



Konkola Copper Mines plc

General Conditions of Contract for Supply and Delivery

(KCM 910 Rev. 3)

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SECTION 1 - CONDITIONS OF CONTRACT



Konkola Copper Mines plc

GENERAL CONDITIONS OF CONTRACT FOR SUPPLY

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1.0 DEFINITIONS AND INTERPRETATIONS

In these Conditions and the Contract the following words and expressions shall have the meanings hereby assigned to them unless the context otherwise requires.

1.1 Definitions

- 1.1.1 "Employer" means Konkola Copper Mines plc of Stand M/1408, Fern Avenue, Chingola, Republic of Zambia.
- 1.1.2 "Engineer" means the person appointed by the Employer to act as the Engineer for the purposes of the Contract
- 1.1.3 "Contract" means the Contract placed by or on behalf of the Employer, which shall constitute the agreement between the Employer and the Contractor for the supply of the Goods stipulated therein.
- 1.1.4 "Contract Date" means the date on which the Contract is awarded.
- 1.1.5 "Contract Price" means the sum named in or ascertainable from the Contract as the price to be paid in respect of the Goods, subject to such additions to or deductions from such sum as may be made under the provisions of the Contract.
- 1.1.6 "Contractor" means any the person named in the Contract and the legal successors in title to this person, but not (except with the consent of the Employer) any assignee.
- 1.1.7 "Delivery Date" means the date stated in the Contract on which the Goods are to be delivered.
- 1.1.8 "Documentation" means any drawings, diagrams, calculations, designs, specifications and other pertinent documents which are to be supplied to the Engineer by the Contractor in terms of the Contract, together with any modifications to such documents as may from time to time be approved in Writing by the Engineer.
- 1.1.9 "Goods" means machinery, apparatus, materials, articles, documentation and things of all kinds to be supplied in terms of the Contract.
- 1.1.10 "Laws" means all national (or state) legislation, statutes, ordinances and other laws, and regulations and by-laws of any legally constituted public authority.

1.1.11 "Head of Operations Maintenance" means the Head of Operations Maintenance of the Employer acting as the administering officer for the purpose of the Contract and shall include his authorised representatives.

1.1.12 "Site" means the place or places nominated in the Contract where the Goods are to be delivered, but excludes the Contractor's usual premises and operational facilities.

1.1.13 "Technical Information" means all drawings, diagrams, calculations, designs, specifications and other documents, as may be furnished in Writing by, for, or on behalf of the Employer by the Engineer to the Contractor relevant to the Goods being supplied.

1.1.14 "Writing" means any manuscript, typewritten or printed statement, signed by an authorised representative of either the Employer, the Engineer or the Contractor as the case may be, and any E-mail, facsimile or telegram, from one party to the other and shall include Technical Information and Documentation.

1.2 Persons

Words referring to persons shall mean and include not only natural persons, but any corporate body or partnership.

1.3 Clause Headings

Clause headings shall not be taken into consideration in the interpretation or construction of the Contract.

1.4 Documents Mutually Explanatory

The provisions of the Particular Conditions, which take precedence over the General Conditions, together shall prevail over those of any other document forming part of the Contract. Subject to the foregoing the several documents forming the Contract shall be taken as mutually explanatory of one another. If any ambiguity or discrepancy is found in the documents, the Engineer shall issue any necessary clarification or instruction.

2.0 OBJECTIVE

In consideration for the payment of the Contract Price, the Contractor undertakes to deliver the Goods subject to and in accordance with the Contract.

3.0 ENGINEER'S SUPERVISION AND REPRESENTATIVES

3.1 Instructions and Orders

All instructions and orders to the Contractor shall, except as herein otherwise provided, be given by the Engineer and shall be in Writing.

3.2 Engineer's Representative

The Engineer may from time to time delegate to another any of the powers, discretions, functions and authorities vested in him and may at any time revoke any such delegation. Any such delegation or revocation shall be in Writing signed by the Engineer and in the case of delegation shall specify the powers, discretions, functions and authorities thereby delegated and the person or persons to whom the same are delegated.

No such delegation or revocation shall have effect until confirmation thereof in Writing has been given to the Contractor. Any person to whom any such delegation is made shall be entitled to exercise the powers, discretions, functions and authorities so delegated to him as aforesaid.

3.3 For the purpose of this Contract the Engineer's Representative shall be the Manager, Capital Projects.

4.0 ASSIGNMENT AND SUB-CONTRACTING

4.1 Assignment

The Contractor shall not, without the consent in Writing of the Engineer, assign or transfer the Contract or any part thereof or any rights or obligations therein to any other corporate body or person.

4.2 Subcontracting

The Contractor shall not subcontract the whole or any part of the Contract without the prior written consent of the Engineer, and such consent if given shall not relieve the Contractor from any liability or obligation under the Contract and he shall be responsible for the acts, defaults and neglects of any subcontractor, his agents, servants or workmen as fully as if they were the acts, defaults or neglects of the Contractor.

5.0 DOCUMENTATION AND TECHNICAL INFORMATION

5.1 Language

The Contract (including all documents forming a part thereof) shall be drawn up, construed and interpreted in English. Similarly all drawings, operating and maintenance manuals supplied to the Engineer by the Contractor and all correspondence shall be in English. If any manuals supplied with the Goods by the original supplier are not in English, the

Contractor is obliged to procure a suitable and accurate translation of such manuals, and deliver the translation and the original foreign language manuals to the Employer. The International System of Units (Système International d'unités) (SI) shall apply.

5.2 Documentation

Prior to, or at the time of delivery of the Goods, the Contractor shall provide the Engineer with Documentation as required in terms of the Contract. Such Documentation shall comprise but may not be limited to operating and maintenance instructions, drawings of the Goods (in sufficient detail to enable the Employer to maintain, dismantle, reassemble and adjust all parts of the Goods) and spares lists. The Contractor shall present the Documentation to the Engineer in the form and manner detailed in the Contract.

5.3 Technical Information

Where applicable, the Engineer shall provide the Contractor with the Technical Information necessary to enable him to deliver the Goods in accordance with the provisions of the Contract. All Technical Information shall be, and remain, the property of the Employer and shall be handed over to the Engineer on demand.

5.4 Mistakes in Documentation

The Contractor shall be responsible for all discrepancies, errors, or omissions including faulty design and/or detailing in any of the Documentation whether or not such Documentation has been approved by the Engineer, provided that such discrepancies, errors, or omissions including faulty design and/or detailing are not due to discrepancies, errors or omissions in the Technical Information.

6.0 QUALITY OF MATERIALS AND WORKMANSHIP

- 6.1 All Goods supplied in terms of the Contract shall be new unless otherwise stated.
- 6.2 The Engineer shall be entitled at all reasonable times during and after manufacture, to inspect, examine and test on the Contractor's or other premises, the materials and workmanship of the Goods. If part of the Goods is being manufactured on other premises, the Contractor shall obtain for the Engineer permission to inspect, examine and test such Goods. Approval of the Goods inspected, examined or tested in terms of this Clause shall not release the Contractor from any obligation under the Contract, nor be interpreted to imply that such Goods are free of any patent or latent defect.

6.3 Where the Contract provides for tests to be carried out on the premises of the Contractor or of any subcontractor, the Contractor or such subcontractor shall provide free of charge such assistance, materials, electricity, fuel, stores, apparatus and instruments as may be necessary to carry out such tests efficiently. The Contractor shall make this obligation binding on all his subcontractors.

6.4 If at any time, whether prior or subsequent to delivery of the Goods, the Engineer is of the opinion that such Goods or part thereof are defective or not in accordance with the Contract, the Engineer may reject the said Goods or part thereof by giving the Contractor notice in Writing of such rejection. The Contractor shall, on receipt of such notice from the Engineer, and at his cost, replace such Goods or part thereof.

7.0 CONTRACTOR TO INFORM HIMSELF FULLY

The Contractor shall satisfy himself as to all the conditions and circumstances of whatsoever nature and howsoever arising which relate to the supply and delivery of the Goods and which affect or may affect the Contract Price. The Contractor shall not be entitled to claim any increase in the Contract Price caused by such conditions or circumstances not taken into account by him.

8.0 TAXES AND DUTIES

The Contractor shall be solely responsible for obtaining its own information for the purposes of establishing its Contract Price with regard to any requirements in respect of taxes promulgated and regulated by the Zambian or any other such Revenue Authority.

Any additional costs resulting from the Contractor's failure to take cognisance of this requirement will be for the Contractor's account.

8.1 Value Added Tax

8.1.1 Value Added Tax (Country of Origin of Goods)

The Contract Price is required to be exclusive of any Value Added Tax as may be legislated in the country of origin of the Goods.

8.1.2 Value Added Tax (Republic of Zambia)

The Contractor shall be solely responsible for establishing any requirements of the Zambian Revenue Authority, including its position for the purposes of the Contract and any other tax promulgated and regulated by the Zambian Revenue Authority.

8.1.3 Tax Invoices

VAT, if applicable to the Contract in terms hereof, will be added to tax invoices for payment by the Employer. Invoices shall include a statement of the Zambian Kwacha exchange rate, as required by the Zambian Revenue Authority. Failure to do so will invalidate the invoice and delay payment until a compliant invoice is provided by the Contractor.

8.2 Customs and Import Duties

The Employer has entered into an agreement with the government of the Republic of Zambia to the effect that goods and services imported by contractors/agents/suppliers for the purpose of implementing the Approved Program of Mining and Metal Treatment Operations shall enjoy the benefit of KCM's exemption from Customs and Excise Duties under Section 97 of the Act – such benefit to be strictly limited to the Approved Program of Mining and Metal Treatment Operations.

The Contractor shall:

- a) Obtain his own information in respect of and shall administer all permits and licences which are necessary to enable him to fulfil his obligations in terms of the Contract.
- b) Be deemed to have satisfied himself regarding his liabilities under the regulations governing the granting of permits and licences.

The Contractor shall apply for and bear the expense of obtaining import licences (in the Employer's name), which are necessary for the importation of the Goods.

The Employer will render all reasonable assistance to the Contractor with regard to applications for import and export licences.

9.0 PACKAGING AND MARKING

- 9.1 The Contractor shall ensure that all packaging and coverings are adequate for the safe transportation, handling and storage of the Goods in accordance with Incoterms 1991, as amended. Unless otherwise stated in the Contract, all packing cases and packing material shall become the property of the Employer, and the costs thereof are deemed to be included in the Contract Price.
- 9.2 The Contractor shall ensure that all Goods are marked as specified in the Contract.

10.0 DELIVERY OF THE GOODS

- 10.1 The mode and point of delivery shall be as specified in the Contract. The Contractor shall, at his cost, replace any Goods lost or damaged in transit, howsoever caused.
- 10.2 Should the Contractor fail to comply with the requirements of Clause 10.1 hereof, any resultant demurrage, re-transport costs, waiting time and other associated costs shall be for the Contractor's account.
- 10.3 Should the Contractor fail to deliver the goods by the Delivery Date, then without prejudice to any other rights the Employer may have, the Engineer shall have the right to instruct the Contractor to make such alternative delivery arrangements as it may deem necessary. All additional costs incurred by the Employer or the Contractor as a result of such instruction shall be for the Contractor's account.
- 10.4 The Contractor shall be responsible for all costs arising from damage to property and/or injury to persons caused by the personnel and/or transport vehicles engaged in and upon the transportation of the Goods and/or empty containers, irrespective of whether such damage and/or injury is caused within the boundaries of the area(s) owned, leased or occupied by the Employer or outside of such boundaries, and the Contractor hereby indemnifies the Employer against any claims which might be made against the Employer in respect of such damage and/or injury.

11.0 GUARANTEE OF THE GOODS

- 11.1 The Contractor shall make good, at his cost, and within such period as the Engineer may stipulate, any defects in the Goods arising from defective design, materials or workmanship, or from any act or omission of the Contractor that may develop under proper use during the period of 12 (twelve) months from the actual date of operational usage or 18 months from date of delivery, whichever is the earlier.
- 11.2 If the Contractor, in terms of Clause 11.1 hereof, repairs or replaces any part of the Goods, the terms of the said Clause 11.1 hereof shall apply to such repairs or replacements from the date so repaired or replaced.
- 11.3 If any defects not be remedied by the Contractor within the time stipulated by the Engineer, the Employer may proceed to do or cause to be done the work at the Contractor's risk and expense, without prejudice to any other rights which the Employer may have against the Contractor in respect of the failure of the Contractor to remedy such defects.

12.0 INTELLECTUAL PROPERTY RIGHTS

12.1 The Contractor indemnifies and shall keep indemnified the Employer against all losses and costs (including legal costs between attorney and client) and all other expenses whatsoever that the Employer may incur as a result of any action, proceeding or claim made against the Employer arising from the acquisition, use, reproduction or adaptation of Goods provided by the Contractor or any process associated therewith, or of any documents appertaining to such Goods or process constituting an infringement of patent rights, registered designs, registered trade marks, copyright or other protected rights in respect of the said Goods or process.

The indemnity shall not apply to any infringement which is due to the Contractor having followed in its entirety a design or drawing stipulated by the Engineer and which is not at the time of completion of the Contract known by the Contractor to be an infringement of intellectual property rights as aforesaid.

12.2 The Employer shall give the Contractor prompt notice of any action, proceeding, claim or threat instituted or made against it. Thereafter the Employer may, at its option, either:

12.2.1 permit the Contractor, at his expense, to conduct any litigation that may ensue and all negotiations for a settlement of such litigation or claim, with the proviso that the Contractor shall keep the Employer informed of all steps that are taken and of the outcome or

12.2.2 conduct any litigation that may ensue and all negotiations for settlement in consultation with the Contractor.

12.3 The Contractor hereby authorises the Employer to reproduce any Documentation other than restricted information as defined in Clause 13.1 (Restricted Information) hereof, which is made available by him to the Employer in connection with the Contract, and to publish such reproduction. The indemnity given in terms of Clause 12.1 hereof includes any action, proceeding or claim for infringement by third parties of intellectual property rights in connection with such reproductions or their publication. In so far as the Contractor has any copyright protection in items that are reproduced, the Contractor hereby grants a licence to the Employer so to reproduce and publish.

12.4 The Contractor shall keep the Engineer informed of any demands or claims made against him in respect of the infringement of patent or other exclusive rights by virtue of the Contractor's obligations undertaken in terms of the Contract.

- 12.5 The rights and obligations in Clauses 12.1 to 12.4 hereof shall survive the termination of the Contract and shall continue in full force and effect for a period of 12 (twelve) years from the date of which the Goods are delivered to the Employer.
- 12.6 The Contractor shall pay all royalties and expenses and be liable for all costs in respect of the use of patent rights, trademarks or other protected rights, whether in the Republic of Zambia or elsewhere, for all or any of the Contractor's obligations undertaken in terms of the Contract.

13.0 RESTRICTED INFORMATION

- 13.1 Technical Information and other information, whether written or oral, which is communicated to the Contractor and that part of the Documentation which is submitted by the Contractor and, at the time of submission, notified to the Engineer that such is not for publication, shall be treated as restricted information.
- 13.2 The Contractor shall not, without the prior written consent of the Engineer, use, publish or disclose to any person, nor cause nor permit any of his subcontractors, servants or agents to use, publish or disclose any restricted information as defined in Clause 13.1 hereof otherwise than for the performance of the Contract. The Contractor shall ensure that his subcontractors, servants or agents comply with the provisions of this Clause.
- 13.3 The Employer shall not, without the prior written consent of the Contractor publish any restricted information, as defined in Clause 13.1 hereof, received from the Contractor.
- 13.4 The Contractor shall not, without prior written approval of the Engineer;
 - 13.4.1 take or permit to be taken any photograph of the Employer's property or any portion thereof;
 - 13.4.2 publish, cause or permit to be published any article, story or other material having any references whatsoever to the Contract;
 - 13.4.3 display any advertisements in connection with the Contract
- 13.5 The rights and obligations in Clauses 13.2 to 13.4 hereof shall survive the termination of the Contract and shall continue in full force and effect for a period of 12 (twelve) years from the date on which the Goods were delivered to the Employer.
- 13.6 Information which is already known to the recipient thereof and in respect of which the recipient has a free right of disposal at the date of receipt, or which is already public knowledge at the date of receipt by the

recipient, or which becomes public knowledge thereafter otherwise than through default on the part of the recipient, his directors, officers or employees, shall not be regarded as restricted information and shall be excluded from the provisions of this Clause 13.0.

14.0 CONTRACTOR'S DEFAULT

Should it become apparent that the Goods or any part thereof shall not be delivered on or before the Delivery Date(s), or should the Contractor default or commit any breach of the Contract other than as provided for in Clause 19.0 (Force Majeure) hereof, then the Engineer may give notice in Writing to the Contractor to make good the failure, neglect, refusal or breach. Should the Contractor fail to demonstrate compliance with the notice within 7 (seven) days from the date of receipt of such notice, the Employer shall be entitled to terminate the Contract or part thereof forthwith by giving written notice to the Contractor.

15.0 INSOLVENCY

Should the Contractor become insolvent or commit an act of insolvency or pass a resolution for winding up, (not being a member's voluntary winding up for the purpose of reconstruction or amalgamation) or be subject to a winding up order of the Court (whether provisional or final), or be placed under provisional or final judicial management, the Employer shall be at liberty either:

15.1 to terminate the Contract forthwith by notice in Writing to the Contractor or to the liquidator or judicial manager or to any person in whom the Contract may become vested and upon such termination the provisions of Clause 16.0 (Termination) hereof shall become effective

or

15.2 to give such liquidator or judicial manager or other pers on the option of carrying out the Contract subject to his providing a guarantee to an amount to be agreed for the due and faithful performance of the Contract.

16.0 TERMINATION

16.1 The Employer shall have the right to terminate the Contract or any discrete portion thereof by written notice at any time. Provided such termination is not given under Clause 14.0 (Contractor's Default) hereof, the Employer shall pay to the Contractor compensation for all expenditure and liabilities properly incurred by the Contractor, and the Contractor shall not be entitled to any further or other payment.

16.2 In the event of any termination, the Contractor shall, at the request of the Employer, forthwith assign to the Employer all existing subcontracts and deliver to the Employer all Documentation prepared by the Contractor and Technical Information up to the date of termination.

16.3 The Contractor shall ensure that all agreements with subcontractors contain a provision for such eventuality.

17.0 OWNERSHIP AND RISK

17.1 Notwithstanding the date on which any payment is made to the Contractor, ownership of the Goods and the risk therein shall remain with the Contractor until such time as the Goods are delivered to the point stated in the Contract and are properly accepted by the Employer.

17.2 In the event that the Employer provides free issue equipment to the Contractor for incorporation in the Goods, ownership in such equipment shall remain with the Employer but all risk in such equipment shall be and remain with the Contractor until such time as the Goods are delivered to the point stated in the Contract and accepted by the Engineer.

18.0 NO WAIVER

No act of relaxation, indulgence or grace on the part of the Employer and/or the Engineer acting as his behalf shall in any way operate as or be deemed to be a waiver by the Employer of any of its rights in terms of the Contract or a novation thereof.

19.0 FORCE MAJEURE

19.1 In this Clause, "Force Majeure" means an exceptional event or circumstance:

- (a) which is beyond a party's control,
- (b) which such party could not reasonably have provided against before entering into the Contract,
- (c) which, having arisen, such party could not reasonably have avoided or overcome, and
- (d) which is not substantially attributable to the other party.

Force Majeure may include, but is not limited to, exceptional events or circumstances of the kind listed below, so long as conditions (a) to (d) above are satisfied.

- (i) war, hostilities (whether war be declared or not), invasion, act of foreign enemies,
- (ii) rebellion, terrorism, revolution, insurrection, military or usurped power, or civil war,
- (iii) riot, commotion, disorder, strike or lockout by persons other than the Contractor's personnel and other employees of the Contractor and subcontractors,

- (iv) munitions of war, explosive materials, ionising radiation or contamination by radio-activity, except as may be attributable to the Contractor's use of such munitions, explosives, radiation or radio-activity, and
- (v) natural catastrophes such as earthquake, hurricane, typhoon or volcano activity.

19.2 If the party is or will be prevented from performing any of its obligations under the Contract by Force Majeure, then it shall give notice to the other party of the event or circumstances constituting the Force Majeure and shall specify the obligations, the performance of which is or will be prevented. The notice shall be given within 14 days after the party became aware, or should have become aware, of the relevant event or circumstance constituting Force Majeure.

The party shall, having given notice, be excused performance of such obligations for so long as such Force Majeure prevents it from performing them.

Notwithstanding any other provision of this Clause, Force Majeure shall not apply to obligations of either party to make payments to the other party under the Contract.

19.3 Each party shall at all times use all reasonable endeavours to minimise any delay in the performance of the Contract as a result of Force Majeure.

A party shall give notice to the other party when it ceases to be affected by the Force Majeure.

19.4 If by virtue of the provisions detailed herein either party shall be excused the performance or punctual performance of any material obligation for a continuous period of 84 (eighty four) days, or for multiple periods which total more than 140 days then either party may, at any time thereafter and provided such performance or punctual performance is still excused, terminate the Contract by notice in Writing one to the other.

20.0 COMPLIANCE WITH LAWS

The Contractor shall comply with all applicable Laws. The Contractor shall give all notices, pay all taxes, duties and fees, and obtain all permits, licences and approvals as required by the Laws in relation to the execution of the Contract and the Contractor shall indemnify and hold the Employer harmless against and from the consequences of any failure to do so.

21.0 LAW OF THE CONTRACT

The Contract shall be governed, construed and interpreted in accordance with the law of the Republic of Zambia.

22.0 DOMICILIUM AND NOTICES

22.1 Domicilium

Each party chooses domicilium citandi et executandi at its respective registered office or at such alternative address which it may notify from time to time to the other in Writing.

22.2 Notices

Any communication or notice required to be given or made under the Contract between the parties shall be in Writing and shall be deemed:

22.2.1 to have been duly made or given if either sent by prepaid registered post or telegram or hand delivered to the addresses of the parties given in the Contract, by e-mail or facsimile to the appropriate numbers therefor of the parties, or such other address as notified in terms of Clause 22.1 hereof;

22.2.2 to have been received by the intended recipient for all purposes here under:

22.2.2.1 if delivered by hand or transmitted by facsimile, or telegram, on the day of normal business following the date of despatch of such communication or notice; and

22.2.2.2 notice made by e-mail or facsimile shall only be a valid notice in terms of the Contract if confirmed in Writing by an original signed document forwarded by registered post or telegram or hand delivered within 10 days of the communication by e-mail or facsimile.

22.2.2.3 shall be in Writing

23.0 ENTIRE AGREEMENT

The Contract constitutes the entire agreement between the parties thereto and may be amended or varied only by an amendment to the Contract issued by the Head of Operations Maintenance.

Particular Conditions

1.0 CONTRACT PRICE AND CURRENCY OF PAYMENT

The tender price shall be submitted in the currency of the country of origin where the Contractor is based and the currency of payment of the Contract shall be the currency of the country where the Contractor is registered.

2.0 CUSTOMS, DUTIES, LEVIES, SURCHARGES AND EXPORT DOCUMENTATION REQUIREMENTS

The Goods imported into Zambia are exempt from those customs duties, levies and surcharges exempted in accordance with the Development Agreement in terms of Clause 8.2 of the General Conditions.

The Contractor shall ensure that all Laws, regulations and documentation procedures for the export of the Goods to the Republic of Zambia are complied with and that all necessary export documentation is provided to the haulier by the Contractor with the Goods to be exported.

The Contractor shall apply for an Exporter's Customs code from the relevant Department of Customs and Excise in its country of origin. In the event of Goods exported from the RSA the Department in Pretoria can be contacted on telephone number + 27 12 422 6934/314 9713. This unique code number shall appear on the Exchange Control Declaration Form, number F178, for all Goods in excess of R 50 000.00.

Any additional costs resulting from the Contractor's failure to take cognisance of this requirement will be for the Contractor's account.

The Employer's Clearing Agent is DHL Express Ltd for non resident contractors-queries may be directed to Mr Davison Tembo, telephone + 260 97 870544 Provided that the Contractor utilises the services of DHL Express clearing costs will be paid by the Employer directly to the clearing agent and these costs shall not be included in the Contract price.

Notwithstanding the above, the Contractor may at his own risk employ a clearing agent of his own choice.

However, Local contractors to arrange their own clearing and forwarding contractors and also arrange to pay the Input/Import VAT.

3.0 INSURANCE (MARINE AND TRANSIT)

The Employer shall, in the joint names of itself and the Contractor and/or any sub-contractor or supplier of the Contractor, insure the transit of all Goods originating outside of Zambia for incorporation into the Works from upliftment free alongside ex works (incoterms) point of fabrication or origin to unloading free alongside (incoterms) point of delivery and unloading at Site all as set out in the relevant insurance policy.

It shall be the Contractor's sole responsibility to provide shipment details within 48 (forty eight) hours of despatch of Goods to the Logistics Manager, KCM plc, Mr Chris Musonda, on E-mail: chris.musonda(Logistics)@kcm.co.zm, to ensure that the invoice reflects the correct information in terms of identification of the Goods and that the insurance cover is in place.

The claims deductible in respect of each claim of US\$1,000 (one thousand US Dollars) shall be for the account of the Contractor.

4.0 PACKING AND DELIVERY OF GOODS

The delivery of the Goods is required by

The Goods shall be packaged/crated in accordance with Incoterms 1991, as amended, and SABS 0187-1983 Code of Practice for Cargo Securement on vehicles and all applicable Road Traffic Regulations shall be applicable.

The Contractor shall submit within 7 (seven) working days of award of the Contract, for approval a detailed programme to:

Konkola Copper Mines plc
Group Supply Department
Private Bag KCM (C) 2000
Fern Avenue
CHINGOLA

Republic of Zambia

Attention: Mr. A. Upadhyaya
Telephone No: + 260 2 350 229
Facsimile No: + 260 2 351 380
E-mail Address: ashish.upadhyaya@kcm.co.zm

After submission to and approval by the Engineer, the Contractor shall adhere to the approved programme unless permission to vary the programme has been obtained from the Engineer in Writing. Should it become apparent to the Engineer, during progress of the work, that the execution thereof is not in accordance with the approved programme, the Engineer may direct the

Contractor to take measures including the use of additional labour and/ or resources in order to ensure that the programme is adhered to. The additional costs thereof shall be borne by the Contractor where the cause of the delay is attributable to the Contractor.

The Engineer will also have the right to contact the Contractor's subcontractors in order to expedite the execution of the work.

7.0 DELIVERY ADDRESS

The Goods shall be delivered to :-

.....
.....
.....

8.0 PREFERRED HAULIERS

It is recommended that the Contractor make use of KCM approved transporters.

Notwithstanding the above, the Contractor may at his own risk use his own transport, or subcontract this service to any other hauling company in which case an application must be made to the Engineer in Writing whereafter the Engineer may carry out an audit of the transport provider prior to the use by the Contractor thereof.

9.0 INVOICES AND STATEMENTS

The original tax invoice in the format of “Annexure A” attached hereto, accompanied with a statement, shall be addressed to:

Konkola Copper Mines plc
Group Supply Department
Private Bag KCM (C) 2000
Fern Avenue
CHINGOLA
Republic of Zambia

Attention: Head – Operations Maintenance

11.0 QUALITY ASSURANCE, INSPECTION, TESTING AND REJECTION

The Employer’s appointed Quality Assurance official will have the right to visit the manufacturing location for the purpose of inspection during the manufacturing of the Goods and to approve the Contractor’s/subcontractor’s quality plan.

In the event of a part or the whole of the Goods being rejected by the inspection authority due to non-compliance with the specification, workmanship and/or other valid reason then the cost of rectification as well as the re-inspection shall be for the account of the Contractor.

12.0 DOCUMENTATION

All Documentation required in terms of the Contract shall be forwarded to :-

The Document Controller
Group Supply Department
Konkola Copper Mines plc
Private Bag KCM (C) 2000
Fern Avenue
CHINGOLA

Republic of Zambia

Attention: Mr. Royd Mwandu

Documentation must not be packed with the Goods for delivery.

IN ORDER TO ENSURE PROMPT PAYMENT, FORWARD THIS DRAFT TAX INVOICE TO YOUR ACCOUNTS DEPARTMENT

DRAFT

TAX INVOICE

To be issued in accordance with your Revenue Authority Requirements

INVOICE NO: _____ **DATE:** _____

ACCOUNT NO: _____

ACCOUNT TO:
 KONKOLA COPPER MINES plc
 Private Bag KCM 2001
 Fern Avenue
 Chingola
 ZAMBIA

DELIVERED TO:
 (Refer to correct address details as per contract – see “INVOICES & STATEMENTS”)

Attention: Procurement Manager

Contract No:

Amendment No.

Description of the Works:

| Proj. No. | Area No. | Facility No. | Job No. | Item No. | Flag No. |
|-----------|----------|--------------|---------|----------|----------|
| | | | | | |

| ITEM | DESCRIPTION | QTY | UNIT | RATE | TOTAL US\$ |
|------|---------------------------------|-----|------|------|------------|
| 1 | (To be detailed as per Contract | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |
| 7 | | | | | |
| 8 | | | | | |

| | | |
|--|--------------------------|--|
| | SUB-TOTAL | |
| LESS | RETENTION | |
| Zambian Kwacha Exchange Rate: | Zero-rated | |
| Refer to note 4 | VAT as applicable | |
| * As applicable in accordance with the Contract. | *TOTAL DUE US\$ | |

Notes:

- 1) Separate tax invoices shall be submitted for additional work as set out in Clause 10- Terms of Payment of the Particular Conditions.
- 2) To ensure prompt payment invoices must be accompanied by statements.
- 3) VAT and Company registration number should be on invoice.
- 4) Zambian Companies shall state the exchange rate used on the invoice to enable KCM to recover the VAT from ZRA.
 Applicable Kwacha exchange rate must be obtained from Mr. Davies Simbaya of Konkola Copper Mines plc. Telephone number + 260 2 350 852, Fax number +260 2 351 221 and E-mail address: davies.simbaya@kcm.co.zm.

SECTION 2 - SPECIFICATIONS

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| | |
|------------------|--|
| QAP 100 Issue 10 | Quality Requirements for Critical and Major Products |
| QAP 140 Issue 5 | Data Book Delivery |
| QAP 160 Issue 5 | Defect Monitoring |
| QAP 163 Issue 9 | Concession Requests Requiring Company Approval |
| QAP 166 Issue 4 | Suppliers Certificate of Conformance |
| QAP 180 Issue 6 | Quality Control Plans |

The above documentation, if required, can be obtained from the Capital Projects Office at Nchanga Mine in Chingola, Zambia.

SECTION 3 - SCHEDULE OF PRICES

Schedule of Prices

1. PREAMBLE TO SCHEDULE OF PRICES

1.1 GENERAL

- 1.1.1 The General Conditions of Contract, the Particular Conditions, the Specifications and the Technical Information shall be read in conjunction with the Schedule of Prices.
- 1.1.2 Although the tenderer is at liberty to insert a rate of his own choosing for each item in the schedule, his attention is drawn to the fact that the Contractor has the right, under various circumstances, to payment for additional Goods supplied and that the Engineer is obliged to base his assessment of the rates to be paid for such additional Goods on the rates inserted in the schedule by the Contractor.
- 1.1.3 Descriptions in the Schedule of Prices are abbreviated but, should any of the terms of the schedule conflict with any requirement given in a Specification, the requirement of the specification shall prevail.
- 1.1.4 The prices and rates to be inserted in the Schedule of Prices shall be the full inclusive prices to the Employer for the Goods described under the several items. Such prices shall cover all costs and expenses that may be required in and for the supply of the Goods described, and shall cover the cost of all general risks, liabilities, and obligations set forth or implied in the documents on which the tender is based.
- 1.1.5 All rates in this schedule shall exclude Value Added Tax.
- 1.1.6 A price or rate shall be entered against each item in the Schedule of Prices. An item against which no price is entered will be considered to be covered by the other prices or rates in the schedule.
- 1.1.7 The Tenderer shall price each item in the Schedule of Prices in black INK.