

FILE

GAS TRANSPORTATION AGREEMENT

Entered into by and between

SASOL GAS LIMITED
(registration number 1964/06005/06)
(hereinafter referred to "SASOL GAS")

and

PETRONET, a DIVISION of TRANSNET LIMITED,
(registration number 1990/000900/06)
(hereinafter referred to as "PETRONET")

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WHEREAS SASOL GAS requires to have Gas transported by pipeline to its markets situated in KwaZulu-Natal;

AND WHEREAS PETRONET is the owner of a pipeline which was pursuant to the gas transportation agreement entered into by and between the Parties, dated 28 November 1994, previously converted from a crude pipeline to a pipeline used for gas transmission along a route stretching from Secunda via Empangeni to Durban;

AND WHEREAS PETRONET is prepared to transport such Gas for SASOL GAS through the Pipeline;

NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:

1 PARTIES

- 1.1 **SASOL GAS LIMITED** (registration number 1964/06005/06) a company with limited liability, duly registered and incorporated in accordance with the company laws of the Republic of South Africa (hereinafter referred to as "SASOL GAS"), with:

Main place of business:	32 Hill Street, Ferndale, RANDBURG (<i>Domicilium citandi et executandi</i>)
Postal address:	P. O. Box 1234 RANDBURG 2125
Telephone:	(011) 889-7600
Facsimile:	(011) 889-7956
Attention:	Manager Gas Supply, Regulation and Pipelines

- 1.2 **PETRONET, a DIVISION of TRANSNET LIMITED** (registration number 1990/000900/06), a limited liability company duly registered and incorporated in accordance with the laws of the Republic of South Africa (hereinafter referred to as "PETRONET"), with:

Main Place of Business:	202 Smith Street, Durban, (<i>Domicilium citandi et executandi</i>)
Postal address:	PO Box 3113 DURBAN 4000

Telephone: (031) 361 1300
Facsimile: (031) 361 1314
Attention: Chief Executive Officer

2 DEFINITIONS

- 2.1 "Agreement" means this agreement and all the Annexures thereto;
- 2.2 "Bar" is as defined in ISO:1000: 1992/Amd 1: 1998;
- 2.3 "Contract Year" means a period of time commencing at 0:00 on the first Day of January of one calendar year and expiring at 24: 00 on the last Day of December of that calendar year, provided, however, that the first Contract Year shall extend from the Effective Date until 24:00 on the last Day of December immediately following such date;
- 2.4 "Cubic Meter" means with respect to Gas a quantity of one (1) standard cubic meter of gaseous hydrocarbons at a temperature of 15° Celsius (15°C) and at a pressure of one point zero one three two five (1.01325) Bar absolute and dry;
- 2.5 "Day" means a period of time commencing at 0:00 on any calendar day and ending at 24:00 on the same calendar day and "Daily" shall be construed accordingly;
- 2.6 "Deliver" means delivery of Gas into the Pipeline at the Delivery Pressure ;
- 2.7 "Delivery Facility" means such equipment, piping, gas treatment facilities and compressors as may be necessary to enable Gas to be Delivered into the Pipeline at Secunda;
- 2.8 "Delivery Point" means the inlet flange of the Pipeline connecting the Delivery Facility to the Pipeline;
- 2.9 "Delivery Pressure" means a maximum pressure of 53 Bar gauge at the Delivery Point;
- 2.10 "Distribution System" means all equipment, piping and facilities immediately downstream of the outlet flange from the Pipeline at Supply Points;
- 2.11 "Distributor" means a distribution company as defined in the Gas Act and after the Gas Act has become effective such distributor shall for purposes of

this definition be required to have a valid distribution licence issued in terms of the Gas Act;

- 2.12 "Effective Date" means, notwithstanding the date of signature of this Agreement, 1 April 2005;
- 2.13 "Energy Content" shall be measured "real" and shall mean that number of megajoules produced by the complete combustion at a constant pressure of 1.01325 Bar absolute of 1 cubic metre of gas at 15° C with excess air at the same temperature and pressure as the gas when the products of combustion are cooled at 15° C and when the water formed by combustion is condensed to the liquid state and the products of combustion contain the same total mass of water vapour as the gas and air before combustion;
- 2.14 "Gas" means a hydrocarbon substance in a gaseous phase Delivered by SASOL GAS which conforms to the Specification;
- 2.15 "Gas Act" means the Gas Act, 2001 (Act Number 48 of 2001);
- 2.16 "Gigajoule" and "GJ" means one billion (1,000,000,000) joules, as defined in ISO:1000: 1992/Amd 1: 1998.
- 2.17 "Joint Task Force" means a joint task force established by the Parties pursuant to a request from either of the Parties in terms of Clause 6.1;
- 2.18 "Maximum Capacity of Pipeline" means the maximum quantity of Gas that is capable of being transported by means of the Pipeline after the provision of necessary compression, having regard to the design capacity of the Pipeline and the operation thereof in accordance with the standard of a Reasonable and Prudent Operator and for purposes of this Agreement such maximum capacity shall be 23 million gigajoules per annum and 3087 gigajoules per hour at a load factor of 0.85;
- 2.19 "Megajoule" and "MJ" means one million (1,000,000) joules, as defined in ISO:1000: 1992/amd1: 1998;
- 2.20 "Month" means a period of time commencing on the 1st Day of any calendar month and expiring on the last Day of the calendar month in question;
- 2.21 "Party" means either SASOL GAS or PETRONET as the context dictates and "Parties" means both SASOL GAS and PETRONET;
- 2.22 "Pipeline" means the high pressure transmission pipeline as more fully described in Annexure A hereto;

- 2.23 "Reasonable and Prudent Operator" means a person seeking in good faith to perform its contractual obligations with that degree of skill, diligence, prudence and foresight as reasonably and ordinarily exercised by experienced operators engaged in the same line of business under the same or similar circumstances and conditions and in accordance with good operating practice including without limitation the applicable portions of ASME B31.8 (the operating standard for gas pipelines under pressure as published by the American Society for Mechanical Engineers) as it applies to the Pipeline;
- 2.24 "Relative Density" means the relative density of Gas as set out in the Specification contained in Annexure B;
- 2.25 "Specification" means the specification of Gas as set out in Annexure B;
- 2.26 "Supply" means the making available of Gas for off take at a Supply Point at the Supply Pressure;
- 2.27 "Supply Points" means the outlet flange of the Pipeline to which SASOL GAS's Distribution System is connected, the location of each as determined in accordance with Clause 8;
- 2.28 "Supply Pressure" in respect of each Supply Point shall be the pressure determined in accordance with Clause 8;
- 2.29 "Trader" means a person carrying on the business of trading in gas as defined in the Gas Act and after the Gas Act has become effective such trader shall for purposes of this definition be required to have a valid trading licence issued in terms of the Gas Act; ;
- 2.30 "Transportation Tariff" means the tariff expressed in Rand/GJ payable for the transportation of Gas in terms of this Agreement as determined in accordance with Clause 11;
- 2.31 In this Agreement, unless the context otherwise requires:
- (a) All references to Clauses or Annexures shall be references to Clauses or Annexures to this Agreement;
 - (b) the headings in this Agreement are inserted for convenience only and shall not affect the interpretation or construction of the Agreement;
 - (c) when any number of days is prescribed in this agreement, same shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a Saturday, Sunday or public holiday, in which case the last day shall be the next succeeding day which is not a Saturday, Sunday or public holiday;

- (d) "including" means including without limitation;
- (e) words importing the singular shall include the plural and *vice versa*;
- (f) words importing the masculine shall include the feminine and neuter and *vice versa*;
- (g) all references to Persons include reference to their successors in title and permitted assigns; and
- (h) reference to any statute, by-law, regulation, rule, delegated legislation or order is to the same as amended, modified or replaced from time to time and to any by-law, regulation, rule, delegated legislation or order made thereunder.

3 EFFECTIVE DATE AND DURATION

- 3.1 Notwithstanding the date of signature hereof, this Agreement shall come into force on the Effective Date.
- 3.2 Subject to the termination provisions contained in Clause 31, the minimum duration of the Agreement shall be seventeen (17) years from the Effective Date.
- 3.3
 - (a) The parties may by mutual agreement extend the duration of the Agreement on the same terms and conditions for a period of three (3) years as from the expiry of the minimum duration of the Agreement as set out in Clause 3.2.
 - (b) Either Party may, by written notice to the other, served no earlier than seventy two (72) months and not later than sixty (60) months prior to the expiry of the minimum duration of the Agreement, require the other to enter into discussions for an extension of the Agreement in terms of this Clause 3.3.
 - (c) If a notice is served under Clause 3.3(b), the Parties shall enter into good faith negotiations in an endeavour to agree on such extension of the Agreement; PROVIDED THAT it is recognised that neither Party is under any obligation to agree to such extension and shall have no liability for any failure to do so.
 - (d) For the duration of negotiations between the Parties pursuant to Clause 3.3 PETRONET shall not enter into any discussions with any Third Party for the capacity in the Pipeline which is the subject matter of the negotiations between the Parties under Clause 3.3.

- 3.4 At the expiry of an extension of the Agreement in terms of Clause 3.3, either Party may, by written notice to the other, served no earlier than sixty (60) months and not later than twelve (12) months prior to the expiry of the extension of the Agreement in terms of Clause 3.3, require the other to enter into negotiations for a further extension of the Agreement.
- 3.5 If a notice is served under Clause 3.4, the Parties shall enter into good faith negotiations in an endeavour to conclude an agreement for an extension of the Agreement; PROVIDED THAT it is recognised that neither Party is under any obligation to agree to such extension and shall have no liability for any failure to do so.
- 3.6 For the duration of negotiations between the Parties pursuant to Clause 3.5 PETRONET shall not enter into any discussions with any Third Party for the capacity in the Pipeline which is the subject matter of the negotiations between the Parties under Clause 3.5.

4 TRANSPORTATION OF GAS

SASOL GAS shall Deliver to PETRONET Gas for transportation in and through the Pipeline and PETRONET shall transport to, and Supply at the relevant Supply Points such Gas in accordance with the terms herein contained.

5 FACILITIES OBLIGATIONS

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6 JOINT TASK FORCE

- 6.1 Should either of the Parties need to undertake any major construction activities in respect of the installation of new or changed equipment as part of their respective facilities as provided for in Clause 5 and which would affect any Delivery, Supply or off-take of Gas, either of the Parties may by way of written notice to the other Party request the establishment of a joint task force, to which each Party shall appoint two representatives, whose task it will be to:
- 6.1.1 determine a co-ordinated schedule for the construction and resulting structural changes to the Parties' respective facilities pursuant to such construction in order to comply with Clause 5.10.
 - 6.1.2 coordinate the construction and structural change activities;
 - 6.1.3 determine the exact coordinates of any new Supply Points referred to in Clause 8;
 - 6.1.4 determine a target date, and thereafter actual date upon which commissioning of such new or modified facilities will be commenced and completed;
 - 6.1.5 by no later than 90 (ninety) Days prior to the target date for commissioning submit a Commissioning Procedure to the Parties for their written approval;
 - 6.1.6 confirm the availability and quantity of Gas for commissioning;
 - 6.1.7 oversee and coordinate the commissioning of the respective facilities;
 - 6.1.8 ensure that any required new, additional or modified metering equipment to be installed pursuant to such construction, complies with the calibration procedure and specification for metering equipment as agreed upon by the Parties from time to time;
 - 6.1.9 ensure that such new or modified facilities fully complies with the standards which are applicable to the Pipeline and related equipment as agreed upon by the Parties from time to time.

7 COMMENCEMENT OF AGREEMENT

- 7.1 As provided in Clause 3.1 this Agreement shall commence on the Effective date. The Parties record that until the Effective Date PETRONET has been transporting Gas for SASOL GAS in terms of the Gas Transportation Agreement entered into by and between the Parties, dated 28 November 1994. Accordingly SASOL GAS shall with effect from the Effective Date continue to Deliver Gas to PETRONET for transportation through the Pipeline and PETRONET shall continue to receive and transport such Gas in terms of the terms and conditions of this Agreement.
- 7.2 The Gas transportation agreement previously entered into by and between the Parties, dated 28 November 1994 is herewith terminated with effect from the Effective Date. As from the Effective Date this Agreement shall apply in respect of any and all Gas transported by PETRONET for SASOL GAS through the Pipeline.

8 SUPPLY POINTS

- 8.1 The Supply Points at which PETRONET shall Supply, and at which SASOL GAS shall off-take Gas, as at the Effective Date are reflected in Annexure C hereto.
- 8.2 SASOL GAS may nominate future Supply Points at which PETRONET shall be obliged to Supply Gas by giving PETRONET not less than 3 (three) Months written notice prior to the date on which SASOL GAS wishes to off-take Gas at such Supply Points.
- 8.3 Such notice shall:
- 8.3.1 clearly identify the location of the Supply Points;
 - 8.3.2 specify the date from which SASOL GAS wishes to off-take Gas from such Supply Points;
 - 8.3.3 contain SASOL GAS's best estimate of the anticipated annual and Daily off take of Gas from such Supply Points;
 - 8.3.4 specify the Supply Pressure at which Gas is to be supplied at such Supply Point.
- 8.4 PETRONET may only refuse Supply Points proposed by SASOL GAS by reason of the maximum Capacity of the Pipeline having been reached, or if the anticipated volumes do not justify extensions to the Pipeline where such extensions are to be undertaken at the cost of PETRONET, or if the proposed

volume would cause the Maximum Capacity of the Pipeline to be exceeded or the remaining downstream portion of the Pipeline will be rendered incapable of performing at the required operating levels. Unless a nominated Supply Point is refused by PETRONET in writing within 30 (thirty) days of receipt of the notice referred to in Clause 8.2, the Parties shall fulfill their obligations in terms of Clause 5 to enable Gas to be Delivered, Supplied and off-taken at such Supply Points by the date contained in SASOL GAS's aforesaid notice.

- 8.5 If subsequent to giving notice in terms of Clause 8.2 SASOL GAS decides to no longer utilise such new Supply Point prior to such new Supply Point having been commissioned or within 3 (three) months after the commissioning of such new Supply Point, PETRONET shall be entitled to recover from SASOL GAS any and all actual cost incurred by PETRONET in respect of such new Supply Point after the date of such notice by SASOL GAS, which costs have been incurred by PETRONET pursuant to PETRONET's applicable obligations in terms of Clauses 5.2 and 5.3(b).
- 8.6 Subject to Clause 8.5, SASOL GAS may withdraw any Supply Point by giving PETRONET not less than 30 (thirty) days written notice of such withdrawal. Such notice shall identify the Supply Point withdrawn and contain the date on which such Supply Point is to be withdrawn. PETRONET shall cease to Supply Gas to such Supply Point from the date specified in the aforesaid notice.

9 LINE FILL

SASOL GAS shall at its cost provide sufficient Gas for line fill and shall in accordance with Clause 18 at all times remain the owner of line fill Gas in the Pipeline.

10 OBLIGATIONS TO DELIVER AND SUPPLY

- 10.1 SASOL GAS shall not on any Day be obliged to Deliver Gas at the Delivery Point in the same quantities as the aggregate quantities off taken on such Day at the Supply Points. Accordingly, provided SASOL GAS meets its obligations in terms of Clause 10.2, SASOL GAS may Deliver quantities of Gas which may be less than the aggregate of quantities off taken and/or SASOL GAS may, during periods of low off take, Deliver quantities in excess of the off take in order to line pack the Pipeline, subject to the procedures, specifications and tolerances agreed upon by the Parties from time to time.
- 10.2 Having regard to available line pack, SASOL GAS shall, from the Effective Date, be obliged to Deliver to PETRONET, at the Delivery Point, such

quantities of Gas as may be needed to enable PETRONET to fulfil its obligations in terms of Clause 10.6.

- 10.3 SASOL GAS shall at least ninety (90) days prior to the start of each Year inform PETRONET in writing of its good faith best estimates of the quantity of Gas which Sasol Gas plans to Deliver during each month of such Year in terms of this Agreement.
- 10.4 Sasol Gas shall at least thirty (30) days prior to the start of each calendar month inform PETRONET of (i) the quantity of Gas which SASOL GAS plans to Deliver during the month in question as well as (ii) the quantities of Gas required by SASOL GAS to be Supplied by PETRONET at the applicable Supply Points.
- 10.5 The operational personnel of both Parties shall on an ongoing basis and as required from time to time communicate with each other in order to determine and record the quantities of Gas Delivered by SASOL GAS and the volumes of Gas off-taken by SASOL GAS and Supplied by PETRONET.
- 10.6 PETRONET shall from the Effective Date, be obliged to accept Gas Delivered by SASOL GAS and to Supply, on each Day, to the relevant Supply Points the quantities of Gas as may be notified by SASOL GAS to PETRONET in writing from time to time pursuant to Clause 10.4.

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11 TRANSPORTATION TARIFF

11.1 Base Tariffs

11.1.1 The tariff for the volume of Gas up to 12MGJ/a transported through the Pipeline during any Contract Year shall be as follows:

- (a) R4.66/GJ effective as from the Effective Date;
- (b) R5.04/GJ effective as from 1 January 2007;
- (c) R5.42/GJ effective as from 1 January 2008; and
- (d) R5.80/GJ effective as from 1 January 2009.

These tariffs are base tariffs as at the date of execution of the Agreement.

11.1.2 The base tariff for any volume of Gas transported through the Pipeline in terms of the Agreement in any Contract Year in excess of 12MGJ by up to 6MGJ/a shall be R3.40/GJ.

11.1.3 The base tariff for any volume of Gas transported through the Pipeline in terms of the Agreement in any calendar year in excess of 18MGJ/a up to the maximum capacity of the Pipeline without any debottlenecking of the Pipeline shall be R3.00/GJ.

11.2 Indexation of Tariff

11.2.1 The transportation tariff shall annually on 1 January of each year ("adjustment date") be adjusted as follows:

20% of the tariff shall remain constant and the remaining 80% of the tariff will be adjusted at a rate equal to the rate of change in the South African PPI for the 12 month cycle from 1 November in the previous year to 31 October immediately prior to the adjustment date in question.

11.2.2 The indexation of the base tariffs in respect of the volumes up to 12MGJ/a shall commence on 1 January 2005 and the first adjustment of all the said base tariffs as set out in Clause 11.1.1 shall accordingly take place on 1 January 2006 in accordance with Clause 4.1.

11.2.3 The indexation of the base tariffs in respect of volumes in excess of 12 MGJ/a shall commence on 1 January 2008 and the first adjustment of these base tariffs as set out in Clauses 11.1.2 and 11.1.3 shall accordingly take place on 1 January 2009; PROVIDED THAT if volumes in excess of 12MGJ/a are

transported in terms of the Agreement during any calendar year before 1 January 2009, the first adjustment of the applicable tariff in terms of Clause 11.1.2 and/or 11.1.3 shall take place in accordance with Clause 11.2.1 on 1 January of the calendar year immediately subsequent to the year during which such volumes to which the tariffs in question apply are transported for the first time. See Annexure "D".

- 11.3 Whenever the RSA PPI is not available or no longer published, then either Party may notify the other of such circumstance and the Parties shall meet to agree on an appropriate amendment or replacement of thereof as indexation indices. Should no agreement be reached upon an amendment or replacement within 90 (ninety) Days of receipt of a notice requesting such agreement the matter shall be referred to a mutually accepted expert for final determination.
- 11.4 Should the Parties be unable to adjust the Transportation Tariff in accordance with Clause 11.2 due to non-agreement as envisaged in Clause 11.3, the applicable Transportation Tariff during the period of such non-agreement shall be the Tariff prevailing immediately prior to such non-agreement. Should the Parties thereafter reach the necessary agreement, or the matter be determined by the Expert as provided in Clause 11.3, the Transportation Tariff shall be retroactively adjusted from the 1st Day of January of the relevant Contract Year and any amount due by either Party to the other in consequence of such adjustment shall be reflected in the invoice in respect of the Month during which the necessary adjustment was effected.
- 11.5 The Transport Tariff is exclusive of any VAT, and VAT shall accordingly be added thereto and be shown as a separate item on all invoices.

12 SHIP OR PAY

- 12.1 SASOL GAS shall during each calendar year during the duration of the Agreement ship the following volumes of gas in terms of the Agreement and to the extent that SASOL GAS does not ship such volume during the calendar year in question, in any event pay for such volume at the tariff applicable to the volume in question during the period for which such payment is made:

Year	Ship or Pay volume: MGJ/a
2005	11.8
2006	11.9
2007	11.9
2008	14
2009	18
2010	18
Remainder of duration after 2010	18 (subject to Clause 12.4 below)

12.2 By 31 January each year a reconciliation will be done comparing:

- (a) the aggregate quantity of gas Supplied to SASOL GAS and in terms of which SASOL GAS paid the applicable Transportation Tariff during the preceding twelve (12) Month period ending on 31 December; with
- (b) the abovementioned Ship or Pay Volume applicable to the period in question; PROVIDED THAT such volume will be reduced by:
 - (i) the volumes of gas not transported by PETRONET for any reason (including Force Majeure); and
 - (ii) the volumes of gas which SASOL GAS could not off-take as a result of the gas not complying with the agreed specification due to an act or omission on the part of PETRONET; and
 - (iii) the volumes of gas which SASOL GAS could not off-take as a result of Force Majeure on the part of SASOL GAS.

Any excess of (b) over (a) shall be referred to as the "Annual Deficiency". SASOL GAS shall pay PETRONET for such Annual Deficiency at the Tariffs applicable during the 12 month period as set out in Clause 11.

- 12.3 For the avoidance of doubt it is recorded that the transportation tariff as well as the Ship-or-Pay payments provided for in clauses 12.1 and 12.2 payable by SASOL GAS include consideration for the operating and maintenance cost incurred by PETRONET in respect of the Pipeline.
- 12.4 Pursuant to the calculation set out in Clause 12.2 PETRONET shall issue an Annual Ship or Pay invoice to SASOL GAS (if applicable). The invoicing and

payment provisions of the Agreement shall also apply to any Annual Ship or Pay invoice issued in terms of this Clause 12.3. See Annexure "E".

12.5 Volume Negotiation

12.5.1 If the actual volume of gas shipped by SASOL GAS during any Contract Year after 2010 is less than 23 MGJ, PETRONET may request by written notice that the Parties meet to negotiate in good faith with a view to agree on appropriate measures to be taken by the Parties taking into account the Ship or Pay provisions as well as the original PETRONET revenue requirement for the Pipeline of R105 million/a (Basis year 2004).

12.5.2 The amount of R105 million/a shall be adjusted annually on 1 January at a rate equal to the rate of change in the South African PPI for All Commodities for Consumption in South Africa for the twelve (12) month cycle from 1 November in the previous year to 31 October immediately prior to the adjustment date in question. The indexation of this amount shall commence on 1 January 2005 and the first adjustment of the said amount shall accordingly take place on 1 January 2006.

12.5.3 The provisions of Clause 12.2(b) shall apply *mutatis mutandis* to the volume of 23 MGJ referred to in this Clause 12.5.

12.5.4 The Parties shall meet within thirty (30) days of a notice in terms of Clause 12.5.1. Should the Parties fail to reach agreement on appropriate measures to be taken pursuant to Clause 12.5.1 within three (3) months of their first meeting in this regard, either Party shall be entitled to refer the matter for resolution in terms of the dispute resolution provisions of the Agreement.

13 INVOICING AND PAYMENT

13.1 For the avoidance of doubt the Parties record that the consideration payable by SASOL GAS to PETRONET for the transportation of Gas in terms of this Agreement shall be determined solely on the basis of the actual energy content of the Gas off-taken by SASOL GAS at the Supply Points.

13.2 Within twelve (12) Days following the end of each Month, PETRONET shall submit to SASOL GAS an invoice showing for the preceding Month:

- (a) the quantity of Gas Supplied at each Supply Point during the Month;
- (b) the total quantity of Gas Supplied during the Month;
- (c) the applicable Transportation Tariff(s);

- (d) any amounts due by PETRONET to SASOL GAS in terms of Clause 10.7;
- (e) any and all VAT and other applicable taxes and government levies payable in respect of the Gas Supplied during the Month; and
- (e) the total amount due by/to SASOL GAS.

13.3 Determination of volumes of Gas transported

13.3.1 All quantities of Gas on invoices issued in terms of this Clause 13 shall be expressed in Cubic Metres and in Gigajoules.

13.3.2 The number of Gigajoules of Gas supplied during a Month shall be calculated as follows:

$$\text{GJ} = \frac{\text{volume of Gas in Cubic Metres} \times \text{Weighted Average Monthly Actual Energy Content}}{1000}$$

Where:

Volume of Gas = is the volume of gas in Cubic Metres measured at the Supply Point in question during the Month in question

Weighted Average Monthly Actual Energy Content

= the gross Energy Content of Gas in megajoules per Cubic Metre as determined in accordance with Clause 13.3.3.

13.3.3 For purposes of the determination of the Actual Energy Content of Gas the Parties agree that as long as no other party than the Supplier introduces anything into the Pipeline and the Supplier introduces nothing other than Gas into the Pipeline, the Actual Energy Content of the Gas as measured at the Delivery Facilities in Secunda shall be the same as the Actual Energy Content of the Gas at the Supply Points. SASOL GAS shall procure that the Actual Energy Content of the Gas shall be determined on a continuous basis at the Delivery Facilities in Secunda in accordance with the provisions of Clause 15. The average Actual Energy Content of the Gas so determined shall be calculated for each day. Based on the aforesaid daily average Actual Energy Content of the Gas the weighted average Actual Energy Content for the Month in question shall be calculated with reference to the aggregate volume of Gas supplied at the applicable Supply Points on each day during the Month. This Weighted Average Monthly Actual Energy Content shall be used

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in the calculation of the quantity of Gas in Gigajoules supplied during the Month in question as set out in Clause 13.3.2.

13.3.4 PETRONET shall be entitled, but not obliged to, at any time measure the Actual Energy Content of Gas transported in terms of this Agreement on the basis of taking at least two samples of Gas during a period of twenty four (24) consecutive hours. In the event that the determination of the Actual Energy Content of the Gas by PETRONET differ by more than 5% (five percent) from the determination thereof by SASOL GAS as provided for in this Clause 13.3:

- (a) The Parties shall jointly endeavour to verify the accuracy of the methodology used by each Party in determining the Actual Energy Content of the Gas;
- (b) Should such verification establish that the methodology used by one of the Parties was inaccurate, such methodology shall be rectified and if it was the methodology used by SASOL GAS for purposes of this Clause 13.3 which is inaccurate, the consideration payable for the transportation of Gas in terms of this Agreement as from the date that the discrepancy was ascertained will be adjusted on the basis of the determination by PETRONET;
- (c) Should such verification establish that the methodology used by both Parties was accurate, then the Parties shall jointly determine a basis upon which the Actual Energy Content of Gas transported in terms of this Agreement can be determined more accurately in future;
- (d) Any dispute between the Parties regarding any aspect of this Clause 13.3 shall be resolved in accordance with the dispute resolution provisions set out in Clause 28.

13.3.5 In the event that PETRONET enters into an agreement in terms of which a third party may also introduce gas into the Pipeline, PETRONET shall give SASOL GAS at least twelve (12) months notice prior to the date upon which such third party will commence with the introduction of gas into the Pipeline. In such circumstances the Parties shall in good faith endeavour to agree on an alternative basis for the determining of the Actual Energy Content of Gas transported in terms of this Agreement. Should the Parties fail to reach agreement on such a basis for the determining of the Actual Energy Content of Gas transported in terms of this Agreement within three (3) months of the date of a notice by PETRONET in terms of this Clause 13.3.5 either Party may refer the matter for determination in terms of the dispute resolution provisions contained in Clause 28.

13.4 Should at the end of any Contract Year any amount be due in terms of Clause 12, PETRONET shall within twelve (12) Days following the end of such

Contract Year submit to SASOL GAS an Annual Ship or Pay invoice as contemplated in Clause 12.3, which invoice shall set out:

- (a) complete details of the calculation of the Annual Deficiency in accordance with Clause 12.2;
- (b) the applicable Transportation Tariff(s) at which the Ship or Pay Payment is calculated in terms of Clause 12.2;
- (d) any and all VAT and other applicable taxes and government levies payable in respect of the Ship or Pay Payment; and
- (e) the total amount of the Ship or Pay Payment due by SASOL GAS.

13.5 SASOL GAS shall effect payment of any invoice issued in terms of this Clause 13 within 30 (thirty) Days of receipt thereof.

13.6 PETRONET shall annually before 30 June submit to SASOL GAS a certificate from the external auditors of PETRONET confirming the accounting treatment by PETRONET of this agreement in the financial statements of PETRONET in the context of the International Financial Reporting Standards (IFRS) provisions applicable to this agreement for the reporting period in question.

14 QUALITY

14.1 The Gas Delivered by SASOL GAS at the Delivery Point shall conform to the Specification or such other agreed specification determined in accordance with Clause 22.2.

14.2 SASOL GAS shall at its cost install and maintain at or prior to the Delivery Point the necessary measuring equipment to determine the quality of Gas Delivered and shall, on request by PETRONET, supply PETRONET with copies of all results of such measurements. Should PETRONET at any stage require real time information with regard to such readings, PETRONET may at its cost install the necessary equipment to provide such real time information.

14.3 Subject to SASOL GAS complying with its obligation in terms of Clause 14.1, PETRONET shall ensure that Gas Supplied at the Supply Points conforms to the Specification. PETRONET shall not do anything, nor, subject to Clause 22.2, transport any other Gas or product through the Pipeline, if it could result in the Gas Supplied at the Supply Points failing to conform to the Specifications.

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15 MEASUREMENT

- 15.1 SASOL GAS shall, at the Delivery Point, install metering equipment which shall be capable of continuously measuring quantities of Gas Delivered at the Delivery Point and ensure that quantities of Gas Delivered are continuously measured. SASOL GAS shall also, at the Delivery Facilities install



measuring equipment which shall be capable of continuously measuring the Energy Content of Gas Delivered at the Delivery Point and ensure that the Energy Content of Gas Delivered is continuously measured.

- 15.2 The volumes of Gas Supplied shall be the aggregate volumes of Gas delivered by SASOL GAS to its customers as determined by the metering equipment installed at each customer's premises, or as may be determined by mutual agreement between the Parties from time to time. The quantity of Gas in Gigajoules Supplied will be determined as set out in Clause 13.3 above.
- 15.3 SASOL GAS shall within 5 (five) Days of the end of each Month provide PETRONET in writing with proof of the volumes of Gas Delivered and off-taken during such Month.
- 15.4 The registers of the metering equipment referred to in Clauses 15.1 and 15.2 shall be prima facie evidence of the volumes of Gas having passed through such metering equipment.
- 15.5 SASOL GAS shall, prior to the Effective Date, have the metering equipment referred to in Clauses 15.1 and 15.2 calibrated in accordance with the procedure and specification determined by agreement between the Parties from time to time and thereafter sealed in such a manner so as to prevent any tampering therewith. Thereafter SASOL GAS shall have such metering equipment recalibrated in accordance with the aforesaid procedure and specification and sealed as aforesaid once every 3 (three) years in the case of turbine meters and once every 5 (five) years in the case of rotary meters. PETRONET shall, on request by PETRONET and at its own cost, be entitled to be present to witness any of the calibrations carried out in terms of this Clause 15.5 or such other frequency as the Parties may agree from time to time.
- 15.6 PETRONET shall have access at reasonable times to the metering equipment referred to in Clauses 15.1 and 15.2.
- 15.7 Should PETRONET at any time believe that any of the metering equipment referred to in Clauses 15.1 and 15.2 is registering inaccurately, PETRONET may request that the metering equipment be calibrated as provided in Clause 15.5. Should such calibration prove that the metering equipment was in fact registering accurately, the cost of such calibration shall be paid by PETRONET. Should the calibration prove that the metering equipment was in fact registering in-accurately, the cost of calibration shall be paid by SASOL GAS.
- 15.8 Should it at any time be ascertained that any metering equipment referred to in Clauses 15.1 and 15.2 is registering inaccurately, then:

15.8.1 the metering equipment shall be assumed to have registered inaccurately to the degree so found since the penultimate date on which the metering equipment was read except in a case where it is proved to have begun to register inaccurately as described on some later date; and

15.8.2 the amount of allowance to be made to or on SASOL GAS in consequence thereof shall be paid to or by SASOL GAS as the case may be.

16 LEAKAGES

PETRONET shall:

- (a) to the standard of a Reasonable and Prudent Operator and in accordance with the operating procedures agreed upon by the Parties from time to time, install, operate and maintain pressure monitoring equipment and during physical route patrols along the Pipeline route utilise leakage detection equipment;
- (b) upon detection of any leakage take immediate action to correct or eliminate the cause of such leakage;
- (c) at all times operate the Pipeline in such a manner as to prevent and/or limit the amount of Gas leakage.

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17 EMERGENCY COVER

- 17.1 PETRONET shall provide a continuously attended telephone service at which SASOL GAS and SASOL GAS's customers may report any escapes of Gas, and on receipt of such a report, PETRONET shall as soon as is reasonably practicable in consultation with SASOL GAS make safe SASOL GAS's facilities or SASOL GAS's customers facilities by such measures as may be appropriate.

- 17.2 PETRONET shall at all times during the duration of this Agreement ensure that an appropriate emergency plan in respect of the Pipeline is in place and communicated to all relevant authorities along the Pipeline route. PETRONET shall consult SASOL GAS in the preparation and periodic review of such emergency plan and shall provide SASOL GAS with a copy of the emergency plan as well as any amendments thereto.

18 PROPERTY AND RISK

- 18.1 Gas Delivered by SASOL GAS to PETRONET in terms of this Agreement shall at all times remain the property of SASOL GAS.
- 18.2 The risk of loss of, or damage to, Gas Delivered to PETRONET in terms of this Agreement shall pass to PETRONET at the time such Gas is Delivered, and remain with PETRONET until such time as the Gas is off taken by SASOL GAS at the Supply Points.

19 ODORISING

SASOL GAS shall at its sole expense odourise the Gas Delivered to PETRONET in terms of this Agreement prior to the Delivery thereof to PETRONET.

20 RESTRAINT

PETRONET shall not during the currency of this Agreement be interested or engaged, directly or indirectly, in any capacity in the trading of gas as defined in the Gas Act. Nothing contained in this clause shall be construed as preventing PETRONET from acting as operator of any Distribution System for any Distributor and/or Trader of gas as defined in the Gas Act.

21 GAS REGULATION AND THIRD PARTY ACCESS

The Parties acknowledge that this Agreement is subject to the Gas Act, 2001 (Act Number 48 of 2001) and both Parties shall with respect to this Agreement comply fully with the applicable provisions of the Act and the Regulations promulgated there under.

22 OTHER SOURCES OF GAS

- 22.1 The Parties confirm that Sasol Gas has access to natural gas from Mozambique and gas from other sources may in future also become available for transportation through the Pipeline
- 22.2 Should Sasol Gas at any time during the duration of this Agreement wish to also transport such natural gas and/or gas from other sources through the Pipeline, the Parties shall negotiate in good faith in respect of any of the terms of this Agreement necessitating amendment in consequence thereof, and any additional terms that may be required. It is hereby recorded that the cost of any equipment necessary for the treatment of gas to conform to the specification so determined shall be for the account of the Party wishing to have its gas transported.
- 22.3 Should the Parties fail to reach agreement on any terms to be negotiated in terms of Article 22.2, the provisions thereof shall be similar to the most favourable terms granted by Petronet to other user(s) of the Pipeline or as may be permitted by the Gas Regulator.

23 RESERVATION OF CAPACITY

For the duration of this Agreement PETRONET shall, subject to Clauses 12 and 21, reserve such capacity in the Pipeline for SASOL GAS as is required to enable SASOL GAS to transport Gas through the Pipeline up to the current Maximum Capacity of the Pipeline.

24 FORCE MAJEURE

- 24.1 Should either Party be prevented from complying with its obligations in terms of this Agreement by reason of Force Majeure, being any unforeseen event reasonably beyond the control of such Party, such Party shall be relieved of such obligations to the extent and for the duration as may be caused by such Force Majeure without any liability to the other Party.
- 24.2 The Parties shall not be relieved by reason of Force Majeure from any obligation to indemnify or to make payment.
- 24.3 A Party claiming Force Majeure shall, immediately upon the occurrence of such event, notify the other Party in writing of the existence, nature and anticipated duration thereof.

24.4 If requested by the other Party, the Party claiming Force Majeure shall within 21 (twenty-one) Days supply the other Party with a report containing all relevant available information relating to the Force Majeure.

24.5 The Party claiming Force Majeure shall take all reasonable steps to overcome or circumvent the occurrence causing Force Majeure and to limit its duration.

25 WHOLE AGREEMENT

This Agreement constitutes the whole agreement between the Parties as to the subject matter hereof. This Agreement supersedes all inquiries, proposals, agreements, heads of agreement, negotiations, undertakings and commitments, whether written or oral, prior to the execution of the Agreement by the Parties and no agreement, representation or warranties between the Parties other than those set out herein are binding on the Parties.

26 VARIATION

No addition to, variation, consensual cancellation or novation of this Agreement and no waiver of any right arising from this Agreement or its breach or termination shall be of any force or effect unless reduced to writing and signed by both Parties.

27 WAIVER

No latitude, extension of time or other indulgence which may be given or allowed by any Party to the other in respect of the performance of any obligation hereunder or enforcement of any rights arising from this Agreement and no single or partial exercise of any right by any Party shall under any circumstances be constructed to be an implied consent by such Party or operate as a waiver or a novation of, or otherwise affect any of that party's rights in terms of or arising from this Agreement or estop such party from enforcing, at any time and without notice, strict and punctual compliance with each and every provision hereof.

28 DISPUTE SETTLEMENT

28.1 If any dispute or difference shall arise between the Parties out of or in relation to or in connection with this Agreement, or the interpretation thereof, or any breach thereof, or its termination, both while in force and after its termination, the Party claiming such dispute or difference, shall forthwith advise the other in writing thereof. Within fourteen (14) Days of receipt of such notice, the

Parties shall meet and negotiate in good faith in order to resolve such dispute or difference.

- 28.2 Should the parties fail to resolve such dispute or difference within the aforesaid period or such longer period as the Parties may agree such dispute or difference shall firstly be referred to mediation.
- 28.3 The mediation shall be conducted by a sole mediator selected by the Parties or, in the event the Parties can not agree on a mediator, or if the selected mediator cannot perform his function, a mediator or replacement mediator appointed by the Arbitration Foundation of Southern Africa ("AFSA").
- 28.4 The mediation must be conducted in private. The mediator must maintain the strictest confidentiality in respect of information of whatever nature that may be communicated by any Party to the mediator, and no such information furnished in confidence may be disclosed to any other party without the permission of the Party who furnished it.
- 28.5 The mediator must act impartially and shall disclose fully to the Parties any previous relationship which the mediator may have had with any one of the Parties.
- 28.6 The mediator may not make any decision which is binding upon the Parties concerning the resolution of the dispute. The resolution of the dispute depends solely upon the Parties achieving agreement.
- 28.7 All communication made by the Parties to the mediator during or in connection with the mediator or each other are made without prejudice to any rights which they have and form party of the bona fide settlement negotiations. Each Party shall maintain the strictest confidentiality in respect of information of whatever nature that may be communicated to a Party during mediation. The mediator shall not be compelled by any Party to disclose any fact learnt by the mediator in the course of the mediation and/or in any subsequent legal proceedings which may take place. In this regard, all Parties shall by their signatures to this Agreement, waive any rights which they may have to require a mediator to testify regarding what transpired in the mediation or to produce any information or documents used in the mediation before any authority, including a court of law.
- 28.8 The mediator is entitled to communicate and meet with any Party or third party either in the presence of the Parties or in private.
- 28.9 The Parties shall ensure that their respective representatives attending the mediation will be vested with authority to conclude an agreement to resolve the dispute, or will be able to readily obtain such authority during the course of the mediation.

- 28.10 Should any expert assistance appear to the mediation to be necessary or useful to promote the resolution of the dispute, such expertise may be obtained if all the Parties so agree.
- 28.11 The mediation will be terminated upon agreement in writing between the Parties, or upon one or more Parties withdrawing, or the mediator informing the Parties that, in the mediator's opinion, no useful purpose will be achieved by continuing the mediation, or in the event of an agreement to resolve the dispute not being reached within thirty (30) Days of the first meeting with the mediator.
- 28.12 The Parties shall bear the fees and costs of the mediator and the costs of the venue in equal shares
- 28.13 Should the mediation not have induced a settlement, either party may, within fourteen (14) Days after receipt of the mediator's opinion, refer the dispute or difference to arbitration.
- 28.14 The arbitration shall be undertaken by a single arbitrator to be agreed upon between the Parties or, failing such agreement, within seven (7) Days of the dispute being referred to arbitration, be appointed by AFSA upon the written request of either Party to be made within seven (7) Days of their failure to so agree.
- 28.15 The arbitration shall take place in Johannesburg.
- 28.16 The Party having referred the dispute or difference to arbitration shall, within fourteen (14) Days of the appointment of the arbitrator, file its claim, setting out the nature of the claim and the detailed facts and documents in support thereof, by serving a copy thereof on the arbitrator and the other Party. Within fourteen (14) Days of receipt of the claim, the other Party shall file its answer thereto, setting out in detail the grounds and facts upon which the claim is resisted and any document in support thereof, by serving a copy thereof on the arbitrator and the claiming Party.
- 28.17 The arbitration shall be subject to the AFSA rules of arbitration and the arbitrator shall have the powers conferred upon an arbitrator under the AFSA rules of arbitration.
- 28.18 The decision of the arbitrator shall be final and binding on the Parties, and may be made an order of any court of competent jurisdiction.
- 28.19 The arbitrator shall make an award in respect of the costs of the arbitration having regard to the substantial success of each Party in the outcome of the proceedings.

28.20 Nothing herein contained shall prevent either Party from approaching a court of competent jurisdiction for appropriate interim relief in matters of urgency.

29 CONFIDENTIALITY

29.1 All information, technical, financial, commercial or otherwise disclosed to, or obtained by one Party (the Receiving Party) by or from the other Party (the Disclosing Party) shall be treated as confidential and remain confidential during the currency of this Agreement and for 3 (three) years thereafter, and shall not be used by the Receiving Party for any purpose other than the purposes of this Agreement. In particular PETRONET shall not disclose any information regarding the identity of, quantities of Gas purchased by, or any other information concerning customers of SASOL GAS.

29.2 Nothing herein contained shall prohibit PETRONET from disclosing the existence of this Agreement to any other person, provided that PETRONET shall not disclose without the prior written consent of SASOL GAS information supplied by SASOL GAS to PETRONET in terms of Clauses 8 and 23, the amount of PETRONET's liability in terms of Clauses 10.7, 14.5 and 16(d) and SASOL GAS's liability in terms of Clause 12.

29.3 Nothing herein contained shall prohibit either Party from disclosing any information:

29.3.1 to any government department, local authority or any governmental or regulatory agency having jurisdiction over such Party but only to the extent that such Party is required by law or competent court order to make such disclosure; and

29.3.2 to the extent required pursuant to applicable companies or securities legislation or to the rules or requirements or any bona fide stock exchange on which shares of the disclosing party or any of its Affiliates are listed.

29.3.3 to any of its employees to the extent reasonably necessary for the performance in terms of this Agreement;

29.3.4 any independent consultant of such Party, provided that such consultant shall provide a similar written undertaking of confidentiality;

29.3.5 which is or comes part of the public domain or which such Party can prove was already in its possession prior to disclosure by the other Party.

30 **BREACH**

Neither Party shall be entitled to terminate this Agreement by reason of the other Party having breached any of the terms hereof, unless such breach cannot be remedied by an order for specific performance and/or an appropriate award as to damages by reason of such breach.

31 **TERMINATION**

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32 LIMITATION OF LIABILITY

Unless specifically provided to the contrary elsewhere in this Agreement, neither Party shall be liable to the other for any consequential loss.

33 MATCHING TERMS

Should access to the Pipeline be granted to any other person for the transportation of gas at tariffs and/or terms more favourable than those contained herein, the tariffs and terms contained herein shall be amended to match such other favourable tariffs and/or terms.

34 ASSIGNMENT

- 34.1 Neither Party shall be entitled to cede or assign any of its rights, privileges, duties or obligations in terms of this Agreement to any third party without the prior written consent of the other Party.
- 34.2 Either Party may assign in whole its rights, privileges, duties and obligations to any of its subsidiary companies or holding company as defined in the Companies Act, 1973 (as amended), provided that no partial assignment shall be permitted.

SIGNED AT Randburg ON THIS THE 22
DAY OF June 2005

G. A. J.
SASOL GAS LIMITED

Pieter de V. Greeff
NAME

Manager Gas Supply, Regulation & Pipelines
DESIGNATION

SIGNED AT RANDBURG ON THIS THE 22nd DAY OF
JUNE 2005 19/01

C. A. Möller
PETRONET

C. A. Möller
NAME

Chief Executive Officer.
DESIGNATION

ANNEXURE A

Confidential Information

Q1/2

ANNEXURE B

Confidential Information

CP/12

Confidential Information

ANNEXURE D

Confidential Information

C/O

Confidential Information

Q10

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Q1/2

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