



FutureBank Corporation

Merchant  
Bank

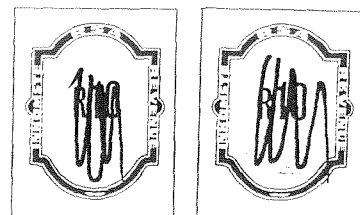
Thebe House  
160 Jan Smuts Avenue  
Rosebank  
Johannesburg 2196  
PO Box 3310  
Parklands 2121

Telephone (011) 447 7809  
Fax (011) 447 5509

30 January 1998

The Town Treasurer  
Kestell Transitional Local Council  
P.O. Box 20  
Kestell  
9860

Attention : Mr Hannes Cronjé



Dear Sirs

### TERM LOAN

FBC Merchant Bank, a division of FutureBank Corporation Limited ("the Bank") has pleasure in advising that a variable rate term loan in an amount not exceeding R1 000 000 (One Million Rand) ("the loan") has been granted to Kestell Transitional Local Council ("the Council").

1. Amount of the loan

R1 000 000 (One Million Rand).

2. Duration

The loan is available until 1 March 2007. On this date, the loan is repayable in full to the Bank.

3. Interest Rate

The prime overdraft rate as quoted by First National Bank of Southern Africa Limited from time to time minus 1.0% (one comma nought per centum), provided the prime overdraft rate does not decline to below 3.5% (three comma five per centum) above the interbank call rate as quoted by First National Bank of Southern Africa Limited from time to time. In the event that the prime overdraft rate declines to below 3.5% (three comma five per centum) above the interbank rate, then the interest rate will be adjusted upwards to maintain a margin of 3.5% (three comma five per centum) above the interbank rate.

4. Interest Payments

Interest calculated on a daily basis is payable monthly in arrears by the Council on the first business day of the new month.

5. Conversion

The Council has the right to convert the loan into a fixed rate loan with another financial institution subject to a right of first refusal to match the rate offered ("the offered rate") by the other financial institution being granted to the Bank by the Council. If the Bank can match or better the offered rate, convert the loan into a fixed rate loan with a third party at

FutureBank Corporation Limited  
Registration number: 93/92510/06

Directors: V P Khanyile (Chairman),  
M J Prinsloo (Managing), J N Ashmore,  
P R Barbe\*, T A Fourie, A S Mabogoane,  
J B Meiring, N L Nightingale, L M Nyhoro,  
G Schachat\*, I B Skosana, M R Sorour,  
P D Van Den Heever\*, E L Van Deventer\*  
\* Alternate Directors

a fixed interest rate lower than 350 basis points above the RSA 150 government loan stock, then the Bank will be entitled to a fund raising fee of 40% of the total saving and the Council entitled to the remaining 60% of the total saving achieved by the Bank.

6. Other Investments

The Council undertakes to invest any surplus funds it may have from time to time with the Bank provided that the Banks offered interest rate is at least the same or higher than the interest rates being quoted by the five major South African Banks. The Council will only pay a 1% (one per centum) interest margin on the portion of the loan facility that is equal to the sum of all investments with the Bank. The balance of the loan will attract interest as stipulated in 3. above.

7. Set-Off

In terms of the loan the Bank will have a right of set-off against deposits and/or investments invested with the Bank by the Council in the event of breach and failure to remedy the breach as described in 11. below.

8. Security

As security for the loan, the Council undertakes to cede Sanlam endowment policy numbers 11690235X4 and 12547516X0 to the Bank.

9. Financial Information

The Council shall, while the loan continues -

- 9.1 furnish the Bank from time to time with all such information in respect of its financial position as the Bank may require;
- 9.2 furnish the Bank, with a copy of its audited financial statements for the year, thirty (30) days after the publication thereof.

10. Variation of Rate

Should -

- 10.1 there be any change in legislation or departmental practice, and in particular, without limiting the generality of the foregoing, any change in the Income Tax Act of 1962 (as amended) or the Banks Act No. 94 of 1990 (as amended) or any regulations made in terms thereof, or in the interpretation or application of any such legislation or departmental practice, by any court or competent official; or
- 10.2 there be any change in banking practice as it affects or is applied by the Bank and any other financial institution registered in terms of the Banks Acts No. 94 of 1990 (as amended); or
- 10.3 the Bank be required or requested by any statutory or monetary authority, to pay taxes, levies or other amount whatsoever or to maintain special deposits or reserve assets, in addition to those currently paid or maintained or reserved; or
- 10.4 any other event occurs which is beyond the control of the Bank with the result that the cost to the Bank of maintaining or funding the facility is increased, whether directly or indirectly;

then the Bank shall be entitled to determine a fee payable by the Council to place the Bank in the same financial position it would have been in, if the change or event referred to above had not occurred.

11. Breach

Should

- 11.1 the Council fails to pay any amount whatever which it may owe to the Bank on due date;
- 11.2 the Council breach any of the terms and conditions of the facility or any of the terms and conditions of any other contract between it and the Bank, and fail to remedy that breach within 7 (seven) days after despatch of a notice calling on it to do so;
- 11.3 the Council be provisionally or finally wound up or placed under provisional or final judicial management;
- 11.4 a Council meeting be convened for the purpose of voluntarily winding it up, or a resolution to that effect be passed;
- 11.5 the Council enters into a general compromise with its creditors;
- 11.6 any of the Council's goods be attached pursuant to a judgement, which attachment is not satisfied or released within 7 (seven) days after such attachment;
- 11.7 a judgement be given against the Council which is not satisfied within 7 (seven) days or against which an appeal or application for rescission is not noted within that period (provided that such appeal or application is pursued with due care and diligence);
- 11.8 any of the events mentioned in 11.3 and 11.7 happen mutatis mutandis to any natural or legal person on whose behalf the Council bound itself to the Bank as surety or co-principal debtor or who is bound to the Bank as surety or co-principal debtor on behalf of the Council.

then the Bank may, notwithstanding anything to the contrary contained in any contract between the Council and it, demand immediate payment of all amounts which the Council may then owe to it, together with interest thereon at a rate 2% (two per centum) per annum above the best publicly quoted rate charged by First National Bank of Southern Africa Limited to its best corporate customers in the private sector in Johannesburg from time to time on unsecured overdrawn accounts, calculated from the date of demand to the date of payment and compounded monthly in arrears, whether or not such amounts are then due, without prejudice to any rights which the Bank may otherwise have as a result of the breach.

12. Certificate

A certificate signed by any officer of the Bank (whose appointment, qualification or authority need not be proved) setting out the amount of the Council's indebtedness to the Bank shall, together herewith, be

- 12.1 prima facie proof of the amount which the Council owes to the Bank;

- 12.2 valid as a liquid document in any court of competent jurisdiction for the purposes of obtaining provisional sentence or summary judgment against the Council, and the Council hereby acknowledges its indebtedness in respect of any amount so certified.

13. Address

- 13.1 All notices to be given by the Council to the Bank or the Bank to the Council shall be given by prepaid registered post, telex or delivered by hand to -

13.1.1. the Bank at 160 Jan Smuts Avenue, Rosebank, 2196; and

13.1.2. the Council at 37 Botha Street, Kestell, 9860

or such other address in the Republic of South Africa, not being a post office box or poste restante, as the party concerned may notify the other of in writing.

- 13.2 The Council chooses its domicilium citandi et executandi at the address referred to in 13.1.2.

- 13.3 All payments to be made by the Council to the Bank shall be made to the Bank without deduction or set-off, at the address referred to in 13.1.1 or such altered address at the Bank may notify to the Council in terms of 13.1.

14. Non-Variation

This letter sets out all the terms and conditions relating to the loan, and no variation of such terms and conditions shall be of any force or effect unless reduced to writing and signed on behalf of the Bank and the Council.

15. Costs

The Council shall pay all costs whatever, on an attorney and client scale, incurred by the Bank in connection with any demand or proceedings for the recovery of any amount owing by the Council to the Bank under the loan, in realizing any security provided to the Bank for the Council's indebtedness under the facility and in preparing, registering or executing any such security.

16. Acceptance

- 16.1 This offer is open for acceptance by the Council before 31 January 1998.

- 16.2 The offer may be accepted by the Council by delivering to the Bank, in a form acceptable to it -

16.2.1. the copy of this letter which is enclosed, duly signed on behalf of the Council by the person/s authorised to sign it in terms of the resolution referred to in 16.2.2; and

16.2.2. a duly certified copy of the resolution of the members of the Council, in the form of the draft resolution which is endorsed; and


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16.2.3. a certified list of signatories of the Council, together with specimen signatures in the form of the draft document which is enclosed.

Yours faithfully

For : FUTUREBANK CORPORATION LIMITED

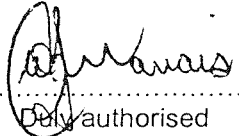
  
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Duly authorised

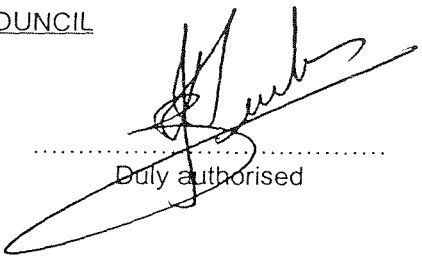
  
.....  
Duly authorised

We hereby agree to the terms and conditions set out above.

ACCEPTED AT Kestell this 30 day of January 1998.

For : KESTELL TRANSITIONAL LOCAL COUNCIL

*NESTHUR TOWN*  
  
.....  
Duly authorised

  
.....  
Duly authorised

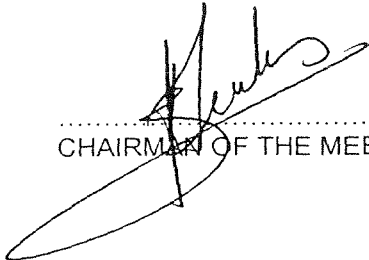
RESOLUTION OF THE MEMBERS OF COUNCIL OF KESTELL TRANSITIONAL LOCAL COUNCIL

TAKEN AT ..... KESTELL ..... ON ..... 26 NOVEMBER 1997 .....

RESOLVED THAT :

- (a) the Council accepts the loan made available to it by FutureBank Corporation Limited ("the Bank"), subject to the terms and conditions set out in the letter from the Bank dated 31 December 1997 submitted to the meeting; and
- (b) Mr/Messrs ..... A. BEUKES ..... in his/their capacity/ies as a member/s of the Council, be authorised to sign all documents and do all things necessary to give effect to the above on behalf of the Council.

CERTIFIED A TRUE COPY

  
.....  
CHAIRMAN OF THE MEETING