4 Hors toning to "ESTABLISH" the Strong the AND THE DAY to Day knowing of the world Probibits My MANAGEN & from o BANDS MARKETING & green letters Disussions Dinos (PHONE & CLOSOPELL / KHOLES) Lould not the WMIKE OLDFIELD/DEREK Some points to consider: 1. Under the new proposed arrangements I could 😓 Studio Engineer/Produce on a freelance (hourly?) basis. other words, similar to how we envisage KEVIN BLACK operating. i.e: As engineer/producer on projects that I can bring into the Studio; as engineer on approved 3rd Ear Music Projects; as an ETC organiser/sound engineer for any of your proposed launches, senventions or music functions. 2. That before any decision is made on the "old" studio equipment, or the equipment you that purchased from 3rd Ear Music, I would appreciate it if you let me know well in advance. The reason for this is that I would still require the use of some multi-track facilities for my productions. Hopefully we can come to some arrangement on this equipment - besides which I have grown fondly attached to much of this equipment and despite the dismal ustilisation of this gear, I'm still convinced that much of it can be put to good constructive and PROFITABLE use. 3. Although I sincerely appreciate your endeavours and suggestions (trying to turn around a bad financial situation into

an advantage for myself and rusk), and that I fully understand the implications of how a subsidiary should be in a position to market its own music, I cannot help feel a little apprenhensive about the new proposed dispensation without asking the question "Why was this aggressive marketing approach not vigorously implemented here in Natal, especially when I did not have the infrastructure, staff or budgets to do the kind of marketing needed for our product?" ₩ 42 I also fully understand that "the proposed licencing arrangement between us" would mean that the expense and expertise needed to market would be for the account and the responsibility of Tusk, but I also must emphasise that despite vasts amount of money (seemingly) spent on these productions, it is important that we analyze the hours spent and the materials used from the studio on each and every production that will come into effect on this proposed new arrangement. 4. I do appreciate TUSK'S dilemma and your personal involvement and investment in this project, but I also have to be absolutely realistic when assessing my present predicament. Certain items of equipment would help me to continue producing and developing the current Artists that I have and hopefully we can come to some arrangement on this. I am of course presuming that this would happen only if the Studio were not to continue. 5. There are certain albums which I do not own but were put into production on behalf of Phil Audoire such as : RUFARO, THE BLESSED BROTHERS, MASHIDO AND TUXEDO. What would we do about "producer's" royalties? Phil did help to produce certain of these albums, if only in an advisory capacity. SIPHO MCHUNU has also produced a number of records. He was signed up by Tusk as a "in-house producer" for a 4% royalty. What happens in these cases?. In Conclusion: I do agree that I am not "cut-out" to direct or manage a corporate enterprise such as you envisage for Tusk. other words I don't quite fit into the " corporate world." However I have said this before and I will say it many times again, Natal, and Durban in particular, are largely untapped "markets". I personally do not believe that Tusk or any other record company will succeed to the levels that they could, if they try and market and operate from Johannesburg. The "New South Africa" is going to make sure that such corporate approaches from the top-down will not function in the old capitalist way. TUSK MUSIC, and more particularly yourselves personally, have a credibility and a foundation amongst most of the music listening and performing community that should not be wasted on short-term financial considerations only. What I'm trying to say is that you have made a start here in Natal and it would be a great waste of effort (not to mention financial)

investment if you did not realise the potential that this area has for a proper recording studio, record company, marketing and distribution. Hopefully Bangile's research and analysis of the situation in Durban will reveal what I have been saying all along: millions of rands are spent annually recording music, jingles, commercials and sound tracks by Durban companies in Johannesburg. There is also the question of agencies who do use inadequate equipment and inexperienced staff to do much of the advertising and commercial recording work here in Durban. A well equipped facility staffed by experienced people such as Phil Audoire would certainly become a highly profitable business. The suggestion of "writing off" 50% of my personal debt to the company by Tusk, could be justified to the other shareholders in terms of the connections and "goodwill" that has certainly been established these past eighteen months here in Natal/Durban. In other words, your investment in this project would only be a loss if you did not continue with the idea of establishing a Natal based recording company. 3rd Ear Music's position doesn't really change except, as Derek pointed out, we manage to acquire 5 "major potential" music performers/recording artists in a space of 12 months. We would have taken quite some time to get even 2 or 3 of these productions under way in one year. I want to thank you Derek and Mike for your personal interest and friendship over the past 12 months and I hope that our association will continue - despite this setback for all of us, I am still convinced that we can do extremely well in Durban / Natal . I hope that our new arrangement will allow us to capitalise on our past efforts and energies. DAVID MARKS