

VERMAAS BRANDSTOF CC

ALLOCATION MECHANISM FOR THIRD PARTY ACCESS TO PETROLEUM STORAGE FACILITIES

CHARL CILLIERS – PPL.sf.F3/172/2014

1. Tariff schedule

a) We are currently busy with our tariff proposal which will be submitted to NERSA for approval. We are awaiting their decision and will include the approved tariff in the allocation mechanism once received.

We are currently charging a tariff of R0.24 cents per litre per day for the use of our storage facilities.

b) Tariffs charged will be inclusive of Value Added Tax (VAT).

2. Contractual terms and conditions for use

i) Storage capacity scheduling and planning

- a) Three months advance notice is required for indicative order planning purposes. Storage capacity will only be made available to third parties if it is not taken up by our own storage requirements.
- b) Firm order planning - Seven working days notice is required before confirmation of order.
 - Petroleum product will only be received at our depot during the time periods stated in section D below. No exceptions will be made. We require 24 hours notice of the exact date and time on which product will arrive at the depot.
 - Product can only be accepted via road transport at our depot.
 - Product can only be shipped via road transport from our depot.
 - Product that arrive earlier or later than planned/agreed upon will stay on the delivery vehicle until such time that it can be accommodated into storage during normal operating hours as stated in section D below.
 - Petroleum can be delivered and received in the following quantum's:
 - Charl Cilliers depot: Receive = 800 lt/min – Deliver = 800 lt/min
 - All documentation must be done in both paper and electronic format, e.g. orders to be e-mailed and hard copies send with the truck.
 - Delivery and dispatch schedules must be strictly adhered to too ensure the smooth running of the daily activities of our storage facility.
 - Petroleum can only be stored at our facility from the 7th of each month until the 21st of each month. Petroleum must be stored at the facility at the exact quantity and period applied for in the application. No deviations or non-compliance with the time period will be allowed and transgressors will be liable to penalties up to double the daily tariff as approved by NERSA. Further more, the Company reserves the right to hire in tankers to remove the product from storage and charge the lessee with the cost thereof.
 - Delays in anticipated petroleum receipt will be managed according to section B above. Over night parking is available for the delivery vehicle should it arrive outside of normal operating hours. Delays in anticipated petroleum dispatch will be managed according to the relevant contingency at the time, e.g. hiring of a generator if there is a power outage during loading of product. Section B above also applies.

- c) 24 Hours notice is required before product is picked up from the facility. All the product must be picked up as per the daily pick-up schedules agreed upon between Vermaas Brandstof CC and the lessee of the storage capacity.
- d) Product will only be accepted at our facilities during normal operating hours and no exceptions will be made. The Depot Supervisor at the depot must be present during loading and off-loading of product into and out of storage to ensure compliance with all the relevant procedures.
 - Charl Cilliers Depot: 08H00 to 16H30 – Monday to Friday
- e) The allocation mechanism applies the first come, first served and use-it-or-lose-it principles. (Regulations 3(9) (c) and (d)).

ii) Volume to be stored

- Charl Cilliers – 76 000 lt capacity per day in equivalents of 38 000 lt. Notice must be taken of the conditions in section 2(i)(b) above.

Metering Process:

- a) Charl Cilliers – LC bulk meters are used for the off loading of fuel into storage.
- b) Charl Cilliers – Calibration certificates available on request.
- c) Charl Cilliers – Volumes are manually recorded onto delivery notes for quantity control purposes.

Third Party liability with respect to:

- a) Unpumpables or dead stock is the property of Vermaas Brandstof CC. The 3rd party will be able to load the exact quantity that they have pumped into storage.
- b) Any losses or gains in depot operations are the liability of Vermaas Brandstof CC. A 3rd party will not have the right to any gains due to depot operations.

Petroleum will be measured and reported at a temperature of 20 degrees Celsius and at a density of .820. The relevant SANS Standards will apply to all temperature and density measurements.

Any differences in temperature and density will be the responsibility of Vermaas Brandstof CC. The 3rd party will have access to the exact volume pumped through our meters into storage. A 3rd party will not have any claim to gains or losses due to fluctuations in temperature or density.

iii) Petroleum type and quality control

The following standards are applicable to the petroleum quality that all 3rd parties must adhere to:

- a) All the applicable South African National Standards (SANS) including SANS 342.
- b) All the Oil Industry Petroleum Exchange Standards (OIPES).
- c) Any other Industry or National Standards that might apply to Vermaas Brandstof CC's operational requirements for storage facilities.

Samples will be obtained from each compartment of the 3rd party vehicle for quality testing. Analysis of all samples will be done according to SANS 342 specifications. Testing will be done by Bioservices CC or any other SANAS approved laboratory preferred by Vermaas Brandstof CC. Samples will be kept for 30 days after the 3rd party's petroleum has left our storage facility.

Product contained in slops during the off-loading process of a 3rd party vehicle will be the responsibility and property of the 3rd party. The 3rd party will be responsible for the cleanup and removal of spilled product and cleanup materials for any spillages resulting from malfunction of the 3rd party vehicle equipment or leakages there from. The 3rd party will also be responsible for the cost of the cleanup and must use an accredited environmental cleanup agent.

iv) Custody of petroleum

Petroleum from a 3rd party will have passed into the custody of Vermaas Brandstof CC once the total volume has been pumped into storage. Petroleum will pass out of the custody of Vermaas Brandstof CC once the total volume has been loaded onto the 3rd party vehicle. All of the above will be done through our metering system to ensure quantity compliance.

All orders must be e-mailed, faxed and confirmed by telephone. The transporter must present the original order document when delivering or collecting the product from the depot. Vermaas Brandstof CC must be provided with a list of transporters, vehicles and drivers from the 3rd party. We will require certified copies of the identity documents from the drivers of the 3rd party vehicles as well as certified copies of the registration documents of the vehicles of the transporters. Vermaas Brandstof CC reserves the right to refuse to load or off load a 3rd party vehicle if we cannot establish the authenticity of any order or transporter.

The following remedial actions will be taken if there is a loss of or deterioration in petroleum quality during the storage licensee's period of custody:

- a) Vermaas Brandstof CC will be responsible to replace the quantity of 3rd party product lost due to incorrect operation of equipment; or
- b) Due to leakage, faulty equipment or faulty maintenance of any equipment that is owned by Vermaas Brandstof CC at the time of loss or deterioration; or
- c) Vermaas Brandstof CC will be responsible to replace 3rd party product lost due to theft or fire only if Vermaas Brandstof CC was negligent in providing the necessary fire safety and security measures. The 3rd party is responsible for their own theft and fire insurance to cover the full amount of product stored.

v) Amendments to documentation

Once an order for storage or dispatch has been received by Vermaas Brandstof CC, no amendments will be allowed to any documentation. Absolutely no changes will be allowed to documentation after a delivery has been discharged into our storage facility.

Due to the fact that no changes to documentation will be allowed, there will be no impact on tariffs. If there is a technical problem with the vehicle or illness of the driver specified on the order, and changes must be made due to safety reasons, Vermaas Brandstof CC may charge an administration fee to affect any changes to the documentation.

3. Contractual Terms and conditions for payment

- a) The invoice format will state the 3rd party address and details, product name, quantity, tariff, number or days of storage and total amount owing to Vermaas Brandstof CC. The details of Vermaas Brandstof CC will also be displayed on the invoice. The invoice will be a valid tax invoice in compliance with SARS requirements.
- b) The invoice will be issued once the order from the 3rd party is received and the quantity and number of storage days have been confirmed.
- c) Payment must be made upfront on the same day of receipt of the invoice. Vermaas Brandstof CC will only accept receipt of product into storage when the payment has been confirmed by our Bank.
- d) Payment must be made by electronic transfer or Internet payment only. No cash, cheques or any other method of payment will be accepted.
- e) Payment for storage will be upfront with no exceptions made.

It is the responsibility of the 3rd party to arrange their own cover for insurance, liability and other costs.

A 3rd party seeking to utilize the storage facilities of Vermaas Brandstof CC must provide written proof that it is registered as a Wholesaler of Petroleum Products as required by the Petroleum Products Act, 1977 (Act No. 120 of 1977) as amended or possess a valid license issued by the Department of Energy (DOE).

A contract will be set up between a 3rd party seeking storage and Vermaas Brandstof CC. A template of the contract will be available at the offices of Vermaas Brandstof CC.

4. Technical requirements for access to the storage facility

The following technical requirements must be complied with:

- a) The vehicle delivering or collecting product to or from the storage facility must comply with – SANS 10231:2010; SANS 10187-8:2006; SANS 1518:2008; National Road Traffic Act No. 93 of 1996; National Road Traffic Act Regulations; Vermaas Brandstof fleet vetting protocols to obtain a safe loading pass; Any other local or National standards required by law not stated above.
- b) The driver delivering or collecting product to or from the storage facility must comply with – National Road Traffic Act No. 93 of 1996; National Road Traffic Act Regulations; SANS 10231:2010; Hazardous Substances Act, 1973; Be trained in the handling of Dangerous Goods; Have a valid Hazchem certificate; Be in possession of a valid and correct license code and PrDP for the class of vehicle he is driving. Have a valid medical certificate. Be trained at a Department of Transport approved training body. Received Vermaas Brandstof CC's Safe Working Procedure training in the loading and off loading of a bulk vehicle at a storage depot; Any other local or National standards required by law not stated above.
- c) Other requirements – SANS 10232-1:2007; SANS 10232-3:2007; SANS 10232-4:2004; SANS 10228:2010; Hazardous Substances Act, 1973; Occupational Health and Safety Act 85 of 1993; National Road Traffic Act No 93 of 1996; Vermaas Brandstof CC's Safe Operating Procedures; Any other local or National standards required by law not stated above.

Drivers must provide proof of training done in accordance with the law on the transportation of dangerous goods. Training must be done by a training body approved by the Department of Transport. This training is a requirement by law.

Driver training required by Vermaas Brandstof CC:

- Valid medical certificate
- Valid code EC license with PrDP
- Dangerous Goods training on Unit Standard 123259: Comply with Legal Documentation; Apply Safety Standards; Fire Fighting and Protective Equipment.
- The driver must be in possession of the National Certificate in Professional Driving: Convey Dangerous Goods: in terms of chapter VIII – Regulation 280 of the National Road Traffic Act 93 of 1996.
- Task Procedure – Vehicle filling at a bulk depot
- Task Procedure – Bulk depot delivery
- Fatigue Management
- Hijack Awareness training
- Defensive Driving – Theory and Practical

- Spill Reduction Intervention

The driver must sign an indemnity and agreement to abide by the rules and regulations of the relevant depot before entering the storage facility.

5. Process to be followed by third parties when requesting access

- a) Applications must be done in writing on a letter head of the 3rd party applying for storage and by completing the application form.
- b) The application must include the volume, period of storage and the grade of fuel to be stored.
- c) Vermaas Brandstof CC require certified copies of the following documents for their records:
 - Wholesale License
 - Certificate of Registration
 - Close Corporation – CK1
 - Company – Certificate of Incorporation
 - Trust – Trust Master's Certificate
 - Sole Trader – Copy of identity document
 - Identity Document
 - Vat Registration Document
- d) Documents required for vetting and screening purposes – Certified copies of:
 - Wholesale License
 - Certificate of Registration
 - Close Corporation – CK1
 - Company – Certificate of Incorporation
 - Trust – Trust Master's Certificate
 - Sole Trader – Copy of identity document
 - Identity Document
 - Vat Registration Document
- e) The Owner
Vermaas Brandstof CC
P.O. Box 22
Farm Theunis
Charl Cilliers
2301
Tel: 017 – 640 0988
Fax: 017 – 640 0211
E-mail: awie@vermaasbrandstof.co.za
- f) Correspondence can be done via e-mail, fax, registered mail or telephone.
- g) Applications will be answered within 21 days of receipt thereof.

Vermaas Brandstof CC reserves the right to make changes to this document from time to time as procedures and circumstances change.