

SCO Nº:	2020-Q4-015	SCO Date	31 st Dec 2020
To:		SCO Validity	31 st Jan 2020
Attention:		Referenced by	Econ. Carlos J. Lozano
		Via	Mr. Mirza Mahoon

SOFT CORPORATE OFFER

Dear End Buyer

We, Spes Viridis, S.L., a duly registered company on the Kingdom of Spain, represented hereby Mr. Luis Verde, want to confirm our ability and opportunity to supply iron ore from our partner's iron ore mines and from our trading sources, in a quantity from 35,000 metric tons to over 100,000 metric tons per month, depending on your needs

We are able and willing to proceed through a single Sales-Purchase Agreement either from **Spes Viridis**, or its associated company **Kgolo Capital Ltd**, duly registered company on the Republic of Mauritius

We have high quality material in stock and in production from:

- Venezuela
- Peru
- Mexico and

➤ Morocco																										
Country of Origin	Venezuela																									
Commodity	IRON ORE FINES (DRI-C; FINES #4)																									
Type/grade	+62% Fe																									
INDEX	IOSI62 (SMM) / IODBZ00 (Platts)																									
Specifications	<table border="0" style="width: 100%; text-align: center;"> <tr> <td>Element</td> <td>Basis</td> </tr> <tr> <td>Total Fe</td> <td>63.90%</td> </tr> <tr> <td>Metallic Fe</td> <td>4.35%</td> </tr> <tr> <td>Magnetite (Fe₃O₄)</td> <td>58.94%</td> </tr> <tr> <td>Carbon Sulphur</td> <td>0.09%</td> </tr> <tr> <td>Phosphorus</td> <td>0.0157%</td> </tr> <tr> <td>Moisture</td> <td>0.149%</td> </tr> <tr> <td>Gangue</td> <td>3.4%</td> </tr> <tr> <td>(SiO₂+Al₂O₃+CaO+MgO)</td> <td>6.91%</td> </tr> <tr> <td>Dimensions</td> <td></td> </tr> <tr> <td>< 6.35 mm</td> <td></td> </tr> <tr> <td>< 149 µm</td> <td>90%</td> </tr> </table>	Element	Basis	Total Fe	63.90%	Metallic Fe	4.35%	Magnetite (Fe ₃ O ₄)	58.94%	Carbon Sulphur	0.09%	Phosphorus	0.0157%	Moisture	0.149%	Gangue	3.4%	(SiO ₂ +Al ₂ O ₃ +CaO+MgO)	6.91%	Dimensions		< 6.35 mm		< 149 µm	90%	
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Current Stock volume	360,000 ton (metric)	40%																								

Production capacity	50,000 ton (metric)/month
Shipment size	50,000 ton (metric) ± 5%
Monthly dispatch	2 x 50,000 ton (metric) ± 5%
Loading Port	VEPZO or VEBOC, at seller option, Venezuela
Delivery time to commence	30 days from Letter of Credit

Country of Origin	PERU	
Commodity	IRON ORE LUMPS	
Type/grade	+65% Fe	
INDEX	IOPLI62.5 (SMM) / IOCLP00 (Platts)	
Specifications	Element	Basis
	%Fe	66.14% - 68.07%
	%Al ₂ O ₃	0.45% - 0.78%
	%SiO ₂	0.97% - 1.57%
	%P	0.012% - 0.191%
	%S	0.035% - 0.081%
	Moisture	< 4%
	Dimensions	
	≥ 75 mm	5%
	≥ 6.35 mm	90%
	< 6.35 mm Current	5%
Stock volume	80,000 ton (metric) Production	
capacity	50,000 ton (metric)/month Shipment	
size	35,000 ton (metric) ± 5% Monthly	
dispatch	2 x 35,000 ton (metric) ± 5%	
Loading Port	PEPIO or PEMRI, at seller option, Peru	
Delivery time to commence	30 days from Letter of Credit	

Country of Origin	MEXICO	
Commodity	IRON ORE LUMPS	
Type/grade	+65% Fe	
INDEX	IOPLI62.5 (SMM) / IOCLP00 (Platts)	
Specifications	Element	Basis
	%Fe	67.7%
	%Al ₂ O ₃	0.88%
	%SiO ₂	11.0%
	%P	0.04%
	%S	0.18%
	Moisture	< 4%
	Dimensions	
	≥ 75 mm	5%
	> 6.35 mm	90%

	< 6.35 mm	5%
Current Stock volume	30,000 ton (metric)	
Production capacity	100,000 ton (metric)/month	
Shipment size	80,000 ton (metric) ± 5%	
Monthly dispatch	1 x 80,000 ton (metric) ± 5%	
Loading Port	MXLZC, Mexico	
Delivery time to commence	30 days from Letter of Credit	

Country of Origin	MOROCCO	
Commodity	IRON ORE LUMPS	
Type/grade	+58% Fe	
INDEX	IOPLI62.5 (SMM) / IOCLP00 (Platts)	
Specifications	Element	Basis
	%Fe	57.09%
	%Al ₂ O ₃	4.42%
	%SiO ₂	5.45%
	%P	0.78%
	%S	0.03%
	Moisture	< 2%
	Dimensions	
	≥ 80 mm	17.12%
	< 80 mm Current	82.88%
Stock volume	100,000 ton (metric) Production	
capacity	50,000 ton (metric)/month Shipment	
size	50,000 ton (metric) ± 5% Monthly	
dispatch	1 x 50,000 ton (metric) ± 5% Loading	
Port	MAAGA, Morocco	
Delivery time to commence	30 days from Letter of Credit	

Regarding price, we follow Shanghai Metal Market as well as Platts, so price formula can be referred to any of these two platform index suppliers

PRICE:

- The Buyer shall pay the Seller in United States Dollars “USD”
- The price shall be USD/DMT (Dried Metric Ton)
- Price formula is as follow

$$\text{CFR Qingdao} = \text{INDEX} \pm \text{Normalization} - \text{Discount}$$

- Whereas:
 - Normalization:

Is the adjustment based on the quality of the iron ore, as per the SGS quality report, using the *normalization differentials* from the MMI Daily Iron Index Report, “*at the Goods loaded Bill of Lading date*”

- Discount:
We offer 5% discount

PAYMENT TERMS

- Payment is made by way of Documentary Letter of Credit, irrevocable, transferable payable at sight in favour of Seller, with a first-class international bank acceptable to Seller, with an amount in USD as calculated in accordance to the following formula

$$\text{L/C Amount} = \text{Unit Price} \times \text{Transaction Quantity} \times (1+10\%)$$

- For L/C purposes:
 - Unitary Price:
Shall be considered the INDEX price (CFR Qingdao) at the date of the contract being signed for the first shipment and the dates proposed for subsequence shipments
 - Transaction Quantity:
Shall be the one considered from the proposed respective shipment
- For payment purposes:

$$\text{Cargo Value} = \text{CFR Qingdao} \times \text{Transaction Quantity}$$

- Transaction Quantity:
Will be defined from the Draft Survey Certificate of Weight issued from the loaded cargo

Waiting for your promptly reply

Regards



Luis J. Verde
CEO

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