***Buyer’s Bank Details***:

Bank Name:

Address:

City:

Country:

Account Number:

SWIFT Code:

**Seller:**

***Seller’s Bank Details:***

We, the SELLER hereby agree to sell, and the BUYER hereby agrees to purchase the Iron Ore material, in accordance with the terms and conditions as hereinafter set forth.

**CLAUSE 1: DEFINITIONS.**

In this CONTRACT, the following terms shall, unless otherwise defined, have the following meanings:

Business Day: Means days excluding Saturday, Sunday, Public Holidays and Banking Holidays in Honduras.

DMT: Means a wet Ton minus totally water content on a dry basis;

Dollars and Cents: Means respectively dollars and cents in lawful currency of the United States of America;

Draft: (when fully loaded) Means, as the context requires:

a. In respect of a vessel prior to completion of loading, the draft which that vessel would have if the quantity and the type of ore scheduled to be loaded into it were loaded into it; or

b. In respect of a vessel after completion of loading, the draft of the vessel as determined by draft survey.

Dry Basis: When applied to Product means Product dried at 105° Celsius:

Wet Basis: When applied to Product means Product in its natural or moist state.

SGS: An International Certification and Surveyor Firm.

Ton (MT): Means a metric ton equaling 1.000 Kilograms.

USD: Means United States Dollars.

WMT: Means a Ton on a wet basis.

**CLAUSE 2: COMMODITY.**

1. Name of commodity: Iron Ore Fines
2. Country of Origin: Honduras
3. Producer:
4. Packing: In bulk
5. Quantity: Est. 35,000 MT (+/- 10%), in 1 shipment of Iron Ore.
   * + - 1. Each of 35,000 MT (+/-10%, at Seller’s option).
         2. Shipment to be on approximate the first week of March 2018 based on signing contract and having LC per the FCO of February 01, 2018.
6. Delivery terms: FOB Puerto Castilla, Honduras
7. Delivery time: For First Shipment: from on or about March 15rd 2018.
   * + - 1. Exact laycan to be agreed at a later date.
         2. Loading rate guaranteed by Seller: 15,000 MT per day SHINC
8. Loading port minimum draft 9.5 meters as indicated by Port Authority.
9. Customer to indicate port of Discharge:
10. Seller to arrange and pay for shipping and insurance.

**CLAUSE 3: SPECIFICATIONS FOR IRON ORE FINES.**

Product: IRON ORE FINES AS SPECIFIED BELOW:

CHEMICAL COMPOSITION (on dry basis)

Fe : 62% Basis, below 61% reject

Al2O3 : 1.0% Max, Greater or equal 1.5% reject

SiO2 : 8.0% max, Greater or equal 10.0% reject

P : 0.15% max, Greater or equal 0.18% reject

S : 0.060% max, Greater or equal 0.10% reject

Zn : Greater or equal 0.10% reject

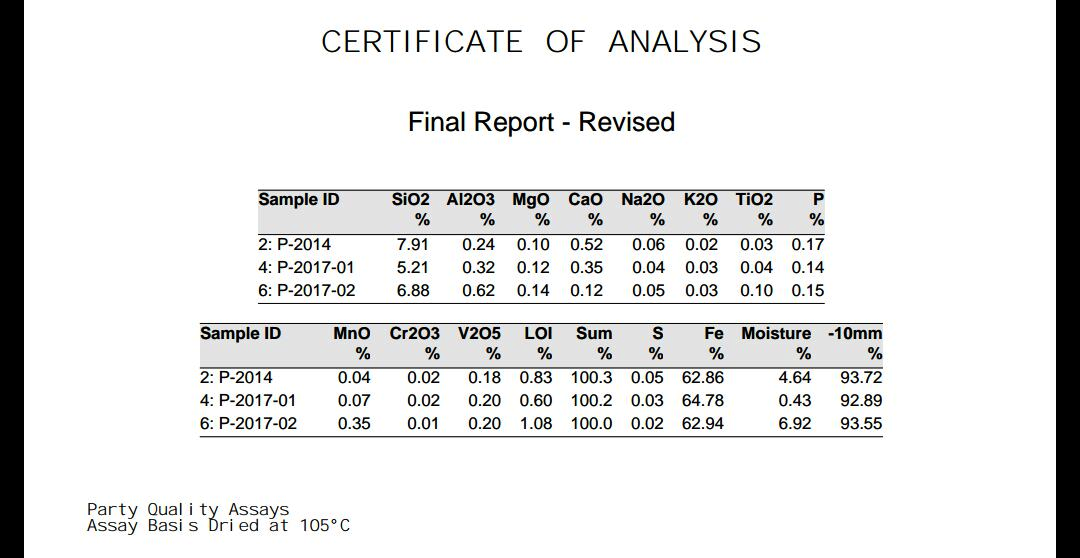
Moisture: 8.5% max

PHYSICAL PROPERTIES (on wet basis)

Size:

0 – 10.0 mm : 90% min

**a. Iron Ore Fines assay below:**



**CLAUSE 4: VALIDITY AND EFFECTIVENESS.**

This contract will have a validity of 1 month from date of signing, with a review at completion for a possible change in quantities, quality, shipping dates and PLATTS INDEX PRICE based on higher quality of material. The contract will become effective and enforceable upon receiving the Letter of Credit as outlined above at Seller´s local bank~~.~~

**CLAUSE 5: PRICE.**

**A. - For the above 35,000 MT, a Fixed Price of $ DMT, Port of Castilla, Honduras.**

**CLAUSE 6: PAYMENT TERMS.**

**A. Letter of Credit:** 100% irrevocable at sight letter of credit (“LC”) +10% issued by a prime bank payment against documentary credit delivery per Clause 6D below.

The Demurrage time generated by payment issues, once the cargo is loaded, will be by BUYER account.

SELLER shall be the exporter of the material and will be mentioned on all relevant documents. Furthermore, SELLER shall ensure that all export permits are ready on time and correctly filled, including the export permit issued by the INGEOHMIN (Mining Authority). The SELLER shall pay all costs of any delays caused by any failure of the export documentation.

**B. LC Opening**: LC value calculation of: **$ DMT**, OR **US$** (per clause 6A above) through the bank *within 5 (five) working* days after signing of this contract by both parties.

**C. Payment:** First payment of 98% of total value for each shipment shall be payable at the SELLER´S Bank counters against seller’s presentation of the below documents, as per the unit price stipulated in clause 5A, and calculated as per the quality and quantity certificates issued by SGS at loading port. The quality and quantity certificates issued by SGS shall be the basis for invoice.

Final payment of 5.0% shall be payable at the Seller´s bank counters against the final presentation of receiving documents at the BUYER´S port of discharge.

**D. SELLER will issue the following documents:**

* Signed Seller’s Commercial invoice for 100% of contract value in one (1) original and two (2) copies indicating value of goods shipped as per clause 7, name of carrying vessel, contract number, number of letter of credit (if applicable).
* Full set of Clean on board Ocean Bill of Lading (3 originals plus 3 non-negotiable copies) made out to order and blank endorsed, marked “FREIGHT PAYABLE AS PER CHARTER PARTY”.
* Certificate of Weight and Draft Survey Report or equivalent e-certificate in three (3) originals and three (3) copies issued by the SGS showing draft weight survey of quantity shipped, at loading port.
* Certificate of Analysis at loading port in three (3) originals and three (3) copies issued by the SGS or equivalent e-certificate indicating the actual result of Chemical Composition, Physical Size and Moisture as detailed in clause 3 above.
* Certificate of Origin issued in 1 original and 1 copy issued by relevant Honduras governmental authority.

Given the documents for the final payments are provided by Seller, any payment methods shall allow for formats, wording and contents that may differ from those specified in this clause. The certificate of quality and certificate of weight and draft survey report issued by SGS shall be acceptable as it is.

**CLAUSE 7: PRICE ADJUSTMENT.**

**1. 62.00% Fe Contents**

The parties agree that the product is rejected below 61%.

If Fe content is above 62.00% a US$1.00 for each 1% premium should be calculated by dividing base price by 62.00 and multiplied by (Actual Fe minus 62.00).

1. **For chemical specifications for Provisional and Final payment**

If the shipment does not meet the chemical specifications provided in Schedule 2, the penalty shall be as follows, fractions pro-rata:

1. **Silica (SIO2)**

Iron Ore Fines: penalty for excess silica (Sio2) for iron ore fines shall be US$ 1.00 per dry metric ton for each 1.00% increase in sio2, fraction pro rata in excess of 8.00 % . For provisional payment, Buyer has the right to rejct if SiO2 is greater or equal to 10.0%.

**II. Allumina (Al2O3)**

Iron Ore Fines: penalty for excess Allumina (Al2O3) for iron ore fines shall be US$ 1.00 per dry metric ton for each 1.00% increase in Al2O3, fraction pro rata in excess of 1.00 % . For provisional payment, Buyer has the right to rejct if Al2O3 is greater or equal to 1.50%.

**III. Sulphur (S)**

Iron Ore Fines: penalty for excess Sulphur (S) for iron ore fines shall be at the rate of US$0.05 per DMT for each 0.01% S in excess of 0.060%. For provisional payment, Buyer has the right to reject if S is greater or equal to 0.10%.

**IV. Phosphorous (P)**

Iron Ore Fines: penalty for excess Phosphorous (P) for iron ore fines shall be at the rate of US$0.05 per DMT for each 0.01% P in excess of 0.150%. For provisional payment, Buyer has the right to reject if Phosphorous is greater or equal to 0.18%.

**V. Zinc (Zn)**

Iron Ore Fines: For provisional payment, Buyer has the right to reject if Zinc (Zn) is greater or equal to 0.10%.

1. **For Size for Provisional & Final payment**

If the shipment does not meet the physical specifications, the penalty shall be as follows, fractions pro-rata:

Iron Ore Fines:

US$ 0.20 per WMT on natural basis fraction pro-rata shall be applied to the total quantities of ore above 10 mm in excess of 10%

**C. Size**

In the event that the oversize quantity exceeds the respective guaranteed maximum as set forth in Article 2, the Seller shall pay the penalty at US $ 0.50 Per Wet Metric Ton on natural basis fractions pro rata shall be applied to the quantities Above 10 mm in excess of 10%.

1. **SAMPLING AND ANALYSIS**

At the loading port, Seller at Seller’s expense will arrange to analyse the cargo and shall provide a Certificate of Quality showing all relevant results of chemical and size analysis, and also the percentage of free moisture loss at 105 degrees centigrade. The Buyer may, at Buyer’s expense, have their representative(s) present at the time of sampling.

**CLAUSE 8: WEIGHING.**

At loading port, the operations of weighing shall be carried out by means of draft survey by SGS, nominated by Seller and for Seller’s account. The weight certified by SGS at loading port shall be used for the purpose of the invoices. The Buyer may at the Buyers expense have its own representative present during the draft survey

The dry weight shall be determined by deducting the free moisture loss at 105 degree centigrade determined as per clause 11 at loading port from the above wet weight certified by SGS at loading port.

SGS weight certificate at loading port shall be regarded as final and binding.

**CLAUSE 9: SAMPLING AND ANALYSIS.**

At loading port, Seller shall, at Seller's expense, appoint SGS to determine the specifications of ore contained in each shipment and shall provide a certificate showing details of the determination of the percentage of the physical contents and the **Volumetric Dry Unit Weight Compacted**, as well as the percentage of free moisture loss at 105 degree centigrade. In performing its task, SGS shall take a representative sample for sampling and analysis. Such sample shall be split into two (2) separate sub-samples, one to perform the analysis and one to be retained by SGS as an umpire sample in a suitable airtight container properly, sealed and labeled until 60 (sixty) days after the loading of each vessel. Buyer may have their representative present at the time of sampling and analysis to perform independent sampling and analysis at his own expenses. In the event Buyer shall decide to perform its independent sampling and analysis, the related costs shall be deducted from the final payment performed by the Buyer.

In case no agreement is found, then either Party may ask to re-analyze the umpire sample taken by SGS during the loading operations and sealed in presence of SGS surveyor, the analysis on the umpire sample shall be performed by a mutually agreed inspection company, at the Parties’ mutual cost (50%/50%) and the results thereof shall be final and binding.

**CLAUSE 10: SHIPPING TERMS.**

Buyer will nominate to the Seller a seaworthy vessel and the related demurrage rate seven (7) days before the commencement of laycan. Seller shall confirm or refuse the vessel within one (1) working day from time nomination is sent by Buyers. Vessel shall not be older than 20 (twenty) years and shall be geared with four (4) cranes of 25 ton minimum capacity and in good working order.

1. Laycan:

First vessel: TBD.

2. Laytime

Laytime at loading port to commence twelve (12) hours after Notice of Readiness (NOR) has been given to Seller or their agents, or after initial Draft Survey by SGS is completed, whichever occurs later. NOR may be tendered on arrival during or outside official office hours, Saturdays, Sundays and holidays included, provided vessel arrived within commercial area of the loading port. If loading commences earlier, Laytime shall count from actual commencement of loading.

Seller guarantees a loading rate of 15,000 metric tons per day of 24 hours, weather working days and SHINC.

Shifting from anchorage to berth and vice versa not to count as laytime even if vessel is on demurrage.

First opening/last closing of hatches not to count as laytime even if vessel is on demurrage.

Time lost for official draft survey not to count as laytime for max 6 hours.

Time loss for official instruction not to count as laytime even if vessel is on demurrage.

Actual time lost due to vessel crane’s inefficiency not to count as laytime pro rata to the workable number of cranes. Demurrage: as per Charter party.

3. Stevedores and stevedoring costs

Stevedores and patented/insured crane drivers to be appointed and paid by the Seller

4. Stevedoring damages

Seller to be responsible for any Stevedoring damages, which may occur at loading port, including but not limited to the necessary repairs to the vessel up to master/class full satisfaction and any/all consequential time lost directly or indirectly as a result of confirmed stevedoring damages.

5. Vessel agent

General agent to be nominated by Buyer and local agent at loading port to be nominated by Seller.

6. Dead freight

In case Seller is unable to load the full quantity as demanded by the Master (and within the limits of the agreed cargo quantity tolerance) of the vessel, Seller is liable for dead freight for the short-shipped quantity, except if such shortage is due to berthing conditions. Such dead freight, if any, shall be adjusted through the payment and deducted from the invoice value.

7. Safety and environmental regulations.

Loading shall be performed under port authority safety regulations as well as environmental regulation at all times.

8. Law and Jurisdiction

These Shipping Terms, or any non-contractual obligations arising out of or in connection them, shall be construed and the relations between the parties determined in accordance with the laws of England and Wales. Any dispute arising out of or in connection with these Shipping Terms, including a dispute regarding its existence, validity or termination, shall be referred to and resolved by arbitration under the London Maritime Arbitrators’ Association (“LMAA”), which Rules are deemed to be incorporated by reference into these Shipping Terms. There shall be three arbitrators, one arbitrator appointed by each party and the third appointed by the arbitrators appointed by the parties. The seat and place of arbitration shall be London. The language to be used in the arbitration shall be English

**CLAUSE 11: NOMINATION OF VESSEL.**

Buyer will nominate to the Seller a seaworthy vessel and the related demurrage rate seven (7) days before the first day of laycan. Seller shall confirm or refuse the vessel within one (1) working day. Seller’s acceptance shall not be unreasonably withheld. Vessel shall not be older than 20 (twenty) years and shall be geared with four (4) cranes of 25 ton minimum capacity and in good working order.

**CLAUSE 12: FORCE MAJEURE.**

If at any time during the existence of this contract either Party is unable to perform whole or in part any obligation under this contract, due to the event of Force Majeure, such as war, hostility, military operation of any character, civil commotion’s, quarantine restriction, acts of government, fire, floods, explosions, epidemics, strikes, earthquakes, embargoes, then the date of fulfillment of any obligation shall be postponed during the time when such circumstances are operative.

If operation of such circumstances exceeds three months, either Party will have the right to refuse further performance of the contract in which case neither Party shall have the right to claim eventual damages. The Party, which is unable to fulfill its obligations under the present contract, must within 15 days of occurrence of any of the causes mentioned in this Clause inform the other Party of the existence of the circumstances preventing the performance of the contract. Certificate issued by a Chamber of Commerce or any other competent authority connected with the cause in the country of the Seller or the Buyer shall be sufficient but necessary proof of the existence of the above circumstances and their duration. Non-availability of material and/or delay in transportation shall not constitute Force Majeure for the Sellers for not performing their obligations under this contract.

**CLAUSE 13: ARBITRATION AND GOVERNING LAW.**

This contract shall be governed by and construed in accordance with the Honduras law.

All disputes or differences whatsoever arising between the parties out of or relating to the construction, meaning and operation or effect of this contract or the breach thereof the case shall be determined by arbitration by the Tegucigalpa Chamber of Commerce. The decision made by the arbitral tribunal shall be accepted as final and binding upon both parties. The fee for arbitration shall be borne by the losing party unless otherwise awarded by the Arbitrator.

**CLAUSE 14: TITLE AND RISK.**

Title of the material shall pass from Seller to Buyer when goods shall pass over the ship’s rail at port of loading. All risk of loss of the material delivered shall pass to Buyer as per Incoterms 2010.

**CLAUSE 15: AMENDMENT OF THE CONTRACT.**

The contracting parties shall make in writing and subject to confirmation any amendment or modification to this contract.

**CLAUSE 16: CORRESPONDENCE.**

All the documents between the Buyer and the Seller shall be made in Spanish or English, as it may be applicable.

**CLAUSE 17: MUTUAL COLLABORATION.**

Buyer and Seller agree that they will endeavor to achieve a mutually acceptable solution to any problem that may arise due to any unforeseen circumstances in the spirit of mutual understanding and collaboration.

**CLAUSE 18: LIMITATION OF LIABILITY.**

Neither the Seller nor the Buyer shall be liable, whether in contract or in tort or otherwise, for indirect, consequential or special damages or losses of whatsoever nature, however caused. Under no circumstances shall Buyer’s liability exceed the value of the Iron Ore as at the date of shipment.

**CLAUSE 19: TAXES AND TARIFFS.**

Any taxes, tariffs and duties whether existing or new on the Iron Ore or contained metals or on commercial documents relating thereto or on the cargo itself, imposed in the country of origin shall be borne by the Seller.

Any taxes, tariffs and duties whether existing or new on the Iron Ore or contained metals or on commercial documents relating thereto or on the cargo itself, imposed in the country of discharge and/or the importing country shall be borne by Buyer.

**CLAUSE 20: LICENSES.**

Seller undertakes that all the necessary export licenses and all other authorizations required for the Iron Ore have been obtained (and/or will be obtained) for the entire quantity covered by this contract. Seller furthermore guarantees that such licenses will remain in force for the full life of this contract.

**CLAUSE 21: NO ASSIGNMENT.**

Except when done to its financing bank, neither party may assign the whole or any part of its rights or obligations under this contract to a third party without the prior consent in writing of the other party.

**CLAUSE 22: SEVERABILITY.**

The invalidity, illegality or unenforceability of any one or more of the provisions of this contract shall in no way affect or impair the validity and enforceability of the other provisions of this contract.

**CLAUSE 23: CONFIDENTIALITY.**

The information exchange on the El Venado mine, et al, and existence of and terms of this contract shall be held confidential by the parties save to the extent that such disclosure is made to a party’s banks, accountants, auditors, legal or other professional advisers, or as may be required by law, a competent court or a liquidator or administrator of a party, or the other party has consented in writing to such disclosure.

**CLAUSE 24: TERMINATION.**

If Seller or Buyer refuses or fails to execute the contract within the time or schedule agreed by the parties, commits a material breach of its obligations under this contract and fails to cure such breach within a reasonable time determined by the other party, becomes insolvent, enters voluntary or involuntary bankruptcy or receivership proceeding or makes an assignment for the benefit of creditors, then, in addition to any other rights and remedies it may have under the law, the other party has the right to terminate this contract for default, by written notice to Seller/Buyer.

The rights and remedies of Buyer/Seller provided in paragraph (1) of this article are in addition to any other rights and remedies provided by the Honduras Law and under the Contract.

To the extent necessary to implement the termination or cancellation under this Article, the parties waive any right or obligation that the other party may now or hereinafter have under any court or other authority to terminate or cancel this contract.

Seller and/or Buyer may agree to cancel/suspend the contract after mutual agreement.

**CLAUSE 25: NOTICES.**

All communications referred to in this contract shall be in writing and shall be sent by registered airmail and/or by e-mail, cable, and fax, on the address given.

**CLAUSE 26: ENTIRE AGREEMENT.**

This contract constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any previous agreements between the parties relating to the subject matter. Each party acknowledges and represents that it has not relied on or been induced to enter into this contract by any representation, warranty or undertaking other than those expressly set out in this contract. A party is not liable to the other party for a representation, warranty or undertaking of whatsoever nature that is not expressly set out in this contract.

In witness whereof this contact is made in duplicate on February 02, 2018 and the duly authorized representatives of the Seller and the Buyer having signed and sealed on this day and retained one copy each.

**SELLER:**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Represented By:

Position: President

**BUYER:**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Represented By:

Position: President