification of the venture, in the sum of \$5 million;
  - 20.3 reputational damages in the sum of \$500 000,00.
21. Under reservation of, and without prejudice to, its right to claim additional damages for all loss of profits occasioned as a result of your unconscionable conduct, once same have been quantified, we are instructed to demand from you, as we hereby do, payment of the aggregate of the above amounts, this by no later than 17h00 on 4 February 2008.
22. In the event that payment is not forthcoming within the time constraint attached thereto, Summons will be issued against you out of the High Court of South Africa, without further reference to you.
23. The terms of this letter are not to be construed as exhaustive of all allegations to be raised against you in the appropriate forum and at the appropriate juncture, should the need arise. In this regard, its rights are reserved *in toto*.

Yours faithfully

TANYA BRENNER