

MEMORANDUM OF AGREEMENT

Dated: _____

_____ hereinafter called the Sellers,
have agreed to sell, and PEGASUS OIL SHIPPING hereinafter called the Buyers, have agreed
to buy:

Name: MT XXXXXXXXXX

Classification Society/Class:

Built:

Yard:

Flag Place of Registry:

Call Sign:

Grt/Nrt:

Register Number:

hereinafter called the Vessel, on the following terms and conditions:

Definitions

"**Banking days**" are days on which banks are open both in the country of the currency stipulated for the Purchase Price in Clause 1 and in the place of closing stipulated in Clause 8.

"**In writing**" or "**written**" means a letter handed over from the Sellers to the Buyers or vice versa, a registered letter, telex, telefax, e-mails or other modern form of written communication.

"**Classification Society**" or "Class" mean the Society referred to in Clause 4.

1. Purchase Price

The Purchase Price is -----

2. Deposit

As a security for the correct fulfilment of this contract, the Buyers shall pay a deposit of 10% - ten per cent – of the Purchase Price, free from bank charges, within three (3) banking days after MOA being signed by the Sellers and the Buyers in e-mailed forms, This deposit shall be placed with:

((insert Sellers' banking instructions)))

This memorandum of agreement shall be valid only after Sellers' bank confirmation of the deposit transference to Sellers account. Any fees holding this Deposit shall be borne by the Sellers and any interests generated from this Deposit will remain with the Sellers unless otherwise stated herein.

3. Payment

The Balance Purchase Price, and payment for bunkers and diesel/gas oil as per clause 7 shall be paid in full and free of bank charges on delivery of the vessel, within 3 Banking Days after the Vessel is in every respect physically ready for delivery in accordance with the terms and conditions of this Agreement and Notice of Readiness has been given in accordance with Clause 5.

4. Inspections.

The Buyers have inspected and accepted the Vessel and it's classification records and on delivery the vessel shall be fully operative and being seaworthy. The Buyers have also inspected the Vessel at/in (_____) and have accepted the Vessel following this inspection and the sale is outright and definite, subject only to the terms and conditions of this Agreement, this is, "AS IT WAS" AT THE TIME OF INSPECTION AND WITH CLASS MAINTAINED, FREE FROM ANY OUTSTANDING CLASS CONDITIONS AND/OR RECOMMENDATIONS. Sellers will give guarantee of VESSEL FREE of slops, sludges or cargo residues on delivery.

Sellers make warranty or representation with respect to class, condition as to class, at time of delivery; also Sellers make express or implied warranty of seaworthiness, fitness or suitability for any purpose whatsoever.

5. Notices, time and place of delivery

a) The Sellers shall keep the buyers well informed of the Vessel's itinerary and shall provide the Buyers with 15/10 days tentative notices and 7/5/3/2/1 days definitive notices of arrival at the intended place of delivery. When the vessel is at the place of delivery and in every respect physically ready for delivery in accordance with this agreement, the Sellers shall give the Buyers a written Notice of Readiness for delivery along with the following documents:

i) Originals of below documents evidencing the LDT of the vessel to remain on board at the time of delivery of the vessel

- Trim and Stability book issued by Builders approved by the Class Society.

- Deadweight Scale and Builder's Yard Capacity Plan
- General Arrangement

ii) Certificate signed by the Master stating that Master and Crew have no further claims against the vessel or her owners, at the time of delivery.

iii) Certificate from Sellers Agents at the port of delivery that they have no further claims against the vessel or her owners, at the time of delivery.

iv) Copy of the last port clearance and Port dues receipt till the time of Physical delivery of the Vessel.

b) The vessel shall be delivered and taken over safely afloat at a safe and accessible berth or anchorage at 1SP or 1SA WCSA (NSOBI Pisco) or WCPANAMA or USG (at buyers option)

Delivery place:

Laycan:

Expected time of delivery:

Date of cancelling (see Clauses 5c), 6b), (III) and 14):

c) If the Sellers anticipate that, notwithstanding the exercise of due diligence by them, the vessel will not be ready for delivery by the cancelling date they may notify the Buyers in writing stating the date when that the vessel will be ready for delivery and propose a new cancelling date. The date proposed in the Sellers' notification shall be deemed to be the new cancelling date and shall be substituted for the cancelling date stipulated in 5c).

If this agreement is maintained with the new cancelling date and all other terms and conditions hereof including those contained in clause 5a) and 5c) shall remain unaltered and in full force and effect.

d) Should the vessel become an actual, constructive or compromised total loss before delivery, the deposit and its interest (Libor 30 days + 1%) earned. shall be released immediately to the Buyers whereafter this agreement shall be null and void.

6. Drydocking/Divers inspection

The Vessel is to be delivered with first special survey DRYDOCK already performed according to Class requirements (preferred).

a.

(i) The Buyers shall have the option at their cost and expense to arrange for an underwater

inspection by a diver approved by the Classification Society prior to the delivery of the Vessel. Such option shall be declared latest nine (9) days prior to the Vessel's intended date of readiness for delivery as notified by the Sellers pursuant to Clause 5(a) of this Agreement. The Sellers shall at their cost and expense make the Vessel available for such inspection. This inspection shall be carried out without undue delay and in the presence of a Classification Society surveyor arranged for by the Sellers and paid for by the Buyers. The Buyers' representative(s) shall have the right to be present at the diver's inspection as observer(s) only without interfering with the work or decisions of the Classification Society surveyor. The extent of the inspection and the conditions under which it is performed shall be to the satisfaction of the Classification Society. If the conditions at the place of delivery are unsuitable for such inspection, the Sellers shall at their cost and expense make the Vessel available at a suitable alternative place near to the delivery port, in which event the Cancelling Date shall be extended by the additional time required for such positioning and the subsequent re-positioning. The Sellers may not tender Notice of Readiness prior to completion of the underwater inspection.

- (ii) If the rudder, propeller, bottom or other underwater parts below the deepest load line are found broken, damaged or defective so as to affect the Vessel's class, then (1) unless repairs can be carried out afloat to the satisfaction of the Classification Society, the Sellers shall arrange for the Vessel to be drydocked at their expense for inspection by the Classification Society of the Vessel's underwater parts below the deepest load line, the extent of the inspection being in accordance with the Classification Society's rules (2) such defects shall be made good by the Sellers at their cost and expense to the satisfaction of the Classification Society without condition/recommendation** and (3) the Sellers shall pay for the underwater inspection and the Classification Society's attendance.

Notwithstanding anything to the contrary in this Agreement, if the Classification Society do not require the aforementioned defects to be rectified before the next class drydocking survey, the Sellers shall be entitled to deliver the Vessel with these defects against a deduction from the Purchase Price of the estimated direct cost (of labour and materials) of carrying out the repairs to the satisfaction of the Classification Society, whereafter the Buyers shall have no further rights whatsoever in respect of the defects and/or repairs. The estimated direct cost of the repairs shall be the average of quotes for the repair work obtained from two reputable independent shipyards at or in the vicinity of the port of delivery, one to be obtained by each of the Parties within two (2) Banking Days from the date of the imposition of the condition/recommendation, unless

the Parties agree otherwise. Should either of the Parties fail to obtain such a quote within the stipulated time then the quote duly obtained by the other Party shall be the sole basis for the estimate of the direct repair costs. The Sellers may not tender Notice of Readiness prior to such estimate having been established.

- (iii) If the Vessel is to be drydocked pursuant to Clause 6(a) (ii) and no suitable dry-docking facilities are available at the port of delivery, the Sellers shall take the Vessel to a port where suitable drydocking facilities are available, whether within or outside the delivery range as per Clause 5(b). Once drydocking has taken place the Sellers shall deliver the Vessel at a port within the delivery range as per Clause 5(b) which shall, for the purpose of this Clause, become the new port of delivery. In such event the Cancelling Date shall be extended by the additional time required for the drydocking and extra steaming, but limited to a maximum of fourteen (14) days.

(b) If the Vessel is drydocked pursuant to Clause 6 (a) (ii) above:

- (i) The Classification Society may require survey of the tailshaft system, the extent of the survey being to the satisfaction of the Classification surveyor. If such survey is not required by the Classification Society, the Buyers shall have the option to require the tailshaft to be drawn and surveyed by the Classification Society, the extent of the survey being in accordance with the Classification Society's rules for tailshaft survey and consistent with the current stage of the Vessel's survey cycle. The Buyers shall declare whether they require the tailshaft to be drawn and surveyed not later than by the completion of the inspection by the Classification Society. The drawing and refitting of the tailshaft shall be arranged by the Sellers. Should any parts of the tailshaft system be condemned or found defective so as to affect the Vessel's class, those parts shall be renewed or made good at the Sellers' cost and expense to the satisfaction of Classification Society without condition/recommendation**.
- (ii) The costs and expenses relating to the survey of the tailshaft system shall be borne by the Buyers unless the Classification Society requires such survey to be carried out or if parts of the system are condemned or found defective or broken so as to affect the Vessel's class, in which case the Sellers shall pay these costs and expenses.
- (iii) The Buyers' representative(s) shall have the right to be present in the drydock, as observer(s) only without interfering with the work or decisions of the Classification Society surveyor.
- (iv) The Buyers shall have the right to have the underwater parts of the Vessel cleaned and

painted at their risk, cost and expense without interfering with the Sellers' or the Classification Society surveyor's work, if any, and without affecting the Vessel's timely delivery. If, however, the Buyers' work in drydock is still in progress when the Sellers have completed the work which the Sellers are required to do, the additional docking time needed to complete the Buyers' work shall be for the Buyers' risk, cost and expense. In the event that the Buyers' work requires such additional time, the Sellers may upon completion of the Sellers' work tender Notice of Readiness for delivery whilst the Vessel is still in drydock and, notwithstanding Clause 5(b), the Buyers shall be obliged to take delivery in accordance with Clause 3 (Payment), whether the Vessel is in drydock or not.

**Notes or memoranda, if any, in the surveyor's report which are accepted by the Classification Society without condition/recommendation are not to be taken into account.

7. Spares/bunkers etc

The Sellers shall deliver the Vessel to the Buyers with everything belonging to her on board and on shore. All spare parts and spare equipment including spare tail end shaft(s) and or spare propeller(s) if any, belonging to the Vessel at the time of inspection, used or unused, on board shall become the Buyers property.

The Sellers are not required to replace spare parts including spare tail end shafts(s) and spares propeller(s) which are taken out of store and used as replacement prior to delivery, but the replaced items shall be the property of the Buyers. The radio installation and navigational equipment shall be included in the sale without extra payment, if the same is the property of the Sellers. Unused stores and provisions shall be included in the sale and be taken over by the Buyer's without extra payment. Library forms etc, exclusively for use in the Sellers' Vessel(s), shall be excluded from the sale without compensation. Captain's, Officers' and Crew's personal belongings including the slop chest are to be excluded from the sale, as well as the following additional items (including items on hire):

(((insert exclusion list, if any)))

The Buyers shall take over remaining bunkers and pay the price on the basis of the last purchase invoices to be provided by The Sellers at the port and date of delivery of the Vessel.

Payment under this clause shall be made at the same time and place and in the same currency as the Purchase Price.

8. Documentation

The place of closing: _____

In exchange for payment of the Purchase Price the Sellers shall furnish the Buyers with delivery documents, namely:

a) Legal Bill of Sale in a form recordable in (the country in which the Buyers are to register the Vessel), warranting that the Vessel is free from all encumbrances, mortgages and maritime liens or any other debts whatsoever, duly notarially attested and legalised by the consul of such country or other competent authority.

b) Current Certificate of Ownership issued by the competent authorities of the flag state of the Vessel.

c) Confirmation of Class and Cass Status Report issued within 72 hours prior to delivery.

d) Current Certificate issued by the competent authorities stating that the Vessel is free from registered encumbrances, of whatsoever nature. This certificate must not be dated more than 5 (five) days prior to Sellers tendering the Notice of Readiness and must not reference any mortgages, maritime liens, debts, taxes, financial liabilities/obligations whatsoever on the vessel.

e) Certificate of Deletion of the Vessel from the Vessel's registry or other official evidence of deletion appropriate to the Vessel's registry at the time of delivery, or, in the event that the registry does not as a matter of practice issue such documentation immediately, a written undertaking by the Sellers to effect deletion from the Vessel's registry forthwith and furnish a Certificate or other official evidence of deletion to the Buyers promptly and latest within 6 (six) weeks after the Purchase Price has been paid and the Vessel has been delivered.

f) Any such additional documents as may reasonably be required by the competent authorities or the purpose of registering the Vessel, provided the Buyers notify the Sellers of any such documents as soon as possible after the date of this Agreement. (see attached list of documents)

g) Commercial invoice

h) Invoice for Bunkers. Remaining quantities of the Bunker to be ascertain by a joint survey between the Buyers' and Sellers' representative on board at the time of tending NOR.

i) Board of Directors minutes approving the sale, duly signed by all directors and their signatures with company stamp. The document to be notarized and apostilled.

j) Notarised Power of Attorney authorizing Seller's representatives to act on their behalf including signing delivery documents and accepting payment of the purchase price.

k) Copy of vessel's Certificates or Transcript of Registry.

l) The address of the office legally registered, name of the contact person for celebrating and signing of all complementary and enabling documentation of the process.

m) Company Constitution and incorporation certificate in its country of origin.

n) Valid appointment of the legal representative of the Seller or its delegate.

At the time of delivery the Buyers and the Sellers shall sign and deliver to each other a Protocol of Delivery and Acceptance confirming the date and time of delivery of the Vessel from the Sellers to the Buyers.

All documents to be in English language or a certified and notarized English translation to accompany the original document. Draft of documents to be sent to the Buyers for approval at least 5 days prior tendering the NOR and Non-negotiable copies of all documents to be sent to Buyers by fax/mail prior tendering Notice of Readiness.

All original closing documents to be sent to the Seller's broker who would issue a letter confirming holding the closing documents as per MOA with them. The Brokers to send the original documents as per buyers request once the sellers confirm receipt of balance purchase price.

At the time of delivery the Sellers shall hand to the Buyers the classification certificate(s) as well as all plans etc which are on board the Vessel. Other certificates which are on board the Vessel shall also be handed over to the Buyers unless the Sellers are required to retain same, in which case the Buyers to have the right to take copies. Other technical documentation which may be in the Sellers possession shall promptly be forwarded to the Buyers at their expense, if they so request. The Sellers may keep the log books, but the Buyers have the right to take copies of same.

9. Encumbrances

The Sellers warrant that the Vessel, at the time of delivery, is free from all charters, encumbrances, mortgages and maritime liens or any other debts whatsoever. The Sellers hereby undertake to indemnify the Buyers against proven consequences of claims made against the Vessel which have been incurred prior to the time of delivery.

10. Taxes

Any taxes, fees and expenses connected with the purchase and registration under the Buyer's flag shall be for the Buyer's account, whereas similar charges connected with the closing of the Sellers register shall be for the Sellers' account.

11. Condition on delivery

The Vessel with everything belonging to her shall be at the Sellers risk and expenses until she is delivered to the Buyers, but subject to the conditions of this contract, she shall be delivered and taken over "AS IT WAS" AT THE TIME OF INSPECTION AND WITH CLASS MAINTAINED FREE FROM ANY OUSTANDING CLASS CONDITIONS AND/OR RECOMENDATIONS. Sellers will give guarantee of VESSEL FREE of slops, sludges or cargo residues on delivery. However, the Vessel shall be delivered with her class maintained without conditions, free of average damage affecting the Vessel's class, and with her classification certificates and national certificates, as well as all other certificates the Vessel had at the time of inspection, valid and unextended with condition by Class or the relevant authorities at the time of delivery. "Inspection" in this clause 11, shall mean the Buyer's inspection according to Clause 4a), if applicable, or the Buyer's inspection prior to signing of this Agreement. If the Vessel is taken over without inspection, the date of this Agreement shall be the relevant date.

12. Name /markings

Upon delivery the Buyers undertake to change the name of the Vessel and alter funnel markings.

13. Buyers' default

Should the deposit not be in accordance with Clause 2, the Sellers have the right to cancel this contract. Should the Purchase Price not be paid in accordance with Clause 3, the Sellers have the right to cancel this Agreement, in which case the amount deposited will be kept by the Sellers.

14. Sellers' default

Should the Sellers fail to give Notice of Readiness in accordance with Clause 5 a) or fail to be ready to validly complete a legal transfer by the date stipulated in 5 b) the Buyers shall have the

option of cancelling this Agreement provided always that the Sellers shall be granted a maximum of 7 banking days after Notice of Readiness has been given to make arrangements for the documentation set out in Clause 8. If after Notice of Readiness has been given but before the Buyers have taken delivery, the Vessel ceases to be physically ready for delivery and is not made physically ready again in every respect by the date stipulated in this agreement and new Notice of Readiness given, the Buyers shall retain their option to cancel. In the event that the Buyers elect to cancel this Agreement the deposit shall be released to the buyers.

15. Buyer's representatives

After this agreement has been signed by both parties and the deposit has been lodged, the Buyers have a right to place four (4) representatives on board the Vessel at their sole risk and expense on vessel arrival to delivery port. These representatives are on board for the purpose of familiarisation and in the capacity of observers only, and they shall not interfere in any respect with the operation of the Vessel. The Buyers' representatives shall sign the Sellers' letter of indemnity prior to their embarkation.

16. Arbitration

This contract shall be governed by and construed in accordance with English Law and any dispute arising out of or in connection with this contract shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or reenactment thereof save to the extent necessary to give effect to the provisions of this Clause.

The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) terms current at the MOA date.

The arbitration shall be in accordance with English Law and shall be heard and determined by a sole arbitrator. A party wishing to refer a dispute to arbitration shall send its notice of appointment of the sole arbitrator providing the names of a minimum of 3 arbitrators to enable the other party to confirm its agreement to one of the aforesaid arbitrators as the sole arbitrator within 28 calendar days of that notice. If the other party does not confirm its agreement to one of the three arbitrators as the sole arbitrator within the 28 days specified, at request of any of the parties, the London Maritime Arbitrators Association (LMAA) shall appoint the sole arbitrator who shall be a full member of the association, provided that such member shall be other than those arbitrators included by the party wishing to refer a dispute to arbitration in its notice of appointment of the sole arbitrator.

The award shall be final and binding.

The sole arbitrator shall decide the parties dispute in accordance with the law or rules of law chosen by the parties as applicable to the merits of their dispute.

The parties shall pay, by equal parts, the fee of the sole arbitrator. Both parties shall also pay, by equal part, the administrative charges incurred in the arbitration. Nevertheless, the sole arbitrator shall in its own criteria condemn the losing parties to pay the fees, costs and redeem the charges that the arbitration proceeding could demand, as considered convenient.

17. Broker Commission

Brokerage commission of 1% (one percent), payable to _____ of the purchase price, shall be for Sellers account and settled directly by them.

18. Buyers' Documentation

Buyers to Deliver the following document at the time of closing and provide via e-mail copies for review in advance of closing, if possible:

- a) Certified True Copy of the Articles of Incorporation of the Buyers;
- b) Notarily Attested Resolutions of the Buyers' Board of Directors and Shareholders authorising the purchase of the vessel and confirming the authority of the signatory to sign any documents and take all necessary actions involved in the purchase of the vessel, including payment;
- c) Notarily attested Power of Attorney issued pursuant to the resolution of the Board of Directors;
- d) A Certificate of Good Standing Confirming that the Buyers are a validly existing legal entity in the jurisdiction where incorporated;
- e) Acceptance of Sale

All documents must be in English, or with certified translation into the English language.

19. Private and Confidential

All Details of this negotiation and sale are to be kept strictly private and confidential by the parties involved.

20. Notices

All notices and advices hereunder shall be in writing and shall be addressed as follows:

To Buyers

Pegasus Oil Shipping

C/O Empresa Pública Flota Petrolera Ecuatoriana EP FLOPEC

Av. De Los Shyris N° 3552 y Av. Portugal

Edificio Los Shyris - 4to piso.

Postal Code: 17505

Quito-Ecuador

PH: 593 2 3947800 Ext.114

E-mail: gcomercial@flopec.com.ec / chartering@flopec.com.ec

To Sellers

((please insert))

Signed By Mr. -----

For and on behalf of the Sellers

Signature -----

Signed by Mr. -----

For and on behalf of the Buyers

Signature-----

Copies

1) Sellers

2) Buyers

3) Brokers.