

Name of procedure	E-bidding within the Electronic Auction System of concern “Belneftekhim” for long term export sale of Diesel fuel DT-Z/L-K5, grade F/C
Name of oilproduct	Diesel fuel DT- Z/L-K5, grade F/C
Name of Producer	OJSC Naftan
Date of tender	from February 02, 2021

MAIN CONDITIONS

On February 02, 2021 CJSC New Oil Company (the Tender Organizer) is holding an E-bidding within the Electronic Auction System of concern “Belneftekhim” for long term sale of Diesel fuel DT- Z/L-K5, grade F/C produced by OJSC Naftan:

Price basis FCA st. Novopolotsk, delivery basis DAP border of the Republic of Belarus to the Baltic countries except for delivery to the ports of Lithuania

Name of oilproduct	Quantity, tons	Shipment period	Delivery basis
Diesel fuel DT-Z/L-K5, grade F/C	Total 55 000 tons (-30%+10% in the Seller’s option) With shipping monthly 5000 tons	February 2021 – December 2021	DAP border of the Republic of Belarus

The quantity of oil product offered for sale is one **indivisible lot**.

The delivery bases may be changed/specified by the Tender Organizer before the tender date.

The tender is held from February 02, 2021 by E-bidding within the Electronic Auction System of concern “Belneftekhim” until the full sale.

The tender is subject to a deposit

The terms of the Goods selling:

Seller: CJSC New Oil Company (the Republic of Belarus)

Buyer: the Applicant announced as the Tender Winner

Producer: OJSC Naftan.

The quality of the Goods to be sold: as per Attachment 1(normal quality of Diesel fuel DT-Z/L-K5, grade F/C produced by OJSC Naftan)

The shipment of each monthly Goods lot may be agreed in several steps: within the period from the 18th day of the month preceding the month of the final price formation accepted for a definite agreed Goods lot till the 5th day (inclusive) of the month of the final price formation accepted for a definite agreed Goods lot. The Buyer has no right to decline the offered Goods volume in case of receiving the notification up to the 5th day (inclusive) of the month of the final price formation.

Should the Seller inform the Buyer of the volume of a definite agreed Goods lot after the 5th day of the month of the final price formation accepted for a definite Goods lot, the Buyer shall have the right to reject the acceptance of the offered Goods volume by written notification to the Seller within 1 (one) business day from the information receipt. If such notification is submitted later than 1 (one) business day from the information receipt the additionally confirmed volume of Goods is deemed accepted.

Should a monthly Goods lot be confirmed from the first day of the month of the final price

formation, a quotation period from the date of the Goods lot confirmation till the last day of the month of the final price formation (inclusive) shall be used for the final price calculation.

No later than 1 (one) business day from the date when the preliminary EUR/USD exchange rate is fixed the Seller and the Buyer sign a respective additional agreement to the contract stipulating the Goods delivery.

The date of invoicing shall be no later than 1 (one) business day from the date when the preliminary EUR/USD (EURO/US Dollar) exchange rate is fixed.

Currency of the Goods price calculation and payment: Euro.

Terms of payment:

100% advance payment of the agreed monthly Goods lot not later than 25th of the month preceding the month of the final pricing.

Settlement procedure: the Buyer and the Seller effect payments through accounts and correspondent accounts in European banks only (when concluding a Contract with CJSC New Oil Company).

Goods formula pricing in EUR (FOB) is applied.

The provisional price (Pr(P)) is calculated as follows:

$Pr(P) = ((Pl(P) + \Pi + D) * 1,1 + K_{(II)}) / K_{(P) EUR/USD} + 0,4$, where

Pl(P) – average value of the basic quotations rounded to the second decimal place for the period from the **1st to the 18th quotation day (inclusive) of the month** preceding the month of the final price formation for the agreed Goods lot, **given in USD** per metric ton for the respective position as per quotations of Platts agency in its publication “Platts European Marketscan”.

Π – adjustment rate fixed by the Seller within the Electronic Auction System;

D – is a value fixed as a result of the E-bidding within the Electronic Auction System;

K(P) EUR/USD – Euro/US Dollar foreign exchange rate of Bloomberg agency BFIX 14:00 Frankfurt available on the following link: <http://www.bloomberg.com/markets/currencies/fixfixings/>;

- for the volume (lot) of the Goods confirmed for delivery within the period up to the 18th day of the month preceding the month of the final price formation – on the 19th day of the month preceding the month of the final price formation for the agreed Goods lot;

- for the volume (lot) of the Goods confirmed for delivery within period after the 18th day of the month preceding the month of the final price formation – on the date following the date of confirmation the Goods for sale.

In the event that there is no rate quoted on such a day the next following publication shall apply.

K(II) - the railway rate for transportation of 1 metric ton of the Goods from st. [Novopolotsk](#) (Belarusian railway) to the respective border station of transition operating for the date of the Bidding, published on the site <http://np.bntdtorg.by/> – for Goods deliveries on DAP border of the Republic of Belarus basis. For delivery basis FCA st. [Novopolotsk](#) $K_{(II)} = 0$.

0,4 – benefit of the Seller.

The final price (Pr(F)) of the Goods shall be calculated according to the following formula:

Variant I:

$Pr(F) = (Pl(P) + \Pi + D + K_{(O)}) / K_{(P) EUR/USD} + (Pl(F) - Pl(P)) / K_{(F) EUR/USD} + 0,4$, where

Pl(P) – average value of the basic quotations rounded to the second decimal place for the period from the **1st to the 18th quotation day (inclusive) of the month** preceding the month of the final price formation for the agreed Goods lot, given in USD per metric ton for the respective position as per quotations of Platts agency in its publication “Platts European Marketscan”;

Π – adjustment rate fixed by the Seller within the Electronic Auction System;

D – is a value fixed as a result of the E-bidding within the Electronic Auction System;

Pl(F) – the arithmetic average of basic quotations rounded to the second decimal place **throughout all quotation days of the month** of the final price formation for the respective position as per quotations of Platts agency in its publication “Platts European Marketscan”;

K(P) EUR/USD – Euro/US Dollar foreign exchange rate of Bloomberg agency BFIX 14:00 Frankfurt published on the web-site of the agency and available on the following link: <http://www.bloomberg.com/markets/currencies/fixfixings/>;

- for the volume (lot) of the Goods confirmed for delivery within the period up to the 18th day of the month preceding the month of the final price formation – on the 19th day of the month preceding the month of the final price formation for the agreed Goods lot;

- for the volume (lot) of the Goods confirmed for delivery within the period after the 18th day of the month preceding the month of the final price formation – on the date following the date of confirmation the Goods for sale.

In the event that there is no rate quoted on such day the next following publication shall apply.

$K_{(F)} \text{ EUR/USD}$ – Euro/US Dollar foreign exchange rate of Bloomberg agency BFIX 14:00 Frankfurt published on the web-site of the agency and available on the following link: <http://www.bloomberg.com/markets/currencies/fixfixings> on the day of the second publication following the end of the quotation period of the month of the final price formation.

$K_{(O)}$ – B the railway rate for transportation of 1 metric ton of the Goods from st. [Novopolotsk](#) (Belarusian railway) to the respective border station of transition operating for the date of the Goods shipment, published on the site <http://np.bntdtorg.by/>, – for Goods deliveries on DAP border of the Republic of Belarus basis. For delivery basis FCA st. [Novopolotsk](#) $K_{(O)} = 0$.

0,4 – benefit of the Seller.

Should Platt's publish corrections to the previously published quotations, the updated calculation for the margin of any existing value shall be applied and work retroactively from the date of publication. Thereby the Platt's corrections published not later than 6rd day of the month following the month of the quotation period are taken into account.

Variant II:

$Pr_{(F)} = (Pl_{(F)} + \Pi + D + K_{(O)}) / K_{(F)} \text{ EUR/USD} + 0,4$, where

$Pl_{(F)}$ – the arithmetic average of basic quotations rounded to the second decimal place **throughout all quotation days of the month of the final price** formation for the Goods lot given in USD per metric ton for the respective position as per quotations of Platts agency in its publication “Platts European Marketscan”;

Π – adjustment rate fixed by the Seller within the Electronic Auction System;

D – is a value fixed as a result of the E-bidding within the Electronic Auction System;

$K_{(F)} \text{ EUR/USD}$ – the average value of Euro/US Dollar foreign exchange rates of Bloomberg agency BFIX 14:00 Frankfurt published on the web-site of the agency and available on the following link: <http://www.bloomberg.com/markets/currencies/fixfixings> throughout **all days of the month of the final price** formation.

$K_{(O)}$ – B the railway rate for transportation of 1 metric ton of the Goods from st. [Novopolotsk](#) (Belarusian railway) to the respective border station of transition operating for the date of the Goods shipment, published on the site <http://np.bntdtorg.by/>, – for Goods deliveries on DAP border of the Republic of Belarus basis. For delivery basis FCA st. [Novopolotsk](#) $K_{(O)} = 0$.

0,4 – benefit of the Seller.

Should Platt's publish corrections to the previously published quotations, the updated calculation for the margin of any existing value shall be applied and work retroactively from the date of publication. Thereby the Platt's corrections published not later than 6rd day of the month following the month of the quotation period are taken into account.

In case of the Seller's confirmation of the volume (lot) of the Goods made during the period up to the last day (inclusive) of the month preceding the month of the final price formation in respect of a definite agreed Goods lot, **the Buyer shall have the right to choose the variant of the final price calculation until the 1st day of the month** of the final price formation in respect of a definite agreed Goods lot by sending to the Seller a respective notice. In case this information is not submitted the Seller shall apply the formula variant that was applied for the final price calculation of the last nominated lot of the Goods of the previous month of the final price calculation.

In case of the Seller's confirmation of the volume (lot) of the Goods made within the period starting with the 1st day of the month of the final price formation in respect of a definite agreed Goods lot **the Buyer is entitled to choose the variant of the final price calculation until the moment of Euro/US Dollar FOREIGN EXCHANGE REFERENCE RATE publication made by Bloomberg agency** on its web site www.bloomberg.com (K(P) EUR/USD) on the date following the date of confirmation the Goods for sale, by sending to the Seller a respective notice. In case this information is not submitted the Seller shall apply the formula variant that was applied for the final price calculation of the last nominated lot of the Goods in the previous month.

For the first delivery under the Contract the Buyer is entitled to choose the variant of the final price calculation until the 1st day of the month of the final price formation by sending to the Seller a respective notice. In case of the Seller's confirmation of the volume (lot) of the Goods made within the period starting with the 1st day of the month of the final price formation the Buyer is entitled to choose the variant of the final price calculation until the moment of Euro/US Dollar FOREIGN EXCHANGE REFERENCE RATE publication made by Bloomberg agency on www.bloomberg.com (K(P) EUR/USD) on the date following the date of confirmation the Goods for sale, by sending to the Seller a respective notice. In case this information is not submitted within the stipulated period the Seller shall apply the second formula variant of the final price calculation.

The final price of the 1st monthly agreed Goods lot is calculated throughout all quotation days of February 2021 (estimated period of shipment – February 2021 – March 2021).

The final price of the 11th monthly agreed Goods lot shall be calculated throughout all quotation days of December 2021 (estimated period of shipment – December 2021 - January 2022).

Basic quotations are the quotations PLATT'S EUROPEAN MARKETSCAN for diesel fuel– the quotations for «ULSD 10ppm» published under the title «Cargoes CIF NWE/Basis ARA» and for «Diesel 10ppm» published under the title and «Barges FOB Rotterdam».

Conditions for admittance to participate in the tender:

Security Deposit Agreement

In order to get admission to the tender the Applicant shall sign a SECURITY DEPOSIT AGREEMENT with *Belarusian Oil Trading House Republican Subsidiary Unitary Enterprise (BNTD)*.

The Bidding Deposit

The terms of the tender provide for a bidding deposit.

In order to get admission to tender participation the Applicant concludes a Tender Participation Agreement with *Belarusian Oil Trading House Republican Subsidiary Unitary Enterprise (BNTD)* and effects payment to its account of the deposit in the amount of:

– **100 000 EUR.**

The deposit is paid in order to guarantee the irrevocability and unchangeable character of the submitted by the Applicant bid and if announced as the Tender Winner the Applicant shall conclude the contract and shall pay the contract security.

After the Tender Winner is defined the deposit amount is returned to an Applicant not announced as the Tender Winner within 7 (seven) banking days from the date the Tender Organizer receives a respective written request from the Applicant.

In case the Applicant is announced as the Tender Winner, the deposit shall be returned after the Supply Contract is concluded and Contract Security is transferred to the banking account of CJSC «New Oil Company».

Total amount of the Applicant's deposit passes into the Tender organizer's ownership (or to the person in whose interests the Tender organizer acts) without any dispute from the moment of making a relevant decision by the Tender Organizer in case the Applicant withdraws the

submitted commercial bid or makes an alteration (alterations) of the bid within the period from the moment of the bid submission to the official bidding results summarizing; the refusal (avoiding) of the Applicant, recognized as the winner to conclude the Contract (including the form of inaction) and the additional agreement for the delivery of the first agreed Goods lot under the declared terms and conditions upon the announcement of the Tender commercial bids, refusal (evasion) of the Applicant announced as the Tender Winner to transfer Contract security funds to the Tender Organizer.

The procedure of payment, utilization and refund of the deposit and Applicant's liability is defined by the SECURITY DEPOSIT AGREEMENT.

The date of the security deposit payment is not later than THE TRADING DATE. The date of a security deposit payment is the date of crediting the money funds to the account of *Belarusian Oil Trading House Republican Subsidiary Unitary Enterprise (BNTD)*, or submission to *BNTD* of the SWIFT confirming the actual payment of the security deposit in favour of *BNTD* on the decision of the Seller.

Currency of deposit payment is Euro.

The following companies shall not be admitted for participation:

- Companies that did not conclude Tender Participation Agreement;
- Companies that did not pay the deposit as per the established procedure;
- Companies with unfair cooperation history regarding *CJSC New Oil Company, CJSC Belarusian Oil Company, OJSC Naftan, JSC Mozyr OR, Republican Unitary Enterprise Production Association Belorusneft, Unitary Enterprise Belarusian Oil Trade House* and *Belarusian Oil Company's* affiliated entities;
- Companies against which charges have been issued by the law enforcement or other public bodies of the Republic of Belarus or by corporate group *Belneftekhim* prohibiting cooperation with such companies.

CJSC New Oil Company has the right to decline participation of a company in a tender without stating the reason for such decline.

Tender terms

Place of tender: UE «BNTD», Minsk

Tender time and date – **from February , 02 2021, starting in 14:00** by local time in the Republic of Belarus.

E-Bidding is conducted in real time in the Electronic Trading System of the concern “Belneftehim”.

The tender is organized and held local time in the Republic of Belarus.

The tender Applicant announced as the Tender Winner shall be notified of it not later than 1 (one) business day from the date the Tender is closed.

The Tender Winner have to mention the basis of delivery not later than 1 (one) business day from the date the Tender is closed.

Contract conclusion with the Tender Winner

The Tender Applicant announced as the Tender Winner is obliged within 2 (two) business days from the date of the written notification to conclude a Supply contract **the draft of which is placed by CJSC New Oil Company on the web site of the Electronic Trading System of the concern “Belneftehim”:** <http://ltc.bntdtorg.by/en/torgi/>

In case of a change in the railway tariff, the railway tariff applicable at the date of shipment of the Goods calculated using the average USD/BYN exchange rate for the month preceding the month of sale published on the website of the National Bank of the Republic of Belarus (<http://www.nbrb.by/statistics/Rates/AvgRate/>).

The delivery of the Goods is made by rail in tank cars of the general fleet of the railways in compliance with the procedure “special conditions transportation” (the period of approval the procedure “special conditions transportation” for the entire shipment period for one Consignee makes approximately 21 calendar days from the date of the Consignor's – OJSC Naftan application to the Administration of the Belarusian Railway, provided that the Consignor has the full information regarding the Consignee details) in accordance with the shipping details, which

are provided by the Buyer to the Seller in the form of a shipping order. While shipping the Goods on the terms DAP in rail tank cars of the inventory Belarusian railway fleet the Seller shall empower the Buyer to free usage of such rail tank cars for the periods from the date of delivery of the Goods during the terms corresponding to the delivery periods which are defined in Clause 24 of the Agreement on International Cargo Transportations (SMGS) that came into effect on 01.11.1951 and also for the period of 48 hours for the discharge of the Goods from rail tank cars at the end station indicated by the Buyer when providing the shipping orders.

The time of the free usage of rail tank cars of the inventory Belarusian railway fleet shall be defined by the calendar dates of the corresponding marks made in the railway bill at the railway stations during the travel of the rail tank cars loaded with Goods. The date of the empty rail tank cars return to the end-station after discharge shall be defined by the date of the forwarding railway bill.

In case if the time limits of free usage of rail tank cars of the inventory Belarusian railway fleet are exceeded as a result of the Buyer's action/inaction, the Seller shall have the right to raise a claim for contract terms violation and the amount of penalty shall be calculated on the basis of 100 US dollars per each day exceeding the said terms per each rail tank car in respect of which such term was breached.

Invoices issued by the Seller for the exceeded time limits of the free usage of rail tank cars of the inventory Belarusian railway fleet shall be paid pursuant to the terms and conditions stipulated in the Supply Contract. The Buyer shall have the right to demand from the Seller the copies of the documents to confirm the actual reason for the invoiced sum.

Contract Security

The tender Applicant recognized as the Tender Winner (the Buyer) shall transfer to the Seller's account the funds in the amount of 10% of the cost of the monthly Goods lot (nominal quantity without taking into account the positive option) calculated at the provisional price of the first agreed monthly Goods lot (Contract security) within 2 (two) banking days from the date of the Seller's invoicing.

The date when the money funds are credited to the Seller's account is deemed the date of the Contract Security payment.

To secure the Buyer's performance of its obligations under the Supply Contract the Contract Security shall remain on the Seller's account till their complete fulfillment by the Buyer.

The Contract Security shall be returned to the Buyer under its written request after the final settlement of the Parties under the Contract, or may be used for repayment of the Buyer's outstanding amounts to the Seller under the Contract.

ADDITIONAL PROVISIONS

Should the capacity of OJSC Naftan be decreased or temporary discontinued the Buyer accepts the actually delivered volume of the Goods without demanding from the Seller the delivery of the full volume of the agreed Goods lot.

Should it be impossible to deliver the Goods for the reasons beyond the Seller's control or if the Buyer breaches the terms of payment, date of signing of additional agreements (to the Supply contract) on the Goods price calculation, the Seller has the right to reduce the volume of the agreed Goods lot to be delivered. The Seller is to undertake all reasonable efforts to perform the agreed monthly deliveries in full. The term of delivery and the validity period of the Supply contract are subject to prolongation till the full unloading of the contractual volume of the Goods upon the Seller's and the Buyer's agreement.

The Seller and the Buyer are relieved from any responsibility for the partial or complete default of their obligations under the Supply Contract, if they prove by documents that proper fulfillment of their obligations became impossible due to shut-down, unscheduled repairs of OJSC Naftan facilities or due to force-majeure occurrence.

The Parties shall bear no responsibility for the failure to properly fulfil their obligations under the Contract by virtue of provisions of law or other laws and regulations (other documents binding for the Seller / consignor) currently in force that prevent the Contract fulfilment, adopted

by the respective state authorities or organizations and Belarusian State Concern of Oil and Chemistry (Belneftekhim concern) in particular, in case they were adopted (published) after the Contract signing and directly affect its fulfillment.

The Buyer must to provide copies of railway invoices, stamped with the destination station, within 20 days from the date of shipment of the Goods from OJSC Naftan.

Governing Law and Arbitration

The Contract concluded by the Applicant announced as the Tender Winner and *CJSC NNK* shall be governed by the Belarus law.

Submission by the company of an application to participate in the tender is considered as consent with all the conditions of the tender set in the present notice. In order to be admitted to participate in the tender the applicants should follow the requirements and conditions set in the present notice.

CJSC New Oil Company has the right to cancel, cease or close the tender without choosing the Winner with respect to the whole volume of the tendered petroleum products, as well as in respect to the part of the tendered volume of petroleum product any time before announcing the Tender winner, bearing no liability before the Applicant or Applicants of the Tender that can suffer losses due to such action, without having any obligations to inform the mentioned participant(s) on the reason thereof.

The above date and terms of the tender are preliminary and subject to change.

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Addendum 1