

LOAN AGREEMENT

in respect of

**KAI IGARIB MUNICIPALITY: UPGRADING OF ELECTRICITY NETWORKS
IN KEIMOES AND KAKAMAS**

entered into by and between

KAI IGARIB MUNICIPALITY

and

THE DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED

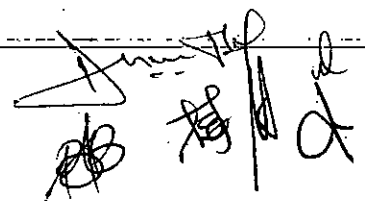


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SUMMARY

1.	LOAN AMOUNT	:	R1 926 000-00
2.	LOAN PERIOD	:	20 years
3.	INTEREST RATE		
3.1	FIXED INTEREST RATE	:	12.10% nominal fixed payable six monthly
3.2	FLOATING INTEREST RATE	:	6 (six) months ZAR-JIBAR-SAFEX plus Operating and Funding Cost Margin, plus 120 (one hundred and twenty) basis points
3.3	INTEREST RATE TO BE FIXED AT DATE OF CONVERSION	:	The rate shall be the DBSA Base Rate applicable then plus 120 (one hundred and twenty) basis points
4.	GRACE PERIOD FOR CAPITAL REPAYMENT	:	1 year
5.	CAPITAL REPAYMENT	:	38 equal six-monthly instalments, commencing on the last day of the 3rd Half-year after the Half-year during which the first disbursement was advanced to the Borrower
6.	PROJECT FILE NO.	:	NC100498

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1. INTERPRETATIONS

1.1 In this Agreement, unless the contrary appears from the context, the following words have the meanings as stated:-

- 1.1.1 "Borrower" Kai !Garib Municipality;
- 1.1.2 "the DBSA" the Development Bank of Southern Africa Limited, reconstituted and incorporated in terms of Section 2 of the Development Bank of Southern Africa Act No. 13 of 1997;
- 1.1.3 "Business Day" means any day other than a Saturday, Sunday and a Public Holiday;
- 1.1.4 "Parties" the Borrower and the DBSA;
- 1.1.5 "Project" Kai !Garib Municipality: Upgrading of Electricity Networks in Keimoes and Kakamas, as described in more detail in Annexure A attached hereto;
- 1.1.6 "Loan" the financing granted to the Borrower in terms of clause 2;
- 1.1.7 "Interest Payment Date" the last Business Day of each Interest Period;
- 1.1.8 "Interest Period" each period of 6 (six) months commencing on 1 January or 1 July of each calendar year. The first Interest Period shall begin to run from the date of the first disbursement to 30 June or 31 December, whichever immediately follows disbursement. Each Interest Period thereafter shall begin to run from the date of expiry of the preceding Interest Period, even if the first day of this Interest Period is not a Business Day. Notwithstanding the foregoing, any period less than six months running from the date of a

disbursement to the date of 30 June or 31 December immediately following this disbursement shall be deemed an Interest Period;

- 1.1.9 "Project Agent" a person nominated in writing by the Borrower to act on its behalf in respect of the Project;
- 1.1.10 "On-lending" the transfer, by the Borrower, of any amount(s) to any third parties, from the proceeds of the Loan, excluding payments for the procurements of goods and services;
- 1.1.11 "Half-year" from the first day of January to the 30th day of June and/or from the first day of July to the 31st day of December;
- 1.1.12 "Reset Date" the first Business Day of January and July of each calendar year or such other dates as may be agreed to in writing by the Parties;
- 1.1.13 "Reset Period" a period of 6 (six) months commencing from each Reset Date;
- 1.1.14 "Floating Rate Loan" the amount of Loan disbursed and outstanding from time to time in respect of which the Floating Interest Rate as determined in clause 3.2 shall apply;
- 1.1.15 "Fixed Rate Loan" the amount of Loan disbursed and outstanding from time to time in respect of which the Fixed Interest Rate as determined in clause 3.1 shall apply;
- 1.1.16 "Conversion Option" the option in terms of which the Borrower may convert from a Floating Rate Loan to a Fixed Rate Loan and not vice versa;
- 1.1.17 "this Agreement" means this Agreement together with any Annexures thereto;

- 1.1.18 "DBSA Base Rate" shall mean the DBSA fixed interest rate for Fixed Rate Loans ruling at the time of exercising of a Conversion Option;
- 1.1.19 "Reference Banks" means four major Banks in the Johannesburg Interbank market selected by the DBSA;
- 1.1.20 "ZAR-JIBAR-SAFEX" In relation to each Interest Period for Floating Rate Loan, shall mean the mid-market yield rate (rounded upwards, if necessary, to the nearest one thousandth of a percentage point) for deposits in South African Rand for a six month period which appears on the Reuters Screen SAFEX Page as of 11:00 am, Johannesburg time, two Business Days prior to the commencement of the relevant Interest Period;
- 1.1.21 "ZAR-JIBAR- Reference Banks Rate" In relation to each Interest Period for Floating Rate Loan, shall mean the yield rate determined on the basis of the mid-market deposit rate for South African Rand for a six month period quoted by the Reference Banks at or about 11:00 am, Johannesburg time, two Business Days prior to the commencement of the relevant Interest Period;
- 1.1.22 "Operating Cost Margin" shall mean a margin for operating expenses as shall reasonably be determined by the DBSA from time to time;
- 1.1.23 "Funding Cost Margin" shall mean a margin representing an average cost of borrowing to the DBSA as shall reasonably be determined by the DBSA from time to time.

1.2 Headings to the clauses of this Agreement, the table of contents and summary are for reference purposes only and are not intended to affect the interpretation thereof.

- 1.3 Any reference to the singular shall include the plural and vice versa.
- 1.4 Any reference to a natural person shall include an artificial or corporate person and vice versa.
- 1.5 Any reference to one gender shall include the other.
- 1.6 Any reference to ZAR-JIBAR and/or ZAR-JIBAR-Reference Banks Rate shall include any other substitute rate, calculated in the same manner as either of these two rates whether such substitute rate appears on the Reuters screen safe page or on some other screen page.
- 1.7 This Agreement shall bind the Borrower and its successors-in-title.

2. THE LOAN

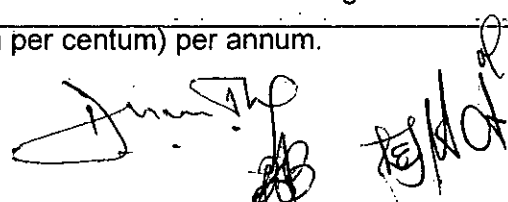
- 2.1 The Loan shall be:-
- 2.1.1 an amount not exceeding, in aggregate, R1 926 000.00 (one million nine hundred twenty six thousand Rands); and
- 2.1.2 utilised exclusively for the Project and the Borrower, hereby, undertakes that it shall comply with all provisions of this Agreement.
- 2.2 The Loan proceeds shall be paid by the DBSA to, and on the order of, the Borrower in such disbursements and in accordance with all provisions contained in this Agreement.
- 2.3 No On-Lending shall be effected unless provided for in this Agreement.

3. INTEREST

The Loan shall bear interest on the amount from time to time outstanding at a Fixed or Floating Rate, as the case may be at the election of the Borrower as follows:

3.1 FIXED INTEREST RATE

- 3.1.1 The Loan shall bear interest on the amount from time to time outstanding at a nominal fixed rate of 12,10% (twelve comma ten per centum) per annum.



3.1.2 Interest on the amount from time to time outstanding shall be compounded six-monthly and payable on the last day of each Half-year. Payment shall commence on the last day of the Half-year following the Half-year during which the first disbursement was advanced to the Borrower from the proceeds of the Loan.

3.2 FLOATING INTEREST RATE

3.2.1 The rate of interest applicable to the Floating Rate Loan disbursed and outstanding from time to time (expressed as a percentage rate per annum) shall be a six-month ZAR-JIBAR-SAFEX plus the Operating and Funding Cost Margin, plus 120 (one hundred and twenty) basis points. If, for any reason, it shall become impossible to determine ZAR-JIBAR-SAFEX or ZAR-JIBAR-SAFEX rates shall become unavailable by reason either of market dysfunction, then the rate of interest applicable to the Floating Rate Loan shall be ZAR-JIBAR-Reference Banks Rate plus the Operating and Funding Cost Margin, plus 120 (one hundred and twenty) basis points.

3.2.2 The DBSA will request the principal Johannesburg office of each of the Reference Banks to provide a quotation of its rates. If at least 2 (two) quotations are provided, the rate will be the arithmetic mean (rounded upwards, if necessary, to the nearest thousandth of a percentage point) of the quotations.

3.2.3 The interest rate for each Interest Period shall be compounded six-monthly based on the actual number of days elapsed and a 365-day year and shall be payable in arrears on each Interest Payment Date.

3.3 CONVERSION FROM FLOATING RATE TO FIXED RATE

The Borrower may, on any Reset Date convert all of the Floating Rate Loan into a Fixed Rate Loan provided that the Borrower shall give DBSA no less than 30 (thirty) business days notice of its intention to do so. Upon the exercising of the Conversion Option by the Borrower as contemplated herein, the amount outstanding from the date on which the Borrower shall exercise the Conversion Option shall bear a fixed interest rate based on the DBSA Base Rate plus 120 (one hundred and twenty) basis points. The Borrower shall be notified in writing of the DBSA Base Rate applicable at the time. Interest rate shall for the

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purpose of this sub-clause, be calculated on the same basis as indicated in sub-clause 3.1.2 above.

4. REPAYMENT OF LOAN AND PAYMENT OF INTEREST

4.1 The capital amount of the Loan shall be repaid in 38 (thirty eight) equal six-monthly instalments, commencing on the last day of the 3rd (third) Half-year following the Half-year during which the first disbursement was made to the Borrower from the proceeds of the Loan; and thereafter at the end of each succeeding Half-year until the Loan together with interest thereon shall be fully repaid; provided that subject to the provisions of clause 7, the Borrower may, with 30 (thirty) days written notice to the DBSA, make repayments in excess of the abovementioned or repay the full amount outstanding, provided further that the Borrower shall not be entitled to make any repayments prior to the date on which the first instalment shall fall due in terms of this Agreement; provided further that this shall not jeopardise the proper completion of the Project.

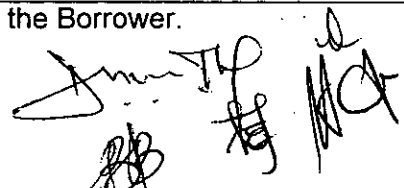
4.2 An instalment shall be a fixed amount, determined as at the outset of the 3rd (third) Half-year following the Half-year during which the first disbursement was made to the Borrower from the proceeds of the Loan; calculated as being sufficient to amortise the outstanding amount, plus interest at the rate set out in clause 3.1 above, in 38 (thirty eight) equal six-monthly payments. Should, at the outset of the said 3rd (third) Half-year, part of the Loan still not be drawn by the Borrower, the amount of instalments shall be adjusted as and when drawings take place, in order to achieve amortisation over the original period of the Loan.

5. COMMITMENT FEE

5.1 The DBSA shall be entitled, in respect of the Fixed Rate Loan, to charge a commitment fee of 0,5% (nought comma five per centum) per annum on all the undisbursed portion of the Loan as follows:

5.1.1 in case where the Borrower has elected a fixed interest rate option, the DBSA shall be entitled to charge such a commitment fee effective 3 (three) months from the date of conclusion of this Agreement;

5.1.2 in case where the Borrower has exercised the Conversion Option, the DBSA shall be entitled to charge such a commitment fee effective 3 (three) months from the date of the exercise of the Conversion Option by the Borrower.



5.2 Payment of the commitment fee shall be made on the same terms and conditions as the other amounts due in terms of this Agreement.

6. LATE PAYMENT

6.1 The Borrower shall be liable to the DBSA for the payment of penalty interest on all amounts payable, yet unpaid, in terms of this Agreement should the Borrower:-

6.1.1 fail to pay on the due date any amount owing or which may become owing to the DBSA in terms of this Agreement; or

6.1.2 with the DBSA's written consent defer the payment of any amount so owing.

6.2 Penalty interest shall be calculated with regard to the actual period during which the amount payable remained unpaid at the ruling prime rate charged by the Standard Corporate and Merchant Bank, Sandton, South Africa on its overdraft accounts from time to time. Penalty interest shall be compounded six-monthly and payable on demand.

7. EARLY REPAYMENT

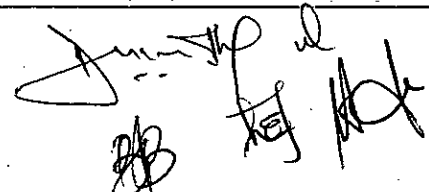
7.1 The Borrower shall, at any time upon giving the DBSA at least 30 (thirty) days prior written notice, be entitled to prepay the full and/or portion of the outstanding Loan amount, subject to the payment of a prepayment penalty fee by the Borrower for each year of the remaining Loan Period, on the full and/or portion of the outstanding Loan amount being prepaid, at the time of prepayment and such prepayment penalty fee shall be determinable as follows:

7.1.1 In the case where the Floating Rate Loan applies, the Borrower shall, at the time of prepayment, be liable to pay the DBSA a prepayment penalty fee of 120 basis points for each year of the remaining Loan Period on the full and/or portion of the outstanding Loan amount being prepaid;

7.1.2 In the case where the Fixed Rate Loan applies or the Borrower had exercised the Conversion Option, the Borrower shall, at the time of prepayment, be liable to pay a prepayment penalty fee on the full and/or portion of the outstanding Loan amount being prepaid, determinable as follows;

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- 7.1.2.1 where the Loan interest rate is less than or equal to the reinvestment rate defined herein below, no prepayment penalty fee shall be payable;
- 7.1.2.2 where the interest rate of the Loan is greater than the reinvestment rate, defined hereinafter, each prepayment of the full and/or portion of the outstanding Loan amount shall give rise to payment by the Borrower to the DBSA of a prepayment penalty fee equal to the difference calculated on a present value basis to the DBSA's prejudice, between the interest which the full and/or portion of the outstanding Loan amount being prepaid would have produced for each year of the remaining Loan Period had there been no prepayment and the interest which would be produced by a reinvestment of the same amount having the same repayment schedule as the full and/or portion of the outstanding Loan amount being prepaid.
- 7.1.2.3 The reinvestment rate shall be the rate at which the DBSA can invest the funds in the money markets at the applicable Jibar rate (as quoted by SAFEX on the date of prepayment), for the period equal to the remaining Loan Period as determined at the date of such prepayment.
- 7.1.2.4 The discount rate used shall be equal to the discount rate forecast by the Rand zero curve as derived from Reuters page (ZAYCRV=<<OLE Object: Microsoft Excel Worksheet>>). The date used for the present value calculation shall be that of the prepayment.
- 7.2 The amount prepaid shall be equal to a full payment of any instalments of the outstanding Loan amount.
- 7.3 Prepayment of the full and/or portion of the outstanding Loan amount and payment of the prepayment penalty fee shall be effected on the payment date agreed upon by the parties.
- 8. PAYMENT(S)**
- 8.1 All payments to or by the Parties under this Agreement shall be effected in South African Rands.

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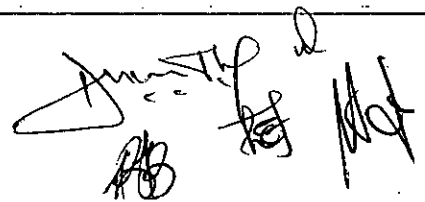
- 8.2 All payments under this Agreement to the Borrower shall be effected to the credit of such banking account(s) of the Borrower as the Borrower may from time to time direct, in writing.
- 8.3 The Borrower shall furnish the DBSA with all the necessary information regarding its officials who are authorised to apply for drawdowns on the Borrower's behalf.
- 8.4 All payments under this Agreement to the DBSA shall be effected to the credit of such banking account(s) of the DBSA as the DBSA may from time to time direct, in writing.
- 8.5 Payments to the DBSA in terms of this Agreement shall be effected without deduction and free from any taxes, charges, fees or other costs whatsoever.
- 8.6 Whenever any payment falls due on a Saturday, Sunday or Public Holiday under the laws to which either of the Parties are subject, such payment shall be made on the next succeeding business day.

9. CANCELLATION/TERMINATION OF DRAWDOWNS

- 9.1 The Borrower may, by giving 30 (thirty) days written notice to the DBSA, cancel any undrawn portion of the Loan provided that such cancellation shall not jeopardise the proper completion of the Project; it being understood that upon the giving of such notice the instalments referred to in clause 4.1 supra shall be reduced pro rata.
- 9.2 If the DBSA reasonably concludes, after consultation with the Borrower, that any portion(s) of the Loan will not be required to finance the Project, the DBSA may by notice to the Borrower terminate the right of the Borrower to make drawdowns in respect of such undrawn portion; it being understood that upon giving of such notice the instalments referred to in clause 4.1 supra shall be reduced pro rata.
- 9.3 If the DBSA has not received a final application for a drawdown under the Loan from the Borrower at the end of the 3rd (third) Half-year following the Half-year during which the first disbursement was made to the Borrower from the proceeds of the Loan, the DBSA may terminate further disbursements to the Borrower on 30 (thirty) days written notice to the Borrower unless the DBSA, after consideration of the reasons for the delay, has determined a later date for the purposes of this sub-clause. The DBSA shall only consider an extension on receipt of a written request from the Borrower and shall notify the Borrower of its decision.

10. EVENTS OF DEFAULT

- 10.1 The DBSA shall be entitled, after giving the Borrower 30 (thirty) days written notice, to suspend drawdowns from the Loan or to terminate this Agreement and to claim from the Borrower immediate payment of all the outstanding amounts should the Borrower commit any breach of this Agreement, provided that the DBSA may, at its entire discretion, dispense with the giving of the 30 (thirty) days notice.
- 10.2 Without derogating from the generality of the foregoing, the DBSA shall be entitled to exercise its rights in terms of clause 10.1 above, upon the happening of any of the following events:-
- 10.2.1 the Borrower failing to repay the capital amount and to pay interest in terms hereof, and failing to remedy such breach within the notice period referred to in 10.1 above requiring it to do so;
 - 10.2.2 any attachment being made or any execution being levied against the Borrower;
 - 10.2.3 any failure to repay any of the DBSA's loans or breach of any agreement entered into between the Borrower and the DBSA and/or with any other lender/creditor;
 - 10.2.4 any fact or circumstance shall have occurred which in the opinion of the DBSA may affect the ability or willingness of the Borrower to comply with all or any of its obligations under this Agreement;
 - 10.2.5 the Borrower proposing any rescheduling, reorganisation or rearrangement of the whole or part of its indebtedness with the DBSA or any of its creditors;
 - 10.2.6 the Borrower's business operations or any significant part thereof, being interrupted for a continuous period of at least 3 (three) months;
 - 10.2.7 any approval, licence, authorisation or other requirement necessary to enable the Borrower to comply with any of its obligations in terms of this Agreement is modified, revoked or withdrawn whilst this Agreement is still in force;

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- 10.2.8 any order is made or resolution passed or other action taken for the dissolution or termination of the existence of the Borrower;
- 10.2.9 any representation, warranty or statement made in, or in connection with, this Agreement or any opinion delivered by or on behalf of the Borrower under this Agreement is found to be incorrect.
- 10.3 The exercise of the rights by the DBSA in terms hereof shall be without prejudice and/or in addition to any other rights which the DBSA may then have against the Borrower in law, including the right to demand specific performance by the Borrower of its obligations in terms of this Agreement.

11. CONDITIONS PRECEDENT

None

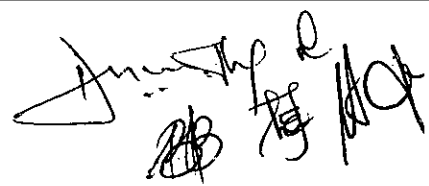
12. FURTHER TERMS AND CONDITIONS

- 12.1 The Borrower hereby, undertakes to provide the DBSA with its audited financial statements, within six (6) months from the end of each financial year, for the duration of the Loan.
- 12.2 The Borrower, hereby, undertakes not to enter into any further loan debt obligations, without consulting with, and obtaining the written consent of the DBSA.
- 12.3 Permission to proceed with the Keimoes East II kV electricity supply line must be obtained in writing from the Department of Environment and Conservation, Northern Cape Province, a copy of which must be supplied to the DBSA.
- 12.4 The Borrower, hereby, undertakes to enter a Technical Assistance Agreement with the DBSA and/or DBSA Development Fund, to:
- Strengthen capacity building in support of sound corporate governance.
- 12.5 The Borrower, hereby, undertakes to make an upward adjustment to its expenditure on maintenance and repairs in forthcoming budgets. The DBSA is to be issued with a copy of the Borrower's approved annual budget, within six (6) months from the end of each financial year, for the duration to the Loan.

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13. ARBITRATION

- 13.1 Any dispute arising out of or relating to this Agreement concerning the interpretation of the terms and conditions of this Agreement or of compliance by any Party with the terms/conditions of this Agreement which is not resolved amicably through consultations or negotiations shall, subject to the other provisions of this Agreement, be settled by arbitration in terms of the Arbitration Act No. 42 of 1965, as amended from time to time; provided that a claim by the DBSA for the repayment of any monies due under this Agreement shall not be regarded as a dispute for the purpose of this clause and neither Party shall therefore be obliged to refer such a claim to arbitration.
- 13.2 In case of arbitration a tribunal shall be composed of one arbitrator who shall be appointed by the Parties by agreement or failing such agreement, by the chairperson of the Association of Arbitrators, who shall, in appointing such arbitrator, have regard to the qualifications and experience of the appointee in relation to the nature of the dispute over which he/she has to adjudicate. In case the arbitrator resigns or becomes unable to act, a successor shall be appointed in the same manner as herein prescribed for the appointment of the original arbitrator and the successor shall have all the powers and duties of his/her predecessor.
- 13.3 The arbitration shall be held at the place and in accordance with whatever procedures the arbitrator considers appropriate. In particular, the arbitrator, may, if he/she deems appropriate, conduct the arbitration in an informal and summary manner and without requiring pleadings or discovery of documents and without observing the rules of evidence. The proceedings shall be confidential and neither the Parties nor the arbitrator shall disclose to third parties any information regarding the proceedings, the award, or settlement terms unless the parties otherwise agree in writing.
- 13.4 After the institution of arbitration proceedings the tribunal may proceed with the arbitration notwithstanding any failure, neglect or refusal of either Party to comply with the provisions hereof or to take part or to continue to take part in the arbitration proceedings. The arbitrator shall within 30 (thirty) days of the termination of the proceedings render a final and binding written award including interest and costs, and furnish the Parties with written reasons for his/her judgment.
- 13.5 The provisions of this clause may be invoked by any Party by delivering to the other Party a demand, in writing, that an arbitrator be appointed to adjudicate in respect of a specified dispute.



14. GENERAL

14.1 PROJECT NOTICE BOARDS

The Borrower shall, at its own cost, ensure that, immediately upon commencement of construction/building operations, contemplated by this Agreement, if it is decided to erect a Project notice board, the said board shall clearly advertise the fact that such construction/building operations, have been financed or co-financed, as the case may be, by the DBSA.

14.2 DOMICILIUM

14.2.1 The Parties choose domicilium citandi et executandi ("domicilium") for all purposes arising from or pursuant to this Agreement, as follows:-

(i) In case of the DBSA:-

Physical address: Development Bank of Southern Africa Limited
Headway Hill
MIDRAND
SOUTH AFRICA; or

Postal address: P O Box 1234
HALFWAY HOUSE
1685; or

Telefax number: (011) 313 3086

(ii) In case of the Borrower

Physical address: Kai !Garib Municipality
11th Avenue
Kakamas
8870; or

Postal address: P O Box 174
Kakamas
8870; or

Telefax number: (054) 431 6301

14.2.2 Each of the Parties shall be entitled from time to time, by written notice to the other, to vary its domicilium to any other address which is not a Post Office or Poste Restante.

14.2.3 All notices made by either Party to the other ("the addressee") which:-

- (i) is delivered by hand during the normal business hours of the addressee at the addressee's domicile for the time being shall be presumed to have been received by the addressee at the time of delivery;
- (ii) is posted by prepaid registered post to the addressee at the addressee's domicile for the time being shall be presumed to have been received by the addressee on the seventh day after the date of posting; Provided that the Parties agree that all other forms of correspondence and/or requests may be done through fax and/or electronic mail (e-mail).

14.3 WHOLE AGREEMENT

This Agreement (including the Annexures) constitutes the entire Agreement between the Parties and no representations, warranties, undertakings or promises of whatever nature which may have been made by any of the Parties, their agents or employees, other than those herein contained, shall be binding or enforceable against them.

14.4 NON-VARIATION

No variation, amendment or addition to this Agreement shall be valid unless the same has been reduced to writing and signed by or on behalf of the Parties.

14.5 NON-ENFORCEMENT/INDULGENCE

The non-enforcement of any provision of this Agreement or any indulgence which either Party may grant to the other Party shall be without prejudice to the rights of such first-mentioned Party to insist upon strict compliance by such other Party with all the provisions of this Agreement or to enforce its right in respect of which such indulgence was granted.

14.6 TERMS AND CONDITIONS OF DISBURSEMENT

Disbursement of each progress claim in respect of the amount financed by DBSA is to be effected as a ratio of actual cost of each item (for each phase) in accordance with the Application and Source of Funds Statement (Annexure B), read together with the Project Description (Annexure A), to the maximum amount of R1 926 000.00. This is subject to submission to the DBSA of fully documented proof of payment by the Borrower to supplier,

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consultant and/or contractor, of actual claims (or in-house expenses incurred), as approved by the Borrower or its authorised representative. Each progress claim is to be in the itemised format as depicted in Annexure B.

THUS DONE AND SIGNED AT Harare ON THE 20th DAY OF April 2003.

AS WITNESSES:

- 1. [Signature]
- 2. [Signature]

[Signature]

FOR AND ON BEHALF OF THE BORROWER, DULY AUTHORISED THERETO IN TERMS OF ANNEXURE D ATTACHED HERETO

THUS DONE AND SIGNED AT Midrand ON THE 05th DAY OF May 2003.

AS WITNESSES:

- 1. [Signature]
- 2. [Signature]

[Signature]

FOR AND ON BEHALF OF THE DBSA, DULY AUTHORISED THERETO IN TERMS OF ANNEXURE E ATTACHED HERETO

PROJECT DESCRIPTION

1. DEVELOPMENT OBJECTIVE

The overall objective is to secure the supply of daily energy requirements of households in Keimoes and Kakamas within the Borrower's area of jurisdiction. Specific objectives are:

- To reduce the average number of power failures from 64 per year to less than 5 per year for the Keimoes-East area of supply.
- To reduce the average duration of power failures from 2.3 hours/incident to less than 30 minutes/incident for both the Keimoes-East and Kakamas areas of supply.
- To create additional capacity on the Keimoes-East and Kakamas networks to sustain the growth in expected demand for the next 10 years.

2. PHYSICAL DESCRIPTION

2.1. ELEMENT 1: ELECTRICITY UPGRADING AND EXTENSION OF KEIMOES- EAST SUPPLY LINE

- To provide a new feed from the existing Eskom Oasis Sub-Station to the Keimoes No.1 Switching Station.
- To provide a new 11kV Switching Station, in the vicinity of the present water works, feeding as follows:

Incoming feeder from Eskom Oasis	300 Amp
Keimoes East	200 Amp
Malanshoek/Neilersdrift	200 Amp
Ring feed to Keimoes CBD	200 Amp

2.2. ELEMENT 2 : ELECTRICITY UPGRADING AND EXTENSION OF KAKAMAS SUPPLY LINE AND RINGFEEDERS

2.2.1. Ring feed to industrial area (CS12 TO CS14).

- Supply and installation of a new underground 11kV, 70mm² Cu PILCDSTA cable. Total length: 390m
- Supply and installation of new "Hare" overhead cable on wooden poles from CS14 in Station Street to Augrabies Street.

2.2.2. Completion of Ring feed to CBD, (Main Switchyard to AS12).

- Supply and installation of new "Hare" overhead cable on wooden poles and a new underground 11kV, 70mm² Cu PILCDSTA cable (Total length: 110m) from Main Switchyard to AS10.
- Supply and installation of a new underground 11kV, 70mm² Cu PILC cable (Total length: 510m) from AS10 to AS12.
- The ring feeder completes the second leg of a planned three-legged supply to the CBD and assures 3.8 MVA supply to the CBD.

2.2.3. Ring feed to Langverwag

- o Extensions to the low voltage distribution from AS12, AS13, AS14 and AS15 to include seven new low voltage distribution boxes in Voortrekker Street and Eleventh Avenue.
- o Supply and installation of a new underground 11kV, 35mm² Cu FEPEX cable (Total length: 300m).

3. LABOUR UTILISATION

A number of opportunities for labour-construction exist (e.g. planting of poles, excavation of cable trenches, etc). These will be exploited to the fullest. The average labour component of all construction work varies between 18% and 25%. The installation cost represents approximately 17% of the total construction cost.

Labour	Skilled	Unskilled
Number of person - days	3 500	3 000

4. COST ESTIMATE

The cost estimate of the project is as follows:

Element	Description	Cost (R)
1.	Upgrading of Reticulation, Keimoes-East	895,00
2.	Upgrading of Electricity Reticulation (Phase 4), Kakamas	1 031 000
Total Project Cost (Excl. VAT)		1 926 000

The costs indicated above compare favourably with the cost of similar works elsewhere and seem reasonable. (Refer Contracts UE384/98, and UE506A/2001 from BVI Consulting Engineers, Upington).

5. DESIGN PRINCIPLES AND PARAMETERS

The design and upgrading of the electricity supply lines will follow good and sound engineering practices, as contained in the applicable SABS and NER design Codes and Standards and Eskom Code of Practice.

6. PROJECT RESOURCE MATRIX

The construction work to be executed in the project will be fully documented and measured in a Bill of Quantities. The contracts for the different elements of the Project are to be advertised for public tendering and the contracts to be awarded in accordance with the Borrower's Financial Regulations.

7. PROJECT RESOURCES

Project Component	Description	Contractor
Design and supervision of electricity upgrading	Professional services	BVI Consulting Engineers, Upington
Construction of electricity upgrading	Electrical engineering contractor, supply of equipment, material and transport.	Tenders to be advertised and contracts to be awarded.

8. THE BORROWER AND IMPLEMENTING AGENT SHALL:

8.1. CARRY OUT THE FOLLOWING MANAGEMENT ARRANGEMENTS

- (a) Take responsibility for the payment of contractors' and/or consultants fees;
- (b) Ensure compliance with National and Provincial, Environmental, Electricity, Health and Safety regulations;
- (c) Involve all relevant role players in the Project.

8.2. CONSTITUTE A CONSULTATIVE AND ADVISORY PROJECT STEERING COMMITTEE (PSC) AS FOLLOWS:

Institution	Membership
Borrower	Permanent
Ward representative(s)	Permanent
BVi Consultants, Upington	Permanent
DBSA	Observer

8.3. FUNCTIONING OF THE PROJECT STEERING COMMITTEE:

- (a) Monitor the implementation of the Project on behalf of the Borrower;
- (b) Monitor the standard of work and quality of materials; and
- (c) Steer the implementation process, based on bottom-up community initiatives, as highlighted in the Kai !Garib IDP.

8.4. FUNCTIONS OF DBSA, AS OBSERVER ON THE PSC

- (a) Monitor the implementation of the Project to meet the agreed-upon development objectives and design criteria.

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SOURCE AND APPLICATION OF FUNDS STATEMENT

Description	Total (R)	DBSA (R)	%	Borrower (R)	%	Other (R)	%
FIXED ASSETS:							
1.1. Upgrading Keimoes-East Supply line.	895 000	895 000	46,5	0	0	0	0
1.2. Upgrading Kakamas Supply Line	1 031 000	1 031 000	53,5	0	0	0	0
TOTAL	1 926 000	1 926 000	100,0	0	0	0	0

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PROJECT CO-OPERATION

1. To ensure that the purposes of the Loan are accomplished the Parties shall:-
 - 1.1 periodically and at the request of either Party:-
 - 1.1.1 exchange views with regard to the progress of the Project, the benefits derived therefrom and the performance of their respective obligations under this Agreement as well as other matters relating to the purposes of the Loan; and
 - 1.1.2 furnish each other with all such information as may be reasonably requested with regard to the progress of the Project, the benefits derived therefrom and the general status of the Loan;
 - 1.2 promptly inform each other of any fact which interferes with, or threatens to interfere with, the progress of the Project, the accomplishment of the purposes of the Loan, any related matter, and in particular the performance by either Party of its obligations under this Agreement;
 - 1.3 confirm that they have determined the technical, financial and organisational requirements in respect of planning, management and control of the Project in order to ensure the efficient and effective execution and maintenance of the Project and related matters; and
 - 1.4 jointly determine the criteria to be taken into consideration when awarding contracts for items and services to be financed by the Loan.
2. The Borrower shall:-
 - 2.1 grant representatives of the DBSA the opportunities reasonably necessary to visit any relevant area for purposes related to the Loan;
 - 2.2 in addition to the amount made available in terms of this Agreement, be responsible for the provision of all other funds necessary for the successful execution of the Project as set out in Annexure B, including funds to be supplied by third parties as reflected in that Annexure;
 - 2.3 be responsible for the management and maintenance of work carried out within the context of the Project;

- 2.4 with regard to the procurement of goods and services for the Project, in consultation with the DBSA, invite participation in tender or quotation procedures on open bid basis from natural persons and bodies corporate respectively;
- 2.4.1 tender documents or invitations for quotations shall be drawn up in consultation with the DBSA's Project team and ratified by the DBSA;
- 2.5 ensure that contractors to whom contracts are awarded are insured and remain insured in terms of contractors-all-risk-insurance policies acceptable to the DBSA;
- 2.6 insure and keep insured at the replacement value thereof, such of its interests in the Project against such risks as may be agreed upon by the Parties;
- 2.7 maintain or cause to be maintained records adequate to identify the operations carried out by means of the Loan and furnish the DBSA with all such information (e.g. progress reports) concerning the implementation of the Project;
- 2.8 apply the Loan in accordance with Annexure B;
- 2.9 require each contractor to whom a contract is awarded to furnish a performance guarantee acceptable to the DBSA, in terms whereof the completion of such contract is guaranteed; and
- 2.10 preserve all documents and accounting records pertaining to the Project up to the expiry of a period of 3 (three) years after completion of the Project, and shall allow the DBSA at the DBSA's cost at any reasonable time to have such documents and records audited by a person or persons nominated by the DBSA.
3. Where the Parties agree that the further appointment of consultants or the revision of the brief of appointed consultants is necessary the following criteria shall be utilised:-
- promotion and/or support for the SMME sector;
 - past experience with similar Projects;
 - knowledge of local conditions;
 - abilities and qualifications;
 - membership of professional institutions.

Uittreksel uit:

NOTULE VAN 'N GEWONE RAADSVERGADERING VAN DIE MUNISIPALITEIT
VAN !KEI !KARIEP, GEHOU OP DONDERDAG, 14 DESEMBER 2000, OM 14:00
IN DIE RAADSAAL, BURGERSENTRUM, KEIMOES.

4.12 BANKREKENING VAN NUWE MUNISIPALITEIT

Besluit

Dat 'n rekening geopen word by die ABSA - tak in Kakamas en dat tekenmagte verleen word aan die Waarnemende Munisipale Bestuurder, Mnr. JA Truter en Mev Esterhuizen.

Dat alle dokumente en kontrakte van toepassing op MUNISIPALITEIT !KEI !KARIEP deur die waarnemende Munisipale Bestuurder, of sy gevolmagdigde, onderteken moet word.

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**AUTHORISATION
BORROWER**

AUTHORISATION

DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED

MANDLA SIZWE GANTSHO

in his capacity as Chief Executive of the Development Bank of Southern Africa, in terms of authority delegated to the incumbent of this post by the Board of Directors of the Development Bank of Southern Africa on 19 September 1985, determined on 22 October 2002 that:

MANDLA SIZWE GANTSHO
in his capacity as Chief Executive

OR

JACOB HENRY DE VILLIERS BOTHA

OR

LEWIS MAXWELL MUSASIKE

OR

ZANELE JOYCE MATLALA

OR

SNOWY JOYCE KHOZA
in their capacity as Executive Managers

OR

MAGARE LUTHER MASHABA
In his capacity as Chief Operating Officer, DBSA: Development Fund

OR

PULE LESAILANE MOKHOBO
in his capacity as Manager: Legal Services

OR

TLADI PHILEMON DITSHEGO

OR

LANDIWE JACKIE MAHLANGU

OR

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CHRISTINA JOANNA GOLINO

OR

BANE MOEKETSI MALEKE

OR

MDUDUZI DENNIS NAPOLEON THABANENG

OR

MASHUPYE RATALA KGAPHOLA

OR

TSHEPO DAUN MAHLOELE

OR

SALOCHANNA GOLDEN

OR

PUMLA MANNYA

in their capacity as Managers: Business Units (DSP Related)

be authorised for and on behalf of the Development Bank of Southern Africa to enter into agreements in terms whereof money is:-

- 1. lent, or
- 2. granted for the purpose of technical assistance,

and to perform all acts and sign all documents that may be necessary for the purpose

8/05/2008
DATE


LEGAL SERVICES BUSINESS UNIT

