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MEMORANDUM OF AGREEMENT

entered into between

ADMIRAL COMPUTERS CC

Registration Number 2000/067451/23

(Hereinafter referred to as "Admiral Computers CC")

of the first part

and

Registration Number _____/

Identity Number _____

(Hereinafter referred to as THE CLIENT)

of the second part

HALLATT KRUGER INC.
ATTORNEYS
5TH FLOOR MENTONE CENTRE
NO. 1 PARK ROAD
RICHMOND
Tel: (011) 482-6235/6
Fax: (011) 482-8189
Ref: Karien Hallatt/A004

1. INTERPRETATION

- 1.1 In this agreement and in the annexures to this agreement:
- 1.1.1 the headings of the clauses in this agreement are for the purpose of convenience and reference only and shall not be used in the interpretation of nor modify nor amplify the terms of this agreement nor any clause hereof.
- 1.1.2 in this agreement, except where the context might otherwise require in this agreement, words expressed in the singular shall include the plural, words importing the masculine gender shall include the feminine or neuter gender and natural persons include created entities (corporate or non-corporate) and vice versa;
- 1.2 the following terms shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings, namely
- 1.2.1 “advertising” shall mean publication of or to render a service, by Admiral Computers CC on the Internet Service Provider in the Republic of South Africa;
- 1.2.2 “contracts” shall mean all agreements of whatsoever nature relating to the service, including, and without being limited to, credit agreements, franchises, license agreements, agencies, all executed or partially executed orders or tenders (whether awaiting adjudication or in respect of which contracts have been awarded), such contracts (other than unexecuted or partially executed orders and tenders) being fully listed and agreed to between the parties;
- 1.2.3 “the Effective Date” shall mean the day of signature of this agreement by the last party signing;
- 1.2.4 “hosting” shall mean the uploading and maintaining of the agreed advertised information on the standard web page, for THE CLIENT by Admiral Computers;
- 1.2.5 “internet” shall mean the National Internet Services and/or the Internet Service Provider (I.S.P.);
- 1.2.6 “I.S.P. payments” shall mean the relevant monthly installment or payment towards the Internet Service Provider; “liabilities” shall mean all liabilities of whatsoever nature or kind, which occur from the conduct through service or business by a party, for which that party will be liable;
- 1.2.7 “service” shall mean the hosting, uploading, maintenance and advertising on the Internet of all the relevant aspects and requirements in accordance to this agreement;
- 1.2.8 “StoneZone Web Creations” shall mean Admiral Computers CC trading as StoneZone Web Creations, which will be the Service Provider;
- 1.2.9 “trademarks” shall mean all relevant aspects to the promotion, presentation and entertainment service rendered by Admiral Computers CC and their relevant sponsors, their logos and agreements in accordance with the services rendered.
- 1.3 Any reference to an enactment is to that enactment as at the date of signature hereof and as amended or re-enacted from time to time.

- 1.4 If any provision in a definition is a substantive provision conferring rights or imposing obligations on any party, notwithstanding that it is only in the definition clause, effect shall be given to it as if it were a substantive provision in the body of the agreement.
- 1.5 When any number of days is prescribed in this agreement, same shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a Saturday, Sunday or public holiday, in which case the last day shall be the next succeeding day which is not a Saturday, Sunday or public holiday.
- 1.6 Where figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail.
- 1.7 Expressions defined in this agreement shall bear the same meanings in schedules or annexures to this agreement which do not themselves contain their own definitions.
- 1.8 In this agreement and the annexures, the word "agreement" refers to this agreement and the word "clause" or "clauses" and "annexure" or "annexures" refers to clauses of and annexures to this agreement.
- 1.9 This agreement includes the annexures.

2. APPOINTMENT

- 2.1 THE CLIENT hereby appoints and instructs Admiral Computers CC to host, upload, maintain and advertise them and/or their product, for the time period as contained in clause 3 hereof, and in accordance with the terms and conditions as set out herein.
- 2.2 Admiral Computers CC agrees to serve, fulfil and present all the functions with regards to the Internet Service and undertakes to perform all the activities as can reasonably be expected of them as host.
- 2.3 Admiral Computers CC does not accept any appointment or liability as an advertising agent for any other advertising manufacturer, distributor, advertiser, THE CLIENT, or business or off/for any product or any service rendered, which competes with or is similar to any services or products which Admiral Computers CC has with their advertisers or sponsors, without full prior discussion and written approval by THE CLIENT and/or their sponsors or advertisers.

3. DURATION

- 3.1 **This agreement commences on the effective date and shall continue in force for 1 (one) year (the expiry date) thereafter.**
- 3.2 This agreement shall automatically renew after the expiry date mentioned above, upon the same terms and conditions herein contained, should it not be cancelled by written notice by the client two months before the expiry date.

4. **WORKING RELATIONSHIP**

Admiral Computers CC agrees to assist THE CLIENT by providing to it all available information in these respects, ensuring that THE CLIENT has access to the products, goals, policies and procedures, service requirements, and updating by Admiral Computers CC when changes are made.

5. **RESPONSIBILITIES, OBLIGATION AND DUTIES OF THE CLIENT**

- 5.1 THE CLIENT will co-operate with Admiral Computers CC or its agent as to the service and procedures that is used by Admiral Computers CC from time to time, as well as any changes thereto which are brought to the attention of THE CLIENT. THE CLIENT shall when necessary, in conjunction with Admiral Computers CC analyse and evaluate the different markets, advertising and relating sales levels thereof.
- 5.2 THE CLIENT will co-operate with Admiral Computers CC in the formulation and development of all marketing, advertising, service and presentation-related functions.
- 5.3 THE CLIENT undertakes to co-operate with Admiral Computers CC in respect of the verification of all information necessary in the support of its services and advertising rendered.
- 5.4 THE CLIENT in particular, and in co-operation with Admiral Computers CC, undertake to:
- 5.4.1 make the relevant payment or adhere to the necessary payment being taken by Admiral Computers CC as contained in clause 13 hereof;
- 5.4.2 ensure to the best of its ability the maximum effectiveness of its information;
- 5.4.3 ensure that all information provided in respect of the service rendered is correct, factual, specific and accurate, in accordance with clauses 5, 9, 10, and 20 hereof. Admiral Computers CC will not be liable for any incorrect information provided by THE CLIENT, information thereafter published and/or any comparative advertising emblems, and/or information regarding the service rendered by Admiral Computers CC.
- 5.4.4 ensure that the graphics and logos as per the annexures are correct, and any changes thereto must be done in writing by fax or e-mail to Admiral Computers CC.

6. **DUTIES AND RESPONSIBILITIES OF ADMIRAL COMPUTERS CC**

- 6.1 Admiral Computers CC undertakes to give THE CLIENT as clear a brief as is possible;
- 6.2 Admiral Computers CC hereby submit and ensure that the necessary payments, approval of any advertising, services rendered and presentations for or according to sponsors, their logos for/or in advertising, is obtained and is to the benefit of Admiral Computers CC and THE CLIENT;
- 6.3 Admiral Computers CC will host, upload, maintain and publish or advertise a standard Web Page, in accordance with the terms and conditions of this agreement on a monthly update basis.

7. APPROVAL

- 7.1 The parties agree and accede to the contents of this agreement and the annexures annexed hereto (if any) and will as in accordance to all stipulations and terms thereof.
- 7.2 Admiral Computers CC will also submit, if relevant, that the service rendered and presented in accordance to hosting, advertising and publication is done within its perimeters, in its sole and absolute discretion and indemnify THE CLIENT in accordance to the hosting, publication and advertising of the service.

8. CONFIDENTIALITY

- 8.1 THE CLIENT shall keep confidential all marketing materials entrusted or displayed to it, and which may come into its possession in the course of its work and shall not disclose it to any third party without the prior written consent of Admiral Computers CC.
- 8.2 THE CLIENT specifically agrees to the continuation of its duty not to disclose any confidential information or materials subsequent to the termination of this agreement.

9. TRADEMARKS

THE CLIENT undertakes to use Admiral Computers CC logos, emblems, sponsorship equipment and all relevant aspects of either Admiral Computers CC or the sponsors in accordance with Admiral Computers CC's requirements. In this regard THE CLIENT undertakes not to use the registered trademarks of any third party, competitor or sponsor otherwise, in or on its premises or for public display of whichever nature, for advertising without prior written consent of Admiral Computers CC, nor any contradictory advertising according to the terms and conditions as agreed upon in this agreement and its annexure (if any).

10. COPYRIGHT

- 10.1 THE CLIENT acknowledge that the service rendered, advertising material and creative properties, including copyright used in advertising in terms of this agreement are the sole property of Admiral Computers CC.
- 10.2 Future copyright and other rights in all advertising materials created in terms of this agreement including material used in the production or presentation are hereby assigned to Admiral Computers CC by THE CLIENT and shall be the sole property of Admiral Computers CC.
- 10.3 The above provisions do not apply to photographs obtained from advertisers, sponsors, news or photographic agencies or particular advertisements, printing, colour separations or typesetting.

11. GENERAL

THE CLIENT shall guard against losses to Admiral Computers CC in accordance with services rendered in this agreement, or any other specific request from Admiral Computers CC towards THE CLIENT. However, THE CLIENT shall not be held responsible for the failure of Admiral Computers CC to fulfil any of its commitments according to this agreement where the failure is outside the control and not due to the negligence of THE CLIENT.

12. INDEMNIFICATION

- 12.1 THE CLIENT shall not be liable for any delays or losses as a result of the omission or transmission or error by Admiral Computers CC due to absence or default or negligence on its part in this regard.
- 12.2 Admiral Computers CC warrants that all materials prepared by it under this agreement does not violate the rights of any third party.
- 12.3 Admiral Computers CC indemnifies THE CLIENT against any loss which may occur as a result of civil claims brought against THE CLIENT as a result of advertising which was published or broadcast and which had been approved by Admiral Computers CC in terms of this agreement.
- 12.4 In the event of a challenge, it is legal or self-regulatory, to Admiral Computers CC service and advertising, Admiral Computers CC undertake to provide THE CLIENT with objective, factual evidence in support of all claims which are contained in the challenged advertising.
- 12.5 THE CLIENT undertakes to obtain all necessary consents and/or releases, which may be required by Admiral Computers CC from third parties whose names, licenses, testimonies, scripts, musical compositions or similar materials or rights are used in advertising or any other materials prepared in terms of this agreement.
- 12.6 Admiral Computers CC warrants that all the necessary certificates in accordance with the Internet Service Provider has been obtained for public publicity.
- 12.7 All complaints regarding this service will be kept confidential by the parties.
- 12.8 Domains will be registered in Admiral Computer's name, but does belong to THE CLIENT. On termination of service, domains will be released if all outstanding fees are paid.

13. RENUMERATION

- 13.1 THE CLIENT agrees to remunerate Admiral Computers CC on the basis set out herein and in respect of all services and materials provided under this agreement.
- 13.2 The consideration payable for this service is as follows: R____.00 per month for a period of one year which will commence on THE CLIENT and end on THE CLIENT

14. TERMINATION

- 14.1 Either party shall be entitled immediately to terminate this agreement in writing in the event of:
- 14.1.1 the breach by the other party of any material term(s) and/or condition(s) of this agreement and failure to remedy such breach within a period of 14 (fourteen) days of the receipt of a written notice delivered by hand, registered post, by fax or by courier service, calling upon the party in breach to remedy the breach complained of in that time period;
- 14.1.2 the other party being placed in liquidation, whether provisional or final, or being placed under judicial management.
- 14.2 Upon the termination of this agreement and the full settlement by any of the parties of all monies outstanding and due and payable to each other or the relevant party thereto, all material, logos or sponsorship equipment will be the property of the sponsor or Admiral Computers CC.
- 14.3 After the expiration of the notice period, no right(s) or liability(s) shall arise out of this agreement regardless of any plans, which may have been made for future services.



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16. INTELLECTUAL PROPERTY

Any intellectual property remains the sole property of Admiral Computers CC or the sponsor or the advertiser.

17. WAIVERS

No concession, latitude or extension of time which may be allowed by a party to the other party for the performance by either party of any of their obligations under this agreement shall, under any circumstances, be deemed to be a waiver of any of the party's rights hereunder.

18. WARRANTIES

The parties hereto acknowledge that this agreement constitutes the entire contract between them and that no other conditions, stipulations, warranties or representations, other than those specifically contained herein, have been made by either of them, or by any agent or other party acting or purporting to act on their behalf.

19. VARIATION

No agreement to cancel, vary or add to the terms of this agreement shall be valid or binding upon the parties unless reduced to writing and signed by the parties.

20. MAGISTRATE'S COURT JURISDICTION

For the purposes of any legal proceedings which may arise out of this Agreement the parties hereto consent in terms of Section 45 of the Magistrate's Court Act (Act no. 32 of 1944 as amended), to the jurisdiction of the Magistrate's Court of any district having jurisdiction by virtue of Section 28 of the said Act.

21. COSTS OF THIS AGREEMENT

The costs of and incidental to the preparation and drawing of this Agreement (including Value Added Tax) shall be paid by Admiral Computers CC to the Attorneys, Hallatt Kruger Incorporated Attorneys, upon request therefore, but each party shall be responsible for its own costs in obtaining legal advice in connection with the agreement.

SIGNED AT _____ ON THIS ____ DAY OF _____ 20__

AS WITNESSES:

1. _____
for: Admiral Computers CC

2. _____

SIGNED AT _____ ON THIS ____ DAY OF _____ 20__

AS WITNESSES:

1. _____
For: THE CLIENT

2. _____