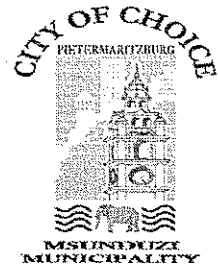


THE MSUNDUZI MUNICIPALITY
FINANCE BUSINESS UNIT
Supply Chain Management Sub-Unit



Telephone : 033 3923000 AS Chetty Building Private Bag X205
033 3922472 333 Church Street Pietermaritzburg
Fax : 033 3922532 Pietermaritzburg 3200
3201
Email : dudu.ndlovu@msunduzi.gov.za

Enquiries: MISS D NDLOVU

Our Ref: 52/SCM 15 of 12/13

Your Ref:

11 January 2013

Shula Construction
P O Box 16
Tongaat
4400

Attention : G V Naidoo (Fax No. 032-535 598 5)

Dear Sir,

SPECIALISED CONTRACT No. SCM 15 OF 12/13

EDENDALE: CONSTRUCTION OF SLANGSPRUIT EASTERN OUTFALL SEWER

In connection with the above contract, I am pleased to advise you of the Msunduzi Municipality's acceptance of your tender dated 15 October 2012, at the terms and conditions stated therein at the total tendered price of R16 635 310.92 including VAT but excluding contingencies and escalation.

Please note that your attention is specifically drawn to the provisions of Regulation 44 of the Municipal Supply Chain Regulations and the Msunduzi Municipality's Supply Chain Policy which prohibits any award to a person:

- "(a) who is in the service of the state;*
- (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or*
- (c) who is an advisor or consultant contracted with the municipality or municipal entity."*

You are expressly advised that any award in contravention of the above would be in direct conflict with the aforesaid legislation and shall be deemed void and without any legal effect.

The Msunduzi Municipality, its officials and agents therefore accept no liability whatsoever for any damages or losses you may suffer as a result of the cancellation, withdrawal, setting aside or as a result of any other steps taken by the Municipality to ensure compliance with the aforesaid provisions.

In addition, this award is made on the strict understanding, condition and agreement that you undertake to indemnify the Municipality against any and all direct or indirect damages, expenses and losses it may suffer or incur in enforcing compliance with the aforesaid provisions.

Furthermore, this award is made on the understanding, condition and agreement that you undertake to indemnify and hold the Municipality harmless against any and all claims and demands from any third party whatsoever arising from or related to any award in contravention of the aforesaid regulations.

Should your Company not be registered on the Municipality's PROMIS system for payment purposes, please contact either Mesdames N Nzama on Tel. No. 033-392 280 7 or T Zondi on Tel. No. 033-392 248 6 as a matter of urgency for the necessary registration forms so that payment may be timeously effected to your Company. It must be noted that that this letter does not constitute an official order.

For commencement of the works, please contact Mr. Brendan Sivpersad of the Water & Sanitation Sub-Unit on Tel. No. 033-392 212 9.

It is noted that the price is not subject to escalation.

Yours faithfully

EXECUTIVE SUPPLY CHAIN MANAGEMENT (ACTING)


MUNICIPAL MANAGER (ACTING)

DATE: 15/01/2013