**CLAUSE 7 – TRANSACTION PROCEDURES (CIF-INCOTERMS)**

**FINANCIAL, NOMINATION, SHIPPING & DELIVERY PROCEDURE (CIF):**

1. Buyer issues Seller Letter of intent (LOI) to purchase Nigerian Light crude oil. Seller issues Buyer Soft Corporate Offer (SCO) and procedure for perusal, amendment and acceptance. Exit Buyer/Issuer of Purchase instrument shall fill in KYC/CIS form to be supplied by Seller with accurate necessary information to be exchanged with Seller duly filled and detailed KYC/CIS. Note that KYC/CIS shall also include document like corporate registration document; international passport data page of signatories etc.).

2. After exchange and satisfaction of CIS/KYC by both sides, Seller sends Buyer Pre-signed SPA (containing agreed procedure). Buyer & Seller sign and seal the SPA. Electronically, signed copy of the SPA is legally binding and lawfully enforceable. Both parties lodge the fully executed SPA with their respective banks. Buyer sends Seller full details of the Receiving Port of Discharge (POD) to include full details of harbor master, shipping agent @ discharge port, Inspection Company, etc. Buyer Shall/May issue RWA on purchase instrument issuing bank letter head paper stating the issuing account is funded to the tune of total cost of cargo and ready to issue purchase instrument on the Buyer’s instruction. The RWA/POF shall/may be sent to Seller with an authorization letter for confirmation. Seller financing bank shall confirm RWA/POF and secure approval of financing from financing Bank for the transaction.

3. Within Five (5) banking days from lodging the signed SPA at each of the parties bank, Buyer Bank shall issue Pre-Advice via MT799 swift transmission (as per Seller acceptable SBLC verbiage in Annex-A) and stating Buyer’s bank readiness to issue operative, irrevocable, divisible, transferable and cash-backed SBLC of $140,000,000.00 USD (Say: One Hundred & Forty million United States Dollars Only) via MT760 swift transmission covering average cost of 2,000,000 barrels of Nigerian light crude oil and give telex copy for confirmation.

4. Seller financing bank shall authenticate the MT799 Pre-Advice and within 3 banking days shall respond via MT790 stating readiness to receive the SBLC and to issue 2% PB of value on receipt and authentication of the SBLC (as per Annex B attached) and gives telex copy for buyer confirmation.

5a. Buyer’s bank authenticate Seller’s Financing bank RWA and swift of $140,000,000.00 USD (Say: One Hundred & Forty million United States Dollars Only) via MT760 swift transmission covering average cost of 2,000,000 barrels of Nigerian light crude oil with a tenor of three hundred and sixty five (365) days plus one (1) day, as per Seller acceptable verbiage included in Annex (C) of this SPA. The telex machine generated copy of the SBLC MT760 shall be sent to Seller Financing bank for authentication and confirmation.

5b. Seller financing bank shall authenticate the SBLC and within 3-5 banking days post 2% PB and give telex copy to Buyer bank for authentication.

6. Within Fifteen-Twenty (15-20) banking days after receipt, authentication of SBLC and posting of 2% PB, Seller nominates vessel and pays for charter. Details of Chartered Vessel are sent to N.N.P.C for Programming of Loading Window & issuance of Laycan based on the Provisional Lifting Right. Upon acceptance of vessel by N.N.P.C Marine Transport Department, Seller pays mandatory and official cargo deposit of $2.5m in Bank Draft to N.N.P.C and also raise $1m bank Draft as Vessel Indemnity to N.N.P.C. N.N.P.C (MTD) Marine Transport Department confirms these payments and issues Laycan, Stem Number, Keyboard Pin Number for the vessel loading window. Seller pays all Port Charges (N.P.A, N.I.M.A.S.A, Customs, Naval Clearance etc.) and clears vessel into loading terminal for loading. Seller raises MT103 Payment Guarantee to N.N.P.C to cover total cost of quantity allocated on Laycan to be loaded into Seller Vessel and gives Swift copy to N.N.P.C for confirmation. Vessel is loaded and Seller Secures Full Cargo Documents and Title issued in both Seller’s and Buyer’s name. Seller furnishes Buyer with copies of the Laycan (PLR), CPA, Q88 and secures the issuance of full shipping cargo documentation from NNPC.

*N.B: Fifteen-Twenty (15-20) banking days period involves Nominating the Vessel, Payment for Charter, Securing Laycan & Loading Window from N.N.P.C, Clearing Vessel with Customs, NIMASA & N.P.A & sailing Vessel into Loading Terminal & Actual Loading & Full Cargo Documentation.*

7. The documents to be sent by Seller to Buyer will include but not limited to the following:

Clean Ocean Bill of Lading, One (1) Original and Three (3) Copies All Marked “FREIGHT PREPAID”.

Seller’s Commercial Invoice, One (1) Original and Three (3) Copies

Certificate of Origin issued by N.N.P.C, One (1) Original and Three (3) Copies

Certificate of Authenticity issued by NNPC, One (1) Original and Three (3) Copies

Cargo Manifest, One (1) Original and Three (3) Copies

Certificate of Quality, One (1) Original and Three (3) Copies

Certificate of Quantity, One (1) Original and Three (3) Copies

Master’s Receipt for Samples Master’s Receipt for Documents

Tanker Ullage Report

Tanker Time Sheet

Charter Party Agreement

Certificate of Ownership & Warranty of Title (N.N.P.C Certified Title on cargo)

N.N.P.C Authority to Sell (A.T.S)

Export Clearance Permit (Nigerian Ports Authority waiver, Custom Export Clearance Certificate etc.)

Q&Q Inspection Report Performed at Loading Port by Intertek

Other relevant documents related to the cargo

*N.B: Non-negotiable electronic copies of some of these Above Cargo documents will be sent to the Buyer and Buyer’s and Seller’s Banks. Q&Q Inspection is conducted at the Buyer’s Port of Discharge and result released to both Buyer & Seller.*

8. Vessel sails to Buyer choice POD. Further ETA updates to be sent to Buyer's POD at ten (10) and five (5) days and then at forty-eight (48), twenty-four (24), and twelve (12) hours prior to arrival at POD. Upon arrival at Buyer’s POD, vessel announces arrival to Port Authority/Navy. Buyer’s shipping agency clears vessel into the POD Anchorage.

*NB: The loaded vessel will only anchor in the international waters of the POD country pending Clearance form Buyer shipping agent. All port charges, levies, security, tugging etc. that might arise as a result of vessel arrival to the POD country harbor/port/terminal/storage or waters shall be borne by the Buyer. All clearing processes shall be carried out by the Buyer’s Shipping Agent. If after seventy-two (72) hours upon vessel arrival and there is congestion at the port which thus causes delay, Buyer shall bear cost of demurrage.*

9. Vessel is cleared into Buyer Discharge Port and Vessel Master issues Marine Authority To Board (ATB) to Buyer’s nominated Inspectors as per Buyer’s format. Q&Q analysis is conducted at Buyer's expense. Inspection Agency must be either SGS, INTERTEK, SAYBOLT, CIQ or equivalent and must be acceptable to Seller. The final Q&Q report is sent to both Buyer and Seller respectively. Upon completion of cargo’ s Quality and Quantitative Analysis by Société Général de Surveillance (SGS) and/or by China Inspection Quarantine (CIQ) and/or any internationally qualified inspection company jointly acceptable by both Buyer & Seller & receipt of the Inspector’s Q&Q report by both Seller & Buyer, Seller issues the Final Commercial Invoice based on 3 days mean average of Brent Price of Day before, Day of and Day after Inspection accordance with the certified Q&Q inspection report.

10. Upon acceptance of Commercial Invoice by Buyer and endorsed by buyer’s bank. Seller instructs Vessel Master of Loaded Vessel to Discharge Cargo into Buyer’s Storage Facility. Buyer’s Bank places MT103 as full payment in USD to Seller’s Nominated Bank Account via SWIFT MT 103 Telegraphic Transfer, within five (5) banking days of receipt of Seller’s Commercial Invoice, the Product Discharge Confirmation, the SGS and/or CIQ Inspection Report on the outturn quantity of cargo reported, accompanied with the original shipping documents specified in the SPA under Article (xxx) Paragraph (x). Buyer’s Bank account officer shall notify Seller’s Bank account officer, via facsimile or email, quoting the value date of the transfer, the amount, the invoice number and the clearing bank, if any. Such notification is to be sent immediately after cargo payment is effectuated to enable Seller’s Bank to credit Seller with value on due date.

11. Within 72 banking hours of Buyer placing MT103, Payment is confirmed in Seller’s nominated account and Seller hand over Certificate of Ownership of cargo and transfer Warranty of Title to Buyer’s name.

*NB: If Full Payment is not received within a maximum of five (5) banking days of Buyer receiving the following Complete Shipping & Cargo Document Seller’s Bank has the right to call the Buyer’s Stand-By Letter of Credit for settlement of total cost of cargo*

*1. Final Commercial Invoice,*

*2. Full Cargo Document as stated in stated in Procedure No7 above.*

*3. Q&Q inspection report*

*4. Title on Cargo*

12. Buyer pays all agents & brokerage commissions as per signed contract/NCND-IMFPA. Another month delivery starts.

**PENALTY:**

SELLER PENALTY: BOTH SIGNATORIES TO THIS MUTUALLY ACCEPTED AND AGREED CONTRACT PROCEDURE HEREBY AGREED WITHOUT PREJUDICE THAT, IN THE EVENT OF DELAY BY SELLER TO PROCURE THE ISSUANCE OF LAYCAM OR DEFAULT IN LOADING OF CARGO, NON PERFORMANCE OR ANY BREACH OF THIS CONTRACT RESULTING IN FAILURE TO DELIVER CARGO AS PER SCHEDULE WITHIN TWO MONTHS (60 calendar days) FROM THE DATE OF RECEIPT AND AUTHENTICATION OF THE BANK GUARANTEE FOR THIS TRANSACTION, THE ISSUED 2% PERFORMANCE GUARANTEE BOND SHALL BE CASHED BY THE BUYER.

BUYER PENALTY: BOTH SIGNATORIES TO THIS MUTUALLY ACCEPTED AND AGREED CONTRACT PROCEDURE HEREBY STATE THAT, IN THE EVENT OF DELAY IN ISSUANCE OF PRE-ADVIEC OR IN RAISING THE AGREED BANK INSTRUMENT TO SELLER’S NOMINATED BANK ACCOUNT WITHIN ONE MONTH (30 calendar days) OF SIGNING THIS CONTRACT SHALL ATTRACT PAYMENT OF 1% VALUE OR THE VALUE OF THE EXPECTED INSTRUMENT AS PENALTY FOR DEFAULT.

**BUYER ATTESTATION**

**We, XXXXXXXXXXXXXXXXXXXXXXX, hereby with full corporate responsibility and with the power vested in its Officer, accept, confirm and agree to abide by this Contract.**

**SIGNED, SEALED AND DELIVERED BY THE WITHIN-NAMED “BUYER”**

**FINAL OFF-TAKER/BUYER:**

**NAME OF COMPANY:**

**SIGNED/CORPORATE SEALED BY:**

**NAME OF OFFICER :**

**DESIGNATION : C.E.O**

**DATE : 13th July, 2019.**

**THE ABOVE SIGNATURES AND OFFICIAL SEALS OF BUYER AND SELLER ATTEST THAT THESE ELECTRONIC SIGNATURES ARE RATIFIED AND VALID FOR THIS TRANSACTION.**

**1. DELIVERY SCHEDULE FOR THE 1ST YEAR OF 12 MONTHS IN BBLS PER MONTH**

**(JULY 2019 TO JUNE 2020)**

|  |  |  |  |
| --- | --- | --- | --- |
| **S. NO** |  **MONTH/YEAR** | **MIN. QTY Per shipment To Buyer’s POD** | **TOTAL QTY MONTHLY TO: Buyer’s POD** |
| 01 | **July 2019** | 1,000,000 bbls | 2,000,000 bbls |
| 02 | **August 2019** | 1,000,000 bbls | 2,000,000 bbls |
| 03 | **September 2019** | 1,000,000 bbls | 2,000,000 bbls |
| 04 | **October 2019** | 1,000,000 bbls | 2,000,000 bbls |
| 05 | **November 2019** | 1,000,000 bbls | 2,000,000 bbls |
| 06 | **December 2019** | 1,000,000 bbls | 2,000,000 bbls |
| 07 | **January 2020** | 1,000,000 bbls | 2,000,000 bbls |
| 08 | **February 2020** | 1,000,000 bbls | 2,000,000 bbls |
| 09 | **March 2020** | 1,000,000 bbls | 2,000,000 bbls |
| 10 | **April 2020** | 1,000,000 bbls | 2,000,000 bbls |
| 11 | **May 2020** | 1,000,000 bbls | 2,000,000 bbls |
| 12 | **June 2020** | 1,000,000 bbls | 2,000,000 bbls |

**BUYER FINAL ATTESTATION:**

I, **XXXXXXXXXXXXXXXXXX** hereby swear under penalty of perjury, that the information provided herein is accurate and true as of this date: July 14, 2019 .

For and on behalf of:

**BUYER’S CLIENT INFORMATION SHEET/KYC:**

|  |
| --- |
|  **CORPORATE INFORMATION**  |
| Companies Name (s)  |  |
| Companies Address (s)  |  |
| Incorporation Jurisdiction  |  |
| Incorporation Number (s)  |  |
| Company Telephone Number(s)  |  |
| Company Email  |  |
| Licenses and Permit (s) Paid Up Capital Business Field  |  |
| **REPRESENTED BY**  |
| Position  |  |
| Name  |  |
| Passport Number  |  |
| Date of Issue  |  |
| Date of Expiry  |  |
| Issuing Authority  |  |
| Home Street Address  |  |
| Home Telephone Number  |  |
| Home Fax Number  |  |
| Mobile Number  |  |
| Email Address  |  |
| Position  |  |
| Name  |  |
| Passport Number  |  |
| Date of Issue  |  |
| Date of Expiry  |  |
| Issuing Authority  |  |
| Mobile Number  |  |
| Email Address  |  |
| Bank Name  |  |
| Bank Address  |  |
| Bank SWIFT Code  |  |
| Bank Officer Name & PIN Code  |  |
| Bank Officer Telephone Number  |  |
| Bank Officer Fax Number  |  |
| Bank Officer Email  |  |
| Account Name  |  |
| Account Number  |  |
| Account Signatory No.: 1  |  |
| Funds/Asset available  |  |
| Type of Currency  |  |
| Origin of Funds/Assets  |  |
| Underlying Project  |  |

**13th of July 2019**

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name:

Passport Number:

Date of Issue:

Date of Expiry:

Country of Issuance:

Attached:

Copy of Passport: