



South African Airways
Fikile Mhlontlo
Room 418, Block C
Jones Road
Airways Park
Kempton Park
1627

Tel: 27 11 978-1925
Fax: 27 11 978-1270
Cell. 27 11 083-440-2898
Email: fikilemhlonto@flysaa.com

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CONFIDENTIAL

Mr Siphon Sono
Business Rescue Practitioner
Mango Airlines SOC Limited in Business Rescue

E-Mail: Siphon.Sono@opisadvisory.co.za
CC: Melanchton.Makobe@dpe.gov.za
Sange@mxenge.com

Dear Mr Sono

BALANCE OF FUNDS APPROPRIATED FOR RECAPITALISATION OF SUBSIDIARIES

1. We refer to your letter dated 18 May 2022 addressed to both the Chairperson of the SAA Board and SAA CFO regarding the balance of funds appropriated for recapitalisation of subsidiaries, in particular requesting written reasons for the retention of the R85 million by the Shareholder or reasons why the stated amount is no longer available to the business rescue process.
2. You will recall that the meeting referred to in your letter took place after the DPE Ministry had urged the Mango BRP, DPE and SAA to disburse the then remaining R399 million after meeting specific conditions. As a consequence, only R89 million was disbursed in line with those conditions.
3. In your capacity as Mango BRP you raised concerns and later took a legal action to demand the disbursement of the remaining balance of R310 million. As discussed in the above-mentioned meeting, R85 million was discussed and agreed to within a context of trying to find a solution to an impasse where

Directors

MJ Lamola (Interim Chairperson & Chief Executive Officer), MMB Zwane* (Lead Independent Director), Z Mhlontlo (Interim Chief Financial Officer), NO Fadugba¹

*Interim Non-Executive Director
¹ British Citizen

Company Secretary – RN Kibuuka

South African Airways SOC Ltd

Reg. No. 1997/022444/30

A STAR ALLIANCE MEMBER 

the Shareholder was looking to set conditions to disburse the funds and possible in the process achieve significant savings on the allocated funds.

4. You will further recall that the argument was that the Mango Business Rescue Plan was approved on the basis of the economic circumstances that existed at that particular time when the fiscus following a motivation by the Shareholder was able to make an allocation of R819m.
5. Given the drastic change in the economic circumstances, it has become imperative for the Shareholder to relook at its financial commitments and make necessary adjustments. Having considered these circumstances, the Shareholder has found it fair and reasonable that the Mango restructuring budget should be reduced by R85m.
6. It is Shareholder's belief that with this reduction, the Business Rescue Practitioner will still be able to make necessary budgetary adjustments and substantially implement the Business Rescue Plan.
7. Should you have any questions or queries, please don't hesitate to contact me.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Fikile Mhlontlo', with a long horizontal line extending to the right.

Fikile Mhlontlo
Interim Chief Financial Officer

