

Mafika Mkwana, Chairman

TRANSNET



Honourable Minister Pravin Gordhan  
Minister of Finance  
Private Bag X115  
Pretoria  
0001

Fax: 012 315 5126

Dear Honourable Minister Gordhan

**NOTIFICATION: APPLICATION FOR SECTION 54 APPROVAL IN TERMS OF THE  
PUBLIC FINANCE MANAGEMENT ACT ("PFMA") - ACQUISITION OF 1064  
LOCOMOTIVES FOR TRANSNET FREIGHT RAIL'S GENERAL FREIGHT BUSINESS**

The purpose of this letter is to notify the National Treasury of Transnet's application to its Shareholder Minister (Department of Public Enterprises) of our planned investment to acquire 1 064 locomotives for Transnet Freight Rail's General Freight Business (GFB). This is being done in accordance with the requirements of the Public Finance Management Act (PFMA) and Treasury Regulations.

Transnet will acquire 1064 locomotives at an estimated total cost of R38,6 billion over the next seven years. This investment in conjunction with investing in related infrastructure and wagons will facilitate the planned ramp up in GFB volumes from 80mt to 170mt over the next seven years as anticipated in the Market Demand Strategy (MDS) which forms the basis of Transnet's 2013/14 Corporate Plan.

Transnet has been interacting with the Shareholder representatives as well as National Treasury representatives (Ravesh Rajlal and Luyolo Ntlangula) as part of the stakeholder engagement strategy formulated for Transnet's investment's requiring Shareholder approval.

A comprehensive information pack containing the following is attached for your ease of reference:

- Board of Directors Resolution - Annexure A;
- Section 54 Letter of Application to the Minister of Public Enterprises - Annexure B
- Executive Summary - Annexure C;
- Business Case - Annexure D.

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Directors: ME Mkwana (Chairman) B Molefe\* (Group Chief Executive) NK Choubey\* MA Fanucchi Y Forbes HD Gazendam NP Mxasana N Moola NR Njeke IM Sharma  
IB Sikosana E Tshabalala DLJ Tshape A Singh\* (Group Chief Financial Officer)  
\*Executive \*Indian

Group Company Secretary: ANC Ceba

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Please do not hesitate to contact my office if you require further clarity with regard to the proposed investment.

Kind regards

  
**Mafika Mkwana**  
Chairman  
Date: 30/04/2013