SCHEDULE 1

SEP UNDERTAKINGS

1 BACKGROUND AND INDEMNITY

1.1 In the Bid submitted by the SEP to the Government for the right to enter into this PPP with the Government the SEP has given certain undertakings ("SEP Undertakings") relative to the undermentioned issues and, in declaring the SEP the preferred bidder in terms of the process which was followed by the Government relative to this PPP, the Government has relied on such SEP Undertakings.

1.2 The SEP now repeats the SEP Undertakings in favour of both the Government (as the SEP's co-shareholder) and the Company, and agrees that a breach of any of the SEP Undertakings shall constitute a material breach of the provisions of this Agreement, entitling the Government to the remedies as set out in clause 3 hereof.

2 THE SPECIFIC UNDERTAKINGS GIVEN BY THE SEP FOR THE PURPOSES OF THIS AGREEMENT ARE AS FOLLOWS:-

2.1 **Vaccine Supply**

2.1.1 The SEP will procure the supply to the Company of all relevant vaccines that the Company requires to fulfil its obligations under the Initial Supply Agreement and the Final Supply Agreement.

2.1.2 The suppliers of the relevant vaccine products (currently as set out in 2.1.3 below) are as follows

2.1.2.1 Aventis Pasteur Merieux - 2 Avenue Pont Pasteur 69007 Lyon, France

2.1.2.2 BioFarma – JL Pasteur No.28, Bandung 40161, P O Box 1136 Indonesia

2.1.2.3 SSI (Statens Serum Institut) – Artellerivej S, 2300 Kobenbaum S, Denmark

2.1.2.4 Heber Biotec – 31st Avenue between 158 and 190 Cubanacan, Havana, Cuba; and

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2.1.2.5 Cheil – C J America, One Executive Drive, Suite No.245, Fort Lee, NJ 07024, USA

2.1.3 The following vaccines are currently included in the DOH's expanded programme for immunisation ("EPI"):

Description	Dosage/Vial
DPT	20
DT	20
TT	20
DTP/HiB	10
DTP/HiB	1
Hep B Adult	1
Hep B Paediatric	10
Hep B Paediatric	1
OPV	10
Measles MD	10
Measles SD	1
BCG Intradermal	20

Table A

2.1.4 The SEP undertakes that such supply will be in terms of written supply agreements, the terms and conditions whereof shall be finalised prior to the Effective Date.

2.2 **Packaging and labelling operation**

2.2.1 The SEP will procure that packaging and labelling operations at the Company commence no later than 18 months from the Effective Date. This is subject to:

2.2.1.1 obtaining agreement with the vaccine suppliers, other than those as referred to above, that they will supply naked vials of the required vaccines to the Company. The SEP already has agreements with SSI and Cheil for the supply of naked vials of BCG Diluent and Hep B Vaccine(s);

2.2.1.2 receiving timely Medicines Regulatory Authority ("MRA") approval;

provided that the SEP will have taken all reasonable steps to apply for the agreements in 2.2.1.1 within six months and to lodge a well-supported application for the MRA approval in 2.2.1.2 within 12 months of the Effective Date.

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2.2.2 The following vaccines are indicative of those that will be involved in the packaging and labelling operation:-

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Vaccines	Indicative number of Vials/Year
BCG	250 000
Hep B	400 000
DTP	60 000
DT	55 000
TT	150 000

Table B

Table B is included for information only and not as part of the undertaking.

2.2.3 The SEP undertakes that the packaging and labelling facility of the Company will be re-installed at a minimum capacity of 2,5 million vials per annum and that it will be in use within 18 months of the Effective Date subject to MRA approval.

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2.2.4 The SEP shall procure that the packaging and labelling facility be established to MRA and /or WHO standards.

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2.3 **Filling Operation**

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2.3.1 The SEP will procure that the Company imports vaccines in bulk from the suppliers for filling at the Company's premises.

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2.3.2 The SEP will procure that plant and equipment will be installed at the premises of the Company having a minimum capacity of 1.4 million vials per annum. It will be capable of filling the under-mentioned vaccines. The number of doses per vial is included for information only and not as part of the undertaking.

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Vaccine	Indicative Number of Vials/Year	Number of Doses/Vial
Hep B	400 000	10

DTP	60 000	20
DT	55 000	20
TT	150 000	20

Table C

2.3.3 The said plant shall be fully commissioned within 30 months of the Effective Date. The plant shall operate in accordance with MRA and / or World Health Organisation ("WHO") standards.

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2.3.4 The SEP shall procure that well supported applications for the MRA licences for the filling operations to be carried out by the Company will be made as soon as reasonably possible and will use its best endeavours to ensure that approvals are not unduly delayed. In any event the license application for the first product to be filled will be made no later than 30 months from the Effective Date

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2.3.5 The SEP shall procure that license applications for at least three other products will be made within 42 months of the Effective Date. Alternative products may be substituted by the SEP according to market or operational conditions. Minimum capacity usage over the range of product filled shall be approximately as cited in table C in terms of total number of vials filled per annum.

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2.3.6 In the event that the MRA and/or WHO require that a clinical trial be conducted for registration of the locally prepared products, then the time allowed for the filling of license applications as cited in subsections 2.3.4 and 2.3.5 will be extended by 18 months.

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2.4 Manufacturing

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2.4.1 The SEP gives the following undertakings in relation to manufacturing:-

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Rabies Vaccines

2.4.1.1 The SEP has been informed that the MRA license for the sale of SVI rabies vaccine into the South African market is valid for both pre-exposure and post-exposure application. Furthermore, the SEP understands that the SVI rabies vaccine manufacturing technology is sound.

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2.4.1.2 Notwithstanding the provisions of 2.4.1.1, the Parties have agreed that clinical trials will be conducted, the aim of which is to confirm the efficacy of the Rabies vaccine.

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2.4.1.3 The Government and the SEP agree that the results of the clinical trials will be presented to the MRA for evaluation in relation to the existing registration. In the event that the outcome of the evaluation is that:

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2.4.1.3.1 the MRA confirms the existing license for the sale of SVI rabies vaccine into the South African market for both pre-exposure and post-exposure applications, the SEP will be bound by the undertakings given in relation to the manufacture and sale of SVI rabies vaccines as set out in 2.4.1.4 and 2.4.1.5 hereof.

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2.4.1.3.2 the existing MRA license for the sale of SVI rabies vaccines into the South African market is cancelled, the SEP shall no longer be bound by the undertaking relative to rabies vaccine manufacture contained in 2.4.1.4 and 2.4.1.5 hereof, and the development and MRA licensing of rabies vaccine for both pre-exposure and post-exposure applications in the South African and international markets shall be transferred to the research and development programme of the Company. In that event the development of rabies vaccine to the point where it can be manufactured and sold by the Company internationally shall constitute an urgent R&D project of the Company enjoying at least equal status with the development of a full liquid Pentavalent DTP-Hep B-HiB combination vaccine by the Company as contemplated in 2.5.2 hereof.

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2.4.1.4 In the event that the validity of the MRA license for the sale of SVI rabies vaccine into the South African market is confirmed by the MRA as contemplated in 2.4.1.3.1 hereof, the SEP will commence manufacture of rabies vaccine within 2 months of confirmation in terms of 2.4.1.3.1 above and in addition procure that the Company's present 100 000 doses per annum facility will be upgraded sufficiently to increase its capacity to 300 000 doses per

annum. Such upgrade of capacity shall be completed within 18 months of MRA/WHO approval of the new blending/filling facility contemplated in 2.3 hereof. The proposed upgrading of capacity will require approval of a variation to the MRA license which will have been approved with regard to manufacturing operations in the 100 000 doses per annum facility resulting from changes to the rabies vaccine preparation and product drying equipment.

2.4.1.5 The SEP will procure that well supported applications for the amendment of the MRA license contemplated in 2.4.1.4 be lodged with the MRA as soon as reasonably possible, but in any event not later than 12 months following the filling suite capacity upgrade contemplated in 2.3 hereof and to use its best endeavours to ensure that such approvals are not unduly delayed.

Pentavalent Vaccines

2.4.2 It is recorded that should the DTP-Hib-HPV pentavalent vaccine, which is the subject of a proposed development project, successfully pass all relevant testing and viability analyses, the SEP will procure that the Company enters into preparation of the pentavalent vaccine within a period of 6 months of completion of MRA registration. It is recorded that such preparation can only commence after the commissioning of the blending/filling facility referred to in 2.3. The SEP undertakes to commence this development project from the Effective Date.

2.4.3 The current manufacturing undertakings given by the SEP are summarised in the following table:

Vaccine	**Proposed Vials/ Year**	**Commencement**	**Technology Supplier**
Pentavalent DTP-Hep B-HiB combination	400 000 900 000	Within 6 months of completion of MRA approval. Following WHO approval of the pentavalent vaccines manufacturing facility and successful tendering as contemplated in 2.7.3	SEP
Rabies (post-exposure vaccine)	100 000	Within 2 months of successful completion of post-exposure trials and	SVI (Government)

	300 000	confirmation of MRA licence. Upgrade capacity within 18 months of new filling suite being commissioned and MRA approval.	
4 Filled products as per clause 2.3.5	600 000	Within 42 months of the Effective Date.	SEP

Table D

2.4.4 All manufacturing operations will be established to WHO and/or MRA standards. Diluents will be prepared in the new filling/blending suite.

2.5 **Research and Development**

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2.5.1 The SEP will procure that 21% of the pre-tax net profit of the Company will be paid into a separate managed account in the name of the Company (the "R&D Fund") for research and development ("R&D") purposes. Any unspent R&D funds will be carried forward for expenditure on R&D in subsequent years. Subject to the Board of the Company on an annual basis assessing at the beginning of each financial year and agreeing on the projects which will be funded (and hence the composition of the development pipeline), the R&D Fund shall be under the control of the research and development committee of the Company (the R&D Committee"), the establishment of which the SEP will procure within 6 months of the effective date. The R&D Committee will be headed by the Company*'s* director of R&D and will comprise representatives from the Department of Health, the Biovac Consortium and ad hoc members from industry and academia.

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2.5.2 The Company will also use its best endeavours to develop more effective formulations of existing products such as the manufacture of the Pentavalent vaccine (see below), which the SEP undertakes to procure will be the first major R&D project of the Company. The Pentavalent vaccine project comprises the development of a full liquid Pentavalent DTP-HepB-HiB combination vaccine. The SEP will procure that VaxIntel will grant the Company an exclusive license on market-related terms to use its rights and know how for the development and sale of the Pentavalent vaccine within the

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territory set out in annexure "SU1". Such license shall be executed in writing within 14 (fourteen) days of the Effective Date.

2.6 **Technology Transfer and Skills Training**

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The SEP will procure that the Company rapidly improves its vaccines development capability and manufacturing technology through technical support agreements to be entered into between the Company and Heber Biotech and VaxIntel covering the following broad issues:-

2.6.1 **Agreement with Heber Biotec**

The SEP shall procure an agreement with Heber Biotec to ensure the following:

2.6.1.1 assessment of what is required to get the current SVI plant and equipment functioning satisfactorily. This process is currently underway and will be complete within 3 months of the Effective Date;

2.6.1.2 initiation of a training programme at SVI to ensure that all personnel have the appropriate skills and competence to perform their function within the upgraded facility according to GMP standards. This training will be initiated within 6 months of the Effective Date and take place either in Cuba or South Africa, depending on where the training can be best achieved. It will be completed in a time-frame compatible with the SEP's undertakings regarding the commencement of operations;

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2.6.1.3 provision of know-how for formulating, packaging and filling of biologicals at the upgraded SVI facility;

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2.6.1.4 project design including conceptual engineering, architecture, technology and quality control systems, waste treatment, and mechanical and electrical systems;

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2.6.1.5 technical assistance in selecting and contracting equipment;

2.6.1.6 supervision of construction, installation and plant start-up; and

2.6.1.7 validation;

2.6.1.8 participation by Heber Biotech in the R&D Committee contemplated in clause 2.5.1 hereof.

2.6.2 **Agreements with VaxIntel**

The SEP shall procure an agreement with VaxIntel to ensure the following:

2.6.2.1 Assistance with the development of the Company's multivalent vaccines. The SEP shall procure that the terms of any license agreement are market related and deliver value for money to the Company;

2.6.2.2 Subject to confirmation of the MRA license in respect of rabies vaccine as contemplated in 2.4.1.3.1, the building of capacity well beyond SADC needs and development and implementation of a technology export strategy for rabies vaccine under license from the Company. Where the MRA license in respect of rabies vaccine is not confirmed, this obligation shall be suspended until the Company has procured registration of a license for the manufacture and sale of rabies vaccine (for both pre-exposure and post-exposure applications) into the South African market and the SEP shall procure VaxIntel's assistance with the development and licensing of the said vaccine;

2.6.2.3 Participation in R&D committee;

2.6.2.4 Development of the project plan for the full liquid Pentavalent vaccine towards the pre-clinical feasibility evaluation.

2.7 **Marketing**

2.7.1 The SEP undertakes to procure that all necessary processes to position the Company as a viable supplier of the complete range of EPI vaccines and rabies vaccine to the DOH, SADC and aid organisations will have been completed within 5 years of the Effective Date. This is subject to the regulatory approval of the individual member states of SADC.

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2.7.2 The marketing of the full liquid Pentavalent vaccine will be initiated within the said 5 year period, subject to successful development and regulatory approval.

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2.7.3 The SEP shall procure that the Company uses its best endeavours to secure registration of the full liquid Pentavalent vaccine manufacturing facility with the WHO. Within 12 months of such WHO approval, the SEP undertakes to submit well-supported applications for registration of the Pentavalent vaccines in the countries listed in Annexure "SU1" so as to enable the Company to submit competitive tenders to sell/supply the Pentavalent vaccines in those countries. Subject to tendering successfully for the supply of the Pentavalent vaccine in a sufficient number of these countries, the SEP undertakes to fill at least 900 000 vials per annum (in total) of the Pentavalent vaccine.

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2.8 **SVI Personnel**

The SEP acknowledges that it is an integral part of the bid submitted by it that the transfer of assets from SVI to the Company will be accompanied by the transfer of all SVI personnel employment contracts to the Company on a "going concern" basis and that Section 197 of the Labour Relations Act shall apply to the transaction. As such, the SEP warrants in favour of the Government that it will procure that the Company:

2.8.1 offers to take over all employment contracts of SVI personnel on terms and conditions that are on the whole not less favourable to the employees than those on which they were employed by the old employer, with effect from the Effective Date; and

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2.8.2 does not during and inclusive of the period from the Effective Date until the expiry of 18 months, for operational reasons, retrench any of the personnel transferring to the Company from SVI.

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3. BREACH OF SEP UNDERTAKINGS AND CONSEQUENCES THEREOF

3.1 **General**

3.1.1 To the extent that there is a breach of any of the core obligations of the SEP as set out hereunder to the Government, the Government may impose the sanctions referred to in 3.2 and 3.3 hereunder.

3.1.2 Any sanction referred to above shall not be applied (and the application thereof shall be postponed to the extent applicable), if failure to fulfil a commitment results from factors entirely beyond the control of the SEP such as, without limiting the generality of the aforegoing, delay in the granting of MRA approval (where there has been no delay on the part of SEP in making timeous application for that approval), unfavourable outcome of clinical trials (where there has been no fault on the part of the SEP), and the like.

3.1.3 Subject to clause 3.1.2 where there has been a breach of the SEP commitments as contained in clause 3.2 of this Agreement which continues for a period longer than 6 consecutive months, the SEP's ongoing breach shall constitute default entitling the Government (in its sole discretion) to terminate the Shareholders Agreement and/or the Final Supply Agreement, provided that the Government shall not exercise this right unless it shall have given the SEP written notice of its intention to do so and afforded the SEP 30 days within which to remedy the breach which shall be specified in the notice and SEP shall have failed to remedy same.

3.1.4 Where a default under clause 3.3 is so serious as to warrant termination at the instance of the Government on the basis provided for in that clause, it shall be entitled to terminate (in its sole discretion) either or both of the Shareholders Agreement and/or the Final Supply Agreement or, alternatively, to dispose of its entire shareholding in the Company to the SEP in accordance with the put option recorded in 3.4 hereof.

3.1.5 The SEP indemnifies the Government against any breach by the Company or failure of the SEP to procure that the obligations of the Company set out in clause 2.8 hereof are fully complied with. In the event of a breach thereof the Government shall be entitled to claim whatever losses or damage it may suffer as a result of a breach of the said obligations by the Company and/or the SEP, from the SEP directly, including all costs of recovery incurred on the scale as between attorney and own client.

3.2 **Reduction of sales revenues under Final Supply Agreement**

3.2.1 **OBLIGATION:** SEP's obligation to procure that packaging and labelling operations of the Company commence no later than 18 months from the Effective Date.

SANCTION: A penalty equivalent to 5% of ongoing monthly sales (net of VAT) under the Final Supply Agreement shall be paid to the Government by the Company during every month in which the commitment remains unfulfilled. The penalty shall be applied pro rata in respect of any month in which the commitment remains unfulfilled for only a part of that month. The Government, acting through its National Department of Health may set off the amount of any such penalty against amounts falling due to the Company under the Final Supply Agreement by the National Department of Health or any Participant as defined in the Final Supply Agreement, at any time.

3.2.2 **OBLIGATION:** SEP's obligation to procure that the packaging and labelling facility be established to MRA and/or WHO standards.

SANCTION: A penalty equivalent to 5% of ongoing monthly sales (net of VAT) under the Final Supply Agreement shall be paid to the Government by the Company during every month in which the commitment remains unfulfilled. The penalty shall be applied pro rata in respect of any month in which the commitment remains unfulfilled for only a part of that month. The Government, acting through its National Department of Health may set off the amount of any such penalty against amounts falling due to the Company under the Final Supply Agreement by the National Department of Health or any Participant as defined in the Final Supply Agreement, at any time.

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3.2.3 **OBLIGATION:** SEP's obligation to procure that the Company's filling plant shall be fully commissioned within 30 months of the Effective Date.

SANCTION: A penalty equivalent to 5% of ongoing monthly sales (net of VAT) under the Final Supply Agreement shall be paid to the Government by the Company during every month in which the commitment remains unfulfilled. The penalty shall be applied pro rata in respect of any month in which the commitment remains unfulfilled for only a part of that month. The Government, acting through its National Department of Health may set off the amount of any such penalty against amounts falling due to the Company under the Final Supply Agreement by the National Department of Health or any Participant as defined in the Final Supply Agreement, at any time.

3.2.4 **OBLIGATION:** SEP's obligation to procure that well supported application/s for MRA licenses for the filling operations of the Company should be made as soon as

reasonably possible (but in any event not later than 30 months) from the Effective Date for the first product and not later than 42 months from the Effective Date for the subsequent 3 products, these time frames being extended by 18 months in the event that the MRA and/or WHO require clinical trials for product registration.

SANCTION: A penalty equivalent to 5% of ongoing monthly sales (net of VAT) under the Final Supply Agreement shall be paid to the Government by the Company during every month in which the commitment remains unfulfilled. The penalty shall be applied pro rata in respect of any month in which the commitment remains unfulfilled for only a part of that month. The Government, acting through its National Department of Health may set off the amount of any such penalty against amounts falling due to the Company under the Final Supply Agreement by the National Department of Health or any Participant as defined in the Final Supply Agreement, at any time.

3.2.5 **OBLIGATION:** Subject to confirmation of the existing license for the sale of SVI rabies vaccine into the South African market as contemplated in 2.4.1.3.1 hereof, SEP's obligation to procure that the manufacture of rabies vaccine commences within 2 months of the confirmation of the license in terms of 2.4.1.3.1.

SANCTION: A penalty equivalent to 5% of ongoing monthly sales (net of VAT) under the Final Supply Agreement shall be paid to the Government by the Company during every month in which the commitment remains unfulfilled. The penalty shall be applied pro rata in respect of any month in which the commitment remains unfulfilled for only a part of that month. The Government, acting through its National Department of Health may set off the amount of any such penalty against amounts falling due to the Company under the Final Supply Agreement by the National Department of Health or any Participant as defined in the Final Supply Agreement, at any time.

3.3 **Reduction in SEP's equity shareholding in the Company**

Failure of the SEP to comply with its obligations as set out in this clause 3.3 shall result in the specific sanctions recorded hereunder being applied, at the discretion of the Government.

3.3.1 **OBLIGATION:** SEP's obligation to procure that the packaging and labelling facility of the Company will be re-installed at a minimum capacity of 2,5 million vials per annum within 18 months of the Effective Date.

SANCTION: Partial achievement of committed capacity to the extent reflected hereunder shall entitle the Government to claim from the SEP, a reduction in its equity in the Company (expressed as a percentage of the entire issued share capital of the Company) as referred to hereunder:-

Commitments between 85% - 90% fulfilled – 0.5% equity reduction;
Commitments between 80% - 85% fulfilled – 1% equity reduction;
Commitments between 75% - 80% fulfilled – 1.5% equity reduction;
Commitments between 70% - 75% fulfilled – 2% equity reduction;
Commitments between 65% - 70% fulfilled – 2.5% equity reduction;
Commitments between 60% - 65% fulfilled – 3% equity reduction;
Commitments between 55% - 60% fulfilled – 3.5% equity reduction;
Commitments between 50% - 55% fulfilled – 4% equity reduction;
Less than 50% - default leading to termination as per 3.1.4.

On verification subject to a balance of probabilities that there has been no or only partial achievement of the committed capacity, the Government shall be entitled to claim that the relevant equity reduction be transferred from the SEP to the Government (with all expenses being borne by the SEP) and at no cost to the Government, within 21 (twenty one) days of the Government's written request that the relevant sanction be implemented.

3.3.2 **OBLIGATION:** SEP's obligation to procure that filling plant and equipment installed at the premises of the Company will have a minimum capacity of 1,4 million vials per annum.
SANCTION: The same sanctions as are provided for in clause 3.3.1 shall be applicable.

3.3.3 **OBLIGATION:** SEP's obligation to procure that rabies vaccines manufacturing capacity be upgraded from 100 000 to 300 000 doses per annum within 18 months of approval of new blending/filling plant (subject to license approval in terms of 2.4.1.3.1).
SANCTION: The same sanctions as are provided for in clause 3.3.1 shall be applicable.

3.3.4 **OBLIGATION:** SEP's obligation to procure that the Company pursues research for the development of a full liquid Pentavalent DTP-Hep B-Hib combination vaccine as a R&D project of the Company, up to the stage of clinical trials.

SANCTION: Failure to commence and pursue this project shall constitute default entitling the Government to terminate the Shareholders Agreement and/or the Final Supply Agreement as per 3.1.4 hereof.

3.3.5 **OBLIGATION:** SEP's obligation to procure that Heber Biotech fulfils its technology commitments to the Company as per 2.6.1 hereof.
SANCTION: The same sanctions as are provided for in clause 3.3.1 shall be applicable.

3.3.6 **OBLIGATION:** SEP's obligation to procure that VaxIntel fulfills its technology commitments to the Company as per 2.6.2 hereof.
SANCTION: The same sanctions as are provided for in clause 3.3.1 shall be applicable.

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3.3.7 **OBLIGATION:** SEP's obligation to use best endeavours to procure that the Company is positioned as a viable supplier of the complete range of EPI vaccines and (subject to confirmation of the license in terms of 2.4.1.3.1) rabies vaccines to the SADC countries and aid organisations within 5 years of the Effective Date.
SANCTION:
The same sanctions as are provided for in clause 3.3.1 shall be applicable.

3.4 **Put Option**

Should the total equity contribution obtained by Government in terms of clause 3.3 exceed 9,9%, then Government shall be entitled either to cancel the Supply Agreement or to exercise a put option entitling the Government to call upon the SEP to acquire Government's entire shareholding in the Company at that time at the put option price as referred to hereunder. The put option shall be exercised by the Government giving notice in writing to that effect to the SEP within 30 days of the occurrence of an event or events entitling the Government to apply sanctions in terms of clause 3.3 which would enable it to acquire more than 9,5% of the total equity in the Company from the SEP. The put option price shall be an amount determined between the Government and the SEP by agreement, and failing agreement within 7 (seven) days, as determined by a chartered accountant nominated for that purpose by the chairman of the South African Instituted of Chartered Accountants or his successor in title or function,

who shall do so, acting as an expert and not an arbitrator and whose reasonable costs shall be borne by the SEP.

4. PROJECT SCHEDULE

4.1 Both the SEP and the Government acknowledge and agree that they will use their best endeavours to implement the SEP undertakings and generally, the establishment of the Business, in accordance with the project schedule which is annexed hereto marked "SU2".

4.2 Progress made towards implementation shall continually be monitored by the Technical Implementation Committee appointed by the Board in terms of clause 9.8 of the Shareholders Agreement, and the Technical Implementation Committee will in addition, monitor compliance with the SEP Undertakings, and will within three months of the Effective Date and every three months thereafter, furnish the Government with a compliance report which shows each of the SEP Undertakings and the progress made towards achievement of the specific SEP Undertakings listed in clause 2 of this Schedule 1.

4.3 Any variations to the project schedule must be approved by the Board of the Company after recommendation by the Technical Implementation Committee.

4.4 Changes to the project schedule shall be for substantive reasons only on the basis that such changes shall be in the best interests of the Business, or in circumstances where the scheduled time-frames cannot be adhered to as a result of factors beyond the control of either the SEP or the Government and which do not arise as a result of negligence or lack of diligence on the part of any Shareholder proposing such variation to the project schedule.

ANNEXURES

ANNEXURE "SU1" - Territory for Proposed Licences

ANNEXURE "SU2" - Project Schedule

ANNEXURE "SU1"

(Clause 2.5.2)

TERRITORY FOR PROPOSED LICENCES

1. TERRITORY FOR EXCLUSIVE LICENSE

1.1 South Africa

1.2 SADC and other countries, namely: Angola, Botswana, Burundi, Comoros, Congo, Democratic Republic of Congo, Eritrea, Ethiopia, Gambia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Rwanda, Seychelles, Somalia, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe.

2. TERRITORY FOR EXCLUSIVE OR NON-EXCLUSIVE LICENSE, NEGOTIABLE ON A CASE BY CASE BASIS

Other African countries: Cameroon, Cape Verde, Djibouti, Equatorial Guinea, Guinea Bissau, Liberia, Nigeria, Sao Tome, Togo.