Standard Bank

Metsimaholo Local Municipality
P.O. Box 60
Sasolburg
1947

Attention: CFO Ahmed Lambat

22 February 2016

Dear Sir,

RE: CREDIT FACILITY

The Standard Bank of South Africa Limited (including all of its divisions, hereinafter referred to as the "Bank"), is pleased to advise that it is agreeable to granting The Standard Bank Vehicle and Asset Finance Facility set out below (the "Facility") to **Metsimaholo Local Municipality** (the "Customer"), on the terms and conditions detailed herein (the/this "Facility Letter") and any other terms and conditions contained in any ancillary documents and/or agreements to be entered into between the Customer and the Bank, which the Customer is required to or has concluded in relation to the Facility.

1. FACILITY

1.1 Type of Facility:
Vehicle and Asset Finance Facility to be made available by the Bank to the Customer for the lease of office equipment (printers/photocopiers), which were purchased by the Bank for the sole reason of on-leasing same to the Customer in term of a Master Financial Lease Agreement including the Schedules thereto (the Agreement").

1.2 Credit Assessment:
The completion of each Schedule to the Agreement shall be subject to a credit assessment by the Bank, in accordance with the Bank's standard credit policy. The outcome of the credit assessment may result in a change in the pricing of the Facility or a decline, which means that the Bank shall not be obliged to enter into any further Schedule/s with the Customer.

1.3 Agreement Type:
Master Financial Lease Agreement.

1.17 Service fee:

No fee.

1.18 Review:

The Bank may in its sole discretion review the Facility at any time and reserves the right to reassess and renegotiate the Facilities if any deterioration takes place in the financial position of the Customer.

The Bank further reserves the right to renegotiate the Facility and or Agreement should there be any change to the legislation governance of the Customer or a change in the structure of the revenue streams.

The Bank is to be provided with a copy of the Customer's audited financial statements, which are to be provided within 6 (six) months after the Customer's financial year-end.

Notwithstanding anything to the contrary contained herein, the Bank reserves the right to cancel this Facility at any time by giving the Customer written notice thereof.

2. TERMS AND CONDITIONS

CONDITIONS PRECEDENT AND WARRANTIES

This Facility Letter is subject to the fulfilment of the following suspensive conditions prior to the signature of this Facility Letter:

The Customer has furnished the Bank with:

2.1 proof to the Bank's satisfaction, that the provisions of the Local Government: Municipal Finance Management Act No 56 of 2003, including all schedules and regulations, as amended from time to time, ("MFMA") have been fully complied with in relation to the entering into of this Facility Letter and any agreement/s in connection therewith;

2.2 an information statement prepared in terms of section 46(3) of the MFMA in respect of the Vehicle and Asset Facility;

2.3 a certified copy of a resolution from the Municipal Council, in form and substance acceptable to the Bank signed by the Mayor approving the Vehicle and Asset Facility and the agreement(s) relating thereto in accordance with section 46(2)(a) of the MFMA;

2.4 provision of proof, signed by the accounting officer (i.e. municipal manager) that he has approved the application for the Vehicle and Asset Facility, in accordance with the requirements of the MFMA and any other information as may be called for by the Bank;

2.5 a certified copy of the facilities letter, in form and substance acceptable to the Bank signed by the Accounting Officer of the Borrower, accepting the terms stipulated therein, and returned to the Bank;

4.3 it has complied with all the provisions of the MFMA in relation to this Facility and the Agreements and any security given, and undertakes that it will continue to do so for the duration of this Facility and the Agreement/s.

4.4 the Facility constitutes legal, valid, binding and enforceable obligations of the Customer;

4.5 the Facility is being incurred for the purpose of purchasing new motor vehicles and yellow metal equipment and will be utilized for the purpose of achieving the objects of local government as set out in Section 152 of the Constitution;

4.6 its annual budget as well as its approved annual budget contains all of the information referred to in section 17 of the MFMA;

4.7 the Facility has been provided for in an approved budget, is properly approved by council meeting and that payment of the amount of Facility will not result in the total amount of the budget being exceeded. These requirements will be met in future as well;

4.8 it has disclosed to the Bank any and all and any material information, including but not limited to disclosure of all and any guarantees, suretyships and any other off-balance sheet items, which may have affected the Bank's decision to grant the Facility; and

4.9 it shall notify the Bank and make payment to the Bank of all amounts paid to it in terms of any guarantees that have been furnished in its favour by the supplier of the assets referred to in the Agreement/s;

4.10 the persons who negotiated the Facility Letter and signed the Facility Letter on behalf of the Customer, have made diligent investigations in order to ascertain all relevant information and that all such information has been disclosed to the Bank, in writing;

4.11 it will not utilise savings with regards to an unrelated expenditure in a budget to defray any excess expenditure that may be required for satisfying a claim under the Facility Letter;

4.12 the Facility is not a form of debt renewal or refinancing and the Customer will ensure that the Facility is not used for such purpose;

4.13 there are no circumstances resulting in a Material Adverse Effect on the financial condition, operations or assets of the Customer, presently pending or threatened, and in the reasonably exercised opinion of the Customer no such circumstances are likely to arise;

4.14 the Customer is not in breach of any law applicable to the Customer, nor in

6 COSTS

All legal costs and fees (on the attorney and own client scale) and other charges and expenses in connection with the Facility including but not limited to all costs incurred by the Bank in the enforcement of any of its rights under this Facility Letter and/or under any of the Agreements, the preparation of this Facility Letter and any other documentation in relation hereto, and the premiums on any insurance policy/ies which may be ceded to the Bank, together with the stamp duty due on the required security documents, will be for the account of the Customer and payable on demand.

7 JURISDICTION

The Bank and the Customer consent to the jurisdiction of the Magistrate's Court having jurisdiction over its person, irrespective of the amount in dispute. This, however, does not preclude either the Bank or the Customer from seeking relief in a High Court of South Africa.

8 DEFAULT

8.1 For the purposes of the Facility Letter each of the following events shall be regarded as an event of default:

8.1.1 if the Customer fails to pay any sum due by it to the Bank on the due date therefore or if the Customer defaults in the due and punctual performance of any other obligation under the Facility Letter or under any other written agreement between the Customer and the Bank;

8.1.2 if the Vehicle and Asset Facility is not budgeted for in the borrower's budget in any particular year;

8.1.3 if at any time there is a change in the demarcation of the geographic area falling within the jurisdiction of the Customer as at the date of signature of the the Facility Letter giving effect to this transaction;

8.1.4 if the payment of the amounts under the Vehicle and Asset Facility are not retrospectively approved by means of an adjustments budget within a specified period;

8.1.5 if at any time after the date of signature of the facilities letter by the Customer there is a change in (including but not limited to repeal of legislation) or addition to, the legislation which the Customer is subject to and which in the reasonable opinion of the Bank could be expected to adversely affect the ability of the Customer to comply with any of its obligations.

8.1.6 if any representation or warranty or undertaking made, deemed to have been made or represented either in respect of the Customer in or pursuant to the Facility Letter or in any documents delivered under the Facility Letter, the Facility (including but not limited to obligations in terms of negative pledges, undertakings, security or subordinations), breaches any of such obligations;

8.1.14 if the auditors of the Customer in any financial statements of the Customer published after the date of the last set of audited financial statements furnished to the Bank or if none have been so furnished, after the date of signature of the Facility Letter by the Customer, materially qualifies that annual statement in any respects or inserts a note in the supporting documents to that financial statement relating to any material irregularity;

8.1.15 if there is a material deterioration in the Customer's financial position. "material deterioration" shall mean material deterioration in the Bank's reasonable opinion;

8.1.16 should the Bank become aware, at any time, of a fact or circumstance (whether same was present at or before the time of acceptance of this Facility Letter by the Customer or arose thereafter), which in the reasonably exercised opinion of the Bank has, or could in the future have, a material adverse effect on the business, operations, performance, assets or prospects and financial condition of the Customer or any of its affiliates or an adverse effect on the Customer's ability to perform any of its obligations to the Bank in terms of the Facility Letter, or which could prejudice the Bank's position with respect to the Facilities in any other way;

8.1.17 should the Customer generally do or omit to do anything which may cause the Bank to suffer any loss or damage, including any reputational loss or damage; and/or

8.1.18 if the Customer meets the conditions for a mandatory provincial intervention (as contemplated in Section 139 and 140 of the MFMA); and/or

8.1.19 should the Bank become aware, at any time, of a fact or circumstance (whether same was present at or before the time of acceptance of the Facility Letter by the Customer or arose thereafter), which causes the Bank to know or suspect that the Customer's account is being used fraudulently, negligently, for illegal or terrorist activities, or for any purpose that does not comply with the law; or that the Customer is involved in any illegal or terrorist activities.

8.2 The Bank may without prejudice to any other rights hereunder or at law, at any time after the happening of an event of default, by written notice to the Customer:

8.2.1 decline any request by the Customer (or any Additional Party) to draw down any further monies under the Facility and/or to further utilise or avail of any of the Facility; and/or outstanding. The specified date shall then be deemed to be the date on which the outstanding capital balance of the Facility and interest thereon shall be paid by the Customer.

12 ACCEPTANCE

The Customer, to indicate its acceptance of the aforegoing, must initial each page of the attached duplicate of this letter (including any appendices hereto), sign the acknowledgement on the final page of the Facility Letter and return same to the Bank.

13 CONFLICT

13.1 The terms and conditions of this Facility Letter, any appendices to this Facility Letter and any separate terms and conditions (embodied in writing) or written agreements relating to the Facility, shall be read together, provided that should a conflict exist or arise:

13.1.1 the separate terms and conditions of the Agreements concluded in relation to the Facility shall, unless otherwise indicated, prevail;

13.1.2 and subject to 13.1.1 above, the contents of this Facility Letter shall prevail over any appendices hereto.

13.2 To the extent there are any undertakings, warranties or the like by the Customer contained in this Facility Letter or any of its appendices, such undertakings, warranties or the like do not in any way prejudice or detract from the Bank's rights with respect to Facility that are repayable or terminable in terms of any of the Agreements.

14 COUNTERPARTS

This Facility Letter may be signed in counterparts and the copies signed in counterpart shall constitute the Facility Letter. This shall include faxed copies of this document.

We trust that this offer is acceptable and look forward to a continuing, mutually rewarding business relationship.