

CONTRACT

January, 1, 2018

_____ hereinafter referred to as the "**Contractor**" represented by Director General _____ acting pursuant to the Charter, on the one hand, and _____ hereinafter referred to as the "**Customer**" represented by Director General _____ acting pursuant to the Charter, on the other hand, hereinafter jointly referred to as the "Parties" and individually as the "Party" have made this contract as follows:

1. SCOPE OF THE CONTRACT

1.1. The scope of this contract is the terms and procedures for rendering bulk coal (hereinafter referred to as the "Cargo") transshipment services for further export.

1.2. The Customer obliges the Contractor and the Contractor accepts the obligations to perform works and render a set of services related to the Cargo transshipment, storage and forwarding.

1.3. In order to store the Cargo, the Contractor shall provide a simultaneous storage warehouse area.

1.4. The amount of the Cargo delivered to the Port shall correspond to the identical amount of the Cargo removed, and must not exceed the simultaneous storage limit (hereinafter referred to as "SSL"). SSL is established in an amount of 50% of the monthly planned volume agreed by the Contractor and approved by the Russian Railways Transport Service Centre as per ГY-12 (GU-12) application form.

2. OBLIGATIONS OF THE CONTRACTOR

2.1. Shall confirm the monthly volume of the Cargo imported to Russian Railways JSC (RZD JSC) through Morcenter-TEK JSC as per clause 3.2. and ensure uninterrupted handling of the Cargo under this Contract.

2.2. Shall credit-clear the documents supporting the Cargo delivered to the Contractor in railway wagons.

2.3. Shall accept the Cargo in wagons from the railway without re-weighing, according to the weight and quality specified in the waybills. In case of detecting the wagons with obvious Cargo shortage or traces of Cargo loss on the way due to broken wagons, the Cargo shall be accepted in accordance with the Charter of the Russian Railways. In this case, the Contractor shall accept the Cargo according to the weight specified in the commercial report provided by the railway (hereinafter referred to as the "Railway"). Acceptance certificates (weight certificates) shall be made for the accepted Cargo.

2.4. Shall accept the Cargo delivered to the Port by motor transport acting exclusively within the framework of the existing Contract # 2CII/ 2017 dated January, 1, 2018.

2.5. Shall allocate an open warehouse area for short-term storage of the Cargo in order to form a shipload lot not exceeding the SSL (with no compliance with temperature-humidity conditions or additional shelter from atmospheric precipitation, no crushing-and-sorting or coal magnetic cleaning) in accordance with the Cargo arrangement pattern and techniques adopted in the Port.

2.6. Shall provide the following standards for unloading the Cargo from wagons:

- no less than 20-30 wagon per day – winter (from October 15 through March 15);
- no less than 30-40 wagon per day – summer (from March 16 through October 14). The Contractor shall guarantee the limit of wagons being under Cargo handling for no more than three days in winter (from October 15 through March 15), and no more than two days in summer (from March 16 through October 14).

2.7. If, when accepting the Cargo from Railway, broken or damaged wagons are detected, which is indicated in the "Book of field inspection of wagons on engineering transfer tracks", while the Cargo unloading from wagons with the help of a grabber is associated with the risk of damage increase, the Contractor shall perform auxiliary handling operations and apply additional equipment and labor to ensure the wagon safety when unloading the Cargo. The Contractor shall provide the

Customer with the documents confirming the expenses caused by auxiliary operations and additional equipment application.

2.8. Shall maintain stock record of the Cargo, ensure the Cargo transfer to the vessel pursuant to the principle "first delivered - first removed" or other principle in accordance with the written instructions by the Customer.

2.9. In winter (from October 15 through April 15), in order to unload the frozen Cargo from the wagons, shall provide additional equipment for grab unloading of the Cargo as well as scarifying of the Cargo at the Customer's expense.

2.10. Shall load the Cargo to the vessel according to the order issued, at the rate of 5,000.00 tons per day (WEATHER WORKING DAY) including Saturdays, Sundays and holidays (SSHINC).

2.11. Shall be entitled to stop accepting the Cargo from the Railway in case of the Cargo exceeding the SSL in the warehouse, delivery of the Cargo unconfirmed by the Contractor, or false rail waybilling. At the same time, responsibility for detention of wagons on station tracks and for extra time of wagons unloading incurred by the Contractor shall be born by the Customer.

2.12. Shall provide the Customer with all the information required to maintain real-time record of the Cargo in the Port daily.

2.13. Shall execute the following documents for the Cargo delivered to the Port in accordance with the written instructions by the Customer:

- at the customs - a vessel loading order with the condition of the duly executed customs freight declaration delivered to the Port on time.
- in FEMRI JSC (DNIIMF JSC) - "Certificate of cargo characteristics at the time of loading" and "Sampling report" issued by the Register.
- in CCI - Certificate of origin.

2.14. Shall forward to the Customer (by fax or e-mail) daily:

- information on the Cargo availability in the Port warehouse;
- amount of the Cargo unloaded per day;
- number of wagons at the railway station;
- information on the vessel loading course.

2.15. In accordance with the written instructions by the Customer, after the vessel loading, shall execute the transport documents required for the Cargo shipping by sea, arrange the freight documents signature by the vessel's Master, execute the captain's mail and deliver it to the vessel.

2.16. Acceptance of the Cargo by the vessel shall be confirmed by a bill of lading signed by the vessel's Master and affixed by the seal of the vessel or its authorized agent.

2.17. The Contractor shall be entitled to withhold the Cargo at his disposal until full remuneration and reimbursement of the expenses incurred for the Customer's benefit, including those related to the Cargo withholding, or until proper performance of the Customer's obligations under this Contract. As a sufficient guarantee of reimbursement of expenses and remuneration, the Contractor may accept the Customer's Cargo at the market price.

2.18. Shall mail out shipment, transport and other documents by courier in accordance with the written instructions by the Customer wherein the title and number of the required documents are specified.

2.19. Upon completion of the vessel loading, shall provide the Customer with the shipment information by phone/fax or e-mail.

2.20. In case of detecting the Cargo shortage, the following Cargo natural loss standards and weight error shall be applied:

- for rail transportation for the distance:
 - up to 500 km - 0.55%;
 - from 501 up to 1,000 km - 0.60%;
 - from 1,001 up to 1,500 km - 0.65%;
 - from 1,501 up to 2,000 km - 0.70%;
 - over 2,000 km - 0.80%.
- for unloading from the wagon to the warehouse in the Port- 0.65%;
- for loading onto the vessel - 0.30%;
- weight error in draft survey - 1%;

- weather and climate conditions - 0.25%.

2.21. The amount of the Cargo loaded onto the vessel shall be determined by an independent surveyor in accordance with the Record of draft measurement.

2.22. According to the approved written applications by the Customer, shall provide other required works (services), at Customer's expense.

3. OBLIGATIONS OF THE CUSTOMER

3.1. Shall coordinate with the Contractor the scheduled plan of the volume of Cargo delivery to the Port and placement of Cargo on the Port warehouse areas in order to charter the vessel for the Cargo lot scheduled for shipment, as per clause 3.11 of this Contract, as well as the date of placing the vessels, their names, dimensions, amount of the Cargo to be shipped by e-mail up to the 25th of the pre-planned month.

3.2. Shall provide actual shipment of Cargo to the Port in the amount of 70,000 tons up to 90,000 tons.

3.3. At least 15 days prior to the beginning of the planned month, shall provide applications (form ГY-12) for the Cargo delivery to the Port.

3.4. In winter (from October 15 through April 15) shall provide the Cargo delivery to the Port with a humidity level of no more than 7% and ensure obligatory preventive measures against freezing before coal is presented for transportation when it is loaded into wagons.

3.5. Shall provide execution of supporting documents according to the "Railway Shipping Rules":

- in the column "destination station" shall indicate _____ FERW (DVZD), code 986103 (ECP), 985906 (RF) with placement to the spur track of _____ LLC, code _____, OKPO code _____;

-in the column "consignee" shall indicate _____ LLC, _____, _____, _____ for _____ LTD. "With the weight and quality of the shipper."

3.6. Shall provide the Cargo loading into hatch wagons suitable for grab unloading, with no cross ties, protected from snow and garbage, technically and commercially viable, with removable wagon parts secured properly to prevent them from falling out during unloading.

3.7. Shall guarantee shipping the coal of the same rank or different ranks, provided it is stored together in the same stockpile, unless otherwise is agreed by both Parties, to the Port. Coal must not be frozen.

3.8. The Cargo delivered to the Port shall be clean, free from foreign inclusions (paper, sand, plastic), that is ready for further reshipment with no additional expenses.

3.9. Within one day after the Cargo shipment to the Railway, shall forward the preliminary information to the Port on the shipment made, indicating the Cargo amount, rank, shipment date, route number as well as quantity and numbers of wagons in the route. Information shall be provided by e-mail.

3.10. Before the Cargo delivery to the Port, shall provide a Declaration on shipping characteristics and security conditions for bulk cargo shipping by sea or the Cargo information.

3.11. Shall nominate specialized vessels (bulkers) with the following draft limits for loading in the Port:

- to pier #31 - 6.0 meters loaded draft, up to 136 meters long and up to 17 meters wide (loading up to 6,000 tons);
- to pier #32 - 7.75 meters loaded draft, up to 143 meters long and up to 25 meters wide (loading up to 15,000 tons).

3.12. In case of the Cargo direct loading (wagon - vessel), shall provide timely placement of the vessel and arrival of the wagons loaded with the Cargo at the Port, preventing the vessel or wagons from detention in the Port.

3.13. In case the Customer needs to re-weigh the wagons with the Cargo having arrived to the station _____, the Customer shall settle the issue of re-weighing the wagons independently.

3.14. Shall provide the vessel nomination, except the vessels with the Russian crew and under

the Russian flag, coordinate with the Contractor 10 days before the planned date of the vessel placement, and then specify the time of the vessel arrival at the Port 48, 24, and 4 hours before with obligatory indication of the need for coal magnetic cleaning.

3.15. The vessel's agent shall be nominated by the Customer upon submission by the Contractor _____.

3.16. Shall provide the Contractor with a detailed instruction for shipment of the bill-of-lading (shipload) Cargo lot 48 hours prior to the vessel arrival with obligatory indication of the need for coal magnetic cleaning.

3.17. Shall observe the security regulations and pass entry system established by the order # 68 dated July, 26, 2012.

3.18. Shall prevent the Cargo transfer, purchase and sale to third parties within the Port without written agreement by the Contractor and permission by the customs authorities.

3.19. Shall provide timely payment for the Contractor's services in accordance with the terms of this Contract.

3.20. Shall reimburse the Port for the expenses incurred in case of violation of customs, quarantine, phytosanitary, veterinary, environmental and other requirements stipulated by Law of the Russian Federation due to the Customer's fault.

3.21. When a vessel is placed to the landing pier, the Customer shall be obliged to:

- prevent polluting the piers and the water area with household garbage and waste products from hazardous substances and their mixtures emission systems. As well, in order to ensure environmental safety of the vessel and water area, the Customer, the vessel owner and the crew shall not be allowed to:
- drain the waste water overboard, except the cases established by regulation 11 of chapter 3 of Annex IV to the International Convention MARPOL, as well as clean ballast;
- discharge waste of any kind overboard;
- start an open fire and burn waste of any kind on board;
- discharge hazardous substances from the vessel into the atmosphere with violation of the established standards;
- perform any vessel hull cleaning and painting operations, including underwater cleaning, without permission of Vostochny Port Master;
- perform washing of holds, decks and superstructures with water discharge overboard, if the water is polluted with oil products or other hazardous substances.

3.22. The Customer and the crew shall immediately inform Energy Systems Limited of any hazardous substances discharge in the seaport water area, both from their vessel and from any other vessel, as well as of any pollution observed.

3.23. The Customer and the crew shall be obliged to take measures to exclude pollution of the water surface, pier and sea bottom, and arrange permanent cleaning of the ladder areas from snow and dirt. The cooling water drain scuppers of the vessel shall be covered with shields, and the steam exhausted overboard shall be routed through additional pipes into the water. The shields shall be installed before the vessel arrival to the pier. The Customer and the crew shall be obliged to pass solid separated residues of oil products, oiled rags, garbage, small containers, technical, food and other household waste in special containers from the vessel to the shore. The Customer and the crew shall be obliged to pass oil containing water, oil residues, sewage and other polluted water from the vessel to the shore to specialized reception facilities. The Customer and the crew shall be obliged to exclude any industrial or household waste, polluted snow discharge to the pier.

4. PRICES AND PAYMENT PROCEDURE

4.1. The tariff rates for the performance of loading and unloading operations and related works are represented in Annex # 1 to this Contract, which is an integral part hereof.

4.2. Technological storage of the Cargo in the open warehouses of the Port is 30 days. For coal storage over 30 days, the Customer shall pay for extra storage of each ton per day, for the entire stored lot from the date of unloading the first wagon to the pier till loading the Cargo onto the vessel.

The amount of the Cargo exceeding the preferential storage is determined by the acceptance certificates (weight certificates) data.

4.3. The Customer shall make payment on the basis of the invoice issued by the Contractor in US dollars.

4.4. The Customer shall be obliged to make payment for the Contractor's services stipulated by this Contract within 5 (five) calendar days from the date of receiving the proforma invoice from the Contractor. The invoice is issued by the Contractor on the basis of the Cargo amount scheduled to be loaded onto the vessel nominated by the Customer in accordance with clause 4.9. The balance invoice (tax invoice) is issued for the Cargo amount actually loaded onto the vessel as of the date of signing and for the weight specified in the bill of lading within 10 (ten) calendar days from the date of receiving the balance invoice.

4.5. For the Cargo inter-warehouse transshipment (movement) and the Cargo transfer within the Port performed at the Customer's request, the calculation shall be made in US dollars as of the date of the Cargo removal/transfer.

4.6. In case of exceeding the SSL in the Port, clause 1.4, the Customer shall pay the Port for:

- the use of wagons, detention on station tracks for the declared time, extra time of unloading on private tracks (as a result of the occupied unloading area) in accordance with the cumulative statements issued to the railway station;
- the Cargo inter-warehouse transshipment (movement) from the unloading area to the rear areas of the warehouse and back.

4.7. The Customer shall reimburse the Contractor for the expenses caused by:

- detention of wagons due to frozen coal as well as extra unloading time above the one stipulated by the technology (unloading of frozen coal);
- delay of wagons on station tracks, if they cannot be accepted by the Port due to the Customer's fault in accordance with clause 2.11.

4.8. The Customer shall reimburse the Contractor for the expenses associated with additional works (above the technological process).

4.9. The Customer shall pay for the works and services provided by the Contractor as follows:

- an advance payment of 50% for the Cargo transshipment before the start of loading onto the vessel, a balance payment according to the bill of lading. In case (due to various reasons) the shipment has not been made, the advance payment shall not be refunded, but shall be credited to the following payments.

4.10. All the banking expenses associated with the money transfer to pay for the Contractor's services shall be borne by the Customer.

4.11. The tariff rates specified in Annex # 1 to this Contract may be changed within a year, unilaterally, as a result of nationwide changes in prices and tariffs affecting the rate formation.

4.12. The Customer shall be obliged to make payment for the Contractor's services stipulated by this Contract within 5 (five) calendar days from the date of issuing the invoice.

4.13. In case of non-payment, untimely payment, the Contractor shall be entitled to charge the Customer a penalty in the amount of 0.1% of the unpaid amount for each day of payment delay.

4.14. An independent surveyor shall be appointed by the Customer. A vessel agent shall be appointed by the Customer in agreement with the Contractor, if there are no objections from the vessel owner.

4.15. The services provided by the independent surveyor and vessel agent shall be paid by the Customer.

5. LIABILITY

5.1. In case of non-performance or improper performance of obligations, the Parties shall be liable in accordance with the applicable law and terms of this Contract.

5.2. The Contractor shall not be liable for the detected shortage of Cargo in wagons and its impurity.

5.3. The Customer shall consider all claims for the Cargo quality, shortage or excess compared to the transport documents without the Port participation. The Customer shall settle all the claims with suppliers, railway, vessel owners and the Cargo purchasers independently without participation or liability of the Contractor.

5.4. The Contractor shall not be liable for:

- detention of vessel awaiting the Cargo, as well as "dead freight" in cases where the Cargo amount is less than it is indicated in the shipment order;
- change in the Cargo amount, quality and/or marketable state resulting from shipping by rail and/or sea;
- detention of vessel due to meteorological conditions;
- detention of vessel awaiting the Cargo;
- detention of vessel due to unscheduled placement not agreed by the Port and/or its repositioning due to non-settlement of contentious issues related to the Cargo;
- possible consequences of incorrect or incomplete information in the instructions issued by the Customer, and/or untimely issuance of instructions, untimely and inadequate issuance of the documents and information required for the customs and transport formalities, as well as incorrect or untimely notification to the Port on the Cargo accumulation and transshipment conditions.

5.5. The Contractor shall not be liable for the Cargo shortage if there is a discrepancy in the Cargo weight (amount) specified in the Draft Survey certificates (when loading/unloading the vessel) and the one declared in the rail waybill or consignment note by the shipper.

5.6. During the period when obligations on the Cargo loading onto the vessel nominated by the Customer are being performed, dispatch/demurrage rules shall not be applied to the relations within the framework of this Contract.

5.7. The Contractor shall not be liable for change in the Cargo amount, quality and/or marketable state resulting from shipping by rail and/or sea, incorrect Cargo name, as well as its long-term stay in the Port due to the Customer's fault.

5.8. The Contractor shall not be liable for the consequences associated with the Customer's violation of the established procedure for the Cargo certification, non-compliance with the selected customs regulations by the person who transfers the Cargo across the Russian Federation border.

5.9. The Contractor shall not provide execution of waybills for return of empty wagons leased or owned by the Customer by Russian Railways JSC (RZD JSC).

5.10. The Contractor shall reserve the right to monitor the railway and sea transport placement priority.

5.11. For non-performance of obligations stipulated by the Contract, the Parties shall be liable in accordance with the Law of the Russian Federation. In case of non-performance of obligations hereunder by the Customer, the Contractor shall use the right for the Cargo pledge in accordance with the Law of the RF "On Pledge".

5.12. In case of spontaneous combustion of coal located on the Port warehouse areas, the Contractor shall immediately perform a set of works for elimination of spontaneous combustion, ignition of coal, as well as the Cargo transfer from one stockpile to a different one in the warehouse - the Cargo restocking. The Contractor shall immediately notify the Customer thereof. All works shall be performed at the Customer's expense. Upon the works performance for elimination of spontaneous combustion, a general-form certificate shall be executed, signed by the Port authorized representative, and issued to the Customer. The Customer shall pay the Port for the works on elimination of the Cargo combustion in the amount of actual expenses incurred, the latter shall be coordinated with the Customer in all cases.

5.13. In order to perform the obligations assigned to the Contractor by this Contract, the Contractor shall be entitled to contract the third parties.

5.14. The Contractor shall not be liable for the detected Cargo shortage associated with inter-warehouse transshipments and the Cargo delivery from the unloading area to the rear area and back.

5.15. In case of spontaneous combustion and ignition of coal located on the warehouse areas of pierses ## 31,32 _____ shall not be liable.

5.16. In case of fire, the Contractor shall immediately arrange its elimination by all possible means.

5.17. The Contractor shall not be liable for the coal loss and (or) damage in case of its spontaneous combustion, or delivery in the frozen state.

5.18. The Contractor shall be liable for the safe and high-quality arrangement of the Cargo handling, for compliance with the standards for unloading the Cargo from the wagons (if delivered in a normal free-flowing state), for the timely and qualitative execution of freight and forwarding documents in the part relating to the Contractor, as well as for the qualitative performance of other services stipulated by the Contract.

5.19. The Customer shall be liable by way of reimbursement for damages related to lost profits associated with detention of the Port awaiting the Cargo in the amount of 50% of transshipment rate, the difference between the agreed/approved plan and the actual delivered monthly volume. Payment is made by invoicing the Contractor for non-performance of contractual obligations.

6. FORCE MAJEURE

6.1. In case of force majeure circumstances preventing the performance of obligations by either Party, the time for the performance of obligations under this Contract shall be extended in proportion to duration of these circumstances. For the purposes of this Contract, the following circumstances shall be recognized as force majeure: fire, natural disasters, military actions of any kind, blockade, acts of state bodies and other circumstances beyond the Parties' control.

6.2. The Party facing force majeure circumstances shall be obliged to immediately notify the other Party of such circumstances and of the obligations impossible to execute.

6.3. If such circumstances last for over three months, either Party shall be entitled to refuse to perform its obligations under this Contract.

7. GENERAL TERMS AND CONDITIONS

7.1. In regards to the issues beyond the scope of the Contract, the Parties shall be guided by the Law of the Russian Federation.

7.2. All disputes, disagreements or claims arising out of or in connection with this Contract including those related to execution, violation, termination or invalidity hereof shall be settled by the International Commercial Arbitration Court at the Chamber of Commerce and Industry of the Russian Federation in accordance with its Rules.

7.3. This Contract shall be valid from the date of signing hereof and through December 31, 2021, provided the full performance of obligations and financial settlements by the Parties under this Contract. Either Party shall be entitled to terminate the Contract with a 30 days' notice to the other Party upon performance of the obligations assumed earlier.

7.4. This Contract is made in two identical copies (for each of the Parties) in 2 languages – Russian and English, having equal legal force. However, in case of disagreement in translation, the Russian text shall prevail. The headings of the articles of this Contract are provided for convenience only and shall not affect their interpretation.

7.5. All changes and additions to this Contract shall be valid only if they are executed in writing and signed by authorized representatives of both Parties.

7.6. This Contract and documents hereto including billing documents made and transferred by means of electronic communication (by facsimile) shall have legal force.

8. LEGAL ADDRESSES OF THE PARTIES

CONTRACTOR	CUSTOMER
<p><u>Registered address</u></p> <p><u>Mailing address:</u></p> <p>Bank details:</p>	<p><u>Registered address</u></p> <p><u>e-mail:</u></p> <p>Bank details:</p>

Director General _____ /	Director General _____ /
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1	The Cargo name	coal
2	Type of packing	bulk
3	Procedure (import/export)	export
4	Scope of supply, tons/month	From ___ tons to ___ tons
5	Rate for loading onto vessel, tons/day	_____
6	<p>Tariff rate for loading/unloading of the Cargo delivered to the Port (transshipment point) by rail, USD/ton: _____</p> <p>Tariff rate for loading/unloading of the Cargo delivered to the Port (transshipment point) by motor transport, USD/ton: _____</p> <p>Tariff rate includes the following:</p> <ul style="list-style-type: none"> • The cost of credit-clearing the rail waybills; • The cost of spotting/picking the wagons; • The cost of unloading the Cargo from the wagons; • The cost of cleaning-out the wagons; • The cost of using the railway tracks of the Port; • The cost of the Cargo delivery to open warehouse area and Cargo stocking; • The cost of the Cargo delivery to the vessel board side; • The cost of the Cargo loading onto the vessel; • The cost of the Cargo scarifying in winter; • The cost of cleaning-out the area; • The cost of intercity and international communication services; • The cost of infrastructure maintenance; • The cost of forwarding services regarding execution of the export goods shipment order, execution of the transport documents, signing the documents by the vessel's Master, execution and delivery of the captain's mail onto the vessel; • The cost of execution of "Certificate of cargo characteristics at the time of loading" and "Sampling report" issued by the Register; • The cost of execution of Certificate of origin; • The cost of sending the freight documents to the Customer's address by courier. 	
7	Simultaneous storage limit (SSL), tons	SSL is established in an amount of 50% of the monthly planned volume agreed by the Contractor and approved by the Russian Railways Transport Service Centre as per ГY-12 application form
8	Charge for exceeding the SSL	30% of loading/unloading tariff rate
9	Storage time limit, days	30

10	Tariff rate for extra storage (starting from the 31st day), USD/ton/day	_____
11	Coal restocking, USD/ton	_____
12	Payment terms	50% advance payment before the vessel arrival
13	Coal magnetic cleaning, USD/ton	_____
Director General		Director General
_____		_____
_____ / _____		_____ / _____