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29.09.2021 № ИСХ-05-53030-21

*Dear Sirs,*

Taking into account the interest of your esteemed company towards establishment or continuation of business cooperation with Rosneft Oil Company for oil&gas (chemical) products/ hydrocarbons sales, we suggest that you send price quotations on the lot 6/3-684 for Crude Oil, produced by “Orenburg-neft”, dispatch from railway station Krotovka (hereinafter – Product) to purchase it for export in November 2021 under the offer selection procedure through JSC TEK – Torg electronic platform in relevant Rosneft’s module (<http://tender.tektorg.ru>).

**Volume of delivery**- up to 105 000 tons in the Seller’s option;

**Minimum volume of purchase batch** – 3 500 tons +/-5%;

**Delivery period** – November 2021;

**Delivery basis** - Dispatch station - railway station Krotovka (Kuibyishevskaya r/w);

**Payment terms** -100 % prepayment of the preliminary cost not later than 3 working days before the beginning of the delivery month. Crude Oil delivery is carried out only if the Buyer pays for the Crude Oil, as well as crude oil transportation (if it is necessary to arrange transportation by the Seller – see the information below).

Final settlement (balance payment) – not later than 5<sup>th</sup> calendar day after the end of the delivery month.

The preliminary price of the goods is calculated based on the arithmetic average of quotations for the period from 1<sup>st</sup> till 20<sup>th</sup> day of the month preceding the delivery month as per formula mentioned below (point «pricing principle»), as published in «Platts Crude Oil Marketwire» and «Platts Dirty Tankerwire» and average ruble to US dollar exchange rate published by the Central Bank of Russian Federation during period from 01<sup>st</sup> to 20<sup>th</sup> day of the month preceding the delivery month. K – conversion factor barrels per tons. For the purposes of calculating the preliminary price K is equal to 7,9 barrel per tons.

The final price and cost of delivery Crude Oil will be calculated based on the quotations of actual calendar month of delivery.

**Pricing principle** – the price calculated as per the following formula:

$$P = ((B+CPC)*K - WS\_flat * WS\_month/100 - TP - Tcpc + D) *R/\$$$

**P** – Price of the crude oil (without VAT), expressed in RUB per ton;

**B** – arithmetic average of all daily quotations (Low and High) for Brent Dated, as published in Platts Crude Oil Marketwire for the month of delivery, rounded to 3 (three) decimal places;

**CPC** – arithmetic average of all daily quotations (Low and High) for «Spread vs FWD DTD Brent» in line «CPC Blend CIF», as published in Platts Crude Oil Marketwire for the month of delivery, rounded to 3 (three) decimal places;

**K** – conversion factor of metric tons to the US barrels, calculated as a weighted average of metric tons to barrels corresponding to the actual density of Crude oil at 20<sup>0</sup>C, indicated in the quality certificate issued at dispatch station, rounded to 4 (four) decimal places. For the purposes of calculating the preliminary price K is equal to 7,9 barrel per tons;

**WS\_flat** – flat rate equal to freight rate for voyage between port Novorossiysk, CPC Terminal (Yuzhnaya Ozereevka) and port Augusta published in “New World-wide Tanker Nominal Freight Scale” for relevant year of loading., for 2021 it is equal to 7,36 USD/ton;

**WS\_month (in pct.)** – average of available Worldscale rate quotations for 135 000 MT dirty tankers for BSEA-MED published in the “Platts Dirty Tankerwire” for the month of delivery, rounded to 3 (three) decimal places;

**TP** – Russian export customs duty for crude oil in force in the month of delivery (US dollars per ton);

**Tcpc** – transportation costs for delivery of crude oil from dispatch station to Novorossiysk, CPC Terminal (Yuzhnaya Ozereevka), including the cost of transportation by rail to Getmanovskaya station (taking into account the cost of returning empty rw), cost of the transportation through CPC system till port Novorossiysk, CPC Terminal (Yuzhnaya Ozereevka), cost of customs clearance and forwarding services cost (at the time of the tender = 20,78 USD per ton plus 2718,55 RUB per ton);

**D** – differential, proposed by the potential Buyer on a specified delivery basis;

**R/\$** – arithmetic mean exchange rate for the RUR/USD set by the Central Bank of Russian Federation for the delivery month, rounded to 4 (four) decimal places;

**Pricing period** – the average value of quotes and all parameters of the price formula calculation in the calendar month of delivery, that is the month of transfer of ownership of Crude oil.

*The Seller can arrange for the transportation* of crude oil by rail on behalf of the Buyer. In this case, the Buyer is obliged to indicate in his offer whether this service is necessary. The Buyer in this case must compensate all costs to the Seller. The Seller is not responsible for the lack of coordination of the direction of shipment from the side of Transneft.

**Quality of the Goods** – shall meet all quality standards as set forth in GOST R 51858-2002, TP EAЭC 045/2017. Typical quality characteristics are presented in Appendix 1. Actual value may differ from presented typical values. The Seller does not bear responsibility for non-conformity with the presented typical quality characteristics.

**Mandatory conditions** for your participation in the offer selection procedure are as follows:

1. Positive opinion based on results of pre-qualification in Rosneft Oil Company (see also paragraph 4 of this PDO);
2. The signed offer to be sent to Rosneft Oil Company not later than **October 04, 2021 3:00 p.m. (Moscow time)**, including the following:
  - Number of the LOT
  - Proposed for setting differential D ;
  - Product name, manufacturer;
  - Maximum quantity of crude oil that you are ready to purchase (not less than 3500 tons);
  - Delivery basis corresponding to the offer;
  - Delivery destination;
  - Necessity of arranging crude oil transportation by rail to destination station;
  - The destination station capability to receive eight-axis tanks;
  - Confirmation of readiness to work on a pre-payment basis,
  - Confirmation of readiness to work in the Seller`s option of delivery volume from 0 to 100%

**3. The offer shall be presented in the following table format:**

Manufacturer	Product name	Delivery Basis	Confirmation of readiness to work on a pre-payment basis (100% prepayment)	Quantity, ton	Confirmation of Seller`s option of the volume of delivery	Differential D, US dollar/t	Necessity of arranging crude oil transportation by rail to destination station (yes/no)
JSC "Orenburg-neft"	Crude Oil		yes		0-100 %		yes

**Your bid for November 2021 tender prepared according to Items 2 and 3 of this letter should be submitted through JSC TEK – Torg electronic platform in relevant Rosneft’s module (<http://tender.tektorg.ru>) in section under the heading “Tender sales UVS” pursuant to the rules and conditions of the electronic platform.**

**The offer should contain the information on the name and number of the LOT to which it refers to, and confirmation of conditions specified on the points 2 and 3 of this letter.**

If your offer does not contain information or confirmation of the terms and conditions specified in this letter, Rosneft reserves the right to consider these conditions “by default”.

Offers containing conditions other than those specified in pp. 2, 3 of this letter may be accepted for consideration at the sole discretion of Rosneft. At the same time, Rosneft has the right, but is not obliged to, satisfy applications on alternative or additional terms.

The offers sent via other sources and/or addresses and/or after the date specified in this letter and/or the offers, which are not in line with requirement will not be accepted for review.

Please pay special attention to the offer format and content required for fast and correct evaluation of the offers. In addition, for the purpose of the efficient optimization of tender data processing, please list your bids into one official letter with price in descending order.

Price proposals submitted in any other form, in addition to the stated in this PDO, will not be accepted for consideration.

Having reviewed your offer, we will inform you on the results as follows:

Before October 24, 2021 7:00 p.m. (Moscow time) we will let you know about the review results.

Your offer must be valid until October 24, 2021 7:00 p.m. (Moscow time). In the absence of expiration date in your offer, Rosneft will consider such an offer as irrevocable and valid until the results are announced. At the same time, Rosneft reserves the right to send you a re-invitation to make an offer with improved price indication, or an offer to clarify the parameters of the offer provided. In this case, a second offer or clarification to the parameters of the offer should be sent to Rosneft no later than the company's deadlines. At the conclusion of the Contract and/or addition to the existing contract on the basis of the tender results, the execution of the terms of the offer by the tender winner of the is mandatory.

The winner of the tender must sign a draft supply contract within 2 working days from the date of its receipt by electronic/fax communication from Rosneft.

In case of violation of obligations under the tender offer, Rosneft reserves the right to suspend or terminate the positive assessment of compliance with the qualification requirements of Rosneft.

Also, if the winner of the tender refuses to make a deal by signing the Contract/Agreement and/or an additional agreement on the terms of the accepted offer on any of the positions agreed for delivery, The Seller, at his sole discretion, will have the right to demand from the winner of the tender a penalty of 10% of the value of the goods agreed by the Seller for delivery, and the tender winner shall indemnify the Seller with respect to all damages suffered by the Seller. By sending your offer you fully agree with this condition of the tender and guarantee payment of the penalty to the Seller for refusing to sign the Contract/Agreement and reimbursement of damages and losses sustained by the Seller due to such non-performance.

If the tender winner refuses to execute a contract based on the accepted offer in terms of any of the shipments agreed, Rosneft will have a right to sell this amount to the third parties, charging the bid winner for all possible losses.

4. Applications submitted by Buyers who have not received a positive assessment from Rosneft for compliance with the qualification requirements for potential buyers of hydrocarbon raw materials, oil and gas refining products and petrochemicals for participation in tenders, will not be considered. The list of documents required for the pre-selection procedure for admission to the tender can be found in the section "Assessment for compliance with qualification requirements for potential buyers of hydrocarbon raw materials, oil and gas processing products and petrochemicals" at Rosneft's official website: <http://tender.rosneft.ru/prequal/index.html>".

We would like to draw your attention to the fact that if the tender winner changes delivery terms in the future, including netback parity preservation, the Seller (supplier) will retain the right not to fulfill such a request.

If you have encountered theft, fraud or corruption in Rosneft, please let us know via the Security Hotline. We guarantee your confidentiality.

Contact phone number: 8 (800) 500-25-45 – (free call around-the-clock)

E-mail: [sec\\_hotline@rosneft.ru](mailto:sec_hotline@rosneft.ru)

Mailing address: 119180, Moscow, 3/9 B. Polyanka, POB 13

(Marked "Security hotline")

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Please be advised that observance of time limits for acceptance of offers is a key condition for participation in crude oil procurement process.

This invitation to make offers shall not under any circumstances be considered as a legally binding document, it is not an offer or invitation to participate in the bidding.

Rosneft Oil Company reserves the right not to accept a single offer submitted.

We look forward to a long-term and fruitful cooperation.

Regards,  
Director of Crude Oil and Products  
Trading Department of PJSC «NK «Rosneft»

A handwritten signature in blue ink, consisting of several loops and a long vertical stroke at the end.

D.Y.Nyrkov

Appendix №1 Typical quality characteristics of crude oil dispatched at Krotovka station

№	Quality of characteristics	Test method	Measurement result
1	Density at 20 <sup>0</sup> C	ФП.1.31.2013.15245	798,1
2	Water content, %	GOST 2477	0,03
3	Chloride Salts content, mg/dm <sup>3</sup>	GOST 21534 method A	5,7 (0,0007)
4	Sediment content, %	GOST 6370	0,0085
5	Sulphur content, %	GOST R 51947-2002	0,194
6	Hydrogen sulfide content, ppm	GOST R 50802-95	less 2