

**ANNUAL CONTRACT WORKS
AND PUBLIC LIABILITY
INSURANCE POLICY**

IN CONSIDERATION of the Insured having paid the Premium to Insurers for the indemnity herein contained

THE INSURERS AGREE subject to the provisions contained herein or endorsed or otherwise expressed hereon to indemnify the Insured against physical loss damage or liability occurring during the Period of Insurance or any renewal thereof

SUBJECT ALWAYS to the Terms Exceptions and Conditions contained herein

FOR AND ON BEHALF OF THE INSURERS

Signed this Day of 2006

(SIGNATURE)

For and on behalf of the Lead Insurer

SCHEDULE

LEAD INSURER

BROKER

ALEXANDER FORBES RISK SERVICES –
JOHANNESBURG (ALEX1293)
A division of Alexander Forbes Group (Pty) Ltd (Reg. No. 69/18487/07)

POLICY No

DOC No

1 version 0

POLICY TYPE

Contract Works & Public Liability – Annual

INSURED

TRANSNET LIMITED and its affiliated subsidiary and associated Companies and/or Corporations as now exist or may thereafter be constituted or acquired including its interests as may appear in partnerships or joint ventures and including those for whom the Insured has authority to insure for their respective rights and interests

POSTAL ADDRESS

PO BOX 72501 PARKVIEW 2122

TERRITORIAL LIMITS

The Republic of South Africa and to the extent permitted by the applicable Insurance Acts Namibia Botswana Lesotho Swaziland Zimbabwe Zambia Malawi Mozambique and Tanzania

PERIOD OF INSURANCE

1 April 2006 to 31 March 2007
(followed by the Maintenance Period stated within)

RENEWAL DATE

1 April

MINIMUM DEPOSIT PREMIUM

DEBIT ORDER

No

VAT Reg. No 4170182705

All values contained within this policy are VAT inclusive unless stated otherwise
This schedule becomes a TAX INVOICE when the total amount requested has been paid

CLAIMS NOTIFICATION

In accordance with Policy Conditions notice is to be given to the Company for the attention of:-
Mrs Charlotte Carvalho
Tel: (011) 378-3314
Fax: (011) 378-3808 or (011) 688-2305
PO Box 61689
Marshalltown
2107

SUPPLEMENTARY SCHEDULE

LEAD INSURER

BROKER

ALEXANDER FORBES RISK SERVICES –
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INSURED

(refer General Memo 1)

TRANSNET LIMITED

INSURED CONTRACTS

All contracts and work commenced after inception of this Policy or work undertaken by the Insured for which the Insured has agreed to effect insurance more specifically defined as:

ALL CONTRACTS UNDERTAKEN FOR AND ON BEHALF OF THE INSURED OR FOR WHICH THEY ARE REQUIRED TO INSURE

LIMITS OF INDEMNITY

SECTION I – THE PROPERTY INSURED

the final contract value estimated at inception inclusive of free issue materials where applicable stated in the applicable contract document.

Subject to a maximum contract value not exceeding

In respect of :-

- | | |
|------------------|-----------------|
| a. Own contracts | R 50,000,000.00 |
| b. PCI Contracts | NIL |

(exclusive of limits provided in the Policy)

In respect of :-

- | | |
|---|-----------------|
| a. Removal of Debris (per Memo 2) | R 2,500,000.00 |
| b. Surrounding Property (per Memo 3) | R 5,000,000.00 |
| c. Off-site Storage (per Memo 5) | R 2,500,000.00 |
| d. Maximum open base course | 10,000 metres |
| e. Maximum open trenches | 1,000 metres |
| f. Surrounding property limit (marine vessels per Memo 3) | R 10,000,000.00 |
| g. Escalation during contract period (per Memo 8) | 20 % |
| h. Claims Preparation Costs (per General Memo 3) | R 25,000.00 |

TESTING PERIOD (not necessarily consecutive)

60 Days

MAXIMUM CONTRACT PERIOD

24 Months

MAINTENANCE PERIOD

12 Months

SECTION II - PUBLIC LIABILITY

R 10,000,000.00

In respect of :-

- | | |
|--|----------------|
| a. Lateral support
any one occurrence or series of occurrences arising out of one event | R 5,000,000.00 |
|--|----------------|

SUPPLEMENTARY SCHEDULE – CONTINUED

LEAD INSURER

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(refer General Memo 1)

TRANSNET LIMITED

EXCLUDED CONTRACTS

Unless specifically declared to the Company and included by endorsement hereto the Company will not indemnify the Insured in respect of any loss damage or liability arising from contracts or work

- a. where at commencement the contract price or the estimated value of works exceeds the maximum contract value stated in the Schedule
- b. where at commencement the contract or work period exceeds the maximum contract period stated in the schedule.

DEDUCTIBLES

Applicable in respect of each and every occurrence or series of occurrences arising out of or in connection with any one event giving rise to loss damage or liability insured by this Policy :

SECTION I – CONTRACT WORKS

In respect of loss or damage arising out of

- a. Storm (which term shall include rain tempest wind or flood) subsidence collapse malicious damage in respect of
 - i) Civil and earthworks construction
 - ii) All other works
- b. Theft or an attempt thereat
- c. Any other cause
- d. Surrounding property
- e. Open base course up to a 1,000 metres
- f. Open base course in excess of 1,000 metres
maximum 10,000 metres
- g. Testing

It is agreed that in the event of an occurrence or series of occurrences giving rise to loss or damage in circumstances where more than one of the Deductibles could reasonably be applied then only the largest single applicable Deductible shall apply

SECTION II - PUBLIC LIABILITY

In respect of loss or damage arising out of

- a. Underground services
 - b. All other property
 - c. Loss or damage arising from lateral support
 - d. Spread of fire
-

SUPPLEMENTARY SCHEDULE – CONTINUED

LEAD INSURER

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(refer General memo 1)

TRANSNET LIMITED

CONTRACT SITE

The Contract Site(s) shall be the lands and other places on over under in or through which the works or temporary works are to be executed or carried out and any other lands or places for the purpose of the Contract(s) together with such places as may be designated in or pursuant to the Contract(s) as forming part of the Site(s)

ANNEXURES

LEAD INSURER

BROKER

ALEXANDER FORBES RISK SERVICES –
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(refer General Memo 1)

TRANSNET LIMITED

It is agreed that the following Clauses / Memoranda are incorporated herein:-

EFFECTIVE DATE: 1 April 2001

1.
 1. Failure to thoroughly pre-plan and document the safety measures to be adopted with specific regard to the incidence of fires being initiated during the course of the Contract will invalidate the indemnity.
 2. The maximum speed of the grinding vehicle shall be 4.00 and 11.00 Km per Hour.
 3. All guards, curtains, spark deflectors to be in place and correctly positioned before commencement of each grind
 4. Maximum grinding distance in one execution 2000 Metres.
 5. Any change in prevailing conditions must be recorded and remedial action taken

EFFECTIVE DATE: 1 April 2001

2. Specific Indemnity in respect of Removal of Support Liability Section is incorporated into this Policy

**SPECIFIC INDEMNITY ATTACHING TO AND FORMING PART OF POLICY
NUMBER 12 – 1074283 IN THE NAME OF TRANSNET LIMITED**

REMOVAL OF SUPPORT LIABILITY SECTION

THE INDEMNITY

The Company shall indemnify the Insured in respect of

1. All amounts which the Insured is or may become legally liable to pay as compensation or damages or costs and expenses arising out of or in connection with:
 - a) death of or injury to or illness or disease of any person
 - b) loss or damage to propertyarising out of or in connection with shock or vibration or the removal or weakening of or interference with support to property in the vicinity of the Contract Site and arising out of or in connection with the Insured Contract performed within the Territorial Limits and occurring during the Period of Insurance
2. All costs and expenses incurred with the consent of the Company in connection with the defence or settlement or investigation of any claim under this insurance

LIMIT OF INDEMNITY

The maximum liability of the Company in respect of each claim or all claims of a series consequent on or attributable to one source or original cause shall not exceed the limit of Liability stated in the Schedule

EXCEPTIONS

The Company will not indemnify the Insured in respect of

1. the amount of the Deductible stated in the Schedule in the aggregate in respect of all claims arising from the Insured Contract
2. liability of the Insured for death illness or bodily injury or disease sustained by any person under contract of service or apprenticeship with such Insured arising out of and in the course of his employment by such Insured
3. liability in respect of any payment under a contractual penalty clause or contractual liquidated damages clause to the extent that such clause increases the Insured's liability beyond that which would have existed in the absence of such clause

This exception shall not apply to contracts or agreements entered into in connection with the Insured Contract or any indemnity required by any Municipal or Public Authority for the purpose is issuing an excavation or similar permit.

REMOVAL OF SUPPORT LIABILITY SECTION – (Continued)

EXTENSIONS AND CLAUSES

1. Additional Insured's

The Company shall also indemnify in like manner to the Insured as if a separate policy had been issued in respect of each of such

- a) any person (including their contractors sub-contractors and suppliers) with whom the Insured enters into an agreement in connection with the Insured Contract but only to the extent that it is a requirement of such agreement
- b) any partner director or employee of the Insured
- c) the personal representatives of the insured and of any person treated as the Insured
- d) any official or member or employee of any social canteen medical civil defence security sports welfare first aid fire or ambulance or similar service or organisation in respect of any activity or business thereof
- e) any municipality or other local authority it being agreed that such municipality or other local authority shall not be responsible for any Deductible hereunder

provided that all persons so treated as the Insured shall as though they were the Insured observe fulfill and be subject to the terms of this insurance insofar as they can reasonable apply to such persons

2. Cross Liabilities

Where the Insured comprises more than one person this insurance shall apply to each such insured person separately and not jointly and as if a separate policy had been issued in respect of each of such insured person Where the corporate structure of any insured person is composed of divisions or separate operating units (by whatever name known) within a single legal entity the Company shall for the purpose of determining the indemnity granted by this insurance treat each division or separate operating unit as a legal entity in its own right

3. First Party Property extension

Notwithstanding that the Employer may not be legally liable for any such amount the Company shall indemnify the Employer in respect of

- i) loss or damage to property owned by the Employer or for which the Employer is responsible
- ii) losses claims expenses or damages arising out of or in connection with such loss or damage

arising out of or in connection with shock or vibration or the removal of or weakening of or interference with support to such property in the vicinity of the Contract Site and arising out of or in connection with the Contract and occurring during the Period of Insurance

SCHEDULE OF COINSURERS

LEAD INSURER

BROKER

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TRANSNET LIMITED

**FOLLOW THE LEAD
INSURER**

The Insurers agree to follow and be bound by the Lead Insurer in all matters relating to acceptance of the risk and agreement on and/or the alteration of any terms of the Insurance by this Policy and to acceptance of liability and the settlement of any claims hereunder and liability having been admitted by the Lead Insurer shall pay their proportionate share of any settlement when requested to do so

None of the terms of this Policy shall bind any Insurer to follow a repudiation of liability by the Lead Insurer nor prevent any Insurer from paying an amount greater than its own proportion of the indemnity determined by the Lead Insurer

COINSURER	PROPORTION	POLICY NUMBER

SECTION I - CONTRACT WORKS

INDEMNITY CLAUSE

The Company will indemnify the Insured against physical loss of or damage to any part of the Property Insured

- a. whilst in transit including loading and unloading or whilst temporarily stored at any premises en route to or from the Contract Site within the Territorial Limits
- b. from the time of unloading at the Contract Site and thereafter until the Property Insured has been officially accepted by the Employer and becomes his responsibility by means of a notice of completion certificate or similar evidence of legal transfer of risk
- c. and during the contractual defects liability or Maintenance Period which shall not exceed the period reflected in the Schedule but only in so far as the Contractors and/or Sub-Contractors may be liable for such loss or damage under the defects liability or maintenance condition/s of the Insured Contract

PROPERTY INSURED

The Contract Works (including free issue material if applicable) to be undertaken in terms of the Insured Contracts including all temporary works erected or in the course of erection and all materials and other things for incorporation therein

"Temporary works" shall include all construction aids equipment structures or works (not being part of the permanent works) the value of which has been included in the contract price or intended for use on the Insured Contract and which

- a. does not comprise mobile plant or
- b. is not intended to be removed from the Contract Site on completion of the Contract other than scaffolding shuttering and formwork as well as construction equipment specifically designed and/or constructed for any Insured Contract and which is not intended for immediate re-use on another contract or
- c. has no residual value at the completion of the Contract (other than scrap value) solely due to their specialised nature

EXCEPTIONS TO SECTION I

The Company shall not be liable for

1. The amount of the Deductible stated in the Schedule
2. Loss of or damage to
 - a. cash banknotes treasury notes cheques postal orders money orders stamps or securities
 - b. any aircraft waterborne vessel or craft
 - c. any item of construction plant tools or equipment (other than plant defined herein as being "temporary works")
3. Loss of any Property Insured by disappearance or by shortage where such loss is revealed only by the taking of a routine inventory
4. The necessary cost of
 - a. repairing replacing reinstating or making good any component part or individual item of the Property Insured which is defective in material workmanship design plan or specification but this exception shall not apply to resultant damage to other component parts or individual items of the Property Insured .
 - b. re-design improvement betterment or alteration on the occasion of repair replacement or reinstatement
5. Consequential loss of any nature whatsoever unless otherwise provided for elsewhere in this Policy
6. Liquidated damages or penalties for delay or in connection with guarantees of performance or efficiency
7. Loss of or damage arising during air transit (other than air transit undertaken entirely within the Territorial Limits) or any ocean voyage or while in storage thereafter where unless the property has been examined for damage and found to be in good order before onward transshipment such loss or damage is discovered only on unpacking and examination of the property and cannot be related to a specific event occurring during the land transit or storage
8. Loss of or damage to the permanent works or part thereof occurring during any contractual defects liability or Maintenance Period other than from
 - a. a cause occurring prior to commencement of such period
 - b. any act or omission of the Contractor and/or Sub-Contractor his servant or agents in the course of the work carried out in pursuance of their obligations with regard to maintenance under the Contract
9. The cost of repairing replacing or rectifying normal wear and tear gradual deterioration due to atmospheric conditions or otherwise upkeep or making good normal rust erosion corrosion or oxidisation or scratching of painted or polished surfaces unless caused as a direct result of a peril which is otherwise insured by this Policy This exception shall not apply to other resultant indemnifiable damage

EXCEPTIONS TO SECTION I (Continued)

10. Loss of or damage to machinery or plant which has operated under load conditions prior to the commencement of the Insured Contract due to its own electrical or mechanical breakdown or explosion
This exception shall not apply to loss or damage
 - a. originating extranea to the damaged property
 - b. to other parts of the Property Insured arising as a consequence of such electrical or mechanical breakdown or explosion
11. Loss of or damage to any part of the Property Insured under Section I due to electrical or mechanical breakdown or explosion occurring after the Testing Period specified on which that part of the Property Insured has operated under load (whether partial or full load) whether before or after the introduction of feedstock or other raw materials if applicable. The Testing Period shall exclude any period during which hydrostatic pneumatic and non-energised electrical mechanical or electronic tests have been carried out
12. Loss of or damage to any part of the Property Insured in terms of Section I in respect of exposed and or open trenching in excess of the Limit stated in the Schedule
13. Loss of or damage to any part of the Property Insured in terms of Section I due to the ingress of mud silt water debris or detritus unless pipe ends have been sealed on termination of each days work by means of end caps
14. Loss of or damage to any part of the Property Insured in terms of Section I in respect of exposed and or open base course in excess of the Limit stated in the Schedule

MEMORANDA TO SECTION I

MEMO 1 - BASIS OF LOSS SETTLEMENT

In the event of loss of or damage to the Property Insured which forms a valid claim under this Section of the Policy the basis of settlement shall include

- a. the cost of repair reinstatement or replacement of the Property Insured at the time of reinstatement of the loss or damage provided that no undue delay is experienced and that reinstatement is commenced as soon as practicable
- b. expediting expenses express delivery charges (including airfreight) overtime Sunday and holiday rates of wages necessarily or reasonably incurred in connection with the repair replacement or reinstatement of the Property Insured subject to a limit of fifty percent of the amount which the repair replacement or reinstatement would have cost if these additional expenses had not been incurred
- c. establishment and supervisory charges incurred in connection with repair reinstatement or replacement following indemnifiable loss or damage
- d. any cost of removal of debris dismantling or demolition of structures in providing erecting and maintaining any hoarding or propping or shoring up required in protecting the Property Insured against further loss or damage in making good or restoring the site or conforming with the reasonable requirements of any statutory body made in connection with the claim
- e. any architects surveyors consulting engineers legal or professional fees in connection with the replacement or reinstatement of the Property Insured but not in respect of any improvement or extension to the Property Insured
- f. fire brigade charges and the cost of restoring fire extinguishing equipment

all necessarily and reasonably incurred

MEMO 2 - REMOVAL OF DEBRIS - ADDITIONAL COVER

This Section is extended to include all costs necessarily and reasonably incurred by the Insured in respect of the removal of debris detritus and water regaining access to the works or in restoring working conditions following any occurrence insured by this Policy notwithstanding that no physical loss or damage has occurred

The liability of the Company by this extension shall not exceed the limit of indemnity stated in the Schedule for any one occurrence

MEMO 3 - SURROUNDING PROPERTY

This Section is extended to indemnify the Insured against loss of or damage to property not otherwise insured by this Section which is in the insured Contractor(s) or Sub-Contractor(s) care custody or control for work thereon and arising directly from work in performing the Insured Contract

Provided that

- a. This indemnity shall not apply to loss or damage for which indemnity is provided for under Section II nor to any construction plant machinery or equipment used or intended for use on any contract
- b. The liability of the Company under this extension shall not exceed the limit of indemnity stated in the Schedule for any one occurrence

MEMORANDA TO SECTION I (Continued)

MEMO 4 - WORK AWAY

This Section is extended to indemnify the Insured against physical loss of or damage to the Property Insured whilst it is situated at any premises within the Territorial Limits for the purpose of repair modification treatment or further work of construction other than loss or damage caused by the misapplication of tools or resulting from any manufacturing process

This extension is also applicable to manufacturers premises within the Territorial Limits provided that the Property Insured is specifically designated for an Insured contract and the Insured has an insurable interest in the Property Insured

MEMO 5 - OFF SITE STORAGE

This insurance shall include physical loss of or damage to Property Insured arising out of the temporary storage of such property at any premises within the Territorial Limits prior to despatch to the Contract Site

Provided that the liability of the Company shall not exceed the amount stated in the Schedule for any one occurrence

MEMO 6 - TEMPORARY REPAIRS

The Company shall not be liable for temporary repairs carried out without its prior written consent or any consequences thereof unless such temporary repairs are necessary in the interests of safety or with the object of avoiding further loss or damage

MEMO 7 - CONTRIBUTION CLAUSE - MARINE

Notwithstanding Exception 7 to Section 1 in the event of loss of or damage to the Property Insured due to a peril insured being discovered after insurance under an applicable marine insurance policy has terminated and if after investigation it is not possible to ascertain whether the cause of such loss or damage happened prior to the termination of the marine venture or subsequently the Company shall where the relevant marine insurance policy does not contain a similar provision contribute fifty percent of the properly adjusted claim less fifty percent of the applicable deductible hereunder with the marine insurers similarly contributing fifty percent less fifty percent of the applicable marine deductible Such contributions to be without prejudice and adjusted subsequently in accordance with final apportionment of the claim

The Insured shall make every reasonable effort to ensure that the Property Insured is visually examined as soon as reasonably possible after arrival at the Contract Site

MEMO 8 - ESCALATION DURING CONTRACT PERIOD

Should the value of the Property Insured exceed the Limit of Indemnity during the course of any contract the Limit of Indemnity shall be deemed to be increased by an amount not exceeding the percentage stated in the Schedule

MEMO 9 - REINSTATEMENT VALUE CONDITIONS

Should the cost of reinstating the Property Insured following loss or damage exceed the value stated then the Limit of Indemnity shall be deemed to be increased by an amount not exceeding twenty percent

MEMO 10 - AUTOMATIC REINSTATEMENT

The Sum Insured shall not be reduced by the amount of any claim paid or payable by the Company subject to the Insured paying to the Company the pro rata additional premium on the amount of such claim from the date of the loss or damage to the end of the Period of Insurance in respect of all claims settled by the Company for twenty five thousand rands or more after the deduction of the Deductible

SECTION II - PUBLIC LIABILITY

The Company will indemnify the Insured against all sums for which the Insured shall become legally liable to pay for and in consequence of

- i. accidental death of or bodily injury to or illness or disease contracted by any person
- ii. accidental physical loss of or damage to tangible property

occurring during the Period of Insurance and arising out of or in connection with the performance of the Insured Contract at the Contract Site as defined in the Schedule

LEGAL COSTS AND EXPENSES

Subject to the Limit of Liability the Company will also pay all costs and expenses incurred by the Insured with the Company's consent (which consent shall not be unreasonably withheld) and any claimant's costs and expenses recovered from the Insured in connection with any claim to which the indemnity under this Section applies

LIMIT OF LIABILITY

The liability of the Company under this Section for all compensation in respect of or arising out of one claim or in respect of all claims having the same original cause shall not exceed the sum stated in the Schedule

JOINT INSURED

The Company will treat as the Insured

- a. any other company person or party (including any owner of plant or other property hired by or on loan to the Insured) with whom the Insured enters into an agreement for the purpose of the contract but only to the extent that it is a requirement of such agreement
- b. any officer or employee of the Insured in respect of liability for which the Insured would have been entitled to indemnity if the claim had been made against the Insured
- c. the personal representative of the Insured and of any person or party treated as the Insured in respect of liability incurred by such person or party

provided always that all persons and parties so treated as the Insured shall as though they were the Insured observe fulfil and be subject to the Terms Exceptions and Conditions of the Policy

CROSS LIABILITIES

Where the Insured comprises more than one person this insurance shall apply to each such insured person separately and not jointly and as if a separate policy had been issued in respect of each of such insured person Where the corporate structure of any insured person is composed of divisions or separate operating units (by whatever name known) within a single legal entity the Company shall for the purpose of determining the indemnity granted by this insurance treat each division or separate operating unit as a legal entity in its own right

EXCEPTIONS TO SECTION II

The Company shall not be liable in respect of

1. The amount of the Deductible stated in the Schedule
2. Death of or bodily injury to or illness or disease contracted by any person employed by the Insured under a contract of service or apprenticeship if such death injury illness or disease arises out of or in the course of such employment
3. Claims arising out of or in connection with the ownership possession or use by the Insured of any vehicle or trailer

This exception shall not apply to

- i. mechanical plant or claims arising beyond the limits of any carriageway or thoroughfare or in connection with the loading or unloading of any vehicle or trailer
 - ii. claims arising out of the use of any vehicle or part thereof as a tool of trade or arising in connection with anything therein or thereon manufactured by or attached thereto
4. Claims arising by or through or in connection with the ownership possession or use under the control of the Insured of any aircraft or watercraft (other than watercraft which are not self-propelled or are less than three tonnes nett mass on inland waterways)
 5. Loss of or damage to property
 - a. belonging to the Insured or in his care custody or control
 - b. which forms or should form the subject of insurance under Section I

For the purpose of this exception the term "care custody or control" shall not apply to

- i. premises and structures (including contents) fixed plant and machinery temporarily occupied or used by the Insured for the purpose of the Insured Contracts
 - ii. property not hired by or on loan to the Insured but for which the Insured has agreed to provide storage facilities
 - iii. property of employees or visitors
 - iv. vehicles (including the contents thereof) under the care custody or control of the Insured for the purpose of parking
6. Liquidated damages or penalties for delay detention or in connection with guarantees of performance or efficiency imposed by agreement and which would not have attached in the absence of such agreement
 7. The cost of making good faulty workmanship materials plan specification or design in any part of the Property Insured
 8. Liability for the design of the works or any part thereof by the Insured

EXCEPTIONS TO SECTION II (Continued)

9. a. bodily injury or property damage arising out of the discharge dispersal release or escape of smoke vapours soot fumes acids alkalis toxic chemicals liquids gases waste materials or other irritants contaminants or pollutants into or upon land the atmosphere any water course or body of water
- b. any cost or expense arising out of any governmental demand or request that an Insured test for assess monitor clean-up remove contain treat detoxify or neutralise any such irritants contaminants or pollutants

The Company shall not be held liable to defend any claim or suit seeking to impose such costs expenses or liability for such damages or any other relief

This exception shall not apply to sudden or accidental pollution or where the circumstances giving rise to pollution occur suddenly or accidentally

10. Liability incurred in respect of damage to any property land or building caused by vibration or the removal or weakening of support of such property land for any amount in excess of the Limit of Indemnity stated in the Schedule for any one occurrence
11. Liability attaching to the Insured under the terms of any contract or agreement whether written verbal or implied unless such liability would have attached to the Insured notwithstanding any such contract or agreement but this exception shall not apply to
 - a. the Insured Contract(s)
 - b. any other specific agreements
 - c. agreements with Transnet Limited
 - d. agreements with Public Supply Authorities

GENERAL MEMORANDA (Continued)

MEMO 4 - DEPOSIT PREMIUM/DECLARATION ADJUSTMENT

The Premium stated on each Certificate issued by the Company in respect of this Policy shall be regarded as a deposit calculated at the agreed premium rates on the estimated contract value for each contract

On expiry of the Period of Insurance for each Certificate the Insured shall within a reasonable period declare the actual contract value (material plus labour) earned inclusive of free issue materials if applicable and the Premium shall be adjusted by applying the agreed rates to this actual contract value subject to the Minimum Premium Retention stated on the respective Certificate

MEMO 5 - CANCELLATION CLAUSE

This Policy shall continue unless terminated by thirty days notice in writing given by the Company to the Insured at his registered address or by the Insured to the Company

Notwithstanding the aforementioned cancellation at the option of the Insured this Policy shall continue to apply to any Contract in respect of which tenders have a closing date prior to the expiry of such period of notice In relation to any such Contract a Certificate shall be issued and this Policy and the respective Certificate shall continue and all the terms exceptions and conditions shall mutatis mutandis apply until completion of such Contract(s) and the Maintenance Period stipulated in the contract documents In the event of the Insured exercising this option the Company shall be notified of such intention at the time of notice of cancellation being given

These provisions shall also apply in the event of the Policy being lapsed

MEMO 6 - PAYMENTS ON ACCOUNTS

Payments on account will be made to the Insured if necessary

MEMO 7 - DIFFERENCE IN CONDITIONS

The Company will indemnify the Insured in respect of "difference in conditions" only between this and any other policy or policies issued covering the declared Contract undertaken by the Insured In the event of a more specific insurance policy prescribing a deductible more than that specified under this Policy the Company shall indemnify the Insured for the difference between the applicable deductibles

Provided that

- a) the indemnity hereby granted in respect of any one occurrence or series of occurrences arising out of or in connection with any one event or original cause shall not exceed the limits as provided in the Policy except in respect of difference in deductible where the Company's liability shall be limited to twenty five thousand rands
- b) this Policy shall not be brought into contribution for any loss or damage indemnifiable in terms of any other policy or policies issued in respect of the Insured Contract

GENERAL EXCEPTIONS

This Policy does not cover

1. a. Loss or damage to property related to or caused by
 - i. civil commotion labour disturbances riot strike lockout public disorder or any act or activity which is calculated or directed to bring about any of the above
 - ii. war invasion act of foreign enemy hostilities or warlike operations (whether war be declared or not) or civil war
 - iii. a. mutiny military rising military or usurped power martial law or state of siege or any other event or cause which determines the proclamation or maintenance of martial law or state of siege
 - b. insurrection rebellion or revolution
 - iv. any act (whether on behalf of any organisation body or person or group of persons) calculated or directed to overthrow influence any State or Government provincial local or tribal authority with force or by means of fear terrorism or violence
 - v. any act which is calculated or directed to bring about loss or damage in order to further any political aim objective or cause or to bring about any social or economic change or in protest against any State or Government provincial local or tribal authority or for the purpose of inspiring fear in the public or any section thereof
 - vi. any attempt to perform any act referred to in clause iv) or v) above
 - vii. the act of any lawfully established authority in controlling preventing suppressing or in any other way dealing with any occurrence referred to in clauses i) ii) iii) iv) v) or vi) above

If the Company alleges that by reason of clauses i) ii) iii) iv) v) vi) or vii) of this Exception loss or damage is not covered by the Policy the burden of proving the contrary shall rest on the Insured

- b. Loss or damage caused directly or indirectly by or through or in consequence of any occurrence for which a fund has been established in terms of the War Damage Insurance and Compensation Act 1976 (No 85 of 1976)
2. a. Loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss
- b. Any legal liability of whatsoever nature

directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radio activity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel solely for the purpose of this exclusion combustion shall include any self sustaining process of nuclear fission

The indemnity provided by this Policy shall not apply to nor include any loss destruction or legal liability directly or indirectly caused by or contributed to by or arising from nuclear weapons material

MEMORANDUM TO GENERAL EXCEPTIONS

RIOT STRIKE PUBLIC DISORDER MALICIOUS DAMAGE

Notwithstanding anything in the Policy to the contrary and subject otherwise to the terms contained therein this insurance is extended to cover loss or damage directly occasioned by or through or in consequence of

- i) civil commotion labour disturbances riot strike lockout or public disorder or any act or activity which is calculated or directed to bring about any of the above (this subclause (i) is applicable to property outside the Republic of South Africa)
- ii) the act of any lawfully established authority in controlling preventing suppressing or in any other way dealing with any occurrence referred to in (i) above
- iii) the deliberate or wilful or wanton act of any person committed with the intention of causing such loss or damage

Provided that this extension does not cover

- a) consequential or indirect loss or damage of any kind or description whatsoever other than loss of rent if specifically insured
- b) loss or damage resulting from total or partial cessation of work or the retarding or interruption or cessation of any process or operation
- c) loss or damage occasioned by permanent or temporary dispossession resulting from confiscation commandeering or requisition by any lawfully constituted authority
- d) loss or damage related to or caused by any occurrence referred to in exception 1(a)(ii) (iii)(a) (iv) (v) or (vi) of this insurance or the act of any lawfully established authority in controlling preventing suppressing or in any other way of dealing with such occurrences

It is agreed that the reverse onus of proof clause contained in Exception 1 (a) shall only apply to this Memorandum to the extent that such clause refers to the exceptions stated in (d) above

CONDITIONS

1. This Policy Schedule Certificates and Sections shall be read together and any word or expression to which a specific meaning has been attached shall bear such meaning wherever it may appear
2. The Insured shall exercise all reasonable care in the selection employment and supervision of all employees and in the prevention of damage injury illness or disease and in compliance with any statutory regulation
3. On the happening of an event giving rise or likely to give rise to a claim the Insured shall
 - a. as soon as possible give notice thereof to the Company
 - b. preserve any damaged or defective property or things which might prove necessary or useful by way of evidence in connection with any claim and so far as may be reasonably practicable no alteration or repairs shall be made after the event without the consent of the Company or until the Company shall have had a reasonable opportunity of inspecting such damaged or defective property If such inspection does not take place within a reasonable period from the date of notification of any claim the Insured shall be entitled to proceed with repair or replacement
 - c. take all practical steps including in the case of Property Insured being stolen lost or wilfully damaged the giving of immediate notice to the police to recover any Property Insured and to discover and punish the guilty person(s)
 - d. forward to the Company every letter writ summons or process as soon as possible and give notice to the Company immediately they shall have the knowledge of any impending prosecution in connection with any event for which there may be liability under this Policy
 - e. when called upon to do so furnish the Company with all details of the event together with such evidence vouchers proof and explanations as the Company may reasonably require
4. On the happening of any event in respect of which a claim is or may be made the Company and every person authorised by the Company may with permission of the Insured (which permission shall not be unreasonably withheld) and without thereby incurring liability enter any premises where such event has occurred and may take and keep possession of and deal with any salvage If the Insured or anyone acting in their official capacity on his behalf shall obstruct or prevent the Company or authorised representatives from so doing all benefits under this Policy shall be forfeited in respect of such claim The Insured shall not in any case be entitled to abandon any property to the Company whether taken possession of by the Company or not
5. If there is any material change in the risk insured during the Period of Insurance or if any defects or conditions of working are discovered which render the risk more than usually hazardous the Insured shall forthwith notify the Company and shall take all precautions as circumstances may require In the event of stoppage of work on the Contract Site from any cause for a period of three consecutive months this insurance shall be suspended unless its continuance is agreed to in writing by the Company
6. The inadvertent failure by the Insured to declare specific information required in respect of the Property Insured shall not invalidate the indemnity afforded by this Policy provided that any such failure shall be rectified as soon as practicable after it shall have come to the Insured's knowledge

CONDITIONS (Continued)

7. If a claim or any part thereof made by or on behalf of any of the parties to the contract shall be in any respect fraudulent then such part of such claim by such party shall not be recoverable by the party making the claim
8. A breach of or other non compliance with anything to be done in terms of this Policy (whether expressed or implied) shall not invalidate the Policy or prejudice any insured entity other than the particular insured entity guilty of such breach or non compliance and then only to the extent that such breach or non compliance was to the prejudice of the Company
9. If at the time of any loss or damage insured by this Policy there shall be any other insurance covering such loss or damage or any part thereof effected by or on behalf of the Insured the Company shall not be liable for more than its rateable proportion of such loss or damage. If such other insurance is subject to any condition of advantage to the insurers this Policy shall be subject to such condition
10. No admission offer promise payment or indemnity shall be made or given by or on behalf of the Insured without the written consent of the Company who shall be entitled in the name of the Insured but at its own expense to take over and conduct in the name of the Insured the defence or settlement of any claim or to prosecute in the name of the Insured for its own benefit any claim for indemnity or damage or otherwise. The Company shall have full discretion in all such matters as aforesaid and the Insured shall give all such information and assistance as the Company may reasonably require
11. The Insured shall at the expense of the Company do or permit to be done all such acts and things as may be necessary or reasonably required by the Company for the purpose of enforcing any rights or remedies or obtaining relief or indemnity from other parties to which the Company shall or would become entitled or subrogated upon its paying for or making good any loss or damages under this Policy whether such acts and things shall be or become necessary or required before or after indemnification by the Company
12. If any difference shall arise as to the amount to be paid (liability being otherwise admitted) such difference shall be referred to arbitration in accordance with the laws in force at the time. The making of an award shall be a condition precedent to any right of action
13. The Company may by giving thirty days notice in writing to the Insured cancel this Policy paying on demand the proportion of the premium corresponding to the unexpired risk under the Policy. The Insured may likewise terminate this Policy by giving thirty days notice in writing to the Company
13. In the event of the Company disclaiming liability in respect of any claim and an action or suit not being commenced within twelve months after such disclaimer or in the case of arbitration taking place in pursuance of Condition 12 within twelve months after the arbitration award shall have been made all benefit in respect of such claim shall be forfeited

**COMPUTER LOSS and GENERAL EXCEPTION Attaching to and forming part of
Policy Number in the name of TRANSNET LIMITED**

General Exception applicable to all sections of this policy insuring damage to property or the consequences of damage to property or any liability

Notwithstanding any provision of this policy including any exclusion, exception or extension or other provision not included herein which would otherwise override a general exception, this policy does not cover:

- a) loss or destruction of or damage to any property whatsoever (including a computer) or any loss or expense whatsoever resulting or arising therefrom;
- b) any legal liability of whatsoever nature;
- c) any consequential loss;

directly or indirectly caused by or contributed to by or consisting of or arising from the incapacity or failure of any computer, correctly or at all

- i) to treat any date as the correct date or true calendar date, or correctly or appropriately to recognise, manipulate, interpret, process, store, receive or to respond to any data or information, or to carry out any command or instruction, in regard to or in connection with any such date, or
- ii) to capture, save, retain or to process any information or code as a result of the operation of any command which has been programmed into any computer, being a command which causes the loss of data or the inability to capture, save, retain or correctly to process such data in regard to or in connection with any such date, or
- iii) to capture, save, retain or to process any information or code due to programme errors, incorrect entry or the inadvertent cancellation or corruption of data and/or programmes, or
- iv) to capture, save, retain or to process any data as a result of the action of any computer virus, or other corrupting, harmful or otherwise unauthorised code or instruction including any trojan horse, time or logic bomb or worm or any other destructive code, media or programme or interference.

A computer includes any computer, data processing equipment, microchip, integrated circuit or similar device in computer or non-computer equipment or any computer software, tools, operating system or any computer hardware or peripherals and the information or data electronically or otherwise stored in or on any of the above, whether the property of the Insured or not.

Special extension to the above General Exception

A Loss or destruction of or damage to the insured property by fire, explosion, lightning, earthquake or by the special perils referred to in B below or indemnified by the Glass, Employer's Liability, Stated Benefits, Group Personal Accident or Motor section is not excluded by this General exception.

B The special perils that are not excluded for the purpose of this special extension are damage caused by:

- 1. storm, wind, water, hail or snow excluding damage to property
 - a) arising from its undergoing any process necessarily involving the use or application of water;
 - b) caused by tidal wave originating from earthquake or volcanic eruption;
 - c) in the underground workings of any mine;
 - d) in the open (other than buildings structures and plant designed to exist or operate in the open);
 - e) in any structure not completely roofed;
 - f) being retaining walls;
- 2. aircraft and other aerial devices or articles dropped therefrom;
- 3. impact by animals, trees, aerials, satellite dishes or vehicles excluding damage to such animals, trees, aerials, satellite dishes or vehicles or property in or on such vehicles.

Unless so described and specifically insured as a separate item

These special perils do not cover wear and tear or gradual deterioration.

C. The above General Exception also does not apply to consequential loss as insured by any Business Interruption indemnity provided by this policy to the extent that such consequential loss results from damage to insured property by the perils referred to in Special Extension A above.

D. This Special Extension will not insure any loss destruction, damage or consequential loss if it would not have been insured in the absence of this Computer Losses General exception and this Special extension.

E. This Special extension shall not apply to any Public Liability indemnity.

The General exceptions are cancelled and replaced by:

1. War, riot and terrorism

(A) This policy does not cover loss of or damage to property related to or caused by:

- (i) civil commotion, labour disturbances, riot, strike, lockout or public disorder or any act or activity which is calculated or directed to bring about any of the foregoing;
- (ii) war, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not) or civil war;
- (iii) (a) mutiny, military rising, military or usurped power, martial law or state of siege, or any other event or cause which determines the proclamation or maintenance of martial law or state of siege;
(b) insurrection, rebellion or revolution;
- (iv) any act (whether on behalf of any organisation, body or person or group of persons) calculated or directed to overthrow or influence any State or Government or any provincial, local or tribal authority with force or by means of fear, terrorism or violence;
- (v) any act which is calculated or directed to bring about loss or damage in order to further any political aim, objective or cause, or to bring about any social or economic change, or in protest against any State or Government or any provincial, local or tribal authority, or for the purpose of inspiring fear in the public or any section thereof;
- (vi) any attempt to perform any act referred to in clause (iv) or (v) above;
- (vii) the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any occurrence referred to in clause A (i), (ii), (iii), (iv), (v) or (vi) above.

If the company alleges that, by reason of clause A(i), (ii), (iii), (iv), (v), (vi) or (vii) of this exception, loss or damage is not covered by this policy, the burden of proving the contrary shall rest on the insured.

(B) This policy does not cover loss or damage caused directly or indirectly by or through or in consequence of any occurrence for which a fund has been established in terms of the War Damage Insurance and Compensation Act, 1976 (No.85 of 1976) or any similar Act operative in any of the territories to which this policy applies.

(C) Notwithstanding any provision of this policy including any exclusion, exception or extension or other provision not included herein which would otherwise override a general exception, this policy does not cover loss of or damage to property or expense of whatsoever nature directly or indirectly caused by, arising out of or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any sequence to the loss, damage or expense.

For the purpose of this General exception 1(C) an act of terrorism includes, without limitation, the use of violence or force or the threat thereof whether as an act harmful to human life or not, by any person or group of persons, whether acting alone or on behalf of or in connection with any organisation or government or any other person or body of persons, committed for political, religious, personal or ideological reasons or purposes including any act committed with the intention to influence any government or for the purpose of inspiring fear in the public or any section thereof.

If the company alleges that, by reason of clause 1(C) of this exception, loss or damage is not covered by this policy, the burden of proving the contrary shall rest on the insured.

2. Nuclear

Except as regards the Fidelity, Stated Benefits and Group Personal Accident sections

- (i) this policy does not cover
 - (a) loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss
 - (b) any legal liability of whatsoever nature

directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radio-activity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel

For the purpose of this exception only, combustion shall include any self-sustaining process of nuclear fission.

- (ii) the indemnity provided by this policy shall not apply to nor include any loss, destruction, damage or legal liability directly or indirectly caused by, or contributed to by, or arising from nuclear weapons material