



**BUNKER DYNAMICS CORP.
TERMS AND CONDITIONS OF SALE
FOR MARINE FUELS**

MARCH 2016

Except as otherwise agreed to in writing, the following terms and conditions shall apply to all sales by BUNKER DYNAMICS CORP. of Bunker Fuel Oil, Intermediate Bunker Fuels, Marine Diesel Oil, and Marine Gas Oil (hereinafter "Marine Fuels").

1. PRICES

- (a) The price to be paid for Marine Fuels shall be agreed between Seller and Buyer and specified in writing under the provision of the SALES NOMINATION and applied to the volume of MARINE FUELS delivered as determined in accordance with clause six (6) hereof.
- (b) This price is valid for SIX (6) days SALES NOMINATION date for VENEZUELA deliveries. Prices for delivery beyond the said Delivery Range period are subject to amendment at Seller's option. All taxes, duties and additional delivery charges, including, but not limited to, barging or truck charges, night, weekend or holiday surcharges or overtime charges, or other delivery charges customary to the port, are for the account of Buyer.
- (c) Seller reserves the right to pass on to Buyer any increase imposed on Seller or on sales by Seller by any governmental authority subsequent to the date the price is offered or delivery is made, whether retroactive or not, and for this purpose Buyer expressly waives any applicable statute of limitations.

2. PARTIES OBLIGATED

- (a) Should Marine Fuels be ordered by an Ship Owner, Manager or Authorized Agent, then such orderer, as well as the principal, shall be bound by, and liable for, all obligations as fully and as completely as if the orderer were itself the principal, whether such principal be disclosed or undisclosed, and whether or not such orderer purports to contract as agent only. Both principal and orderer shall each be deemed to be a Buyer for purposes of this agreement.
- (b) Deliveries of Marine Fuels made hereunder, if sold on a specific payment term, are delivered not only on behalf of Buyer, but also on the Vessel and Buyer

warrants that Seller will have and may assert a lien against the Vessel for the amount of the purchase of said Marine Fuels.

3. QUALITY AND WARRANTY

- (a) Marine Fuels selected by Buyer shall be Seller's commercial grades of Marine Fuels generally offered to Seller's Marine Fuels customers at the time and place of delivery. Seller otherwise makes no warranties of quality, merchantability or fitness for any particular purpose and any implied warranties or conditions whether statutory or otherwise are expressly excluded.
- (b) Buyer shall have the sole responsibility for the selection of suitable Marine Fuels for use in the Vessel.
- (c) Information by Buyer regarding the typical characteristics of the Marine Fuels at any delivery location shall only be indicative of the quality and shall not form part of the specification of the Marine Fuels to be delivered, unless otherwise agreed in writing by the Seller.

4. NOMINATIONS AND DELIVERIES

- (a) Buyer shall nominate a Vessel at least four (4) working days in advance of the Estimated Time of Arrival (hereinafter "ETA") proposed by Buyer, specifying delivery port, ETA and grades and quantities of Marine Fuels required.
- (b) When such nomination is accepted and such acceptance is confirmed in writing by Seller, the ETA proposed by Buyer or otherwise agreed between Buyer and Seller shall become the *Accepted Delivery Date*.
- (c) Seller reserves the right to cancel any nomination without liability on the part of Seller and without prejudice to any rights that Seller may have against Buyer if the Vessel does not arrive at delivery port and present itself for delivery within the Delivery Date.
- (d) Buyer or the Vessel's local agent shall give Seller's local representative at the delivery port at least Seventy-two (72) hours' advance notice, excluding Saturdays, Sundays and holidays, of each delivery, confirming product and quantities and other delivery details, with clear instruction to be helpful with any local port requirements and delivery permissions needed.
- (e) Where such delivery date is not within the Delivery Range Period, then acceptance must be in writing by Seller. Where seventy-two (72) hours' advance notice

is not given or where the delivery date is not within the Delivery Range Period and the proposed new delivery date is not accepted by Seller, then Seller shall in normal circumstances use reasonable efforts to make delivery in a timely manner.

- (f) Where delivery is required during other than regular business hours, and is permitted by applicable regulations, Buyer shall be fully responsible for and pay all overtime and extra expenses incurred.
- (g) Where delivery is made by barge, truck or coastal tanker hereinafter collectively "Seller's Delivery Vessel", all delivery charges, including overtime and associated charges, shall be for the account of Buyer. For delay caused by Buyer in the use of Seller Delivery Vessel, Buyer shall pay any demurrage or detention charges at such rate as may be invoiced by Seller.
- (h) Buyer shall notify Seller and Seller shall agree in writing, prior to delivery, of the maximum allowable pumping rate and pressure and Buyer and Seller shall agree on communication and emergency shutdown procedures in connection therewith.
- (i) Buyer shall notify Seller, in writing, prior to delivery of any special conditions, difficulties, peculiarities, deficiencies or defects in respect of or particular to the Vessel which might adversely affect the delivery of Marine Fuels.
- (j) Where delivery is made by Seller's Delivery Vessel, the Vessel shall provide a free and safe berth alongside to receive the Marine Fuels and to render all necessary assistance which may reasonably be required to safely moor and unmoor the Seller Delivery Vessel or to connect or disconnect the delivery hose(s).
- (k) In the event Buyer fails to take delivery, in whole or in part, of the quantities nominated, Buyer shall be responsible for any costs resulting from such failure, including the cost of Seller's Delivery Vessel in full as if delivery had taken place, unless Seller agrees otherwise in writing, also any costs and expenses incurred by Seller to downgrade the Marine Fuels.
- (l) Seller shall always use reasonable efforts to adjust to changes in Buyer's schedule. However, Seller or Seller's supplier shall not be liable for demurrage paid or incurred by Buyer due to any delay in delivery of Marine Fuels where:
 - 1) The delivery date was not accepted by Seller as outlined in Sections 4(a) and 4(b)
 - 2) Seventy-two (72) hours' notice, as defined in Section 4(b), was not properly given.

- 3) Seller's Delivery Vessel arrived in a timely fashion and performed according to accepted practice.
- 4) Conditions as set forth in Section 11 below existed.
- 5) Seller was ready and able to perform.
- 6) Conditions onboard Vessel resulted in failure to receive Marine Fuels.

- (m) If possible, the Vessel shall provide segregated tankage to receive the contracted quantity of Marine Fuels.

5. TITLE

- (a) Delivery shall be deemed completed and title to Marine Fuels shall pass to Buyer at the permanent intake connection of the Vessel.
- (b) If delivery is made to barge, truck or coastal tanker nominated by Buyer or Buyers Agent to Seller (hereinafter "Buyer's Delivery Vessel"), delivery shall be deemed completed and title for the Marine Fuels shall pass to Buyer at the last flange on Seller's or Seller's supplier's terminal property.
- (c) Buyer shall be responsible for connection to intake of the Vessel or Buyer's Delivery Vessel and pumping shall be performed under the direction of Buyer's representative.

6. INSPECTION AND DETERMINATION OF QUANTITY AND QUALITY

- (a) The quantity of Marine Fuels delivered shall be determined, at Seller's option, by measurements in accordance with either (i) the ASTM/API/IP Petroleum Measurement Table whichever is in use at the supply facilities, for Seller's shore tanks or Seller's Delivery Vessel or (ii) Seller's meters.
- (b) Buyer will be charged on the basis of these measurements. Buyer has a right to have, at its own expense, its representative or an independent inspector present during measurement, but determination of quantity shall be made solely by Seller, and such determination shall be conclusive.
- (c) In the event of delivery to Buyer's Delivery Vessel, the amount of Marine Fuels delivered shall, at Seller's option, be determined by measurements of shore tanks or meters at the point of delivery to Buyer's Delivery Vessel and the amount so determined shall be conclusive.
- (d) Sampling by Seller or Seller's supplier shall be done throughout the Marine Fuels delivery. Seller or Seller's supplier shall take two (2) representative

samples of each grade of Marine Fuels to be delivered. Buyer shall have the right to have its representative witness the drawing of the samples. The aforementioned samples shall be securely sealed and labeled, numbered and identified by name of the Vessel, delivering facility, product, delivery date and place of delivery.

- (e) One (1) sample shall be given to Buyer's representative and the other shall be retained by Seller or Seller's supplier for at least thirty (30) days from the date of delivery in a safe place for verification of the quality thereof, if required. If Buyer makes a claim or complaint within thirty (30) days of the date of delivery in accordance with Section 7(b) below, based on the analysis of the retained sample supplied to Buyer's representative, Seller's or Seller's supplier relevant and representative samples, shall be submitted for analysis to an independent laboratory.
- (f) The independent laboratory analysis shall be conclusive as to the quality of the product delivered. The analysis shall be established by tests in accordance with ISO 8217 and/or any other specifications agreed to between Buyer and Seller. Unless otherwise agreed, the expenses of the analysis by the independent laboratory shall be borne by Buyer.

7. CLAIMS

- (a) Any dispute as to the quantity delivered must be noted at the time of delivery on the bunker delivery receipt or in a letter of protest. Any claim as to short delivery shall be presented by Buyer in writing within fifteen (15) days of the date of delivery, failing which any such claim shall be deemed to be waived and absolutely barred.
- (b) Any claim as to the quality of the fuel delivered must be submitted by Buyer to Seller in writing within thirty (30) days of the date of delivery. If Buyer fails to submit a quality claim within thirty (30) days of the date of delivery, any such claim shall be deemed to be waived and absolutely barred. Buyer shall base its quality claim solely on an analysis of the retained sample provided by Seller at the time of the delivery as provided for in Section 6(b) above. Buyer shall furnish Seller the results of testing of the retained sample to enable Seller to properly evaluate the claim.
- (c) Notwithstanding the provisions of Section 3(a), it is the duty of Buyer to take all reasonable actions, including retention and burning of fuel in accordance with Seller's instructions, to eliminate or minimize any costs associated with an off-

specification or suspected off-specification supply. Seller's obligation hereunder shall not exceed direct expenses incurred for removal and replacement of fuel and shall not include any consequential or indirect damages, including without limitation, demurrage and any actual or prospective loss of profits. If Buyer removes such fuel without the consent of Seller, then all such removal and related costs shall be for Buyer's account.

- (d) Seller shall not be responsible for any claim arising in circumstances where there is or has been commingling of fuel delivered by Seller with other fuel aboard the Vessel or Buyer Delivery Vessel.
- (e) Seller agrees to respond promptly to any complaint or claim by Buyer with an intent to settle any such claim within forty-five (45) days of receipt of claim. Where Buyer and Seller cannot come to agreement on such claim within ninety (90) days, either party may invoke arbitration in accordance with the provisions of Section 14 below.
- (f) Nothing in this Section 7 shall relieve the Buyer of its obligation to make payments in full when due as provided herein.

8. PAYMENT

- (a) Payment shall be made by Buyer, in U.S. dollars, without discount, offset or deduction upon receipt by Buyer of written, telegraphic or other notification of quantities delivered and amounts due. Subsequent adjustments, if any, will be made upon receipt by Seller of the relevant bunker delivery receipt. Buyer's failure to make payment in full of the amount noted by Seller shall be a breach of Buyer's obligations hereunder and Buyer agrees that any claims related to the delivery do not constitute a valid defense against Seller's claim for payment in full.
- (b) Payment made by telegraphic transfer should be forwarded to the Bank details that will be included at the Invoice.
- (c) The Buyer shall notify (or shall instruct its bank to notify) the Seller as soon as payment has been made, quoting the date on which payment was made, the amount, the name of the bank effecting payment and details of each invoice to which the payment relates. Such notification shall be sent to BUNKER DYNAMICS CORP. by email addressed to sales@bunkerdynamics.com.
- (d) Payment shall be considered past due if not received by Seller within two (2) working days from the due date notified in the invoice.

- (e) Any delay in payment of the full sum due shall entitle the Seller to interest at, the rate of three (3) percent per month (compounded monthly for each month or part thereof of non-payment) without prejudice to any rights or remedies available to the Seller. Furthermore the Seller entitled to charge a delayed payment administration fee of one point five (1.5) USD per month with a minimum of three hundred fifty (350) USD. for each delivery made. All reasonable attorney's fee incurred by the Seller in connection with the collection of overdue payment shall be for the sole account of the Buyer.
- (f) At any time Seller considers Buyer's financial condition inadequate to meet Buyer's obligation hereunder, cash payment in advance or security acceptable to Seller may be required before delivery and Seller may declare amount then outstanding from Buyer to be immediately due and payable.

9. SAFETY AND ENVIRONMENTAL PROTECTION

- (a) Buyer is familiar with the health effects related to the Marine Fuels supplied hereunder and with relevant protective safety and health procedures for the handling and use of such Marine Fuels
- (b) Buyer shall adhere to such safety and health procedures while using or handling Marine Fuels. Buyer shall also facilitate the dissemination of health and safety information to all employees, users, and others potentially exposed to the Marine Fuels sold hereunder.
- (c) Buyer shall be responsible for compliance by its employees, agents, and other users with all health and safety requirements or recommendations related to the Marine Fuels supplied hereunder and shall exert its best efforts to assure that any of its employees or agents, users, and others avoid frequent or prolonged contact with or exposure to the Marine Fuels both during and subsequent to delivery.
- (d) Seller or Seller's supplier accepts no responsibility for any consequence arising from failure by Buyer, its employees or agents, any users, or any other party to comply with relevant health and safety requirements or recommendations relating to such contact or exposure.
- (e) If a spill occurs while Marine Fuels are being delivered, Buyer shall promptly take such action as is reasonably necessary to remove the spilled Marine Fuels and mitigate the effects of such spills.
- (f) Seller is hereby authorized, at its option and at the expense of Buyer, to take such measures and incur

such expenses (whether by employing its own resources or contracting with others) as are reasonably necessary in the judgment of Seller to remove the spilled Marine Fuels and mitigate the effects of such spills.

- (g) Buyer shall cooperate and render such assistance as is required by Seller in the course of such action.
- (h) All expense, claims, loss, damage, liability and penalties arising from spills shall be borne by the party that caused the spill. If both parties are at fault, all expense, claims, loss, damage, liability and penalties shall be divided between the parties in accordance with the respective degrees of fault.
- (i) In the event of a spill during fueling, Buyer shall provide Seller with such documents and information concerning the spill and any programs for the prevention of spills as may be required by Seller or by law or regulations applicable in the port where the spill occurred.
- (j) Buyer warrants that the Marine Fuels purchased hereunder are for the operation of the nominated Vessel and that Vessel only.
- (k) Buyer warrants that the Vessel is in compliance with all applicable national and international laws and regulations. The Vessel is subject to Seller's acceptance and will not be supplied fuel unless free of all conditions, difficulties, peculiarities, deficiencies or defects which might impose hazards in connection with its mooring, unmooring or bunkering.

10. INDEMNITY

- (a) Buyer shall indemnify and hold Seller and Seller's supplier harmless from and against any and all claims, demands, suits or liabilities for damage to property or for injury or death of any person, or for non-compliance with any requirement of any governmental entity arising out of an act or omission of Buyer or its agents or servants in receiving, using, storing or transporting Marine Fuels delivered hereunder, including exposure thereto, unless the same be due to the sole negligence of Seller.

11. FORCE MAJEURE

- (a) Buyer or Seller will be excused from its obligations hereunder to the extent that performance of either or both is delayed or prevented by circumstances beyond its or their control (Force Majeure) including, but not limited to, acts of God, weather, harbor conditions, fire, explosions, mechanical breakdown, strikes, plant shutdowns, civil disturbances and

government regulations. However such Force Majeure shall not excuse Buyer's obligation to make payment for Marine Fuels received.

- (b) Seller shall not be liable for any demurrage or other costs resulting from any such delay or failure to perform on the part of Seller.

12. SHORTAGES

- (a) In the event performance by Seller becomes impracticable for any reason, including, but not limited to, orders, requests or suggestions by any official body relating to supplies, priorities, rationing or allocations of crude oil from which Marine Fuels are derived or any other petroleum products, Seller may reduce or stop deliveries in such a manner as it may in its sole discretion determine and shall be relieved of its obligation to perform hereunder.

13. GOVERNING LAW

- (a) This agreement shall be governed and construed in all particulars by the laws of Country where the port of supply is located.

14. ARBITRATION

- (a) All disputes and claims arising in connection with the sale of Marine Fuels to which these General Terms and Conditions of Sale apply shall be referred to arbitration conducted in the Country where the physical supplier is located in accordance with the Arbitration Rules of the International Chamber of Commerce.