

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

Commodity Commercial Name		Supply Date and Time	
Iranian heavy crude oil		14:30:00	21 <sup>th</sup> of August 2019
Supplier Brokerage		Commodity Number	
Khobregan Saham		ICLNIPRBFK0980316	
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		2,000,000	0
Base Price Dollar Premium		Minimum Order Price Change Dollar Premium	
52.81 USD		0.01	
Minimum Purchase for price discovery (bbl)		Type of contract	
1,000		Premium Discovery	
Allocation base		Max Purchase (bbl)	Min Purchase (bbl)
1		2,000,000	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	7 <sup>th</sup> September till 19 <sup>th</sup> November 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 Iranian Rial or foreign currencies, in the accounts announced by Central Securities Depository of Iran (CSDI) or NIOC (out of clearance of CSDI), 2 hours before supply trading time.</p> <p>-Settlement procedure can be done as per the terms and conditions mentioned in the section E of this announcement respectively.</p>			

### A: General Terms and Conditions

1. Commodity commercial name: Iranian heavy crude oil
2. Supply trading Date: 21<sup>th</sup> of August 2019
3. Maximum supply volume: 2,000,000 bbls
4. Minimum purchase volume: 35,000 bbls.
5. LOT size: 1,000 bbls.
6. Operational tolerance: ±10% as operational tolerance for each cargo.

7. 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 in other areas, with the consideration of the relevant costs, is possible, subject to the approval of NIOC.
8. Delivery period: from 7<sup>th</sup> September till 19<sup>th</sup> November 2019
9. Base Price: 52.81 USD per bbl
10. 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.
11. Minimum purchase volume (LOT) for price discovery: 1,000 bbl.
12. According to supply announcement terms and conditions, Buyer can take larger shipments by aggregating the purchase contracts.
13. The destination for purchased crude oil is limitless and export to all countries except the occupied territories of Palestine is allowed.
14. 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 this supply announcement) in Iranian Rial or foreign currencies, into the accounts announced by Central Securities Depository of Iran (hereinafter "CSDI") or NIOC (out of clearance of CSDI).
15. 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 in Iranian Rial or foreign currencies into the bank account declared by CSDI or 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 Heavy 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 trading date.(SANA exchange rate quoted on Sanarate website, [www.sanarate.ir](http://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 value of cargo will be calculated based on section E-7.

#### **C: Delivery Terms and conditions:**

1. Delivery period will be from 7<sup>th</sup> September till 19<sup>th</sup> November 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 NIOC. (Upon request for the aggregation of purchased contracts, the 5-day period should correspond to the delivery period mentioned in the last contract). 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), 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 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, 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 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.

#### **D: Final Price Formula:**

Due to the difference between the trading day and loading period, a “Differential” parameter (D) will be calculated for the issuance of provisional and final invoice, according to the following formula:

$$D = P_{oil\_ref} - P_c$$

$P_{oil\_ref}$  : The average of all available Brent (BWAVE) quotations during 10 international business days on to two calendar days before the issuance date of the supply announcement which is 61.61 USD per bbl.

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

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

1. For payment/settlement, a provisional invoice will be issued in Iranian Rial or US Dollar format with a value equal to 100 percent of the cargo value, 10 days prior to the first day of cargo loading date range. The Buyer is obliged to pay this provisional invoice in cash or through credit procedure, into the bank accounts declared by CSDI or NIOC out of clearance of CSDI.

**Note1:** In case of paying through credit procedure, provisional and final invoice will be issued in US Dollar format.

**Note2:** In case of paying provisional invoice in Iranian Rial, it will be issued based on SANA exchange rate on two business days prior to the issuance date of provisional invoice.

2. Buyer must declare to NIOC the payment format including whether it is in cash or through credit procedure and whether it is in Iranian Rial or foreign currencies, 5 days before the issuance of provisional invoice.

3. For calculating the cargo value in the provisional invoice, the differential parameter (D) calculated in section D, will be deducted from the average of all available Brent (BWAVE) crude oil quotations during 10 international business days prior to 1 calendar day before the issuance of provisional invoice.

4. In addition to prepayment (section B), Buyer is obliged to pay the provisional invoice value in cash or provide agreed guarantees equal to 110 percent of the provisional invoice value, latest by one business day before the first day of the loading period.

**Note:** 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.

5. After fulfillment of Buyer’s mentioned obligations in clause 4 of this section, NIOC will issue the loading permission of the cargo.

**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 “C” and if the Buyer’s vessel does 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.

6. The final invoice will be issued based on the real amount loaded and will determine the final value of the cargo. According to final invoice, payments of the Buyer and the difference between the final and provisional invoice, the settlement of the final value of the cargo will be done.
7. For calculating the final value of the cargo in the final invoice, one of the two methods described here under will be applied:
  - In case of cash settlement, the differential parameter (D) calculated in section D, will be deducted from the average of all available Brent (BWAVE) crude oil quotations during 10 international business days prior to 1 calendar day before the issuance of final invoice. The final invoice will be issued no later than 7 days after loading.
  - In case of credit settlement, the differential parameter (D) calculated in section D, will be deducted from the average of all available Brent (BWAVE) crude oil quotations in the loading month.

**Note:** In case of paying final invoice in Iranian Rial, it will be issued based on SANA exchange rate on two business days prior to the issuance date of final invoice.

8. In case of credit settlement, final settlement should be done based on the agreed method latest by 90 calendar days after cargo loading-B/L date.

**Note1:** For exchanging US Dollar to other foreign currencies acceptable by NIOC, the exchange rate will be considered as per the bellow table on 2 international business days before the actual payment:

Currency	Reference of currency conversion
Iranian Rial	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
Euro	<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)
Yuan	<a href="http://www.chinamoney.com.cn/english/hombtbrthdt">http://www.chinamoney.com.cn/english/hombtbrthdt</a> (Reference Rate Tab) at 16:00.
UAE Dirham	3.6725

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

**Note2:** In the case of any failure to comply with the obligations stated in this clause, this contract will be terminated, 5 percent of the deposit will be paid to NIOC as the contract termination damage and Buyer's guarantees will be restrained. In addition, NIOC has the right to claim in respect of restraining other Buyer's properties.

**F: Other Terms and conditions:**

- 1- 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.
- 2- Any delay in payment/settlement and/or any claims in respect of the quality and quantity of delivered cargo(es) is not accepted.
- 3- 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.
- 4- 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 and costs of bank commissions (including money transfer).
- 5- 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.
- 6- Business days correspond to Iranian calendar (Saturday to Wednesday excluding official holidays)
- 7- 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
- 8- 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).