



086 584 8168 (fax)
Att: Stembiso Cele.

Business Bank

4 Frosterley Crescent Frosterley Park
La Lucia Ridge Office Estate La Lucia 4019
PO Box 5037 Frosterley Park 4019

Tel +27 31 581 7080
Fax +27 31 581 7095
Swift Address: ABSA ZA JJ
<http://www.absa.co.za>

Annexure A

Besigheidsbank

Frosterleysingel 4 Frosterley Park
La Lucia Kantoorlandgoed La Lucia 4019
Posbus 5037 Frosterley Park 4019

Tel +27 31 581 7080
Faks +27 31 581 7095
Swift-Adres: ABSA ZA JJ
<http://www.absa.co.za>

RATE FIXING LETTER

**To: Sisonke District Municipality
40 Main Street
Ixopo
3276**

(the 'Borrower' and together with Absa, hereinafter, the 'Parties')

**From: Absa Bank Limited
(acting through its Absa Business Bank division)
2nd Floor, Absa Square
20 Paul Kruger Street
Nelspruit
1200
South Africa
('Absa')**

28 July 2011

Dear Sirs

Term Loan Agreement (the 'Agreement') concluded on or about 30 June 2011 between Absa and the Borrower pursuant to which Absa agrees to lend and advance the Facility to the Borrower

1. Reference is made to the Agreement.
2. This is the Rate Fixing Letter contemplated in the Agreement (hereinafter, the 'Rate Fixing Letter'). Save as defined herein terms defined in the Agreement (whether directly or by way of incorporation by reference) shall bear the meanings ascribed therein when used in this Rate Fixing Letter.

Absa Bank Limited/Beperk, Reg No 1986/004794/06

Directors/Direkteure: C Griffin (Chairman/Voorsitter) *M Ramos (Chief Executive/Uitvoerende Hoof) C Beggs BP Connellan YZ Cuba BCMM de Vitry d'Avaucourt (French/Frans)

Member of the **BARCLAYS** Group
Lid van de Groep

mm

[Handwritten signature]

Witness:

Witness:

Date:

Date: 28 July 2011

Title:

Title: Relationship Executive

Name:

Name: Sithemiso Cele

[Handwritten signature]

Absa Bank Limited
(acting through its Business Bank
division)

Absa Bank Limited
(acting through its Business Bank division)

Signed for and on behalf of:

3. Absa and the Borrower hereby agree that the Interest Rate for all purposes in terms of the Agreement shall be 10.72% (ten point seven two percent).
4. The Payment Schedule for the purposes of the Agreement shall be attached hereto as Annexure A.
5. The terms of this Rate Fixing Letter constitute the sole record of the agreement between the Parties in relation to the Interest Rate being the subject matter hereof and shall be governed by the Laws of the Republic of South Africa and no waiver, amendment, or cancellation of any of the provisions or terms of this Rate Fixing Letter shall be binding unless recorded in a written document signed by the Parties.
6. The Borrower may not cede, delegate, assign or transfer all or any part of its rights and/or obligations under this Rate Fixing Letter without the prior written consent of Absa.
7. This Rate Fixing Letter may be executed in one or more counterparts all of which, when read together, shall comprise one and the same instrument. A facsimile shall constitute a valid counterpart for all purposes hereunder, provided the fax and e-mail indemnity being Appendix 3 of the Agreement has been duly completed.

Accepting the benefit hereof:

Signed for and on behalf of

Sisonke District Municipality

A handwritten signature, possibly "M. M. M.", enclosed in an oval.

A handwritten signature, possibly "M. M. M.", written in a cursive style.

Name:

mm

Title:

Date:

Witness:

NACS

Sisonke District Municipality

Base Rate 7.72%
 Liquidity Premium 1.20%
 Liquid Asset Cost 0.30%
 Margin 1.50%
 All-in Rate 10.72%

Sisonke District Municipality

All in Rate: 10.720%

2,462,762.74

0.00

Months	Date	Days	Advance	Repayments	10.72% Interest Capitalised	Outstanding Balance
	29-Jul-11		30,000,000.00			30,000,000.00
5	31-Dec-11	155		2,462,762.74	1,365,698.83	28,902,935.89
11	30-Jun-12	182		2,462,762.74	1,544,952.99	27,985,126.14
17	31-Dec-12	184		2,462,762.74	1,512,331.55	27,034,694.95
23	30-Jun-13	181		2,462,762.74	1,437,149.57	26,009,081.79
29	31-Dec-13	184		2,462,762.74	1,405,545.03	24,951,864.08
35	30-Jun-14	181		2,462,762.74	1,328,427.42	23,815,528.76
41	31-Dec-14	184		2,462,762.74	1,287,004.22	22,639,770.25
47	30-Jun-15	181		2,462,762.74	1,203,517.78	21,380,525.29
53	31-Dec-15	184		2,462,762.74	1,155,415.30	20,073,177.86
59	30-Jun-16	182		2,462,762.74	1,072,974.60	18,683,389.72
65	31-Dec-16	184		2,462,762.74	1,009,860.62	17,230,287.60
71	30-Jun-17	181		2,462,762.74	915,952.65	15,683,477.51
77	31-Dec-17	184		2,462,762.74	847,543.72	14,068,258.49
83	30-Jun-18	181		2,462,762.74	747,860.91	12,353,356.66
89	31-Dec-18	184		2,462,762.74	667,582.16	10,558,176.09
95	30-Jun-19	181		2,462,762.74	581,266.88	8,656,680.20
101	31-Dec-19	184		2,462,762.74	467,811.74	6,661,729.21
107	30-Jun-20	182		2,462,762.74	356,090.42	4,555,056.88
113	31-Dec-20	184		2,462,762.74	246,157.77	2,338,451.92
119	30-Jun-21	181		2,462,762.74	124,310.82	0.00

mm.

DRAWDOWN NOTICE

Date: 28 July 2011


To: Absa Bank Limited (acting through its Absa Business Bank Division)

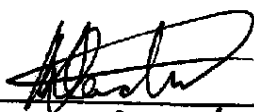
From: Sisonke District Municipality


Re: Term Loan Agreement dated 30 June 2011 ('Agreement')

We refer to the Agreement. This is a draw-down request and terms not defined in this request are defined in the Agreement.

1. The Borrower wishes to draw down the Facility on the following terms:
 - 1.1. Proposed draw down date: 29 July 2011;
 - 1.2. Draw down requested: the Facility in a single lump sum;
2. The Borrower's payment instructions are: Please transfer the R30, 000,000.00 (Thirty million rands only) electronically into the bank account conducted by Sisonke District Municipality, having the following particulars: Current Account 62022648169, Branch Code 220223 held at First National Bank.
3. The Borrower confirms that as at the date of this request, the Borrower is in compliance with all the provisions of the Agreement.


Name: M. N. Mabaso
Capacity: M.M.
Duly Authorised


Name: S. Mawotla
Capacity: CFO
Duly Authorised

M.M.


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, being 10 years;

2.2.15 "Interest Rate"

"Fixed Interest Rate" means a fixed interest rate payable on the 6 monthly capital and interest redemption dates, fixed for the full term of the loan, calculated on the ~~RSA Government bond (R186)~~ ^{SWAP OFFER RATE} plus Absa's prevailing cost of funding, applicable to 10 years plus a credit margin of 1.50% ^{NACS} ~~NACG~~ respectively, at the time of draw down. ^{man.}

The fixed rate is 11.59%, nominal annual compounded semi-annually (6 months).

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

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;

Agreement in the event such authorised persons are not the Municipal Manager;

3.1.2 In the event other specified persons as mentioned above in 3.1.1.2 are authorised to act on behalf of the Municipality, Absa must receive in writing the delegation of powers from the Municipal Manager, which must include specimen signatures of the authorised persons.

3.1.3 Receipt by Absa of a written disclosure by the Borrower signed by the Municipal Manager, indicating whether the purpose of this Term Loan is for -

3.1.3.1 capital expenditure on property, plant or equipment as contemplated in section 46 (1)(a) of the Act; or

3.1.3.2 re-financing existing long-term debt as contemplated in section 46 (1)(b) of the Act.

3.1.4 receipt by Absa of certified copies of -

3.1.4.1 the Borrower's audited financial statements for its financial years ended ~~2006/2007/2008~~ ^{2008/2009/2010 (Latest Financials)}, together with an indication whether the audit deadline referred to in section 126 (1) and section 126 (2) of the Act has been met;

3.1.4.2 the Borrower's approved annual budget;

3.1.4.3 the Borrower's integrated development plan; and

3.1.4.4 the Borrower's repayment schedules pertaining to its existing short-term and long-term debt.

3.1.5 receipt by Absa of written confirmation by the Borrower, signed by the