

ANNEXURE 6

Southern Africa Rare Game Breeders Holdings (PTY) LTD

Business Plan

Southern
AFRICA



Rare Game Breeders®

Chapter One

1.1 Introduction

Southern Africa Rare Game Breeders Holdings (Pty) Ltd (SARGBH) is an association of game breeders, whose members share the same values, ethics and standards when it comes to quality game breeding and the conservation of rare game species in South Africa.

Our vision is to transform the game industry and through that, becoming leaders in ensuring the conservation of rare game species in South Africa.

Our mission is to have a clear understanding of all the dynamics within the wildlife industry and to utilize our knowledge and resources in such a way that we leave a legacy within the wildlife industry for future generations to build on.

The founder member of the Southern Africa Rare Game Breeders (SARGB) (Pty) Ltd (a 50% shareholder in South African Rare Game Breeders Holdings (SARGBH)), Mr. Mike De Kock, is a local businessman and game breeder, who due to his personal contributions, passion and commitment to breeding quality game, enjoys an excellent reputation in the game breeding industry.

Since its very beginning SARGB (Pty) Ltd and its members has unanimously adopted a standard of excellence without compromising ethics when it comes to conservation and breeding rare game species.

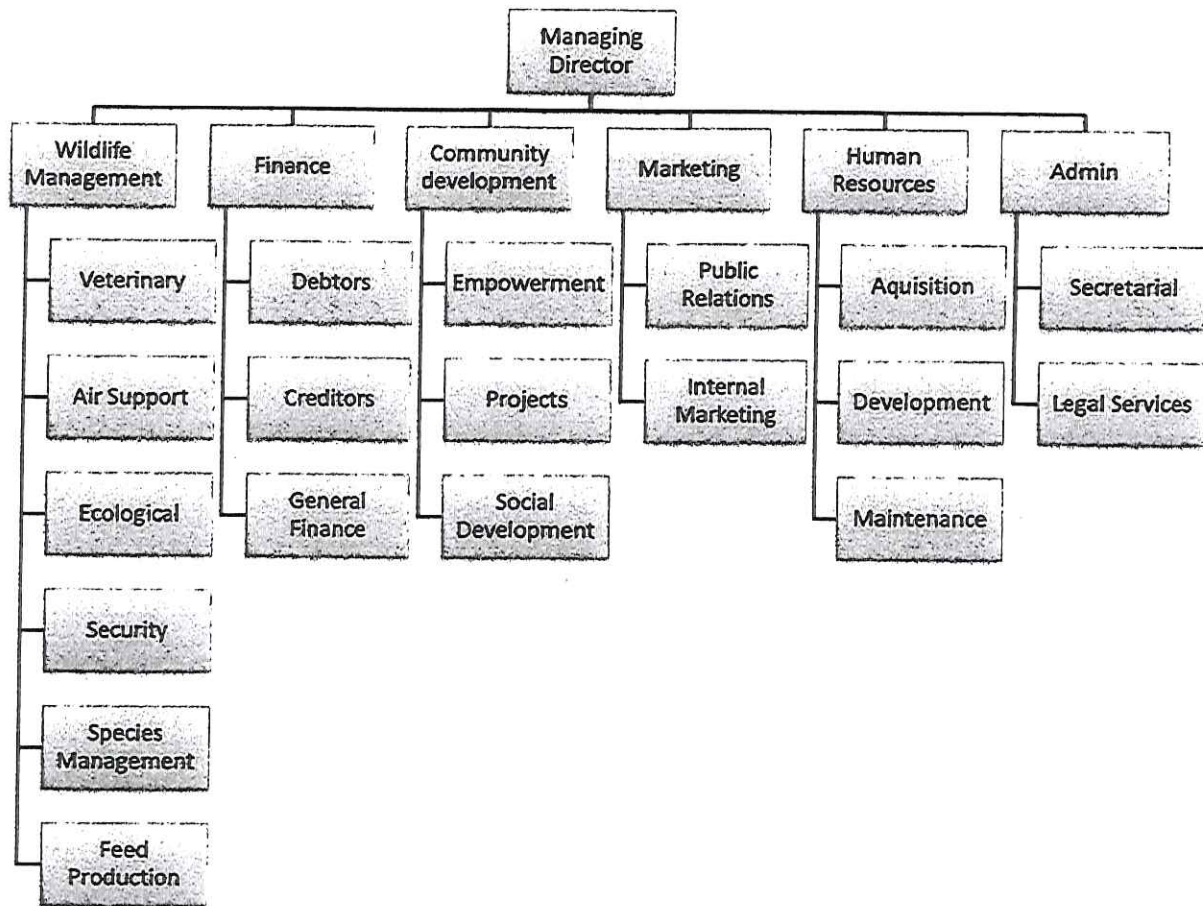
Due to their passion and commitment as well as combined efforts by the individual associated members and game farmers, they succeeded during the past 15 years starting from a humble beginning to work them into an organized structure within the game industry that will make a valuable contribution towards future conservation and transformation in this industry.

As SARGBH (Pty) Ltd, its members acknowledge the valuable contributions and support structure made available by the Provincial Government, North West Parks and Tourist Board its dedicated leaders and devoted employees, whom without none of the above would have been possible and whom SARGBH (Pty) Ltd would hope to have a longstanding future relationship with when it comes to conservation and the protection of our province's and countries biodiversity.

The schematic diagram below outlines SARGBH's breeding program with the specific plans which supports our basic principles and philosophy.

The price of success is hard work, dedication to the job at hand, and the determination that whether we win or lose, we have applied the best of ourselves to the task at hand and in this spirit we commit ourselves to drive this project forward

2.1.2 Functional Structure



2.1.3 Shareholding and Board of Directors

SARGB (PTY) LTD intends to establish an association of Game Breeders (South African Rare Game Breeders Holdings (Pty) Ltd, empowering previously disadvantaged people as defined in the Broad-Based Black Economic Empowerment Act 2003, by combining the knowledge and infrastructure of SARGB (PTY) LTD with the efforts of the Department of Rural Environment & Agriculture Development. This intention is subject to the company receiving donations in terms of the Game Donation Policy of the Department.

Any Director shall be entitled to demand a poll on any question submitted to the Board for decision and in the event of such poll being demanded, each director shall, on the question on which such poll is demanded, have one vote.

All appointments and removals of Directors or alternate Directors shall be by written notice to the Company as well as to the Director or Directors affected by such appointment or removal.

Directors shall use their best endeavors to promote the business and interests of the Company and be entitled to sign and conduct correspondence in the name of the Company in the normal course of carrying out their duties as Directors or employees of the Company, as the case may be.

2.1.3.3 Employee Trust

Employees employed on the farms leased by the SARGBH (Pty) Ltd will form part of the company structure through the representation of a Trustee as a Director on the SARGBH (Pty) Ltd Board. Employees will receive dividends (if declared) on an annual basis. The following criteria will apply to employees in order to be recognized as a beneficiary of the Trust:

The company will be administered by a representative or the person appointed by SOUTHERN AFRICA RARE GAME BREEDERS (PTY) LTD which person will have the necessary administrative skills to manage the affairs of the company.

It is the intention of the company to expand in buying farms in the name of the company whereupon the company can conduct its business.

The company will do business in five separate divisions namely: Sable Breeding, Nyala Breeding, Buffalo Breeding, White Rhinoceros Breeding and Black Rhinoceros Breeding.

The company may also expand its operation to other breeding projects from time to time.

SOUTHERN AFRICA RARE GAME BREEDERS (PTY) LTD will appoint managers for the separate divisions to be conducted on separate farms which ever will be the most productive and suitable manner to manage the divisions. The detailed operations of the Management team will be conducted as follows:

2.1.5 Management Team

The current breeding program has been established and implemented by a competent management team, who have to their disposal access to a group of professional consultants who advise and assist with monitoring various ecological and biological aspects within the game breeding program.

- Financial Management
- Human Resource Management
- Marketing Management
- Community Beneficiary Management
- Animal Feed Production Plant Management
- Specific Species Management (Black Rhino, White Rhino, Buffalo, Sable and Nyala)
- Infrastructure Development and Maintenance Management
- Wildlife Resource Security Services
- Ecological Services
- Veterinarian Services
- Air Support Services

All of the above mentioned will function in separate departments which will be managed under supervision and control of the Managing Director.

The above mentioned entities collectively employ the following number of permanent employees; Company Directors (5), Game Farm Managers (5) Supervisors (5) General Farm Workers (32)

To give effect to this intent SARGBH (Pty) Ltd commits itself to invest in the development and empowerment projects that embrace the diversity of South Africa and to become a significant player in the field of community upliftment

2.2.1 Vision

The vision of SARGBH (Pty) Ltd is to be one of the leading socially responsible organizations involved in the reduction of poverty and social problems, through the development and upliftment of communities surrounding our game breeding operations and activities in the North West Province, through integrated, efficient and effective social investment programs in the identified focus areas

2.2.2 Values

SARGBH (Pty) Ltd embraces its values when it comes to what we believe in with regards to transparency, integrity, honesty and respect for the communities we serve.

2.2.3 Strategic Objectives

To achieve this goal, our policy and programs are aimed at:

Focusing on initiatives which enjoy broad-based stakeholders' support while avoiding handout tendencies which proved to be unsustainable;

Ensuring that communities and beneficiaries of the programs are actively consulted in the process of project selection, implementation and evaluation;

- Income generation and job-creation programs, with the primary focus on youth, women and people with disabilities;
- The development of sport within communities and the contribution to fund raising initiatives through sporting functions
- Cultural events, especially those in rural communities
- Support for environmental issues relating to community well being

These priority areas will provide the cornerstones for the strategies, social plans and interactions with beneficiary communities.

Priority areas will be reviewed periodically to ensure that they are relevant to community needs

2.2.5 Funding Guidelines

Projects funded must have a developmental approach that is intended to build capacity in communities and should eradicate dependency;

Projects should take an affirmative approach bias, with women, the disabled, youth and the socially destitute prioritized;

2.2.6 Project Proposal Guidelines

Applications for funding will be initially screened to see that they fall within the specific focus areas. Application forms and guidelines will be sent to those applicants who meet the criteria. Submitted application forms must be acknowledged within 10 working days of receipt and a decision taken within 3 months of acknowledgement.

Projects must have the potential to be sustainable and should strengthen society in the long term.

2.2.7 Other job creation initiatives

Focusing on those most disadvantaged by unemployment, namely women and the youth SARGBH (Pty) Ltd will support programs that provide:

Direct job-related training under accredited programs;

Bridging initiatives that prepare people better for the world of work, and

Specific job-creation programs in the public and private sector.

SARGBH (Pty) Ltd commits itself to start making the difference that makes a difference

- **Building Structures including:**

Staff accommodation that can accommodate all the employees mentioned on the farms in high quality modern housing. Facilities are cleaned and maintained on a daily basis.

Structures also include animal feed stores, sheds and workshops.

- **Roads**

Roads are properly constructed gravel roads, taken into account various ecological effects it might have on the immediate environment including erosion problems and habitat determination.

Roads are primarily used for access in and out of the properties and game breeding camps as well as game monitoring routes and firebreaks.

Roads and firebreaks are maintained on a regular basis, at least twice annually in line with the applicable fire prevention regulations.

- **Water Supply**

Water supplies mainly consist of registered underground borehole water and rainwater collected by means of earth dams.

Sufficient water are available and is distributed where and when necessary by use of troughs linked to reservoirs making it easy for veld management purposes, easy to clean and thus facilitate disease control.

Water quality is monitored regularly and troughs are cleaned and maintained on a weekly basis or sooner if so required.

3.2 Specific Species Management Plan and Habitat Suitability Report

Introduction

SARGB (Pty) Ltd believes that the biodiversity between animals and humans are all dependent on the management requirement for a specific specie in a specific habitat. When taking a look at intensive farming principles where the size of the land does not play a major role. It is important to recognize the ecological capacity of the habitat and also the daily monitoring and safekeeping of the animals at all times. By means of proper veld management practices and habitat manipulation the optimum ecological capacity of an area can be obtained. It is very important to understand that specific animal species associate themselves with specific type of vegetation.

Due to the intensive farming principle applied to the land, a camp system is applied and active management of the animals and the habitat is required. It is important to understand that ecological, economical, administrative and practical factors can all play a significant role in the effective management of any specie. By monitoring the habitat and understanding the ability and limitation of the ecosystem one can prevent the deterioration of the habitat and also animal mortalities.

We strive to identify any changes in the ecological environment to obtain optimal functionality.

The quality of water that we supply our animals with is borehole water and is safe for human consumption. Our camps are equipped with 5000 litre tanks that get filled up weekly with borehole water and connected to a trough system that is controlled by a ball-float valve to ensure that the troughs are always full. We ensure weekly cleaning of all troughs to reduce the build-up of algae and control of diseases and parasites. We also make use of a two troughs system in the camps. This allows us to close the one trough in a certain area of the camp and then force the animals to use the other trough in another area. This allows our veld to rest in the vicinity of the closed down troughs and we also increase our parasite control.

Sable Antelope Characteristics

The sable antelope which is a member of the subfamily Hippotraginae (grazing antelope) of the family Bovidae (biological family of cloven-hoofed mammals). They are highly selective in their choice of habitat, which includes plains with medium to tall grass, tree cover with sparse lower shrubs and water within a 2km to 3km radius as they will need about 9 litres of water per day. They graze on grasses that are 80mm to 140mm tall and their overall diet consist out of 85% grasses, 10% browse and fruits and 5% forbs. The quality of the habitat plays an important role in the production of young. With a life expectancy of 13 to 15 years for sable antelopes it is expected that they will mate from May to July and the birth season is between January and March.

The bottom 1.2 meter of the fence has been reinforced with the galvanized wires being placed closer to one another to ensure a durable fence especially for sable antelope which has a tendency to crawl underneath of through the fences.

To establish a new group of sable antelope in an area it is important to release the herd all at the same time. This will give them the opportunity to establish a mutually dominant interrelationship throughout the herd.

To avoid hybridization it is good practice not to keep sable antelope and roan antelope in the same area, as hybridization is known under this species. To avoid the loss of genetic fitness it is essential to introduce new genetic material from time to time.

Cape Buffalo Characteristics

The Cape savannah buffalo which is a member of the subfamily Bovinae of the family Bovidae (biological family of cloven-hoofed mammals). They are low selective grazers but will prefer grass of high quality, with research indicating that a Cape Buffalo will consume 2.2% of its body weight in food daily and about 31 litres of water per day. They graze on grasses in the region of a waterhole and their overall diet consist out of 78% grasses and 22% browse. They take mud baths at the hottest time of the day and therefore it is essential to include dams in their habitat. With a life expectancy of 22 years for Cape buffalo it is expected that they will mate from March to May and the birth season is between October and April.

The bottom 1.2 meter of the fence has been reinforced with the galvanized wires being placed closer to one another to ensure a durable fence. Furthermore to prevent the Cape buffalo from breaking out the fences are combined with electrical wires at the base and at the middle of the fence.

There are a variety of disease among the Cape buffalo including 57 types of endoparasites and 17 types of ectoparasites, therefore it is important to understand that the Cape buffalo cannot be kept or moved without the necessary permits. To establish a new herd or to add more buffalo to the herd it is important to ensure that the new animals are tested for at least the four major diseases: Foot-and-mouth, Corridor, tuberculosis and brucellosis. The newly introduced buffalo will join the existing herd and gradually maintain hierarchy within the herd, which is let by a dominant cow. To avoid the loss of genetic fitness it is essential to introduce new genetic material from time to time.

Nyala Characteristics

The nyala which is a member of the subfamily Bovinae of the family Bovidae (biological family of cloven-hoofed mammals). They are mixed feeders in their choice of habitat, which includes 80% of grasses consumption during the summer and 90% browsing in the dry season. Nyalas are water dependent and will drink 3.5 litres of water per day. Their overall diet consist out of 20% grasses, 50% browse and fruits and 30% forbs.

The bottom 1.2 meter of the fence has been reinforced with the galvanized wires being placed closer to one another to ensure a durable fence especially for nyalas which has a tendency to crawl underneath or through the fences as they are regarded as free movers.

To avoid mortalities it is advisable not to have nyalas and bushbuck in the same habitat especially if it is confined camps. Eventually the nyala will displace the bushbuck but it could have some severe consequences.

White and Black Rhinoceros Characteristics

White Rhinoceros

The white rhinoceros is a member of the family Rhinocerotidae with their conservation status as "least concern". They are low selective grazers in their choice of habitat, but prefer the more palatable broad-leaved grasses. They will need about 72 litres of water per day and they enjoy mud baths that protect them from biting insects and the sun.

They graze on grasses with a leaf height of less than 400mm tall and their overall diet consist out of 100% grasses.

White rhinoceros usually occur in small family groups consisting of a cow and calf with a sub adult. The adult bulls are generally solitary and maintain a territorial system in which they defend their territories against other adult males, but they will allow subordinate males to stay in their area. A bull can become socially able to mate at an age of 10 years and a cow at 5 years with 24 months between successive young.

Aspects in common between the Black Rhinoceros and White Rhinoceros

The supplementary feeding that we give the white and black rhinoceros are a combination of lucerne hay and teff. A daily intake of about 50kg - 60kg of the mixture per animal is sufficient and meet the nutritional requirements for keeping white and black in an intensive camp system. Tannin has the ability to generally decrease the digestive efficiency and deteriorate the physical condition of an animal despite an apparent protein-rich diet of high quality. We detoxify the effect that tannin has on the animals by adding Browse Plus which is a Verbac product to the water which has a neutralizing effect. Sodium deficiencies are controlled by means of salt licks that we place out in close proximity of the water troughs.

Our rhinoceros camp system consist out of 3 camps of 300ha in size with ample grassveld and sufficient tree cover. We have fenced the camps with a 2.4 meter high fence consisting of 33 galvanized wires with support posts every 100 meter, Y-Standards every 10 meter and dropper every 1 meter. The bottom 1.2 meter of the fence has been reinforced with the galvanized wires being placed closer to one another to ensure a durable fence. Furthermore to prevent the rhinoceros from breaking out the fences are combined with electrical wires at the base and at the middle of the fence. To establish a new group of rhinoceros in an area it is important to release the group all at the same time. This will give the bull opportunity to establish his territory and he is able to mate with several cows. It is best to establish a ratio of 50% adults older than 9 years, 30% sub adults from 3 years to 9 years old and 20% calves younger than 3 years in a minimum group size of 6 animals.

But by understanding the limitations of intensive wildlife production systems we can make sure that the successful conservation of rare species will ensure a viable population with excellent genetics.

For optimal production it is important that all animals on a game farm remain healthy, therefore the prevention of diseases and parasite management is an integral part of the management on the farm. Regular dung samples are checked for parasites and step on applicators are used for tick control.

In the case of mortalities, a good post-mortem examination fulfil an important function in the management of the farm. This allows us to understand why the animal has died, whether or not it was suffering from a condition that might put humans or other animals on the farm at risk and we also develop information on the nutritional status, stress levels and worm infestation of the animal.

The ultimate aim of wildlife management is to utilize the veld in such a way that the animals, the veld and the farmer will all benefit. Therefore the intensive wildlife production systems will depend on the quality and quantity of grasses, shrubs and trees that is present in the camp systems.

- Daily vehicle patrols in and around the farms and game breeding camps.
 - Vehicles are equipped with radio communication systems and are in 24 hour contact with other security personnel, the control room, adjacent farms, neighborhood watches and community policing forums.
 - Security vehicles are also equipped with basic first-aid equipment to be used in case of medical emergencies
 - A medical practitioner and veterinary surgeon are on standby 24 hours a day and basic snake serum are kept on the premises.
- Fences are strategically electrified and building structures are equipped with alarm systems.
- Regular patrols on horseback and on foot, specifically in areas difficult to access with a vehicle
 - In addition horses are also utilized for veld management purposes in areas where vehicles cannot get.
- Helicopters are also in service and utilized during emergency security activities.
 - Helicopters are equipped with spotlights and night vision equipment and are also in radio contact with ground security personnel.
 - Due to high running costs, helicopters will only be utilized during extreme emergency situations.
- Security personnel are trained in the handling of fire arms and has been issued with fire arm and rifle competency certificates by the South African Police Service.

Chapter Five

5.1 FINANCIAL PLAN

Introduction

SARGBH (Pty) Ltd participates in an exceptional wild-life breeding operation in partnership with the Department of Rural, Environmental and Agricultural Development, Northwest (READ) as well as other private game traders in the industry. We strive to fulfil a leading role in empowering previously disadvantaged individuals excluded in the past from participating meaningfully in the wildlife industry.

Apart from the extraordinary returns that this industry offers due to its annual constant growth, we believe that the protection and preservation of rare game species in order to further biodiversity must receive the highest priority. We proud ourselves as being one of the first ground breaking initiatives to empower previously disadvantaged individuals to become part and parcel of the wildlife Industry.

SARGB (PTY) Ltd embarked on three different strategies in order to conduct a viable and feasible business operation:

- The first strategy is by participating at the different auctions that take place every year from July to October;
- secondly through a two part direct operation (simple buy/sell transaction) with other participants which are game breeders, game reserves, farm owners
- Thirdly through a public/private initiative in terms of a deed of donation policy administered by the Department of READ.

Either way requires vast experience in order to identify the best quality game in both its genetics and its potential value, and to prove that a given price is a fair price. Blood testing will always be performed in order to support facts and to certify bloodlines.

If an operation is done outside auctions, it normally takes between 15 to 30 days from the moment an animal is identified for translocation to the moment it is properly delivered to the SARGB (Pty) Ltd camp.

Considering that nature conservation needs effective proof of procurement and sometimes a veterinary blood test result (depending on species) in order to be able to issue a transportation permit or a provincial import/export permit, if needed.

Equity investment

- Investor's capital is only directed to the exclusive purchase of high quality breeding animals.
- The investor will remain 100% owner of the purchased animals.
- The partnership between SARGB holdings (Pty) Ltd and the investor will be based on a **50:50 PROFIT-share**, including purchased animals and offspring.
- There is a minimum investing amount that depends on the specie market price.

Debt investment

- Investors receive a yearly-coupon-4-year notarial bond, representing the total value of any issued debt and a 100% executable guaranty.
- The bond pays a **fixed annual cash return** (coupon) of **12% annual interest**.
- The bond also holds a 2nd-year call option for the investor that allows him to receive 18% of the invested capital.

Camps & Facilities

SARGB HOLDINGS (Pty) Ltd has a 2000 ha intensive camp breeding system with a fully electrified 2.4 meter high-fence. The camps are divided into different areas in three locations all within a 50 km radius from Rustenburg in the Northwest Province in order to be able to efficiently work a variety of scarce game species.

This area is well known for its combination of Savannah and Bushveld vegetation, which provides breeding camps with grass extensions that contain high levels of nutrients.

Our camp management conducts a daily basis operation which ensures the wellbeing of every single animal inside the camp. Monitoring of the camps are also done through CCTV life surveillance cameras located in each camp. The animals receive the best quality feed and water provision is part of this daily operation. Static game cameras are further used and controlled by camp management in order to efficiently monitor herds.

Breeding Male animals

SARGB (Pty) Ltd owns some of the finest and top quality breeding male animals which are disease free East African Cape Buffalo, Zambian and Zambian Cross Sable. All of this breeding males living in our camps are DNA certified and come from the best bloodlines available in the market. Each male carries magnificent genetics and differs from each other on its unique characteristics.

- **Feeding costs:** Apart from natural grass, the game diet is strongly complemented with specialized feed (natural ingredients) improving horn and body growth. Clean potable water is also provided.
- **Fixed:** Electricity, gasoline, water, camp labour and management.