

5/17

LOAN AGREEMENT

entered into between

ABSA BANK LIMITED

(Registration Number: 1986/004794/06)

(Hereinafter referred to as "Absa")

and

KHARA HAI MUNICIPALITY

(Hereinafter referred to as "Borrower")

Handwritten signatures and initials at the bottom right of the page, including a large signature, the initials 'M B', and a circled 'D'.

1. **PARTIES**

1.1. **ABSA BANK LIMITED; and**

1.2. **KHARA HAIS MUNICIPALITY**

2. **DEFINITIONS AND INTERPRETATION**

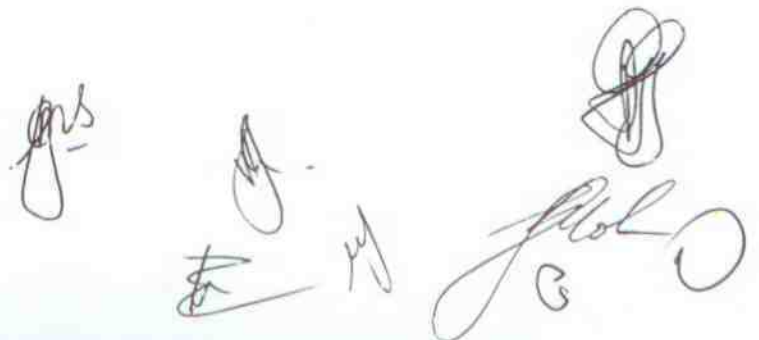
2.1. The headings to the clauses of this Agreement are for reference purposes only and shall in no way govern or affect the interpretation of nor modify nor amplify the terms of this Agreement nor any clause hereof.

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), a public company duly incorporated in accordance with the laws of the Republic of South Africa with its registered address at 1st Floor, Tijger Park IV Building, Willie van Schoor Drive, Tyger Valley, and herein duly represented by Pedrie van der Merwe in his capacity as Business Banker of Absa;

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

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

The bottom of the page contains several handwritten signatures and initials. On the left, there is a signature that appears to be 'ms'. In the center, there are several initials, including 'M', 'J', and 'M'. On the right, there is a large, stylized signature that looks like 'Joh' with a circled 'O' below it, and another signature below it.

- 2.2.4. **"Borrower"** means **KHARA HAIS MUNICIPALITY** or its successors in title, being a legal person duly incorporated in terms of the laws of the Republic of South Africa, with its address as **set out in clause 15**, Finance Director thereof;
- 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 R15 000 000.00 (Fifteen million Rand);
- 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;



2.2.10. **"Drawdown"** means the withdrawal by the Borrower of the Capital Sum advanced to the Borrower in terms of this agreement ; which will be:

1 September 2005	R3 000 000.00 (Three million rand)
1 November 2005	R2 000 000.00 (Two million rand)
1 January 2006	R5 000 000.00 (Five million rand)
1 March 2006	R5 000 000.00 (Five million rand)

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 the term during which the agreement is valid, being 10 years;

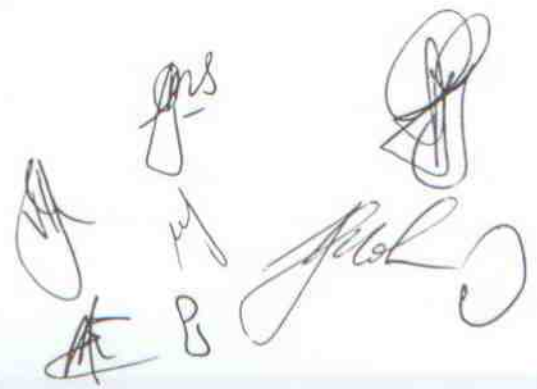
2.2.15. **"Interest Rate"** means a fixed rate of:

1 September 2005	10,04% nominal annual compounded quarterly;
1 November 2005	10,07% nominal annual compounded quarterly;
1 January 2006	10,12% nominal annual compounded quarterly;
1 March 2006	10,17% nominal annual compounded quarterly;

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:

Handwritten signatures and initials at the bottom right of the page, including a large signature and several smaller initials.

- 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
- 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. "month" means a calendar month and "monthly" shall be construed accordingly;
- 2.2.18. "nacq" means nominal annual compounded quarterly;
- 2.2.19. "Parties" means Absa and the Borrower and "Party" shall be a reference to any one of them, as the context requires;
- 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.
- 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.

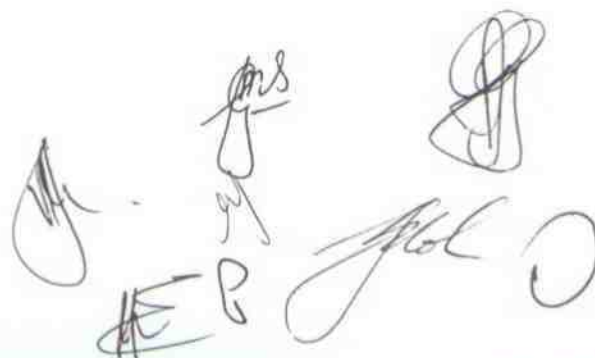
The bottom of the page contains several handwritten signatures and initials in black ink. There are approximately seven distinct marks, including a large stylized signature on the right, a smaller signature in the middle, and several initials or smaller signatures on the left and bottom.

- 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, to the satisfaction of Absa:

- 3.1. receipt by Absa of a certified copy of a council resolution and/or resolutions of the Borrower:
- 3.1.1. approving the terms of this Agreement and resolving that it executes this agreement as a party, including specific mention of the Capital Sum of R 15 000 000.00;
- 3.1.2. authorising a specified person or persons to execute this Agreement on its behalf; and

Handwritten signatures and initials at the bottom right of the page. There are several distinct signatures, including one that appears to be 'MS' and another that looks like 'J.P.' or similar. There are also some initials and scribbles.

