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Security in favor of Senior Lenders

Security over the \$85.1M (maximum amount) first ranking debt to be funded through the Facility Agreement and entered into between the Company and The Standard Bank of South Limited, Nedbank of South Africa Limited and the Industrial Development Corporation of South Africa Limited is as follows:

- A special notarial bond and a general notarial bond registered over the entity's present and future movable property for an amount of \$92.7M plus an additional amount of \$18.5M.
- A mortgage bond registered as a first mortgage over the entity's rights, title and interest in and to the notarial leases over the leased properties and notarial servitude over the servitude property.
- The cession of all of the entity's secured property, other than restricted property, to the Debt Guarantor as collateral security for the due, proper and punctual payment and performance of the secured obligations by the Companies.

Our facilities agreement with Nedbank of South Africa, Standard Bank of South Africa Limited and the Industrial Development Corporation of South Africa Limited, requires that following ratios are complied with on any Measurement Date:

- The Historic Debt Service Cover Ratio and the Projected Debt Service Cover Ratio exceeds 1.20:1
- The Loan Life Cover Ratio exceeds 1.20:1
- The Project Life Cover Ratio exceeds 1.35:1

If the Debt Service Cover Ratio is between 1.21:1 and 1.30:1 during the first two years from scheduled commercial operation date ("COD"), the Company will be permitted to make distributions equal to 50% of the amount available for distribution (excess cash after funding of the debt service reserve account, the maintenance reserve account and in compliance with South African Companies Act) to the shareholders of the Company and the remaining 50% shall either be transferred to the Debt Service Reserve Account or be used to repay the Facility.

If the Debt Service Cover Ratio exceeds 1.30:1 during the first two years from scheduled COD date, the Company will be permitted to make a distribution equal to 100% of the amount available for distribution.

The first Scheduled Measurement Date relating to the above ratios was 31 December 2014, where all ratios were in compliance, if the ratio is not met then a distribution would not be permissible. Thereafter measurements will be performed bi-annually at each debt repayment date.

In US dollar	2014	2013
Non-current liabilities		
At amortized cost	77,861,867	69,878,122
Current liabilities		
At amortized cost	2,143,403	1,555,781
	80,005,270	71,233,903

8. Asset retirement obligation

In US dollar	2014	2013
Opening balance	—	—
Capitalized in property, plant and equipment	402,934	—
Accretion	17,886	—
	420,820	—

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