

COAL SUPPLY AGREEMENT

in respect of coal from

[Insert Name of Coal Resource / Mine]

entered into by and between

ESKOM HOLDINGS SOC LTD

registration number 2002/015527/30, a company incorporated in terms of the laws of the Republic of South Africa with its registered office at Megawatt Park, Maxwell Drive, Sunninghill

("Eskom")

and

[INSERT NAME OF THE SUPPLIER]

registration number [●]/[●]/[●] a company incorporated in terms of the laws of the Republic of South Africa with its registered office at [●]

("the Supplier")

Eskom Vendor Number: [●]

TABLE OF CONTENTS

	Page
1. Preamble	3
2. Definitions and Interpretation	3
3. Contract Documents	7
4. Warranties by the Supplier <i>[Drafting note: These provisions may be altered to cater for value-adding/beneficiation]</i>	8
5. Commencement of Deliveries	8
6. Duration <i>[Drafting note: please add 1 month at the end to enable last payment]</i>	8
7. Coal Quantities	8
8. Base Price	9
9. Price Adjustments	10
10. Contract Coal Quality	12
11. Rail Transportation of Contract Coal	12
12. Road Transportation of Contract Coal <i>[Drafting note: Please do not delete, provisions for both DPU and FCA must be retained]</i>	13
13. Service of Documents	13

1. Preamble

- 1.1 Eskom requires Contract Coal in the quantities, for the duration and for the purposes mentioned in this Agreement.
- 1.2 The Supplier is the Holder of the Contractual Mining Right in respect of the Coal Resource.
- 1.3 The Supplier wishes to sell, to Eskom, Contract Coal produced from coal mined pursuant to the Contractual Mining Right, for the duration and for the purposes mentioned in this Agreement.
- 1.4 The Parties wish to enter into a coal supply agreement on the terms and conditions recorded below.

It is hereby agreed as follows:

2. Definitions and Interpretation

In this Agreement, the following words and expressions shall, unless otherwise stated or inconsistent with the context in which they appear, bear the following meanings and other words derived from the same origins as such words (that is, cognate words and expressions) shall bear corresponding meanings:

- 2.1 **"Agreement"** means this coal supply agreement ("the **Coal Supply Agreement**") and shall include the Standard Terms and Conditions of Coal Supply and all Annexes hereto, as amended from time to time;
- 2.2 **"Annexe"** means an annexe attached to the Agreement, as amended or replaced from time to time;
- 2.3 **"Annual Quantity"** means the quantity of Contract Coal, measured in GigaJoules, which Parties target Supplying during each Year, as set out in the second column of Table 1;
- 2.4 **"Base Date"** means in respect of each cost component set out in Table 2, the date set out in the fifth column of Table 2;
- 2.5 **"Base Date Index Value (B)"** means in respect of each cost component set out in the first column of Table 2, the value of the relevant index on the Base Date of such cost component set out in the fourth column of Table 2;

- 2.6 **"Base Price"** shall have the meaning ascribed to it in clause 8;
- 2.7 **"Coal Reserve"** means, at any time during the term of this Agreement, so much of the Coal Resource from which a quantity of Contract Coal can be produced for Supply to Eskom in terms of this Agreement equal to at least the difference between the Total Energy Quantity and the quantity (expressed as an energy quantity) of Contract Coal in the Coal Resource then actually Supplied to Eskom in terms of this Agreement;
- 2.8 **"Coal Resource"** means all in-situ coal occurring naturally in, on and under the land to which the Contractual Mining Right relates;
- 2.9 **"Commencement Date"** shall have the meaning ascribed to it in clause 5;
- 2.10 **"Contract Coal"** means the **[crushed and screened] / [partially washed] / [mixed/blended] / [washed], [number # seam]** coal certified at the Power Station or Eskom nominated site or originating from Pre-Certified Stockpiles and/or Verified coal samples, whichever is applicable, in respect of which the measurements of all coal quality parameters comply with the Quality Specifications and none of which is Reject Coal;
- 2.11 **"Contract Period"** means the period described in clause 6;
- 2.12 **"Contractual Mining Right"** means the Mining Right **[DMR reference]** granted to **[●]** relating to coal in respect of various portions of the farm **[●]** no. **[●]** (as more fully indicated on the sketch plan attached thereto), Registration Division IS, in the Magisterial District of **[●]**, in the province of **[●]**, measuring **[●]** hectares and registered in the Titles Office on **[●]** under registration number **[●]**;
- 2.13 **"Expected Quality"** means the quality of Contract Coal that the Supplier expects to Deliver as modelled and presented according to the SAMREC Code and as set out in the third column of Table 3;

- 2.14 **"Latest Index Value (L)"** means, in relation to each cost component in Table 2, the latest available value for the relevant index for such cost component, as set out in the third column of Table 2 and at the time of calculating any price adjustment, which shall be the value of the relevant index for each cost component published for the Month prior to the most recent annual Price Adjustment Date except for diesel, which shall be the value of the diesel index published for the current Month;
- 2.15 **"Maximum Annual Quantity"** means the maximum quantity of Contract Coal, in GJ, which Eskom is entitled to Take Off and which the Supplier required to Deliver during each Year, being 105% (one hundred and five percent) of the Annual Quantity;
- 2.16 **"Maximum Monthly Quantity"** means the maximum quantity of Contract Coal, in GJ, which Eskom is entitled to Take Off and which the Supplier is required to Deliver during each Month, being 120% (one hundred and twenty percent) of the Monthly Quantity;
- 2.17 **"Maximum Quarterly Quantity"** means the maximum quantity of Contract Coal, in GJ, which the Supplier is required to Deliver and which Eskom is required to Take Off during each Quarter, being 110% (one hundred and ten percent) of the Quarterly Quantity;
- 2.18 **"Mine"** means the [name of the mine] coal mine/colliery established to exploit the Coal Resource;
- 2.19 **"Minimum Annual Quantity"** means the minimum quantity of Contract Coal, in GJ, which Eskom is entitled to Take Off and which the Supplier is required to Deliver during each Year, being 95% (ninety five percent) of the Annual Quantity;
- 2.20 **"Minimum Monthly Quantity"** means the minimum quantity of Contract Coal, in GJ, which Eskom is entitled to Take Off and which the Supplier is required to Deliver during each Month, being 80% (eighty percent) of the Monthly Quantity;

- 2.21 **"Minimum Quarterly Quantity"** means the minimum quantity of Contract Coal, in GJ, which the Supplier is required to Deliver and which Eskom is required to Take Off during each Quarter, being 90% (ninety percent) of the Quarterly Quantity;
- 2.22 **"Monthly Quantity"** means the quantity, in GJ, of Contract Coal which Parties target Supplying during each Month, as set out in the fifth column of Table 1;
- 2.23 **"Power Station"** means [●] Power Station or any other Eskom owned or operated power station within the Republic of South Africa and which has been designated by Eskom as the destination of Contract Coal;
- 2.24 **"Price"** shall have the meaning ascribed to it in clause 9.1.3;
- 2.25 **"Price Adjustment Date"** shall have the meaning ascribed to it in clause 9.1.1;
- 2.26 **"Price Adjustment Factor (PAF)"** means $1 \text{ (one) plus } \left[\frac{\text{sum of (L-B)}}{\text{B}} \text{ for each applicable index in Table 2 multiplied by the corresponding proportion for that index as set out in the second column of Table 2} \right]$, where 'L' is the Latest Index Value and 'B' is the Base Date Index Value;
- 2.27 **"Quality Specification"** means in respect of each coal quality parameter set out in the first column of Table 3, the specification stipulated in the fourth column of Table 3, with which Contract Coal and/or Qualifying Alternative Coal Delivered by the Supplier to Eskom in terms of this Agreement must comply;
- 2.28 **"Road Coal Transport Rate"** means the rate in Rand per ton per kilometre determined by Eskom, applicable to the road transportation of coal, as amended from time to time;
- 2.29 **"Standard Terms and Conditions of Coal Supply"** means the document containing terms and conditions of coal supply which shall form, and be read and construed as, part of this Agreement;
- 2.30 **"Supplier"** means [●] (Proprietary) Limited registered under the laws of South Africa registration number [●]/[●]/[●]; and

2.31 **"Total Energy Quantity"** shall have the meaning ascribed to it in clause 7.2.

3. Contract Documents

3.1 The following documents shall form, and be read and construed as, part of this Agreement:

3.1.1 This Coal Supply Agreement;

3.1.2 The **Standard Terms and Conditions of Coal Supply (Rev 1.0)**; and

3.1.3 The following annexes to the Agreement:

3.1.3.1 **Annexe A:** The Coal Quality Certification Procedure (to be developed)

3.1.3.2 **Annexe B:** The Coal Quality Management Procedure

3.1.3.3 **Annexe C:** Supplier Development, Localisation and Industrialisation Targets

3.1.3.4 **Annexe D:** The Safety and Health Requirements

3.1.3.5 **Annexe E:** The Environmental Legal Requirements

3.1.3.6 **Annexe F:** The Rules of Rail Transportation

3.1.3.7 **Annexe G:** The Rules of Road Transportation

3.1.3.8 **Annexe H:** Example Calculations of Price Adjustment Factor

3.1.3.9 **Annexe I:** Adjustments for Moisture Content

3.1.3.10 **Annexe J:** Technical Liaison Meeting Agenda

3.2 The contract documents are to be taken as mutually explanatory of one another.

3.3 This Agreement contains all the express provisions agreed on by the Parties with regard to the subject matter of the Agreement and supersedes and novates in its entirety any previous understandings or agreements between the Parties in respect thereof, and the Parties waive the right to rely on any alleged provision not expressly contained in this Agreement.

4. **Warranties by the Supplier** *[Drafting note: These provisions may be altered to cater for value-adding/beneficiation]*

The Supplier hereby warrants unto and in favour of Eskom that:

- 4.1 the Supplier is the Holder of the Contractual Mining Right, has and shall retain the unencumbered right to dispose of the Contract Coal so produced to Eskom in accordance with the provisions of this Agreement;
- 4.2 the Supplier has not and shall not pledge, mortgage, cede or grant any other security rights over the Contractual Mining Right, any coal produced pursuant thereto and/or this Agreement except for the purposes of raising finance required in order for the Supplier to comply with its obligations in terms of this Agreement and the Mine, in which event the Supplier shall request Eskom's consent in accordance with **clause 34.2** of the Standard Terms and Conditions of Coal Supply;
- 4.3 the Supplier is able to prove title to all rights held by it, including the Contractual Mining Right; and
- 4.4 to the best of its knowledge and belief, the Supplier has disclosed to Eskom all legal, environmental matters and rehabilitation obligations relating to the Coal Resource, life of mine plan, and the Contractual Mining Right.

5. **Commencement of Deliveries**

The Supply of Contract Coal shall commence on **[date]** or such date that the Parties may agree to in writing ("**the Commencement Date**") in accordance with **clause 9** of the Standard Terms and Conditions of Coal Supply.

6. **Duration** *[Drafting note: please add 1 month at the end to enable last payment]*

The term of this Agreement shall be for a period commencing on the Commencement Date and expiring when the Total Energy Quantity has been Delivered, which period ("**the Contract Period**") is estimated to be **[number of years] ([number of years in words])** years **[number of months] ([number of months in words])** months, unless extended or earlier terminated in accordance with the terms of this Agreement.

7. **Coal Quantities**

- 7.1 The Supplier shall Deliver and Eskom will Take Off in each Month, a quantity of Contract Coal between the Minimum Monthly Quantity and the Maximum Monthly Quantity, in

accordance with **clause 9** of the Standard Terms and Conditions of Coal Supply, at an expected CV of [●] ([●]) MJ/kg on an As Received basis.

7.2 The total quantity of Contract Coal to be Supplied under this Agreement shall be the **Total Energy Quantity** stipulated in Table 1 below.

7.3 The Supplier shall Deliver Contract Coal as set out in Table 1 hereunder.

Table 1: Contract Coal Supply Schedule *[Drafting note: Please include the ramp-up profile]*

Period		Annual Quantity	Minimum Annual Quantity	Maximum Annual Quantity	Monthly Quantity	Minimum Monthly Quantity	Maximum Monthly Quantity
Year 1	Month 1 – Month 12 (million GJ)						
	(Tons)						
Year 2	Month 1 – Month 12 (million GJ)						
	(Tons)						
Year 3	Month 1 – Month 12 (million GJ)						
	(Tons)						
Year 4	Month 1 – Month 12 (million GJ)						
	(Tons)						
Total Energy Quantity (million GJ)							
Estimated Total Tonnage (Tons)							

The tonnage quantities indicated are on an As Received basis assuming an expected CV of [●]MJ/kg (Air Dried), [●]MJ/kg (As Received), a Total Moisture content of [●]% (As Received) and Inherent Moisture of [●]%

8. Base Price

8.1 The price for Contract Coal on the Base Date ("**the Base Price**") shall be R[●] ([●]) per GJ excluding VAT, Free Carrier (FCA) at the Delivery Point for Contract Coal Supplied.

8.2 For the avoidance of doubt, the Base Price excludes any consideration due to the Supplier by Eskom for road transportation. Such consideration shall be determined in accordance with clause 12.

8.3 The Base Price and Price adjustments have been negotiated on an arm's length basis and the Supplier accepts all risks of cost elements, cost increases other than provided for in clause 9.

9. Price Adjustments

9.1 Annual Adjustments

9.1.1 The Base Price stipulated in clause 8.1, shall be adjusted upwards or downwards as the case may be on **[the first anniversary of the Base Date]** and annually thereafter on **[the anniversary of the Base Date]** of each subsequent Year ("**the Price Adjustment Date**"), by the Price Adjustment Factor, subject to clause 9.1.2.

9.1.2 If in respect of any Year, the increase in the Base Price as a result of applying the Price Adjustment Factor in accordance with clause 9.1.1 exceeds the price increase for Eskom coal as determined by the National Energy Regulator of South Africa ("NERSA"), the increase as determined by NERSA shall apply.

9.1.3 The Base Price as adjusted in terms of clause 9.1.1 on **[the anniversary of the Base Date]** of each Year shall be the price ("**the Price**") of Contract Coal applicable until **[the last Month]** of that Year, subject to any Monthly price adjustments determined in accordance with clause 9.2.

9.1.4 For the avoidance of doubt, the Parties note that the calculation of the Price Adjustment Factor each Year automatically adjusts the proportions set out in the second column of Table 2 in line with the changes in the values of the indices. **Annexe H shows Example Calculations of the Price Adjustment Factor.**

9.2 Monthly Adjustment for Diesel Price Changes

The Price determined in accordance with clause 9.1.3 shall be adjusted upwards or downwards on the first Business Day of each Month to reflect the change in the price of diesel only, during the previous Month, by multiplying the Base Price by the Price Adjustment Factor.

Table 2: Base Price Adjustment Indices

Cost Component	Proportion	Index and Source Table	Base Date Index Value (B)	Base Date	Frequency of Adjustments
Labour	26%	SEIFSA labour index (Table C4)			Annually
Diesel	8%	DME 0.05% Sulphur Reef			Monthly
Electricity	4%	Stats SA Electricity PPI (P0142.1, Table 3)			Annually

Cost Component	Proportion	Index and Source Table	Base Date Index Value (B)	Base Date	Frequency of Adjustments
Mining Supplies	6%	Stats SA General and special purpose machinery (P0142.1, Table 1)			Annually
	4.5%	Stats SA Rubber and plastic products (P0142.1, Table 1)			Annually
	4.5%	Stats SA Structural and fabricated metal products (P0142.1 Table 1)			Annually
Overheads	7.5%	Stats SA CPI headline items (P0141 Table A all items)			Annually
	7.5%	Stats SA PPI final manufactured goods (P0142.1, Table 1)			Annually
Profit & Capital	11%	Stats SA CPI headline items (P0141 Table A all items)			Annually
	11%	Stats SA PPI Coal and Gas (P0142.1, Table 4)			Annually
Fixed	10%	Fixed			Not applicable
Total	100%				

9.3 Review of Table 2: Base Price Adjustment Indices *[Drafting note: This clause 9.3 is only applicable to Agreements with Contract Periods of 5 (five) years or more.]*

9.3.1 On a date not earlier than 2 (two) Years from the Commencement Date, and annually thereafter, the Parties shall consult with each other in good faith with the objective of reaching agreement on the following:

9.3.1.1 whether or not any of the indices and source tables (as set out in the third column of Table 2) measuring changes in the cost elements as set out in the first column of Table 2 are still applicable as an accurate measurement of actual cost movement in respect of that cost element in the South African coal mining industry; and

9.3.1.2 appropriate replacement indices and sources tables to be utilised, if necessary.

9.3.2 Should the Parties be unable to reach agreement in respect of any of the aforesaid matters, at least 6 (six) Months before the commencement of the next Year, such matters shall be resolved in terms of the provisions of **clause 28** of the Standard Terms and Conditions of Coal Supply.

9.3.3 Should the Parties not have resolved any dispute, as set out in clause 9.3.2 above, before the commencement of the next Year, the indices and source tables in use before the dispute was declared shall be applied until the dispute has been resolved, where after, the determination of the independent expert shall be applied retrospectively and any necessary adjustment payments shall be made.

10. Contract Coal Quality

The Supplier shall ensure that each quality parameter of the Contract Coal Delivered to Eskom in terms of this Agreement shall comply with the Quality Specifications set out in the fourth column of Table 3 hereunder.

Table 3: Contract Coal Quality Specifications

Quality Parameter	Unit	Expected Quality	Quality Specifications	Measurement basis
Calorific Value	MJ/kg			Air Dried
Total Moisture content	%			As Received
Inherent Moisture content	%		Not applicable	As Received
Ash content	%			Air Dried
Abrasiveness Index (AI) (Eskom Mining House Method)	mgFe/4kg			Air Dried
Sulphur content	%			Air Dried
Volatile Matter content	%			Air Dried
Ash Fusion Temperature (AFT) (Initial deformation)	°C			Not applicable
Particle Size Distribution				Not applicable
+60mm	%			
+50mm	%			
-3mm (cumulative)	%			
-1mm	%			

Parameters are measured to 1 (one) decimal place, except AI and AFT which shall be measured to the nearest integer and Sulphur content which shall be measured to 2 (two) decimal places.

Quality Parameter	Unit	Desired Minimum Limit	Measurement basis
Hardgrove Grindability Index (HGI)	Unit		As Received

HGI is an indicative quality parameter, which parameter shall be measured and recorded on a daily basis, but will not be used to reject coal.

11. Rail Transportation of Contract Coal

In respect of Contract Coal Delivered by rail, the Supplier shall, at its own cost and expense:

11.1 ensure that [●] ([●]) Tons (As Received) of the [●] ([●]) Tons (As Received) product stockpile capacity and corresponding reclaim system is dedicated to Eskom, which reclaim system must have a capacity of [●] ([●]) Tons (As Received) per hour; and

11.2 provide rail infrastructure which shall be included in the Coal Supply Equipment and Infrastructure and which shall include:

11.2.1 the Rail Siding; and

11.2.2 a rapid load out station or front-end loader which must be maintained to have a consistent loading rate of [●] ([●]) Tons (As Received) per hour; such that approximately the Maximum Annual Quantity of Contract Coal per Year can be uniformly loaded into trains. The rapid load out station must be capable of loading heavy haul (for Jumbo Trains) and general freight business trains (for Small Trains).

12. **Road Transportation of Contract Coal** *[Drafting note: Please do not delete, provisions for both DPU and FCA must be retained]*

12.1 The Parties hereby agree that, effective from the Commencement Date, the Contract Coal shall be transported by **[the Supplier (on a DPU basis)] / [Eskom (on an FCA basis)]**. Road transportation of Contract Coal by **[the Supplier] / [Eskom]** shall continue until such time that Eskom varies the mode of transport and/or Delivery Point as contemplated in **clause 19.3.2** of the Standard Terms and Conditions of Coal Supply.

12.2 **Road Transportation of Contract Coal by the Supplier (Supply on a DPU Basis)**

The transport tariff per Ton payable by Eskom to the Supplier (and which shall be in addition of the Price payable for the Contract Coal so Delivered) shall be determined using the Road Coal Transport Rate. For the avoidance of doubt, the transport tariff payable in terms of the Road Coal Transport Rate shall be reviewed each Month and the Price adjustment provisions as set out in clause 9 shall not apply to the said tariff.

12.3 **Road Transportation of Contract Coal by Eskom (Supply on an FCA Basis)**

The Supplier shall, at its own cost, provide, maintain and operate Pre-Certified Stockpiles with a total capacity of no less than [●] ([●]) Tons, an access road, equipped with a weighbridge, terminating on the [●] ([●]) road, and truck loading equipment such that the Maximum Annual Quantity can be uniformly loaded per annum into trucks and transported to the Power Station or any other Eskom nominated site by road.

13. **Service of Documents**

13.1 The Parties choose the following addresses at which documents and notices in legal proceedings in connection with this Agreement shall be served (i.e. their *domicilia citandi et executandi*) and at which notices shall be received:

13.1.1 **in the case of Eskom to:** The General Manager – Primary Energy

physical address	Eskom Holdings Limited Megawatt Park
------------------	---

Maxwell Drive
Sunninghill

postal address PO Box 1091
Johannesburg
2000

e-mail address: [•]

13.1.2 **in the case of the Supplier to:** The Chief Executive Officer

physical address: [The Supplier]
[Physical address]

postal address P O Box [•],
[Postal address line 2].

e-mail address: [•]

13.2 The Parties choose the following address at which invoices and Drawdown Order may be received:

13.2.1 in the case of Eskom, invoices shall be submitted to:

Finance Manager – Primary Energy

physical address Eskom Holdings SOC Limited
Megawatt Park
Maxwell Drive
Sunninghill

postal address PO Box 1091
Johannesburg
2000

e-mail address: [•]

13.2.2 in the case of the Supplier, Drawdown Orders shall be submitted to:

The Mine Manager

physical address: [The Supplier]
[Physical address]

postal address P O Box [•],
[Postal address line 2]

e-mail address: [•]

Thus done and signed at Megawatt Park on the [●] day of [●] in the presence of the undersigned witnesses.

For and on behalf of
ESKOM HOLDINGS SOC LTD
(who warrants that he is duly authorised hereto)

Name: [Name] [Surname]

Capacity: [Title]

AS WITNESSES:

1. Full Names: _____ Signature: _____

2. Full Names: _____ Signature: _____

Thus done and signed at [●] on the [●] day of [●] in the presence of the undersigned witnesses.

For and on behalf of
[Insert Supplier Name] (PROPRIETARY) LIMITED
(who warrants that he is duly authorised hereto)

Name: [Name] [Surname]

Capacity: [Title]


AS WITNESSES:

1. Full Names: _____ Signature: _____

2. Full Names: _____ Signature: _____

LIST OF ANNEXES

- i. **Annexe A:** The Coal Quality Certification Procedure (to be developed)
- ii. **Annexe B:** The Coal Quality Management Procedure
- iii. **Annexe C:** Supplier Development, Localisation and Industrialisation Targets
- iv. **Annexe D:** The Safety and Health Requirements
- v. **Annexe E:** The Environmental Legal Requirements
- vi. **Annexe F:** The Rules of Rail Transportation
- vii. **Annexe G:** The Rules of Road Transportation
- viii. **Annexe H:** Example Calculations of Price Adjustment Factor
- ix. **Annexe I:** Adjustments for Moisture Content
- x. **Annexe J:** Technical Liaison Meeting Agenda

	Procedure	Primary Energy
---	------------------	-----------------------

Annexe B

COAL QUALITY MANAGEMENT PROCEDURE

Table of Contents

	Page
1. PURPOSE	19
2. SCOPE	19
3. DEFINITIONS	19
4. APPLICATION OF ANALYTICAL RESULTS	22
5. SAMPLING	22
6. RESPONSIBILITIES OF THE SUPPLIER, NOMINATED SAMPLE TRANSPORTER AND NOMINATED LABORATORY	29
7. ONSITE OVERSIGHT SUPERVISING AND MONITORING	31
8. SAMPLE PREPARATION	35
9. ANALYTICAL DETERMINATIONS	37
10. ANALYTICAL DIFFERENCES AND DISPUTE RESOLUTION	38
11. COAL QUALITY DETERMINATION AND REPORTING	40
12. TECHNICAL AUDITS	41
13. PRE-CERTIFIED STOCKPILE MANAGEMENT	41
14. TREATMENT OF REJECT COAL STOCKPILES	43
15. STOCKPILE MOISTURE MANAGEMENT	44
16. ASSURANCE ON THE PRE-CERTIFICATION PROCESS	45
17. VERIFICATION OF PRE-CERTIFIED DELIVERIES	47
18. VARIABILITY TESTS	49
19. REVIEW AND AMENDMENTS OF THIS CQMP	50
20. COMPROMISE	50
APPENDIX 1: COAL HANDLING AND PREPARATION PROCESS FLOW DIAGRAM	52
APPENDIX 2: GEOGRAPHIC LOCATION OF THE AUTO-MECHANICAL TARIFF SAMPLER	53
APPENDIX 3.1: AUTO-MECHANICAL TARIFF SAMPLING PROCEDURE	54
APPENDIX 3.2: AUTO-MECHANICAL TARIFF SAMPLING PROCESS FLOW DIAGRAM	54
APPENDIX 3.3: MANUAL TARIFF SAMPLING PROCEDURE	54
APPENDIX 4: LOAD OUT PROCEDURE	55

APPENDIX 5: SAMPLE PREPARATION FLOW DIAGRAM	56
APPENDIX 6: LABORATORY COAL QUALITY REPORT TEMPLATE.....	58
APPENDIX 7: SUPPLIER DAILY COAL QUALITY REPORT TEMPLATE	59
APPENDIX 8: STOCKPILE LOG-SHEET	60
APPENDIX 9.1: MANUAL TARIFF SAMPLING LOG-SHEET.....	61
APPENDIX 9.2: MONITORS HOURLY AUTO-MECHANICAL TARIFF SAMPLING OBSERVATION FORM.....	62
APPENDIX 10: DISPUTE DECLARATION FORM.....	63

Annexure V1 Fixed Price Coal Supply Agreement Template

1. PURPOSE

The purpose of this Coal Quality Management Procedure (CQMP) is to ensure that the quality of Contract Coal produced, dispatched, received and paid for by Eskom in terms of the Agreement is measured and recorded, in accordance with the standards set out in this CQMP and to ensure that Contract Coal is correctly pre-certified prior to Delivery as well as recording the responsibilities of Eskom, the Supplier, principal contractors, Nominated Laboratory, Supervisors and Monitors.

2. SCOPE

This procedure describes the processes to be followed with respect to pre-certification of coal stockpiles (i.e. sampling, preparation of samples, the transportation of samples and analysis of samples to determine the quality of coal at the Mine) prior to Delivery of Contract Coal to Eskom as well as Verification.

3. DEFINITIONS

In this CQMP, the following words and expressions shall, unless otherwise stated or inconsistent with the context in which they appear, bear the following meanings and other words derived from the same origins as such words (that is, cognate words and expressions) shall bear corresponding meanings:

- 3.1 **“Auto-Mechanical Tariff Sampler”** means an automatically operated sampler that cuts increments from the conveyor of main coal flow. It systematically removes a portion of the stream of coal from a moving belt automatically at pre-set intervals (either time or mass based) for the purpose of collecting a sample for analysis. It is used to extract the sample of the final product during the production process or creation of the Pre-Certified Stockpile(s), which sample analysis results are used for payment purposes;
- 3.2 **“Contract Coal”** means the **[crushed and screened] / [partially washed] / [mixed/blended] / [washed], [number # seam]** coal certified at the Power Station or Eskom nominated site or originating from Pre-Certified Stockpiles and/or Verified coal samples, whichever is applicable, in respect of which the measurements of all coal quality parameters comply with the Quality Specifications and none of which is Reject Coal;

- 3.3 **“Contractual Bulk Sample”** means the sample collected from the pre-certified stockpile, transported by the Nominated Transporter and analysed by the Nominated Laboratory in accordance with the provisions of this CQMP for the purposes of determining whether the coal to be Supplied by the Supplier meets the Quality Specifications;
- 3.4 **“Bulk Reference Sample”** means the sample as set out in clause 8.2.4.5 and the **sample preparation flow diagram** recorded in **Appendix 5**. This sample is analysed for dispute resolution purposes, subject to clause 10, in the event that the analytical results of the Nominated Laboratory’s report for a relevant Contractual Bulk Sample is disputed and the dispute is accepted by the Parties;
- 3.5 **“Duplicate Abrasiveness Index Sample”** means the split of the 4.75mm (four point seven five millimetre) sample that is prepared at the Nominated Laboratory for either Party to collect and analyse for dispute declaration purposes;
- 3.6 **“Duplicate Pulverised Fuel Sample”** means the split of the 212µm (two hundred and twelve micrometre) sample that is maintained at the Nominated Laboratory for either Party to collect and analyse for dispute declaration purposes;
- 3.7 **“General Analysis”** means the determination of ash content, ash fusion temperature, Calorific Value, Inherent Moisture content, Total Sulphur content and volatile matter content;
- 3.8 **“Grab Sampling”** means sampling as set out in clause 15.1. In the event of rain, grab samples shall be taken (at a depth of 50cm (fifty centimetres) from surface) to verify the actual moisture levels of the Pre-Certified Stockpiles;
- 3.9 **“Inherent Moisture”** means the moisture content of the General Analysis sample of a solid mineral fuel after it has attained approximate equilibrium with the atmosphere in the laboratory and which is removable under specified conditions;

- 3.10 **“Manual Tariff Sampler”** means the person that extracts the sample increments at pre-determined intervals during the production process or stockpile creation. The Manual Tariff Sampler has the responsibility to follow the instructions and steps outlined in the manual tariff sampling procedure. It is only applicable to Total Moisture grab sampling;
- 3.11 **“Monitor”** means a representative of the Supervising and Monitoring Company, whose roles and responsibilities are set out in clause 7.5;
- 3.12 **“Nominated / Appointed”** the words Nominated and Appointed shall be used interchangeably;
- 3.13 **“Nominated Dispute Laboratory”** means the laboratory appointed by Eskom for the purpose of analysing Bulk Reference Samples (as specified in clause 8.2.4.5) and mutually agreed to by the Parties for dispute resolution purposes;
- 3.14 **“Nominated Laboratory”** means the laboratory accredited by the South African National Accreditation System (SANAS) in accordance to ISO 17025 and appointed by Eskom from its list of laboratories for the purpose of analysing coal samples in terms of the Agreement;
- 3.15 **“Nominated Sample Transporter”** means the company that has been nominated by Eskom to transport the Contractual Bulk Sample from the Mine to the Nominated Laboratory;
- 3.16 **“Physical Analysis”** means the determination of abrasiveness index, hardgrove grindability index, particle size distribution and Total Moisture content;
- 3.17 **“Repeatability”** means the results of duplicate determinations (carried out over a short period of time, but not simultaneously) in the same laboratory by the same operator with the same apparatus on 2 (two) representative portions taken from the same analysis sample;
- 3.18 **“Reproducibility”** means the results of duplicate determinations in each of 2 (two) laboratories, on representative portions taken from the same analysis sample;
- 3.19 **“Supervising and Monitoring Company”** means the contractor that has been nominated by Eskom to provide monitoring and supervising functions at the Mine and/or Source(s). Monitoring and supervising functions include providing oversight of the sampling and pre-certification process at the Mine;

- 3.20 “**Supervisor**” means a representative of the Supervising and Monitoring Company, whose roles and responsibilities are set out in clause 7.4;
- 3.21 “**Source**” means the site at which run-of-mine (ROM) coal is mined or where coal is produced/procured prior going through the pre-certification process;
- 3.22 “**Total Moisture**” means the moisture in the solid mineral fuel as sampled, and removable under specified conditions;
- 3.23 “**Total Sulphur**” means the sum of inorganic (usually sulphides, sulphates and pyrite) and organic (aliphatic and aromatic or heterocyclic sulphur) forms of sulphur in coal; and
- 3.24 “**Verification**” means the process undertaken by Eskom to verify coal qualities during creation, loading or offloading of Pre-Certified Stockpiles or Contract Coal at the Mine or at the Delivery Point or at the Power Station or any other Eskom nominated site, “**Verify**” and/or “**Verified**” shall have a corresponding meaning.

4. APPLICATION OF ANALYTICAL RESULTS

The Nominated Laboratory’s analytical results shall be used for payment purposes, subject to the dispute resolution procedure outlined in this CQMP. Any deviation from the sampling process, as set out in clause 5 below, shall mean that the stockpile has not been pre-certified, unless otherwise agreed to in writing by Eskom.

5. SAMPLING

5.1. General Sampling

- 5.1.1. The Parties record that an Auto-Mechanical Tariff Sampler shall be utilised to sample all coal prior to it being pre-certified as Contract Coal.
- 5.1.2. The Supplier shall ensure that the Auto-Mechanical Tariff Sampler is installed, and commissioned for sampling of coal before the Commencement Date of the Agreement.
- 5.1.3. The product make-up and **coal handling and preparation process flow diagram** is shown in **Appendix 1 and the auto-mechanical tariff sampling process flow diagram**. is shown in **Appendix 3.2**
- 5.1.4. The sampling of coal shall be conducted in accordance with the latest relevant ISO and ASTM Standards and procedures as tabulated in Table 1 below:

Table 1: International Organisation for Standardization (ISO) and American Society for Testing and Materials (ASTM) Standards and Procedures for Sampling Coal

STANDARD / PROCEDURE	DESCRIPTION
ISO 13909:2016 Part 1	Hard coal and coke – Definitions
ISO 13909:2016 Part 2	Hard coal and coke - Mechanical sampling (Sampling from moving streams)
ISO 13909:2016 Part 4	Hard coal and coke - Mechanical sampling (Preparation of test samples)
ISO 13909:2016 Part 7	Hard coal and coke- Mechanical sampling (Methods for determining the precision of sampling, sample preparation and testing)
ISO 13909:2016 Part 8	Hard coal and coke - Mechanical sampling (Methods of testing for bias)
ISO 18283:2006	Hard coal and coke - Manual sampling
ISO 21398:2007	Hard coal and coke - Guidance to the inspection of mechanical sampling systems
ASTM D7430-15A	Standard practice for mechanical sampling of coal
240-117107650	Procedure for testing bias on mechanical coal sampling systems

5.2. Auto-Mechanical Tariff Sampling

- 5.2.1. The Auto-Mechanical Tariff Sampler shall be owned, operated and maintained by the Supplier.
- 5.2.2. The Auto-Mechanical Tariff Sampler shall be located at the final product conveyor that transports coal to the product loading surge bin or the stockpile area and shall be interlocked with the final product conveyor.
- 5.2.3. Contract Coal shall not be produced when the Auto-Mechanical Tariff Sampler is not available or defective.
- 5.2.4. The general location of the Auto-Mechanical Tariff Sampler in relation to the stockyard layout is set out in **Appendix 2: Geographical Location of the Auto-Mechanical Tariff Sampler**.
- 5.2.5. The general location of the Auto-Mechanical Tariff Sampler’s Global Positioning System (GPS) co-ordinates **[Supplier to provide]**.

5.2.6. The auto-mechanical tariff sampling shall be conducted in accordance with the Supplier’s standard operating sampling procedure for the site as set out in **Appendix 3.1: Auto-Mechanical Tariff Sampling Procedure.**

5.3. Auto-Mechanical Tariff Sampler Specifications

5.3.1. The Auto-Mechanical Tariff Sampler shall be optimised to sample the coal as shown in Table 2 below:

Table 2: Material Characteristics

Parameter	Units	Specification
Material type	-	Coal
Washed or un washed	-	[Supplier to provide]
Maximum moisture	% (Weight)	[Supplier to provide]
Nominal top size	mm	[Supplier to provide]
Stockpile size	tons	[Supplier to provide]

5.3.2. The process flow diagram of the Auto-Mechanical Tariff Sampler is set out in **Appendix 3.2: Auto-Mechanical Sampling Plant Process Flow Diagram.**

5.3.3. The initial Auto-Mechanical Tariff Sampler sampling intervals shall be based on ASTM D7430-15A.

5.3.4. The Auto-Mechanical Tariff Sampler specifications are shown in Table 3 below.

Table 3: Summary of Auto-Mechanical Tariff Sampler Specifications *[Drafting note: expand this table where necessary]*

Plant unit	Description	Units	Specification
Primary cutter	Cutter type	-	[Cross Belt/ falling stream]
	Cutter width	mm	[Supplier to provide]
	Cutter speed	m/s	[Supplier to provide]
	Sampling interval	Minutes	[Supplier to provide]
Sample diverter	Diverter interval	seconds after each cut	[Supplier to provide]
Sample Storage Bins	Storage type	-	Bins
	number of bins	Number	[Supplier to provide]
	Bin capacity	Liters	[Supplier to provide]

- 5.3.5. The Auto-Mechanical Tariff Sampler operation regime shall be evaluated Yearly to take into account changes in the variability of the coal.
- 5.3.6. The sample storage facility shall incorporate lockable cages. The lockable device shall be designed such that the representatives of the Parties cannot open the bins without the other being present. Both Parties' representatives shall be present during the sample removal from the Auto-Mechanical Tariff Sampler.
- 5.3.7. The Supplier shall verify the Auto-Mechanical Tariff Sampler specifications on a Monthly basis, maintain records thereof and make such records available to Eskom. The Parties shall verify the Auto-Mechanical Tariff Sampler specification shown in Table 3 above on a 6 (six) Monthly basis. Each of the Parties' representatives will validate and sign a copy of the specification sheet. Deviations detected either on a Monthly or 6 (six) Monthly basis must be actioned by the Supplier and resolved timeously as agreed in writing between the Parties. Copies of specification sheets shall be kept by both Parties.
- 5.3.8. Physical modifications or alterations in the operation of the Auto-Mechanical Tariff Sampler shall not be made without prior mutual agreement between both Parties. The Supplier shall notify Eskom of the details of such modifications or alterations before they commence and Eskom shall be entitled to be present during the modifications or alterations.

5.4. **Auto-Mechanical Tariff Sampler Availability**

- 5.4.1. In the event that the Auto-Mechanical Tariff Sampler is unavailable, Contract Coal shall not be produced.
- 5.4.2. Manual tariff sampling shall not be allowed if the Auto-Mechanical Tariff Sampler is unavailable.

5.5. **Bias Testing of Auto-Mechanical Tariff Sampler**

- 5.5.1. A bias test shall be carried out on the Auto-Mechanical Tariff Sampler within 1 (one) Month after the Commencement Date.
- 5.5.2. Any further expansion circuits (i.e. samplers) linked to this CQMP that are installed after the initial bias test shall be bias tested before processing any Contract Coal.
- 5.5.3. Bias testing shall be carried out annually from the date of the initial bias test conducted as set out in clause 5.5.1. A successful bias test report (where no bias is detected) shall be deemed valid for a period of 1 (one) year and a grace period of 21 (twenty-one) days. Should the annual bias test not be successfully conducted and concluded after

the expiry of the grace period the production of Contract Coal shall be suspended pending a valid bias test report.

- 5.5.4. Bias tests shall be conducted after any physical changes to the Auto-Mechanical Tariff Sampler as detailed in clause 5.3.8 within a period of 1 (one) Month from the completion of such changes. Should the bias testing not be successfully conducted and concluded after the 1 (one) Month has lapsed, the production of Contract Coal shall be suspended pending a valid bias test report.
- 5.5.5. The bias test shall be carried out according to the procedures laid down in the 240-117107650 procedure based on the ISO 13909:2016 standards. The scope of the bias test programme shall be governed by the design and operation of the Auto-Mechanical Tariff Sampler.
- 5.5.6. The Supplier shall carry the costs of pre-audits of the bias test laboratory, sampling, transportation and analysis of bias test samples and any repeats thereafter.
- 5.5.7. Eskom shall oversee the bias test sampling process during all tests. Eskom shall be responsible for issuing a valid bias test report.

5.6. Manual Tariff Sampling [It is only applicable to Total Moisture grab sampling.]

- 5.6.1. Manual tariff sampling may be conducted during the process of building each product stockpile in compliance with the onsite safety requirements.
- 5.6.2. Sampling directly from the front-end-loader bucket is strictly prohibited.
- 5.6.3. An increment or scoop shall be taken as per the Supplier’s standard operating sampling procedure for the site as set out in **Appendix 3.3: Manual Total Moisture Tariff Sampling Procedure.**
- 5.6.4. A manual scoop shall be used to extract the increment. The aperture of the manual scoop shall be at least 3 (three) times the nominal top size of the coal being sampled.
- 5.6.5. Refer to clause 15.1 for Grab Sampling for stockpile moisture management.

5.7. Minimum Mass of Contractual Bulk Sample and Mass Measurement

- 5.7.1. The Supplier shall be responsible for ensuring that the minimum Contractual Bulk Sample mass requirements as set out in Table 4 below are adhered to.

Table 4: Minimum Requirements of Contractual Bulk Sample Masses

Nominal top size of coal sampled (mm)	Minimum mass of Contractual Bulk Sample (kg)
50	470
40	355

10	90
----	----

- 5.7.2. The Supplier is required to have an operational scale that has a valid calibration certificate (calibrated 6 (six) Monthly and verified with calibrated mass piece) on site at all times to weigh the Contractual Bulk Sample prior to transport to the Nominated Laboratory.
- 5.7.3. In the event that the scale mentioned in clause 5.7.2 is not operational, the Supplier shall communicate in writing to Eskom’s Contract Manager for an alternative arrangement.
- 5.7.4. The minimum mass of the Contractual Bulk Sample ready for delivery to the Nominated Laboratory shall be in accordance with Table 4 for the top size specified in the Coal Supply Agreement. Any deviation from the Contractual Bulk Sample mass as specified in Table 4 shall mean that the stockpile has not been pre-certified.
- 5.7.5. If the minimum Contractual Bulk Sample mass requirements are not met, the Supplier shall representatively re-sample the stockpile, which shall mean re-handling the stockpile or Consignment and re-submit a valid Contractual Bulk Sample for that stockpile or Consignment.

5.8. Contractual Bulk Sample Identification and Storage

- 5.8.1. The Contractual Bulk Sample in each of the sample bags or containers shall be fully identifiable.
- 5.8.2. The Contractual Bulk Sample bags/containers shall be identified with waterproof tags, each marked by means of waterproof ink with adequate identifying information, 1 (one) tag being placed on the outside of the bag/container and 1 (one) being placed inside the bag/container.
- 5.8.3. The unique identification shall reflect the Mine name abbreviation followed by the date that the stockpile or Consignment was created, followed by an alphabet representing the stockpile or Consignment number for that day and product type where applicable. Each Contractual Bulk Sample bag shall be individually labelled to reflect the number of bags, e.g. (AAA## YYYY/MM/DD) B1, (AAA## YYYY/MM/DD) B2. Barcoded labels may be used as soon as capacity is established by Eskom.
- 5.8.4. The composite Contractual Bulk Sample for each stockpile or Consignment shall be kept in a designated area and stored in access controlled facility (lockable bins/cage) at the point of sampling. The Contractual Bulk Sample shall be protected from direct sunlight and precipitation to preserve its integrity during storage until it is collected by the Nominated Sample Transporter.

5.9. Contractual Bulk Sample Collection and Transportation to the Nominated Laboratory

- 5.9.1. Eskom is responsible for the transportation of the Contractual Bulk Sample from the Supplier to the Nominated Laboratory, using its Nominated Sample Transporter.
- 5.9.2. The Supplier shall endeavour to ease the process of Contractual Bulk Sample collection by the Nominated Transporter and minimise delays by ensuring that the time the Nominated Transporter spends at the mine is less than 45 (forty five) minutes.
- 5.9.3. The Supplier shall communicate in writing the Contractual Bulk Sample mass, to the Nominated Sample Transporter when collecting the Contractual Bulk Sample.
- 5.9.4. If the minimum Contractual Bulk Sample mass requirements are not met, the Nominated Sample Transporter shall not transport the Contractual Bulk Sample to the Nominated Laboratory. The Nominated Sample Transporter shall leave the Contractual Bulk Sample with the Supplier. The Supplier shall be liable for the cost of the unsuccessful trip.
- 5.9.5. The Supplier's on-site representative and the driver of the Nominated Sample Transporter collecting the Contractual Bulk Sample for delivery to the Nominated Laboratory shall sign off the delivery note for the Contractual Bulk Sample prior to leaving site. Delivery note records shall be kept by both the Supplier and Nominated Sample Transporter for the duration of the Agreement.
- 5.9.6. In the event that the Contractual Bulk Sample integrity is lost during transportation to the Nominated Laboratory, then the stockpile or Consignment shall be deemed to be not pre-certified. The Supplier shall then representatively re-sample the stockpile or Consignment, which shall mean reprocessing the stockpile or Consignment and re-submit a valid Contractual Bulk Sample for that stockpile or Consignment.
- 5.9.7. The Nominated Laboratory shall sign for the receipt of the Contractual Bulk Sample.
- 5.9.8. In the event that a dispute is declared the analytical results of the Nominated Laboratory's report for a relevant Contractual Bulk Sample, the Nominated Laboratory shall make available the Bulk Reference Sample as set out in clause 8.2.4.5 and the **sample preparation flow diagram** recorded in **Appendix 5**, within 24 (twenty-four) hours of receipt from the Nominated Sample Transporter. (The Supplier may collect the Duplicate Pulverised Fuel Sample and/or Duplicate Abrasiveness Index Sample at his own cost from the Nominated Laboratory as set out in clause 8.2.4.2).
- 5.9.9. The Nominated Laboratory shall maintain dispatch records (details of the Party issuing and collecting with signatures, sample identification, collection date and time) of the

Duplicate Pulverised Fuel Sample and/or Duplicate Abrasiveness Index Sample that was collected from the Nominated Laboratory.

5.10. Sample for the Supplier's Processes and Quality Control

- 5.10.1. The Supplier shall perform plant control analysis and mixing ratios as well as the associated qualities for the mix ratios to ensure pre-certification stockpiles are created within specification and records of control sample results and blending ratios, etc. shall be made available for each pre-certified stockpile, monthly and at Eskom's request. The records shall be kept for the duration of the Agreement.
- 5.10.2. The Supplier's control sample or check sample shall not be extracted from the Contractual Bulk Sample.
- 5.10.3. Eskom shall only be liable for the transport and analysis costs of Contract Coal stockpiles, except in the case of Total Moisture content as per clause 15.
- 5.10.4. In the case of auto-mechanical sampling a flopper splitter or online splitter shall be installed in the sample chute to extract a control sample. No "Y" splitters shall be installed.

6. RESPONSIBILITIES OF THE SUPPLIER, NOMINATED SAMPLE TRANSPORTER AND NOMINATED LABORATORY

6.1. Supplier

- 6.1.1. The Supplier shall be responsible at its own cost for all aspects of sampling as described above. Eskom shall provide on-site representation. The Supplier shall ensure that Eskom's on-site representatives have access to verify the Eskom coal pre-certification processes and have access to any section relevant to pre-certification. These include monitoring of coal trucks from the pit to the Eskom crush and screen area, weighbridges, incoming coal trucks, outgoing coal trucks, creation, sampling, and loading of stockpiles. Eskom employees and their auditing personnel shall be allowed on site, at Eskom's request. All Eskom representatives shall comply with the Supplier's on-site requirements in terms of the Health and Safety Act and the Supplier's policies and procedures.
- 6.1.2. Eskom pre-certification stockpiling area shall be clearly demarcated with berms or a physical barrier away from coal that is not intended for Eskom and other operations. The Supplier shall ensure that demarcation measures in place are sufficient to avoid cross contamination of the run of mine coal and other coal materials with the Pre-Certified Stockpiles. The layout / distance between the Pre-Certified Stockpiles shall be

such that a front-end loader can pass through. The layout of these processes shall form part of this CQMP, clearly indicating each area.

6.1.3. The Supplier shall, within 1 (one) hour of closing a stockpile, notify Eskom's Nominated Sample Transporter that the contractual sample is ready for collection from the designated collection area. The Nominated Sample Transporter shall, within 3 (three) hours, attend at the designated collection point to collect the Contractual Bulk Sample. Both the Supplier and the Nominated Sample Transporter shall sign appropriate documentation, in duplicate, evidencing that the sample has been handed over to the Nominated Sample Transporter. The Nominated Sample Transporter shall, immediately after collection, transport the sample to the Nominated Laboratory in accordance with clause 6.2.2.

6.2. Nominated Sample Transporter

6.2.1. The Nominated Sample Transporter shall ensure all required information in the delivery note is accurately completed. The Nominated Sample Transporter shall maintain a delivery note that indicates:

- The name of the Nominated Sample Transporter;
- The stockpile number, failing which the Nominated Laboratory shall not accept the Contractual Bulk Sample;
- Ensure that the Contractual Bulk Sample is labelled correctly;
- Note condition, number of bags and mass of Contractual Bulk Sample;
- Note the date and time of receipt of the Contractual Bulk Sample;
- Have the delivery note/receipt signed by the Supplier and issue a copy to the Supplier;
- Have the Nominated Laboratory sign the delivery note as evidence of Contractual Bulk Sample receipt; and
- Issue the Nominated Laboratory with a copy of the delivery note as supporting documentation.
- Record the number of the tamper proof seal placed on the Nominated Transporter's vehicle

6.2.2. The Nominated Sample Transporter shall collect Contractual Bulk Samples from the Mine and deliver to the Nominated Laboratory within 4 (four) hours from the notification by the mine to the transporter.

6.2.3. All Eskom representatives shall comply with the Supplier's requirements in terms of the Mine Health and Safety Act and the Supplier's policies and procedures.

6.3. Nominated Laboratory

- 6.3.1. The Nominated Laboratory representative shall verify the Contractual Bulk Sample against the allocation, delivery note and sign-off.
- 6.3.2. The Nominated Laboratory shall prepare and analyse Contractual Bulk Sample according to the procedures set-out in this CQMP and report the results within 24 (twenty-four) hours to both Parties. In the event that the Nominated Laboratory fails to report the results simultaneously to both Parties within the above time period for 3 (three) times or more within any 1 (one) Month, the Parties shall immediately consult, with the purpose of appointing another Nominated Laboratory to replace the original Nominated Laboratory.

7. ONSITE OVERSIGHT SUPERVISING AND MONITORING

7.1. General Oversight

- 7.1.1. Eskom shall provide on-site oversight of the pre-certification process, sampling and loading of Pre-Certified Stockpiles prior to Delivery.
- 7.1.2. Eskom shall contract with a Supervising and Monitoring Company to carry out these duties.

7.2. Responsibilities of the Supplier

- 7.2.1. Supplier shall procure that the Supervisor(s) and Monitor(s) are inducted according to the Mine Health and Safety regulations, and the Supplier's policies and procedures relating to the Mine.
- 7.2.2. The Supplier shall provide the necessary site-specific documentation relating to safe working procedures.
- 7.2.3. The Supplier shall clearly define the physical area of responsibility without compromising the roles as specified in clause 6.
- 7.2.4. The Supplier shall allow reasonable access, as and when required, to the defined pre-certification area of responsibility.
- 7.2.5. The Supplier shall provide transport for the Supervisor(s) and Monitor(s) from the point of sign-in to the pre-certification area.
- 7.2.6. The Supplier shall ensure that no stockpile(s) are created without Eskom onsite representation.
- 7.2.7. Ensure that the integrity of the Contractual Bulk Sample is maintained on-site.

- 7.2.8. The Supplier shall allow the Supervisor(s) and Monitor(s) use of their clock-in system and provide Eskom with the data from the clock-in system.
- 7.2.9. The Supplier shall ensure that the Supervisor(s) and Monitor(s) are not obstructed or prevented from performing their tasks as specified, unless they are performing such tasks in contravention of the Mine Health and Safety regulations and the Supplier's policies and procedures relating to the Mine, subject to clause 7.1.2.
- 7.2.10. The Supplier shall allow the Supervisor(s) and Monitor(s) use of their cameras and photographic evidence to document foreign material, fines, wet coal, etc. that may be on the pre-certified stockpile.
- 7.2.11. The Supplier shall provide a site office and reasonable ablution facilities. The location of such office and ablution facilities shall be in a safe area to be agreed with Eskom.
- 7.2.12. The Supplier shall provide and implement corrective actions as accepted by Eskom to resolve the non-conformances, identified and recorded in non-conformance reports (NCRs) by the Eskom onsite representatives.
- 7.2.13. The Supplier shall ensure that major non-conformances are resolved within 24 (twenty-four) hours and minor non-conformances are resolved within 3 (three) days.

7.3. **Responsibilities of the Supervising and Monitoring Company**

The Supervising and Monitoring Company shall ensure that:

- 7.3.1. Necessary equipment compliant to the Supplier's site-specific requirement, including safety requirements, (relevant personal protective equipment (PPE), raincoats, thermal overalls for winter, stationary, etc.) required by the Supervisor(s) and the Monitor(s) to perform duties are provided.
- 7.3.2. Relevant medical certification is provided, a copy to be given to the Supplier.
- 7.3.3. Their personnel have access to the Mine Health and safety regulations and relevant standards as well as the relevant Supplier's policies and procedures.

7.4. **Role of the Supervisor(s)**

The Supervisor(s) shall:

- 7.4.1. Ensure that all Monitors per shift are on duty at all times.
- 7.4.2. Ensures that all Monitors wear applicable PPE and work safely.
- 7.4.3. Ensures that Monitors draw the mapping/outlay of location of pre-certified stockpiles daily.
- 7.4.4. Receive all daily log-sheets and summarise the information.

- 7.4.5. Perform daily random checks to verify recorded information, i.e. daily full shift site visits. A log of site visits and observations shall be kept.
- 7.4.6. Provide guidance to Monitors and maintain discipline.
- 7.4.7. Compile daily reports and submit weekly to Eskom delegated representatives.
- 7.4.8. Report gross deviations, non-conformances, etc. to relevant senior representatives of the Parties immediately.
- 7.4.9. Ensure that the integrity of the Contractual Bulk Sample is maintained on-site.

7.5. **Role of the Monitor(s)**

The Monitor(s) shall oversee, verify, record and report to their Supervisors the following activities:

7.5.1. **Stockpile Creation:**

- 7.5.1.1. Stockpiles creation, demarcation and proper labelling according to clause 13.
- 7.5.1.2. Verify that all coal being fed into the plant, handling Contract Coal, is coming from the Mine or Source(s), where possible.
- 7.5.1.3. Stockpile(s) being built are free of non-coal material (rock material, steel, etc.), are not visibly wet, too fine or too coarse.
- 7.5.1.4. Signposting of pre-certified product stockpile(s) as per clause 13.5. s.
- 7.5.1.5. Draw the mapping/outlay of location of Pre-Certified Stockpile(s) daily.
- 7.5.1.6. Verify compliance to and raise non-conformances against the Supplier, when necessary, with respect to the 14 (fourteen) day retention period of in specification stockpile(s) on the stockyard and the thermal scanning as per clause 13.12.
- 7.5.1.7. Stockpile retention time for equilibrium moisture attainment, where applicable.
- 7.5.1.8. Declaration of stockpile results – record and observe the treatment of out of specification stockpiles.

7.5.2. **Auto-Mechanical Tariff Sampler:**

- 7.5.2.1. Verify that the cutter is functional and adequately discharging the sample into bin as per interval and ensure sampling interval on a daily basis and record it on the form.
- 7.5.2.2. Spillage when the cutter takes an increment.
- 7.5.2.3. Report if there are modifications made to the Auto-Mechanical Tariff Sampler other than maintenance.

- 7.5.2.4. Authenticity of the Contractual Bulk Sample, i.e. that the integrity of the Contractual Bulk Sample is maintained until it is sent to the Nominated Laboratory.
- 7.5.2.5. Contractual Bulk Sample is labelled and sealed according to this CQMP.
- 7.5.2.6. Contractual bulk Sample is stored in a lockable storage facility, to which both Parties must have keys where both Parties must be present for unlocking of the storage facility.
- 7.5.3. **Manual Total Moisture Tariff Sampler: [It is only applicable to Total Moisture grab sampling]**
 - 7.5.3.1. Manual tariff sampling is conducted according to the relevant ISO standards and as outlined in this CQMP; Check scoop size, and frequency of sampling per front-end loader.
 - 7.5.3.2. Sample is labelled and sealed according to this CQMP
- 7.5.4. **Load-Out of Contract Coal Transported on Road:**
 - 7.5.4.1. Verify that the weighbridge certificate reflects the Pre-Certified Stockpile from which the Contract Coal was loaded.
 - 7.5.4.2. Contract Coal being loaded has been pre-certified, as shared by the relevant Eskom geologist or obtained by the sign off provided by Supplier.
 - 7.5.4.3. Contract Coal being loaded is free of non-coal material (rock material, steel, etc.), is not visibly wet, too fine or too course.
 - 7.5.4.4. Record the registration of the first and the last three trucks of all loaded Pre-Certified Stockpile(s).
- 7.5.5. **Treating of Reject Coal:**
 - 7.5.5.1. **Record and report processes followed in handling reject coal**
Report to Eskom if any foreign material or Reject Coal is loaded out as Contract Coal. Immediately raise a non-conformance against the Supplier. Corrective actions shall be implemented by the Supplier within 24 (twenty-four) hours for major non-conformances and within 3 (three) days for minor non-conformances.
 - 7.5.5.2. Compliance to retention period of out of specification stockpile(s) as per clause 14.
- 7.5.6. **Sampling for Total Moisture After Rain or When a Stockpile is Out of Specification on Total Moisture:**

- 7.5.6.1. Verify that the Supplier performs Grab Sampling and check compliance to clause 15.
- 7.5.6.2. Record grab sample mass.
- 7.5.6.3. Record rain gauge standard instrument requirements for the measurement of rainfall as per clause 15
- 7.5.6.4. Record rain gauge values in compliance to clause 15.
- 7.5.6.5. Record final moisture before loading and co-sign with on-site Supplier representative

7.5.7. Administration:

- 7.5.7.1. Keep daily log-sheets of pre-certification activities, load-out and any deviations from this CQMP.
- 7.5.7.2. Record and report any deviation from this CQMP to the Parties' representatives.
- 7.5.7.3. Update daily **stockpile log-sheets** (Refer to **Appendix 8**).

7.5.8. Oversight at the Mine Laboratory:

- 7.5.8.1. Confirm the Contractual Bulk Sample mass weighed and captured in the record book.
- 7.5.8.2. Oversee the Contractual Bulk Sample that has been collected, check and sign it against the Nominated Sample Transporter's delivery note (sign-off between the Mine, Monitors and the Nominated Laboratory) and capture in record book
- 7.5.8.3. Record on the delivery note the number of the tamper proof seal placed on the Nominated Transporter's vehicle.

7.5.9. Indemnity/Third Party Insurance

13.3 Although the Supplier is the appointed and responsible manager with respect to liability in terms of the Mine Health and Safety Act, Eskom shall ensure that the Monitoring and Supervising Company provides adequate 3rd (third) party cover (insurance and workman's compensation) for the on-site representatives. The necessary procedure shall be provided to the Parties to demonstrate compliance.

8. SAMPLE PREPARATION

- 8.1. The Contractual Bulk Sample shall be prepared for the contractual analysis at the Nominated Laboratory as described hereunder. The Supplier may at its own cost collect and

analyse the Duplicate Pulverised Fuel Sample and/or Duplicate Abrasiveness Index Sample for analysis at an ISO 17025 accredited laboratory.

8.2. Sample Preparation Regime

- 8.2.1. The sample preparation regime shall be in accordance with the guidelines set out in the relevant ISO 18283 and ISO 13909-4.
- 8.2.2. The Supplier may visit the Nominated Laboratory on 24 (twenty-four) hour notice, to verify that correct procedures are being followed.
- 8.2.3. The sample preparation shall be performed in line with the minimum requirements as indicated in Table 5 below, for the top size specified in the Coal Supply Agreement.

Table 5: Minimum Requirements of Sample Masses for Specific Analysis

Normal Top Size (mm)	Minimum Contractual Bulk Sample (kg)	Minimum Sub-sample A (kg)	Minimum Sub-sample B (kg)	Minimum Sub-sample C-a (kg)	Minimum Sub-sample C-b (kg)	Minimum Sub-sample D (kg)
50	470	65	170	30	35	170
40	355	50	125	30	25	125

8.2.4. Each sub-sample as listed in Table 2 above shall be prepared as follows:

8.2.4.1. **SUB-SAMPLE A: SIEVE ANALYSIS**, shall be carried out in accordance with the procedure outlined in ISO 1953:1994. The precision for the assumed nominal top size and sample mass indicated will be in 2% (two percent) - as shown in Table 1 of ISO 13909-4.

8.2.4.2. **SUB-SAMPLE B: GENERAL ANALYSIS**, shall be prepared according to ISO 13909-4 or ISO 18283 for General Analysis. The final General Analysis sample shall be divided into 3 (three) 60g (sixty gram) sub-samples. The first 60g (sixty gram) sample shall be conditioned at the Nominated Laboratory and analysed for ash content, ash fusion temperature (AFT), Calorific Value, Inherent Moisture content (moisture for General Analysis), Total Sulphur content and volatile matter content. The second 60g (sixty gram) sample (Duplicate Pulverised Fuel Sample) may be analysed by the Parties for dispute declaration purposes. The third 60g (sixty gram) sample (Duplicate Pulverised Fuel Sample) is kept at the Nominated Laboratory for use by the Parties as and when required.

8.2.4.3. **SUB-SAMPLE C-a: ABRASIVENESS INDEX SAMPLE** shall be prepared in accordance with the Eskom/Mining House Abrasiveness Index Procedure. The second 9kg (nine kilogram) sample (Duplicate Abrasiveness Index Sample) may be analysed by the Supplier for dispute declaration purposes.

8.2.4.4. **SUB-SAMPLE C-b: TOTAL MOISTURE SAMPLE** shall be prepared according to ISO 13909-4 or ISO 18283 procedures and analysed according to ISO 589 procedure.

8.2.4.5. **SUB-SAMPLE D: BULK REFERENCE SAMPLE** shall be retained at the Nominated Laboratory for 14 (fourteen) working days. This sample shall be used to resolve disputes.

8.3. Sample Preparation Flow Diagram

8.3.1. The attached **sample preparation flow diagrams (Appendix 5)** for -40mm (minus forty millimetre) and -50mm (minus fifty millimetre) products respectively are for information purposes to assist in the understanding of the process.

8.3.2. The Parties understand and agree that the ISO standards prescribe that splitting of a Contractual Bulk Sample shall be preceded by crushing. However, in this CQMP it is a compromised allowance that the Contractual Bulk Sample is split prior to crushing as it is not practical and is a bigger risk to take a separate sample for General Analysis, particle size distribution and Total Moisture.

8.3.3. It must be noted that the sample preparation flow diagram is an interpretation of the ISO standards and therefore the ISO standards supersede this CQMP.

9. ANALYTICAL DETERMINATIONS

9.1. Standard Methods

The contractual analysis of the prepared Contractual Bulk Sample will be performed at the Nominated Laboratory or any other approved laboratory performing part of the contractual analysis in accordance with the latest ISO standards outlined in Table 6 hereunder, or the latest as amended or replaced from time to time.

Table 6: Standard Methods for Analysis

Parameter	Standard
Heat Value (Gross Calorific Value)	SANS 1928
Ash Content	SANS 1171, SANS 131
Volatile Matter Content	SANS 562, SANS 50,
Ash Fusion Temperature (Initial Deformation)	SANS 540 (Reducing Atmosphere)

Parameter	Standard
Total Moisture Content	SANS 589, SANS 589, (one or two step).
Inherent Moisture Content	SANS11722, SANS5925
Hardgrove Grindability Index	SANS 5074
Abrasiveness Index	Eskom/Mining Industry Methodology
Bulk Density	SANS 567
Particle Size Determination (dry method)	SANS 1953
Total Sulphur Content	ASTM D4239

9.2. Turnaround Time

9.2.1. The Nominated Laboratory shall ensure that the turnaround time from the time the Contractual Bulk Sample is received at the Nominated Laboratory to the reporting of the contractual analytical results, does not exceed 24 (twenty-four) hours for analysis.

9.2.2. In the event that the Nominated Laboratory is unable to provide contractual analytical results (inclusive of providing dispute declaration samples) within 30 (thirty) hours, the weighted average qualities of the last 3 (three) Pre-Certified Stockpiles or the last 3 (three) days delivery will be used for contractual payment of the specific stockpile for which the results are not available, provided that the Supplier furnish Eskom with the qualities of the control samples so that Eskom can approve the continued delivery. This arrangement shall not exceed 5 (five) times in a single Month.

10. ANALYTICAL DIFFERENCES AND DISPUTE RESOLUTION

10.1. Limits for Analytical Differences

The limits for Repeatability (intra-laboratory) and Reproducibility (inter-laboratory) as specified in the respective methods listed in clause 9.1 of this CQMP are summarized in Table 7.

Table 7: Limits for Analytical Differences

CONTRACTUAL LIMITS		
Quality	Repeatability	Reproducibility
Total Moisture Content	0.5%	1.5%
Abrasiveness Index	7.5% of mean	15% of mean
Ash Content	> 10% : 2% of mean	3% of the mean
Volatile Matter Content	> 10% : 3% of mean	0,5% absolute or 4% of the mean result, whichever is greater

CONTRACTUAL LIMITS		
Quality	Repeatability	Reproducibility
Inherent Moisture Content	< 5% : 0,1% abs > 5% : 0,2% abs	N/A
Calorific Value	0,12 MJ/kg (absolute)	0,3 MJ/kg (absolute)
Ash Fusion Temperature (Initial Deformation) in Reducing Atmosphere	30 °C (absolute)	80°C (absolute)
Total Sulphur Content determined using method A @ 1350°C	0.02+(0.03 x mean) (absolute)	0.02+(0.09 x mean) (absolute)
Total Sulphur Content determined using method B @ 1150°C	0.04+(0.05 x mean) (absolute)	0.07+(0.66 x mean) (absolute)

10.2. Declaration and Resolution of Disputes

10.2.1. Either Party may declare a dispute on a stockpile that has been through the pre-certification process, prior to the dispatch of the stockpile from the Mine to the Power Station or any other Eskom nominated site under the following conditions:

10.2.1.1. The Duplicate Pulverised Fuel Sample and/or Duplicate Abrasiveness Index Sample as analysed in an ISO 17025 SANAS accredited laboratory exceed the limits of Reproducibility as set out in Table 7.

Note: In the event that the coal quality parameters of a pre-certified stockpile does not comply with the Quality Specifications and does not exceed the reproducibility limits envisaged in 10.2.1.1, a dispute cannot be declared.

10.2.1.2. If reasonable grounds exist to suspect that the requirements as set out in this CQMP were not adhered to, as per findings arising from a recent audit (conducted within a Month).

10.2.1.3. In the case of particle size distribution where no Reproducibility limits apply either Party may declare a dispute. In such case the Bulk Reference Sample shall be the referee sample and not the Supplier's sample for process and quality control as described in clause 5.10.

10.2.2. A dispute shall be declared in writing within 5 (five) Business Days of the analysis results becoming available to both Parties by submitting a completed **dispute declaration form** provided in **Appendix 10** and Duplicate Pulverised Fuel Sample and/or Duplicate Abrasiveness Index Sample results.

10.2.3. Only 1 (one) dispute shall be declared per Pre-Certified Stockpile.

10.2.4. Where the Supplier declares a dispute, the Supplier shall notify Eskom to organise transport for the Bulk Reference Sample (as specified in clause 8.2.4.5) to be

delivered to a mutually agreed Nominated Dispute Laboratory other than the Nominated Laboratory.

- 10.2.5. Where Eskom declares dispute, Eskom shall inform the Supplier of the transportation of the Bulk Reference Sample (as specified in clause 8.2.4.5) to a mutually agreed Nominated Dispute Laboratory other than the Nominated Laboratory.
- 10.2.6. Eskom shall assess the dispute declared by the Supplier to ensure that the requirements above have been met before the Bulk Reference Sample is transported to the Nominated Dispute Laboratory for analysis.
- 10.2.7. Should a dispute be declared on any of the quality parameters in the case of the General Analysis (save for Total Sulphur content and ash fusion temperature), then all such parameters (ash content, Calorific Value, inherent moisture content and volatile matter content) shall be analysed on the Bulk Reference Sample and reported for dispute resolution purposes.
- 10.2.8. If there is a dispute on Total Sulphur content, then Total Sulphur content, ash content, Calorific Value, Inherent Moisture content and volatile matter content shall be analysed on the Bulk Reference Sample and reported for dispute resolution purposes.
- 10.2.9. If there is a dispute on ash fusion temperature then only ash fusion temperature shall be analysed on the Bulk Reference Sample.
- 10.2.10. If there is a dispute on abrasiveness index then only abrasiveness index shall be analysed on the Bulk Reference Sample and reported for dispute resolution purposes.
- 10.2.11. The results from the independent Nominated Dispute Laboratory will be final and binding.

11. COAL QUALITY DETERMINATION AND REPORTING

- 11.1. The analysis of the prepared sample will be performed at the Nominated Laboratory (including any other approved laboratory performing part of analysis) in accordance with the ISO standards outlined in Table 6 above, or the latest as amended or replaced from time to time.
- 11.2. The Nominated Laboratory shall produce a report of the results of the analysis. The approved report format is as set out in **Appendix 6: Laboratory Coal Quality Report Template**.
- 11.3. The Nominated Laboratory shall electronically distribute each report simultaneously to both Parties and no results shall be reported telephonically.

- 11.4. A distribution list provided by both Parties via electronic mail ("e-mail") shall be communicated to the Nominated Laboratory by Eskom.
- 11.5. Turnaround times as set out in clause 9.2 shall be strictly adhered to. Refer to clause 9.2.2, if the Nominated Laboratory results are not reported within 30 (thirty) hours.
- 11.6. The Supplier may request historical laboratory results (older than 3 (three) months) via Eskom's Contract Manager.

12. TECHNICAL AUDITS

12.1. Laboratory Audits

- 12.1.1. Audits of the Nominated Laboratory or any other laboratory, such as the Power Station laboratory or Mine laboratory, which may be used, subject to Eskom's agreement, for analysis in terms of the Agreement shall be carried out on at least a quarterly basis. Laboratory systems shall comply with ISO 17025. Eskom is responsible for issuing a summary report to the laboratory.
- 12.1.2. A schedule of laboratory audits shall be communicated to the laboratories by Eskom and may be requested by the Supplier. The Supplier may request a joint laboratory audit on an as and when required basis.
- 12.1.3. Laboratory non-conformances shall be issued during the audit or within 24 (twenty-four) hours of the audit and corrective actions shall be implemented by the Nominated Laboratory within 24 (twenty-four) hours for major non-conformances and within 3 (three) day for minor non-conformances.

12.2. Sampling Audits

- 12.2.1. The sampling procedure and/or pre-certification process shall be jointly audited at least once a Year. Eskom shall notify the Supplier of an audit at least 24 (twenty-four) hours in advance. A copy of the audit report shall be forwarded to the Supplier.
- 12.2.2. A schedule of the Auto-Mechanical Tariff Sampler audits shall be communicated by Eskom and may be requested by the Supplier.

13. PRE-CERTIFIED STOCKPILE MANAGEMENT

The following apply to the pre-certification of stockpiles prior to Delivery:

- 13.1. The Supplier shall have a mass-meter on the final product conveyor to determine the tonnage of the stockpiles. The Supplier shall measure and record the tonnage of the stockpiles created.

- 13.2. The size of each Pre-Certified Stockpile shall be approximately equivalent to a day's delivery, unless otherwise agreed, subject to sampling and analysis as described in the proceeding clauses.
- 13.3. If Eskom allows deliveries from more than 1 (one) Mine per Agreement, then the Supplier shall approach Eskom for approval of more than 1 (one) sample per Agreement per day. Approval shall be based on tonnages, analysis budget, etc.
- 13.4. The size of the Pre-Certified Stockpile(s) may be increased subject to Eskom's agreement. In all instances the quality of the daily equivalent tonnages making up such Pre-Certified Stockpile shall meet the Quality Specification.
- 13.5. Pre-Certified Stockpile(s) must be immediately identified with a coloured signboard next to the stockpile indicating the stockpile status as shown in Table 8 below:

Table 8: Signboards Indicating Stockpile Status

Signboard Colour	Pre-Certification Status	Loading Status
Green	In specification	Can be loaded
Yellow	Awaiting results	Cannot be loaded
Red	Out of specification	Cannot be loaded

- 13.6. The unique identification to be written on the signboard of the Pre-Certified Stockpile shall reflect the Mine name abbreviation followed by the date that the stockpile was created, followed by an alphabet representing the stockpile letter for that day and product type where applicable, as set out in clause 5.8.3.
- 13.7. The Pre-Certified Stockpile identification numbers shall be recorded on the weigh bill slips prior to Delivery or Take Off.
- 13.8. The tonnage of each Pre-Certified Stockpile, with the associated result of analysis, shall be reconciled with the tonnage received at the Power Station for that specific Pre-Certified Stockpile.

- 13.9. The Supplier shall ensure that the above process is adhered to at all times. Any deviation from the process shall be recorded for audit purposes and shall mean that the said stockpile has not been pre-certified and that such stockpile is in fact Reject Coal.
- 13.10. No stockpile that has qualities outside of the Quality Specification, as tabled in the Coal Supply Agreement, or has violated the sampling and stockpile management processes as described in this CQMP shall be dispatched to Eskom.
- 13.11. The control sheet linking the as-produced qualities and tonnage to the Pre-Certified Stockpile(s) and the weighbridge certificates must be signed off by both Parties' representatives for invoice verification. The Supplier must ensure that the weighbridge certificates reflect the Pre-Certified Stockpile(s) from which the Contract Coal was loaded.
- 13.12. Pre-Certified Stockpile(s) that are within the Quality Specification (i.e. have passed) should not be left on the stockyard for longer than 14 (fourteen) days. If the 14 (fourteen) days are exceeded the Supplier shall conduct a thermal scan using suitably calibrated instrument for hot spots to verify risk of spontaneous combustion before dispatching. The stockpile shall not be loaded for delivery to Eskom if there is a risk of spontaneous combustion.
- 13.13. The Supplier shall have slew conveyors for pre-certification of stockpiles. Pre-certified stockpiles shall not be moved or tampered with after creation, subject to clause 14, in the event of reprocessing of reject coal. Relocation of sampled stockpiles after creation and pre-certification may be done with the consent of the Contract Manager/Power Station who may grant or deny permission to relocate the stockpile.

14. TREATMENT OF REJECT COAL STOCKPILES

- 14.1. Where the product stockpile does not meet the Quality Specification or where the sampling and stockpile management processes as set in this CQMP are violated, such Reject Coal stockpile shall be completely removed from the pre-certification stockpiling area and/or shall be reprocessed to become Contract Coal.
- 14.2. The Reject Coal stockpiles shall not be in the pre-certification stockpiling area for longer than 7 (seven) Business Days. In other words, the Reject Coal stockpiles shall be removed from the pre-certification stockpiling area within 7 (seven) Business Days.
- 14.3. The pre-certified Coal stockpiles that are within specification shall not be in the pre-certification stockpiling area for longer than 21 (twenty-one) Business Days. In other words, the pre-certified Coal stockpiles that is within specification (have passed) shall be loaded out to the power station from the pre-certification stockpiling area within 21 (twenty-one)

Business Days. This is to mitigate risk of contamination, mixing in failed stockpiles, spontaneous combustion and weathering of the coal

- 14.4. Where Reject Coal is reprocessed/blended it shall be processed and sampled in accordance with the processes and procedures set out in this CQMP. The Supplier shall, at its own cost, be responsible for the reprocessing/blending of Reject Coal stockpiles.
- 14.5. Records shall be maintained regarding the treatment of Reject Coal stockpiles together with new stockpile name if reprocessed.
- 14.6. Eskom shall not pay for transportation and analysis of samples of Reject Coal stockpiles, such samples shall be paid for by the Supplier, except in the case of Total Moisture. Refer to clause 15 for stockpile moisture management.
- 14.7. A stockpile that has Reject Coal shall not be dispatched to Eskom.

15. STOCKPILE MOISTURE MANAGEMENT

- 15.1. If the product stockpile is out of specification on Total Moisture only or in the event of rain, grab samples shall be taken (representatively at a depth of 50cm (fifty centimetres) from surface) to verify the actual moisture levels of the Pre-Certified Stockpile. The Total Moisture results must be communicated to Eskom's Contract Manager in writing (e-mail or fax), who, with the consent of the Power Station will grant or deny permission to load the stockpile.
- 15.2. The standard instrument for the measurement of rainfall shall be a 203mm (two hundred and three millimetre) (8 (eight) inch) rain gauge, which collects the rain into a graduated and calibrated cylinder. The measuring cylinder shall record up to 25mm (twenty-five millimetres) of precipitation. Compliance shall be monitored by the onsite Supervisors and Monitors.
- 15.3. The top of the rain gauge collector shall be 30cm (thirty centimetres) above the ground. Rain gauges shall not be sited near buildings, solid fences and trees. The distance of the rain gauge from buildings, trees or other objects should be at least twice the height of the obstruction. The rain gauge should also be in a place where it will not be disturbed by people, animals or vehicles.
- 15.4. To read the contents of the rain gauge first ensure that the gauge is vertical. Bring the eye level with the surface of the liquid in the gauge and read from the scale the position of the liquid surface. Make sure you read the bottom of the liquid surface and not the meniscus, which is the slightly higher lip formed where the water surface meets the cylinder wall. If the surface of the water is midway between two divisions, read the higher division.
- 15.5. Recording of the rainfall observation shall be on an hourly basis by the mine. Any closed off pre-certified stockpile that has been exposed to 10mm (ten millimetres) or more of rain (continuous rain) shall be subject to a grab sample and Total Moisture analysis. Subsequent

Total Moisture grab samples to be taken should the Pre-Certified Stockpile be subject to more rain after the initial grab sample has been taken. The stockpile may be loaded once it has been pre-certified and meets the Quality Specification.

15.6. The Total Moisture results must be communicated to Eskom for the tonnage adjustment. The delivered tons will be adjusted as set out in **clause 16** of the Standard Terms and Conditions of Coal Supply.

15.7. Eskom reserves the right, at its own discretion, to accept stockpiles with out of specification Total Moisture, regardless of rain.

16. ASSURANCE ON THE PRE-CERTIFICATION PROCESS

In order to ensure assurance of the pre-certification process Supplier shall be required to adhere to the following:

16.1. Mixing/Blending Process

16.1.1. The Supplier shall install adequate mechanical mixing/blending capacity to ensure consistency within the Contract Coal Consignment.

16.1.2. The Supplier shall be required to provide Eskom with a flow diagram/system/procedure outlining the mixing/blending process that shall be adhered to for the duration of the Agreement. The flow diagram shall be agreed to between the Parties and shall form part of the Agreement. Variability tests may be done on an agreed timeframe to determine the consistency of the process.

16.2. Pre-Certification Sampling

16.2.1. The Supplier shall install Auto-Mechanical Tariff Sampler(s), interlocked with final product belt(s).

16.2.2. The Supplier shall provide Eskom with a flow diagram/system/procedure indicating the auto-mechanical sampling process that shall be adhered to for the duration of the Agreement. The flow diagram/system/procedure shall be agreed to between the Parties and shall form part of the Agreement.

16.2.3. The Supplier shall install a tamper proof automated sampling unit. The design and installation conditions shall be agreed to by both Parties before implementation thereof.

16.3. Load-out Controls

16.3.1. The Supplier shall provide Eskom with a flow diagram/system/procedure indicating the load out control process that shall be adhered to for the duration of the Agreement.

The flow diagram shall be agreed to between the Parties and shall form part of the Agreement.

16.3.2. The Supplier shall implement the following:

16.3.2.1. A traffic management system.

There shall be clear separation of incoming and outgoing traffic. There shall also be strict adherence to the prescribed Consignment size, which shall be equal to the agreed Consignment size. Mini “transit” stockpiles shall not be allowed.

16.3.2.2. A weighbridge identity system.

The approved system shall include the stockpile identity on the weighbridge certificate. For Delivered Agreements the vehicle tracking system shall be required to be compatible to Eskom’s vehicle tracking system. Eskom may, on an ad-hoc basis, request information from the vehicle tracking system. The Supplier shall make such information available to Eskom by the requested date.

16.3.3. The Supplier shall provide Eskom with a daily stockpile status report showing a reconciliation of pre certified tonnages. (Tons closing stock = Tons opening stock + Tons added – Tons despatched). The format of the status report shall be agreed to by the Parties and included in the agreement. The Supplier shall provide survey reports on request, for audit purposes.

16.3.4. The Supplier shall provide the onsite Monitors with pre-certification stockpile signoff indicating whether the stockpile has passed or failed.

16.3.5. The Supplier shall ensure that mass-meters are installed to measure the coal on the Pre-Certified Stockpiles.

16.3.6. Manual resampling of stockpiles shall not be allowed, including re-worked/out of specification stockpiles.

16.3.7. The Supplier shall ensure adequate supervision of load-out activities.

16.3.8. The Supplier shall provide a signed supervisory structure to Eskom; such structure shall form part of the Agreement.

16.3.9. The Supplier shall ensure that incoming trucks are tipped before loading.

16.3.10. The Supplier shall ensure adequate controls in place to avoid load-out of stockpile base, provide relevant training to the front-end-loader (FEL) operators, ensure

adequate drainage profile of the stockyard mitigating migration of water in the stockpile base and obtain relevant signoff on the design of the stockpile base.

16.3.11. The Supplier shall ensure stockpile separation i.e. run-of-mine (ROM) stock separated from Pre-Certified Stockpile to avoid contamination.

16.4. Surveillance

16.4.1. For assurance purposes Eskom shall at its own discretion be entitled to install surveillance cameras to conduct remote monitoring of the sampling and load-out processes on site. Coverage of the sampling process shall include the Auto-Mechanical Tariff Sampler, sampling, sample preparation, sample placement in the lockable cage and sample collection. Coverage of the load-out process shall include the processing/blending area, Pre-Certified Stockpiles and the load-out area.

16.4.2. Eskom shall also be entitled to:

16.4.2.1. at any time, with reasonable notice, audit the Mine and Source(s) in terms of adherence to the above requirements relating to pre-certification.

16.4.2.2. request the Supplier to provide analysis of the individual Sources or mixing/blending constituents that make up the mixture/blend of the Contract Coal.

16.4.2.3. view and access the footage of the surveillance camera monitoring the automatic sampler, the auto sampler, sample collection, preparation and sampling placement in the lockable cage, as and when required.

17. VERIFICATION OF PRE-CERTIFIED DELIVERIES

17.1. Verification

17.1.1. Eskom reserves the right to perform Verification at its own cost and in line with ISO 18283.

17.1.2. Verification sampling shall be conducted according to the Eskom Verification procedure, which shall be shared with Supplier prior to commencement of the Verification.

17.1.3. The results of the Verification (i.e. Verification results) shall be compared to the results of the analysis of the Pre-Certified Stockpiles (i.e. the pre-certification results) and action shall be taken by both Parties to reduce differences in the results. Should the variance between the pre-certification results and the Verification results of absolute ("ABS") ash content fall within the following limits then the following remedies shall apply:

- 17.1.3.1. Where the variance does not exceed 3% (three percent) in any Pre-Certified Stockpile(s) in any Month, no remedy shall apply.
- 17.1.3.2. Where the variance exceeds 3% (three percent) but it does not exceed 5% (five percent) (i.e. >3% and ≤5%) on 1 (one) or 2 (two) Pre-Certified Stockpiles in a Month, the Supplier shall investigate and action.
- 17.1.3.3. Where the variance exceeds 3% (three percent) but it does not exceed 5% (five percent) (i.e. >3% and ≤5%) on 3 (three), 4 (four) or 5 (five) Pre-Certified Stockpiles in a Month, the Parties shall investigate and action.
- 17.1.3.4. Where the variance:
- exceeds 3% (three percent) but it does not exceed 5% (five percent) (i.e. >3% and ≤5%) on more than 5 (five) Pre-Certified Stockpiles in a Month, or
- exceeds 5% (five percent) on 1 (one) or more Pre-Certified Stockpile(s) in a Month, then

Eskom may suspend the Supply until such time that the Supplier is able to identify the problem and provide a verification mitigation plan to remedy the situation. The following process shall be followed:

- 17.1.3.4.1. The Supplier shall, within 3 (three) Business Days of being notified of the non-conforming variance on Verification results in accordance with clause 17.1.3, submit a verification mitigation plan to Eskom. The verification mitigation plan shall set out a schedule/plan of how the Supplier shall rectify the variance in the Verification tests conducted by Eskom. Such verification mitigation plan shall clearly outline the steps that shall be taken to rectify the problem and clear time lines by when the problem shall be resolved;
- 17.1.3.4.2. The Supplier shall consult with Eskom on the verification mitigation plan and, Eskom undertakes, within 3 (three) Business Days after submission of the verification mitigation plan, to advise whether the plan is acceptable, which acceptance will not be unreasonably withheld or delayed (and failing which the verification mitigation plan shall be deemed to be acceptable); and on Eskom's acceptance (or deemed acceptance), the Supplier shall implement the verification mitigation plan in the form and on the terms acceptable (or deemed acceptance) to Eskom within the agreed upon time lines. The Supplier may resume Supply on Eskom's acceptance (or deemed acceptance) of the verification mitigation plan and the effectiveness of the verification mitigation plan shall be measured by means of Verification.

17.1.3.4.3. Where the variance exceeds 5% (five percent) (i.e. >5% (five percent)) on more than 3 (three) Pre-Certified Stockpiles in a Month for 3 (three) consecutive Months, then Eskom may terminate the Agreement.

Table 9: Summary of Variances and Associated Remedies

#	Ash Variance (%)	Number of Pre-Certified Stockpile(s)	Period	Remedy
1	≤3	Any	Any	No action/remedy
2	>3 and ≤5	1 or 2	Month	Supplier shall investigate and action
3	>3 and ≤5	3, 4 or 5	Month	Parties shall investigate and action
4	>3 and ≤5	>5	Month	Eskom may suspend the Supply until such time that the Supplier is able to identify the problem, provide and implement an acceptable verification mitigation plan to remedy the situation.
	>5	≥1	Month	
5	>5	>3	3 consecutive Months	Eskom may terminate the Agreement

17.2. Supplier’s Rights with Regards to Verification

The Supplier shall be entitled to:

- 17.2.1. Raise a dispute in writing, in accordance with the provisions of **clause 27** of the Standard Terms and Conditions of Coal Supply within 24 (twenty-four) hours of receiving a notification relating to the suspension of Supply or termination of the Agreement in accordance to clause 17.1.3;
- 17.2.2. Have access to the Verification results. All Verification sampling results will be provided to the Supplier 24 (twenty-four) hours after the analysis results have been issued to Eskom;
- 17.2.3. Be notified by Eskom of any Verification sampling; and
- 17.2.4. Witness the Verification sampling.

18. VARIABILITY TESTS

Variability tests may be conducted by Eskom annually and/or as and when required, as follows and in accordance with ISO 18383, as outlined in this CQMP:

- 18.1. If and when variability tests are required, then within 6 (six) Months of conducting the bias test and provided that the Auto-Mechanical Tariff Sampler is free of bias, the Parties shall

do so jointly to establish the correct sampling regime and consistency of the coal processing for pre-certification. The sampling increments shall be adjusted accordingly.

18.2. Variability tests may be required;

18.2.1. If there is an agreed change in the coal supply make up.

18.2.2. If there is a change in the sampling infrastructure.

18.2.3. If there is a significant change in bias test results.

18.3. For each variability test that is conducted, the Supplier shall bear the cost of sampling and Eskom shall bear the cost of transportation and analysis for such tests.

18.4. The acceptable variability limits shall be agreed to by the Parties by no later than 3 (three) Months after the first Delivery of Contract Coal, subsequent to the Parties conducting variability tests to determine the variability of the Contract Coal.

19. REVIEW AND AMENDMENTS OF THIS CQMP

19.1. If changes occur in legislation, codes of practice, or standards, when a functional error is identified, changes to the structure or operation of the Auto-Mechanical Tariff Sampler or manual tariff sampling procedures, or if there are changes in the sample preparation requirements or to the currently accepted local or international standards, as set out in Table 1 of clause 5.1.4, which require amendments to this CQMP then either Party shall be entitled to request amendments to this CQMP and the Parties shall negotiate in good faith in order to agree on the appropriate amendments within a reasonable time period, but by no later than 10 (ten) Business Days of the written request for the amendment, failing which either Party may then refer the matter for determination by an independent expert in terms of **clause 28** of the Standard Terms and Conditions of Coal Supply in order for the expert to determine how this CQMP shall be reasonably amended. In agreeing any amendments to this CQMP, the Parties will have regard to the impact on the Agreement.

19.2. Once particular agreements have been reached then the respective changes shall be documented and implemented. The amended CQMP will become effective on a date to be agreed by the Parties or, in the event of the Parties failing to reach agreement, on a date to be determined by the independent expert.

20. COMPROMISE

20.1. Both Parties understand and agree that the ISO standards prescribe that splitting of a Contractual Bulk Sample shall be preceded by crushing. However, in this CQMP it is a compromise allowance that the Contractual Bulk Sample is split prior to crushing as it is not

practical and is a bigger risk to take a separate sample for General Analysis, particle size distribution and Total Moisture.

20.2. It must be noted that the sample preparation flow sheet is an interpretation of the ISO standards and therefore the ISO standards supersede this CQMP.

Annexure V1 Fixed Price Coal Supply Agreement Template

**APPENDIX 1: SUPPLIER'S SITE SPECIFIC COAL HANDLING AND PREPARATION PROCESS
FLOW DIAGRAM**

<Insert the supplier's site specific coal handling and preparation process flow diagram.>

Annexure V1 Fixed Price Coal Supply Agreement Template

APPENDIX 2: SUPPLIER'S SITE SPECIFIC GEOGRAPHIC LOCATION OF THE AUTO-MECHANICAL TARIFF SAMPLER

<Insert the supplier's site map showing the geographic location of the sampling plant. The GPS coordinates must be shown on the diagram. The page layout can be modified to allow for the Process flow diagram to be easily readable>

Annexure V1 Fixed Price Coal Supply Agreement Template

APPENDIX 3.1: SUPPLIER'S SITE-SPECIFIC AUTO-MECHANICAL TARIFF SAMPLING PROCEDURE

<Insert the supplier's site specific auto-mechanical tariff sampling procedure.>

APPENDIX 3.2: SUPPLIER'S SITE-SPECIFIC AUTO-MECHANICAL TARIFF SAMPLING PROCESS FLOW DIAGRAM

<Insert the supplier's site specific process flow diagram for the auto-mechanical tariff sampling plant to be used for contractual sampling as described in this CQMP.>

APPENDIX 3.3: SUPPLIER'S SITE-SPECIFIC TOTAL MOISTURE MANUAL TARIFF SAMPLING PROCEDURE

<Supplier to add the supplier's site specific manual tariff sampling procedure.>

APPENDIX 4: SUPPLIER'S SITE SPECIFIC LOAD OUT PROCEDURE

<Supplier to add the supplier's site specific load out procedure.>

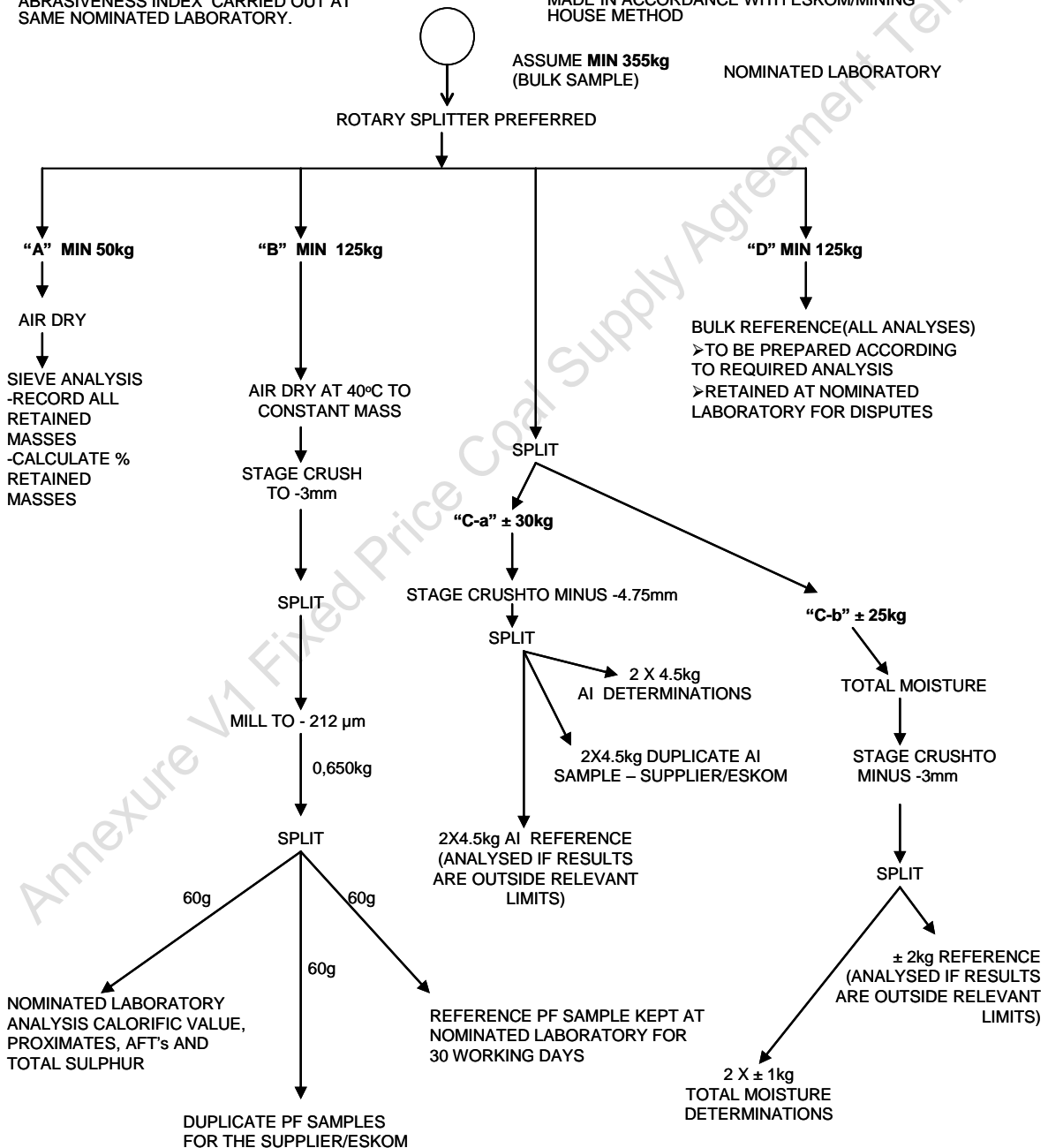
Annexure V1 Fixed Price Coal Supply Agreement Template

APPENDIX 5: SAMPLE PREPARATION FLOW DIAGRAM

<Select the appropriate sample preparation flow diagram based on material top size as described in this CQMP. Delete the diagrams not applicable>

Sample Preparation: Coal with 40mm Nominal Top Size

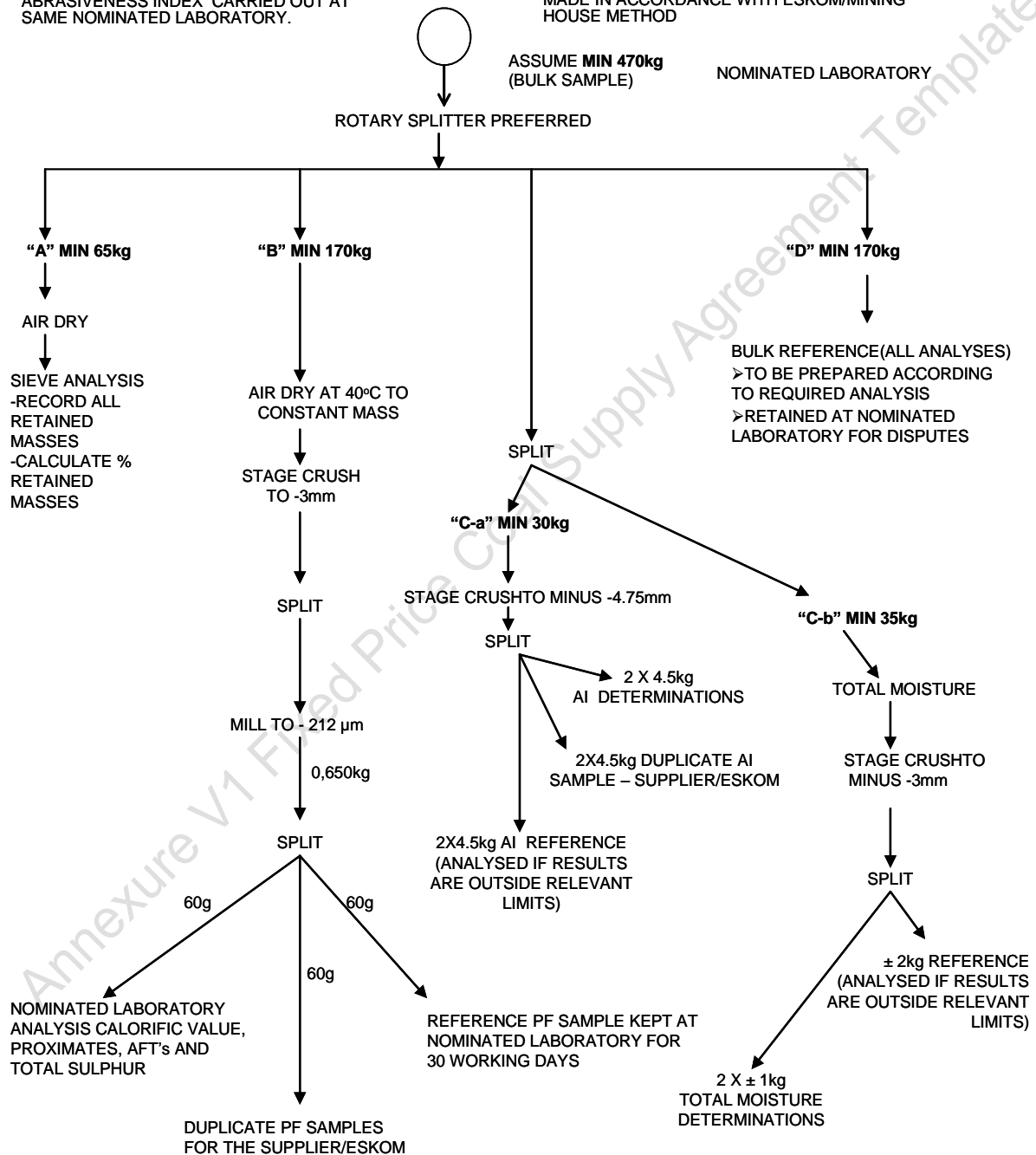
- BULK SAMPLE COLLECTED MANUALLY OR AUTO MECHANICALLY
- MAJORITY OF SAMPLE PREPARATION AND ANALYTICAL DETERMINATIONS CARRIED OUT AT NOMINATED LABORATORY (MUTUALLY AGREED UPON BY ESKOM AND SUPPLIER)
- PREPARATION OF SAMPLES AND DETERMINATION OF ABRASIVENESS INDEX CARRIED OUT AT SAME NOMINATED LABORATORY.
- SAMPLE PREPARATION CARRIED OUT IN ACCORDANCE WITH ISO 18283
- ANALYTICAL DETERMINATIONS MADE IN ACCORDANCE WITH RELEVANT ISO METHODS
- ABRASIVENESS INDEX DETERMINATIONS MADE IN ACCORDANCE WITH ESKOM/MINING HOUSE METHOD



Sample Preparation: Coal with 50mm Nominal Top Size

- BULK SAMPLE COLLECTED MANUALLY OR AUTO MECHANICALLY
- MAJORITY OF SAMPLE PREPARATION AND ANALYTICAL DETERMINATIONS CARRIED OUT AT NOMINATED LABORATORY (MUTUALLY AGREED UPON BY ESKOM AND SUPPLIER)
- PREPARATION OF SAMPLES AND DETERMINATION OF ABRASIVENESS INDEX CARRIED OUT AT SAME NOMINATED LABORATORY.

- SAMPLE PREPARATION CARRIED OUT IN ACCORDANCE WITH ISO 18283
- ANALYTICAL DETERMINATIONS MADE IN ACCORDANCE WITH RELEVANT ISO METHODS
- ABRASIVENESS INDEX DETERMINATIONS MADE IN ACCORDANCE WITH ESKOM/MINING HOUSE METHOD



APPENDIX 6: LABORATORY COAL QUALITY REPORT TEMPLATE

TEST REPORT - COAL ANALYSIS																														Lab Name: Address: Contact details																				
SOURCE			REFERENCE NO			* Sub-contracted Tests			** Non-accredited Tests			Moisture in Analysis Sample % ???? Based on ISO 11722			Calorific Value % ???? Based on ISO 1928			Total Moisture % ???? Based on ISO 589			ISO Ash % ???? Based on ISO 1171			ISO Volatile % ???? Based on ISO 562			Total Sulphur % ???? Based on ASTM 4239			*Fixed Carbon % By Difference																				
Date			REPORT NO:																																															
Received	Reported	TAT	No	Stockpile	Mass	GA	TM	Screen	Reserve	IM	TM	Ash	C.V.	Vol	AJ	TS	Ash	C.V.	Vol	TS	Ash	C.V.	Vol	TS	Def	Sph	Hem	Flow	+50	+40	+25	+12.5	+6.3	+3.3	+1	-1	-6.3	-3	-1	SAMPLE CONDITION										
Date	Date	TIME			kg	kg	kg	kg	kg	% _m	% _m	% _m	MJ/kg	% _m	mg/Fe	% _m	% _m	MJ/kg	% _m	% _m	% _m	% _m	MJ/kg	% _m	% _m	% _m	% _m	% _m	% _m	% _m	% _m	% _m	% _m	% _m	% _m	% _m	% _m	% _m	% _m	% _m	% _m	% _m								
		00:00																0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00																									
		00:00																0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00																									

SANAS LOGO

Name
Compiled: Technical Signatory

Name
Authorized By: Technical Signatory

The test work related to this test report was performed by ????. This report and its results relate only to the specific sample(s) identified herein. They do not imply ??? approval of the quality and/or performance of the item(s) in question and the test results do not apply to any similar item that has not been tested. (Please Note: The " Conditions of Test" page follows this Test

Annexure V1 Fixed Price Coal Supplier

APPENDIX 8: STOCKPILE LOG-SHEET

PRECERTIFICATION CONTROL SHEET

SUPPLIER: _____
SITE: _____
PRODUCT: _____

Stockpile No.	Date Created	Bulk Sample					Duplicate Sample					Stockpile Pre-certification								Comments/ Non-compliance				
		Quantity kg	Removed		Signature		Returned		Signature		Contractual analyses			Signature	Stockpile Retention Time	Date	Stockpile Loading							
			Date	Time	Eskom	Supplier	Date	Time	Eskom	Supplier	Date	Time	In Spec.				Eskom	Supplier	No. of loads		TM%	Eskom	Supplier	

 Eskom Roving Supervisor Supplier Supervisor

APPENDIX 9.1: MANUAL TARIFF SAMPLING FOR TOTAL MOISTURE - LOG-SHEET

MANUAL SAMPLING LOGSHEET

SUPPLIER: _____

SITE: _____


Date	Time	Sampler at station	Compliance (yes/no)					Deviations	Corrective Action	Signature	
			Increments size (min. 2.5kg)	Increments per FEL (min. of 2)	Safety	Labelling	Sample devision Riffling			Eskom Observer	Supplier

APPENDIX 9.2: MONITORS HOURLY AUTO-MECHANICAL TARIFF SAMPLING OBSERVATION FORM

	Primary Energy Division Hammer-Sampler: Sampling Interval Template	Unique Identifier	726993
		Revision	0
		Revision Date	01 April 2017
		Effective Date	01 April 2017
Time	Design Sampling Interval/Frequency(s)	Actual Sampling Interval/Frequency (s)	
06:00			
07:00			
08:00			
09:00			
10:00			
11:00			
12:00			
13:00			
14:00			
15:00			
16:00			
17:00			
18:00			
19:00			
20:00			
21:00			
22:00			
23:00			
00:00			
01:00			
02:00			
03:00			
04:00			
05:00			

NOTE: The frequency will vary from site to site. The design sampler interval or frequency shall be extracted from the mine's signed sampling procedure.

APPENDIX 10: DISPUTE DECLARATION FORM

	PRIMARY ENERGY	Unique Identifier	
	QUALITY ASSURANCE DISPUTE DECLARATION REQUEST FORM	Revision	0
		Effective Date	March 2012

SECTION A: STOCKPILE NUMBER:							
Name of person declaring Dispute Name of originating lab: Lab Sample Reference No.:		PARAMETER/S DISPUTED:					
SECTION B: REASONS FOR DECLARING THE DISPUTE							
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 2px;">Accept Dispute Declaration:</td> <td style="width: 50%; padding: 2px;">Reject Dispute Declaration:</td> </tr> <tr> <td style="padding: 2px;"></td> <td style="padding: 2px;">Reason:</td> </tr> </table>				Accept Dispute Declaration:	Reject Dispute Declaration:		Reason:
Accept Dispute Declaration:	Reject Dispute Declaration:						
	Reason:						
SECTION C: NAME OF DISPUTE LAB							
SECTION D: DISTRIBUTION LIST							
SECTION E: CONDITIONS FOR DISPUTE LAB							
<p>Should a dispute be declared on any of the quality parameters in the case of the general analysis, then all such parameters (Ash, volatiles, moisture in the analyses sample, and Calorific value) shall be re-analysed on the bulk reference sample and reported for contractual purposes.</p> <p>If there is a dispute on Total Sulphur, the parameters to be analysed on the bulk reference sample shall be total sulphur and moisture in the analyses sample, ash, volatiles and calorific value.</p> <p>If there is a dispute on abrasiveness Index then only abrasiveness Index shall be done on the bulk reference sample.</p> <p>If there is a dispute on ash fusion temperatures then only ash fusion temperatures shall be done on the bulk reference sample.</p>							
SECTION F: PAYMENT CONDITIONS							
<p>Where the independent laboratory's result is within the reproducibility limit of the disputed result, then the cost of the said analyses together with the costs of transporting and preparing and analysing the sample shall be borne by the Party declaring the analytical dispute.</p> <p>Where the independent laboratory's result is outside the reproducibility limits, then the cost of the said analyses together with the costs of transporting and preparing the sample shall be for the account of the Party whose analyses differs the most from those of the independent laboratory. Only one dispute shall be declared per pre-certified stockpile. The results from the independent laboratory will be final and binding.</p>							
SECTION G							
DATE THE ORIGINATING LAB RECEIVED DISPUTE REPORT:							
Supplier Representative Name: Signature: Source/Mine: Date: FED Representative: Name: Signature: Date:							

Annexe C
The Supplier Development, Localisation and Industrialisation Commitments

The Supplier shall adhere to the SDL&I commitments set out in the SDL&I Compliance Matrix below:

Criteria	Weight (%)	Total Target (%)	Proposed Target (%)	Total Overall Weighted Score
Localisation	50.00%	70.00%		0.00%
Procurement from Black Owned Suppliers	25.00%	25.00%		0.00%
Skills Development	25.00%			0.00%
Total Score	100.00%			
Total Supplier Development and Localisation Score				0.00%

Skill Type (Occupation)	OFO Occupational Group	Weight (%)	Target Number of Persons to be Trained (Local to South Africa)	Proposed Number of Persons to be Trained (Local to South Africa)	Total Weighted Score
Technicians		20.00%	2		0.00%
Clerks and admin workers		20.00%	2		0.00%
Craft and related trade workers		20.00%	2		0.00%
Plant and machine operators		20.00%	2		0.00%
Apprentice Section 18 (1) Learners		20.00%	2		0.00%
Total		100.00%	10	0	0.00%

To be completed by Tenderer

Number of jobs to be created as a result of this contract	
Number of jobs to be retained as a result of this contract	

[Drafting note: The principle of the SDL&I matrix is agreed, but it must be noted that it will vary depending on the project]

Annexe D**The Safety and Health Requirements**

The Supplier warrants that it is complying and shall continue to comply with all its obligations under all current and future applicable laws including but not limited the Mine Health and Safety Act, No. 29 of 1996, all statutory requirements that are mandatory which include the following:

1. Acknowledgement of Eskom's rules and requirements, which will ensure that all applicable rules and requirements are referenced in this Agreement in order for the Supplier to acknowledge and comply with them. Ensure that the completed procurement package is signed and submitted.
2. Baseline Safety and Health risk assessment which refers to the Safety and Health hazards/aspects and risks/impacts that are identified and assessed before the commencement of this Agreement including both the routine and non-routine tasks.
3. Safety and Health competency which refers to a person who has in respect to the work that has to be done, the required training, knowledge and experience, and where applicable qualification relevant to that work or task. Provided where appropriate qualifications and training are registered in terms of the provisions of the National Qualification Framework Act No 67 of 2000, those qualifications and training must be regarded as the required qualifications and training, and is familiar with the Act and applicable regulations made under the Act.
 - First aider (If or when applicable)
 - Safety and Health professional (If or when applicable)
 - Incident Investigator (If or when applicable)
4. A Safety and Health plan which refers to a site, activity or project shall be documented in accordance with the Supplier's Safety and Health requirements and shall reflect an organised system (method statements, processes, resources etc.) which complies to and be enforced to manage the identified Safety and Health risks.
5. A valid letter of good standing which refers to registration with the Compensation Commissioner in terms of the provisions of the Compensation for Occupational Injuries and Diseases (COID) Act No. 130 of 1993 (as amended) is in place.
6. Medical surveillance programme or medical examinations are conducted and medical certificates provided in relation to the individuals' man-job specifications and the health risk assessment for all employees (including temporary/casual and labour broker persons) and must be conducted by a qualified Occupational Health/Medical Practitioner.

7. A Safety and Health policy and a statement of intention by the employer which provides a framework for setting Safety and Health objectives to improve Safety and Health as per the Agreement and also emphasizes management commitment to employees' wellbeing and duty of care to the environment are in place.
8. The costing for Safety and Health management shall be submitted in line with the Safety and Health management activities.

Annexure V1 Fixed Price Coal Supply Agreement Template

Annexe E

ENVIRONMENTAL LEGAL REQUIREMENTS

1. The Supplier shall provide Eskom with copies of the following documents prior to the Supply of Contract Coal:
 - 1.1 The Contractual Mining Right; including:
 - 1.1.1 the approved Environmental Management Programme, and
 - 1.1.2 the latest closure liability assessments;
 - 1.2 the Water Use Licence applicable to the production and Delivery of Contract Coal in terms of the Agreement
 - 1.3 Environmental Authorisations as applicable in terms of:
 - 1.3.1 the National Environmental Management Act (NEMA)
 - 1.3.2 the National Environmental Management (Air Quality Act) NEM:AQA where applicable
 - 1.3.3 the National Environmental Management (Waste Act) NEM:WA as amended
2. Should amendments or replacements to the documentation referred to in 1 above be applicable, these are to be supplied to Eskom immediately following any amendment or replacement thereof.
3. To the extent applicable, for instances that the Supplier, at any time prior to the Signature Date of the Agreement or during the currency of the Agreement, does not, or ceases to, validly hold the rights, authorisations and licenses referred to in clause 1 above for any reason whatsoever, the Supplier hereby indemnifies Eskom from all third party liabilities in terms of closure and rehabilitation of the Mine.
4. The Supplier shall provide Eskom with the following documents stipulated in the table below:

Item No.	Documentation	Frequency
1	Environmental Management Programme Performance Assessment Reports, as submitted to the Department of Mineral Resources	Two-yearly
2	Compliance Audit Reports of internal and/or independent compliance auditors and management plans to address the findings thereof	As per the condition of the authorisation

Item No.	Documentation	Frequency
3	Reports of audits conducted by the relevant regulatory authorities indicating the status of the Supplier's compliance with clause 6 of the Standard Terms and Conditions of Coal Supply and any relevant rights, permits, licences and authorisations relating thereto	As and when the visits are conducted
4	Copies of administrative notices (pre-directives and directives) received by the Supplier in respect of any actual or potential non-compliance with clause 6 of the Standard Terms and Conditions of Coal Supply and any relevant rights, permits, licences and authorisations relating thereto	Within 3 days of receipt by the supplier thereof
5	Correspondence between the Supplier and the relevant regulatory authorities in relation to notices and audits referred to in item 3 and 4 above and action plans addressing the non-compliances.	Concurrently submitted to Eskom and authorities
6	Latest closure liability assessments / financial provision for rehabilitation	Annually

Annexe F

**RULES OF RAIL TRANSPORTATION: THE PLANNING AND TRAIN HANDOVER PROCEDURES
FOR THE TAKE OFF OF CONTRACT COAL BY RAIL**

[DRAFTING NOTE: The provisions of this Annexe need to be discussed with the technical experts at Eskom and must be tailored to suit the Supplier's actual rail set up. The default provisions are for an operation that services Export and Eskom Trains from the same rail loop/load out station.]

TABLE OF CONTENTS

1.	INTRODUCTION.....	70
2.	DEFINITIONS AND INTERPRETATION	70
3.	RAIL TRANSPORTATION OF CONTRACT COAL	73
4.	THE LOADING OF ESKOM TRAINS	73
5.	RAIL NON-UTILISATION CHARGES.....	74
6.	PLANNING OF OFFTAKE OF CONTRACT COAL BY RAIL	76
7.	HANDOVER OF ESKOM TRAINS	77
8.	PLANNING AND HANDOVER OF TRAINS PRIOR TO THE OPERATION OF A COMPREHENSIVE ESKOM TRAIN SCHEDULE.....	78

1. INTRODUCTION

- 1.1 In addition to the provisions of the Agreement, this **Annexe F** records the procedures that the Parties agrees will apply at the Supplier's rail loading facilities for the purposes of Delivery of Contract Coal by rail to Eskom.
- 1.2 The provisions of this **Annexe F** record practical operational and train scheduling matters and create no contractual obligations between the Supplier and TFR.
- 1.3 The Parties record that it is TFR's intent to establish an operating system whereby trains are operated in accordance with a planned train schedule that includes, for each Eskom Train, a scheduled arrival time at, and departure time from the Handover Point. Until such time as this operating system is in place, the Parties shall plan and undertake Rail Off-take in accordance with clause 8 of this Annexe.

2. DEFINITIONS AND INTERPRETATION

In this Annexe:

- 2.1 save as defined in clause 2.2 below, the words and expressions used in the form as defined in the Agreement, shall have the meaning assigned thereto in the Agreement;
- 2.2 the following words and expressions shall, unless otherwise stated or inconsistent with the context in which they appear, bear the following meanings and other words derived from the same origins as such words (that is, cognate words and expressions) shall bear corresponding meanings:
- 2.2.1 **"Actual Rail Loading Time"** means the actual period which the Supplier takes to load an Eskom Train, calculated from the time that the empty train is available for loading at the Handover Point until the time when the Supplier returns the properly loaded train to the Handover Point and, if such Eskom Train is returned to the Handover Point not loaded so as to comply with the provisions of clause 4.1.1, until such time as the loading has been corrected;

- 2.2.2 **"Eskom Train Schedule"** means the weekly train schedule, prepared by TFR, and provided to the Supplier in terms of clause 6, for the forthcoming week, to enable Eskom to Take Off the Contract Coal in the forthcoming Week;
- 2.2.3 **"Export Trains"** means trains consigned to the RBCT or any other designated export terminal in Southern Africa;
- 2.2.4 **"Handover Point"** means:
- 2.2.5 in respect of empty rail wagons, from TFR (on behalf of Eskom) to the Mine, will be Shunt Signal No. [●] just before the balloon split depicted on Appendix [●]; and
- 2.2.6 in respect of loaded rail wagons, from the Mine to TFR (on behalf of Eskom) for Eskom Trains, will be Shunt Signal No. [●] just before the balloon split depicted on Appendix [●];
- 2.2.7 **"Handover Time"** means:
- 2.2.8 in respect of empty Eskom Trains, from TFR (on behalf of Eskom) to the Mine, will be when TFR's locomotive driver has notified the RLT Operator via two way radio or other agreed means that the empty Eskom Train has arrived at the agreed Handover Point, provided that the Eskom Train shall not be deemed to have arrived at the Handover Point until the Supplier is required to accept the train in terms of clause 7. The RLT Operator will record such Handover Time on the "Train Release Document"; and

- 2.2.9 in respect of loaded Eskom Trains, from the Mine to TFR (on behalf of Eskom), will be when the RLT Operator has notified TFR's locomotive driver via two way radio or other agreed means, that the loaded Eskom Train has arrived at the Handover Point. The RLT Operator will record such Handover Time on the "Train Release Document";
- 2.2.10 **"Minimum Enforceable Rail Loading Time"** means the minimum period of [●] ([●]) hours in which TFR can require the Supplier to load each Eskom Train, calculated from the actual Handover Time until the time at which the Supplier must return the Properly Loaded Train to the Handover Point in terms of the Eskom Train Schedule;
- 2.2.11 **"Permitted Rail Loading Time"** means the period available to the Supplier to load each Eskom Train, calculated from the actual Handover Time until the time when the Supplier is scheduled to return the properly loaded Eskom Train to the Handover Point, in terms of the Eskom Train Schedule;
- 2.2.12 **"Penalty"** shall have the meaning ascribed to it in clause 5.5;
- 2.2.13 **"Properly Loaded Train"** means a train loaded in accordance with the provisions of clause 4.1.1;
- 2.2.14 **"RLT Operator"** means the person employed by the Supplier to operate the rapid load out station referred to in clause [●];
- 2.2.15 **"Small Trains"** means trains which will operate primarily on TFR's general freight business rail system and which shall typically consist of either 60 or 75 wagons having a rated payload of no more than 58 tons and an axle load of no more than 20 tons per axle;

- 2.2.16 "the TFR Siding" means the TFR siding commonly referred to as the "[●]" and which will be connected to the Mine by means of an electrified rail link. For avoidance of doubt the [●] Control Point East is located at the co-ordinates [●]S, [●]E and the [●] Control Point West is located at the co-ordinates [●]S, [●]E;

3. RAIL TRANSPORTATION OF CONTRACT COAL

Where Eskom elects to Take Off Contract Coal by rail, Eskom will procure that locomotive and rail wagons are available at the Delivery Point to Take Off such Contract Coal by rail in accordance with the provisions of this **Annexe F**.

4. THE LOADING OF ESKOM TRAINS

- 4.1 The Supplier shall be responsible for the loading of the Eskom Trains according to the following principles:
- 4.1.1 within TFR's loading tolerances for underloading, overloading and skew loading, as notified to the Supplier in writing by Eskom, and as amended from time to time, provided that the Supplier shall only be obliged to comply with the amendment upon receiving prior written notice thereof;
 - 4.1.2 within the Permitted Rail Loading Time, which shall not be less than the Minimum Enforceable Rail Loading Time; and
 - 4.1.3 subject to the planning procedures and train handover rules set out in clauses 6 and 7.
- 4.2 The Supplier, acting on Eskom's behalf, shall measure the Actual Rail Loading Time for each Eskom Train, reconcile its measurements with those measured by TFR and record such measurements in writing and within 24 hours of the completion of loading.
- 4.3 Where the Supplier fails to load an Eskom Train in terms of clause 4.1, the Supplier shall be required to add or remove coal in order to meet the required loading tolerances, and the Supplier's Actual Rail Loading Time shall be adjusted to include the actual time taken to correct the loading.
- 4.4 Eskom reserves the right to hold back an Eskom Train found to be under-loaded, overloaded or skew loaded, as defined in accordance with TFR's loading tolerances for overloading and

skew loading referred to in clause 4.1, either at the Mine or en-route and Eskom may require the Supplier to off-load or arrange to off-load sufficient quantity of the Contract Coal to bring the mass of the Eskom Train within the TFR loading tolerances referred to in clause 4.1, and the Supplier's Actual Rail Loading Time shall be adjusted to include the actual time taken to correct the loading irrespective of whether the incorrectly loaded Eskom Train has been returned to the Handover Point.

- 4.5 Eskom shall be entitled to recover from the Supplier all penalties imposed by TFR on Eskom for Eskom Trains that have not been loaded in accordance with TFR's loading tolerances for underloading, overloading and skew loading referred to in clause 4.1.1. To the extent that such penalties are imposed by agreement between Eskom and TFR, Eskom undertakes to consult with the Supplier before entering into such agreement with TFR in respect of the mechanisms and amounts of penalties for underloading, overloading and skew loading with the objective of minimising the financial and operational impact of such penalties. Eskom shall further use reasonable endeavours to procure that such mechanisms and amounts are substantially in line with industry norms. The Supplier shall not be entitled to approve or veto any agreement reached between Eskom and TFR.

5. RAIL NON-UTILISATION CHARGES

- 5.1 The Parties shall record all train cancellations and the reasons for such cancellations within 24 hours of any such cancellations.
- 5.2 Cancellations shall be measured in terms of the planned tonnages of Contract Coal for the cancelled train as set out in the Eskom Train Schedule.
- 5.3 The Supplier shall be deemed responsible for the cancellation of an Eskom Train in the following situations:
- 5.3.1 if the Supplier requests that the Eskom Train be cancelled for whatever reason within its reasonable control, including, *inter alia*, insufficient Contract Coal available for Off Take, and breakdowns of the Supplier's loading equipment;
- 5.3.2 if TFR cancels the Eskom Train as a direct result of the Supplier's Actual Rail Loading Time exceeding its Minimum Enforceable Rail Loading Time, including any time taken to correct loading in terms of clauses 4.2 and 4.3;
- 5.3.3 the Supplier is deemed to be responsible for a cancellation in accordance with clause 7; and

- 5.3.4 if TFR or the Supplier cancels an Eskom Train as a result of the Supplier's loading facilities being occupied by any other train and such occupation is as a result of the Supplier's fault.
- 5.4 Eskom shall determine the total penalties it must pay to TFR for non-utilisation of rail capacity for each year ended **[insert date of anniversary of Eskom's TFR contract]** and the following shall apply:
- 5.4.1 where Eskom is not required to pay any penalties to TFR for the non-utilisation of TFR capacity, no Penalty shall be paid by the Supplier, regardless of the number of cancellations attributed to the Supplier for the year ended **[insert date of anniversary of Eskom's TFR contract]**; and
- 5.4.2 where Eskom is required to pay any Penalty to TFR for the non-utilisation of TFR capacity and the Supplier has incurred Penalty Cancellations (as further described in clause 5.5.2 below) for the Year ended **[insert date of anniversary of Eskom's TFR contract]** as determined in accordance with clause 5.5.2, the Supplier shall pay to Eskom an amount equal to the Penalty determined in accordance with clause 5.5.3.
- 5.5 The Penalty payable by the Supplier for the cancellation or non-utilization of Eskom Trains for each year ended **[insert date of anniversary of Eskom's TFR contract]** ("the Penalty") shall be determined as follows:
- 5.5.1 the number of 'buffer' cancellations each Month shall equal the number of trains scheduled in that Month to Take Off Contract Coal multiplied by 30% of the difference between 100 and Eskom's and Eskom's minimum rail commitment ("**the Take of Pay Level**") with TFR (expressed as a percentage of total contracted TFR capacity);
- 5.5.2 the total of the Supplier's cancellations for each Month as determined in accordance with clause 5.3 shall be reduced by the buffer cancellations for that Month, and any non-negative number of cancellations remaining shall be totalled for the year ending **[insert date of anniversary of Eskom's TFR contract]** in order to determine the number of cancellations that will attract a penalty ("**Penalty Cancellations**") for that year;
- 5.5.3 the penalty payable to Eskom by the Supplier shall equal R[●] ([●]) per Ton ("**the Penalty Rate**") multiplied by the Penalty Cancellations multiplied by the average

number of Tons scheduled to be loaded in each Eskom Train for the year ending **[insert date of anniversary of Eskom's TFR contract]**; and

- 5.5.4 the Penalty Rate shall be escalated by PPI on [●] each year. In the event that Eskom is required to make any further variation to the Penalty Rate or the provisions relating to the calculation thereof as is required by the RTA, Eskom shall consult with the Supplier and implement such variation within a reasonable period as agreed to with the Supplier.
- 5.6 The Parties record that Eskom's Take or Pay Level with TFR is 85% of the total contracted TFR capacity. Eskom may change this Take or Pay level from time to time in line with any changes to its RTA with TFR, but may not raise this Take or Pay Level above South African coal rail transportation industry norms without the prior approval of the Supplier, which approval shall not unreasonably be withheld or delayed.

6. PLANNING OF OFFTAKE OF CONTRACT COAL BY RAIL

- 6.1 Eskom shall procure that TFR provides the Supplier with an Eskom Train Schedule to ensure that sufficient rail capacity is available to meet the required Rail Quantity for the Month.
- 6.2 Eskom shall procure that, in preparing the Eskom Train Schedule, TFR does so in consultation with the Supplier and to comply with the following guidelines:
- 6.2.1 the Permitted Rail Loading Time for each Eskom Train shall not be less than the Minimum Enforceable Rail Loading Time;
- 6.2.2 provision shall be made for the planned maintenance of the Supplier's rail loading facilities, provided that the Supplier shall take all reasonable steps to schedule its planned maintenance such that the impact on the loading of Eskom Trains is minimised and the planned times of such maintenance shall be recorded in the Eskom Train Schedule;
- 6.2.3 the Eskom Train Schedule shall take into account the Supplier's export train schedule and permitted loading time for Export Trains; and
- 6.2.4 the Eskom Train Schedule shall at a minimum specify the number of Eskom Trains planned for each day of the week and shall include the scheduled arrival time at the Handover Point and the scheduled departure time from the Handover Point for each train.

- 6.3 Eskom shall procure that TFR presents the latest Eskom Train Schedule to the Supplier at least 3 (three) days before the start of each new week for approval by the Supplier, which approval shall not unreasonably be withheld or delayed.
- 6.4 The Supplier shall further meet each Month with Eskom and TFR to prepare a provisional train schedule for each week of the subsequent Month. Any changes between this provisional train schedule and the Eskom Train Schedule agreed in accordance with clause 6.3 and the reasons for the changes shall be recorded by Eskom or TFR in writing.
- 6.5 The above provisions shall not derogate from the Supplier's obligation to co-operate with Eskom to enable the forthcoming week's Eskom Train Schedule to be drawn up and to keep Eskom informed of any circumstances which will prevent the Supplier from meeting its obligations in terms of the Agreement.

7. HANDOVER OF ESKOM TRAINS

- 7.1 The Supplier shall return all Eskom Trains accepted for loading to the Handover Point within the Permitted Rail Loading Time.
- 7.2 Where an Eskom Train arrives at a time that will permit the train to be loaded in the Permitted Rail Loading Time and returned ahead of, or at its scheduled departure time as set out in the Eskom Train Schedule, the following shall apply:
- 7.2.1 where the Supplier's loading facilities are unoccupied and no Export Train is expected to arrive within the Permitted Rail Loading Time, the Supplier shall accept the train for loading;
- 7.2.2 where the Supplier's loading facilities are unoccupied, but an Export Train is expected to arrive within the Permitted Rail Loading Time and the prior loading of the Export Train shall not result in the Eskom Train being cancelled, the Supplier and TFR may jointly decide whether the Supplier shall accept the Eskom Train for loading or shunt the Eskom Train into the TFR Siding for loading after the Export Train;
- 7.2.3 where the Supplier's loading facilities are occupied, but sufficient time remains to load the occupying train and the Eskom Train before the scheduled departure time in the Eskom Train Schedule, given the Minimum Enforceable Loading Time, the Supplier shall accept the Eskom Train as soon as it has completed the loading of the train occupying its loading facilities; and

- 7.2.4 where the Supplier's loading facilities are unoccupied, but unavailable for any reason other than scheduled maintenance as recorded in the Eskom Train Schedule or as a result of an event of Force Majeure, as further described in the Agreement, the Supplier shall accept the Eskom Train for loading as soon as the loading facilities become available, but the Handover Time shall be the time at which TFR notifies the Supplier that the Eskom Train was available for loading regardless of whether the Eskom Train has actually reached the Handover Point or not.
- 7.3 Where an Eskom train arrives such that the time remaining until the scheduled departure time is less than the Minimum Enforceable Rail Loading Time, TFR and the Supplier shall jointly decide whether to cancel the Eskom Train or load the Eskom Train, and if accepted for loading, TFR and the Supplier shall agree a new departure time, taking into account the Minimum Enforceable Rail Loading Time.
- 7.4 Where an Eskom Train arrives and an Export Train is currently loaded or is planned to be loaded, and the prior loading of the Export Train would cause the Eskom Train to be handed over after its scheduled departure time, given the Minimum Enforceable Rail Loading Time:
- 7.4.1 TFR shall decide whether to cancel the Eskom Train or request the Supplier to load the Eskom Train before or after the Export Train, and if required, TFR and the Supplier shall agree a new departure time, taking into account the Minimum Enforceable Rail Loading Time;
- 7.4.2 Eskom will ensure that TFR shall immediately communicate in writing, its decision as to which train shall be loaded to both Eskom (through its Primary Energy Rail Logistics Department) and the Supplier, clearly indicating TFR's understanding of the impact of such decision; and
- 7.4.3 both Eskom and the Supplier shall confirm to TFR that they have received such correspondence from the TFR.

8. PLANNING AND HANDOVER OF TRAINS PRIOR TO THE OPERATION OF A COMPREHENSIVE ESKOM TRAIN SCHEDULE

- 8.1 Parties shall meet and agree the Eskom Train Schedule in accordance with clause 6, except that the Eskom Train Schedule shall only contain the number of Eskom Trains planned for each day, but not the scheduled arrival and scheduled departure times.
- 8.2 On notification by TFR that the Eskom Train is ready for loading, the Supplier shall accept the Eskom Train for loading unless:

- 8.2.1 the Supplier's loading facilities are occupied by an Export Train or another Eskom Train;
- 8.2.2 the Supplier's loading facilities are undergoing planned maintenance, provided that TFR was notified of such planned maintenance when Parties agreed the Eskom Train Schedule, and, in this case, the Supplier's Handover Time shall be measured as the earlier of the actual Handover Time or the time at which the maintenance was planned to be completed as recorded in the Eskom Train Schedule; and
- 8.2.3 the Supplier and TFR agree to delay loading of the Eskom Train in order to permit the loading of an Export Train.
- 8.3 The Supplier will be deemed to have caused the cancellation of an Eskom Train if its Actual Rail Loading Time exceeds [●] ([●]) hours.

Annexe G**RULES OF ROAD TRANSPORTATION, PLANNING AND OPERATING PROCEDURES****Table of Contents**

	Page
1. INTRODUCTION	81
2. DEFINITIONS AND INTERPRETATION	81
3. GENERAL	84
4. ROAD TRANSPORT MANAGEMENT SYSTEM (RTMS)	84
5. LEAD LOGISTICS PROVIDER (LLP)	85
6. GENERAL RESPONSIBILITIES OF EACH PARTY	85
7. MINIMUM REQUIREMENTS FOR TRANSPORTATION ARRANGED BY THE SUPPLIER	88
8. PLANNING AND PERFORMANCE MANAGEMENT	90
9. LOADING AND UNLOADING OF ROAD COAL	91
10. PERFORMANCE MANAGEMENT OF LOADING AND UNLOADING OF COAL TRUCKS	92
11. MANAGEMENT OF THE SUPPLIER'S COAL TRANSPORTERS	94
12. SAFETY AND ENVIRONMENTAL PROVISIONS APPLICABLE TO THE TRANSPORTATION OF ROAD COAL	95

1. INTRODUCTION

- 1.1 In addition to the provisions of the Agreement, this **Annexe G** records the procedures that shall apply to all activities relating to the planning, loading, unloading and transportation of Road Coal for Supply to Eskom.
- 1.2 Where Eskom is responsible for transportation of Road Coal, the Supplier has no contractual obligations with the Coal Transporters employed by Eskom in terms of this **Annexe G**, unless specifically provided for in the Agreement.

2. DEFINITIONS AND INTERPRETATION

- 2.1 Save as defined in this clause 2.1, the words and expressions defined in the Agreement, shall bear the same meanings herein. Unless the context indicates a contrary intention, the following words and expressions shall bear the meanings assigned to them below, and cognate expressions bear corresponding meanings:

2.1.1 **"Actual Truck Loading Rate"** means the actual average hourly rate at which the Supplier loads Road Coal into Coal Trucks, calculated as the tonnage loaded during each day divided by the Actual Truck Loading Time for that day;

2.1.2 **"Actual Truck Loading Time"** means the actual time, measured in hours or part thereof, taken by the Supplier to load Coal Trucks each day, which time shall be calculated from the later of 00h00 or the time the Supplier is scheduled to commence loading of the Coal Trucks, until the time the Supplier completes the loading of Coal Trucks for the day, but excluding any period where no Coal Trucks are available for loading or where bad weather prevents the safe loading of Coal Trucks; Coal Trucks are available for loading or where bad weather prevents the safe loading of Coal Trucks;

2.1.3 **"Actual Truck Unloading Rate"** means the actual average hourly rate at which Eskom unloads coal at each power station, calculated as the tonnage of coal unloaded during each day divided by the Actual Truck Unloading Time;

- 2.1.4 **“Actual Truck Unloading Time”** means the actual time, measured in hours or part thereof, that Eskom takes to unload Coal Trucks at the Power Station each day, which time shall be calculated from the latter of 00h00 or the time Eskom is scheduled to commence unloading of the Coal Trucks, until the time Eskom completes the unloading of Coal Trucks for the day, but excluding any period where no Coal Trucks are available for unloading, or where bad weather prevents the safe unloading of Coal Trucks;
- 2.1.5 **“Coal Transporter”** means a company owned or contracted by Eskom or the Supplier to transport Road Coal in terms of the Agreement;
- 2.1.6 **“Coal Truck”** means a vehicle used to transport coal to the Power Station, which is operated by a Coal Transporter, and which meets the technical specifications contained in clause 7. For the avoidance of doubt, the term Coal Truck includes any trailers attached to a truck;
- 2.1.7 **“Eskom Logistics Planning”** means the Eskom logistics planning office as identified by Eskom from time to time in writing;
- 2.1.8 **“Eskom’s Automated Weighbridge Solution”** means Eskom’s central contract and order management system for both coal suppliers and Coal Transporters;
- 2.1.9 **“Lead Logistics Provider (LLP)”** means any company appointed by Eskom to plan, schedule, manage and monitor the transportation of Road Coal through Agreements and monitor Road Coal stocks on Eskom’s behalf, including all applicable safety procedures.
- 2.1.10 **“Loading System Availability”** means the total time that the Supplier’s loading equipment is actually available to load and dispatch Coal Trucks at the Target Mine Loading Rate, divided by the agreed total time that the Supplier should be loading and dispatching Coal Trucks;
- 2.1.11 **“Local Weighbridge Automation System (LWBAS)”** means the local weighbridge application which meets the requirements set out in clause 6.3.3.4;

- 2.1.12 **“Minimum Truck Loading Hours”** means the minimum period available to the Supplier to operate its facilities for loading Coal Trucks in any day or week, in accordance with clause 8.2.1.2;
- 2.1.13 **“Minimum Truck Unloading Hours”** means the minimum period that Eskom must operate its unloading facilities at its power stations in any day or week, in accordance with clause 8.2.1.2;
- 2.1.14 **“Permissible Maximum Combination Mass (PMCM)”** means the maximum permissible vehicle combination mass as determined by the Eskom’s Vehicle Management System (VMS) in accordance with Department of Transport legislation;
- 2.1.15 **“Road Coal”** means Contract Coal which Eskom requires to be Taken Off or Delivered by road transport;
- 2.1.16 **“RTMS”** means the Road Transport Management System, a Standards recommended practice consisting of Consignee Standards (ARP 067-3:2007), Consignor Standards (ARP 067-2:2007) and Operator Standards (ARP 067-1: 2007);
- 2.1.17 **“Target Truck Loading Rate”** means a consistent loading rate at which the Supplier must provide for the loading and mass measurement of Road Coal, measured in Tons (As Received) per hour and calculated as at least 130% (one hundred and thirty percent) of the minimum rate necessary to load and weigh the total planned tonnages in the agreed operating hours for each week, given the required Loading System Availability of the Supplier’s loading facility and equipment, as set out in clause 6.3.4 and as agreed by Parties in terms of clause 8.2.1.2;

- 2.1.18 “**Target Truck Unloading Rate**” means the consistent rate at which Eskom must provide for the mass measurement and unloading of Road Coal at each power station, measured in Tons (As Received) per hour and calculated as at least 130% (one hundred and thirty percent) of the minimum rate necessary to weigh and unload the total planned tonnages for the power station, given the power station’s planned operating hours for each week and as agreed between Parties in terms of clause 8.2.1.2;
- 2.1.19 “**Truck Driver**” means the driver of any Coal Truck; and
- 2.1.20 “**Truck Turn Around Time**” means:
- 2.1.20.1 at the Mine, the time taken to load a Coal Truck, measured from the time the unloaded Coal Truck passes over the Supplier’s weighbridge, until the loaded Coal Truck departs from the Supplier’s weighbridge, but, for the avoidance of doubt, excluding any time taken for covering the truck with tarpaulins; or
- 2.1.20.2 at the Power Station, the time taken to unload a Coal Truck, measured from the time the loaded Coal Truck passes over the Eskom weighbridge, until the unloaded Coal Truck departs from the Eskom weighbridge, but, for the avoidance of doubt, excluding any time taken for removing tarpaulins from the Coal Truck.

3. GENERAL

Where reasonably possible, no changes shall be made to this **Annexe G** that would result in this **Annexe G** becoming inconsistent with Eskom’s operating procedures in respect of Road Coal Supply and Delivery.

4. ROAD TRANSPORT MANAGEMENT SYSTEM (RTMS)

- 4.1 Eskom undertakes, as soon as reasonably possible but in any event within 6 (six) months of Eskom notifying the Supplier, to implement the Road Transport Management System (RTMS).

The Parties to the Agreement shall ensure that all activities pertaining to the Road Coal transportation and which fall under their control are accredited by RTMS National Committee/SANAS.

- 4.2 Eskom shall ensure, at its cost, that all activities at each Power Station relating to the Supply of Road Coal, are accredited to the RTMS standards titled ARP 067-3:2008 (Consignee).
- 4.3 The Supplier shall ensure, at its cost, that all activities at the Mine relating to Road Coal are accredited to the RTMS standards titled ARP 067-2:2008 (Consignor).
- 4.4 Eskom and the Supplier shall ensure that all Coal Transporters in their employ are accredited to the RTMS standards titled ARP 067-1:2008.

5. LEAD LOGISTICS PROVIDER (LLP)

- 5.1 Eskom will from time to time appoint an LLP as its agent to oversee its logistics function.
- 5.2 Where Eskom's LLP has been appointed, the Supplier and all Coal Transporters shall accept the authority of such LLP in discharging its mandated responsibilities.

6. GENERAL RESPONSIBILITIES OF EACH PARTY

- 6.1 The Supplier shall be responsible for the planning of loading and road operations for the Coal Transporters under its employ.
- 6.2 Eskom shall be responsible for the planning of unloading and road operations for the Coal Transporters under its employ.

6.3 Supplier's responsibilities

- 6.3.1 Where the Supplier is responsible for transportation of Road Coal, it shall procure that sufficient Coal Trucks are available to meet its Delivery obligations in terms of the Agreement and procure that Coal Trucks arrive at the Power Station during the planned operating hours and rates as scheduled and agreed in terms of clauses 8.2.1. and 9.6.
- 6.3.2 The Supplier shall ensure that any Coal Transporter in its employment adheres to the applicable provisions of this **Annexe G**. Failure by a Coal Transporter under the employ of the Supplier to adhere to any provision of this **Annexe G** shall be deemed to be a failure by the Supplier and shall be dealt with in terms of clause 11 before either Party may invoke the breach provisions contained in the Agreement.
- 6.3.3 The Supplier shall, at its own cost and expense provide, operate and maintain infrastructure for the loading of Road Coal, which shall include:
 - 6.3.3.1 an access road and loading area, suitable for operation under all normal weather conditions, and with adequate lighting for safe operations at night;

- 6.3.3.2 suitable equipment to load Road Coal in accordance with all relevant legislation and Eskom's rules for accurate loading as set out in clause 10.7;
- 6.3.3.3 mass measuring equipment in accordance with clause 22 of the Standard Terms and Conditions of Coal Supply; and
- 6.3.3.4 an LWBAS or equivalent system which, meets the Eskom specification, is electronically integrated into Eskom's Automated Weighbridge Solution network and has as a minimum the following functionality:
- 6.3.3.4.1 measures each Coal Truck's arrival time and mass;
- 6.3.3.4.2 electronically posts such information back to Eskom's Automated Weighbridge Solution and to Eskom's logistics information platform; and
- 6.3.3.4.3 provides a goods received note for each Coal Truck.
- 6.3.4 The Supplier's equipment for the loading and mass measurement of Coal Trucks must be capable of operating 24 (twenty four) hours a day, 7 (seven) days a week with a minimum of 95% (ninety five percent) Loading System Availability, unless agreed otherwise in writing between the Supplier and Eskom.
- 6.3.5 The Supplier shall further be responsible for:
- 6.3.5.1 defining the safety, operating and other procedures that will apply at the Supplier's premises, provided that such procedures shall at least comply with any RTMS minimum requirements;
- 6.3.5.2 within 1 (one) month of the Signature Date of the Agreement, inducting and certifying Coal Transporters into the safety, operating and other procedures applicable at the Supplier's premises, and enforcing such procedures, provided that;
- 6.3.5.2.1 where Eskom is responsible for transportation of Road Coal, the Supplier shall not change its induction requirements without providing Eskom with reasonable notice such that existing and new Coal Transporters are able to undergo the new induction with minimal disruption to road operations;
- 6.3.5.2.2 should the Supplier be unable to certify Eskom's Coal Transporters within the requisite period as a direct consequence of the failure of the Eskom's Coal Transporters to meet the required standards, it shall consult with Eskom in good faith to procure a solution within the 1 (one) month period; and

- 6.3.5.2.3 the Supplier may elect to participate in a central induction conducted by Eskom's LLP;
- 6.3.5.3 maintaining a minimum stock level of 3 (three) days so as to enable efficient planning of road transportation and loading of Road Coal;
- 6.3.5.4 notifying Eskom Logistics Planning office by telephone of any event or problem that could adversely impact the deliveries of Road Coal as soon as is reasonably possible, and in any event, no later than 30 (thirty) minutes of the occurrence of any such event or problem, provided that such communication shall not absolve the Supplier from the responsibility of rectifying the problem within its area of responsibility;
- 6.3.5.5 taking all reasonable steps to deliver continuous improvement in all its activities that impact the overall efficiency of the transportation of Road Coal;
- 6.3.5.6 the direct and proven costs of any damages to Eskom property caused by it or its agents.
- 6.3.6 The Supplier shall supply Eskom Logistics Planning office with the following additional information on request or as specified:
 - 6.3.6.1 daily status of all Road Coal stock for Eskom, including stockpile names, tonnages and coal quality of each stockpile; and
 - 6.3.6.2 the information for each Coal Truck dispatched as listed in clause 9.4.

6.4 Eskom's responsibilities

- 6.4.1 Where Eskom is responsible for transportation of Road Coal, it shall procure that sufficient Coal Trucks are available to meet its Off Take obligations and procure that Coal Trucks arrive at the Mine during the planned operating hours and rates as scheduled and agreed in terms of clauses 8.2.1 and 9.6.
- 6.4.2 Eskom shall ensure that any Coal Transporter employed by it adheres to the applicable provisions of this **Annexe G** and a failure by any Coal Transporter under Eskom's employ to adhere to any provision of this **Annexe G** shall be deemed to be a failure by Eskom. The Parties shall take all reasonable measures to resolve such failures before either Party may invoke the breach provisions contained in the Agreement.
- 6.4.3 Eskom shall, at its own cost provide, operate and maintain facilities and infrastructure for the unloading of Road Coal at each receiving power station such that it can achieve the Target Truck Unloading Rate. Such facilities shall include:

- 6.4.3.1 an access road and unloading area, suitable for operation under all normal weather conditions and with adequate lighting for safe operations at night;
- 6.4.3.2 mass measuring equipment in accordance with clause 22 of the Standard Terms and Conditions of Coal Supply; and
- 6.4.3.3 an LWBAS which is integrated into the Eskom's Automated Weighbridge Solution.
- 6.4.4 Eskom shall further be responsible for:
 - 6.4.4.1 defining the safety, operating and other procedures that will apply at all Eskom premises, provided that such procedures shall at least comply with any RTMS minimum requirements;
 - 6.4.4.2 within 1 (one) month of the Signature Date of the Agreement, inducting and certifying Coal Transporters into the safety, operating and other procedures applicable at Eskom's premises, and enforcing such procedures, provided that:
 - 6.4.4.2.1 where the Supplier is responsible for transportation of Road Coal, Eskom shall not change its induction requirements without providing the Supplier with reasonable notice such that existing and new Coal Transporters are able to undergo the new induction with minimal disruption to road operations; and
 - 6.4.4.2.2 should Eskom be unable to certify a Coal Transporter within the above period as a direct consequence of the failure of the Coal Transporter to meet the required standards, it shall consult with the Supplier in good faith to procure a solution within the 1 (one) month period;
 - 6.4.4.3 Setting any safety procedures for the transportation of Road Coal from the Mine to Eskom where safety considerations require standards and procedures above legal requirements;
 - 6.4.4.4 Delivering continuous improvement in all Coal Truck unloading operations; and
 - 6.4.4.5 The direct and demonstrable costs of any damages to the Supplier's property caused by it or its agents.

7. MINIMUM REQUIREMENTS FOR TRANSPORTATION ARRANGED BY THE SUPPLIER

- 7.1 The Supplier shall, at its own cost and expense provide and operate Coal Trucks suitable for transporting Road Coal and which shall comply with the following requirements:
 - 7.1.1 meet the minimum technical specifications for load capacity and configuration;
 - 7.1.2 be roadworthy at all times;

- 7.1.3 be equipped with additional lights to ensure proper visibility from the rear in the event that the Coal Transporter experiences problems keeping the standard lights clean. Where such lights are fitted, they should work on a separate electrical circuit;
- 7.1.4 be equipped with an amber strobe light to be switched on in times of poor visibility; and
- 7.1.5 have a means of verbal communication, e.g. 2-way radio, that is compatible with Eskom's communications systems as specified from time to time.
- 7.2 Each Coal Truck must have an On-Board Computer ("OBC") and the Coal Transporter's OBC system must comply with the following provisions:
- 7.2.1 OBC units shall be capable of recording the following information for the vehicle at a minimum of 5 (five) second intervals and transmitted at minimum 5 (five) minute intervals (via GPRS or better):
- 7.2.1.1 vehicle ID,
- 7.2.1.2 driver ID,
- 7.2.1.3 vehicle speed via GPS (km/h),
- 7.2.1.4 vehicle GPS position (latitude, longitude),
- 7.2.1.5 engine speed [rpm],
- 7.2.1.6 odometer reading (km),
- 7.2.1.7 record date and time stamp (dd:mm:yyyy & hh:mm:ss),
- 7.2.1.8 any other parameters that are deemed necessary by Eskom as specified in writing from time to time;
- 7.2.2 OBC units must have 'store and forward' capability so that no data is lost and the Coal Transporter must achieve a 99.5% (ninety nine point five percent) OBC operational uptime and more than 95% (ninety five percent) data quality;
- 7.2.3 the Supplier shall ensure that the Coal Transporter centrally warehouses the data listed above and make the said data accessible from its respective Fleet Management Service Provider (FMSP) to Eskom in a format and frequency determined by Eskom from time to time; and
- 7.2.4 the Supplier shall cover all costs relating to OBC units including OBC initial and/ or rental costs, OBC installation, OBC maintenance, data communication costs, OBC insurance and FMSP services.
- 7.3 All Coal Trucks shall be registered on Eskom's vehicle management system.

- 7.4 The Supplier shall ensure that all Coal Trucks owned or sub-contracted to it are operated in compliance with the safety and environmental procedures as set out in clause 12.

8. PLANNING AND PERFORMANCE MANAGEMENT

- 8.1 The Parties record that Eskom is in the process of moving towards a centrally controlled, real-time vehicle scheduling system and Parties shall co-operate to ensure that such system is developed in such a way as to improve the efficiency and performance of Road Coal transportation. Eskom reserves the right to conduct such central planning and control as may be required, and the Supplier and its Coal Transporters shall comply with such procedures and controls. The Parties shall procure the requisite amendments to this agreement before Eskom commences with overall planning.
- 8.2 Until such time as a real-time vehicle scheduling system is in place, or unless agreed otherwise and in writing by the Parties, the planning of loading, unloading and road operations for the Coal Transporters shall be subject to the following procedures:
- 8.2.1 the Parties shall agree the quantity of Road Coal to be transported each day, the hours that the Mine and the Power Station shall operate their respective loading and unloading facilities, the Target Truck Loading Rate and Target Truck Unloading Rate (including the time loading and unloading is scheduled to commence each day) at the Technical Liaison Meetings subject to the following parameters:
- 8.2.1.1 the Supplier shall be responsible for loading Road Coal and Eskom shall be responsible for unloading Road Coal 24 (twenty four) hours a day and 7 (seven) days a week;
- 8.2.1.2 the Minimum Truck Loading Hours shall be [●]([●]) hours per month and the Target Truck Loading Rate shall be [●]([●]) Tons (As Received) per hour;
- 8.2.1.3 the Minimum Truck Unloading Hours shall be [●]([●]) hours per month and the Target Truck Unloading Rate shall be [●] ([●]) Tons (As Received) per hour;
- 8.2.1.4 Eskom reserves the right at its sole discretion to limit the hours that loading will take place on any day of the week provided that the hours available for loading do not fall below the Minimum Truck Loading Hours; and
- 8.2.1.5 Eskom shall then provide the Supplier with transport routes that shall be used by the Supplier's Coal Transporters to the Power Station.
- 8.2.2 the Supplier and its Coal Transporters shall conduct daily route planning in accordance with the allocated routes so as to achieve the delivery rates set out in clause 9.6 and advise Eskom of the scheduled Coal Truck arrivals for each hour; and

- 8.2.3 the Supplier and its Coal Transporters shall keep Eskom informed of any issues that could result in actual road transportation or unloading activities deviating from the daily plan and any failure shall be dealt with in terms of clause 11.
 - 8.2.4 Eskom and the Supplier shall plan and perform their own loading and unloading operations in accordance with the operating hours and tonnages agreed in terms of clause 8.2.1;
 - 8.2.5 the Parties shall inform Eskom or its LLP of problems in accordance with clause 6.3.5.4;
 - 8.2.6 if required, Eskom shall then issue any changes to the plans in response to the reported problems; and
 - 8.2.7 the Parties shall conduct regular planning and performance review meetings to inter-alia track, interrogate and improve performance of all activities related to the transportation of Road Coal.
- 8.3 The Supplier shall further provide Eskom with the following information at the specified intervals or as requested from time to time:
- 8.3.1 location and infrastructure information e.g. depots, Truck Driver night time stopover points and fuelling stations;
 - 8.3.2 any deviations from planned routes e.g. going to fuel, truck in for service, truck broken down, as soon as they are known; and
 - 8.3.3 any other information relating to vehicle status or logistical operations required by Eskom from time to time and requested in writing.

9. LOADING AND UNLOADING OF ROAD COAL

- 9.1 The Supplier shall load Road Coal into the Coal Trucks within the tolerances for under-loading, overloading and even loading, and as amended from time to time by Eskom, provided that the Supplier shall only be obliged to comply with any amendment upon receiving prior written notice thereof.
- 9.2 The Supplier shall, at its own cost and expense, ensure that each Coal Truck leaves the Supplier's premises with the Road Coal covered with a tarpaulin.
- 9.3 Where the Supplier is responsible for transportation of Road Coal, the Supplier shall ensure that the tarpaulin is secured in place with tamper-proof seal(s). Eskom will not accept Delivery of Road Coal in the event that, upon arrival of the Coal Truck at the Delivery Point, the seal(s) are not secured in place, absent or damaged.

- 9.4 The Supplier shall provide each Coal Truck leaving the Supplier's premises with the information set out herein, send a copy of the same to Eskom, and maintain its own copy for a period of at least 5 (five) years. This information should be provided through the LWBAS, or electronically (e.g. via modem) in the event that the LWBAS is inoperable:
- 9.4.1 name/reference number of the stockpile from which the Road Coal was loaded;
 - 9.4.2 empty mass of the Coal Truck as measured on the Supplier's weighbridge;
 - 9.4.3 mass of Road Coal that the Supplier intended to load into the Coal Truck;
 - 9.4.4 full mass of the Coal Truck as measured on the Supplier's weighbridge;
 - 9.4.5 derived load of the Coal Truck, calculated as the full mass less the empty mass ("**Derived Load**");
 - 9.4.6 time weighed empty;
 - 9.4.7 time departed;
 - 9.4.8 rate of loading, calculated as the Derived Load divided by the difference between the time weighed empty and the time departed.
- 9.5 The Parties' Coal Transporters shall follow all Eskom and/or the LLP's safe working procedures for loading and offloading.
- 9.6 The Parties' Coal Transporters shall maintain an even rate of arrivals of Coal Trucks at the Power Station, at or above the Target Truck Unloading Rate for all hours of unloading each Day, unless agreed otherwise.
- 9.7 Eskom shall maintain an even Actual Truck Unloading Rate that is above the Target Truck Unloading Rate for all hours of unloading, unless agreed otherwise (at the operational level).

10. PERFORMANCE MANAGEMENT OF LOADING AND UNLOADING OF COAL TRUCKS

- 10.1 Where a Supplier's average Actual Truck Loading Rate for any day falls below the Target Truck Loading Rate/1.3, the Supplier shall pay Eskom a penalty:

$$PL = \left(\frac{TLR}{1.3} - ALR \right) \times PLH \times PR$$

where:

- PL* is the penalty for loading delays for that day in Rand,
- TLR* is the Target Truck Loading Rate,
- ALR* is the Actual Truck Loading Rate for that day,
- PLH* is the number of planned truck loading hours for that day, and
- PR* is the Penalty Rate in Rand per ton as determined in clause 10.3.

- 10.2 Where Eskom's average Actual Truck Unloading Rate for any Day falls below the Target Truck Unloading Rate/1.3, Eskom shall pay the Supplier a penalty:

$$PU = \left(\frac{TUR}{1.3} - AUR \right) \times PUH \times PR$$

where:

- PU* is the penalty for unloading delays for that day in Rand,
TUR is the Target Truck Unloading Rate,
AUR is the Actual Truck Unloading Rate for that day,
PUH is the number of planned truck unloading hours for that day, and
PR is the Penalty Rate in Rand per ton as determined in clause 10.3.

- 10.3 The Penalty Rate shall be determined in the Eskom Coal Haulage Rates Model each month, based on the fixed costs per Ton of Road Coal for a typical Coal Transporter and Eskom shall notify the Supplier of the Penalty Rate within 5 (five) days of the start of each month.
- 10.4 The Parties shall further measure the Truck Turnaround Time (TAT) of each Coal Truck loaded or unloaded and the number of Trucks queuing at the Parties' weighbridges, measured every half hour. Where reasonably possible, the Supplier shall supply such information to Eskom in electronic format on a real time basis. The Parties shall monitor such TATs and queue lengths with the objective of ensuring that queue lengths are minimized, and that there is continuous improvement in the TATs and Actual Truck Loading Rates.
- 10.5 Where Eskom requests the Supplier to load at a rate above the Target Truck Loading Rate, the Supplier shall be entitled to recover from Eskom all reasonable direct costs actually incurred for such loading, provided that it shall be required to provide written proof of such costs.
- 10.6 Where the Supplier requests Eskom to unload at a rate above the Target Truck Unloading Rate, Eskom shall be entitled to recover from the Supplier all reasonable direct costs actually incurred in for such loading, provided that it shall be required to provide written proof of such costs.

10.7 Accurate loading of Coal Trucks

- 10.7.1 The Supplier shall load all Coal Trucks in accordance with the following requirements:
- 10.7.1.1 all Road Coal loading operations shall comply with applicable legislation;
- 10.7.1.2 no Coal Truck shall be over-loaded such that it will exceed its Permissible Maximum Combination Mass;
- 10.7.1.3 the Supplier shall endeavour to ensure that no Coal Truck shall be under-loaded such that it leaves the Supplier's premises loaded at less than 98% (ninety eight percent) of its Permissible Maximum Combination Mass; and

- 10.7.1.4 Eskom or the Supplier shall be responsible to procure that each Coal Truck contains sufficient fuel for its journey to the designated Power Station before the commencement of loading, and the Supplier shall be entitled to assume that any Coal Truck presented for loading contains sufficient fuel.
- 10.7.2 The Supplier shall take all reasonable steps to prevent a Coal Truck that is over-, under- or unevenly loaded from leaving its premises. Where the Supplier fails to load a Coal Truck in terms of clause 10.7.1, the Supplier shall be required to add or remove Road Coal in order to meet the required loading tolerances, and to re-weigh the Coal Truck.
- 10.7.3 The permissible maximum percentage of under loaded Coal Trucks in any month shall be 4% (four percent) of all Coal Trucks Loaded by the Supplier.

11. MANAGEMENT OF THE SUPPLIER'S COAL TRANSPORTERS

- 11.1 The Supplier shall ensure that its Coal Transporters adhere to all safety and environmental provisions as set out in clause 12 and to any routing and scheduling instructions issued by Eskom or its LLP.
- 11.2 Any failure by the Supplier's Coal Transporter to adhere to these provisions ("**Failure**") shall result in the following actions:
- 11.2.1 in the event of the first Failure in any 6 (six) month period, the Coal Transporter shall, within 5 (five) days of the offence, present Eskom with rectification plan;
- 11.2.2 in the event of a second Failure within any 6 (six) month period, where a suitable rectification plan is not submitted, where a Truck Driver is found to be driving under the influence of alcohol, or where a Truck Driver is caught over-taking, the Coal Transporter shall suspend the Truck Driver for a period of the lesser of 5 (five) days or as the Coal Transporter is able to show proof that it has taken appropriate action; and
- 11.2.3 in the event of a third Failure within any 6 (six) month period, or where the Coal Transporter has not complied with the provisions of 11.2.2, Eskom reserves the right to prevent any vehicles owned or operated by the offending Coal Transporter from entering Eskom premises and the Supplier or Eskom shall be required to terminate the employ of the Coal Transporter for a period of not less than 6 (six) months. Such termination shall not absolve the Supplier of any of its obligations in terms of the Agreement.

12. SAFETY AND ENVIRONMENTAL PROVISIONS APPLICABLE TO THE TRANSPORTATION OF ROAD COAL

12.1 The Supplier shall ensure that any Coal Transporter transporting Road Coal to Eskom under its employ complies with the following provisions and delegates authority to Eskom or its LLP to take the actions set out in clause 11.2 directly against any Coal Transporter that fails to comply.

12.2 General provisions

12.2.1 Coal Trucks must be clearly identified with a truck identification number and phone number of the contracting company. The company name and the information above should be marked and clearly displayed on all Coal Trucks as per Eskom's requirements as amended in writing from time to time.

12.2.2 Coal Trucks must at all times display a printed page in the front left corner of the windscreen, or other such location as specified by Eskom in writing from time to time showing:

12.2.2.1 the source of Road Coal;

12.2.2.2 the route to be used;

12.2.2.3 the planned destination;

12.2.2.4 the name of the Transporter holding the contract with the Supplier; and

12.2.2.5 the Permissible Maximum Combination Mass; and

12.2.2.6 Truck Drivers must have waybills ready for presentation on request from any road authority or Eskom representative.

12.2.3 Truck Drivers should use the roads assigned by Eskom and/or its LLP. No deviation from the allocated route will be permitted unless approved by Eskom's LLP.

12.3 Safety

12.3.1 Coal Transporters are responsible for ensuring that all their operations, employees and sub-contractors comply with all applicable Eskom, RTMS, Mine and legislated safe working practices, including:

12.3.1.1 all Truck Drivers must hold valid driver's licenses;

12.3.1.2 Truck Drivers must be sober, healthy and fit at all times;

12.3.1.3 Coal Transporters must monitor their Truck Drivers' working hours in order to prevent fatigue;

- 12.3.1.4 all Truck Drivers must have a Public Driver Permit and an induction card from Eskom or its LLP in order to access Eskom Power Stations and Mines;
- 12.3.1.5 all Coal Transporters' owners must attend Eskom's LLP driver inductions; All Coal Transporters must comply with Eskom's LLP Safety Pack; and
- 12.3.1.6 no passengers may travel in Coal Trucks.
- 12.3.2 Coal Trucks must adhere to all public road requirements, with special regards to staying within the speed limit and obeying traffic rules, traffic signs and temporary warning signs (e.g. red flags when farmers move cattle or equipment).
- 12.3.3 Coal Trucks shall not be driven at speeds in excess of 80km/h (eighty kilometres per hour) under any circumstances. On untreated dirt roads the maximum speed limit is 40km/h (forty kilometres per hour) and speed must be reduced in the event of hazardous conditions (e.g. rain, cattle crossings).
- 12.3.4 Coal Trucks must maintain an adequate following distance of at least 75 (seventy five) meters to allow other vehicles to overtake, one truck at a time.
- 12.3.5 Transporting of Road Coal shall be halted at times when thick mist and/or fog are present. (e.g. Typical Highveld early morning conditions). In these situations, Coal Trucks must park at a safe place and not simply pull over to the side of the road.
- 12.3.6 Truck Drivers must switch on headlights in poor visibility i.e. fog, dust and mist and at least 30 (thirty) minutes before sunset and switch off 30 (thirty) minutes after sunrise.
- 12.3.7 Truck Drivers must not drive with 'main beam' lights ('brights') on during normal daylight conditions.
- 12.3.8 All Truck Drivers shall take extra care during the hours at which shift changes take place at the mines, and at times of other peak traffic conditions on their particular routes.
- 12.3.9 Truck Drivers must report dangerous road conditions immediately to the designated Eskom person, who will communicate such conditions to all other drivers.
- 12.3.10 Truck Drivers may not stop and buy any items sold by the side of the roads, such as meat, mealies, etc. unless an adequate road shoulders allows for safe stopping and parking of Coal Trucks.
- 12.3.11 Truck Drivers must take extra precautions when stopping in towns in order not to disrupt the normal flow of traffic. Such precautions shall include not blocking entrances to private and public premises.
- 12.3.12 Refresher driver training must be done each Quarter with a qualified driving instructor.

- 12.3.13 Each Coal Transporter must conduct monthly random alcohol testing on its Truck Drivers and submit monthly reports to Eskom Safety Representatives, its LLP or directly to Eskom when requested.
- 12.3.14 Truck Drivers must report bad behaviour (use of drugs, overtaking, not using safety belt etc) by other Trucks Drivers on the road to the Eskom LLP Control Centre/ designated Eskom person.
- 12.3.15 Truck Drivers must attend all Eskom recommended training and provide proof that such training has been completed on time.
- 12.3.16 The Coal Transporter must act on speeding reports from Eskom's LLP and demonstrate that it has taken appropriate action within two days of receipt. Coal Transporters shall keep records of same.
- 12.3.17 The Coal Transporter must conduct weekly inspections on its Coal Trucks observations of driver behaviour, and submit weekly reports to Eskom's safety reps, Eskom's LLP or directly to Eskom when required.
- 12.3.18 Truck Drivers must act safely and be courteous, respectful and aware of other road users at all times.

12.4 Eskom's life-saving rules of Road Coal transportation

- 12.4.1 The Coal Transporter must ensure that all its Truck Drivers are aware of, and comply with all Eskom's Road Coal transportation cardinal rules as set out in this clause 12.4.
- 12.4.2 The life-saving rules must form part of the Truck Driver's employment contract, the daily driver's Coal Truck inspection sheet, must be kept by each Truck Driver in the Coal Truck and must be signed each week by the Truck Driver. The Truck Driver must be able to present such signed copy to Eskom's LLP and/ or Eskom at any time when requested to do so.
- 12.4.3 The life-saving rules are:
 - 12.4.3.1 "Ensure vehicle road worthiness"
 - 12.4.3.2 "Buckle up"
 - 12.4.3.3 "No over speeding allowed"
 - 12.4.3.4 "No overloading allowed"
 - 12.4.3.5 "No overtaking of other trucks allowed"
 - 12.4.3.6 "Must sober up"

12.5 Accidents and breakdowns

- 12.5.1 In the event of a breakdown of a Coal Truck, the Truck Driver shall place proper warning signs at least 50m (fifty metres) in front and behind the Coal Truck.
- 12.5.2 The Coal Transporter shall report all road accidents where its Coal Trucks have been involved to the Supplier's Mine Manager and Eskom's LLP safety officials.
- 12.5.3 The Coal Transporter shall report any fatal accidents in writing to the Senior General Manager (Primary Energy) via Eskom's LLP Safety Manager, Eskom's LLP General Manager, Eskom Logistics Management at Eskom Megawatt Park, Maxwell Drive, Sunninghill, within 24 (twenty four) hours and such notice shall be copied to the persons listed in clause 12.5.2 above.
- 12.5.4 The Coal Transporter must complete an accident investigation report within 5 (five) days from date of any accident where there were injuries and/or fatalities and send such report to Eskom's LLP.
- 12.5.5 In the event of a fatality, the Coal Transporter shall present its findings to Eskom and Eskom's LLP and shall commit to take appropriate preventative actions within agreed timeframes dates before being permitted to resume transport operations.

12.6 Environmental and spillages

- 12.6.1 The Coal Transporter shall take full responsibility for all environmental aspects relating to the transportation of Road Coal en route from the loading site to the off-loading site.
- 12.6.2 Where areas of road noise pollution have been identified, the Coal Transporter shall adhere to such special measures as required (e.g. reduce speed to 40km/h (forty kilometres per hour); as far as possible, not change gears within the indicated area).
- 12.6.3 The Coal Transporter shall solely be responsible for cleaning any Road Coal spillage as soon as possible, but in any event within 3 (three) working days of the occurrence of such spillage.

Annexe H
PRICE ADJUSTMENT FACTOR: EXAMPLE CALCULATIONS

$$PAF = \left[W_1 \left(\frac{L_1 - B_1}{B_1} \right) + W_2 \left(\frac{L_2 - B_2}{B_2} \right) + W_3 \left(\frac{L_3 - B_3}{B_3} \right) + W_4 \left(\frac{L_4 - B_4}{B_4} \right) + \dots + W_{11} \left(\frac{L_{11} - B_{11}}{B_{11}} \right) \right]$$

$$P = BP \times [1 + PAF]$$

where:

<i>PAF</i>	:	is the Price Adjustment Factor
<i>W</i>	:	is the percentage weighting of the respective component
<i>L</i>	:	is the Latest Index Value
<i>B</i>	:	is the Base Date Index Value
<i>P</i>	:	is the Price
<i>BP</i>	:	is the Base Price
1	:	Labour From relevant SEIFSA source table
2 - 5	:	Mining Supplies From relevant Stats SA source tables
6	:	Diesel DME 0.05% Sulphur, Reef
7	:	Electricity From Stats SA PPI source table
8 - 9	:	Overheads From relevant Stats SA CPI & PPI source tables
10 - 11	:	Profit & Capital From relevant Stats SA CPI & PPI source tables

For example, if the Base Dates and indices were as stipulated below, the formula would result in the following:

Example 1: Monthly Price Adjustment

Cost Component	Weight	B	Base Date	L	Latest Index Date	(L-B)/B	Weighted Change
Labour	26%	117.2	Apr-15	117.2	Apr-15	0.0000	0.00000
Mining Supplies	3%	105.5	Apr-15	105.5	Apr-15	0.0000	0.00000
	6%	113.9	Apr-15	113.9	Apr-15	0.0000	0.00000
	3%	73.2	Apr-15	73.2	Apr-15	0.0000	0.00000
	3%	114.9	Apr-15	114.9	Apr-15	0.0000	0.00000
Diesel	8%	1122.79	Apr-15	958.17	Mar-16	-0.1466	-0.01173
Electricity	4%	118.6	Apr-15	118.6	Apr-15	0.0000	0.00000
Overheads	7.5%	114.1	Apr-15	114.1	Apr-15	0.0000	0.00000
	7.5%	117.3	Apr-15	117.3	Apr-15	0.0000	0.00000
Profit & Capital	11%	114.1	Apr-15	114.1	Apr-15	0.0000	0.00000
	11%	104.6	Apr-15	104.6	Apr-15	0.0000	0.00000
Fixed	10%						
Total Weighted Change							-0.01173
Price Adjustment Factor: 1 + (sum of lines 1 to 5)							0.98827
Base Price							R10.00
Adjusted Price							R9.88

Example 2: Annual Price Adjustment

Cost Component	Weight	B	Base Date	L	Latest Index Date	(L-B)/B	Weighted Change
Labour	26%	117.2	Apr-15	127.4	Apr-16	0.0870	0.02263
Mining Supplies	3%	105.5	Apr-15	109.2	Apr-16	0.0351	0.00105
	6%	113.9	Apr-15	127.3	Apr-16	0.1176	0.00706
	3%	73.2	Apr-15	90.2	Apr-16	0.2322	0.00697
	3%	114.9	Apr-15	117.4	Apr-16	0.0218	0.00065
Diesel	8%	1122.79	Apr-15	1053.87	Apr-16	-0.0614	-0.00491
Electricity	4%	118.6	Apr-15	133.1	Apr-16	0.1223	0.00489
Overheads	7.5%	114.1	Apr-15	121.2	Apr-16	0.0622	0.00467
	7.5%	117.3	Apr-15	125.4	Apr-16	0.0691	0.00518
Profit & Capital	11%	114.1	Apr-15	121.2	Apr-16	0.0622	0.00684
	11%	104.6	Apr-15	107	Apr-16	0.0229	0.00252
Fixed	10%						
Total Weighted Change							0.05755
Price Adjustment							
Factor: 1 + (sum of lines 1 to 5)							1.05755
Base Price							R10.00
Adjusted Price							R10.58

Example 3: Monthly Price Adjustment (after an annual adjustment)

Cost Component	Weight	B	Base Date	L	Latest Index Date	(L-B)/B	Weighted Change
Labour	26%	117.2	Apr-15	127.4	Apr-16	0.0870	0.02263
Mining Supplies	3%	105.5	Apr-15	109.2	Apr-16	0.0351	0.00105
	6%	113.9	Apr-15	127.3	Apr-16	0.1176	0.00706
	3%	73.2	Apr-15	90.2	Apr-16	0.2322	0.00697
	3%	114.9	Apr-15	117.4	Apr-16	0.0218	0.00065
Diesel	8%	1122.79	Apr-15	1052.87	May-16	-0.0623	-0.00498
Electricity	4%	118.6	Apr-15	133.1	Apr-16	0.1223	0.00489
Overheads	7.5%	114.1	Apr-15	121.2	Apr-16	0.0622	0.00467
	7.5%	117.3	Apr-15	125.4	Apr-16	0.0691	0.00518
Profit & Capital	11%	114.1	Apr-15	121.2	Apr-16	0.0622	0.00684
	11%	104.6	Apr-15	107	Apr-16	0.0229	0.00252
Fixed	10%						
Total Weighted Change							0.05748
Price Adjustment							
Factor: 1 + (sum of lines 1 to 5)							1.05748
Base Price							R10.00
Adjusted Price							R10.57

Annexe I**CALCULATIONS FOR ADJUSTMENTS FOR MOISTURE CONTENT**

In this Annexe the applicable coal quality parameters are denoted as follows:

EM = Equilibrium Moisture content of coal for a Pre-certified Stockpile, which shall be deemed to be 8%, unless determined otherwise

TM_W = Total Moisture content of coal after rain

TM = Total Moisture content of sample

IM = Inherent Moisture content as measured in the laboratory

TM_R = Total Moisture content of rail coal sample

For example:

if $EM = 8\%$, $TM_W = 13$, $TM = 8\%$, $IM = 4\%$, and $TM_R = 10\%$, then:

CV Adjustment Factor for pre-certified coal (washed product):

$$CVAF = \frac{100 - EM}{100 - IM} = \frac{100 - 8}{100 - 4} = 0.958$$

CV Adjustment Factor for pre-certified coal (crushed and screened product):

$$CVAF = \frac{100 - TM}{100 - IM} = \frac{100 - 8}{100 - 4} = 0.958$$

Adjustment Factors for coal accepted in terms of clause 16 of the Standard Terms and Conditions of Coal Supply:

$$CVAF = \frac{100 - EM}{100 - IM} = \frac{100 - 8}{100 - 4} = 0.958$$

$$TAF = \frac{100 - TM_W}{100 - EM} = \frac{100 - 13}{100 - 8} = 0.946$$

CV Adjustment Factor for pre-certified coal for rail (crushed and screened product):

$$CVAF = \frac{100 - TM_R}{100 - IM} = \frac{100 - 10}{100 - 4} = 0.938$$

TECHNICAL LIAISON MEETING AGENDA

Action/Agenda Topic
Welcome and Apologies
Declaration of Interests
Approval and Changes to Previous Minutes
Review of Agenda items
Previous Month Forecast versus Actual Deliveries
Supplier Performance/Under Off Take
Qualities: <ul style="list-style-type: none"> • Previous Month Qualities • Previous Month Rejections • Previous Month Penalties • Current Month Qualities • Current Month Rejections • Current Month Penalties
Quantities of Contract Coal
Compliance with the Coal Quality Management Procedure (CQMP) <ul style="list-style-type: none"> • CQMP related matters • Supplier Monthly report on Auto Mechanical Tariff Sampler <ul style="list-style-type: none"> ○ Availability ○ Unavailability - breakdown sheet of reasons and duration • CQMP review
Timing of Receipt of Daily Qualities
Logistics matters
Matters Relating to Mass Determination
Invoice and Payment matters
Other contractual matters
Risk Management & Early Warning
Supplier's Monthly Report <ul style="list-style-type: none"> • Quantities, Qualities and Deliveries • Audits • Non-conformances (Safety, Health, Environmental, Quality) • 3 (three) months' quality forecast based on mine schedule • Non-conformances and remedial actions relating to pre-certification