



N I O C
INTERNATIONAL AFFAIRS

Fm: NIOC INT'L Affairs, Petroleum Products Marketing Dept.
To: SKY ZONE TRADING FZE CC:
NIOC Financial Affairs of Oil Agreements
CC: NIOC INT'L Affairs, Petroleum Products Operations Dept.

Ref: PMO-MK/2350/1401

Date: November 23, 2022

SALE/PURCHASE OF NIOC GASOIL MAX 0.5% SULPHUR

With reference to the recent discussions and refer to your email dated November 23, 2022 we hereby confirm the terms and conditions for the sale/purchase contract of Bandar Abbas Gasoil as follows:

1 - Seller:

National Iranian Oil Company (NIOC), Taleghani Avenue, Tehran, Iran

2 - Buyer:

SKY ZONE TRADING FZE

Address: P2-ELOB Office No. 2 Hamriyah Free Zone, Sharjah, United Arab Emirates

TEL: 09127401664

Email: sd@adamco.biz

3 - Contract Number:

PMO-ES/6021/G/2022

4 - Contract Date:

November 23, 2022

5 - Product:

Gasoil Max 0.5% Sulphur Bandar Abbas

6 - Quantity:

In total 262,500 BBL +/- 10% (operation tolerance) in one lot

7 - Quality:

7-1: Gasoil max 0.5% sulphur Bandar Abbas, meeting following specification table.

ITEM	SPECIFICATION	UNIT	LIMIT	TEST METHOD
1	DENSITY AT 15 DEG C	KG/M3	820-860	ASTM D1298
2	DISTILLATION			ASTM D86
3	RECOVERED AT 150 DEG C	VOL%	REPORT	ASTM D86
4	RECOVERED AT 300 DEG C	VOL%	REPORT	ASTM D86
5	RECOVERED AT 357 DEG C	VOL%	90 MIN	ASTM D86
6	FBP	DEG C	385 MAX	ASTM D86
7	COLOUR	-	3 MAX	ASTM D1500
8	FLASH POINT	DEG C	54 MIN	ASTM D93
9	SULPHUR TOTAL	WT%	0.5% MAX	ASTM D1552
10	CORROSION-3 HRS@ 100 DEG C	-	1A	ASTM D130
11	VISCOSITY KINEMATIC@37.8DEG C	C.ST	2.0-5.50	ASTM D445
12	CLOUD POINT	DEG C	2.0 MAX	ASTM D2500
13	POUR POINT	DEG C	-3.0 MAX	ASTM D97
14	CARBON RESIDUE (ON 10%BOTTOMS)	WT%	0.1 MAX	ASTM D189
15	ASH	WT%	0.01 MAX	ASTM D482
16	WATER & SEDIMENT	VOL%	0.05 MAX	ASTM D2709
17	CETANE INDEX	-	49 MIN	ASTM D976

7-2: Cloud point and Pour point specification shall be 4.0 & 0 °C respectively from 21th March to 21st September.

8 - Delivery Type and Delivery Point:

FOB Bandar Abbas, Iran.

9 - Title and Risk: Delivery shall be deemed completed and title shall pass at loading point as product passes the flanges connecting the Seller's pipeline or delivery hose with vessel's manifold at which point the Seller's responsibility shall cease and the Buyer shall assume all risks of loss, damage, deterioration and shrinkage to product so delivered.

10 - Loading Period/Contract Duration:

Loading (Delivery) period of cargoes shall be during November 24, 2022 - December 03, 2022.

The Buyer shall declare a 5-day preferential loading period latest by five (5) days prior to the first day of each lifting loading date range then The Seller's operation team shall narrow down the loading period and will advise a two-day loading date range (laycan) in due course, final and binding to both parties.

11 - Vessel Nomination:

The Buyer shall nominate a suitable, seaworthy and acceptable (to the Seller) vessel not later than three (3) days prior to the first day of each loading period. Such acceptance shall not be unreasonably withheld by the Seller and Last 3 cargoes of the nominated vessel shall be clean products.

12 - Loading Laytime: The allowed loading Laytime for each lot shall be 54 (fifty-four) hours, plus six (6) hours from Notice of Readiness tendered (NORT), weather permitting SHINC (Sundays, public Holidays Included).

13- Demurrage Rate:

As per charter party but maximum USD 12,000 (USD twelve thousands) per day pro-rata

14 - Final Destination: United Arab Emirates

15 - Price Formula:

The price of each US barrel of the Products to be delivered FOB Bandar Abbas, applicable on Bill of lading quantity shall be calculated according to the following formula:

The average of five (5) consecutive quotations "Gasoil 0.05% (500 PPM)" after twenty-five (25) calendar days after B/L date (B/L date and twenty-fifth date shall count day zero) as published in Platts European Marketscan under the heading FOB Persian Gulf minus 4.85 USD (US Dollar four point eight five) per barrel.

15-1: Final price shall be calculated to two (2) decimal places and the following arithmetic rules shall be applied to do this:

1-If the third decimal place is five (5) or greater than five (5) then the second decimal place shall be rounded up to the next digit and such third and/or more decimal shall be ignored.

2-If the third decimal place is less than five (5) then such third and/or more decimal shall be ignored.

16. Payment

The Buyer shall pay the Seller for the value of the cargo in advance of delivery as advanced payment and any outstanding balance shall be settled within 30 (thirty) calendar days from the bill of lading date (B/L date) of the cargo, as due date, where the B/L date shall count day one, without withholding, deduction, offset or counterclaim of any kind against the Seller's invoice.

The Buyer shall make advanced payment for provisional cargo value latest by one (1) business day prior to the loading laycan of the cargo. Advanced payment shall be equal to 110 percent of provisional unit price multiplied by the contractual quantity of the cargo with consideration of the contractual maximum positive operational tolerance.

Provisional unit price shall be based on aforesaid Price Formula, but using last five (5) available quotations published before the date of issuing of provisional invoice.

The Seller will issue the provisional invoice in US Dollars and will instruct the Buyer to pay the full invoice value by telegraphic transfer (T/T) in favor of the Seller to be transferred to the Seller's designated bank account(s) or to the account(s) to be nominated by the Seller which may belong to third party (ies) in a way that payment shall be made through a bank acceptable to the Seller.

After determination of final unit price and delivered quantity of the cargo (B/L quantity), the Seller will issue the final invoice in US Dollars and will instruct the Buyer to pay the full invoice value by telegraphic transfer (T/T) in favor of the Seller to be transferred to the Seller's

designated bank account(s) or to the account(s) to be nominated by the Seller which may belong to third party(ies) in a way that payment shall be made through a bank acceptable to the Seller.

16.1: Delivery of the cargo shall be subject to confirmation of the NIOC Financial Affairs of Oil Agreements approval of receiving the advanced payment of the cargo and/or the relevant payment guarantee based on the provisional invoice, then loading instruction to be issued by the Seller.

Any delay etc. from aforementioned deadlines, due to not receiving the advanced payment of the cargo value and/or the relevant payment guarantee based on the provisional invoice, caused by the Buyer, would automatically defer the loading date, with all possible resulting costs to be fully for the Buyer's account and the Seller shall not be responsible in this event, and the Buyer shall be fully responsible for all the consequences and costs imposed on the Seller in this respect.

16.2: In case the final invoice value is higher than advanced payment, the Buyer shall pay the difference between advanced payment and final invoice value against the Seller's final invoice within three (3) business days from the date of the invoice issued by the Seller.

In case the payment settlement for any reason occurs later than three (3) business days from issuing date of final invoice, up to five (5) days from mentioned three (3) business days, an interest at LIBOR plus one point zero zero (1.00) percent per annum and for further delayed payment (more than five days) an interest at LIBOR plus six point zero zero (6.00) percent per annum shall be applied in favor of the Seller for invoice value for the period elapsing from the contractual payment due date up to the actual settlement date, and shall be paid by the Buyer to the Seller accordingly.

LIBOR interest rate shall be for three (3) months US Dollars deposits as quoted by the British Bankers Association London, on the second business day prior to the contractual payment due date.

In the event that three (3) business days from issuing date of final invoice falls on a non-business day, then the payment shall be made by the Buyer on the first ensuing business day for the principal (invoice value on contractual due date) plus interest accrued thereon from contractual due date up to the actual settlement date at LIBOR plus one point zero zero (1.00) percent per annum as quoted by the British Bankers Association London for three (3) months US Dollars deposits at 11:00 hours London time, on the second business day prior to the contractual payment due date.

The Buyer shall indemnify the Seller for any additional costs incurred by the Seller related to the late/delayed or non-payment by the Buyer. Such costs may include but not be limited to legal fees and debt collection agency fees.

Bank holiday shall be those in New York for US Dollar payments and/or in the country in which the relevant payment to be made.

16.3: The Buyer has the option to provide by itself or by its nominated guarantee provider (subject to the acceptance of the nominee) a confirmed and unconditional bank guarantee (BG) from Iranian banks in favor of the Seller, as payment guarantee, for an amount of at least 110

Percent of the provisional cargo value, acceptable to NIOC Financial Affairs of Oil Agreements latest by one day prior to the loading laycan.

In case of Advance payment (BG), the exchange rate for the purpose of converting US dollar to Euro, shall be the exchange rate quoted by ECB reference rates at 16:00 CET time on the one TARGET business day prior to the payment value date.

It is well understood that both, the Buyer and the guarantee provider shall be jointly and severally liable to the Seller for full payment of each cargo value and all other contractual financial commitments on due date.

The Buyer has the option to provide the Seller with an Export Guarantee Fund of Iran (EGFI) payment guarantee acceptable to the NIOC Financial Affairs of Oil Agreements latest by one (1) day prior to the first day of loading laycan.

In case of applying such an option, the Buyer shall pay for at least 10 percent of provisional invoice by cash latest by three (3) business days prior to the first day of loading laycan. For the rest of the provisional invoice the Buyer shall provide aforesaid EGFI payment guarantee.

16.4: In addition to the payment in US dollar, the Seller has the option to receive whole/part of the cargo value in UAE Dirham (AED). In such case the Seller will issue the invoice in US Dollars and will instruct the Buyer to pay the full invoice value in AED. The conversion rate of USD to AED is 3.6725.

16.5: EURO Exchange rate for Provisional payment and final settlement:

The exchange rate for the purpose of converting US dollar to Euro for Provisional payment and final settlement shall be the exchange rate quoted by ECB reference rates at 16:00 CET time on the second TARGET business day prior to the contractual payment due date.

16.6:

In the event that owing to the non-availability of required Platts quotations for determination of the final unit price by three (3) business days prior to the contractual payment due date, for the part of the cargo delivered on the basis of credit, payment of 110 (one hundred and ten) percent of the provisional value of such part of the cargo shall be provisionally effected on the relevant contractual payment due date by the Buyer, based on the contractual price formula as set out in clause "15.Price Formula" and the relevant actual quantity but using a provisional unit price where the provisional unit price shall be on the basis of last five (5) available consecutive effective quotations of Platts European Marketscan published up to three (3) business days prior to the contractual payment due date.

16.6.1: In the case of delayed provisional payment for any reason later than the contractual payment due date up to five (5) days from the contractual payment due date, an interest at London Interbank Offered Rate (LIBOR) plus one point zero zero (1.00) percent per annum and for further delayed payment (more than five (5) days) an interest at LIBOR plus six point zero zero (6.00) percent per annum shall be applied in favor of the Seller for invoice value for the period elapsing from the contractual payment due date (maturity) up to the actual payment date, and shall be paid by the Buyer to the Seller accordingly.

LIBOR interest rate shall be for three (3) months US Dollars deposits as quoted by the British Bankers Association London (rate can be accessible through "Thomson Reuters BBA LIBOR Rates" page "LIBOR01"), on the second business day prior to the contractual payment due date.

In the event that the contractual payment due date falls on a non-business day, then the provisional payment shall be made by the Buyer for provisional value on the first ensuing business day for the principal (invoice value on maturity) plus interest accrued thereon from maturity up to the actual payment date at LIBOR plus one point zero zero (1.00) percent per annum as quoted by the British Bankers Association London for three (3) months US Dollars deposits at 11:00 hours London time, on the second business day prior to the contractual payment due date.

16.7: In calculating the total lifting value, arithmetic rules of rounding the invoice value to the nearest US Dollar, shall be applied as follows:

- I. If the decimal figure (cent(s)) is any amount up to 49 cents, then such decimal figure (cent(s)) shall be ignored.
- II. If the decimal figure (cents) is 50 to 99 cents, then one US Dollar shall be added to the invoice value and such decimal figure (cents) shall be ignored.

16.8: All the commissions, taxes, levies, money transfer costs whatsoever to designated bank account(s) or to the account(s) to be nominated by the Seller which may belong to third party(ies), and sundry banking costs and charges including conversion fees (if any) for converting US Dollars shall be totally for the Buyer's account.

16.9: If the cargo value (Provisional/Final/Actual) is paid in US dollar, 0.001 of US dollar payment portion shall be added to the invoice as transaction fee.

17 - Determination of Quantity and Quality: Quantity and quality shall be determined by the Seller's loading port authorities based on NIOC normal procedure, whose findings shall be final and binding upon both parties. The quality shall be as per actual result of the composite sample(s) driven from nominated shore tank(s), before commencement of loading at load port. The composite sample shall be made based on the planned ratio of delivery from each nominated shore tank, by the Seller's port authorities. However, the Buyer may appoint an independent inspector as approved by the Seller, to witness measurement and loading operations at its entirely own cost.

18 - Applicable Law and Jurisdiction: The contract shall be governed by and construed in accordance with the laws of the Islamic Republic of Iran. Any dispute between the parties arising out of the contract shall be settled amicably, if not the parties hereto shall submit to the sole jurisdiction of competent courts of the Islamic Republic of Iran.

19 - Confidentiality: All the terms and conditions of this contract shall be kept strictly private and confidential.

20 - Other Terms and Conditions: All the other terms and conditions shall be in accordance with the NIOC's General Terms and Conditions (GTC) for sales of petroleum products (January 1996 edition) which are available on www.nioc-intl.ir.

**Yours truly,
NIOC INT'L Affairs
Petroleum Products Marketing Dept.**