IN THE PROCEEDINGS BEFORE THE ENFORCEMENT COMMITTEE ESTABLISHED IN TERMS OF SECTION 97 OF THE SECURITIES SERVICES ACT, ACT 36 OF 2004

CASE NO: **1/2010**

In the matter of:

THE DIRECTORATE OF MARKET ABUSE	The Referring Party
and	
PIETERSE, JOHAN	First Respondent
VAN DER MERWE, NICK	Second Respondent

FURTHER AFFIDAVIT BY THE FIRST RESPONDENT

I, **Johan Pieterse** state under oath as follows:

1. I am the First Respondent in this matter.

2. The facts set out in this affidavit fall within my personal knowledge, unless otherwise indicated or appears different from the context.

3. On 18 May 2010, I filed an answering affidavit under the same case number, placing in dispute the allegations against me. After careful consideration, advice from my attorney and having made

representations to the Directorate of Market Abuse, I now wish to make the following admissions:

3.1. that Sentula Mining Limited (Sentula) is a listed company on the Johannesburg Stock Exchange;

3.2. that the Johannesburg Stock Exchange (JSE) is a regulated market as envisaged by section 73 (1) read with section 1 of the Act; and

3.3. that Sentula shares are listed securities on the JSE, as envisaged by section 73 (1) of the Act.

4. I further admit the following facts:

4.1. During June 2007, Sentula purchased the business of Pioneer (Pioneer Blasting Services CC) from me. Scharrig Drilling (Scharrighuisen Drilling and Blasting (Pty) Limited) a subsidiary company of Sentula was nominated as the acquiring company.

4.2. Pursuant to the sale of my business, I was appointed as the managing director of Scharrig Drilling.

4.3. During 2007, I became aware of the fact that some assets in Scharrig Drilling's asset register were in a bad condition and some were in fact substantially over-valued.

4.4. During November 2007, I attended a workshop by KPMG Incorporated. During this workshop, the concept of asset impairment was discussed, more specifically, the details of the asset impairment test.

4.5. Pursuant to attending the abovementioned workshop, I was of the opinion that if an impairment test were to be applied to some of Scharrig Drilling's assets, it may result in an impairment of these assets.

4.6. During January 2008, I informed the management of Sentula, more specifically Mr Deon Louw, that there was a potential impairment of assets in Scharrig Drilling.

4.7. I anticipated that should the true values of the assets to be established it would in all likelihood amount to a significant amount which, in turn, would have a negative effect on the financial position of Sentula.

4.8. On 3 April 2008, I attended a meeting where the asset impairments in Scharrig Drilling were discussed.

4.9. It was clear during this meeting that the impairment of assets in at least Scharrig Drilling was inevitable.

4.10. The impairment came about as a direct result of me insisting that some of the assets of Scharrig Drilling were overvalued.

4.11. On 12 and 19 February 2008 I sold 148 133 and 50 000 Sentula shares respectively.

4.12. On 4 and 7 April 2008, I sold 200 000 and 462 744 shares respectively.

4.13. At all relevant times hereto I did not appreciate the fact that the aforesaid information at my disposal may be regarded as inside information as contemplated in section 72 of the Act.

4.14. The reason for this is that before the sale of my business (as mentioned aforesaid) I did not trade with shares in listed entities and therefore I was not au fait with rules and laws regulating the sale of shares.

4.15. However, in hindsight after considering all the information I admit that this information constituted inside information as envisaged by the provisions of the Act and that my ignorance is not an excuse.

4.16. I admit that my actions were unlawful and that I have contravened the provisions of section 73 of the Act, as set out in the Particulars of Contravention.

5. **Mitigating Factors**

5.1. I respectfully request the Enforcement Committee to take the following mitigating factors into consideration when deciding on a penalty:

5.1.1. I have taken full responsibility for my actions and do not intend to waste the time of the Honourable Enforcement Committee.

5.1.2. The fact that there was an impairment of assets and other financial irregularities that gave rise to the case against me were reported by me to the management of Sentula. This led the company to discover a number of irregularities.

5.1.3. The sales in question were acquired as part payment for my business that I sold to Sentula. I never wanted to own shares and when I sold it I was merely converting the shares to cash.

5.1.4. I have never been found guilty of an offence in terms of the Act or any similar offence.

5.1.5. I am remorseful for my actions and have taken considerable emotional strain as a result of the present case against me.

6. **The proposed penalty**

6.1. I hereby tender, in terms of section 103(1) of the Act, to pay an amount R1million as a penalty.

Signed at Mossel Bay on the 31 day of May 2010.

DEPONENT

I certify that this affidavit was signed and sworn to before me in my capacity as Commissioner of Oaths at Mossel Bay on this the 31st day of **MAY 2010** by the deponent who:

confirmed that he:

knows and understands the contents of this affidavit;
has no reservations about taking the oath;
considers the oath as binding on his conscience;

uttered the words "***So help me God***".

Commissioner of Oaths

Full names:

Full address:

Area:

Capacity:

CORNELIUS JOHANNES ALBERTS
Kommissaris van Ede/Commissioner of Oaths
Praktiserende Prokureur/Practising Attorney
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MIDDELBURG MPUMALANGA

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DETERMINATION OF THE ENFORCEMENT COMMITTEE

Before The Hon Mr Justice C F Eloff, E A Moolla, Ms C Maynard and Prof S M Luiz.

This Committee was entrusted with the task of deciding whether charges of insider trading in contravention of Section 73 of the Securities Services Act 36 of 2004 were adequately established. We are today concerned merely with the position of the first respondent, Mr Pieterse.

While he initially disputed the contentions that he was an insider; that his knowledge was specific and direct; and had the public known what he knew they would have reacted to the facts being made known, he now

filed an affidavit in which he accepted his contravention of Section 73 and suggested an administrative penalty.

The Committee considered his position and concluded that his admission is in accordance with well-established facts. It is accordingly found that the first respondent was guilty as charged of insider trading. As to the amount of the administrative penalty, we take note of the fact that the Directorate of Market Abuse does not press for a greater amount than that suggested, there are mitigating factors and it is necessary to stress that each case must be decided on its own facts.

In this particular case, by virtue of the circumstances, accepted by the DMA and put forward by the first respondent, the amount which he tenders, which is of R1 million, is acceptable. In summary then the Committee finds that the charge has been adequately established against this first respondent. He was found guilty as charged of insider trading and an administrative penalty of R1 million is imposed.

CHAIRPERSON

1 June 2010