

LIST OF TENDER DOCUMENTS OF IRON ORE (FINE)

Tender No : BMD/67/I.O.F/10

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PAKISTAN STEEL
MINISTRY OF INDUSTRIES, PRODUCTION
GOVERNMENT OF PAKISTAN

INTERNATIONAL TENDER NO: BMD/67/I.O.F/10 FOR PROCUREMENT
OF 150,000 MT (+/-10%) EACH OF IRON ORE (FINE)
ON CFFO BASIS FROM OVERSEAS MINE OWNERS / TRADERS
(HAVING DIRECT AUTHORIZATION FROM MINE OWNERS)
PERIOD NOV TO JAN 2011

PAKISTAN STEEL invites sealed "TECHNICAL" and "FINANCIAL" PROPOSALS in separately marked envelope(s) on prescribed proforma available from PAKISTAN STEEL, BIN QASIM, KARACHI, PAKISTAN or can be down loaded (free of cost), from our website www.paksteel.com.pk and PPRA web site www.ppra.org.pk. Companies having sound financial position and standing repute in the international market as potential suppliers of Iron Ore are invited to supply 150,000 MT (+/- 10 %) in shipments ranging 30,000 to 50,000 MT (+/- 10%) of Iron Ore (Fine) on CFFO basis from Nov to Jan 2011.

2. The desired specifications of IRON ORE FINE shall be as under:-

A)	CHEMICAL ANALYSIS (ON DRY BASIS)		IRON ORE FINE
	Fe (Total)	% (Min)	57.00
	SiO ₂	% (Max)	8.50
	Al ₂ O ₃	% (Max)	3.75
	Sulphur	% (Max)	0.06
	Phosphorous	% (Max)	0.10
	Cu	% (Max)	0.05
	TiO ₂	% (Max)	0.25
	Alkali	% (Max)	0.15
B)	Other elements like Zn, Pb, Cr, Sn, , etc.	% (Max)	0.009
C)	Moisture	% (Max)	10.50
D)	PHYSICAL / SIZE ANALYSIS (AT DISCHARGE PORT SAMPLING POINT JUNCTION-12)		
	IRON ORE (FINE)		
	SIZE		Percentage
	(+) 10 mm	% (Max)	5.00
	(+) 06 mm	% (Max)	15.00
	(-) 0.15 mm	% (Max)	40.00
(+) 0.15mm to (-) 6 mm	% (Max)	Remainder	

3. The information / data shall be effected for assessing the suitability of Iron Ore (Fine), to be used in the blend for Blast Furnace, arriving at most economical and technically viable to charging burden composition. The final selection of Iron Ore (Fine) shall be at the sole discretion of PAKISTAN STEEL.

4. The Bidder's, whose offered Iron Ore (Fine) is found technically suitable shall later be notified the date of opening of their FINANCIAL offer (already submitted by them earlier with their technical offer in separate envelopes), which shall be opened publicly before the Price Committee.

5. **Destination:** Port Muhammad Bin Qasim, Karachi, PAKISTAN.
6. Mine Owners / Traders (having direct authorization from their mine owners) from Israel are not eligible to participate in the tender.
7. The tenders duly completed in all respect on prescribed proforma shall reach to General Manager , Bulk Material Department, Admin Block-III, PAKISTAN STEEL, Bin Qasim, P.O. Box No: 5429, Karachi, PAKISTAN, by **05.10.2010, 10.00 hours**. The technical offer (s) will be opened in public on the same day at **11.00** hours before Tender Opening / Technical Scrutiny Committee in Technical Library, Operation Building, Pakistan Steel, Bin Qasim, Karachi.
8. Any further information / detail, if desired can be obtained from General Manager, Bulk Material Department, PAKISTAN STEEL on:-
Phone No: 92 021 - 34750946
Fax No: 92 021 - 34750156B / 34750170.
Email No: psshopping@cyber.net.pk

General Manager (BULK MATERIAL DEPARTMENT)

GUIDELINES AND TENDER REQUIREMENTS FOR PROSPECTING MINE OWNER /
TRADERS(HAVING DIRECT AUTHORIZATION FROM MINE OWNERS) BIDDERS PARTICIPATING
IN THE TENDER NO BMD/67/IOF/10

1) Instructions for preparation and submission of tender

- a) The Bidder must scrutinize carefully all instructions and conditions mentioned in this tender document and shall deem to have done so and satisfied himself regarding the same when he submits his offer against this tender and all offers / documents should be in English language.
- b) One full set of these documents should be signed and returned intact by a competent & authorized person (Notarized Certificate of Authorization by the Company must be attached) with “Technical” as well as “Financial” offers.
- c) The tender is based on single stage – two envelop procedure as detailed below
 - i) The bid comprise a single package containing two separate envelopes. Each envelope shall contain separately the Technical Proposal and the Financial Proposal.
 - ii) The envelopes shall be marked as “TECHNICAL PROPOSAL” and “FINANCIAL PROPOSAL” in bold and legible letters to avoid confusion.
 - iii) Initially, only the envelope marked “TECHNICAL PROPOSAL” shall be opened.
 - iv) The envelope marked as “FINANCIAL PROPOSAL” shall be retained in the custody of the buyer without being opened.
 - v) The buyer shall evaluate the technical proposal in a manner prescribed in advance, without reference to the price and reject any proposal, which does not conform to the specified requirements.
 - vi) During the technical evaluation no amendments in the technical proposal shall be permitted.
 - vii) After the evaluation and approval of the technical proposal the buyer, shall within the bid validity period, publicly open the Financial proposal of the technically accepted bids only. Time, date and venue to be communicated to the bidder (s) in advance. The financial proposals of bids found technically non-responsive shall be returned un- opened to the respective bidders.
 - viii) The bid found to be lowest evaluated shall be accepted.
- d) If the bidder desires to propose any addition/deviation/alteration to any of the terms & conditions contained in tender documents, the same must be expressed clearly in a separate letter accompanying the tender without making any correction on the body of the tender documents

- e) The bidders are requested to submit Technical and Financial offers in sealed form on or before **05.10.2010 at 10:00** hours, in the office of General Manager (BMD), PAKISTAN STEEL on the following address:-

General Manager, Bulk Material Department
Admin Block-III, Pakistan Steel,
P.O.Box No. 5429, Bin Qasim, Karachi,
PAKISTAN.

- f) The Technical Offers will be opened publicly on the same day at 11.00 hours in the venue as already specified in the International Public Notice.
- g) **Validity of offer** should be **30 days** from the date of Tender Opening and **a certificate to this effect** shall also be enclosed separately with tender documents.
- h) The bidder should clearly indicate his status in this tender, whether he is a mine owner or a trader:-
- i) The mine owner bidder should furnish complete details of the mines along with the notarized copies of mining lease and operational facilities available and financial turn over of his firm for previous one financial year.
 - ii) The trader bidder should furnish complete details of his mine owner along with complete details of the mines with the notarized copies of mining lease and operational facilities available. An original authorization letter directly from his mine owner shall be provided to submit the tender on his behalf. The trader shall furnish financial turn over of his own firm for the last one financial year.
- i) The bidder should be of international repute having sound financial background. (to be judged from latest audited accounts). The audited balance sheet of last one year should be provided.
- j) Pakistan Steel will deal directly with mine owners or traders (Having direct authorization from mine owners), but if the bidder appoints some local agent then a notarized copy of agreement between mine owners/traders and the authorized local agent should be provided.
- k) The loading port conditions should be matching with Port Qasim and / or capable of handling a minimum of 40,000 ($\pm 10\%$) tonnes vessel.
- l) Records of actual shipments / supplies / production of Ore offered with names of the countries / agencies to whom supplies were made in the past, should be provided (B/L documents) along with quality certificates. Quantity of ore to be covered under such certification should be atleast 100,000 MT from the quoted mine.
- m) Full particulars, website, e-mail of the mine owners / traders, local agent and inspection agency at load port should be provided.

- n) The contract shall be prepared in the line of these guidelines, general terms & conditions and other information as detailed in the tender document.

2) BID BOND:

The offer should be accompanied with Earnest Money in the form of Bank Guarantee on prescribed proforma (attached) from a scheduled Bank duly countersigned by a scheduled Bank of Pakistan for an amount of **US\$ 80,000/-** or equivalent EURO or Pak. Rupees valid up to 90 days from the date of opening of technical offer.

In case of more than one offer from the same company, only one Earnest Money / bid bond shall be required to be submitted. (List of schedule Banks also attached, waiver is available for bidders who has outstanding balance amounts exceeding 80,000 US\$ with Pakistan Steel if a written request is submitted along with the offer to hold the bid bond from their balance payments).

3) PERFORMANCE BANK GUARANTEE:

The Seller is required to furnish **US\$ 150,000** Performance Bank Guarantee from any bank mentioned in the approved list of PAKISTAN STEEL duly confirmed by its scheduled branch in Karachi, PAKISTAN (Waiver is available to adjust performance bank guarantee with the balance outstanding payments exceeding 150,000 US\$ of the bidders on written request to with hold the performance bank guarantee from their balance payment).

The Performance Bank Guarantee will be submitted within seven (07) PAKISTAN STEEL working days from date of signing of contract and shall remain valid for a period of 90 days and / or 30 days after last shipment received at Bin Qasim from the date of issue (as given under tender enquiry) in the event of failure to fulfill this contractual obligations by the Seller or unsatisfactory performance, PAKISTAN STEEL shall have the right to terminate the contract and forfeit the Performance Bank Guarantee in favour of PAKISTAN STEEL without assigning any reason thereof.

- 4) In the event of any delivery of Iron Ore, not conforming to the specifications set forth in the Technical offer, the penalties shall be levied as mentioned in the general terms & condition of tender documents.(Proforma C)
- 5) Sampling and analysis of iron ore may be carried out at load port by an independent Surveyor (Proforma-I) on behalf of Seller. The sampling at discharge port shall be carried out by PAKISTAN STEEL. Discharging Port analysis shall be treated as final. However, Seller may depute his representative to witness the analysis at Discharge port.
- 6) In case the specification of supplied cargo falls outside the specified limits mentioned in the contract, then Buyer shall have the option to suspend further shipments.
- 7) Bank charges in respect of Letter of Credit shall be at Seller's account in Seller's Country and to Buyer's account in Buyer's Country.
- 8) The weight of the cargo to be determined by a licensed independent Marine Surveyor at discharge port appointed by the Buyer and shall be final, on a natural basis as to delivery of Iron Ore. Seller shall have the right to be present at the discharge port through his duly authorized representative.
- 9) The Contract shall be subject to the approval of the respective Government, if so required, and the parties shall be responsible to obtain such approval from their respective Government.

10) ANNOUNCEMENT OF EVALUATION REPORTS:

Pakistan Steel will announce the results of bid evaluation in the form of a report giving justification for acceptance or rejection of bids at least ten days prior to the award of procurement contract, and any bidder feeling aggrieved by any act of the buyer after the submission of his bid may lodge a written complaint concerning his grievances not later than fifteen days after the announcement of the bid evaluation report.

11) Pakistan Steel will have the right to:-

- a) Forfeit the earnest money if the bidder fails to fulfill the terms and conditions of the offer proforma or commits any breach thereof.
- b) Relax / waive or add any condition (not contradicting PPRA Rules) without assigning any reason thereof.
- c) Reject any or all offers at its sole discretion.

12) PUBLIC ACCESS AND TRANSPARENCY:

As soon as a contract has been awarded, the buyer shall make all documents related to the evaluation of the bid and award of contract in public: Provided that where the disclosure of any information related to the award of a contract is of proprietary nature of where the buyer is convinced that such disclosure shall be against the public interest, it can withhold only such information from public disclosure subject to the prior approval of the Authority.

13) REDRESSAL OF GRIEVANCES & SETTLEMENT OF DISPUTE:

Redressal of grievances by the buyer: -

- i) The buyer shall constitute a committee comprising of odd number of persons, with proper powers and authorizations, to address the complaints of bidders that may occur prior to the entry into force of the procurement contract.
- ii) Any bidder feeling aggrieved by any act of the buyer after the submission of his bid may lodge a written complaint concerning his grievances not later than fifteen days after the announcement of the bid evaluation report under PPRA rule-35.
- iii) The committee shall investigate and decide upon the complaint within fifteen days of the receipt of the complaint.
- iv) Mere fact of lodging of a complaint shall not warrant suspension of the procurement process.
- v) Any bidder not satisfied with the decision of the committee of the buyer may lodge an appeal in the relevant court of jurisdiction.

14) RESOLUTION OF DISPUTES / ARBITRATION

Any dispute or difference (s) arising out of the agreement which cannot be amicably settled between the Parties, shall be finally settled under the provision of the Arbitration Act-1940 (Act No: X of 1940) and rules made there under as amended from time to time. The venue of arbitration shall be Karachi Pakistan.

15) **APPLICABLE LAW**

This Agreement shall, in all respects, be read and construed and shall operate in conformity with the laws of Islamic Republic of Pakistan.

16) Looking forward for receiving your most competitive bid. For any clarification you may please contact, General Manager (BMD) :

Fax No: 92 021- 34750156 / 34750170

Tele No: 92 021- 34750946

E.Mail : psshopping@cyber.net.pk

17). Last date for submission of Bids **05.10.2010, 10.00 HRS**

BULK MATERIAL DEPARTMENT

GENERAL MANAGER

PAKISTAN STEEL

GENERAL TERMS AND CONDITIONS
FOR TENDER BMD/67/IOF/10

1. Definitions/ Interpretation

As used in this contract the following expression shall have the meaning set forth against each below:

- "Ore" means iron Ore to be produced by mine owners (Name of mine/Name of Lease etc)
- "Fine Ore" means iron ore plus 0.15mm to minus 6 mm as per tender specification
- "Place of loading" means: NAME OF BERTH
- "Port" means the Port of (NAME OF PORT)
- "Agreed Price" means price agreed upon by the parties pursuant to Clause 04.
- "Seller's Wharf" means the Iron Ore loading wharf established by SELLER at the place of loading;
- "Tonne" means a metric tonne of 1,000 Kilograms;
- "DMT" means dry metric tonne.
- References to Ore on a "natural basis" are the Ore in its natural or wet state;
- References to Ore on a "dry basis" are the Ore dried at 105 degrees Centigrade;
- Unless otherwise stated Clause headings or sub-headings are inserted for convenience only and shall not affect the construction or interpretation hereof.
- "FOBT" in relation to price means the price per Metric Ton of Ore delivered free on board and spout trimmed in vessel loaded at Port of loading and in relation to delivery means Ore so delivered.
- "Discharge Port" or "Port of Unloading" means Port Muhammad Bin Qasim, Iron Ore and Coal (IOC) berth, Bin Qasim Karachi, Pakistan.
- "Contract" means the totality of the acceptance of tender to be issued by the Buyer to the bidder whose offer has been accepted.
- "Buyer's Premises / Plant" shall mean Iron Ore and Coal (IOC) berth, Bin Qasim Karachi, Pakistan and integrated Pakistan Steel plant.
- "Buyer" shall mean Pakistan Steel
- "Seller" shall mean a party on whom the purchase order for supply of fine Iron ore shall be awarded upon acceptance of the offer submitted & Purchase order executed.

- "Tender" means collectively the offer submitted in response to and in accordance with this tender document for procurement of fine Iron Ore, subsequent discussions and negotiations held by the bidder with the buyer and all communications submitted by the bidder in confirmation thereto.

2. Scope of Supply

The scope of supply shall be the delivery of iron ore fine by the seller conforming to the specifications mentioned in clause 03 below in accordance with agreed terms and conditions and delivery period Nov to Jan 2011.

03. SPECIFICATION

Chemical Specifications (Dry Basis)

Iron Ore (FINE)

A)	CHEMICAL ANALYSIS (ON DRY BASIS)	IRON ORE
		FINE
	Fe (Total) % (Min)	<u>57.00</u>
	SiO ₂ % (Max)	<u>8.50</u>
	Al ₂ O ₃ % (Max)	<u>3.75</u>
	Sulphur % (Max)	<u>0.06</u>
	Phosphorous % (Max)	<u>0.10</u>
	Cu % (Max)	<u>0.05</u>
	TiO ₂ % (Max)	<u>0.25</u>
	Alkali % (Max)	<u>0.15</u>
B)	Other elements like Zn, Pb, Cr, Sn, V, etc.	<u>0.009</u>
C)	Moisture % (Max)	<u>10.5</u>
<u>PHYSICAL / SIZE ANALYSIS (AT DISCHARGE PORT SAMPLING POINT JUNCTION-12)</u>		
<u>IRON ORE (FINE)</u>		
D)	<u>SIZE</u>	<u>Percentage</u>
	(+) 10 mm % (Max)	<u>5.00</u>
	(+) 06 mm % (Max)	<u>15.00</u>
	(-) 0.15 mm % (Max)	<u>40.00</u>
	(+) 0.15mm to (-) 6 mm % (Max)	<u>Remainder</u>

04. PRICE

The CFFO price of the cargo shall be:

- FOB price for Fe _____% appeared on My Steel Index on commercial opening date of the tender, plus premium USD _____ PMT or rebate USD _____ PMT plus freight USD _____ PMT.
- The CFFO price for each shipment will be fixed five days before LC opening date referring My Steel Index FOB price of that day plus offered premium or rebate plus freight (not exceeding the offered freight) will be the price.

- c. The minimum CFR price of My Steel for the specific Fe _____ % will be considered for freight calculation.

05. ROUNDING OF DECIMAL PLACES

- i) Tonnage for individual shipment shall be rounded off at third decimal place while converting from wet to dry tonnage. Fourth decimal to be rounded upward or dropped as per recognized accounting procedure to determine the third decimal place.
- ii) Per tonne price for individual shipments shall be calculated and rounded off at fourth decimal place based on Fe percent and unit price. Fifth decimal place to be rounded upward from half number or dropped as per recognized accounting procedures to determine Fourth decimal place.
- iii) Final shipment value for invoicing purposes shall be expressed in whole Cents with any calculated price rounded upwards from the half Cent and above to the nearest Cent and if less than half Cent rounded downwards towards the nearest Cent.

05 (A). PERFORMANCE BANK GUARANTEE:

The Seller is required to furnish US\$ 150,000 Performance Bank Guarantee for the due performance of the contract / supplies from any approved bank duly confirmed by its scheduled branch in Karachi, PAKISTAN, as per approved list of PAKISTAN STEEL.

The Performance Bank Guarantee will be submitted within 07 Banking days of signing of contract and shall remain valid for a period of 90 days from the date of issue (as given under tender enquiry) in the event of failure to fulfill this contractual obligations by the Seller or unsatisfactory performance, PAKISTAN STEEL shall have the right to terminate the contract and forfeit the performance bank guarantee in favour of PAKISTAN STEEL without assigning any reason.

06. PRICE ADJUSTMENT AGAINST DEVIATION FROM GUARANTEED SPECIFICATIONS

If the chemical analysis and physical size analysis of any shipment deviates the guaranteed maximum / minimum limits of the contract , the buyer shall be entitled to price adjustments as follows (All fractions pro-rata):

a) CHEMICAL

- Fe : An upscale will be added per DMT unit of Fe above “contracted Fe content” and fraction pro rata & downscale shall be deducted per DMT unit of Fe below “contracted Fe content” and fraction pro rata to the contracted price which will be calculated as follows:-

$$\text{Upscale (Premium)} = \frac{(\text{Contracted Fe unit price}) \times (\text{Final Fe \%} - \text{Contracted Fe \%})}{\text{Contracted Fe \%}}$$

$$\text{Down scale (Deduction)} = \frac{(\text{Contracted Fe unit price}) \times (\text{Contracted Fe \%} - \text{Final Fe \%})}{\text{Contracted Fe \%}}$$

1. If the chemical analysis and physical size analysis of any shipment exceeds the guaranteed maximum / minimum limits as indicated hereunder, the following penalties shall apply:

b) CHEMICAL

For chemical elements in excess of the guaranteed specifications (fractions pro-rata).

- SiO₂ : **US\$ 0.04** per dry metric ton for each 1% in excess of guaranteed maximum.
- Al₂O₃: **US\$ 0.05** per dry metric ton for each 0.1% in excess of guaranteed maximum.
- P : **US\$ 0.05** per dry metric ton for each 0.01% in excess of guaranteed maximum.
- S : **US\$ 0.03** per dry metric ton for each 0.01% in excess of guaranteed maximum.
- Cu : **US\$ 0.03** per dry metric ton for each 0.01% in excess of guaranteed maximum.
- TiO₂ : **US\$ 0.03** per dry metric ton for each 0.01% in excess of guaranteed maximum.
- Alkalis: **US\$ 0.03** per dry metric ton for each 0.01% in excess of guaranteed maximum.
- Other metals: **US\$ 0.03** per dry metric ton for each 0.1% exceeding excluding Ca, Mg, & Mn.
- L.O.I : **US\$ 0.12** per dry metric ton for each 0.01% in excess of guaranteed maximum.

b) PHYSICAL (SIZE ANALYSIS) - IRON ORE FINE

- i. (+) 10 mm US Cent 10 per wet metric ton for each 1% above guaranteed maximum of 5% (max)
- ii. (+) 06 mm : US Cent 05 per wet metric ton each 1 % above guaranteed maximum of 15% (max)
- iii. (-) 0.15 mm : US Cent 10 per wet metric ton for each 1% above guaranteed maximum of 40%

c) EXCESS MOISTURE %

Seller has to pay compensation if the moisture content exceed at discharge port beyond the Sellers guaranteed moisture ____ % level which will be calculated on the basis of the final adjusted wet weight as below

$$\text{Adjusted final wet weight} = \frac{\text{LPC tonnage} \times (100 - \text{Actual DP TM } \%)}{100 - \text{Seller Guaranteed Moisture } \%}$$

- * LPC (Load port Certificate)
- * DP TM (Discharge Port total moisture)
- * DMT will be calculated on adjusted final wet weight.

In such case, DMT will be calculated on adjusted final wet weight at actual discharge port moisture.

d) DAMAGE TO BUYER'S ORE DISCHARGING OR CONVEYING EQUIPMENT.

If it is established by the Buyer to the Seller's satisfaction that due to or resulting from the delivery of any of the aforesaid ore by Seller any actual damage is caused to Buyer's ore discharging or conveying equipment, other ore preparation facilities, or any additional cost is incurred by Buyer in the operation thereof, Seller shall promptly pay Buyer, in addition to any amount payable under clause (penalty), the amount of such actual damage and or additional cost. Seller or seller's representative may at Seller's expense

be present during the discharging and ore preparation of such ore in a manner which will not delay Buyer's discharging, conveying and / or ore preparation work.

e) **ABSOLUTE LIMITS**

In case exceeding the absolute limits / deviation at discharge port shall make the ore liable to extra ordinary penalty imposed by sole discretion of the buyer:

a) <u>Chemical</u>	<u>Fine Ore</u>	
- Iron (Fe)	Below	56.00%
- Silica (SiO ₂)	Exceeding	10.00%
- Alumina (Al ₂ O ₃)	Exceeding	4.00%
- Sulphur (S)	Exceeding	0.10%
- Phosphorous (P)	Exceeding	0.15%
-TiO ₂	Exceeding	0.35%
-Alkalis	Exceeding	0.20%
b) <u>Physical</u>		
- (+) 10 mm	Exceeding	15.0%
- (+) 06 mm	Exceeding	25.0%
- (-) 0.15 mm	Exceeding	40.0%

f) **BUYER'S RIGHT IN CASE OF REJECTION**

In the event, the Buyer's Sampling & Analysis gross sample report reveals that the material supplied does not meet the agreed Physical and Chemical specifications, then depending upon the level of deviations in values, buyer reserves the right to hold material fully or in part and / or levy penalty as may be decided by the Buyer or forfeit the balance 10% amount.

07. **WEIGHING**

- a) At the place of loading Seller shall at Seller's expense determine the weight of the shipment of ore by draft survey of vessel. A qualified marine surveyor nominated by Seller and agreed to by Buyer shall carry out such survey. The weight so determined shall be evidenced by the issue of a weight certificate for ore on a wet basis and shall be advised to Buyer immediately after Vessel's departure from the Port through courier. Buyer may at Buyer's expense have a representative present at the time of such determination. Seller shall make a determination of the weight on dry basis by deducting from such wet weight moisture loss at 105 Centigrade. Such weight together with the Seller's analysis of the sample taken pursuant to Clause 03 shall be the basis for Seller's provisional invoice.
- b) At port of Discharge Buyer shall at Buyer's expense determine the weight of the shipment of ore by draft survey of ship by a qualified marine surveyor employed by a recognized firm of marine surveyors designated by Buyer and agreed to by Seller. The weight thus determined shall be conclusive as to the quantity of the relevant shipment on a natural basis providing the weight is within plus or minus half percent (0.5 percent) of such loaded weight. If the variance is in excess of half percent (0.5%) of such loaded weight the parties shall mutually agree to arrive at a mean of the two weights in good faith in order to reach a fair and equitable agreement as to the weight of ore. Seller may at Seller expense have a representative present at the time of such determination. The discharge weight certified shall be promptly forwarded by Fax and airmail to seller.
- c) In the event Buyer fails to determine the weight of the shipment in accordance with Clause-07 (b) then loaded weight as determined pursuant to Clause 07 (a) shall be final for all purposes hereunder.

08. SAMPLING AND ANALYSIS

- a) At the place of loading Seller shall at Seller's expense appoint an independent agency who will take a representative sample from the shipment and shall provide a certificate showing the percentages of chemical contents, the percentage of free moisture loss at 105 degrees Centigrade and the relevant screen analysis and such Seller's analysis shall be provisional and shall be the basis for Seller's provisional invoice. Seller shall provide to Buyer the percentage of chemical contents and the percentage of free moisture loss at 105 degree centigrade by e.mail, fax or courier immediately before the vessel's departure from the Port of Loading.
- b (i) Upon arrival of vessel at the discharge port representative samples for analysis of chemical and physical composition and for free moisture content shall be taken by Buyer at Buyer's expense. After completion by Buyer of analysis for physical composition and free moisture content, the samples taken for chemical analysis shall be divided into three equal parts and sealed, one for Buyer, one for Seller and the third to be retained by Buyer for umpire purposes. Buyer shall issue a certificate of analysis covering chemical and physical specifications and free moisture content. Such certificate of analysis shall be final for chemical and physical specification and moisture content with the exception of Fe content which shall be determined according to the Clause 06 (b) unless Seller or Buyer requests umpire analysis. Cost of such analysis at discharge port shall be for the account of Buyer. Seller at Seller's expense shall have a representative present at the time of such sampling.
- (ii) Fe analysis certificate should be exchanged at a mutually agreed date and if the difference between the iron content determined by the Buyer and that determined by the Seller's representative at the unloading port is less than or equal to 0.50% the iron content to be used in the final invoice shall be the arithmetic average of the two contents.
- c) If the difference in percentage of Fe content between Seller's and buyer's analysis made under Clause 6 (b) is more than 0.50%, Buyer shall consult with Seller to reconcile such difference, If after consultation between Buyer and Seller the difference cannot be reconciled then at the request of Buyer or Seller the sample for umpire analysis shall be analyzed by an umpire (mutually agreed), and the certificate of analysis issued by such umpire shall be final and binding for both the parties for Fe content. The cost of the umpire analysis, shall be for the account of the party whose own analysis differs farther from the umpire analysis, and if the result of such umpire analysis is the mean of analysis of Seller and the analysis of Buyer, then such cost shall be equally borne by both parties. All sampling and analysis under this contract shall be carried out in accordance with the prevalent standards of Japanese Industrial Standards Committee / ISO.

09. PAYMENT

a) Letter of Credit

- i) Not later than five (5) days prior to the expected date of vessel's arrival at the Port of Loading, Buyer shall establish by full telex or swift message in favour of Seller, an irrevocable Letter of Credit through _____ or any approved Bank .in favour of M/s ----- Ltd.

- from
- ii) The Letter of Credit shall be advised, confirmed, and negotiated by the Sellers designated bank M/s -----; the letter of credit shall be established covering 100% value of the shipment (plus 10 %) on the contract price and on the basis of quantity according to schedule of shipment.
 - iii) Shall be for an amount in US Dollars equal to 110 percent minimum of the total expected amount payable in respect of the shipment, calculated on the basis of contract price and the quantity of ore scheduled for the shipment, assuming ---- % Fe dry basis.
 - iv) Shall provide for telegraphic transfer reimbursement and payment against draft at sight at the counters of the Seller's designated bank M/s. -----, at their expenses provided Seller makes their own arrangement for the full amount payable in respect of the shipment as shown on Seller's provisional invoice.
 - v) Proforma invoice for custom purposes only shall be faxed to BUYER before sailing of the vessel so that the same is received at BUYER'S end before arrival of the vessel.
 - vi) All bank charges out side Pakistan in connection with the Letter of Credit, including those for advising confirmation and negotiation, etc shall be for the account of SELLER. All other bank charges including those for opening the Letter of Credit incurred in Pakistan shall be for the account of the BUYER.
 - vii) The letter of Credit shall remain valid for not less than 90 days the date of the Bill of loading of first shipment.
 - viii) The letter of credit extension charges due to delay in shipment shall be borne by the Seller if it is due to the reason for which the seller is responsible. If supplier fails to draw payment of previous / earlier shipment within time and Pakistan Steel establish/enhance L/C for next shipment then charges incurred on previous balance will also be on Supplier / Beneficiary account.

b) Provisional Payment

- i) In respect of the shipment of Ore, the Seller may draw against such Letter of Credit for the amount of 90% of full provisional value as shown on SELLER's provisional invoice as per clause 8(a) covering the shipment upon presentation by SELLER to SELLER's designated Bank of the following documents:
- ii) Bill of exchange / draft.
- iii) A full set of negotiable clean-on-board ocean bills of lading with Freight prepaid on CFFO basis.
- iv) An original and four signed copies of the Certificate of Weight furnished by SELLER pursuant to Clause 7 (a) issued by seller's inspection agency.
- v) An original and four signed copies of the Certificate of Analysis furnished by the SELLER pursuant to Clause 8 (a) issued by an independent inspection agency(on the approved panel of the buyer at proforma I). In

case of deviation from the guaranteed / contractual specification the bank shall obtain clearance of buyer prior to release of 90% provisional payment.

- vi) An original and six signed copies of SELLER'S invoice calculated on the above basis together with the above mentioned certificates and based on the prices set forth in Clause-3 (adjusted if necessary in accordance with Clause 6).
- vii) An original and four signed copies of the certificate of origin issued by Seller.
- viii) The Seller will furnish a guarantee certificate confirming that all terms and conditions of contract have been fulfilled and price charged is in accordance with the same.
- ix) Beneficiary must inform after shipment the value of shipping documents before the negotiation with their bank by FAX / Telex to the A/GM (Finance) / DGM (Cash), Pakistan Steel Mills Corporation Pvt. Ltd. Bin Qasim, Karachi, on FAX No: 34750156 directly to enable the opener to arrange the retirement of documents within time. Confirmatory copy of message should be enclosed with original shipping documents and load port analysis by the inspection agency.

c) FINAL PAYMENT

- i) The Seller may, after discharge at the port of Discharge, draw in respect of the shipment against such Letter of Credit for any portion of the amount finally determined in accordance with Clause-6,7&8 upon presentation of the following documents:
- ii) Bill of Exchange / Draft.
- iii) An original of the discharge weight certificate issued at the Port of Discharge, furnished by the Buyer pursuant to clause 7 (b).
- iv) An original of the analysis certificate issued by BUYER pursuant to Clause 8 (b) (i).
- v) An original and four signed copies of the Seller's final invoice; and
- vi) Buyer's statement of final account (final adjustment sheet) including any price Adjustments pursuant to Clause-5 and adjustment of Despatch / Demurrage agreed.
- vii) Claims regarding demurrage / dispatch are to be settled through the same letter of credit after making adjustment from 10% balance payment.
- viii) Beneficiary must inform after shipment the value of shipping documents before the negotiation with their bank by FAX / Telex to the A/GM (Finance) / DGM (Cash) Pakistan Steel Mills Pvt. Ltd., Bin Qasim, Karachi, on FAX No: 34750156 directly, to enable the opener to arrange the retirement of documents within time. Confirmatory copy of message should be enclosed with the original shipping documents.
- ix) If the Seller has not within 60 days from discharge of vessel received the documents referred to in item (ii), (iii) and (v) of Clause 8 (c) with respect to such shipment, then unless Buyer and Seller are awaiting umpire's determination pursuant to Clause 8(c) or claim is under negotiation or arbitration, the Seller may draw against the letter of credit for any remaining amount due for such shipment as shown by Seller's provisional

invoice provided that if subsequently thereto the Seller has received all those documents the same shall constitute the basis of final settlement for the shipment.

- x) Any amount of overpayment or under payment for any delivery after adjustments have been made on the basis of final certificate of weight and analysis to the Seller shall be paid promptly by the Seller to the Buyer or by the Buyer to the Seller. Payment under this provision shall be made by Telegraphic transfer in US Dollars.

10) SHIPPING DOCUMENTS TO BUYER

Seller to Fax / Email Scan copy of load port Certificate prior to the sailing of the vessel to the Buyer designated address given below.

One copy of each of non-negotiable shipping documents shall be faxed / E Mail to the Buyer within two and a half days of sailing of the vessel. However, the same documents will also be couriered immediately thereafter to the attention of:

- i) General Manager, Bulk Material Department,
PAKISTAN STEEL,
Bin Qasim, Karachi, Pakistan
Phone No. 34750946 (direct) / 34750271- Ext. 4125
Fax No: (92-021) 34750156
- ii) Incharge (Shipping Deptt),
PAKISTAN STEEL,

Bin Qasim,

KARACHI

Phone No: 5750271-Ext.4116

Fax No: (92-021) 34750156 / 34750170

- a) Beneficiary's Title and Account No.

(i)	Title of Account	:	
(ii)	Account No.	:	

- b) Beneficiary's Bank Details:

(i)	Name and Address of the Bank	:	
(ii)	Swift Code of the Bank	:	
(iii)	Telephone No.	:	
(iv)	Fax No.	:	

11. RISK PURCHASE (IN CASE OF NON-FULFILLMENT OF CONTRACTUAL OBLIGATIONS BY SUPPLIERS):

- a) In the event of placement of firm contract, if Seller fails to deliver the ordered quantity of goods in the prescribed manner, period etc, the Buyer shall be entitled at their option to cancel the contract.

- b) To purchase from any other source at the cost and risk of the supplier and without any notice to them, the goods not delivered or other goods of equivalent specifications etc. (where goods exactly confirming to the ordered quality are not available) at the sole option of the Buyer which shall be final, without canceling the contract in respect of such goods if any, as are not yet due for delivery or ;
- c) To recover any consequential losses/damages incurred by PAKISTAN STEEL, by withholding any amounts otherwise due to the supplier against this contract.
- d) In the event of action being taken under (a) or (b) above, the supplier shall be liable for all consequential losses, damages etc., which the Buyer may sustain.

12. INSURANCE OF CARGO

Each ore cargo to be shipped under this contract shall be insured by the Buyer. For this purpose immediately on completion of each shipment the Seller shall advise the Buyer (Attention – General Manager, Bulk Material Department, Fax 021 34750170 / 021 34750156 and Manager Insurance Department, Fax 021 34750156, and National Insurance Corporation Fax (92-21) 9202764 of the following particulars of the consignment:

- i) Name of Vessel
- ii) Quantity loaded
- iii) Port of Loading
- iv) Destination Port
- v) Load Port arrival date
- vi) Sailing date load port
- vii) ETA Discharge Port
- viii) The confirmatory copy of FAX message be submitted with original shipping documents.

13. TAXES

Should any new duty or tax or increase in any existing duty or tax be imposed during the term of this contract upon the Iron Ore or the sale, transportation, exportation, or importation thereof, the same shall be borne and paid:

- i. By the Seller in respect of any new duty or tax or increase in any existing duty or tax levied by the Seller's Govt. and:
- ii. By the Buyer in respect of any new duty or tax or increase in any existing duty or tax levied by PAKISTAN.

14. DEFAULT

Should the Seller fail to have the ore shipped by the time agreed upon and such default if not remedied within 30 days after written notice has been given by the Buyer to the Seller, or should it have a receiving order made against or make or enter into any arrangement on composition with its creditors or suspend payment (or being a company should enter into liquidation either compulsory or voluntarily), the Buyer shall have power to declare the Contract as at an end in part or in whole at the risk and cost of the Seller to the extent as provided for in Clause 20, hereinafter. In such a case, the Seller shall be liable for such expense, damages or losses which the Buyer may incur, sustain or be put to by reason or of in connection with the Seller's default. This clause is subject to the Force Majeure clause.

15. RISK PURCHASE

The cancellation of the contract as stated in Clause- 11 may be either for whole or part of the contract at Buyer's option. In the event of Buyer's terminating the contract in whole or in part, it may procure usual vessel size (40,000 MT \pm 10%) on such terms and in such manner as it deems appropriate, supplies of ore similar to those so terminated and the Sellers shall be liable to the Buyer for any excess costs for such similar supplies provided that Seller shall continue the performance of the contract to the extent it is not terminated under the provisions of the relevant clause.

16. FORCE MAJEURE

- i. If on account of an event of Force Majeure either party is unable to carry out any of its obligations under this Contract (other than obligations of either party to pay or expend money for or in connection with the performance of this contract), and if such party promptly gives to the other party hereto written notice expressly invoking the provisions of this Clause 16 specifying the event of force Majeure, then the following provisions of this Clause shall apply.
- ii. The term "Force Majeure" as used in this contract shall mean;
 - (a) War, hostilities (whether war be declared or not), invasion, act of foreign enemies,
 - (b) Rebellion, revolution, insurrection, or military or usurped power, or civil war,
 - (c) Ionizing radiations, or contamination by radio-activity from any nuclear fuel, or from any nuclear waste from the combustion of nuclear fuel, radioactive toxic explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.
 - (d) Pressure waves caused by aircraft or other aerial devices travelling at sonic or supersonic speeds,
 - (e) Riot commotion or disorder, unless solely restricted to employees of the Contractor or of his Subcontractors and arising from the conduct of the Works,
 - (f) Loss or damage due to the use or occupation by the Employer of any Section or part of the Permanent Works, except as may be provided for in the Contract.
 - (g) Loss or damage to the extent that it is due to the design of the Works, other than any part of the design provided by the Contractor or for which the Contractor is responsible, and
 - (h) Any operation of the forces of nature against which an experienced contractor could not reasonably have been expected to take precautions.
- iii. If an event of Force Majeure occurs, and notice is given as provided in Clause-16 (i) the obligations of the party giving such notice shall be suspended to the extent made necessary by such event of Force Majeure and during its continuance provided the effect of such event of Force Majeure is eliminated in so far as possible with all reasonable despatch (but nothing herein shall be construed to require either party to accede to any demand of labour or third parties which the party giving such notice considers unreasonable).
- iv. If (a) an event of Force Majeure occurs, (b) obligations are suspended as contemplated by Clause-16(ii) (c) such event (alone or extended by other events of Force Majeure) continues so that obligations remain suspended for a period or

periods amounting in aggregate to ninety (90) days in any consecutive period of one hundred and eighty (180) days and (d) at the end of said period or at any time thereafter, either party in the exercise of reasonable judgment, concludes that there is no likelihood of ending such conditions in the immediate future, then either party may terminate this Contract without any future liability to the other party by giving thirty (30) days notice to the other party of its intention to do so, and at the expiration of said thirty (30) days, unless such conditions shall have been ended, the party giving such notice of intention may at its election terminate this contract forthwith.

- v Deficiencies or failures in shipment due to Force Majeure reason shall be made up according to mutual agreement.

17. FRAUD AND CORRUPTION

It is the Pakistan Steel policy to require its staff and contractors to observe the highest standard of ethics during the selection and execution of such contracts. In pursuance of this provision, the terms set forth below:-

- (a) For the purposes of this provision, the terms set forth below:
 - (i) “Corrupt practice” means the offering, giving, receiving, or soliciting, directly or indirectly, of any thing of value to influence the action of a public official in the selection process or in contract execution.
 - (ii) “Fraudulent practice” means a misrepresentation or omission of facts in order to influence a selection process or the execution of a contract.
 - (iii) “Collusive practices” means a scheme or arrangement between two or more contractors with or without the knowledge of Pakistan Steel, designed to establish prices at artificial, noncompetitive levels and to deprive Pakistan Steel of the benefits of free and open competition.
 - (iv) “Coercive practices” means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in a procurement process, or affect the execution of a contract.
- (b) Will reject a proposal for award if it determines that the consultant recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive or coercive practices in competing for the contract in question;

- (c) Will sanction a consultant, including declaring the consultant ineligible, either indefinitely or for a stated period of time, to be awarded a Pakistan Steel contract if it at any time determines that the consultant has, directly or through an agent, engaged in corrupt, fraudulent, collusive or coercive practices.

18. RESOLUTION OF DISPUTES / ARBITRATION

Any dispute or difference (s) arising out of the Agreement which cannot be amicably settled between the Parties, shall be finally settled under the provision of the Arbitration Act-1940 (Act No: X of 1940) and rules made there under as amended from time to time. The venue of arbitration shall be in PAKISTAN.

19. APPLICABLE LAW

This Agreement shall, in all respects, be read and construed and shall operate in Conformity with the laws of Islamic Republic PAKISTAN.

20. A M E N D M E N T S

No cancellation, modification of any order or change in specifications shall be made and with the express consent of the Seller and the Buyer and subject to such conditions as will save the Seller or the Buyer as the case may be, harmless from any loss by reason thereof. None of the terms and conditions contained herein may be added to deleted, modified or altered except by written instrument signed by the Seller and the Buyer. There are no oral understanding, representations or agreements relative hereto which are not fully expressed herein.

21. WAVIER OF CONDITIONS

The wavier by Seller or Buyer of any term, provision or condition herein stated shall not be construed to be wavier of any other term condition or provision hereof, nor shall such wavier be deemed a wavier in respect of a subsequent breach of the same, term condition or provision nor shall it be deemed a wavier of any condition in any subsequent order.

22. NOTICES

- i) Any notice to be given by any party to the other party pursuant to any of the provisions of this contract shall be deemed to be sufficiently given if sent by airmail in an envelope first class airmail postage prepaid, deposited in a post office in Pakistan or in ----- or sent by telecommunication. Any such notice, if so sent by first class airmail shall be deemed to have been received on the fifth business day (excluding Saturday, Sunday and Sellers Country holidays if addressed to the Seller and excluding Saturday, Sunday and Pakistani holidays if addressed to Buyer) following the date of airmailing, and if sent by telecommunication, shall be deemed to have been received on the first business day (excluding Saturdays, Sunday and public holidays if addressed to the Sellers and excluding Saturday Sunday and Pakistani holidays if addressed to the Buyer) following the date of the telecommunication. Any notice given by telecommunications shall be followed by a signed confirming letter of the sending of such notice. Any notice hereunder shall be addressed as follows:

In case of the Seller

M/s _____

Fax No _____

Phone No _____

Attention Mr. _____

In case of the Buyer

M/s **PAKISTAN STEEL MILLS CORPN (PVT) LIMITED**

Bin Qasim, Karachi – 50

PAKISTAN

Attention: C.E.O.

Cable : PAKSTEEL

Fax No : (92-021) 34750166

- ii) Any party may from time to time by notice hereunder change its address for notice. All such notices given in writing for the purpose of this contract shall be deemed to have been properly authorized if they are signed by any Director, or Secretary or any other person authorized by the Board of the party giving it or in the case of a notice, sent by fax, authorized by any Director or Secretary or any other person authorized by the Board of the party causing it to be dispatched.

PAKISTAN STEEL
(BULK MATERIAL DEPARTMENT)
TECHNICAL BID / OFFER PROFORMA

PROFORMA D

FOR TENDER BMD/67/IOF/10
(To be filled in by the Bidders)

NAME OF THE BIDDER

1. CHEMICAL SPECIFICATION (On Dry Basis)

IRON O R E (FINE) in figures %

	<u>Guaranteed</u>		<u>Guaranteed</u>
i. Iron (Total) % (Min)	_____	viii. MgO%	_____
ii. Silica % (Max)	_____	ix. CaO%	_____
iii. Alumina % (Max)	_____	x. MnO %	_____
iv. Sulphur % (Max)	_____	xi. L.O.I. %	_____
v. Phosphorous % (Max)	_____	xii. Alkali % (Max)	_____
vi. Copper % (Max)	_____	xiii. Moisture %	_____
		Other Metals like	_____
vii. Titania % (Max)	_____	xiv. Cr, Zn, Pb, Sn, V etc.%	_____

Note: Bidders are requested to quote actual figures of analysis instead of writing traces or N A , etc

2. PHYSICAL SPECIFICATIONS:

FOR IRON ORE (FINE)

Guaranteed

(+) 10.0 mm (%)	_____
(+) 6.0 mm (%)	_____
(-) 0.15mm (%)	_____
(+) 0.15 mm to (-) 6.0 mm	_____

3) INFORMATION TO BE PROVIDED BY THE BIDDER

- i Name of Mine: _____
- ii. Name of Loading Port: _____
- iii.. Status of Company(Mine Owner / Trader): _____
- iv. Tonnages of Iron Ore Fine (_____MT) offered with effect from _____ to _____ 2011, number of shipments _____.
- v. Port restriction and loading rate: _____
- vi. Authorized paid up capital of company: _____
- vii. Detail of export of offered ore during last year: _____
- vii. Total proven reserve of Iron Ore Fine offered: _____
- ix. Number of quality certificate attached _____
- x. Any other relevant information _____

Authorized Signature with official seal

FINANCIAL BID / OFFER PROFORMA

FOR TENDER BMD/67/IOF/10

(To be filled in by the Bidders)

- 1) Name of Mine / Reserves, : _____
 District and State: : _____
- 2) Name of Mine owners / Producers : _____
 of Iron ore with official address: _____
- 3) **LOAD PORT:**
 - a) Name of Loading Port : _____
 - b) Loading Rates: : _____
 - c) Port Conditions : _____
 : LOA: _____ BEAM _____
 : DRAFT: _____
 - d) Any other condition / restriction : _____
 - e) Continuity / Guarantee of
 Loading all year round : _____
- 4) Tonnage offered by the bidder _____ '2011
- 5) -- Premium per Metric Ton : US\$ _____.
- Rebate per Metric Ton : US\$ _____.
- My Steel FOB price Fe _____ % on commercial opening date.
- Freight PMT : US\$_____.
- 6) Any other information / clarification Bidder may like to give.

Authorized signature with official seal

TECHNO ECONOMIC EVALUATION CRITERIA FOR SELECTION OF IRON ORE

All technical / commercial data received from bidders will be used for Techno economic evaluation purpose:-

1. Parameters to be used in the selection exercise are as under:-
(Standard Operational parameters of Blast Furnace)

a.	Slag Rate	225-350 Kg/THM
b.	Slag Basicity	1.03 ± 0.005
c.	Al ₂ O ₃ in Slag	15 % Maximum
d.	MgO in Slag	8.70% (±0.1)

2. Following input data to be used in the computer program:-
- a) Average cost of sinter, hot metal, limestone, dolomite, silica sand, manganese ore, coke, flue dust, BF gas and other utilities shall be taken from latest Monthly Operating Report (MOR) .
 - b) Analysis of limestone, dolomite, silica sand, flue dust, manganese ore, coke ash (along with ash content in coke), slag and hot metal in normal production period shall be used.
 - c) Consumption of Lump ore, sinter, manganese ore and coke (both for hot metal & sinter), slag & flue dust out put per tonne of hot metal shall be taken from same period.
 - d) Sinter to ore ratio shall be 75 : 25.
 - e) All technically qualified ores shall be evaluated through computer in the form of combination / blend i.e two Lump ores and three fine ores. The computer will give the cost of hot metal per ton for specific blend, not for individual ores.
 - f) All combination shall consist of two brands of Lump ore in a share between 25 – 75% and three brands of Fine Ores including already contracted Nisco Fine ore in a share of 30% alongwith two other fine ores in a share of 30-40%. In this way Lump Ore shall be taken from two suppliers and at least one shipment of Lump Ore out of four may be taken from any one supplier. Fine Ore shall also be taken from two suppliers and at least two shipments of fine ore out of five may be taken from any one supplier.
3. **CFFO offered price will be used in computer run. Computer program is run with these inputs altogether to ascertain the lowest cost of hot metal per ton.**

AUTHORIZED SIGNATURE WITH OFFICIAL SEAL

BANK GUARANTEE FORM IN RESPECT OF EARNEST MONEY
PROFORMA G

(To be furnished on stamp paper of appropriate value)

PAKISTAN STEEL MILLS CORPORATION (PVT) LTD,
BIN QASIM, KARACHI:

Dear Sirs,

M/s _____(hereinafter called the Bidder/Offeree are submitting their bid against your captioned invitation of offer have requested us to issue a Bank Guarantee for US\$ _____ (IN FIGURES) (US Dollars (IN WORDS _____) in your favour as Earnest Money to ensure their compliance with conditions of the bid / offer submitted by them

Therefore, we hereby agree to pay unconditionally forthwith to PAKISTAN STEEL's, without any reference to the bidder/offeree, on PAKISTAN STEEL first demand in writing stating that the bidder/offeree has failed to fulfill the terms and conditions of the bid/offer without any further statement of particulars of such failure and notwithstanding any contention by the bidder/offeree, an amount of US\$ (IN FIGURE) _____(US\$ _____ (IN WORDS) _____ only). The sole judge for deciding whether the bidder/offeree has failed to fulfill the terms and conditions of the bid/offer shall be PAKISTAN STEEL in its sole discretion.

This Guarantee is valid upto _____. Claim, if any, must be received by us in writing on or before _____ after which we will no longer be liable to make payment to you and we shall be released and discharged from all our liabilities hereunder, unless validity of the same has been extended by us.

The guarantee will automatically and immediately become null and void if the contract is awarded to another bidder/offeree.

Our liability under this Guarantee shall in any case NOT exceed the sum of US Dollars _____.

This Guarantee should be returned to us as soon as it expires or becomes null and void. Irrespective of its return, we will consider ourselves fully released and discharged from all our obligations and commitments hereunder.

Yours faithfully,

(B A N K)

PERFORMANCE BANK GUARANTEE FORM

PROFORMA G

IN RESPECT OF CONTRACT

(TO BE FURNISHED ON NON-JUDICIAL STAMP PAPER OF APPROPRIATE VALUE)

WHEREAS PAKISTAN STEEL MILLS CORPORATION LIMITED a company incorporated under the Companies Act-1948 and having the registered office at Bin Qasim, Karachi, (hereinafter called the Corporation) by an agreement made between

_____ (hereinafter called the supplier) has awarded the contract (hereinafter called the contract) _____ vide No: _____ for the supply of goods specified in the said contract.

AND WHEREAS in accordance with the provision of clause _____ of the Contract the supplier is required to furnish a Bank Guarantee for the due performance and observance of all the terms provisions and stipulations of the contract by the supplier has requested _____ Bank Limited to issue the said guarantee for an amount of US\$ _____ (Rs. _____) equivalent to (_____) percent of the total value shown in the contract.

In consideration of the premises we _____ Bank Limited _____ hereby guarantee irrevocably and unconditionally forthwith to pay to the Corporation without reference to the supplier on the first demand of the Corporation without reference to the supplier on the first demand of the Corporation in writing stating that the supplier has committed a default under the contract without any further statement of the particulars of such default and not with standing any contestation by the supplier an amount not exceeding US\$. _____ (Rupees _____) and we _____ Bank Limited hereby further declare that no alteration in the terms of the contract or in the scope extent of nature of supplies therein and no allowances of time by the Corporation under the contract nor any forbearance or forgiveness in or in respect of any matter or thing concerning the contract on the part of Corporation shall in any way release this Bank from any liability under this guarantee.

The validity of this guarantee shall expire after _____ days on _____ of the completion of delivery of supplies to contract. After its expiry the Corporation shall return this guarantee to the supplier for cancellation by this bank.

NAME OF BANK WITH ADDRESS:

AUTHORISED OFFICER OF THE BANK:

**CURRENT POSITON OF FOREIGN COMMERCIAL BANKSFROM WE ARE
ACCEPTING GUARANTEES PAY ORDERS AND DEMAND DRAFTS**

PROFORMA H

S.NO:	NAME OF BANK	BANK GUARANTEE	PAY ORDER	DEMAND DRAFT	REMARKS
1	CITI BANK N.A.	A	A	A	
2	DEUTCHE BANK AG	A	A	A	
3	RBS BANK	A	A	A	
4	OMAN INTERNATIONAL BANK SAOG	A	A	A	
5	HONG KONG SHANGHAI BANKING CORPORATION.	A	A	A	
6	BANK OF TOKYO	A	A	A	
7	AL-BARAKA ISLAMIC BANK	A	A	A	

**CURRENT POSITON OF LOCAL COMMERCIAL BANKS FROM WE ARE ACCEPTING
GUARANTEES PAY ORDERS AND DEMAND DRAFTS**

S.NO:	NAME OF BANK	BANK GUARANTEE	PAY ORDER	DEMAND DRAFT	REMARKS
1	ALLIED BANK LTD.	A	A	A	
2	ASKARI COMMERCIAL BANK	A	A	A	
3	BANK ALFALAH LIMITED	A	A	A	Upto Rs.50M
4	BANK AL-HABIB LTD.	A	A	A	
5	FAISAL BANK LTD	A	A	A	Upto Rs.50M
6	FIRST WOMEN BANK LTD.	A	A	A	
7	HABIB BANK LTD.	A	A	A	
8	KASB BANK LIMITED	A	A	A	Upto Rs.50M
9	MCB BANK LTD.	A	A	A	
10	MYBANK LTD	A	A	A	Upto Rs.50M
11	NATIONAL BANK OF PAKISTAN	A	A	A	
12	NIB BANK LTD.	A	A	A	B/G Upto Rs.50M
13	PRIME COMMERCIAL BANK LTD.	N/A	A	N/A	
14	SONERI COMMERCIAL BANK LTD.	A	A	A	
15	THE BANK OF PUNJAB	A	A	A	
16	UNITED BANK LTD.	A	A	A	
17	UNION BANK LTD.	A	A	A	
18	NIB BANK LTD.	A	A	A	
19	ARIF HABIB RUPALI BANK LTD.				
20	ATLAS BANK LIMITED.				
21	BANK-AL HABIB LIMITED				
22	CRESCENT COMMERCIAL BANK				
23	HABIB METROPOLITAN BANK				
24	JS BANK LIMITED				
25	NIB BANK LIMITED				
26	SILK BANK				
27	SONERI BANK LIMITED				
28	STANDARD CHARTERED BANK				

Word Key: N/A : NOT ACCEPTABLE.
 A : ACCEPTABLE.

**LIST OF INSPECTION AGENCIES ON
APPROVED PANEL OF PAKISTAN STEEL**

PROFORMA I

S.NO:	NAME OF INSPECTION AGENCY	PHONE / FAX / E. MAIL
1	ITALAB JAPAN LIMITED, Industrial Testing & Analytical Laboratories, C.P.O. box:1555, TOKYO	Ph: (03) 3661-1669, 1672 1768 Fax:(03)3661-1768 E Mail: italab ip@red.an.egg.or.jp
2	INSPECTORATE GRIFFITH LTD, 2, Perry Road, WITHAM, ESSEX, CM8TU, ENGLAND	Fax: 44-1376520819.
3	OVERSEAS MERCHANDISE INSPECTION CO LTD., (Marine & Cargo Surveyors Samplers, Assayers, Consultants,) 15-6, Nihonbashi Kabutocho, Chou-ku, Tokyo, 03-0026, JAPAN.	Fax: (03) 3669-5185 (03) 3664-5865
4	UNITED STATES CONSULTANS, B-129, Fuji Building, 2-3, Marunouchi 3-Chome, Chiyoda-Ku, TOKYO 100-0005	Ph: (03) 3211-5661-4 Fax: (03) 3211-5665
5	S.G.S. AUSTRALIA, 80, Railway Parade, Quens Park 6107, PART H, W. AUSTRALIA	Fax: (61)(8)9458-9361
6	LLOYDS REGISTER, 71, Fenchurch, Street, London EC3M 4BS, UK	Ph: 44 (0) 2077099166 Fax: 44 (0) 2074884796 E Mail: lloydsreg@lr.org

1) QUANTITIES, DESCRIPTION & DELIVERY SCHEDULE

As per CFFO contract.

2. CFFO SHIPPING TERMS AND CONDITIONS

2.1 The Seller shall deliver or cause to deliver this shipment of Iron Ore (Fine) in the customary manner on CFFO basis to be discharged at IOC Berth, PAKISTAN STEEL Port Mohammad Bin Qasim, in the vessel supplied by the Seller, subject to the following conditions.

2.2 VESSEL'S DESCRIPTION

- a) SIDK (maximum 25 years old)
- b) Vessel is classified as Lloyd's 100 AI or equivalent. The vessel should be gearless and minimum 5/5 Ho/Ha. Seller shall be liable for any and all extra insurance, penalties of whatsoever nature or assessments if classification is not maintained.
- c) Vessel shall be a self-trimming bulk carrier having the specifications as mentioned in Clause 2.2(b), maximum 25 years old excluding flag(s) restricted by the Government of PAKISTAN.
- d) Vessel shall be suitable in all respects to enter and leave the Destination Port having clear and unobstructed holds without centre-line bulkheads and guaranteed suitable for grab discharge.

2.3 DESTINATION PORT RESTRICTIONS

- a) Vessel's draft and dimensions shall always be according to Port Muhammad Bin Qasim Authority (PQA) requirements which shall be notified from time to time. Existing dimensions declared by PQA are as under:

DESCRIPTION	LIMITS
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LOA	230.00 meter (max.)
Beam	40.00 meter (max.)
Draft	11.50 meter (max.)

- b) Vessel's draft on arrival at discharge port by no means to exceed the draft guaranteed by PQA at the discharging berth. Seller shall be held liable for all consequential losses and damages including lighterage and other associated expenses arising from vessel arriving with excess draft and her inability to berth for whatsoever reasons.
- c) In case PQA refuses to berth the vessel arriving with excess draft, the Seller will be held responsible for the idleness of the designated berth and the berth hire charges as per prevailing PQA tariff for all time lost including turn time and holidays. In this case notice of readiness (NOR) will be considered accepted from commencement of discharging, subject to working hours as per relevant clauses.
- d) The vessel to proceed with all possible dispatch to the designated berth of Port Mohammad Bin Qasim, where Buyer guarantees that the vessel shall lie safely always afloat at a draft as permitted by PQA from time to time.

2.4 GENERAL CONDITIONS

- a) Cargo to be loaded into the minimum possible number of holds.
- b) No cargo is to be loaded in deep tanks, bunkers or any other compartments, not easily accessible to grabs. Any extra expenses and / or loss of time over and above the cost of normal grab discharge incurred at Destination Port for Iron Ore (Fine) not easily accessible to grabs to be on Seller's account. All extra time lost under this clause to be added to the laytime. Deep tanks, and any other provisions within vessel's holds, are to be sheltered against damage by grab, failing which Seller shall be responsible for all consequences. Any disputes regarding stevedoring

damages to be settled directly between Sellers / Owners and Stevedores and any time used for repairing damage not to count as laytime.

- c) Vessel to have hatches opened and the hatch beam removed before commencement of discharging, failing which vessel not to be considered ready to discharge and time not to commence to count. The Master to close the hatches when the weather is wet or threatening (unless otherwise ordered by Buyer or their representatives) as well as after finishing discharging each day, and also to open same prior to commencement of the next working period. All these operations to be done at Seller's expenses and in their time, unless local regulations prohibit crew to do so, when same to be on Buyer's account.
- d) PAKISTAN STEEL Shipping Services, Admn. Block – 3, PAKISTAN STEEL Bin Qasim, Karachi shall be appointed Agent of the Buyer at Destination Port on Seller's/Owners account. As per regulations at discharge port, Seller to appoint their own protective agent.
- e) Any extra insurance due to vessels over 15 years age, flag, class or Seller / Ownership to be on Seller's account and adjustable from final payment.
- f) Vessel to supply lights whenever and wherever required by Buyer's.
- g) In the event of a boycott arising due to vessels' flag, time lost through such cause shall not count as laytime or time on demurrage. This Clause shall also be applicable in the event of labour boycott or any other discrimination against the ship because of her registry and / or crew and / or terms on which the crew are employed, provided vessel is actually prevented from discharging.
- h) On sailing from load port, Seller shall arrange to send a sailing cable to Agents "PAKISTAN STEEL Shipping Department, Admn. Block-3, PAKISTAN STEEL, Bin Qasim", Karachi advising time of sailing, quantity loaded per hold / the cargo stowage plan and estimated time of arrival at discharge port.
- i) Seller himself or through master or agent of the vessel shall send notices of expected time of arrival of the vessel at discharge port to "Shipping Section of Bulk Material Department, Admn. Block – 3, PAKISTAN STEEL, Bin Qasim", Karachi and Agents at discharge port 10 and 6 days and again 72 / 48 / 24 hours prior to her arrival at discharge port.
- j) In the event of failure to give any of the above-mentioned notices, Buyer will be allowed to add 24 hours extra to the laytime.
- k) The Seller shall at least 3 (three) working days prior to the commencement of loading, notify the Buyer in writing particulars of the vessel, her ETA at discharge port and quantity of Iron Ore (Fine) to be loaded (+10% at Seller's option) for the approval of the Buyer. Such nominated vessel shall be subject to the approval of Buyer, which shall not be unreasonably delayed which should be confirmed within 24 hours. The Seller shall be at liberty to substitute any other similar vessel so nominated with the concurrence of the Buyer. The substituted vessel shall strictly follow the schedule date. The Seller shall promptly advise the Buyer of any change in the expected arrival date, quantity specified and the detail of the substituted vessel.
- l) Seller shall be given a fixed date of arrival at port Qasim with an allowance of + 5 (five) days. Any vessel reporting at Port Qasim outer anchorage prior to the allowance of minus 5 (five) days, NOR of such vessel shall be considered accepted from the commencement of minus 5 (five) days allowance subject to the exceptions allowed in relevant clauses. In the event of vessel's arrival after the allowance of plus 5 (five) days period, NOR will only be considered accepted on commencement of discharge in accordance with relevant clauses.
- m) The Seller shall ensure that the vessel / owner shall pay and bear all port charges, tonnage dues, light dues and other taxes, assessments and charges which are customarily payable on or with respect to the vessel whether in port or elsewhere.
- n) The Seller / owner shall ensured dispatch through fax / email of non-negotiable documents i.e. commercial invoice, bill of lading , cargo manifest, crew list etc. Immediately after selling vessel for clearance custom formalities. Failing which seller / owner shall be responsible for all

consequences / delay and detention. These documents should reach buyer's and at least two days before arrival of vessel at discharge port at following fax no & email.

FAX 92-021-34750156 / 92-021-34750170

Email : psshopping@cyber.net.pk

2.5 CONDITIONS AT DESTINATION PORT

- a) Iron Ore (Fine) shall be discharged at the rate of 8000 Metric Ton per Weather Working Day (WWD) of twenty four (24) consecutive hours or pro-rata for fraction thereof, Saturdays, Sundays and holidays excluded (SSHEX) from time counting in accordance with Sub- Clause (c).
- b) NOR to be tendered in writing (in original) on working days between 09.00 hrs. to 16.30 hrs. from Monday to Friday, in the office of Shipping Department, Admn Block-3, PAKISTAN STEEL, Bin Qasim, provided vessel is in every respect ready to discharge with hatches opened and in free pratique. No time count prior to acceptance of NOR, even if used.
- c) Time between 16.30 hrs on Friday or on a day preceding a holiday to 09.00 hrs. Monday or the day following the holidays not to count, even if used, in which case half the time actually used to count. Time commences to count only 24 hours after immediate acceptance of NOR, even if used.
- d) Upon the vessel's arrival at outer anchorage of the Destination Port or at the time of tendering NOR, if the Berth is vacant NOR shall be tendered on arrival alongside the designated berth as per relevant Clause. In case the berth is occupied, NOR shall be tendered during office hour as per above Clause(b) from the waiting place at or off the port, whether in free pratique or not. Once the berth becomes available laytime or time on demurrage shall cease until the vessel is in berth.
- e) However, if the vessel is at that time prevented from proceeding to the discharging berth due to her inefficiency, tidal conditions and bad weather, strikes of tugs or pilots or mandatory regulations, loss of such time shall not count as lay time.
- f) If, on vessel's arrival at discharging berth, free pratique is refused due to owner / vessel reason, all time from the moment free pratique is refused to the moment free pratique is granted not to count (even if vessel is already on demurrage), and Sellers to bear all consequences and extra expenses connected with such refusal.
- g) In discharging, if vessel is at a waiting berth the exempted periods to apply in the same way as set out in the relevant Clauses. Time used for shifting from outer anchorage or between two berths not to count as laytime, even if vessel is already on demurrage. If through congestion at the Destination Port vessel is kept waiting off the Port laytime will commence to count as per above Clause (c) but not until 36 hours from arrival with the application of all exceptions.
- h) Any time lost due to weather effects at Destination Port even if the vessel is at outer anchorage and/or on demurrage, will not count as laytime.
- i) If the vessel loses her turn due to any reason whatsoever, attributable to the vessel, her Master, her crew or the Seller/Owners, time lost shall not count as notice time or as laytime or as time on demurrage and the NOR will be considered accepted on arrival alongside the designated berth subject to working hours as stipulated in the relevant clauses.
- j) In case, the original Bill of Lading is not available at Destination port on vessel's arrival, discharge of the cargo shall be made against submission of a letter of indemnity (LOI) in owner's PNI club wording duly signed by PAKISTAN STEEL and to be provided to the seller / Master of the vessel for commencement of the discharge. In such case, the seller shall be responsible that the cargo is promptly released by the Master provided the vessel has berthed and is in all respect ready for discharge. Any consequential loss of time due to non-availability of relevant documents shall be on seller's account. As soon as the original bills of lading are available to the buyer, the buyer shall returned 1/3 original bill of lading to the seller for submission to the owner, in order to release the seller from its obligation under the letter of indemnity.

- k) Any time lost at Destination Port due to inclement weather (even if the vessel is at outer anchorage), breakdown of unloading equipment etc. not to count as laytime, even if the vessel is already on demurrage. Time counting shall cease on completion of discharging, however, in case of vessel's inability to vacate the berth after completion of unloading, all direct consequences, whatsoever, shall be entirely to Seller's account.
- l) In the event of discharging being impossible due to inefficiency or any other cause attributable to the vessel, her Master, her crew or the Sellers/Owners and such impossibility continuing for more than six consecutive hours, the Buyers shall have the right to order the vessel to vacate the berth and shifting from and back to berth shall be at Seller's expense and time.
- m) If the vessel due to above mentioned reasons, has to vacate the discharging berth, notice time or laytime or time on demurrage shall not count from that time until she be in all respect ready to discharge and notification has been given to the Buyers accordingly. If, due to above matters, the vessel loses her turn, time shall count again only when discharging has been resumed.
- n) Master is not to take on or pump ballast, oil or water at Destination Port without obtaining permission of Buyers or to switch oil or water from one tank to another in order to enable the Buyers to do a proper draft survey. Vessel to furnish a certified calibration scale for all tanks including fore and aft, peak and double bottom tanks and deep tanks. Plimsoll marks amid ships and draft marks on port and starboard side, bow and stern to be clearly cut and marked on shell plating.
- o) The Pilot, Master, Officers and Crew of the vessel and tow boat persons or facility assisting the vessel, shall not be Agents or employees of the Buyers and the Buyers shall not be liable for any loss, damage or claims resulting from or arising out of negligence or error of any of them while the vessel is proceeding to or lying at the Destination Port.
- p) Statement of Facts at destination port shall be prepared and signed by Buyers or their Agents and owner's protective agent be countersigned by the Master.
- q) Buyers shall pay demurrage @ USD 8000/- per day or prorata for all time lost at destination Port. Sellers shall pay dispatch at the 50% of the demurrage rate per day or prorata for all time saved at Destination Port. (NEGOTIABLE)

2.6 FINANCIAL & OTHER CONDITIONS

- a) Sellers/Owners are required to establish and maintain financial security or responsibility in respect of oil or other pollution damage as required by any Government including Federal State or Municipal or other Division or Authority thereof, to enable the vessel without penalty or charge to lawfully enter remain at or leave any port, place or Municipality in performance of this Contract without any delay. Undertaking will be at Sellers/Owners sole expense and the Sellers/Owners shall indemnify the Buyers against all consequences whatsoever including loss of time for any failure or inability to do so.
- (b) At the Destination Port, Seller shall pay on behalf of owners Harbour dues and all Port Charges (like berth hire, pilotage, tugs and mooring) @ US\$2.30PMT of cargo loaded as per Bill of Lading quantity, which will exempt the vessel from following payments only:-
 - Pilotage : In and out (once only).
 - Tugs : In and out (once only).
 - Handling Times : In and out (once only).

The Seller will deduct the aforesaid amount plus US\$7000/- (as shown at 15.6 (c & d) from the invoice to be submitted through L/C for payment and shall draw net amount after such deduction.

All above listed charges/payments are subject to change by PQA and Sellers to pay these charges as fixed/revised by the said authority as on the date of berthing.

The Seller will deduct the aforesaid amount (i.e. US\$ 2.30PMT) plus US\$7000/- from the invoice to be submitted through L/C for payment and shall draw net amount after such deduction.

Any other charges levied by Port Qasim Authority shall be on Seller's account.

- c) US\$ 2000.00 being the miscellaneous un-receipted expenses will be charged to the vessel at the Destination Port but excluding other charges whatever nature, e.g. NOC from Income Tax to be obtained by the Master/Seller/Owners protective agents.
- d) Agency fee at Destination Port shall be charged from the Sellers/Owners at the rate of US\$ 5,000.00 per vessel.
- e) Customs light dues of the vessel will be charged to the Sellers/Owners/Vessel separately at actual.
- f) If, for reasons beyond Buyer's control additional services are required same will be on Sellers/Owners account.
- g) In case Seller/Owners fails to provide funds mentioned in Clause-1.4 (m) other than the charges already paid by the Seller for Destination Port clearance, as mentioned in relevant clauses before Vessel's arrival at the Destination Port, NOR will not be accepted till the clearance of port dues.
- h) Any overtime on the Destination Port to be on account of the party ordering same, however, Ship's offices and crew overtime to be always be on Owner's account. Overtime ordered by Port Authorities to be shared equally between Seller/Owners and the Buyers.
- i) Buyers are entitled to work during the exempted period and at night if required. The vessel to supply, free of charge, the use of sufficient electric light for night work including Saturdays, Sundays & holidays.
- j) At Destination Port, taxes and/or dues on freight and/or Vessel to be on Seller's/Owner's account and on cargo to be on Buyer's account.
- k) The Seller/Owner of the vessel shall be responsible for arrangements of revolving deposits with Destination Port Authority and this shall not be a responsibility of Buyer.
- l) Any communications received from source(s) other than Sellers/ Owners/Master/Agent of the vessel and owner's protective agent will not be acceptable to the Buyers.
- m) PAKISTAN STEEL will not claim any amount from ship owners, which has already been paid by the seller.

2.7 PROSPECTIVE CLAUSES

- a) Seller shall include in their agreement with Vessel's Owners following Clauses and payments, if any, against these Prospective Clauses will be borne by the Sellers.
NEW JASON CLAUSE
BOTH TO BLAME COLLISION CLAUSE
P & I BUNKERING CLAUSE
- b) However, for War Risk Clause Nos: 1 + 2 will read as under:-

Any War risk insurance premium including additional and/or increase in war risk insurance premium for trading to areas where such additional and/or increase premium payable as designated by war risk underwriters for worldwide trading shall be on Sellers/Owner's account.

3. FORCE MAJEURE

- i) Time lost by reasons of all or any of the following causes shall not be computed in the discharging time viz: War, Rebellion, Turnouts, Civil Commotion, Insurrection, Political Disturbances, Epidemics, Quarantine, Riots, Strikes, Lockouts, Stoppage of Miners, Workmen, Lightermen, Tugboatmen or other hands essential to the working, carriage, delivery, shipment or discharge of the said cargo whether partial or general or Assailants at the mines, at receiver works or wharf, landslips, floods, frost or snow, bad weather, Intervention of sanitary, customs, and / or constituted authorities, partial or total stoppages on rivers canals or on railways or any other causes beyond the control of Buyer.

- ii) Seller shall not be liable to Buyer nor shall Buyer be liable to Seller for any delay, interruption or failure in the performance of obligations hereunder (including delay or loss of any vessel after notification) if such delay, interruption or failure is due to, or results from war (whether declared or undeclared), blockade, revolution, riot, insurrection, mobilization, civil commotion, strike, lockout, act of God, public enemies, governmental restrictions or control of imports, exports or foreign exchange, fire, flood, storm, tempest, embargoes, or any other cause or causes beyond the control of Seller or Buyer as the case may be.

- iii) In the event that such a delay, interruption or failure occurs, the Party directly affected shall promptly notify the other Party by facsimile or e-mail, and shall also within 10 (ten) days thereafter notify the other Party in writing of particulars of the relevant event and the estimated tonnage to be affected thereby and supply if possible supporting evidence. Furthermore, the Party so affected shall furnish the other Party with a progress report by facsimile or e-mail and also in writing of the then current situation weekly or from time to time upon the request of the other Party. The Party so affected shall use its best efforts to remove the cause of the delay, interruption or failure and to resume with the least possible delay its obligations in compliance with this Agreement provided that nothing herein shall oblige a Party to settle a labour dispute on terms contrary to its wishes. Upon removal or resolution of the cause of the delay, interruption or failure, the Party so affected shall notify the other Party by facsimile or E-Mail and also in writing 10 (ten) days thereafter of such removal or resolution and the affected tonnage. However, both Parties recognize that time is required for notifying declaration and lifting of such Force Majeure.

- iii) Deliveries of Iron Ore (Fine) that otherwise would have been made under this clause during any period in which performance by either Party is prevented by Force Majeure declared as specified in this clause shall be made up as soon as practicable in the manner mutually agreed upon by the Parties.

INTEGRITY PACT PROFORMA K

DECLARATION OF FEES, COMMISSIONS AND BROKERAGE ETC.

PAYABLE BY THE SUPPLIERS/CONTRACTORS OF GOODS, SERVICES & WORKS

REFERENCE TO IRON ORE (LUMP) SUPPLY TO PAKITAN STEEL UNDER

CONTRACT DATED: :

M/s ----- hereby declares its intention not to obtain or induce the procurement of any contract, right, interest, privilege or other obligation or benefit from Government of PAKISTAN or any administrative subdivision or agency thereof or any other entity owned or controlled by it (GoP) through any corrupt business practice.

Without limiting the generality of the foregoing, M/s -----, represents and warrants that it has fully declared the brokerage, commission, fees etc. paid or payable to anyone and not given or agreed to give and shall not give or agree to give to anyone within or outside PAKISTAN either directly or indirectly through any natural or juridical person, including its affiliate, agent, associate, broker, consultant, director, promoter, shareholder, sponsor or subsidiary, any commission, gratification, bribe, finder's fee or kickback, whether described as consultation fee or otherwise, with the object of obtaining or including the procurement of a contract, right, interest, privilege or other obligation or benefit in whatsoever form from GoP, except that which has been expressly declared pursuant hereto.

M/s -----, certifies that it has made and will make full disclosure of all agreements and arrangements with all persons in respect of or related to the transaction with GoP and has not taken any action or will not take any action to circumvent the above declaration, representation or warranty.

M/s -----, accepts full responsibility and strict liability for making any false declaration, not making full disclosure, misrepresenting facts or taking any action likely to defeat the purpose of this declaration, representation and warranty. It agrees that any contract, right, interest, privilege or other obligation or benefit obtained or procured as aforesaid shall, without prejudice to any other right and remedies available to GoP under any law, contract or other instrument, be voidable at the option of GoP.

Notwithstanding any rights and remedies exercised by GoP in this regard, M/s -----, agrees to indemnify GoP for any loss or damage incurred by it on account of its corrupt business practices and further pay compensation to GoP in an amount equivalent to ten time the sum of any commission, gratification, bribe, finder's fee or kickback given by M/s --- -----, as aforesaid for the purpose of obtaining or inducing the procurement of any contract, right, interest, privilege or other obligation or benefit in whatsoever form from GoP.

SIGNED FOR & ON BEHALF OF

M/s -----

