

**LIST OF TENDER DOCUMENTS OF IRON ORE (FINE & LUMP)
6TH GENERATION SELECTION EXERCISE**

Tender No: BMD/48/6TH GEN/2011-13/10

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PAKISTAN STEEL
MINISTRY OF INDUSTRIES & PRODUCTION
GOVERNMENT OF PAKISTAN

INTERNATIONAL PUBLIC TENDER NOTICE NO: BMD/48/6th GEN/2011-13/10
FOR
PROCUREMENT OF IRON ORE FINE AND LUMP FROM POTENTIAL OVERSEAS
MINE OWNERS /PRODUCERS / CANALIZING AGENCIES OF IRON ORES
FOR THE PERIOD 01.01.2011 TO 31.12.2013

Technical bids are invited on prescribed proforma available from PAKISTAN STEEL, Bin Qasim, Karachi, PAKISTAN or can be down loaded (free of cost), from the websites www.paksteel.com.pk & www.ppra.org.pk and can also be obtained from Overseas Embassies of PAKISTAN (Located in major Iron Ore Producing Countries) for procurement of Iron Ore (Fine & Lump) from potential overseas Mines Owners / Producers /Canalizing Agencies having sound standing and repute in the international market on long term basis (03 years) to be used in future Iron Ore blend from 01.01.2011 to 31.12.2013. The total requirement of such Iron Ores shall be about 1.55 Mil. M. Ton per annum i.e. 0.85 Mil. Metric Ton of Fine and 0.7 Mil. Metric Ton of Lump.

2. **The desired specifications of IRON ORES (Fine & Lump) shall be as under:-**

A)	CHEMICAL ANALYSIS (ON DRY BASIS)	IRON ORE	
		FINE	LUMP
	Fe % (Min)	57.00	60.00
	SiO ₂ % (Max)	8.50	8.50
	Al ₂ O ₃ %	As low as possible	As low as possible
	Sulphur % (Max)	0.05	0.05
	Phosphorous % (Max)	0.10	0.10
	Cu % (Max)	0.05	0.05
	TiO ₂ %	As low as possible	As low as possible
	Alkalis %	As low as possible	As low as possible
B)	Other elements like Zn, Pb, Cr, Sn, etc.	In Traces	In Traces
C)	Moisture	10.50%	8.00

D)	PHYSICAL / SIZE ANALYSIS (AT DISCHARGE PORT SAMPLING POINT JUNCTION-12)			
	IRON ORE (FINE)		IRON ORE (LUMP)	
	SIZE	%	SIZE	%
	(+) 10 mm	5.00% (Max)	(+) 50 mm	Zero
	(+) 06 mm to (-) 10 mm	15.00 % (Max)	(+) 30 mm to (-) 50 mm	10.00% (Max)
	(-) 0.15 mm	40.00% (Max)	(-) 06 mm	12.00% (Max)
	(+) 0.15 to (-) 06mm	Remainder	(+) 06 to (-) 30 mm	Remainder

3. The information / data shall be considered for assessing the suitability of Iron Ore (Fine & Lump), for use in future blend for Blast Furnace burden, and for arriving at most economical and technically viable burden composition. The final selection of burden components shall be made at the sole discretion of PAKISTAN STEEL.

4. Mine Owners/ Producers / Canalizing Agencies from Israel are not eligible to participate in the tender.

5. The Tender documents can also be obtained free of cost from our following offices:-

a) General Manager, Bulk Material Department,
PAKISTAN STEEL, Bin Qasim, KARACHI,
PAKISTAN
Phone No: 021-34750946

b) Incharge, Zonal Office (South),
PAKISTAN STEEL,
C-7, KDA Scheme No: 1,
Main Karsaz Road,
Near PIA Dispensary,
KARACHI
Phone No: 021 34535433.
Fax No: 021 34302319

c) Incharge, Zonal Office (North)
PAKISTAN STEEL
ISLAMABAD
Phone No: 051-9203711 / 051- 2824369
Fax No:051 – 2828208.

d) Incharge, Zonal Office (Central)
PAKISTAN STEEL
LAHORE
Phone No: 042 – 5760316
Fax No: 042 - 5750309

6. Pakistan Steel reserves the right to accept or reject any or all bids / proposals at any time prior to the acceptance of a bid or proposal without assigning any reason thereof.

7. Application duly completed in all respect on the prescribed proforma in original, should reach General Manager, Bulk Material Department, Admin Block-III, PAKISTAN STEEL, Bin Qasim, P.O. Box No: 5429, Karachi, PAKISTAN, by **01.12.2010** till **10.00 hours**. The bids will be opened by the Tender Opening / Technical Scrutiny Committee publically on same day at **11.00 hours** in Technical Library, Operations Building, Pakistan Steel, Bin Qasim, Karachi.

8. The technical offer should be accompanied by Earnest Money in the form of Bank Guarantee on prescribed proforma (L) or pay order from a scheduled Bank duly countersigned by a scheduled Bank of Pakistan for an amount of **US\$100,000/- or equivalent Pak. Rupees**, valid for six months from the date of opening of tender.

9. Any further information / details, if desired can be obtained from General Manager, Bulk Material Department, PAKISTAN STEEL on:-

Phone No: 92 021 - 34750946
Fax No: 92 021 - 34750156
92 021 - 34750170.

Email No: psshipping@cyber.net.pk

10. This tender is in accordance with PPRA rule 36-c (Two stage bidding procedure).

General Manager (BMD)

PAKISTAN STEEL
(BULK MATERIAL DEPARTMENT)

GENERAL TERMS AND CONDITIONS FOR SUBMISSION OF IRON ORE OFFER(S) TO
PAKISTAN STEEL FOR THE PERIOD 01.01.2011 TO 31.12.2013

1. TERMS & CONDITIONS TO BE NOTED:

Please read the following conditions for submission of your offer:

- a) The terms & conditions shall mainly be covered by our advertisement dated: **31.11.2010** and the "Terms and Conditions of Offers" sent alongwith the bid proformae. Please note all these documents including "Terms and Conditions of Offers" need to be signed (in token of having accepted them) and submitted to PAKISTAN STEEL.
- b) Kindly attach these pages each of them duly signed and stamped by a competent & authorised person (Notorised Certificate of Authorization by the Company must be attached) with your "Technical" offers for confirmation.
- c) Technical offer is to be submitted on proforma "F" in sealed envelope containing confirmation of guaranteed specifications marked at the top of the cover as "TECHNICAL OFFER" alongwith Proforma-C, J & K, duly signed & stamped on each page to asses the capability of the bidder(s).
- d) The Financial offer is required to be submitted in the second stage when notified, on Proforma-G on FOB & CFFO basis. The CFFO Price shall be used for the 1st year of contract period whereas the FOB price shall be used for the remaining 02 years of the contract period. The sealed envelope containing the offer should be marked at the top "FINANCIAL OFFER". **(NOTE: The sample of offered ore may be delivered alongwith or before Financial Offer with 1000Kg for Lump and 1500Kg for Fine).**
- e) Extra copies of the format may be made out or typed if so required but exact wording and format should be followed. Each page has to be signed and company stamp must be affixed.
- f) You are requested to submit your Technical offer on or before **01.12.2010** by **10.00** hours, in the office of General Manager(BMD), PAKISTAN STEEL on the following address:

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

- g) Looking forward for receiving your most competitive bid. For any clarification you may please contact, General Manager, Bulk Material Department on :

Fax No: 92 021- 34750156 / 34750170
Tele No: 92 021- 34750946

2) QUOTATION OF PRICE:

- a) FOBT price in USD will be taken from My steel Index (based on Fe_____ % quoted) on commercial opening date of the tender plus premium _____USD or rebate _____USD plus freight for the first year of the contract on CFFO basis. This will only be utilized for the purpose of techno economic evaluation of the tender.
 - b) The CFFO price of each shipment for first year of the contract will be fixed as per following formula.
 - i. FOBT price will be taken from My Steel Index price five days (based on Fe% in the contract) prior to L/C opening date plus offered contracted premium or rebate, plus freight at actual (not exceeding offered freight) will be the price of that shipment.
 - c) For the subsequent two years, cargo will be shipped on FOBT basis for each shipment will be fixed five days before LC opening date plus contractual premium or rebate.
 - d) CFFO price from the port of supply to port of Bin Qasim shall be quoted for the first year of supply clearly indicating the firm freight valid for the full one year.
 - e) The freight element quoted shall be firm, unconditional and free of any qualification remarks.
 - f) The validity for acceptance of 1st year freight quotation by Pakistan Steel shall be 90 days and FOBT validity shall be 180 days from Financial Offer opening date.
- 3)** 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 per tender documents (Proforma-J).
- 4)** The required quantity of Bulk samples of Iron ore in suitable packing shall be delivered to G.M. (BMD) at the cost and expenses of the prospecting supplier. The samples thus sent to Pakistan Steel shall be truly representative of the Guaranteed Specifications offered in the Technical offer proforma-F.
- 5)** The following conditions may also be noted by the prospecting suppliers carefully before submission of the offer as they will interalia be included in the agreement required to be entered into by the successful party:
- a) The specifications, quantity and other details as set out in the tender documents shall be followed strictly in supplying the iron ore.
 - b) The tonnages in the financial offer proforma-G are approximately expressed in Metric Tonnes for each contract year. The tonnages indicated for each contract year will be subject to plus minus 10% at PAKISTAN STEEL option.
 - c) The supplier shall Co-ordinate the 1st shipment of Iron ore to the requirements of PAKISTAN STEEL commencing from _____.
 - d) The contract shall be for 03 years extendable upto a further period of 02 years at Pakistan Steel option on such terms and conditions as may be mutually agreed between the parties.

- 6) Sampling and analysis of Iron ore may either be carried out by an independent Surveyor (as per proforma-I) on behalf of Seller duly approved by PAKISTAN STEEL at load port. The sampling at discharge port shall be carried out by PAKISTAN STEEL. Discharging Port analysis shall be final except for Iron content which shall be exchanged as per usual International practice and to be averaged if found between the agreed limits, otherwise to be processed through Umpire analysis as per internationally accepted procedure. Seller shall have the right to depute his representative during sampling of the shipment at discharge port and Buyer shall have the right to depute his representative at Load port.
- 7) Should the chemical analysis of two consecutive cargoes fall outside the specified limits then Buyer shall have the option to suspend shipments and discuss conditions under which deliveries may be resumed.
- 8) If the Seller and Buyer cannot agree on conditions for resumption of deliveries, Buyer shall have the right to cancel any tonnages undelivered under terms of the Contract for the year in question and claim production damages etc in addition to the penalties.
- 9) Bank charges in respect of Letter of Credit shall be at Seller's account in Seller's Country and to buyer's in the Buyer's Country.
- 10) The weight of the cargo to be determined by a licensed independent Marine Surveyor at discharge port appointed by the Buyer and approved by the Seller 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 authorised representative.
- 11) 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.
- 12) **BID MONEY:**
The technical offer should be accompanied by Earnest Money in the form of Bank Guarantee on prescribed proforma (attached) or pay order from a scheduled Bank duly countersigned by a scheduled Bank of Pakistan for an amount of **US\$100,000/- or equivalent Pak. Rupees, valid for six months from the date of opening of tender.**
- 13) **OPENING OF BIDS:**
The Technical Offers shall be opened publicly by Technical Scrutiny Committee and Financial Offers shall be opened by Price Committee publicly.

GENERAL MANAGER
BULK MATERIAL DEPARTMENT
PAKISTAN STEEL

PAKISTAN STEEL
(BULK MATERIAL DEPARTMENT)

**PROFORMA FOR PROCUREMENT OF IRON ORE FINE & LUMP FROM
THE POTENTIAL OVERSEAS MINE OWNERS / PRODUCERS /
CANALIZING AGENCIES TO BE SUPPLIED FOR THREE YEARS
DURING 01.01.2011 TO 31.12.2013**

SECTION "A"

GENERAL INFORMATION / DETAILS (TO BE SUBMITTED IN TECHNICAL PROPOSAL)

01) Name _____ of _____ Company

—

02) Name _____ of _____ the _____ Mine

—

03) Please state whether Iron Ore is exported through Shipper (Yes) / (No)

—

04) If _____ through Shipper(s) then the name of the Shipper(s)

—

—

05) Details of annual production of Iron Ore (Fine & Lump) (M.T / Annum) during
Last three years against the offered Ore:-

Fine Ore: _____

Lump Ore: _____

06) Details of exports of said Iron Ore (Fine & Lump) (MT / Annum) during last three years
against the offered Ore:-

Fine Ore: _____

Lump Ore: _____

07) Status of the Company : Private Limited / Public Limited / Partnership etc
(Company _____ structure _____ and _____ ownership).

-

08) Authorized and paid up capital of Company

-

09) Name of Banker(s)

-

10) To provide mining lease / ownership documents with latest audited balance sheet (English Version)_____.

(Authorized signatures with Official Stamp)

11) Total proven reserves of Iron Ore (Fine & Lump) offered:-

Fine Ore: _____

Lump Ore: _____

12) Mining Procedure used

-

13) Distance from mine to the port

-

14) Mode of transportation from mine to the port

-

15) Name of the port from where shipments will be affected round the year_____

—
16) Port restrictions and loading rates

—
—
17) Tonnages of the Iron Ore (Fine & Lump) offered for procurement which could be made available with effect from 01.01.2011 to 31.12.2013 to PAKISTAN STEEL:-

Fine Ore: _____

Lump Ore: _____

18) Guarantee for shipment of offered Iron Ores, all year round from the port stated under Sr. No: 15, YES / NO.

19) If No, what is the state of shipping? Please indicate:

—
20) Any other relevant information which Producer / Mine Owner/ Canalizing Agency may like to give:

_____.

(Authorized signature with official stamp)

SECTION “B”

■ **GUARANTEED SPECIFICATIONS**

Please give standard specifications of the Iron Ores produced & offered and which is usually guaranteed in respect of;

	<u>FINE</u>	<u>LUMP</u>
i) Total Moisture % (ARB)*	_____	_____
ii) Iron (total) %	_____	_____
iii) Silica %	_____	_____
iv) Alumina %	_____	_____
v) Sulphur % (Max)	_____	_____
vi) Phosphorous % (Max)	_____	_____
vii) Copper % (Max)	_____	_____
viii) Titania % (Max)	_____	_____
ix) Alkali %(Max)	_____	_____
x) Other metals like Zn, Pb, Cr,Sn, etc	_____	_____
xi) CaO	_____	_____
xii) MgO	_____	_____
xiii) MnO	_____	_____
xiv) LOI	_____	_____

*(ARB = As Received Basis)

■ **SIZE ANALYSIS**

i) Iron Ore (Fine):

Percentage of

(+) 10 mm to (-) 15 mm _____

(+) 06mm to (-) 10mm _____

(-) 0.15 mm _____

(+) 0.15 to (-) 06mm _____

ii) Iron Ore (Lump)

Percentages of;

(+) 50mm _____

(+) 30mm to (-)50mm _____

(+) 06 to (-) 30mm _____

(-) 06mm _____

SECTION “C”

■ **METALLURGICAL PROPERTIES:**

■ **REFERENCES:** Please attach separate sheet to give records of actual shipments / supplies / production of offered Ore with names of the countries / agencies to whom supplies were made. Certificate of export quality and production shall be enclosed.

■ PAKISTAN STEEL may ask for any further details if considered necessary.

NOTE

■ Predicted Port Bin Qasim restrictions are as under:

LOA : 230.00M
Beam : 40.00M
Draft : 11.50M Permissible

Variation in draft restrictions as per notifications / promulgations of Port Qasim Authority (PQA) will be advised by the Buyer from time to time.

(Authorized signature with official stamp)

- Guaranteed discharge rate as per our charter parties is 8000 MT per WWD, Saturday, Sunday & holidays excluded (SSHEX), if used half time actually used to count. Time between 1630 Hrs on Friday or on a day proceeding a holiday to 0900 Hrs Monday or a day following a holiday not to count, unless used in which case half time actually used to count.

- **LAST DATE:**

The prescribed proforma duly filled-in signed / stamped should reach the General Manager, Bulk Material Department, Pakistan Steel, Bin Qasim, P.O. Box 5429, Karachi, Pakistan latest by **10.00** Hours dated: **05.10.2010**.

- **INTEGRITY PACT:**

Integrity Pact will be signed at the time of signing of the contract as per following text:-

DECLARATION OF FEES, COMMISSIONS AND BROKERAGE ETC.
PAYABLE BY THE SUPPLIERS/CONTRACTORS OF GOODS, SERVICES & WORKS

REFERENCE TO IRON ORE SUPPLY TO PAKISTAN 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 times 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 _____

■ **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) Defines, 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.

■ **BID EVALUATION REPORT:**

Procuring agency shall 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.

■ **PUBLIC ACCESS AND TRANSPARENCY:**

As soon as a contract has been awarded the procuring agency shall make all documents related to the evaluation of the bid and award of contract public:

Provided that where the disclosure of any information related to the award of a contract is of proprietary nature of where the procuring agency 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.

(Authorized signature with official stamp)

■ **REDRESSAL OF GRIEVANCES & SETTLEMENT OF DISPUTE:**

Redressal of grievances by the procuring agency:-

- i) The procuring agency 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 procuring agency 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 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 procuring agency may lodge an appeal in the relevant court of jurisdiction.

■ **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.

■ **Applicable Law**

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

(Authorized signature with official stamp)

PAKISTAN STEEL

BULK MATERIAL DEPARTMENT

TECHNO ECONOMIC EVALUATION CRITERIA FOR

6TH GENERATION SELECTION OF IRON ORE (FINE & LUMP)

FOR THE PERIOD FROM 01.01.2011 TO 31.12.2013

All technical / commercial data received from technically qualified Mine Owners / Producers / Canalizing Agencies on Technical Bid / Offer Proforma and Commercial Bid / Offer Proforma 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)

• Slag Rate	:	225-350 Kg / THM
• Slag Basicity	:	1.03 +/- 0.005
• Fe in Fine ore blend	:	60% Min
• TiO ₂ in Fine blend	:	0.40% Max.
• TiO ₂ in Lump blend	:	0.30% Max.
• Alkalis in Lump / Fine blend	:	0.18% Max
• MgO in slag	:	8.70% (\pm 0.10)
• Al ₂ O ₃ in slag	:	15% (\pm 0.10)
• Sinter Basicity	:	1.70 – 2.00
• Quartzite addition at BF	:	30 Kg/ THM Max

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 shall be average of last six months.
- 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. In case of fine ores the computer first forms sinter from the blend of fine ores and then calculates the hot metal cost keeping the sinter to ore ratio as 75 : 25
- f) All combination shall consist of two brands of Lump ore and three brands of Fine ore including the already contracted Nisco (ICIOC) fine ore in a ratio of 30%(max). The rest shall be divided proportionally between two fine ores of the respective blend.

- g) Minimum 30% and maximum 70% of the Lump ore requirement may be taken from any one supplier.
- h) Minimum 30% and maximum 70% of the Fine ore requirement may be taken from any one supplier.

3. CFFO price will be used for techno economic evaluation. Computer program is run with these inputs altogether to ascertain the lowest cost of hot metal per ton.

4. Out of large number of options for ore blends as determined by computer program, the lowest hot metal cost for 1st three different blends will be selected / short listed. Thereafter final selection will be done on the basis of their suitability carried out at Sinter Lab, Pakistan Steel. The blend having / giving highest productivity will be selected.

5. In case no blend of the offered ores is formed under the conditions as mentioned at para-1 above, Pakistan Steel reserves the right to waive off / adjust or modify any of the above conditions, so that a reasonable number of blends could be formed by the computer.

(Authorized signature with official stamp)

PAKISTAN STEEL

CRITERIA FOR PROCUREMENT OF IRON ORE (FINE & LUMP) ON LONG TERM BASIS FROM MINE OWNERS / PRODUCERS / CANALIZING AGENCIES FOR CONTRACT PERIOD DURATION 01.01.2011 – 31.12.2013

Firms shall comply with the minimum criteria prescribed in all heads viz Documentation, Technical, Commercial, Legal and Mine Inspection.

1) DOCUMENTATION:

Application complete in all respects alongwith required documents be submitted on original / down loaded prescribed proforma by Mine Owners / Producers / Canalizing Agencies, potential suppliers and their authorized representatives:

- i) Mine Owner / Producer will produce owner ship certificate as evidence.
- ii) Canalizing Agency will produce authority letter from the mine owner along with lease documents of the mine from which the material will be supplied.

2) TECHNICAL:

- a) Offered Guaranteed specifications must conform to our required / advertised Chemical and Physical specifications as under:

A)	CHEMICAL ANALYSIS (ON DRY BASIS)	IRON ORE (%)	
		FINE	LUMP
	Fe % (Min)	57.00	60.00
	SiO ₂ % (Max)	8.50	8.50
	Al ₂ O ₃ %	As low as possible	As low as possible
	Sulphur % (Max)	0.05	0.05
	Phosphorous % (Max)	0.10	0.10
	Cu % (Max)	0.05	0.05
	TiO ₂ %	As low as possible	As low as possible
	Alkalis %	As low as possible	As low as possible
B)	Other elements like Zn, Pb, Cr, Sn, V etc.	In Traces	In Traces
C)	Moisture	10.50	8.00

D)	PHYSICAL / SIZE ANALYSIS (AT DISCHARGE PORT)			
	IRON ORE (FINE)		IRON ORE (LUMP)	
	SIZE	%	SIZE	%
	(+) 10 mm to (-) 15 mm	5.00% (Max)	(+) 50 mm	Zero
	(+) 06 mm to (-) 10 mm	15.00 % (Max)	(+) 30 mm to (-) 50 mm	10.00 % (Max)
	(-) 0.15 mm	40.00% (Max)	(-) 06 mm	12.00% (Max)
	(+) 0.15 to (-) 06mm	Remainder	(+) 06 to (-) 30 mm	Remainder

- b) Track record showing the quality and quantity of actual shipments (exports) of the offered Ores be provided, which should be for atleast 1.00 million tons spread over two years. **Documentary evidence (s) (i.e. quality certificates & B/L etc) be provided.**

3) **COMMERCIAL:**

- a) The company should be of International repute having sound financial back-ground (to be judged from latest Audited Accounts). **The balance sheet of last three years be provided.**
- b) The port conditions should match with Port Qasim and / or capable of handling a minimum of 50,000 ($\pm 10\%$) tonner vessel. Port with higher capability will be preferable. **Confirmation Certificate be provided from respective Port authority.**
- c) The respective mines should have proven reserves of Iron Ore good for at least 10 years mine operation with minimum required export / production of Iron Ore. **Documentary evidence (s) be provided,**
- d) Tonnages offered should fulfill the minimum Pakistan Steel's annual requirement of **210,000 MT** per annum of Lump and **250,000 MT** per annum of Fine from each source. Offers for quantity in excess shall be desirable, however, the actual tonnages per annum from each source for contracting purpose may be in the range of **210,000MT** to **500,000MT** for Lump and **250,000MT** to **600,000MT** for Fine depending upon the share in the blend selected in Techno Economic Evaluation. **Confirmation Certificate be provided.**
- e) Port conditions should guarantee continuity of loading of shipment all the year round without any loading constraints ensuring un-interrupted supply / Loading of Ore throughout the year. However, no application shall be rejected at this stage on this basis if meets criteria otherwise. In all such cases financial impact / cost of carrying inventory of the Iron Ores for the period of closure shall be calculated by GM (Finance) and shall be accounted as dis-advantage to PAKISTAN STEEL viz-à-viz other offers guaranteeing continuity of loading. **Confirmation Certificate be provided.**

4. **LEGAL:**

Verification of Ownership and lease documents. Lease should be in the name of Owner / Producer and for canalizing agency having authority from the Mine Owner/ Producer and subsidiary of the Owner / Joint Venture. **Documentary evidence (s) be provided.**

5. **MINE (S) INSPECTION:**

Approval of procurement shall be subject to physical inspection of mines and facilities thereof, if required by Pakistan Steel, for verification of submittal.

PAKISTAN STEEL
(BULK MATERIAL DEPARTMENT)

TECHNICAL BID / OFFER PROFORMA

(To be filled in by the Iron ore Producers / Mine owners / Canalizing Agency)

NAME OF THE COMPANY

CHEMICAL SPECIFICATION (On Dry Basis)

S.N o	ELEMENTS	IRON ORE (FINE)		IRON ORE (LUMP)	
		SPECIFICATION		SPECIFICATION	
		REQUIRED %	OFFERED GUARANTEED %	REQUIRED %	OFFERED GUARANTEED %
i.	Moisture	10.50 (max)	max	8.00	ma
ii.	Iron (Fe Total)	57.00 (min)	min	60.00 (min)	mi
iii.	Silica	8.50 (max)	max	8.50 (max)	ma
iv.	Alumina	As low as possible	max	As low as possible	ma
v.	Phosphorous	0.10 (max)	max	0.10 (max)	ma
vi.	Copper	0.05 (max)	max	0.05 (max)	ma
vii.	Sulphur	0.05 (max)	max	0.05 (max)	ma
viii.	Titania	As low as possible	max	As low as possible	ma
ix.	Alkalis	As low as possible	max	As low as possible	ma
x.	Other Metals like, Zn, Pb, Cr, Sn, V etc.	Traces (0.009 max)	max	Traces (0.009 max)	ma
xi.	L.O.I.	-	max	-	ma
xii.	CaO	-	max	-	ma
xiii.	MgO	-	max	-	ma
xiv.	MnO	-	max	-	ma

PHYSICAL ANALYSIS (AT DISCHARGE PORT SAMPLING POINT JUNCTION – 12)					
IRON ORE (FINE)			IRON ORE (LUMP)		
SIZE	REQUIRED	OFFERED	SIZE	REQUIRED	OFFERED
(+) 10mm to (-) 15 mm	5% (max)		(+) 50 mm	Zero	
(+)06mm to (-) 10 mm	15% (max)		(+) 30 mm to (-) 50 mm	10.00% (max)	

(-) 0.15mm (100 mesh)	40% (max)		(-) 06 mm	12.00%(max)	
(+) 0.15 to (-) 06mm	Remainder		(+) 06 to (-) 30 mm	Remainder	

- NOTE:**
- I) Information about all columns must be filled.
 - II) Failing to meet the allowable limits in any of the items of specification (Sr. i. to xiv.) and physical analysis will render the offer as non-responsive.

Authorized Signature with official seal

PAKISTAN STEEL
(BULK MATERIAL DEPARTMENT)

COMMERCIAL BID / OFFER PROFORMA

(To be filled in by the Iron ore Producers / Mine owners / Canalizing Agency)
Supply Period : 01.01.2011 to 31.12.2013

- 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 : _____
(Confirmation Certificate be provided)
- 4) Tonnage offered by the bidder for _____ to _____ =
each year:
For Fine Ore _____ MT
For Lump Ore _____ MT

Note:- Tonnages required by Pakistan Steel from single bidder will be 250000 to 600000MT each year approx. for Fines & 210000 to 500000MT for Lump

- 5) -- Premium per Metric Ton : US\$ _____.
- Rebate per Metric Ton : US\$ _____.
- My Steel FOB price Fe _____ % on commercial opening date.
- Freight PMT : US\$ _____.

Any other information / clarification, Bidder may like to give.

Authorized signature with official seal

APPROVED LIST OF FOREIGN COMMERCIAL BANKS

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	ABN AMRO BANK	A	A	A	
4	STANDARD CHARTERED BANK	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	

APPROVED LIST OF LOCAL COMMERCIAL BANKS

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	BANK OF KHYBER	N/A	A	A	
6	FAISAL BANK LTD	A	A	A	Upto Rs.50M
7	FIRST WOMEN BANK LTD.	A	A	A	
8	HABIB BANK LTD.	A	A	A	
9	KASB BANK LIMITED	A	A	A	Upto Rs.50M
10	MCB BANK LTD.	A	A	A	
11	MYBANK LTD	A	A	A	Upto Rs.50M
12	NATIONAL BANK OF PAKISTAN	A	A	A	
13	PICIC COMMERCIAL BANK LTD.	A	A	A	B/G Upto Rs.50M
14	PRIME COMMERCIAL BANK LTD.	N/A	A	N/A	
15	SONERI COMMERCIAL BANK LTD.	A	A	A	
16	THE BANK OF PUNJAB	A	A	A	
17	UNITED BANK LTD.	A	A	A	
17	UNION BANK LTD.	A	A	A	
19	NIB BANK LTD.	A	A	A	
20	ARIF HABIB RUPALI BANK LTD.				
21	ATLAS BANK LIMITED.				
22	BANK-AL HABIB LIMITED				
23	CRESCENT COMMERCIAL BANK				
24	HABIB METROPOLITAN BANK				
25	JS BANK LIMITED				
26	NIB BANK LIMITED				
27	SAUDI PAK COMMERCIAL BANK				
28	SONERI BANK LIMITED				
29	STANDARD CHARTERED BANK				

Word Key:

N/A : NOT ACCEPTABLE.

A : ACCEPTABLE.

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

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 jp@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 CONSULTANTS, 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

PAKISTAN STEEL
(BULK MATERIAL DEPARTMENT)

PRICE ADJUSTMENT AGAINST DEVIATION FROM SPECIFICATIONS

01) PENALTIES ON CHEMICAL AND PHYSICAL SIZE ANALYSIS:

If the chemical analysis and physical size analysis of any shipment exceeds the guaranteed maximum / minimum limits but are within the rejection limits, the following penalties shall apply (fraction prorated):

a) CHEMICAL (FOR FINE & LUMP ORE)

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

- Fe : **US\$ ____** per dry metric ton unit for each 1% below guaranteed maximum.
- 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 \$ 0.03** per dry metric ton for each 0.01% in excess of guaranteed maximum.

b) PHYSICAL(SIZE ANALYSIS) - IRON ORE FINE

- i. (+) 10 mm to (-) 15 mm: US Cent 5 per wet metric ton for each 1.0% in excess of guaranteed maximum of 5.00 % (max).
- ii. (+) 06 mm to (-) 10 mm: US Cent 10 per wet metric ton for each 1.0% in excess of guaranteed maximum of 15.00 % (max).

c) PHYSICAL(SIZE ANALYSIS) - IRON ORE LUMPS

- i. (+) 30 mm to (-)50 mm : US Cent 5 per wet metric ton for each 1.0% in excess of guaranteed maximum of 10.00 % (max).
- ii. (-) 06 mm : US Cent 10 per wet metric ton for each 1.0% in excess of guaranteed maximum of 12.00 % (max).

(Authorized signatures with Official Stamp)

02) REJECTION LIMIT

The absolute limits / deviation at discharge port which shall make the Iron Ore liable to rejection shall be:

a) <u>Chemical</u>	<u>Lump Ore</u>	<u>Fine Ore</u>
- Iron (Fe)	Below 60.00 %	Below 57.00%
- Silica (SiO2)	Exceeding 8.50 %	Exceeding 8.50 %
- Alumina (Al2O3)	Exceeding 4.00 %	Exceeding 4.00 %
- Phosphorous (P)	Exceeding 0.15 %	Exceeding 0.15 %
- Sulphur (S)	Exceeding 0.10 %	Exceeding 0.10 %
- TiO2	Exceeding %	Exceeding %
- Alkalis	Exceeding %	Exceeding %
b) <u>Physical</u>		
- (-) 06 mm	Exceeding 25 %	-
- (+) 30 mm	Exceeding 25 %	-
- (+) 10 mm	-	Exceeding 15 %
- (+) 06 mm	-	Exceeding 25 %
- (-) 0.15 mm	-	Exceeding 40%

03) EXCESS MOISTURE & OVERSIZE

- a) In the event that the free moisture content determined pursuant to Clause (Moisture Clause) exceeds 10.5% for fine and 8.0% for lump, Seller shall reimburse to Buyer the additional freight for excess moisture.
- b) If it is established by Buyer to 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 vessel or 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 sellers representative may at Seller's expense be present during the discharging and ore preparation of such ore at the Port of Discharge in a manner which will not delay Buyer's discharging, conveying and / or ore preparation work.

-X-X-X-X-X-X-X-X-X-X-X-X-X-X-X-

(Authorized signatures with Official Stamp)

THIS CONTRACT is made as on _____ day of _____, 20_____

BETWEEN:-

M/s _____, Company registered under Companies Act _____, as applicable in _____ and having its registered Office at _____, hereinafter called "the Seller" (which expression shall be deemed to mean and include its successors and assigns) of the one part.

AND

PAKISTAN STEEL MILLS CORPORATION (PVT) LIMITED, a company incorporated under companies Ordinance of Pakistan and registered at Bin Qasim, Karachi, P.O. Box No. 5429, Pakistan, hereinafter called "the Buyer" (which expression shall be deemed to mean and include its successors and assigns) of the other part.

AND WHEREAS the Seller has agreed to sell and deliver and the Buyer has agreed to buy and take delivery on one time contract for a five years term basis, the Iron ore lumps produced from Codli and Pissurlem Mine in the state of Goa, India, and Iron ore fines produced from _____ Mines, _____ in the state of _____ the specifications as set forth in clause 3 of this contract by the Seller, under the terms and conditions hereinafter set out.

NOW IT IS HEREBY AGREED by and between the parties hereto as follows:-

1) INTERPRETATION

- a) As used in this Contract, the following expressions shall have the meanings set forth against them below :-

"Dollar" and "Cents" mean respectively dollars and cents in lawful money of the United States of America;

"Draft" (when fully loaded)" shall mean as the context requires:

- i. In respect of a vessel prior to the completion of its loading hereunder, the draft which that vessel would have if the quantity of ore scheduled to be loaded into it had been loaded into it; or
- ii. In respect of a vessel after the completion of its loading hereunder, the draft of that vessel as determined by draft survey.

"Lump ore" or "lumps" means Iron ore calibrated in size between 06mm to 30mm, having the physical specifications prescribed for lump ore in Clause 3.

"Fine ore" or " fines " means Iron ore of size between 0.15 mm to 06 mm having physical specifications prescribed for Fine ore in clause 3.

"Place of loading " means _____”
means place of loading near _____ effective place of loading likely to open by _____ and _____ in case of loading restriction at _____.

"Port" means the port of _____”
means port of loading near _____ effective for loading operations likely to open by _____ and _____ in case of loading restriction at _____.

"Price" means price agreed upon by the parties pursuant to Clause 4.

"Seller's wharf" means the iron ore loading wharf available to SELLER at the place of loading;

"Tonne" means a metric tonne of 1,000 kilograms;

- b) References to Clause, and paragraphs are to Clauses and paragraphs of this agreement;
- c) References to ore on a "natural basis" are to ore in its natural wet state;
- d) References to ore on a "dry basis" are to ore dried at 105 degrees Centigrade;
- e) Unless otherwise stated Clause headings or sub-headings are inserted for convenience only and shall not affect the construction or interpretation hereof.
- f) "Contained fines" means iron ore which forms part of any tonnage of lump ore which passes through a six-millimeter (mm) square aperture screen.
- g) FOBT in relation to price means the price per metric tonne of ore delivered free on board (FOB) and spout Trimmed in vessel loaded at port of loading and in relation to delivery means ore so delivered.
- h) Contract year means each period of twelve (12) months commencing on _____ in any year and ending on _____ in the next succeeding year with the exception of first year which shall commence on _____ and end on _____ and the final year which shall commence on _____ and end on _____. Bill of lading date shall determine date for contract purposes.
- i) "Discharge port" or "port of unloading" means Port Muhammad Bin Qasim, Iron Ore and Coal (IOC) berth, Bin Qasim, Karachi, Pakistan.

2) QUANTITY DESCRIPTION & DELIVERY PERIOD

- (A) (i) Seller hereby agrees to sell to the Buyer and the Buyer agrees to purchase, in respect of each of the Contract year shown in the following schedule, the quantity of ore (on a Natural Basis)shown opposite the applicable year, 15% more or less in each year at the Buyer's option.

<u>Contract year</u>	<u>Quantity</u> (in metric tonnes)	
	Period	Lumps Fines
2011 to -----		
-----2013		

- ii) If during any Contract year mentioned in sub-section 2 (A) (i) the Buyer requires quantities in addition to those provided for herein, Seller will make its best efforts to supply such additional quantities on such terms as may be mutually agreed.
 - iii) The first shipment of Ore under this Contract shall be co-ordinated with the Buyer's requirements, starting after _____.
 - iv) Iron Ore will be supplied by the Seller according to the specifications guaranteed in the Contract and from the mines approved by the Buyer.
 - v) Buyer will lift the contracted tonnage by _____, any quantity remaining unlifted will be deemed to have lapsed and contract treated as fulfilled in all respects on _____, this does not absolve Pakistan Steel from fulfilling payments under this contract
 - vi) Pakistan Steel may procure Iron Ore apart from this long term contract from any other source during the contractual period at the sole discretion of Pakistan Steel.
 - vii) Shipments of Lump shall be effected from _____ during _____ and Fines shall normally be effected from _____ during _____, while during Monsoon period from June to September, loading of Fines shall be effected from Chennai. However in case of Governmental loading restriction at Chennai shipment of fines of same grade as specified in clause no. 3 and of same Origin (Mines) shall be made from the Port of _____. In such an event the difference of freight rate agreed with the Shipowners for the ports of _____ and _____ will be adjusted from the 10% final payment due to the Seller. _____ is likely to close for Iron ore loading and in such an event loading will be effected at _____ which is likely to commence operations around _____. Seller shall notify to Buyer the change of port in the event of change of loading from _____.
- (B) If the parties shall at any time agree that the ore to be delivered hereunder or any part thereof shall be delivered and taken on a cost and freight (C&F)

basis, the parties shall enter into a further agreement specifying the prices and other conditions applicable for deliveries on such basis.

- (C) Subject to the provisions of Sub-section 2(A)" herein, shipments under this Contract shall be made during the period commencing _____ and terminating _____.

However, Seller hereby agrees, at Buyer's option, to an extension of this Contract for a further period of five years for the supply of the quantities of ores required by Buyer in such years (15% more or less at Buyer's option), at the request of Buyer made in writing not later than _____ subject to approval of respective Governments and such changes as may be mutually agreed upon.

- (D) Subject to the provisions of sub-section 2 (A) (i)" herein, shipments made under this contract during the period commencing from _____ to _____ shall be considered to be "Trial Tonnages" to determine acceptability of ore (for the operation of Steel Mills on Technical grounds). If problems would arise with the consumption of the ore during this period for substantial technical reasons, then Buyer shall have the option to adjust the tonnages of the ore in the burden or cancel all or any part of the ore tonnages contracted for shipment during future years, as stipulated in sub-section 2(A)(i). Buyer shall notify Seller of any such adjustments not later than _____. If notice of adjustment / cancellation is not given by such date, this contract shall continue in effect for the rest of the contract period through _____.

3) SPECIFICATIONS

Ore shall subject to the provisions of Clause 5, 6 and 7 have the following specifications:

a) Chemical Specifications (Dry Basis)

Fine Ore

Guaranteed %

- i) Moisture
- ii) Iron (Fe Total)
- iii) Silica
- iv) Alumina
- v) Phosphorous
- vi) Copper
- vii) Sulphur
- viii) Titania
- ix) Alkali
- x) Other Metals
- xi) CaO
- xii) MgO
- xiii) MnO
- xiv) L.O.I.

Lump Ore

Guaranteed %

- i) Moisture

- ii) Iron (Fe Total)
- iii) Silica
- iv) Alumina
- v) Phosphorous
- vi) Copper
- vii) Sulphur
- viii) Titania
- ix) Alkali
- x) Other Metals
- xi) CaO
- xii) MgO
- xiii) MnO
- xiv) L.O.I.

b) Physical Specification (On Natural basis)

i) For Fine Ore Guaranteed %

- (+) 10mm
- (+) 06 mm (-)10 mm
- (-) 0.15 mm
- (+) 0.15mm (-) 06mm

ii) For Lump Ore Guaranteed %

- (+) 50 mm
- (+) 30 mm (-) 50 mm
- (-) 06 mm
- (+) 06 mm to (-) 30 mm

4) a) P R I C E

- i. FOBT price in USD will be taken from My steel Index (based on Fe____% quoted) on commercial opening date of the tender plus premium ____USD or rebate ____USD plus freight for the first year of the contract on CFFO basis. This will only be utilized for the purpose of techno economic evaluation of the tender.
- ii. CFFO price of each shipment for first year of the contract will be fixed as per following formula.
- iii. FOBT price will be taken from My Steel Index price five days (based on Fe% in the contract) prior to L/C opening date plus offered contracted premium or rebate, plus freight at actual (not exceeding offered freight) will be the price of that shipment.
- iv. For the subsequent two years, cargo will be shipped on FOBT basis for each shipment will be fixed five days before LC opening date plus contractual premium or rebate.

b) 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 recognised 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 recognised 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.

c) EVIDENCE FOR PRICE CHANGE / FIXATION

The price to the Buyer FOBT, spout trimmed Port of loading as per Clause-4(b) above shall be verified by an independent auditors statement which shall be provided by the Seller to the Buyer.

5) PRICE ADJUSTMENT FOR DEVIATION FROM SPECIFICATIONS

If the chemical analysis and physical size analysis of any shipment hereunder exceeds the guaranteed max./min. limits as indicated in Clause 3, but are within the rejection limits indicated in Clause 6, the following penalties shall apply : (fraction pro-rata)

a) CHEMICAL

For chemical elements in excess of the guaranteed specifications :

LUMPS & FINE

- Fe: : US\$ _____ per dry metric tonne unit for each 1% below _____% Guaranteed Min.
- Sio2: : US\$ 0.04 per dry metric ton for each 1% in excess of _____% Guaranteed Max
- Al2o3: : US\$ 0.05 per dry metric ton for each 0.1% in excess of _____% Guaranteed Max
- P: : US\$ 0.03 per dry metric ton for each 0.01% in excess of _____% Guaranteed Max
- S: : US\$ 0.03 per dry metric ton for each

		0.01% in excess of _____% Guaranteed Max
Cu:	:	US\$ 0.03 per dry metric ton for each 0.01% in excess of _____% Guaranteed Max
Tio2:	:	US\$ 0.03 per dry metric ton for each 0.01% in excess of _____% Guaranteed Max
Alkalis	:	US\$ 0.03 per dry metric ton for each 0.01% in excess of _____% Guaranteed Max
Other metals	:	US\$ 0.03 per dry metric ton for each 0.1% exceeding _____% excluding Ca, Mg.
L.O.I.	:	US\$ 0.03 per dry metric ton for each 0.01% in excess of _____% Guaranteed Max

b) PHYSICAL (Size Analysis)

FOR IRON ORE (LUMP)

- i) For (+) 30 mm to (-)50 mm : US Cent 5 per wet metric ton for each 1% in excess of guaranteed maximum of _____% fraction prorata.
- ii) For (-) 06 mm : US Cent 10 per wet metric ton for each 1 % in excess of guaranteed maximum of _____% fraction prorata.

FOR IRON ORE (FINES)

- i) For (+) 06mm to (-) 10mm US Cent 5 per wet metric tonne for each 1% in excess of guaranteed maximum of _____% fraction pro-rata.
- ii) For (+) 10mm US Cent 10 per wet metric tonne for each 1% in excess of guaranteed maximum of _____% fraction pro-rata.

6) **REJECTION LIMIT**

The absolute limits / deviation at discharge port which shall make the ore liable to rejection shall be:

FOR LUMP ORE

a) <u>Chemical</u>	<u>LUMP Ore</u>	
- Iron (Fe)	Below	60.00%
- Silica (SiO2)	Exceeding	8.50%
- Alumina (Al2O3)	Exceeding	4.00%
- Sulphur (S)	Exceeding	0.10%
- Phosphorous (P)	Exceeding	0.15%
- TiO2	Exceeding	_____%
- Alkalis	Exceeding	_____%

b) <u>Physical</u>		
(+) 30 mm	Exceeding	25.00%
(-) 6 mm	Exceeding	25.00%

FOR FINE ORE:

a) <u>Chemical</u>	<u>Fine Ore</u>	
- Iron (Fe)	Below	57.00%
- Silica (SiO ₂)	Exceeding	8.50%
- Alumina (Al ₂ O ₃)	Exceeding	4.00%
- Sulphur (S)	Exceeding	0.10%
- Phosphorous (P)	Exceeding	0.15%
- TiO ₂	Exceeding	____%
- Alkalis	Exceeding	____%

b) <u>Physical</u>		
- (+) 10 mm	Exceeding	15.00%
- (-) 06 mm	Exceeding	25.00%
- (-) 0.15 mm	Exceeding	40.00%

7) EXCESS MOISTURE & OVERSIZE

- a) For 1st year when supply shall be on CFFO basis dry weight shall be calculated according to following formula:-

Seller has to pay compensation if the moisture content exceed at discharge port beyond the Sellers guaranteed moisture 10.5 % 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.

- b) In the event that the free moisture content determined pursuant to Clause 12 (a) exceeds 10.50% for Fine Ore and 8.0% for Lump Ore Seller shall reimburse to Buyer the additional freight for excess moisture.
- c) If any shipment of ore delivered by Seller to Buyer contains larger sized ore than the permissible maximum physical specification for Lump and Fine Ore as detailed in Clause 3 then the price of excess quantity of Ore over the permissible limit shall be reduced in accordance with stipulations of Clause 5(b) above.
- d) If it is established by Buyer to 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 vessel or 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 5, 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 at the Port of Discharge in a manner which will not delay Buyer's discharging, conveying and/or ore preparation work.

8) PASSING OF TITLE AND RISK

a) Title to the ore delivered shall pass to Buyer at the time of discharging of the ore from the loading devices into the vessel, and at the same time all risk of loss, damage or destruction caused to or by the ore delivered shall also pass to Buyer.

b) If for any reasons, other than the fault of the Seller or the confirming bank designated by the Seller, Seller fails to receive full payment under the Letter of Credit established in accordance with Clause 14 (a) for shipment effected by the Seller, Seller shall have:

- i) the right at any time to identify the ore;
- ii) the right to divert or stop in transit; and
- iii) the right to re-sell.

9) OCEAN TRANSPORTATION OF ORE

a) If ore is supplied on FOBT basis, the Buyer assumes the obligation of providing a vessel for the transportation of ore to be delivered to the Buyer hereunder and the Buyer shall arrange for and provide such vessel in accordance with the provisions of Clause 10. The vessel shall be ore carrier or bulk carrier type suitable in all respects to enter, and leave from the Port and berth at and load from the relevant place of loading and accordingly, such vessel or vessels shall be subject to the approval of the Sellers.

b) The Buyer guarantees that the vessel provided by them shall have either an ITF Certificate or a bonafide agreement acceptable to the International Transport Worker's Federation and that the Certificate or agreement as the case may be shall be current and effective throughout the period during which the vessel is at or off the Port.

10) SHIPMENT AND SHIPPING SCHEDULE

a) The Buyer shall provide vessels suitable for loading 50,000 \pm 10% M.T at the Port of Loading. Such vessels shall load full or part cargo at the Buyer's option.

b) The Buyer shall submit to the Seller for the Seller's approval (which shall not be unreasonably with-held) the following schedules:

- i) Tentative quarterly shipping schedule covering the next contract year shall be given minimum of two (02) months prior to the commencement of each

Contract year. The Seller shall approve such schedule or advise by Fax to the Buyer, changes if requires within fifteen (15) days.

- ii) A tentative monthly shipping schedule covering next calendar quarter shall be given prior to the commencement of each quarter. Such schedule shall specify the approximate loading dates and the quantities (10% more or less, at the Buyer's option) of Ore to be loaded. The Seller shall approve schedule and advise through Fax or e-mail to the Buyer minimum of 10 days prior to the commencement of the next calendar quarter any change it requires.
- iii) Notice of nomination of vessels to load shall be given a minimum of fifteen (15) days prior to expected date of arrival of each vessel at the Port of Loading. Such nomination shall set forth the name of the vessel with 10 days laydays spread, its ETA, and quantity (10% more or less, at the Buyer's option) and type of ore to be loaded. Buyer shall arrange that estimated time of arrival at loading port shall be confirmed to the Seller by vessel's Master upon leaving the previous port of call. Vessel shall advise through Fax / e-mail / radio to Seller notice of estimated time of arrivals at loading port 10 days, 48 hours and 24 hours prior to arrival.
- iv) Throughout the term of this Contract, the Buyer and the Seller shall use their best efforts to arrange their shipping and production schedules to obtain as nearly as possible a uniform rate of deliveries of Ore throughout each Contract year.

11) LOADING TERMS

- a) The Seller shall not be obliged to load a vessel with a tonnage of ore which exceeds in value the amount of the relevant Letter of Credit established by the Buyer pursuant to Clause 14 (a) subject as aforesaid, Seller shall deliver the ore to Buyer in bulk, free on board vessel, spout trimmed, alongside the Seller's wharf, vessel being always safely

afloat, to a maximum guaranteed draft (when fully loaded of 13 Meters /16 Meters , free of all risk, expense and damage to Buyer and vessel.

- b) Lay time for loading shall commence twelve hours after Notice of Readiness is given, whether vessel is in berth or not, or when loading commences whichever is the sooner. Notice of Readiness to load shall be tendered with the vessel's equipment in conformity with the safety regulations of the International Convention for Safety of Life at Sea, and with clean holds, hatches opened and in all respects ready to load at anytime in or out of office hours after the vessel has duly arrived at the anchorage area at the port of loading subject to free pratique being granted prior or on arrival in berth. If free pratique is not granted upon inspection due to causes attributable to the vessel then such Notice of Readiness shall be of no effect and a fresh Notice of Readiness shall be tendered if and when vessel is in free pratique with clean holds, hatches opened and in all respects ready to load.

c) Loading Rates

Seller shall cause all ore to be delivered hereunder to be loaded on board vessel at the following average rates per weather working day of twenty four consecutive hours, or pro rata or fractions thereof, including Saturdays, Sundays and holidays (SHINC) :

<u>Size of Vessel</u>	<u>Tonnes per day (Natural Basis)</u>
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d) Demurrage and Despatch Money

If Seller fails to meet the loading requirements specified in this Clause demurrage shall be paid by Seller to Buyer for all time lost after expiration of allowable laytime at the rate set out below or subject to such changes as may be mutually agreed. Despatch money shall be paid by Buyer to Seller for lay time saved at the rate set out below when the vessel is sooner loaded than required hereunder:

IN U.S DOLLARS PER DAY OF 24 HOURS FRACTION PRO-

RATA

<u>VESSEL SIZE</u>	<u>DEMURRAGE</u>	<u>DESPATCH</u>
Upto 50,000MT	US\$8,000	US\$4,000

- These rates shall apply during the five year tenure of contract.
- Vessel-wise Demurrage/Despatch settlement shall be at the time of 10% balance payment through FOBT L/C.
- Any time required by the vessel for de-ballasting during the loading operations will not count as lay time.
- Lay time shall terminate upon completion of loading and draft survey.

e) OBLIGATION OF VESSEL

Buyer will ensure that without cost to Seller:

- The vessel provides all necessary lights for night loading.
- Hatches are opened and closed as necessary for or in connection with loading; and
- The vessel sails from Seller's wharf as soon as loading is completed weather and tides permitting.

- f) Seller shall be responsible for dead freight arising from not loading the cargo upto the quantity declared by the Master on behalf of Buyer, provided this does not exceed the stemmed weight and also provided the master of the vessel has not sailed of his own free will. In the event that Buyer shall claim such dead freight Buyer shall provide Seller with evidence satisfactory to Seller of the ocean freight rate applicable to the shipment concerned.

12) 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. Such survey shall be carried out by a qualified marine surveyor nominated by Seller and agreed to by Buyer. 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 within seven (07) days of Vessel's departure from the Port. 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 as provided in Clause 12 (a). Such weight together with the Seller's analysis of the sample taken pursuant to Clause 13, 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 recognised 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 one half percent (0.5 percent) of such loaded weight, as determined in clause (12a). If the variance is in excess of one 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 12 (b) then loaded weight as determined pursuant to Clause 12 (a) shall be final for all purposes hereunder.

13) SAMPLING AND ANALYSIS

- a) At the place of loading Seller shall at Seller's expense 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 advise Buyer the percentage of chemical contents and the percentage of free moisture loss at 105 degree centigrade by fax or e-mail within seven days after 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 13 (b) (ii) 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 13 (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 analysed 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.

14) PAYMENT

a) Letter of Credit

Not later than fifteen (15) 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 one of the Prime Commercial Banks acceptable to the seller (as per list "Proforma-H").

The Letter of Credit shall be advised, confirmed, and negotiated by the Sellers designated bank and:-

- i) Shall be for an amount in US Dollars equal to 105 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 for Fines and Lumps.
- ii) Shall provide for telegraphic transfer reimbursement and payment against draft at sight at the counters of the Seller's designated bank in India for the full amount payable in respect of the shipment as shown on Seller's provisional invoice.
- iii) 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.

- iv) All bank charges out side Pakistan in connection with the Letter of Credit, including those for 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.
 - v) The letter of Credit shall remain valid for not less than 60 days after the estimated date of arrival at the Port of Loading of the vessel to which it applies.
- b) Provisional Payment
- 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 covering the shipment upon presentation by SELLER to SELLER's designated Bank of the following documents :
- i) A full set of negotiable clean-on-board ocean bills of lading with freight payable by BUYER in case of FOBT Sales.
 - ii) An original and four signed copies of the Certificate of Weight furnished by SELLER pursuant to Clause 12 (a)
 - iii) An original and four signed copies of the Certificate of Analysis furnished by the SELLER pursuant to Clause 13 (a)
 - iv) 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 4 (adjusted if necessary in accordance with Clause 5).
 - 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) 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.

c) FINAL PAYMENT

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 12 and 13 upon presentation of the following documents:-

i) An original of the discharge weight certificate issued at the Port of Discharge, furnished by the Buyer pursuant to clause 12 (b).

ii) An original of the analysis certificate issued by BUYER pursuant to Clause 13(b) (i).

iii) An original and four signed copies of the Seller's final invoice; and

iv) Buyer's statement of final account (final adjustment sheet) including any price adjustments pursuant Clause 5 and adjustment of Despatch / Demurrage agreed as per clause 11(d).

d) If the Seller has not within 60 days of unloading received the documents referred to in item (i), (ii) and (iv) of Clause 14 (c) with respect of such shipment then unless Buyer and Seller are awaiting umpire's determination pursuant to Clause 13(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.

e) 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.

f) Shipping Documents to Buyer

One copy of each of non-negotiable shipping documents as mentioned in Clause 14 (b) above shall be faxed to the Buyer with in two and a half days of sailing of the vessel from _____ and between three & five days from _____. However, the same documents will also be couriered immediately thereafter to the attention of:

General Manager, Bulk Material Department,
PAKISTAN STEEL,

Bin Qasim, Karachi, Pakistan
Fax No: (92-021) 34750156

15) 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 – GM, Bulk Material Department, Fax 021 34750170 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

16) 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

17) 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 18 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.

18) RISK PURCHASE

The cancellation of the contract as stated in Clause 17 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, upto four consecutive shipments of similar quality and of usual vessel size (50,000 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.

19) FORCE MAJEURE

- i. If on account of an event of Force Majeure as defined in Clause 19(ii) 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 19 specifying the event of force Majeure, then the following provisions of this Clause 19 shall apply.
- ii. The term "Force Majeure" as used in this contract shall mean any causes reasonably beyond the control of the party affected thereby which wholly or in substantial part prevent the mining, coking, steel making, provision of ocean transportation loading, unloading delivery or storing of ore to be delivered hereunder. Example, without limitation of Force Majeure are acts of God, acts of the public enemy, acts of war, (declared or undeclared), riot or civil commotion, labour disputes, material shortage, accidents, fires, explosions, floods, breakdown or damage to plants, equipment or facilities, interruptions to or contingencies of transportation, orders or acts of any Government Authority and laws, rules or regulation of any Government.
- iii. If an event of Force Majeure occurs, and notice is given as provided in Clause 19 (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 19 (iii), (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 judgement, 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.

20) 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) Defines, 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.

21) 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.

22) Applicable Law

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

23) AMENDMENTS

No cancellation, modification of any order or change in specifications shall be made except in writing 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.

24) 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.

25) 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 India 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 Indian 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 _____ 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 the case of the Seller

In the case of Buyer

PAKISTAN STEEL MILLS CORPORATION (PVT) LIMITED
Bin Qasim, Karachi – 50
PAKISTAN

Attention: CHAIRMAN

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 authorised if they are signed by any Director, or Secretary or any other person authorised by the Board of the party giving it or in the case of a notice, sent by fax, authorised by any Director or Secretary or any other person authorised by the Board of the party causing it to be despatched.

26) GOVERNMENT APPROVAL

This contract is subject to the approval of the respective Governments of the parties and the parties shall be responsible to obtain such approval from their respective Government.

IN WITNESS WHEREOF these present have been duly executed by each of the parties hereto the day and year first hereinbefore mentioned

Signed for and on behalf of

Signed for and on behalf of

PAKISTAN STEEL MILLS CORPORATION
(PVT) LIMITED

INTEGRITY PACT

**DECLARATION OF FEES, COMMISSIONS AND BROKERAGE ETC.
PAYABLE BY THE SUPPLIERS/CONTRACTORS OF GOODS, SERVICES & WORKS**

**REFERENCE TO IRON ORE SUPPLY TO PAKISTAN 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 times 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 _____

CFFO TERMS & CONDITIONS

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 (Lump & 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 1.2(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:

<u>DESCRIPTION</u>	<u>LIMITS</u>
LOA	230.00 meter (max.)
Beam	40.00 meter (max.)
Draft	11.50 meter (max.) (upto 15th May'2010)

- 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 (Lump & 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 Services" and "Shipping Section of Bulk Material 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 (Lump & Fine) to be loaded ($\pm 10\%$ 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.

2.5 CONDITIONS AT DESTINATION PORT

- a) Iron Ore (Lump & Fine) shall be discharged at the rate of 8000 Metric Tonne 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 Section of Bulk Material 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, unless 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 return 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 amidships 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 be 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.
- iv) Deliveries of Iron Ore (Lump & 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.

BANK GUARANTEE FORM IN RESPECT OF EARNEST MONEY

(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)

TERMS OF PAYMENT

PAYMENT SHALL BE MADE AGAINST THE LETTER OF CREDIT AS UNDER:

A. PROVISION PAYMENT

IN RESPECT OF THE SHIPMENT OF ORE, THE SELLER MAY DRAW AGAINST LETTER OF CREDIT FOR THE AMOUNT OF 90% OF FULL PROVISIONAL VALUE AS SHOWN ON SELLER'S PROVISIONAL INVOICE COVERING THE SHIPMENT UPON PRESENTATION BY SELLER TO SELLER'S DESIGNATED BANK OF THE FOLLOWING DOCUMENTS:

- i) BILL OF EXCHANGE / DRAFT.
- ii) A FULL SET OF NEGOTIABLE CLEAN ON BOARD OCEAN BILLS OF LADING SHOWING FREIGHT PREPAID AS PER CHARTER PARTY DRAWN OR ENDORSED TO OUR ORDER AND MARKED NOTIFY OPENERS AND US GIVING FULL NAME AND ADDRESS EVIDENCING SHIPMENT FROM PORT _____ TO PORT MUHAMMAD BIN QASIM, KARACHI PAKISTAN. TO PORT MUHAMMAD BIN QASIM, KARACHI, PAKISTAN. THE CHARTER PARTY BILL OF LADING IS ACCEPTABLE.
- iii) AN ORIGINAL AND FOUR SIGNED COPIES OF THE CERTIFICATE OF WEIGHT FURNISHED BY SELLER PURSUANT TO CLAUSE 12 (a) OF THE CONTRACT.
- iv) AN ORIGINAL AND FOUR SIGNED COPIES OF THE CERTIFICATE OF ANALYSIS FURNISHED BY THE SELLER PURSUANT TO CLAUSE 13(a) OF THE CONTRACT.
- v) AN ORIGINAL AND SIX SIGNED COPIES OF SELLER'S INVOICE CALCULATED ON THE ABOVE BASIS TOGETHER WITH THE ABOVE MENTIONED CERTIFICATE AND BASED ON THE PRICES SET FORTH IN CLAUSE-4 (ADJUSTED IF NECESSARY IN ACCORDANCE WITH CLAUSE 5).
- vi) AN ORIGINAL AND FOUR SIGNED COPIES OF THE CERTIFICATE OF ORIGIN ISSUED BY SELLER.
- vii) THE SELLER WILL FURNISH A GUARANTEE CERTIFICATE CONFIRMING THAT ALL TERMS AND CONDITIONS OF CONTRACT HAVE BEEN FULFILLED AND PRICE CHARGE IS IN ACCORDANCE WITH THE SAME.
- viii) BENEFICIARY MUST INFORM AFTER SHIPMENT THE VALUE OF SHIPPING DOCUMENTS BEFORE THE NEGOTIATION WITH THEIR BANK BY FAX/TELEX TO THE G.M. (FINANCE) / DGM (CASH). PAKISTAN STEEL MILLS PVT. LTD. BIN QASIM, KARACHI ON FAX NO.92-21-4750156 DIRECTLY TO ENABLE THE OPENER TO ARRANGE THE RETIREMENT OF DOCUMENTS WITHIN TIME.

CONFIRMATORY COPY OF MESSAGE SHOULD BE ENCLOSED WITH ORIGINAL SHIPPING DOCUMENT.

B. FINAL PAYMENT

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-10 UPON PRESENTATION OF THE FOLLOWING DOCUMENTS.

- i) BILL OF EXCHANGE / DRAFT.
- ii) AN ORIGINAL OF THE DISCHARGE WEIGHT CERTIFICATE AT THE PORT OF DISCHARGE FURNISHED BY THE BUYER PURSUANT TO CLAUSE 10 (b).
- iii) AN ORIGINAL OF THE ANALYSIS CERTIFICATE ISSUED BY BUYER PURSUANT TO CLAUSE 11(b) (i).
- iv) AN ORIGINAL AND FOUR SIGNED COPIES OF THE SELLER'S FINAL INVOICE: AND
- v) BUYER'S STATEMENT OF FINAL ACCOUNT (FINAL ADJUSTMENT SHEET) INCLUDING ANY PRICE ADJUSTMENTS PURSUANT TO CLAUSE – 6 AND ADJUSTMENT OF DESPATCH/DEMURRAGE AGREED AS PER CLAUSE 15 (q).
- vi) CLAIMS REGARDING DEMURRAGE / DISPATCH ARE TO BE SETTLED THROUGH THE SAME LETTER OF CREDIT AFTER ADJUSTMENT FROM 10% BALANCE PAYMENT.

C. ADDITIONAL CONDITIONS

1. ALL BANK CHARGES IN CONNECTION WITH THE LETTER OF CREDIT INCLUDING THOSE FOR ADVISING CONFIRMATION REIMBURSEMENT AND NEGOTIATION ETC SHALL BE FOR THE ACCOUNT OF SELLER / BENEFICIARY ALL OTHER BANK CHARGES INCLUDING THOSE FOR OPENING THE LETTER OF CREDIT INCURRED IN PAKISTAN SHALL BE FOR THE ACCOUNT OF THE BUYER.
2. THE SELLER WILL ADVISE PARTICULARS OF THE SHIPMENT (AS PER CLAUSE 17 OF THE CONTRACT) IMMEDIATELY ON COMPLETION OF EACH SHIPMENT BY FAX/TELEX, DIRECTLY TO :
 - 1) M/S.NATIONAL INSURANCE CORPORATION, NIC BUILDING ABBASI SHAHEED ROAD OFF SHAHRAH-E-FAISAL,

KARACHI-74400 PAKISTAN FAX NO.92-21-9202764 OR TELEX NO.29750 NIC PK REFERRING TO COVER NOTE NO. NIC/M/SZ/OP/POL/061/80.

- 2) MANAGER (INSURANCE) PAKISTAN STEEL MILLS CORPORATION PVT. LTD. BARRACK NO.4 BIN QASIM, KARACHI PAKISTAN FAX NO.92- 21-34750156.
 - 3) DGM/INCHARGE (BMD) PAKISTAN STEEL MILLS CORPORATION PVT. LTD. ADMIN BLOCK III, BIN QASIM, KARACHI PAKISTAN FAX NO.92-21-34750156.
 - 4) INCHARGE (SHIPPING) PAKISTAN STEEL MILLS CORPORATION PVT. LTD. ADMIN BLOCK III BIN QASIM, KARACHI PAKISTAN FAX NO.32-21-34750170. BENEFICIARY'S CERTIFICATE TO THIS EFFECT ALONGWITH THE ORIGINAL DOCUMENTS.
3. ONE COPY OF EACH NON NEGOTIABLE SHIPPING DOCUMENTS (COPY OF INVOICE, BILL OF LADING AND CERRTIFICATE OF ORIGIN) SHALL BE FAX TO THE BUYER WITHIN (24) HOURS OF SAILING OF VESSEL FROM _____. THE DOCUMENT IN ORIGINAL STATED IN CLAUSE 14 (B) OF CONTRACT SHALL BE COURIERED THEREAFTER TO BE ATTENTION OF:
- 1) INCHARGE (SHIPPING) PAKISTAN STEEL MILLS CORPORATIONL PVT. LTD. ADMIN BLOCK III BIN QASIM KARACHI PAKISTAN FAX NO. 92-21-34750170
 - 2) DGM/INCHARGE (BMD) PAKISTAN STEEL MILLS CORPORATION PVT. LTD. ADMIN BLOCK III BIN QASIM, KARACHI PAKISTAN FAX NO.92-21-34750156.
4. SBP REGISTRATION NO. AND LC NO MUST BE SHOW ON THE BILL OF LADING AND INVOICE.
5. PROFORMA INVOICE FOR CUSTOM PURPOSE ONLY SHALL BE FAXED TO BUYER BEFORE SAILING OF VESSEL SO THAT SAME IS REACHED AT BUYER END BEFORE ARRIVAL OF THE VESSEL.