

Contract No: .../.../.....

Contract Date:/ .../ ...

**Sale and purchase contract
(For Export of Iron Ore Concentrate)**

This contract (the “Contract”) is based on tender No hereby agreed and executed by and between

(1) Parties to the Contract:

(a) The Buyer:

..... A company registered and existing under the laws of
..... Registry No..... With its address for all notifications, contact and
service of process at
Represented by..... authorized in his capacity of

Tel:

Email:

Based on Bid files the local representative of the buyer with contact
Number No

And (b) the seller:

SabaNour Mining & Industrial Development Company (public joint stock). A company registered and existing under the laws of the Islamic Republic of Iran, registry No. 129266 In Tehran Province, Islamic Republic of Iran with its address for all notifications, contact and service of process at: SabaNour Building, No 49, West 26st, Saadat Abad Blvd, Tehran, Iran Represented by Majid Ziaei authorized in his capacity of Chief Executive Officer and member of the board and by Gholamreza Hashemi Marand authorized in his capacity of Member of the Board.

Tel: +98(21)27645000

Fax: +98(21)27645320

Email: Export@sabanour.com

The seller representatives for all export coordination are the Commercial Deputy and for all financial operation is the Financial Deputy.

(2) Preamble, Background and engagement in contract:

- Whereas the Seller is a producer of Iron Ore Concentrate, and
- Whereas the Seller has obtained all necessary and required licenses and permissions to sell and export such Iron Ore concentrate in accordance with the laws and regulations of Islamic Republic of Iran.
- Whereas the Seller is desirous to sell and deliver Iron Ore Concentrate to the Buyer and hereby makes an offer for such sale and delivery.
- Whereas the Buyer has agreed to purchase the said Iron Ore concentrate from the Seller in accordance with the terms of this contract;
- Now therefore the Buyer and the Seller (collectively the “Parties” to this Contract) hereby agree to this Contract in accordance to its terms whereby the Seller hereby agrees to sell, deliver the Material (as hereinafter described in section 3 of this Contract) to the Buyer and subject to receipt of payment convey good, marketable and unfettered beneficial ownership and title, and concurrently the Buyer hereby agrees to purchase, make payment and pay, receive and accept the delivery the Material in a timely and commercial manner for such Material in accordance to the terms of this Contract.

(3) Material:

Iron ore concentrate in bulk to be loaded to the carrier vessel nominated by the Buyer with typical specifications as follows:

Analysis		
Fe %	65%	Approximately
FeO %	24%	Approximately
SiO ₂ %	5%	Maximum
Al ₂ O ₃ %	1.4%	Maximum
S %	0.5%	Ave
P %	0.03%	Maximum
MgO %	1.8%	Maximum
K80- micron	60%	Ave
Moisture %	10%	Ave

(4) Quantity:

Approximately fifty thousand (50,000) metric tons in total, whereby the basis of sale and final invoice shall be evidenced by the loaded quantities at the loading point in Bandar Imam Khomeini on basis of Free on Board (FOB), in accordance to the quantities stated in the relevant bill(s) of lading and as certified by the independent inspector and surveyor.

4-1) the quantity of the Iron ore concentrate can increase/decrease approximately by 2,000 tons on the seller's option.

(5) Delivery Period:

5-1) Available for loading Free On Board (FOB) at Bandar Imam Khomeini Iran, Prompt.

5-2) In case of the buyer fails to make preparation to carry the cargo maximum within twenty (20) days from the date of the letter of announcing tender winner then the seller has the right to cancel the Contract & confiscate the bank guarantee for the subject cargo or the buyer will be charged by seller for the cargo storage, USD 0.2 ton per day. After canceling the Contract, the Seller has the right to sell the cargo to any third party.

Important notice: the buyer must arrange and notify the Seller to confirm the Notice Of Readiness.

(6) Terms of Delivery:

6-1) Terms of Reference: Each Party's rights and obligations in relation to a Transaction shall be in accordance with Incoterms 2020 unless otherwise provided in this contract.

6-2) Export Documentation: Delivery of the Material is for the purpose of export from I.R. of Iran and the Seller must facilitate the export of the Material and obtain all necessary and required documentation, permits and or waivers from the relevant authorities in Iran prior to the delivery of each lot of the Material.

- The buyer has to inform, receive confirmation and share all the correspondences, documentaries, and any other information to the seller.

6-3) Place of Delivery: Delivery shall be on basis of FOB -Bandar Imam Khomeini -Iran.

6-4) Seller is responsible only up to loading on vessel; risk and cost transfer at ship's rail

6-5) Any delay at port due to buyer's documentation or carrier issues shall be at buyer's cost

6-6) Vessel Nomination: The buyer must nominate suitable vessel(s), of the standard type and size and notify the Seller of such nomination. The nominated vessel(s) must be suitable, have adequate classification and insurance cover including third party and pollution risk insurance cover, and meet all standards and regulations in practice at Iranian ports must adhere to all rules and regulations of Iranian Ports and Shipping Organization and such other standards in practice at Bandar Imam Khomeini. The seller reserves the right to reject the nomination of any vessel(s).



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- the vessel's agent must be confirmed by the seller and if not, the seller chooses the agent but all related expenses will be paid by the buyer.
- the vessel and its' owner must be confirmed by the seller.
- the seller must be fully aware, access directly and in process of all the correspondence and documentation from the beginning to end of the vessel charter party.
- The Seller reserves the unfettered right to reject any vessel nominated by the Buyer prior to the agreed Laycan period which rejection shall be notified to the Buyer in writing.
- **Important Notice:** after the nomination, and acceptance of the said vessel, and before loading, the buyer should write an official letter to the shipping agency to deliver the related bill of lading to the seller.

6-7) Cargo Lot Size: Buyer's nominated vessels must be capable to carry approximately 50,000 metric tons of material per Cargo Lot, on board within the norms of vessel.

6-8) loading Rate: Loading rate at Loading Point in Bandar Imam Khomeini (BIK), in accordance to local customs and practices at the port, is eight Thousand tons (8'000 metric tons) per weather working day, Fridays and Holidays included.

The above loading rate is only possible for a vessel loading per crane (per hook) each for 2000 MT.

- For any vessel requiring shore cranes, all details, circumstances must be accepted by the seller and, **The Seller reserves the unfettered right to reject any vessel nominated by the Buyer.**
- Allowed loading duration is based on the above loading rate.

6-7) Conveyance upon delivery: Save for Seller's claim for payment in full value of this Contract, the shipment shall be delivered to the Buyer free and clear of any other liens, encumbrances, or claims of any kind by third parties.

6-9) Method of measurement of quantity: All quantities delivered shall be measured by way of vessel draft Survey as reported by the Independent Inspector and Surveyor (SGS Iran) as further defined in Section 12 herein.

(7) Unit Price:

7-1) the unit price per net metric shall be denominated in Dollar, for calculation and for settlement of invoice.

7-2) the unit price per metric ton shall be calculated and invoiced based on a formula as per the table below:

P (Final Invoice Basis) = Platts 65% Fe CFR NORTH CHINA - X = Platts 65% USD	
X: Bidder's offer	Minus USD

7-3) Platts CFR %65: Average Platts CFR 65% on the NOR date at discharge port, 15 days before & 15 days after discharge NOR of the vessel.

7-4) Average price for cash in advanced payment will be on Platts CFR 65% of winner announcement Date.

**** If there is no Platts Index on winner announcement Date, then last published issue of Platts before winner announcement Date will be considered.**

7-5) the buyer must send the signed & sealed NOR at discharge port to the seller maximum within 30 days after BL date.

7-6) In case discharge NOR date is more than 30 days after BL date, then 30th day after BL date will be considered as the date of NOR at discharge port.

**** A day after BL exportation date will be counted as the first date to start calculation of the maximum days of submission the NOR at discharge port.**

7-7) Fe Bonus/ Penalty:

1.7 USD for each 1% increasing the given rate 65%, fractions pro rata.

1.7 USD for each 1% decreasing below 65%, fractions pro rata.

(8) Payment:

- ❖ 25% initial down payment, within 5 working days from announcing the winner
- ❖ 25% after signing the contract. If the Buyer fails to pay this amount within 5 days after signing the Contract, the Seller has the right to cancel the Contract and sell the

cargo to any third party. The 25% paid as down payment is non-refundable and the seller will use it as a penalty.

- ❖ 50% by nominating the vessel If the Buyer fails to nominate vessel within 20 days from the date of the letter of announcing tender winner, the Seller has the right to cancel the Contract and sell the cargo to any third party. The 25% paid as down payment is non-refundable and the seller will use it as a penalty.
- ❖ Approximated price for payments will be based on Platts CFR 65% of announcing tender winner date.
- ❖ The final invoice is based on unit price (as said in clause 7) and SGS Iran report.
- ❖ The seller will coordinate and sign contract with SGS Iran as mutual inspector.
- ❖ If the buyer refuses to carry the cargo or part of that in agreed period because of a falling market price or so, seller has the right to confiscate his bank guaranty and cancel the contract, and the buyer has no right to ask any return for the paid amounts.
- ❖ Seller has the right to sell the cargo without any permission to any third parties.
- ❖ Each Party has to arrange to settle the final invoice at last 10 days from the date of the final invoice.
- ❖ All the money transactions have to be in **seller's confirmed currency**, the exchange rate for United States Dollar to **seller's confirmed currency** is extracted from www.xe.com, website.
- ❖ All transactions must first be confirmed by the seller, if not, the paid transaction is not accepted and any further loss and costs should be paid by the buyer.
- ❖ The rates are based on the date of the swift.
- ❖ Important note: late payment of debt for is subjected to 1.5% monthly penalty based on daily delay for each day of the remaining amount
- ❖ In case the buyer fails to carry the cargo for any reason, or fails to pay every payment based on mentioned steps above, the seller has the right to cancel the contract and sell the cargo to another buyer and confiscate all the payments, and the buyer has no right to ask the payments back.
- ❖ The Bank Guarantee No equal to **50,000,000,000** IRR which was handed over to take part in the tender by as representative of the buyer will remain until the final invoice is paid. This bank guarantee must be renewed if needed. If the buyer fails to perform duties under the contract or neglect

its obligations hereunder, the seller shall have the right to confiscate the bank guarantee above without recourse to the courts.

- ❖ A Guarantee cheque equal to 10% of the total value (.....) IRR should be handled to the seller until final invoice is paid. If the buyer fails to perform duties under the contract or neglect its obligations hereunder, the seller shall have the right to confiscate the guarantee cheque without recourse to the courts or sue it for the remained payment.
- ❖ The exchange rate used for calculating the value of the 10% guarantee cheque shall be based on the remittance selling rate published on the ETS system on the announcement winner date

(9) Demurrage:

9-1) All Demurrage and dispatch conditions including fee and other terms unless loading rate as mentioned in clause 6-6 of this term sheet would be based on freight contract which the seller confirms. Otherwise, it is based on the seller decision.

9-2) any delay in making payments on due date will cause none berthing of nominated vessel and it would not be entitled to any demurrage during the delay.

- Lay time calculation will be from initial draft surveying until to final draft survey.
- No demurrage shall be due or payable if such delay is due to any breakdown of the carrier vessel nominated by the Buyer and/or when delays are due to any breakdown of the vessel or its machinery, or lack of preparedness of the vessel or its crew and or in such events that the vessel or its crew are under official arrest or judicial arrest due to any violation of rules and procedures of the Loading Port and or the laws of the Islamic Republic of Iran for any particular act (for example and without limiting the foregoing matters related to matters of immigration, customs inspection, banned substances or contraband or smuggling or social behavior in violation of Iranian laws or such other acts or omissions ordinarily expected from a similar vessel and crew in a similar situation).

(10) Conveyance of Title and Beneficial Ownership:

It is expressly and hereby agreed by and between the Buyer and the Seller that good and marketable title to the Material shall only pass from the seller to the buyer when full and complete payment for the Material, and each Cargo Lot has been received by the Seller, and that until such time that payment has been received by the Seller, regardless of possession or location of the Material, full and unfettered title and beneficial ownership of the material shall be reserved to the Seller.

(11) Possession for Risk of loss:

For the purpose of insurance coverage and interpretation of possession, the material is deemed to be delivered to the Buyer, pro rata, when the material is loaded onto the carrier vessel nominated by the Buyer from the loading conveyor belt and equipment at the Jetty, whether or not the bill of lading is issued by the master of the vessel (or its duly authorized agent or representative).

(12) Survey & inspection:

12-1) Both the Buyer and the Seller hereby nominate SGS local representative in Iran, as a mutually acceptable inspector and as an independent party to survey, inspect and report his findings in respect to the measurement of quality and quantity of the Material, retaining of samples and reporting of facts at the Loading Port (including the inspection of Vessel Time Sheet and Statement of Facts) in strict conformity with this contract. The findings of the said inspector shall be binding upon both the Seller and the Buyer in respect to the findings of SGS Iran.

12-2) SGS inspection at seller's cost only at loading port. Any further inspection required by buyer shall be at buyer's cost.

12-3) all the arrangements to sign the contract with SGS Iran as mutual inspector should be done by the seller.

(13) Governing law of contract:

13-1) This Contract and the rights and obligations of the Parties arising therefrom shall be governed by and construed, enforced and performed in accordance with the laws of the **Islamic Republic of Iran** in respect to form, content, validity, interpretation and definitions contained in this Contract. All terms and definitions of Incoterms 2020 are hereby incorporated in this Contract.

13-2) The United Nations Convention on Contracts for the International Sale of Goods (1980) shall not apply to this Contract.

(14) Force Majeure:

14.1) Neither party shall be liable for delays or failure caused by force majeure events such as war, natural disasters, port closures, etc.

14.2) In such case, the delivery period shall be extended accordingly.

(15) Language of Contract:

This Contract and all relevant communications, notices, documentation and exchange of information and interpretation of it in respect to this contract shall be in the English language as communicated and practiced in England. Any translation or interpretation of documents or instruments in any other language shall be duly translated and interpreted as it may be reasonably interpreted and understood in English.

(16) Confidentiality:

In relation to any transaction in this Contract, the identity of the Parties are private and confidential to the Parties and shall, save where disclosure is required by a regulatory governmental or judicial authority, not be disclosed to third parties.

(17) Operations protocol:

After the signing of this Contract and prior to any payment by the Buyer, an operational details and coordination must be passed from the buyer to the Seller (or the Buyer's agent). The buyer must outline the following main issues:

17-1) Schedule of shipments

17-2) The proposal of Laycan Date(s) at Bandar Imam Khomeini

17-3) Operational, contract follow-up and finance contacts between the Seller and the Buyer, including their respective agents

17-4) Vessel's local agents in Iran

(18) Amendment:

Amendments may be made to this Agreement including the terms applicable to any Transaction by mutual agreement of the Parties, but shall only become binding by written agreement signed by each of the Parties or upon receipt of duly authorized Notice in Writing to that effect to each Party from the other.

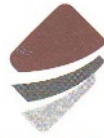
(19) Assignment or Novation:

19-1) neither Party shall assign, transfer, novate, encumber, create an interest in or otherwise dispose of any rights or obligations under this Contract without the prior consent of the other Party by Notice in Writing, which consent shall not be unreasonably withheld or delayed.

19-2) Seller may assign, transfer, encumber or otherwise create an interest in any payment ("Payment Assignment") due to Seller pursuant to Section 8 above. Where a party other than Seller, Seller shall, by Notice in Writing, advise Buyer thereof prior to issuance of Seller's commercial invoice.

(20) Agents:

Each Party may by Notice in Writing to the other Party appoint an agent to perform all or any part of its obligations under this Contract provided that the Party appointing the agent shall, subject to the provisions of this Contract, remain liable for all of its obligations hereunder and shall be directly responsible to the other Party in all respects for the acts of the agent. The expressions "Buyer" and



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“Seller” in this Contract shall be deemed to refer to Buyer’s agent and Seller’s agent respectively with respect to obligations and functions the agent is appointed to perform through the abovementioned procedures.

- SABANOUR Mining and Industrial Development Company (the seller) is authorized to accept/reject the buyer nominated agent.

(21) Rights and permission to contract:

All rights and permissions (including internal authorizations to enter, execute and deliver the deeds and to continue the respective obligations under this Contract) are obtained or exist.

(22) Dispute resolution:

The parties shall endeavor to settle by negotiation any dispute arising out of or in connection with the validity, performance, interpretation of the contract and all the consequences thereof. In case of failure to settle the dispute by negotiation, the claimant shall take the case to the Arbitration Center of the Iran Chamber. The place of arbitration is in Tehran and the language English. The governing law is the laws of the Islamic Republic of Iran.

This Contract of 22 articles and in 3 copies is signed, executed, and delivered between the parties.

SabaNour Mining and industrial Development CO

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Majid Ziaei

Gholamreza Hashemi Marand

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