

ADDITIONAL CLAUSES TO THE COAL CHARTER PARTY /COA 2009-10

(1st September' 2009 to 31st October 2010)

Clause-30

- a. Vessels' description:
SIDK, (Maximum 25 years old)
- b. Vessel is classed Lloyd's 100 A1 or equivalent. The Owners guarantee that the vessel has ITF Certificate the details of which will be provided to the suppliers on nomination or when desired by the suppliers. Such classification will be maintained during the entire duration of the Charter Party. Should this classification not be maintained during the specified period, then Owners to be liable for any and all extra insurance penalties or assessments directly resulting from the fact that the vessels' guaranteed classification has not been maintained.
- c. Vessel shall be a self-trimming Ore Carrier / Bulk Carrier with engine/bridge aft unobstructed holds and hatches of minimum 9 meters breadth, and 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 from port and berth and load/discharge from the place of loading/discharging and vessel is guaranteed suitable for grab discharge.

Clause-31

- a. Vessel's draft and dimensions shall always be according to **PORT MUHAMMAD BIN QASIM AUTHORITY** (PQA) requirements and in case of vessel coming with excess draft all consequential losses shall be on owners account.
- b. Vessel to supply lights whenever and wherever required by Charterers for loading, trimming and discharging.

Clause-32

Load Ports	Quantity in MT (+/-10%) CHOPT	Loading Rate (MT) / WWD	Demurrage Rate (US\$) / WWD	Freight Rate (US\$) / MT
GLADSTONE (AUS)	350,000	10,000	8,000	
NEWCASTLE (AUS)	200,000	10,000	8,000	
HAY POINT (AUS)	200,000	10,000	8,000	
ROBERTS BANK (CAN)	200,000	10,000	8,000	

Clause-33

- a. Charterers to give Owners **30** days notice with lay days spreading over **10** days requesting Owners for nomination of vessel. However, the **30** days notice period will not be applicable for the lay days in respect of the lifting(s) during the first month of the Contract Period, and on Charterer's advice the Owners shall nominate vessel(s) for given lay days.
- b. Owners to nominate Bulk Carrier Gearless vessel, unless requested for geared vessel by the Charterers as stipulated in Clause 30, suitable for loading at the port of loading, for supplier's approval within seven (**07**) days of the served notice, specifying the type of vessel. The nominated vessel shall be subject to the approval of Shippers and Charterers and shall comply with all current national and international regulations and international Maritime Organization conventions including but not limited to International Ship and Port Facility Security (ISPS), International Safety Management (ISM), Safety Management Certificate (SMC), Document of Compliance etc.
- c. Any extra cargo insurance due to vessels over **15 years age**, flag, class or Ownership to be on Owner's account and may be deducted from freight payment.
- d. In the event of failure in nomination of vessel, Charterers have the right either to charter the vessel on the ship-owner's cost and risk for the critical cargoes on spot basis after three (**03**) working days (72 Hrs) of the expiry of such notice or claiming the differential of freight, FOB price etc., whatsoever, from the ship-owner's due freight account or from the PBG.

Clause-34

- a. The Master / Owners / Operators / Agents to give **21, 15** days approximate notice and thereafter **10/7/5/3/2/1** days' definite notice of arrival to Shippers and Agents and to "PAKISTAN STEEL SHIPPING SERVICES" / "SHIPPING DEPARTMENT, PAKSTEEL, KARACHI". Master to advise Shippers and Agents the exact quantity required with stowage plan. In case, the Master is not declaring the exact quantity as above, Charterers are only responsible to load the minimum quantity as per Charter Party.
- b. In case vessel fails to reach load port within agreed lay days for whatever reason, the Charterers besides the option of canceling, may accept the vessel conditionally i.e. NOR at load / discharge port may be considered accepted from commencement of loading / discharging, subject to working hours as per relevant Clause of the Charter Party.
- c. On sailing from load port, Master / Owner / Operators/Agents to send a sailing cable to Agents "PAKISTAN STEEL SHIPPING SERVICES" / "SHIPPING DEPARTMENT, PAKSTEEL, KARACHI", advising time of sailing, quantity loaded per hold and estimated time of arrival at discharging port.

- d. Master/Owners/Operators/Agents to inform “PAKISTAN STEEL SHIPPING SERVICES” / “SHIPPING DEPARTMENT, PAKSTEEL, KARACHI at discharging port **9** and **6** days and again **72/48/24** hours notice of vessel’s estimated time of arrival at discharge port.
- e. In the event of Master / Owners / Operators/Agents failing to give any of the above mentioned notices, Charterers will be allowed to add **24 hours** extra to the lay time for respective port for loading and / or discharging.

Clause-35

- a. Cargo to be loaded into the minimum possible number of holds unless specified.
- b. No cargo is to be loaded in deep tanks, bunkers or any other compartments, not easily accessible to grabs. Any extra expenses incurred at loading port and time lost on account of extra trimming required by the Owners or any other cause directly attributed to the vessel and/or the Owners, whether the vessel be on demurrage or not, to be on ship’s account and lay time not to count. Any extra expenses and / or loss of time over and above the cost of normal grab discharge incurred at discharging port for cargo not easily accessible to grab to be on Owner’s account. All extra time lost under this Clause to be added to the lay time. Deep tanks, and any other provisions within vessel’s holds, are to be sheltered against damage by receivers grab, failing which Owners will be responsible for all consequences. Any disputes regarding stevedoring damages to be settled directly between Owners and Stevedores and any time used for repairing damage not to count as lay time.

Clause-36

- a. Vessel to have hatches opened and the hatch beam removed before commencement of loading and/or discharging, failing which vessel not to be considered ready to load or 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 Charterers or their representatives) as well as after finishing loading or discharging each day, and also to open same prior to commencement of the next working period. All these operations to be done at Owners’ expense and in their time, unless local regulations prohibit crew to do so, when same to be on Charterers’ account.
- b. On tendering notice, vessel to be presented with clean holds, clear of dunnage, shifting boards, cargo battens and removable wooden bulkheads to Shippers’ Inspectors’ satisfaction, otherwise vessel not to be considered as ready for loading and no time to count until any default in this respect has been rectified.

Clause-37

- a. Coal to be loaded at the average rate as mentioned in clause-32 per weather working day (WWD), Saturdays, Sundays and Holidays excluded even if used (**SSHEXEIU**). Time for loading to commence to count **24 hours** after the acceptance of NOR even if used.
- b. NOR in conformity with the safety regulations of the International convention for safety of life at sea shall be given any time, day and night including Saturday, Sunday and holidays, provided the vessel is within port limit and in every respect ready to load the cargo and in free pertique, whether in berth or not. NOR shall not be accepted until the vessel has tendered General Arrangement plans and have been approved by the suppliers.
- c. If quarantine inspection is not available upon arrival of vessel at the Anchorage area but is available (I) after the vessel is in berth or (ii) after arrival of the vessel at the Anchorage area but before berthing, NOR may be tendered as above without free pertique, provided, however, time lost in obtaining free pertique after quarantine Officer boards vessel shall not count as lay time used, unless quarantine inspection is made during loading. If free pertique is not granted, any such NOR shall be accepted as and when the vessel is in free pertique with clean holds and is in all respects ready to load.
- d. If loading has to be interrupted due to insufficient ballast pump capacity in relation to the loading capacity, any such time lost shall not count as lay time, even if the vessel is already on demurrage.

Clause-38

In case of dead-freight, the time allowed for loading and discharging should be calculated on the basis of tonnage for which freight is paid and not on the actual quantity loaded.

Clause-39

- a. The cargo to be discharged at the average rate of **8,000 MT** per weather working day (WWD), Saturdays, Sundays and Holidays excluded even if used (SSHEXEIU). Time for discharging to commence to count **12 hours** after the acceptance of NOR, even if used.
- b. NOR in conformity with the safety regulations of the International convention for safety of life at sea shall be given any time, day and night including Saturday, Sunday and holidays, provided the vessel is within port limit and in every respect ready to discharge the cargo and in free pertique, whether in berth or not, to PAKISTAN STEEL SHIPPING SERVICES / SHIPPING DEPARTMENT, PAKSTEEL, KARACHI.

- c. If, the vessel is prevented from proceeding to the loading / discharging berth due to her inefficiency, bad weather, tidal conditions, strikes, lockouts, act of God, or any other reason beyond the control of Charterers, in such cases the lay time shall not count. Shifting time from waiting place to berth at load / discharge port shall not count as lay time, even if the vessel is already on demurrage.
- d. If, on vessel's arrival at loading / discharging berth, free pertique is refused, all time from the moment free pertique is refused to the moment free pertique is granted not to count (even if vessel is already on demurrage), and Owners to bear all consequences and extra expenses connected with such refusal.
- e. If, after berthing the vessel is found not to be ready in all respects to load and discharge, the actual time lost from the discovery thereof until she is in fact ready to load or discharge shall not count as lay time.

Clause-40

If the vessel loses her turn due to any reason whatsoever, attributable to the vessel, her Master, her crew or the Owners, time lost shall not count as notice time or as lay time 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.

Clause-41

- a. The ship to load and discharge as rapidly as possible. Loading and discharging will be effected by shore gear respectively. Any time lost at each port due to inclement weather (even if the vessel is at outer anchorage), breakdown of loading/ unloading equipment etc., not to count as loading respectively discharging time, even if the vessel is already on demurrage. Time counting shall cease on completion of loading / discharging, however, in case of vessel's inability to vacate the berth after completion of loading/unloading, all consequences, whatsoever, will be entirely to ship-owners account.
- b. In the event of loading / discharging being impossible due to inefficiency or any other cause attributable to the vessel, her Master, her crew or the Owners and such impossibility continuing for more than three consecutive hours, the Charterers shall have the right to order the vessel to vacate the berth and shifting from and back to berth shall be at Owner's expense and time.
If the vessel due to above mentioned reasons, has to vacate the loading/discharging berth, notice time or lay time or time on demurrage shall not count from that time until she be in all respect ready to load/discharge and notification has been given to the Charterers accordingly. If, due to above matters, the vessel loses her turn, time shall count again only when loading / discharging has been resumed.

- c. Shifting expenses between 1st and 2nd loading berth to be on Owner's account and shifting time not to count as lay time, even if vessel is on demurrage. Shifting from waiting berth, if any to final loading or discharging berth to be considered as part of the voyage to be on Owner's time and expense. If the vessel is loaded at more than two berths and / or Anchorages, time used for shifting to count as lay time and expenses to be on Charterers account. Any shifting required by the Master of vessel for purpose other than those directly connected with loading to be on Owners account and time not to count. Eventual wharfing up alongside the berth to be on Owner's account and time used not to count.

Clause-42

Master is not to take on or pump ballast, oil or water at Loading and Discharging ports without obtaining permission of Charterers, or to switch oil or water from one tank to another, in order to enable the Charterers to do a proper draft survey. Vessel to furnish a certified calibration scale for all tanks including fore and aft, peak and double bottom tanks and deep tanks. Plimsoll marks amid ships and draft marks on port and starboard side, bow and stern to be clearly cut and marked on shell plating. Vessel to furnish capacity plan displacement scale and deadweight scale and same to be certified by the Master as to the correctness at the time of loading. Vessel to be left in sea worthy trim at Masters satisfaction when shifting between loading berths.

Clause-43

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 Charterers and the Charterers 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, any place of loading and / or discharging.

Clause-44

Statement of Facts at each port will be prepared and signed by Shippers/Charterers or their Agents and will be countersigned by the Master.

Clause-45

Charterers to have the right to average or reverse the days allowed for loading and discharging.

Clause-46

Agents at loading and discharging port to be appointed by Charterers at Owner's cost. As per regulations at discharging port, Owners to appoint their own protecting agents at discharging port.

Clause-47

Agents at Loading port:

To be appointed

Clause-48

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 Charter Party without any delay. Undertaking will be at Owners' sole expense and the Owners shall indemnify the Charterers against all consequences whatsoever including loss of time for any failure or inability to do so.

Clause-49

- a. At the discharging port HARBOUR DUES will be charged by PAKISTAN STEEL to the Owners / vessel at the rate of **US\$ 2.277** PMT for cargo loaded as per Bill of Lading. Port dues, revised by PQA within the contractual period will be payable by Owners accordingly.
- b. Customs light dues of the vessel will be charged to the Owners / vessel separately at actual.
- c. If, for reasons beyond Charterers control additional services are required, same will be charged by PQA separately, as the case may be.
- d. Agency fee at discharging port will be charged at the rate of **US\$1,500** per vessel
- e. Harbor dues, agency fees and any other ships expenses shall be remitted by Owners to Charterer's Agents before arrival of the vessel at the loading port.
- f. In case Agents fail to provide funds from Ship-owners before vessel's arrival at the loading port, Charterers will not accept NOR unless funds are provided.

Clause-50

- a. Overtime to be on account of the party ordering same, however, ship's officers and crew overtime always to be on Owner's account. Overtime ordered by Port Authorities to be shared equally between Owners and the Charterers.
- b. Charterers are entitled to work during the excepted period and at night, if required, vessel to supply, free of charge, the use of sufficient electric light for night work including Saturdays, Sundays and holidays at load port / discharge port.

- c. At loading and / or discharging port (s), taxes and / or dues on freight and / or vessel to be on Owner's account and on cargo to be for Shipper's / receiver's account.

Clause-51

- a. **90%** of freight (less **3.75%** Address Commission on the total freight plus harbor dues, agency fee as per **Clause - 46 & 49**) is payable discount less and non-returnable, ship and / or cargo lost or not lost through irrevocable Letter of Credit (LC), without recourse, established/opened in favor of M/s. _____ and advised by any prime commercial bank (acceptable to Owners) negotiable with PAKISTANI BANK against presentation of: -
- Signed, Non-Negotiable copy of Bill of Lading.
 - Beneficiary's Freight Invoice (6 fold) showing Letter of Credit number. This number will be advised by the Charterers to the beneficiary within 8 working days from the date of receipt of 90% freight invoice from the beneficiary.
 - Bill of Exchange (documents to be exchanged between the two banks).
- b. Bill of Lading to be marked "freight payable as per Charter Party". First installment i.e. 90% freight to be calculated on bill of lading weight, less 3.75% Address Commission on the total freight and port disbursement (i.e. harbor dues & agency fee). Balance freight to be paid after adjustment of total freight on out turn weight as ascertained by draft survey at discharge port.
- c. War risk / EWR premium if any , to be on Owners account.
- d. Balance freight together with eventual demurrage, less eventual despatch also to be paid out of same letter of credit but only after final statement of freight has been presented to Shipping Department, Pakistan Steel, together with all payment documents (in original), statement of facts duly signed by agents and Master at the respective port as well as time sheets for each port, and only after final agreement has been reached on the balance due to Owners.
- e. Balance freight is negotiable against:-
- Time Sheets and Statement of Facts for each port.
 - Bill of Exchange.
 - Signed non-negotiable copy of Bill of Lading.
 - Beneficiary's final Invoice showing Letter of Credit number.
 - Copy of telex / fax from Pakistan Steel showing balance due to Owners.

- f. All bank charges in connection with opening of LC incurred in Pakistan shall be on Charterer's account. All bank charges incurred outside Pakistan shall be on Owner's / Beneficiary account.

Clause-52

In case Bill of Lading is not available at discharging port on vessel's arrival, Owners agree to discharge the cargo against submission of FORM-6, duly signed by the Charterers, to Master of the vessel through the Charterers Agents. Copy of FORM-6 is attached to this Charter Party.

Clause-53

In the event of a boycott arising due to vessel's flag, time lost through such cause shall not count as lay time or time on demurrage. This Clause shall also be applicable in the event of labor 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 loading or discharging.

Clause-54

Any communications received from source (s) other than Owners / Operators (with whom COA has been signed) or agents to ship-owners to whom Letter of Award (LOA) is issued , will not be acceptable to the Charterers

Clause-55

Any dispute arising under this Charter Party shall be referred to arbitration in Karachi, one Arbitrator to be nominated by the Owners and the other by the Charterers, and same to be commercial men engaged in the shipping business. In case such Arbitrators cannot agree, then the dispute to be referred to the decision of an Umpire who shall be appointed by the said Arbitrators.

The decision of such arbitration to be final and binding upon both parties and may be made a rule of the court. Any claim to be put forward in writing within two months of completion of discharge otherwise the claim shall be considered barred. If either party should fail to appoint an Arbitrator within two weeks after being requested to do so by the other party the arbitration award may be given by the Arbitrator appointed by one party and Arbitrator's decision to be final and binding and may be made a rule of the court. English Law to apply.

Clause-56

Every effort will be made by Charterers to lift the COA tonnage by the end of COA period, any quantity remaining un-lifted will be deemed to have lapsed and the contract treated as fulfilled in all respects. Coal to be lifted in bulk on 50,000 MT $\pm 10\%$ More or Less Owners Option (MOLOO) per shipment basis, maintaining prevailing draught declared by PQA from time to time.

Clause-57

This Contract cannot be assigned, sublet or sub contracted in any way, either partly or wholly without prior permission of Pakistan Steel, which would not be unreasonably withheld.

Clause-58

Owners are required to submit Performance Bond in shape of BANK GUARANTEE equivalent to five percent (05%) of the total freight amount, from any of the commercial banks on Pakistan Steel's approved list, within 15 days of the award of the Contract. This bank Guarantee shall remain valid till **31st October 2010**.

Clause-59

Force Majeure:-

If loading / discharging becomes impossible due to reasons beyond the control of Charterers / Shippers, in addition to any unforeseen circumstances occurring at either port Clause **08** shall become applicable.

FOR AND ON BEHALF OF
PAKISTAN STEEL MILLS CORP.

FOR AND ON BEHALF OF

BANK GUARANTEE

PROFORMA

Dated:
L/G No.
Pak Rs.
Expiry:

Pakistan Steel Mills Corporation
Bin Qasim
Karachi

Whereas Pakistan Steel Mills Corporation (Pvt) Limited, a company duly incorporated under the companies ordinance 1984 of Pakistan (The "Charterers", which expression shall include its successors and assigns) of the other part has entered into Contract dated _____ with M/s (Hereinafter called the Ship owners for shipment of _____ MT Coal including ten(10) percent Charterers option from loading ports _____ to discharging Port Bin Qasim, Pakistan Steel berth.

And whereas in accordance with the provision of this contract the ship-owner are required to furnish a bank guarantee from the Pakistan Steel's approved scheduled bank for the performance and observance of all terms, provisions and stipulations of the Contract by Ship-owners and the Ship-owners have requested the bank to issue the said guarantee for amount of US\$_____ equivalent to FIVE (05) percent of freight of total quantity of Coal shown in the Contract covering 10% plus option.

In consideration of the premises, we _____ hereby guarantee irrevocable and unconditionally and undertake to pay US\$_____ to Pakistan Steel Mills Corporation Ltd., Karachi without reference to the Ship-owners or their agents on first demand of _____ Pakistan Steel Mills Corporation Ltd., in writing stating that the Ship-owners have committed a default under the Contract, without further clarification of such default and notwithstanding any contestation by the Ship-owners and we _____, hereby further declare that subject to the validity of this guarantee no alteration in the terms of the contract or in the scope, extent or nature of the terms and conditions of the Contract and no allowance of time by Pakistan Steel Mills Corporation Ltd., Karachi under the contract nor any forbearance or forgiveness in or in respect of any matter or thing governing the contract on the party of Pakistan Steel Mills Corporation Ltd., Karachi, shall in any way release this Bank from any liability under this guarantee.

Our liability under this guarantee is restricted to US\$_____ and the same is valid up to 60 days after the expiry of the validity of the contract, claim if any under this guarantee must be received by the bank on or before **31st Oct, 2010** in writing, failing which the bank shall stand released and discharged from all its liabilities.

C E R T I F I C A T E O F I N T E G R I T Y P A C T

M/S _____ (Ship Owners / Deponent Owners) 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 [the Ship Owners / Deponent Owners] 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 _____ :

FORM 6

The Owners of M.V -----

Dear Sirs,

M.V. -----

Goods:- ----- **MT** ----- **in bulk from Port** -----.

The above goods were shipped on the above vessel by Messrs. -----
----- and consigned to the order of Bank -----
Karachi but the relevant Bills of Lading has not yet received. We, Pakistan Steel Mills Corporation Limited hereby request you to deliver such goods to Pakistan Steel Mills Corporation (Pvt.) Limited, Bin Qasim Pakistan (Venue: at Pakistan Steel Terminal, Port Muhammad Bin Qasim, Karachi), without production of original Bills of Lading.

In consideration of your complying with our above request we hereby agree as follows:

1. To indemnify you and hold you harmless in respect any liability loss or damage of whatsoever nature which you may sustain by reason of delivering the goods to Pakistan Steel in accordance with our request.
2. To pay you on demand the amount of any loss or damage which the Master and/or Agents of the vessel or any other of your servants or agents whatsoever may incur as a result of delivering the goods as aforesaid.
3. In the event of any proceedings being commenced against you or any of your servants or agents in connection with the delivery of the goods as aforesaid, to provide you or them from time to time on demand with sufficient funds to defend the same.
4. If the vessel or any other vessel or property belonging to you should be arrested or detained or if the arrest or detention thereof should be threatened to provide on demand such bail or other security as may be required to prevent such arrest or detention or to secure the release of such vessel or property and to indemnify you in respect of any loss, damage or expenses caused by such arrest or detention whether or not the same may be justified.
5. If called upon to do so at any time while the goods are in our custody, possession or control to redeliver the same to you.
6. To produce and deliver to you the Bills of Lading for the above goods duly endorsed as soon as these documents shall have arrived.
7. The liability of each and every person under this indemnity shall be joint and several and shall not be conditional upon your proceeding first against any person, whether or not such person is party to or liable under this indemnity.
8. This indemnity shall be construed in accordance with English law and each and every person liable under this indemnity shall at your request submit to the jurisdiction of the High Court of Justice-of- PAKISTAN.

Yours faithfully

For and on behalf