



W-wa 23.03.2017 No 1522

Dear Sir/Madame,

Beloil Polska Sp. z o. o. invites you to participate in the open tender for long-term commercial bids for long term sale of diesel fuel 10 ppm produced by *OJSC Naftan* (hereinafter – Tender) which will take place on **March 30, 2017**.

Goods	Quantity, mt	Delivery period	Delivery basis
Diesel fuel DT-Z/L-K5, grade F/C	Up to 20 000 tons per month (+/-10% of the agreed monthly lot in the Seller's option) (total quantity up to 240 000 tons +/-10% in the Seller's option)	April 2017 - March 2018	DAP border of the Republic of Belarus with delivery to the EU countries (the Baltic countries excluded) (transshipment in ports is not allowed, loading to narrow- gauge wagons on the terminal Vilaris in Belarus is allowed)

The delivery bases for a.m. oil product may be changed/ specified before the tender date.

The Tender is held with no price alteration or withdrawal opportunity of the submitted bid.

The Tender is subject to deposit.

The terms of the Goods selling:

Seller: Beloil Polska Sp. z o. o.

Organiser: CJSC Belarusian Oil Company

Buyer: the Applicant admitted as the Tender Winner

Producer: OJSC Naftan.

The quality of the Goods to be sold:

Diesel fuel DT-Z/L-K5, grade F/C – quality as STB 1658-2012

(OJSC Naftan does not produce any diesel fuel for the bridging period, i.e. it starts to produce winter grade instead of summer grade from the end of October – beginning of November).

The partial purchase of the tender volumes of the Goods is possible.

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

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

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

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

Currency of price calculation and payment: Euro

Terms of payment: 100% advance payment of the agreed monthly Goods lot within 2 (two) banking days from the date of invoicing by the Seller.

Settlement procedure: the Buyer and Seller effect payments through accounts and correspondent accounts in the European banks only. The payment cannot occur through the banks as well as correspondent banks holding US and/or UK capitals (e.g. CityBank, JP Morgan Chase Bank, Bank of New York, Bank of America, BNP Paribas, RBS Bank etc.)

Formula pricing on DAP basis (border of Belarus) is applied.

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

$Pr(P) = ((Pl(P) + D) * 1,1) / K(P) \text{ EUR/USD, where}$

$Pl(P)$ – average value of the basic Diesel 10 ppm - «Barges FOB Rotterdam» and «ULSD 10 ppm» from «Cargoes CIF NEW/Basis ARA» (Platt's European Marketscan) quotations for the period from the 1st to 18th quotation day (inclusive) of the month preceding the month of the final price formation for the agreed Goods lot, given in USD per metric ton for the respective position, rounded to 2 (two) decimal places.

D - the correction on DAP basis offered by the Buyer in the bid, in US dollars per metric ton;

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

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

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

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

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

Variant I:

$Pr(F) = (Pl(P) + D) / K(P) \text{ EUR/USD} + (Pl(F) - Pl(P)) / K(F) \text{ EUR/USD, where}$

$Pl(P)$ – average value of the basic Diesel 10 ppm - «Barges FOB Rotterdam» and «ULSD 10 ppm» from «Cargoes CIF NEW/Basis ARA» (Platt's European Marketscan)

quotations for the period from the **1st to 18th quotation day (inclusive)** of the month preceding the month of the final price formation for the agreed Goods lot, **given in USD** per metric ton for the respective position, rounded to 2 (two) decimal places;

D - the correction on DAP basis offered by the Buyer in the bid, in US dollars per metric ton;

Pl(F) – average value of the basic Diesel 10 ppm - «Barges FOB Rotterdam» and «ULSD 10 ppm» from «Cargoes CIF NEW/Basis ARA» (Platt's European Marketscan) quotations for the period from the **throughout all quotation days of the month** preceding the month of the final price formation for the agreed Goods lot, **given in USD** per metric ton for the respective position, rounded to 2 (two) decimal places;

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

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

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

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

K(F) EUR/USD – Euro/US Dollar foreign exchange rate of Bloomberg agency BFIX 14:00 Frankfurt available on the following link:
<http://www.bloomberg.com/markets/currencies/fixfixings> on the second banking day following the final quotation day of the month of final price formation.

Variant II:

$Pr(F) = (Pl(F) + D) / K(F) \text{ EUR/USD}$, where

Pl(F) – average value of the basic Diesel 10 ppm - «Barges FOB Rotterdam» and «ULSD 10 ppm» from «Cargoes CIF NEW/Basis ARA» (Platt's European Marketscan) quotations for the period from the **throughout all quotation days of the month** preceding the month of the final price formation for the agreed Goods lot, **given in USD** per metric ton for the respective position, rounded to 2 (two) decimal places;

D - the correction on DAP basis offered by the Buyer in the bid, in US dollars per metric ton;

K(F) EUR/USD – the average value of Euro/US Dollar foreign exchange rates of Bloomberg agency BFIX 14:00 Frankfurt available on the following link:
<http://www.bloomberg.com/markets/currencies/fixfixings> throughout **all days of the month of the final price** formation when exchange rates are published, rounded to the quantity of four digits according to the publications made in the month of the final price formation.

In case of the Seller's confirmation of the volume (lot) of the Goods made after the 18th day of the month preceding the month of the final price formation in respect of a definite agreed Goods lot up to the last day (inclusive) of the month, preceding the month of the final price formation in respect of a definite agreed Goods lot, **the Buyer is entitled to choose the variant of final price calculation until the 1st day of the month** of the final price formation in respect of a definite agreed Goods lot by sending to the Seller a respective notice. In case this information is not submitted the Seller shall apply the formula

variant that was applied for final price calculation of the first confirmed lot of the Goods in the previous month.

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

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

The final price of the 1st monthly agreed Goods lot is calculated throughout all quotation days of April 2017 (estimated period of shipment – April - May 2017);

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The final price of the 12th monthly agreed Goods lot shall be calculated throughout all quotation days of March 2018 (estimated period of shipment – March - April 2018).

Conditions for admittance to participate in the Tender:

Documents:

To take part in the Tender not later than March 29, 2017 the Applicant is to submit to *Beloil Polska Sp z o. o.* the following copies of foundation and registration documents:

- Charter;
- Registration Certificate;
- Extract from Commercial Register of Country of Incorporation or equivalent proof of legal status and legal capability, recognized as corporate existence by legislation of country of incorporation;
- Power of Attorney confirming the power of the person, authorized to sign on behalf of the company.

The documents to be submitted should be in Polish, Russian, or English.

It is not necessary to submit the constituent and statutory documents should they have been earlier submitted to *Beloil Polska Sp z o. o.* and taken for consideration.

The Bidding Deposit:

The terms of the Tender provide for bidding deposit. In order to get admission to tender participation the Applicant effects payment to its account of the deposit in the amount estimated on the assumption of **10 Euro per 1 ton of the estimated maximum monthly Goods lot claimed to be purchased.** The deposit is paid in order to guarantee that

the Applicant shall not change nor withdraw submitted bid and if accepted as the Tender Winner shall conclude the contract and shall pay Contract Security.

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

After the Applicant is announced as the Tender Winner, the deposit shall be returned after the Supply Contract is concluded and Contract Security is remitted to the Seller.

The deposit of the Tender Winner shall be unilaterally kept by the Seller should the Tender Winner reject concluding the Supply Contract within 2 (two) business days from the date of written notification on Tender award or if the Tender Winner fails to remit the amount of Contract Security within 2 (two) banking days from the date of the Seller's invoicing.

The Buyer has no right to purchase Goods in the volumes larger than the amount of remitted deposit allows.

The payment, utilization and refund of the deposit and Applicant's liability are defined by the Tender Participation Agreement.

The date of deposit payment is not later than March 29, 2017. The date of deposit payment is the date of crediting the money funds to the account of *Beloil Polska Sp z o. o.*, or submission to *Beloil Polska Sp z o. o.* of a banking payment document (SWIFT) confirming the actual payment of the deposit.

Currency of deposit payment is Euro.

There is no deposit necessary for companies buying products from *Beloil Polska Sp. z o. o.* in 2016 and have fulfilled their contractual obligations previously.

The following companies shall not be admitted for participation:

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

Beloil Polska Sp z o. o. has the right to decline participation of a company in the Tender without stating the reason for such decline.

Tender Terms:

Form of the Tender: open tender of commercial bids with no price alteration or withdrawal opportunity of the submitted bid.

Place of the Tender: *Beloil Polska Sp. z o. o.*, Leszno 12, 01-192 Warsaw.

Tender time and date: **March 29, 2017, 14:00** (local time).

We shall consider bids entered to *Beloil Polska Sp z o. o.* not later than 14:00 (local time) **March 29, 2017**. Please, submit documents to the following address:

Beloil Polska Sp. z o. o., Leszno 12, 01-192 Warsaw. The documents should be sent by post or courier in a sealed envelope with a note

"The open tender of commercial bids for selling (*specify the type of oil product*)".
DO NOT OPEN".

Documents may be sent via fax (fax number) +48 22 891 00 24.

Documents may be sent in a scanned version by e-mail: diesel@beloil-poland.pl.

At the same time it is more preferable to send the commercial bids in a sealed envelope. Beloil Polska Sp. z o. o. bears no responsibility for the faulty operation of fax or e-mail connection.

Tender bid should be presented on the letterhead of the Company, stamped and signed by an authorized person indicating his/her name and position.

Language of the bid: Polish, English, Russian.

Mandatory information to be included to the bid:

- **Name of oil product**
- **Claimed volume to be purchased**
- **Price:** the premium should be indicated on the corresponding delivery basis in USD for a metric ton;
- **Delivery Basis (DAP Belarus according to Incoterms)**
- **The country of Goods destination (mandatory!).**

The Buyer has right to select the delivery basis before submitting his/her bid. While submitting the bid, the Buyer should indicate the planned volume without the possibility of choosing a delivery basis once selected as a winner.

The Buyer must indicate the aforementioned information in his offer. The bids presented by participants containing additional conditions contradicted those listed in the present document will not be considered by Beloil Polska Sp. z o. o.

The term of consideration of the bid: up to 5 (five) working days (in the Republic of Belarus), excluding the day of tender bids opening, i.e. from March 30, 2017 up to April 06, 2017, excluding the deadline – April 6, 2017

The term of validity of the bid: up to 7 (seven) working days (in the Republic of Belarus) until April 10, 2017.

In case the tender deposit is not credited to *Beloil Polska Sp. z o. o.* accounts until the date of Tender closing the bid from the Applicant admitted to Tender participation on SWIFT basis shall not be taken into account when Tender results are summarized.

The evaluation criteria for the bids for the purposes of determining the best one:

- 1) the highest offered price premium,
- 2) the largest volume to be purchased.

Should several bids containing equal terms of purchase of a definite oil product be submitted, the volume of the product subject to sale shall be distributed among them in equal shares, upon such Applicants agreement.

The currency of the bid: US dollars

During tendering the *Beloil Polska Sp z o. o.* has the right to ask Applicants to clarify the terms of submitted tender bids.

The successful Applicant announced as the Tender Winner shall be notified not later than 1 (one) business day from the date the Tender is closed and the Tender commission has made a decision on Tender results – not later than on April 10, 2017.

The Applicants not announced as Tender Winners shall be notified on Tender results within 2 (two) business days from the date the Tender is closed and the Tender commission has made a decision on Tender results– not later than on April 11, 2017.

Contract

The Tender Applicant admitted as the Tender Winner is obliged within 2 (two) business days from the date of the written notification to conclude a Supply Contract in

Beloil Polska Sp. z o. o. wording the draft of which is placed by *Beloil Polska Sp z o. o.* on the site <http://www.beloil-poland.pl/kontrakty-2>.

The offers made by the Tender Applicant admitted as the Tender Winner regarding the amendments and supplements to the draft contract presented by *Beloil Polska Sp z o. o.* on the website <http://www.beloil-poland.pl/kontrakty-2> may be taken for consideration by *Beloil Polska Sp z o. o.* subject to the principle of the rights equality in respect of all Tender Applicants.

Contract Security:

An Applicant admitted as the Tender Winner (Buyer) undertakes to effect payment to the Seller's account within 2 (two) banking days from the day of the Seller's invoicing in the amount of 10% from the cost of the maximum monthly Goods lot calculated under the preliminary price of the first agreed monthly Goods lot (Contract Security).

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

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

The Contract Security shall be returned to the Buyer under its written request after the final settlement of the Parties under the Supply Contract, or may be used for repayment of the Buyer's outstanding amounts to the Seller under the Supply Contract. The Contract Security or part thereof remaining after the repayment of the Buyer's outstanding amounts to the Seller under the Supply Contract, if any, shall be returned by the Seller within 15 (fifteen) banking days from the date of receipt of the Buyer's invoice provided that the Reconciliation Report signed by both parties is available for the Seller. Date of Contract Security return is the date of money funds debiting from the Seller's account.

Additional Provisions:

Should the capacity of *OJSC Naftan* be decreased or temporary discontinued the Buyer accepts the factually delivered volume of the Goods without demanding from the Seller the delivery of the full volume of the agreed Goods lot. In case a situation like that arises, the Seller may offer product delivery from alternative sources on conditions which are to be further negotiated between parties.

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

Should the Buyer breach the payment obligations or obligations on shipping orders submission for the period longer than 2 days, the Seller has the right to unilaterally reject the obligations hereunder for the supply of Goods with written notice to the Buyer.

Should the Buyer fail to transfer the money funds within the period stipulated by the Parties hereunder and the respective Additional agreement, the Buyer shall be obliged under the Seller's request to pay the penalty at the rate of 0,05% from the outstanding sum per each calendar day of the delay of transferring including the date of money funds entering the Seller's settlement account. If delay exceeds 50 (fifty) banking days from the date of

shipment the penalty will be imposed at the rate of 2% from the outstanding amount per each calendar day of the payment delay.

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

The parties shall bear no responsibility for the failure to properly fulfil their obligations under the Supply Contract by virtue of provisions of law or other laws and regulations (other documents binding for the Seller / consignor) currently in force that prevent the Contract fulfilment, adopted by the respective state authorities or organizations and *Belarusian State Concern of Oil and Chemistry (Belneftekhim concern)* in particular, in case they were adopted (published) after the Contract signing and directly affect its fulfilment.

In case the product is delivered to a destination different from that mentioned in the contract (national markets of EUR countries except the Baltic states), the final price should be reestimated by the organiser on a one-sided basis based on the existing prices of diesel fuel DT-Z/L-K5, grade F/C produced by *OJSC Naftan* on the existing market, in case the discount which has been fixed in the contract is below the given price level (taking into account the difference in rail tariffs).

The fact that the Applicants submits his bid means that he/she agrees with the conditions and rules of the tender. In order to be eligible for the participation in the tender, the Applicant should comply with the conditions listed above. The Applicant has right to withdraw from participation in the Tender till 14:00 (local time) on March 29, 2017 by submitting a written notice of refusal.

Beloil Polska Sp z o. o. has the right to cancel or cease the Tender and reject all the bids any time before election of the Winner, bearing no liability before the Applicant(s) that can suffer losses due to such action, without having any obligations to inform the mentioned Applicant(s) on the reason thereof.

The Applicant should submit the commercial bid in full conformity with the above-given terms. The commercial bid that does not meet the above-mentioned terms shall not be accepted for commission consideration and shall be declined.

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

Contact information:

- Evgeny Pospelov – Head of Sales Department, e.pospelov@beloil-poland.pl, +48 723 434 334 (Russian, Polish);
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Sergey Kuzavkov, CEO

