

MENTORSHIP AGREEMENT

MEMORANDUM OF AGREEMENT between

COMMERCIAL FARMER (PTY) LTD herein represented by _____
in his capacity as Director and duly authorised thereto
(hereinafter referred to “CF”)

And

BLACK FARMER (PTY) LTD herein represented by _____ in his
capacity as Director and duly authorised thereto
(hereinafter referred to as “BF”)

WHEREAS the aim of this transaction is to empower the shareholder of FARMCO by assisting with and providing financial, farming and other skills to the shareholders and directors of BF and to ensure sustainable farming for the future; and

WHEREAS CF have the skills and agree to teach and transfer these skills to BF.

NOW THEREFORE THE PARTIES AGREES AS FOLLOWS:

1 MENTORING NEED AND DEMAND

BF requires general assistance from CF to successfully proceed with farming activities on the farm. BF also requires the following assistance from CF and CF undertake to provide assistance on an ongoing basis.

- 1.1 Honest and faithful dedication from the representative of CF to attend to the farming business of BF from time to time, which shall include but will not be limited to, the recommendation to the board about matters pertaining to business practises and policies and the general executive management of the farming business on an ongoing basis.
- 1.2 Adequate skills transfer and training to all shareholders of BF and farmworkers of the farm _____.
- 1.3 Assistance with financial management, control and decision making.
- 1.4 To teach financial analysis necessary for planning, drafting of capital budget, cash flow budget, cash implementation of the analysis, management and coordination.
- 1.5 Assistance with the interpretation of financial statements.
- 1.6 Assistance with asset management.
- 1.7 Training regarding tax related items.
- 1.8 Assistance with company secretarial services.
- 1.9 Assistance and training for the effective management and functioning of the Board of Directors of BF and transfer of knowledge in connection with legal requirements for share trading.
- 1.10 To teach financial responsibility and establishing policy for the withdrawal of funds.
- 1.11 Assistance with the implementation of legal and contractual obligations.
- 1.12 Assistance with correspondence with professional service providers such as auditors and attorneys.
- 1.13 Assistance with the placing of orders, purchases and payment of creditors.
- 1.14 Assistance with correspondence with financial institutions such as Government and banks.
- 1.15 Assistance with employee related matters such as appointment, compensation, contracts, conditions of service, disciplinary actions, etc.
- 1.16 Transfer of technical knowledge, skills, assistance and support with the implementation of specific projects and the development of the farming business.

- 1.17 Assistance with the acquisition of products and goods necessary for effective management of the business.
- 1.18 General assistance with the day to day management of all farming activities in line with accepted farming practices in the area.
- 1.19 To identify the individual who will receive necessary leadership training and to over time take over the management of the farming activities of FARMCO.

2. EXPECTATIONS OF BLACK FARMERS (PTY) LTD

BF has the following expectations of CF:

- 2.1 Accurate, complete and timely advice.
- 2.2 To act respectful towards Directors, management and employees.
- 2.3 To transfer skills over time, to enable BF to independently make decisions.
- 2.4 Openness and honesty.
- 2.5 To take into consideration different opinions and ideas.

3. EXPECTATIONS OF THE COMMERCIAL FARMER (PTY) LTD

CF has the following expectations of BF:

- 3.1 To be open and honest.
- 3.2 Diligence.
- 3.3 Punctuality.
- 3.4 Respectful.
- 3.5 To take into consideration different opinions and ideas.

- 3.6 To make himself / herself available for further training and courses and to be available at all reasonable times, whether it is on weekends or after hours for consultations and scheduled training.

4. **VISITS BY MENTOR**

- 4.1 The appointed representative of CF will visit FARMCO when needed, alternatively an informal visit to the farm and the Board of Directors of BF, will take place once every two weeks to give advice.

- 4.2 Mentorship services will be given on the farm in the Ceres area. Informal visits will take place on dates and times decided by CF but formal visit to the farm must be arranged between CF and BF.

5. **BOARD OF DIRECTORS**

CF will appoint a a director to serve on BF's Board of Directors for the duration of the mentorship agreement. Meetings of the directors will be arranged in accordance with the shareholders agreement of BF.

6. **DURATION**

This mentorship agreement will commence on date of transfer of the property into the name of FARMCO in which company BF is a shareholder and will continue for a period of 5 (five) years, which period may be extended as agreed between the parties.

7. MENTORSHIP SERVICES

- 7.1 Due to the fact that a similar lease and management agreement will be concluded with FARMCO and it may occur which may result in an overlap in the services provided by CF to BF and FARMCO, CF and BF agree that they will communicate with each other throughout the duration of the agreement to avoid duplication.

8. FUNDAMENTALS OF MENTORSHIP

This mentorship is based on the fundamentals of confidentiality, openness, transparency, truth, honesty, respect and punctuality.

9. CONFLICT RESOLUTION

Should the relationship between FARMCO and BF become strained and the conflict not be resolved during negotiations, a mediator from the Department of Rural Development and Land Reform in Witzenberg be appointed to help resolve the matter.

10. EVALUATION OF THE MENTOR

- 10.1 FARMCO's mentorship will be evaluated as follows:

- 10.1.1 Compliance with legal and institutional requirements, compliance with good corporate governance and performance of duties in accordance with this agreement.

10.1.2 Effective cash flow management.

10.1.3 The ability of BF to make independent decisions and to run the business independently and successful.

10.2 BF's progress will be evaluated as follows:

10.2.1 Implementing tasks according to the requirements as agreed upon with CF.

10.2.2 Acceptable staff turnover.

10.2.3 Up to date keeping of records and financial statements.

10.2.4 The ability to make independent decisions resulting in the business being successful.

11. **POINTS OF DISCUSSION AT MENTORSHIP MEETINGS**

During formal mentorship meetings, planning and discussions regarding financial affairs, bookkeeping, contracts, cash flow, the implementation of an approved business plan, claims in respect of subsidy payments, etc will take place.

12. **REMUNERATION OF CF**

CF's annual remuneration will be agreed upon between CF and the directors of BF and it will be reasonable and market related, with the proviso that should the parties not be able to come to an agreement on the amount of the annual remuneration, the auditors of FARMCO will be requested to ascertain the market related remuneration to be paid to CF.

13. REPORTING TO THIRD PARTIES

CF undertake that when requested thereto by BF, to provide a written report of the progress on the implementation of mentoring and transfer of skills to BF. BF, who is a part of this project, will provide the Witzenberg Partnership monitoring committee with the reports.

14. CANCELLATION CLAUSE

- 14.1 In the event the parties fail to comply with any condition and/or stipulation of this Agreement, the other party without prejudice to any other of his rights, will be entitled to, after 7(seven) days written warning to the party in breach at his chosen *domicilium citandi et executandi* (the address for serving and reception notices):
- 14.2 Cancel this agreement and to claim damages as a result of the breach of the contract; or
- 14.3 Claim specific performance and compliance with all the terms of this agreement without prejudice to his rights to claim damages as a result of the party's default and/or breach of contract.

