

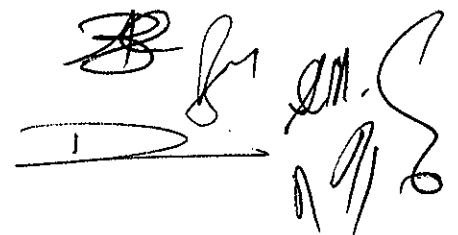
LOAN AGREEMENT

entered into between

ABSA BANK LIMITED

and

THEEWATERSKLOOF LOCAL MUNICIPALITY

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1. PARTIES

1.1. ABSA BANK LIMITED; and

1.2. THEEWATERSKLOOF LOCAL MUNICIPALITY

2. DEFINITIONS AND INTERPRETATION

2.1. The headings to the clauses of this Agreement are for reference purposes only and shall in no way govern or affect the interpretation of nor modify nor amplify the terms of this Agreement nor any clause hereof.

2.2. Unless the context dictates otherwise, the words and expressions set forth below shall bear the following meanings and cognate expressions shall bear corresponding meanings:

2.2.1. "Absa" means Absa Bank Limited (Registration No. 1986/004794/06), herein represented by NAHLAH DAVIOS and CHRISZELLE JOSEPH in their respective capacities as COMPLIANCE MANAGER and MANAGER: RELATIONSHIP EXECUTIVE of Absa;

2.2.2. "Agreement" means this loan agreement between the Parties together with any annexures and schedules hereto;

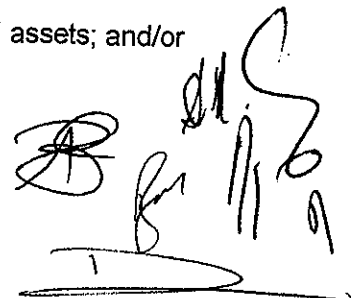
2.2.3. "Applicable Laws" means all applicable laws, ordinances, writs, regulations, judgments and orders of any competent court, central bank or governmental agency or authority in any relevant jurisdiction;

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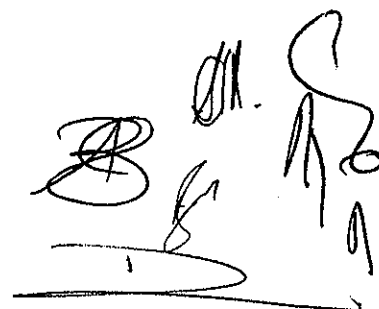
- 2.2.4. **"Borrower"** means **THEEWATERSKLOOF LOCAL MUNICIPALITY** or its successor in title, with its *domicilium* address as set out in clause 15, herein represented by its Municipal Manager and its Mayor;
- 2.2.5. **"Business Day"** means any day, other than a Saturday, Sunday and/or any South African public holiday in accordance with the Public Holidays Act of 1994, on which banks are open for business in the Republic of South Africa;
- 2.2.6. **"Capital Sum"** means R27 224.15 (Twenty Seven Thousand Two Hundred and Twenty Four Rand and Fifteen Cents);
- 2.2.7. **"Change in Law"** means any implementation, introduction, ~~abolition, withdrawal or variation of any Applicable Laws,~~ published practice, concession, official directive, ruling request, notice, announcement (including, but not limited to, any budget speech), guideline by any government entity (whether or not having the force of law) or any change in interpretation, or the introduction or making of any new or further interpretation, or any new or different competent authority or compliance with any new or different request or direction (in each case, whether or not having the force of law) from any government entity;
- 2.2.8. **"Default"** means an Event of Default or an event which, with the passing of time, the giving of notice, the determination of materiality or fulfilment of any applicable condition, would constitute an Event of Default;
- 2.2.9. **"Dispose"** means any sale, transfer, cession, assignment, lease, alienation, donation, renunciation, surrender, waiver, relinquishment, exchange or any other disposal;

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- 2.2.10. **"Drawdown"** means a withdrawal by the Borrower of the Capital Sum in the manner set out in this Agreement, set to be on 31 December 2007;
- 2.2.11. **"Effective Date"** means the date of signature of this Agreement by the Party signing it last in time;
- 2.2.12. **"Event of Default"** means an event specified as such in clause 14;
- 2.2.13. **"Income Generating Asset"** means any asset that provides a revenue stream to the Borrower and, particularly, includes the assets funded, or to be funded by the Capital Sum;
- ~~2.2.14. **"Interest Period"** means a six monthly period for the duration of the Agreement;~~
- 2.2.15. **"Interest Rate"** means a fixed interest rate agreed to in writing by the Parties on the date of Drawdown stipulated in clause 2.2.10 based on Absa's prevailing base rate as at such date of Drawdown plus an interest rate margin of 0,50% (nacs), calculated daily, capitalised and payable 6 (six) monthly;
- 2.2.16. **"Material Adverse Effect"** means an event, circumstance or matter or combination of events, circumstances or matters, which has or will have a material adverse impact on:
- 2.2.16.1. the ability of the Borrower to comply with its obligations in terms of this Agreement; and/or
- 2.2.16.2. the business, operations, property, condition (financial or otherwise) or prospects of the Borrower taken as a whole and includes any substantial restructuring, or Disposal of material assets; and/or

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- 2.2.16.3. the validity and/or enforceability of this Agreement and/or the rights and/or remedies of Absa in terms of this Agreement;
- 2.2.17. **"Mayor"** means the Mayor (or, in the absence or unavailability of such Mayor, the deputy mayor or acting mayor) of the Borrower
- 2.2.18. **"MFMA"** means the Local Government: Municipal Finance Management Act 56 of 2003, as amended;
- 2.2.19. **"Municipal Manager"** means the municipal manager (or acting municipal manager) appointed by the municipal council of the Borrower;
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- 2.2.20. **"month"** means a calendar month and **"monthly"** shall be construed accordingly;
- 2.2.21. **"nacs"** means nominal annual compounded six monthly;
- 2.2.22. **"Parties"** means Absa and the Borrower and **"Party"** shall be a reference to any one of them, as the context requires;
- 2.2.23. **"Term"** , means the term of this Agreement being 2 (two) years commencing on the Effective Date;
- 2.3. Unless the context dictates otherwise, an expression which denotes any gender includes both the others; and to a natural person includes a juristic person and to the singular includes the plural, and vice versa in each case.
- 2.4. The annexures to this Agreement form an integral part hereof and words and expressions defined in this Agreement shall bear, unless the context otherwise requires, the same meaning in such annexures.

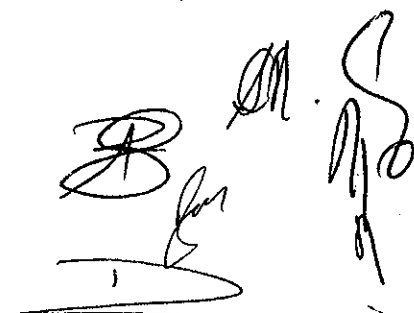
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- 2.5. When any number of days is prescribed in this Agreement, same shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a day which is not a Business Day, in which case the last day shall be the next succeeding Business Day.
- 2.6. The rule of construction that, in the event of ambiguity, the contract shall be interpreted against the Party responsible for the drafting thereof, shall not apply in the interpretation of this Agreement.
- 2.7. The expiration or termination of this Agreement shall not affect such of the provisions of this Agreement as expressly provide that they will operate after any such expiration or termination or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the clauses themselves do not expressly provide for this.
- 2.8. Save where the contrary is indicated, any reference in this Agreement to this Agreement or any other Agreement or document shall be construed as a reference to this Agreement or, as the case may be, such other Agreement or document as same may have been, or may from time to time be amended, varied, novated or supplemented.

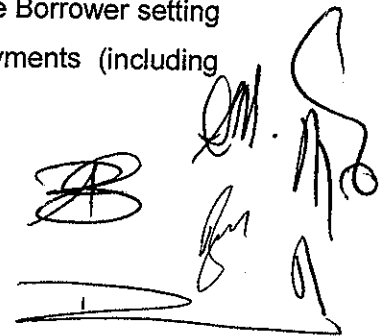
3. **CONDITIONS PRECEDENT**

The obligations of Absa to the Borrower in terms of this Agreement are subject to the fulfilment of the following suspensive conditions by the Borrower on or before the date of Drawdown stipulated in clause 2.2.10, to the satisfaction of Absa:

- 3.1. receipt by Absa of a certified copy of a council resolution and/or resolutions of the Borrower, signed by the Mayor of the Borrower:
- 3.1.1. approving the terms of this Agreement, which Agreement must be signed by the Municipal Manager and the Mayor and resolving that it executes this Agreement as a party, including specific mention of the Capital Sum;

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- 3.1.2. confirming authority of any specified person or persons to sign and/or despatch all documents and notices to be signed and/or despatched by the Borrower in terms of this Agreement in the event such authorised persons are not the Municipal Manager; provided that in the event other specified persons as mentioned above in 3.1.2 are authorised to act on behalf of the Borrower, Absa must also receive a confirmation in writing of the delegation of powers from the Municipal Manager;
- 3.2. receipt by Absa of a certificate signed by the Municipal Manager and if Municipal Manager's powers have been delegated to the Chief Financial Officer ("CFO") of the Borrower or any other top senior managers of the Borrower, then such a certificate may be signed by the CFO or by such ~~other senior official certifying that the specimen of the signature of each~~ person authorised by the resolution referred to in clause 3.1 above is a true and genuine signature of such person;
- 3.3. receipt by Absa of a copy of the annual audited financial statements of the Borrower for its financial year ended 2006/2007;
- 3.4. receipt by Absa of a certificate signed by the Municipal Manager of the Borrower setting out that the Borrower shall utilise the funds advanced in terms hereof only for capital expenditure or to re-finance existing debt as provided for in the MFMA and that all the approvals required by the MFMA and any other Applicable Laws shall have been obtained in order to implement the transactions contemplated in this Agreement;
- 3.5. receipt by Absa of a certificate signed by the Municipal Manager of the Borrower setting out that the economic lifespan of the assets of the Borrower should at least be equal to or exceed the Term;
- 3.6. receipt by Absa of a certificate signed by the Council of the Borrower setting out that the net present value of projected future payments (including

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principal and interest payments) after re-financing is less than the net present value of projected future payments before re-financing, in the event the funds will be utilised for re-financing of existing long term debt.

4. THE LOAN

4.1. Subject to the suspensive conditions stipulated herein, Absa hereby lends to the Borrower, which hereby borrows, the Capital Sum for a maximum period of the Term.

4.2. Absa shall advance the amount mentioned in clause 4.1 to the Borrower by permitting withdrawal by the Borrower of the Capital Sum on or before 31 December 2007.

4.3. The Payment Term in respect of both the Capital Sum plus interest thereon at the Interest Rate will be according to the Repayment Schedule to be attached by Absa hereto as **Annexure A** and initialled by the Parties on the date of Drawdown stipulated in clause 2.2.10, with the first instalment of the Capital Sum plus interest accrued thereon being payable on 30 June 2008.

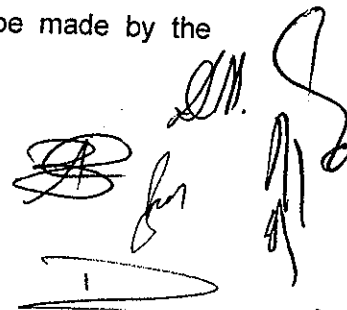
5. INTEREST

5.1. Interest shall be payable by the Borrower at the Interest Rate (as defined in clause 2.2.15), calculated on the Capital Sum, and payable semi-annually on the last day of each Interest Period.

5.2. Any amount due by the Borrower in terms of this Agreement that is not paid on the date on which it is due and payable, shall bear default interest at the Prime Rate plus 2% (two) percent.

6. PAYMENTS

6.1. All payments of the Capital Sum plus interest thereon at the Interest Rate due by the Borrower in terms of this Agreement will be made by the

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Borrower to Absa before or on the relevant due date set out in clause 4.3, in the currency of the Republic of South Africa, free of exchange or other deductions in a manner as may be agreed upon by the Parties from time to time in writing.

6.2. Where any payment to be made by the Borrower in terms of this Agreement is due on a date which is not a Business Day, then such payment shall become due and payable on the first Business Day following such date.

6.3. Any payments to be made by the Borrower in terms of this Agreement shall be made electronically subject to any terms to which the Parties may herein after agree in respect to electronic transfer of funds.

6.4. The Borrower may not raise any claim, counter-claim, dispute or arbitration proceedings as a reason for deferring payment and the Borrower may not withhold any payment or set-off any claim or counterclaim which it may wish to raise against any amount payable to Absa. Absa may not set off any negative balances against positive balances of the Borrower's accounts (if applicable) in the event the Borrower fails to make payments timeously in terms of this Agreement.

7. PREMATURE CAPITAL PAYMENT

7.1 The Borrower may repay the outstanding Capital Sum prematurely subject to 6 (six) months written notice of its intention to do so to Absa, provided that such premature repayment or repayments shall coincide with the agreed upon capital and interest redemption sequence as provided for in this Agreement.

7.2 The Borrower may not give notice of early repayment to Absa until at least 90 (ninety) days, calculated from the Effective Date, have elapsed. The latter notice shall state the date on which the Borrower intends to repay the Capital Sum and, notwithstanding anything to the contrary contained herein, the date thus stated shall be deemed to be the date on which the Capital Sum is due and payable.

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7.3 Upon early repayment of the Capital Sum for any reason whatsoever, the Borrower shall pay the Capital Sum to Absa, together with all the accrued interest thereon from the date of the last Interest Period to the date on which the Capital Sum shall be deemed to be due and payable in accordance with clause 7.2.

7.4 The Borrower shall be liable for any and/or all unwinding costs in respect of any fixed rate Swap agreement entered into by Absa. In the event such a Swap agreement is cancelled, and depending on the interest rate levels at that time of cancellation, Absa may have to be credited or debited with funds due to such cancellation and *vice versa* in respect of the Borrower's position in terms hereof.

8 UNDERTAKINGS

8.1 As at the Effective Date, the date of Drawdown and (if applicable) the date of advance of the term loan to be advanced under this Agreement, the Borrower undertakes to Absa that, until all amounts payable in terms of this Agreement have been repaid in full, the Borrower shall:

8.1.1 not encumber its cash flows, income or Income Generating Assets in favour of, nor utilize the same to pay any of, its current or subsequent creditors in respect of such cash flows, income or Income Generating Assets in which Absa may have an interest and/or right save with Absa's prior written approval which approval shall not be unreasonably withheld or unreasonably delayed;

8.1.2 it shall send its audited annual financial statements to Absa as soon as they are available, but in any event not later than 30 (thirty) days from the date of consideration by the Borrower's council, which consideration shall take place after finalisation thereof by the Auditor-General;

8.1.3 not give subsequent creditors preferential creditor status;

8.1.4 not ring-fence or cede any income stream on which it relies upon to fulfil its repayment obligations in terms of this Agreement, without Absa's prior

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SIGNED at Bellouie
on this 21 day of December 2007.

AS WITNESSES:

1. [Signature] (staff)

[Signature]
For and on behalf of Absa Bank Ltd, who warrants that s/he is duly authorised thereto

Full Names Boniso Magawa

Identity No: 7504265307 086

2. [Signature] (staff)
Full Names ANGELO ANDREW BIGGS

Identity No. 7506135099 082

SIGNED at Caledon
on this 20 day of December 2007.

[Signature]
SIGNED BY MUNICIPAL MANAGER AND THE MAYOR FOR AND ON BEHALF OF BORROWER

AS WITNESSES:

1. [Signature] [Signature]
Full Names: Horace Stanley Dugmore Wallace

[Signature]
For and on behalf of the Borrower, who warrants that s/he is duly authorised thereto

Identity No: 5101285072089

2. [Signature] (staff)

Boniso Magawa
750426 5307 086