

## LONG TERM SALES AGREEMENT

THIS AGREEMENT, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_, by and between \_\_\_\_\_, a company organized and existing under the laws of \_\_\_\_\_, having its principal place of business at \_\_\_\_\_ (hereinafter called the "Seller") and \_\_\_\_\_, a company organized and existing under the laws of \_\_\_\_\_, having its principal place of business at \_\_\_\_\_(hereinafter called the "Buyer");

### WITNESSETH:

WHEREAS, the Buyer requires a stable supply of \_\_\_\_\_ hereinafter more particularly specified (hereinafter called the "Products"); and

WHEREAS, the Seller is desirous of selling the Products to the Buyer throughout the period hereinafter more particularly specified;

NOW, THEREFORE, in consideration of the foregoing and the obligations of the Seller and the Buyer herein contained, the parties hereto agree as follows:

### Article 1 DEFINITIONS

In this Agreement, the following terms shall have the following meanings, except where the context otherwise requires:

- (a) "Contract Year" means a period of twelve (12) months commencing on each \_\_\_\_\_ and ending on the following \_\_\_\_\_, throughout the term hereof; and "Quarter" of a Contract Year means any period of three (3) months commencing on \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ or \_\_\_\_\_;
- (b) "Manufacturer" means \_\_\_\_\_, a company organized and existing under the laws of \_\_\_\_\_, having its principal place of business at \_\_\_\_\_;
- (c) "Price" means the price of the Products from time to time agreed by the parties hereto in the manner provided in Article 6 hereof on a C. I. F. \_\_\_\_\_ port basis;
- (d) "Products" means \_\_\_\_\_ to be produced by the Manufacturer and supplied by the Seller in accordance with the Specifications;
- (e) "Specifications" means the specifications of the Products set forth in Article 5 hereof;

### Article 2 SALE AND PURCHASE OF PRODUCTS

The Seller shall sell and deliver to the Buyer and the Buyer shall purchase and take delivery from the Seller of the Products in accordance with and subject to the terms and conditions hereinafter set forth.

**Article 3**      **TERM**

This Agreement shall become effective from the date first above written and unless terminated as hereinafter provided shall continue in force for a period terminating on the expiry of the fifth (5th) Contract Year.

**Article 4**      **QUANTITY**

The quantity of the Products which the Seller shall deliver to the Buyer and of which the Buyer shall take delivery hereunder in each Contract Year shall be as follows:

Contract Year	Annual Quantity <u>of the Products</u>
First	_____ Tons
Second	_____ Tons
Third	_____ Tons
Fourth	_____ Tons
Fifth	_____ Tons

**Article 5**      **SPECIFICATIONS**

The Specifications of the Products shall be as follows:

**Article 6**      **PRICE**

- (1) The Price shall be agreed upon by the parties hereto not later than \_\_\_\_\_ (\_\_\_\_\_) days prior to the first date of each Quarter of each Contract Year, provided however that the Price for the delivery during the First Contract Year shall be US\$\_\_\_\_\_ per Ton C.I.F. \_\_\_\_\_ port basis.
- (2) Should the parties hereto fail to reach an agreement on the Price for the Products to be delivered during any Quarter during the term hereof by the time above provided, for any reason whatsoever, the parties hereto shall be discharged from their respective obligations hereunder for the quantity of the Products to be delivered during such Quarter and such quantity (amounting to one fourth of the annual quantity of the Products of the Contract Year in which the Quarter in question falls) shall be deleted from this Agreement and shall not be carried forward to any succeeding Quarter.

**Article 7**      **PAYMENT**

- (1) The Buyer shall pay to the Seller the Price payable under this Agreement in U.S. dollars by way of an irrevocable and confirmed letter of credit in favour of the Seller established by a prime bank in [ place ] in a form and upon terms satisfactory to the Seller (hereinafter called the "Letter of Credit").