

MEMORANDUM OF AGREEMENT

Between

PUNYU CRUSHER (PTY) LTD

Registration Number 156/96

(the "lessor")

Of the first part

And

SALAMIS ISLAND INVESTMENTS (PROPRIETARY) LTD

Registration Number 2013/0148

(the "Lessee")

Of the second part

(jointly hereinafter referred to as "the Parties")

WHEREAS Salamis Island Investments (Proprietary) Ltd require a crusher plant for the purpose of further supporting their business operations; and

WHEREAS Punyu Crusher (Pty) Ltd is the owner of a crusher plant and legal holder to an allotment of a certain land at or near Tsumeb - for the purpose of 'making bricks and stone crushing'; and

WHEREAS Salamis Island Investments (Proprietary) Ltd is eager to hire the said crusher plant, and Punyu Crusher (Pty) Ltd is prepared to let the same in consideration for a certain monthly amount; and

J.R. S.M. Z.A. S.M.

WHEREAS the Parties have negotiated the terms and conditions for an agreement to best serve their respective interests.

NOW THEREFORE THE PARTIES HEREBY AGREE AS FOLLOWS:

## 1 PARTIES

The Parties to this Agreement are:

1.1 Punyu Crusher (Pty) Ltd, a company with limited liability, duly incorporated in terms of the company laws of the Republic of Namibia and with its registered office at Ondangwa Main Road, Ondangwa and principal place of business situated at Tsumeb Main Road, Tsumeb;

1.2 Salamis Island Investments (Proprietary) Ltd, a company with limited liability, duly incorporated in terms of the company law of the Republic of Namibia bearing registration number 2013/0148 with its principal place of business at, Namibia.

## 2 INTERPRETATION

2.1 In this Agreement, except in a context indicating that some other meaning is intended.

2.1.1 "this Agreement" means this document and the Appendice and includes, for the duration of its subsistence, the Lease;

2.1.2 "Appendices" means A (Payment Schedule);

2.1.3 "the Claim Area" means the area of the Land to which the Crushing Claim relates;

2.1.4 "Commencement Date" means the first day of the month immediately following the month after the parties have signed this agreement;

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- 2.1.5 "Crushed Stone" means crushed material suitable for use in the construction industry produced from stone mined at the Quarry;
- 2.1.6 "Crusher Plant" means every piece of equipment, part or accessory on the land, when assembled and installed, provide an industrial unit with the capacity to produce Crushed Stone of such sizes, quality and quantities as may be preferred;
- 2.1.7 "day" means any day of the week, excluding Sundays and public holidays;
- 2.1.8 "Effective Date" means the date of signature of this Agreement by the last signing Party;
- 2.1.9 "the Land" means the area of land on which the Crusher is situated;
- 2.1.10 "the Lease" means the letting and hiring under this Agreement of the Crusher Plant;
- 2.1.11 "the Lease Period" means the period for which Salamis Island Investments (Proprietary) Ltd leases the Crusher Plant under this Agreement, including any period for which this Agreement is renewed;
- 2.1.12 "month" means a calendar month, that is one of the 12 (twelve) months of the calendar, and 'monthly' has a corresponding meaning;
- 2.1.13 "Notice" means any communication required in terms of or in connection with this Agreement, including, but not limited to, any notice, consent, instruction or waiver;
- 2.1.14 "Payment Schedule" means the terms of payment in Appendice A;

2.1.15 "Quarry" means the location or locations on the Claim Area from which stone is taken for the purposes of the production of Crushed Stone;

2.1.16 "Rent" means amounts referred to in Clause 5.1 and 5.2;

2.1.17 "year" means a period of 12 (twelve) consecutive month, and 'yearly' refers to a year commencing on the Commencement Date or any anniversary of that date;

2.1.18 expressions in the singular also denote the plural, and *vice versa*;

2.1.19 words and phrases denoting natural persons refer also to juristic persons, and *vice versa*; and

2.1.20 pronouns of any gender include the corresponding pronouns of the other genders.

2.2 Clause headings appear in this Agreement for reference purposes only and shall not influence the proper interpretation of the subject matter.

2.3 When any number of days is prescribed in this Agreement, such days shall be reckoned exclusively of the first and inclusively of the last day.

2.4 In the event that the day for payment of any amount due in terms of this Agreement should fall on a Sunday or public holiday, the date for payment shall be the immediately following day.

2.5 Where any term is defined within the context of any particular clause in this Agreement, the term so defined, unless it is clear from the clause in question that the term so defined has limited application to the relevant clause only shall bear the same meaning as ascribed to it for all purposes under this Agreement.

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### 3 COMMENCEMENT AND DURATION

3.1 This Agreement shall take effect on the date after date of signature of this document by the last signing of the Parties and shall continue for a period of 18 (eighteen) years unless terminated by either Party in accordance with the provisions of this Agreement.

3.2 For the purposes of the Lease Period, and notwithstanding the provisions of Clause 3.1, the Lease shall commence on the Commencement Date.

3.3 Salmis Island Investments (Proprietary) Ltd shall have the right at any time during the subsistence of this Agreement, to terminate, upon not less than 6 (six) months' notice to Punyu Crusher (Pty) Ltd, to terminate the Lease, on the express understanding that the termination of the Lease in such circumstances shall not affect the validity otherwise of this Agreement.

### 4 LETTING AND HIRING

Punyu Crusher (Pty) Ltd hereby lets the Punyu Crusher Plant and the land to Salmis Island Investments (Proprietary) Ltd, who hereby hires the same from the Punyu Crusher (Pty) Ltd.

### 5 RENT

5.1 Salmis Island Investments (Proprietary) Ltd shall pay rent in respect of the Crusher Plant in the sum of N\$100,000.00 (One hundred thousand Namibian Dollars) per month, subject to a grace period of 6 (six) months from the Commencement Date during which Salmis Island Investments (Proprietary) Ltd shall not be required to pay the Rent.

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5.2 On entering into this lease the Lessee shall pay the Lessor a deposit of N\$200000.00 (Two hundred thousand Namibian Dollars) which shall be used as rent payment for the last two months or otherwise be returned to the Lessee once upon termination of this Agreement.

5.3 Upon termination the lease agreement, the Lessee shall physically vacate the premises, unless otherwise agreed in writing between the parties.

5.4 The LESSEE shall have the right to renew this lease upon the terms and subject to the conditions to be agreed upon.

## 6 PAYMENT

6.1 Rental shall be paid monthly in advance on the 1<sup>st</sup> day of each month, free of any deduction or set-off, in the bank account of the Lessor as the Lessor may in writing direct.

6.2 The Lessee shall before the commencement of the lease settle all the outstanding accounts which have genuinely emanated from the operation of the Crusher Plant and/or pertaining to the running of the crusher operation. For avoidance of any doubts, the aforesaid accounts shall exclude any debt, claim against the lessor or arising out of the Crusher Plant. Such accounts with details will be provided by the Lessor to the lessee within 60 (sixty) days. Subject to clause 5.1, the amounts paid by the Lessee will be deduction from, or set off against, any payment due to the Lessor in terms of this lease. The Lessor and Lessee shall mutually agree as to how the amounts paid by the Lessee in terms of this clause shall be repaid by the Lessor.

6.3 Any amount payable by the Lessee in terms of this lease which is not paid on due date shall bear interest at 20% (TWENTY PERCENT) per annum from due date until date of payment.

6.4 The rental includes VAT but excludes electrical and water charges.

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6.5 The Lessee shall during the lease period make an investment of not less than N\$30 (thirty) million towards the acquisition of operational machineries and vital equipment which shall include but not limited to a new crush plant, new brick making plant, delivery tip trucks, excavator, front end loader, dump truck which shall be used towards the smooth running of the plant.

6.6 In the event of the Lease attracting any expenses such as, but not limited to those mentioned in clause 6.5, such expenses shall be borne by and for the account of Salamis Island Investments (Proprietary) Ltd.

6.7 On termination of the lease agreement the Lessee will hand over the ownership of all equipment and machineries set out in paragraph 6.5 in working condition to the Lessor, wear and tear expected.

#### 7 DELIVERY AND COMMISSIONING OF CRUSHER PLANT

7.1 Salamis Island Investments (Proprietary) Ltd shall take delivery of Punyu Crusher Plant as a going concern on the first date of the month commencing the last signature on this document being the effective date which take-over shall include all Punyu Cruchers (Pty) Ltd employees. Salamis Island Investments (Proprietary) Ltd shall enter into employment contracts with each and every employee to the satisfaction of the Labour Act, No 11 of 2007.

7.2 Punyu Crusher Plant is delivered *voetstoots*, and on the express understanding that Salamis Island Investments (Proprietary) Ltd shall procure the repair, upgrading and installation of the Crusher Plant at its own risk and expense.

#### 8 SUB-LETTING, CESSION AND ASSIGNMENT

8.1 The Lessee shall not have the right to sub-let the Premises or any portion thereof, nor to part with possession of the Premises or any portion thereof, nor shall it have the right to cede or assign this lease without the written consent of the Lessor, which consent may be withheld without assigning any reason therefore.

8.2 The Lessor in agreement with the Lessee, which agreement shall be in writing

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shall have the right to sub-let part thereof the premises or a portion thereof the effect of such sub-lease to be recorded in the agreement to be annexed hereto.

#### 9 REPAIRS AND REPLACEMENTS

During the subsistence of this Agreement and while the Crusher Plant, or, for the purposes hereof, any other crusher plant situate on the Land, Punyu Crushers (Pty) Ltd shall have the right to enter the land by giving 10 (ten) days prior written notice to Salamis Island Investments (Proprietary) Ltd for reasonable purposes under or in connection with this Agreement, and, without limiting the foregoing, for the purposes of visiting of the Crusher Plant.

#### 10 INSURANCE

10.1 Salamis Island Investments (Proprietary) Ltd shall, prior to taking delivery Punyu Crusher Plant in terms of this Agreement, but in any event not later than 7 (seven) days from the Effective Date, and at its expense, insure Punyu Crusher Plant in the name of the Punyu Crushers (Pty) Ltd against such risks, including, but not limited to, loss and damages, as are ordinarily insured in the industry.

10.2 The policy containing the terms of such insurance shall be delivered to Punyu Crushers (Pty) Ltd and shall remain in its possession at all times. Salamis Island Investments (Proprietary) Ltd, at its expense, shall cause such policy to be operative at all times during the Lease Period by prompt payment of any premium demanded by the insurer. If at any time during the Lease Period an insured risk does materialise, and for whatever cause (other than an act or omission by Punyu Crushers (Pty) Ltd), no insurance money is recoverable, the amount of any loss resulting to the Punyu Crushers (Pty) Ltd shall be paid by Salamis Island Investments (Proprietary) Ltd to Punyu Crushers (Pty) Ltd on demand.

10.3 In the event of the Crusher Plant being damaged, Salamis Island Investments (Proprietary) Ltd shall immediately notify the insurer and Punyu Crushers (Pty) Ltd thereof, and shall provide full details of the cause of any loss or damage and complete such forms as the insurer may require for the purpose of any claims under the

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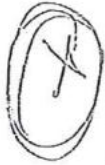
insurance policy.

#### 11 USE OF CRUSHER PLANT

During the Lease Period Salamis Island Investments (Proprietary) Ltd shall use the Crusher Plant solely on the Land and for the purposes of this Agreement, and, without limiting the foregoing, the crushing of stone extracted from the Quarry at its own discretion and any proceeds generated therefrom.

#### 12 PRODUCTION OF CRUSHED STONE

Salamis Island Investments (Proprietary) Ltd shall utilize the Crusher Plant for the purposes of, in the first instance and primarily, the production of Crushed Stone and other productions as it may see fit.



#### 13 BREACH

13.1 Should any of the Parties default ("the defaulting Party") in any payment due under this Agreement or be in breach of its terms in any other way, and fail to pay a forfeit of 0.05% for late payment within 60 days after receiving a demand that the default be remedied, the other Party ("the Claimant") shall be entitled, without prejudice to any alternative or additional right of action or remedy available to the Claimant under this Agreement or the common law, to cancel, at the option of the Claimant, the Lease or this Agreement without further notice.

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13.2 Without limiting the provisions of Clause 13.1, in the event that any of the Parties should

13.2.1 commit any act of insolvency, or the parties surrendering their estate or are sequestrated, or placed under judicial management, whether provisional or final; or

13.2.2 suffer any judgment by default to be entered against such Party and failing to take steps to rescind such judgment within 7 (seven) days of it coming to the knowledge of such Party or failing to satisfy such judgment within 7 (seven) days of the refusal of rescission thereof; or


13.2.3 compromise with creditors;

this Agreement may be cancelled upon not less than 60 (sixty) days notice by the Party relying on any event set out in this Clause 12.2.

13.3 The cancellation of the Lease in this Agreement shall not affect any of the rights and obligations of the Parties under this Agreement, other than the rights and obligations arising exclusively and on a narrow construction of the terms and conditions pertaining to the Lease only.

13.4 In the event of Salamis Island Investments (Proprietary) Ltd failing to comply with any of their obligations in terms of this Agreement, the Punyu Crushers (Pty) Ltd shall have the right to effect such compliance on behalf of Salamis Island Investments (Proprietary) Ltd, as the circumstances may require, and all costs and expenses incurred by Punyu Crushers (Pty) Ltd in so doing or otherwise protecting its rights, including also its ownership of the Crusher Plant, shall be payable by Salamis Island Investments (Proprietary) Ltd on demand.

13.5 All costs and disbursements, including legal costs on an attorney and client scale, incurred by the Claimant in pursuing its rights, and without limiting the foregoing, in the case of Punyu Crushers (Pty) Ltd, shall be payable by the Defaulting Party to the Claimant on demand.

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14 WARRANTY

The Lessor warrants that the Lessor legally owned the Crusher Plant and the Land without any mortgage, which are free from any suit, claim or pleading, and are not sealed up by any authority. The Lessor warrants that the Crusher Plant has obtained all the necessary permits or licenses for operation.

15 CESSION, ASSIGNMENT AND WAIVER

The Parties shall not cede or assign any of their rights or obligations under this Agreement without the prior consent of the other Parties respectively.

16 SURETYSHIP

The Shareholders shall and hereby bind themselves as sureties for and co-principal debtors *in solidum* with Salamis Island Investments (Proprietary) Ltd and each other to Punyu Crushers (Pty) Ltd for the due and punctual performance by Salamis Island Investments (Proprietary) Ltd and each of the Shareholders of all their obligations to Punyu Crushers (Pty) Ltd from any or whatsoever cause arising under or in connection with this Agreement.

17 INDULGENCE

No relaxation or indulgence granted by any of the Parties to the other, in regard to any of the terms and conditions of this Agreement shall constitute or be deemed to be a waiver of any of such Parties' rights, nor shall any such relaxation or indulgence constitute or be deemed to be a novation of any of the terms and conditions of this Agreement.

18 ENTIRE CONTRACT

18.1 The Parties record that this Agreement constitutes the sole and exhaustive record of their agreement on the subject matter thereof, and no variation or amendment thereof shall be of any force and effect unless agreed to in writing by the Parties.

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18.2 The Parties acknowledge and record that no representations or warranties other than those provided for in this Agreement were made by any of the Parties in connection with the Crusher Plant or any other matter included in this agreement.

## 19 DOMICILIUM AND NOTICES

19.1 The Parties hereby choose as their respective *domicile citandi et executandi* ("domicilium address") for all Notices and processes the addresses recorded at the foot of their signatures to this Agreement. Any Notice of any change of the *domicilium* address shall be given in writing by the Party concerned and delivered by hand or sent by registered mail to the other Parties. Upon delivery of such Notice, the address so notified shall then become the *domicilium* address of such Party.

19.2 Any Notice addressed to a party will be sent by pre-paid registered post, or delivered by hand, or sent by telefax.

19.3 A Notice will be presumed to have been received, unless the contrary is proven

19.3.1 if posted by pre-paid registered post, 5 (five) days after the date of posting thereof;

19.3.2 is hand delivered during business hours on a business day, on the day of delivery; or

19.3.3 If sent by telefax, on the 1<sup>st</sup> (first) business day following the date of sending of such telefax.

19.4 Every Notice under or in connection with this Agreement shall be in writing addressed to and delivered at the *domicilium* address of the Party concerned.

## 20 SEVERABILITY

In the event that any Clause or term of this Agreement should be invalid, unenforceable, defective or illegal for any reason whatsoever, then the remaining terms and provisions of this Agreement shall be severable therefrom, and shall continue in full force and effect, unless such invalidity, enforceability, defect or

illegality, as the case may be, goes to the root of this Agreement.

21 CO-OPERATION

The Parties undertake and bind themselves to co-operate in good faith and act to the best of their abilities to secure or procure, as the case may be, the performance of their respective rights and obligations under, and the implementation of this Agreement in a purposeful and meaningful manner.

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22 WARRANTY OF AUTHORITY

If this lease is signed on behalf of either party the person so signing expressly warrants his authority to do so.

THUS DONE AND SIGNED AT ONDANGWA ON THIS <sup>27<sup>th</sup></sup> ~~28~~.10.2014<sup>th</sup>  
DAY OF October 2014.

WITNESSES:

1. Nampant  
2. Shimwe



For and on behalf of Punyu Crushers (Pty) Ltd

being duly authorized thereto

and warranting such authority

Ndangi Shipanga [ID 58091700059]

Director

B1 Oshivelo Road, Portion of Tschudis Farm

Tsumeb District

P.O.Box 247

Ondangwa

THUS DONE AND SIGNED AT Windhoek ON THIS 04  
DAY OF Nov 2014.

WITNESSES:

1. [Signature]  
2. [Signature]

趙星

For and on behalf of Salamis Island  
Investments (Proprietary) Ltd  
being duly authorized thereto  
and warranting such authority  
I Chuan Kuo (ID No. S120456724)  
Xing Zhao (ID No. )  
Yongsheng Sun (ID No. )  
Director  
Platinum Street  
Prosperita, Windhoek  
P.O.Box 80884  
Olympia, Windhoek