

### Information of Iranian Light Crude oil Supply in Iran Energy Exchange

Commodity Commercial Name		Supply Date and Time	
Iranian light crude oil		14:30:00	9 <sup>th</sup> of April 2019
Supplier Brokerage		Commodity Number	
Khobregan Saham		ICLNIPRBFK0971201	
Producer		Supplier	
National Iranian Oil Company(NIOC)		80110945	
Specification		Supply Volume (bbl)	Max Supply Volume Increase
In accordance with the specifications contained in the prospectus		1,000,000	0
Base Price Dollar Premium		Minimum Order Price Change Dollar Premium	
63.36 USD		0.01	
Minimum Purchase for price discovery (bbl)		Type of contract	
35,000		Premium Discovery	
Allocation base		Max Purchase (bbl)	Min Purchase (bbl)
1		1,000,000	35,000
Max base price tolerance	Min base price tolerance	Max allowed price tolerance	Min allowed price tolerance
Unlimited	Unlimited	Unlimited	Unlimited
Delivery Point	Delivery period	possibility for parallel deal Futures	
FOB Kharg	25 <sup>th</sup> April till 7 <sup>th</sup> August 2019	NO	
Target Market		Packaging Type	
International		Bulk	
Scheduling and Delivery Terms		Reference Price and Details of Final Price Calculating	
-		0.00	
Payment Terms and conditions			
<p>-Buyer should deposit 6% of the order's value in the accounts announced by Central Securities Depository of Iran (CSDI) in Iranian Rial or in the accounts announced by NIOC out of clearance of CSDI, 2 hours before supply trading time.</p> <p>-Settlement procedure can be done through conditional or full cash format as per the terms and conditions mentioned in the section E-1 and E-2 and E-3 of this announcement respectively.</p>			

#### **A: General Terms and Conditions**

1. Commodity commercial name: Iranian light crude oil.
2. Supply trading Date: 9<sup>th</sup> of April 2019.
3. Maximum supply volume: 1,000,000 Bbls
4. Minimum purchase volume (LOT size): 35,000 Bbls.
5. Operational tolerance:  $\pm 10\%$  as operational tolerance for each cargo.
6. Delivery type and point: FOB Kharg terminal or via ship to ship operation in Kharg anchorage area. Upon the request of the applicant, delivery of the cargo on a land basis from the oil tanks of the Tabriz Refinery is possible, subject to approval by NIOC
7. Delivery period: from 25<sup>th</sup> April till 7<sup>th</sup> August 2019.
8. Base Price: 63.36 USD per bbl
9. Qualification of participants: Being capable of paying the deposit 6% of the order's value latest by two hours before the beginning of supply trading time.
10. Minimum purchase volume (LOT) for price discovery: 35,000 bbl.

11. According to supply announcement terms and conditions, Buyer can take larger shipments by aggregating the purchase contracts.
12. The destination for purchased crude oil is limitless and export to all countries except the occupied territories of Palestine is allowed.
13. Before the beginning of supply trading date, Buyer should deposit 6% of the order's value (based on the price and conditions set out in section (B) of the supply information) into the accounts announced by Central Securities Depository of Iran (hereinafter "CSDI") in Iranian Rial or into the accounts announced by NIOC out of clearance of CSDI..
14. Purchase by all domestic and foreign companies is unrestricted and providing Buyer's information including company phone number, name and phone number of the Buyer's representative, official email, official fax number, registration code, address, economic code, national identification number and legal foreign entities inclusive number is required.

**B: Conditions of participation in the market**

- 1- Applicants must deposit 6% of the order's value as per the below base price into the bank account declared by CSDI in Iranian Rial or into bank accounts declared by NIOC out of clearance of CSDI, latest by 2 hours before the start of supply trading date.
- 1-1- The base price of each barrel of cargo(es) will be declared by NIOC in USD and will be as per the average Brent (BWAVE) quotations during 10 international business days on to two calendar days before the issuance date of the supply announcement, plus the Iranian Light crude oil OSP for Mediterranean market in the month of supply announcement. It is clear that applicants must compete on the base price stated in this clause on supply trading day.  
**Note:** the ICE Brent crude oil weighted average (BWAVE) of all available quotations in the first nearby month.
- 1-2- The exchange rate for paying the deposit(prepayment) in Iranian Rial, is based on the average daily sale and purchase price of USD on the SANA website, on 2 business days before the date of this supply information announcement. (SANA exchange rate quoted on Sanarate website, www.sanarate.ir)  
**Note 1:** If the SANA website is not available, an alternative reference will be announced subsequently.  
**Note 2:** The price mentioned in clause 1.1 is for the payment of 6% deposit for participation in supply trading date, and the final price is based on the final price ( $P_{Final}$ ) formula provided here under.

**C: Final Price Formula:**

NIOC will determine the final price of each cargo ( $P_{Final}$ ), ten days before the first day of the loading period, according to the following formula:

$$P_{Final} = P_c (P_{Oil L} / P_{Oil S})$$

$P_{Final}$ : The final price is in US Dollars, which will be issued on the basis of the provisional and final invoices.

$P_c$ : The price which will be discovered on supply trading date in US Dollar.

P<sub>Oil L</sub>: The average of all available Brent dated crude oil quotations during 5 international business days prior to one calendar day before issuing the provisional invoice.

P<sub>Oil S</sub>: The average of all available Brent dated crude oil quotations during 5 international business days prior to one calendar day before the date of supply trading date.

**D: Delivery Terms and conditions:**

- 1- Delivery period will be between 25<sup>th</sup> of April and 7<sup>th</sup> August 2019.
- 2- Based on the above delivery period and up to 20 days before the end of this period, Buyer shall nominate a period of 5 days for lifting the cargo to the crude oil operation office of NIOC. (Upon request for the aggregation of purchased contracts, the 5-day period should correspond to the delivery period mentioned in the last contract). The crude oil operation office of NIOC will determine a 3-day loading period latest by 3 business days, and the Buyer will not be entitled to any objections to the announced loading period.

Note: In case of cargoes with less than 350 Mbbl (which will be delivered via STS operation), the crude oil operation office of NIOC, according to conditions needed for STS operation, will declare the acceptance or non-approval of the nominated 5-day period to the Buyer, latest by 3 business days. In case of non-approval, Buyer can nominate a new 5-day period for lifting the cargo and the crude oil operation office of NIOC will declare the acceptance or non-approval of the new nominated 5-day period, latest by 3 business days and if the 5-day period is accepted, the crude oil operation office of NIOC will declare a 3-day loading period to the Buyer and the Buyer will not be entitled to any objections to the announced loading period.

- 3- Buyer shall nominate the vessel (which meets all the required conditions and standards described as per NIOC GTC and required conditions and standards for loading cargo(es) from Kharg terminal) and send its Q88 to crude oil operation office of NIOC latest by 10 days prior to the first day of the loading period determined by NIOC (according to clause 1). If the vessel meets the required conditions, the acceptance will be declared to the Buyer after 3 business days. In case of non-approval, Buyer can repeatedly nominate a new vessel in accordance with the above procedure until the aforementioned deadline which is 10 days prior to the first day of the loading period determined by NIOC. Obviously, the procedure of nominating and verifying the vessel in less than 10 days prior to the first day of the loading period determined by NIOC is by no means possible.

Note: In case of any failure to nominate a 5-day period for lifting the cargo or any failure to nominate a suitable vessel within the above mentioned period this would be considered as Buyer's unwillingness or inability to lift the cargo and the contract will be canceled through official announcement of NIOC to CSDI and then equivalent to 5% of the total value of the transaction will be paid to NIOC from the 6% deposited prepayment of the Buyer and all the approved charges in conjunction by Iran Energy Exchange regulations will be borne by the Buyer.

- 4- Delivery of cargo(es) with less than 350 Mbbl volume will be done via STS operations and for more than 350 Mbbl, it will be done from Kharg terminal or via STS operation which will be as per NIOC's option. Besides, all the cost, charges and terminal/port dues and from Kharg jetty and for STS operation are on the Buyer's account.
- 5- Upon the request of the applicant, delivery of the cargo in other areas, with the consideration of the relevant costs, is possible, subject to the approval of NIOC.
- 6- Upon the request of the applicant, delivery of the cargo on a land basis from the oil tanks of the Tabriz Refinery is possible, subject to approval by NIOC. In this case, based on the delivery

period mentioned in clause 1 of this section, the loading period will be determined by agreement between Buyer and NIOC. Accordingly, Buyer shall lift the cargo in the determined period. In addition, Buyer is obliged to pay all of the costs of loading to Tabriz Refinery.

Note: In case of any failure to determine a loading period for lifting the cargo or any failure to lift the cargo in the specified loading period this would be considered as Buyer's unwillingness or inability to lift the cargo and the contract will be canceled through official announcement of NIOC to CSDI and then equivalent to 5% of the total value of the transaction will be paid to NIOC from the 6% deposited prepayment of the Buyer and all the approved charges in conjunction by Iran Energy Exchange regulations will be borne by the Buyer.

#### **E: Payment/Settlement terms and conditions:**

Payment/settlement procedure can be done in one of the three formats described below, based on Buyer's request. This request shall be declared by Buyer 14 (fourteen) days before the first day of loading date range:

##### **E-1) Conditional payment:**

1. Settlement procedure will be conditional. Through which, 20% of cargo's value is in Iranian Rial and 80% in US Dollar. Iranian Rial portion will be paid in cash and US Dollar portion will be paid through credit procedure.

Based on the provisions in paragraph 1 in section B, after depositing 6% of order's value in Iranian Rial in cash latest by 2 hours before the start of the supply trading time, the rest part to 20% Iranian Rial portion of cargo's value will be paid in cash to the account of CSDI in accordance with the provisions set forth in clauses 1.2 and 1.3 (E-1). The Buyer is obligated to transfer the charges approved by the Iran Energy Exchange to the account of the announced company at the same time as the deposit of Iranian Rial part of the provisional invoices. It is certain, in the event of accrued interest on the Iranian Rials portion of the Buyer deposit (in accordance with the Bank's regulations), after the final settlement of the total value of the transaction and the deduction of the charges, the interest will be payable to the Buyer.

In addition to the above mentioned Iranian Rials, the Buyer is required, after the provisional invoice and in accordance with provisions 1.2 Section (E-1), to provide reliable Iranian Rial Bank Guarantee Pledge from acceptable banks by NIOC equivalent to 125% of the remaining balance (125% of the total 80% Dollar value of the transaction), to Beneficiary of CSDI. The banks accepted by NIOC are: Pasargad, Tejarat, Tose Saderat, Sepah, Saderat, Melat, Melli, Saman and Parsian.

1-1- Accordingly, Financial Affairs department of NIOC will issue a provisional invoice based on 20% Iranian Rial and 80% US Dollar as per the final price of the cargo ( $P_{Final}$ ) and the exchange rate on the basis of the daily average of the sell and purchase price in SANA website announced by the Iran Energy Exchange, 10 days before the first day of the loading period and announced to the seller's brokerage to be conveyed to the Buyer's brokerage and CSDI. The reference day for calculating the mentioned average is 2 business days before the date of the provisional invoice issuance.

1-2- Latest by two business days (till the end of the working hours in Iran) before the first day of loading date range, Buyer must clear Iranian Rial portion of invoice in favor of CSDI base on the Iranian Rial and USD portion of the provisional invoice; and must provide Iranian Rial bank guarantee payment pledge with at least 120 days maturity date, frequently extendable (in the

announced form by CSDI) and from NIOC acceptable banks equal to 125 percent of the remaining amount of the invoice base on the exchange rate included in the temporary invoice, in favor of CSDI.

**Note 1:** In case of any failure in respect of the fulfillment of the obligations stated in this clause, this contract will be terminated and 5 percent of the deposit will be paid to NIOC as the contract termination damage and after reduction of other approved commissions according to Iran Energy Exchange regulations, the remain will be paid to Buyer.

**Note 2:** In case of the Buyer's request for aggregation of the contracts, because of the difference of the final prices in each contract, separated invoice will be issued for each contract based on specified final price formula for each contract accordingly.

**Note 3:** Any delay in payment/settlement and/or any claims in respect of the quality and quantity of delivered cargo(es) is not accepted. The quality of crude oil under the terms and conditions of this contract shall be as per the NIOC's normal export quality. In other words, quantity and quality shall be based on NIOC standard procedure.

1-3- One business day after fulfillment the obligations stated in clause 1.2 of sector E-1 by Buyer and latest by one business day before the first day of loading, CSDI will proceed written confirmation of fulfillment of mentioned obligations and declare it to NIOC.

**Note:** In the event that the Buyer's vessel does not tender valid NOR during the 3-day period of loading (Laycan), then the delivery of cargo to Buyer will be postponed according to the period which mentioned in clause "D" and if the Buyer's vessel do not tender valid NOR in during new 3-days loading period, then the contract will be terminated and 5 percent of deal value from Buyer's prepayment(deposit) will be paid to NIOC and Buyer will be responsible for all of the approved commissions according to Iran Energy Exchange regulations.

2- Final invoice issuance will be based on final price (Pfinal), SANA exchange rate of Iranian Rial on two business days prior to the issuance date of final invoice and real amount loaded according Bill of Lading figures, and accordingly it will be informed to CSDI and Buyer's broker via seller broker, 7 business days after cargo loading.

3- It is clear that 20% of deal value will be in Iranian Rial and determined based on the final invoice and the difference between provisional and final invoice in Iranian Rial portion will be cleared between Buyer and CSDI latest by 3 business days after the B/L date and subsequently, CSDI shall deposit the mentioned amount to NIOC account.

4- Buyer(s) must clear the US Dollar portion of final invoice based on the procedures announced by NIOC (including the kind of exchange rate for payment) latest by 90 calendar days after cargo loading-B/L date.

It is obvious that Buyer shall coordinate with NIOC for the method of payment somehow the payment becomes possible in above mentioned due date.

For exchanging US Dollar to other foreign currencies acceptable by NIOC, the exchange rate date on 2 business days before the actual payment or latest by 90 days after B/L date is consider as per the bellow table:

Reference of currency conversion	Currency
the exchange rate on the basis of the daily average of the sell and purchase price in SANA website announced by the Iran Energy Exchange and the reference day for calculating the mentioned average is 2 business days before the date of the actual payment latest by 90 days after B/L date. The exact time of payment must be declare by Buyer's broker to NIOC and Iran Energy Exchange.	Iranian Rial
<a href="https://www.bloomberg.com/markets/currencies/fx-fixings">https://www.bloomberg.com/markets/currencies/fx-fixings</a> (at 14:00 CET, Frankfurt time)	Euro
<a href="http://www.chinamoney.com.cn/english/hombtbrthdt">http://www.chinamoney.com.cn/english/hombtbrthdt</a> (Reference Rate Tab) at 16:00.	Yuan
3.6725	UAE Dirham

In case of Euro business days in Frankfurt and in case of Yuan business days in China are considered.

5- In the case of any failure to comply with the obligations stated in clause 4 sector E-1 based on settlement of US Dollar portion and differences of Iranian Rial portion mentioned in clause 3 sector E-1, CSDI in addition to restrain Buyer's bank guarantee, will receive equal to amount of bank guarantee and latest by 5 business days and will transfer the amount to NIOC's account. It is well understood that in such a case, in addition to restrain mentioned bank guarantee in Rial, seller has the right to claim in respect of restraining other Buyer's properties.

6- After deposit of fund by Buyer and final clearance, NIOC will announce written confirmation for complete US Dollar portion clearance in format of forms of out of clearance of CSDI via seller broker to CSDI and consequently mentioned CSDI will release Buyer's subscription bank guarantee.

7- In the event that contract subject is set up by custom formalities and custom declaration, because of being exporting cargo, the tax and value added fees are not includable.

8. Buyer is obliged to pay all of the approved commissions according to Iran Energy Exchange regulations, operational costs including but not limited to port dues for lifting from Kharg or ship to ship operation or land delivery cost/dues and costs of bank commissions (including money transfer).

**E-2) Full cash payment/settlement in Iranian Rial:**

1- After the 6% deposit is paid into the bank account declared by CSDI in Iranian Rial or into bank accounts declared by NIOC out of clearance of CSDI, latest by two hours before the start of the supply trading time, payment of 100% of provisional cargo value in Iranian Rial shall be paid by Buyer in cash as per the provisional invoice latest by two business days (till the end of the working hours in Iran) prior to the first day of loading date range.

1-1- The provisional invoice will be issued in full Iranian Rial format, ten days prior to the first day of cargo loading date range and based on the final price (Pfinal), SANA exchange rate(rate of bank note) on two business days prior to the issuance date of provisional invoice.

1-2- Latest by two business days (till the end of the working hours in Iran) prior to the first day of loading date range, Buyer must clear the invoice in favor of CSDI based on the Iranian Rial and US Dollar portion value of the provisional invoice.

1-3- One business day after fulfillment of all obligations stated above by Buyer and latest by one business day before the first day of loading, CSDI will proceed written confirmation of fulfillment of mentioned obligations and declare it to NIOC.

**Note 1:** in the event that the Buyer's vessel does not tender valid NOR during the 3-day period of loading (Laycan), then the delivery of cargo to Buyer will be postponed according to the period which mentioned in clause "D" and if the Buyer's vessel do not tender valid NOR in during new 3-days loading period, then the contract will be terminated and 5 percent of deal value from Buyer's advance payment(deposit) will be paid to NIOC and Buyer will be responsible for all of the approved commissions according to Iran Energy Exchange regulations.

**Note 2:** In case of any failure in respect of the fulfillment of the obligations stated in this clause, this contract will be terminated and 5 percent of the deposit will be paid to NIOC as the contract termination damage and after reduction of other approved commissions according to Iran Energy Exchange regulations, the remain will be paid to Buyer.

**Note 3:** In case of the Buyer's request for aggregation of the contracts, because of difference of the prices in each contract, hence, separated invoice will be issued for each contract based on specified price formula for each contract accordingly.

**Note 4:** Any delay in payment/settlement and/or any claims in respect of the quality and quantity of delivered cargo(es) is not accepted. The quality of crude oil under the terms and conditions of this contract shall be as per the NIOC's normal export quality. In other words, quantity and quality shall be based on NIOC standard procedure.

- 2- Final invoice issuance will be based on final price (Pfinal), SANA exchange rate of Iranian Rial on two business days prior to the issuance date of final invoice and real amount loaded according Bill of Lading figures, and accordingly it will be informed to CSDI and Buyer's broker via seller broker, 7 business days after cargo loading.
- 3- Final settlement shall be made latest by three days after issuance of final invoice and based on the payments have been made by Buyer and final invoice. In the case of any failure to comply with the obligations stated above in respect of final settlement by Buyer, in addition to restrain the provisional payment amount, seller has the right to claim in respect of restraining other Buyer's properties.
- 4- Clauses No.7 and 8 of Section (E-1) are applicable here as well.

### **E-3) Payment out of clearance of CSDI**

- 1- Upon the request of the Buyer and subject to the approval of NIOC settlement procedure will be done out of clearance of CSDI. According to clause 1 section B, Buyer pays 6% of the order's value into the bank account declared by CSDI in Iranian Rial or into bank accounts declared by NIOC out of clearance of CSDI, latest by 2 hours before the start of supply trading date. Then, upon the request of the Buyer and based on the payment procedure suggested by Buyer for payment of the rest of the cargo's value and subject to the approval of NIOC, Financial Affairs department of NIOC will issue a provisional invoice 10 days before the first day of the loading period and accordingly, the Buyer is obliged to fulfill his obligations before loading period. In addition, Buyer is obliged to pay the approved commissions according to Iran Energy Exchange regulations into the bank accounts declared by CSDI.
- 2- The provisional invoice will be issued based on the price formula stated in section C. The exchange rate, if needed, is determined based on the average daily sale and purchase price of USD on the SANA website, two business days prior to the issuance date of provisional invoice.
- 3- The final invoice will be issued based on the final price (Pfinal) and real amount loaded according to Bill of Lading figures, 7 days after the loading of cargo. The exchange rate, if

needed, is determined based on the average daily sale and purchase price of USD on the SANA website, two business days prior to the issuance date of final invoice.

Note 1: in the event that the Buyer's vessel does not tender valid NOR during the 3-day period of loading (Laycan), then the delivery of cargo to Buyer will be postponed according to the period which mentioned in clause "D" and if the Buyer's vessel do not tender valid NOR in during new 3days loading period, then the contract will be terminated and 5 percent of deal value from Buyer's deposit will be paid to NIOC and Buyer will be responsible for all of the approved commissions according to Iran Energy Exchange regulations.

Note 2: In case of any failure in respect of the fulfillment of the obligations stated in this clause, this contract will be terminated and 5 percent of the deposit will be paid to NIOC as the contract termination damage and after reduction of other approved commissions according to Iran Energy Exchange regulations, the remain will be paid to Buyer.

Note 3: In case of the Buyer's request for aggregation of the contracts, because of difference of the prices in each contract, hence, separated invoice will be issued for each contract based on specified price formula for each contract accordingly.

Note 4: Any delay in payment/settlement and/or any claims in respect of the quality and quantity of delivered cargo(es) is not accepted. The quality of crude oil under the terms and conditions of this contract shall be as per the NIOC's normal export quality. In other words, quantity and quality shall be based on NIOC standard procedure

- 4- Clauses 7 and 8 of Section E-1 are also applicable in this section

#### **E: Other Terms and conditions:**

- 1- All the other terms and conditions are in accordance with the NIOC's Standard General Terms and Conditions (GTC) for Iranian crude oil sale/purchase contracts, dated April 1996.

Meanwhile, each party shall ensure that its activities and the activities of its affiliates relating to the agreed contract shall be conducted in all respects in accordance with any/all applicable laws and government regulations and the highest standards of business probity and ethics.

- 2- All constraints put on the delivery of cargo(es) from sea (i.e. FOB Kharg), including time constraints for billing and loading and conditions for cancellation due to non-settlement or non-loading in specified time periods, are also valid for land delivery.
- 3- If the 6% deposit is paid into bank accounts declared by NIOC out of clearance of CSDI, Buyer's broker is obliged to pay for the charges approved by the Iran Energy Exchange to the account of the announced company. In case of non-payment, these charges will be paid from those brokers' guarantees or financial claim from CSDI.
- 4- Business days correspond to Iranian calendar (Saturday to Wednesday excluding official holidays)
- 5- Acceptance criteria/requirements for loading the cargo(es) from Kharg terminal:



- Max arrival displacement: 250,000 Tons
- Max departure draft: 30 m
- Max height of manifold: 31.4 m

Acceptance criteria/requirements for ship to ship (STS) operation at Kharg terminal anchorage:

- 1) The Buyer's performing vessel shall be accepted by NIOC as per the NIOC's Standard General Terms and Conditions (GTC) for Iranian crude oil sale/purchase contracts, dated April 1996 and required conditions and standards for loading cargo(es) from Kharg terminal.
- 2) All the related cost, taxes and port charges/dues for STS operation is on Buyer's account.
- 3) Title and risks of cargo(es) will be passed at the connecting flange at loading point.
- 4) Buyer do not have any right to claim in respect of quality and quantity of delivered cargo(es). Quality and quantity of cargo(es) are based on NIOC procedure and GTC (the quality of crude oil grade under the terms and conditions of this contract shall be as per the NIOC's normal export quality).