

REGULATIONS

for holding electronic auction of OJSC 'BMZ'

SECTION 1. GENERAL PROVISIONS

Electronic auction system of OJSC 'BMZ' is aimed at higher effectiveness of sales of 'spot' steel products at external markets. The external markets include foreign countries excluding the countries of Commonwealth of Independent States (CIS).

'Spot' steel products include the following types of steel products produced at OJSC 'BMZ': concast billet and rolled billet, concast steel bloom, reinforcing bars, cold-deformed rebars in coils, wire rod, steel wire for nails, steel wire of general purpose.

Offtake of steel products via electronic auction is done in compliance with the norms of the effective legislation of the Republic of Belarus and does not conflict with the Development strategy of commodity distribution network of OJSC 'BMZ'.

The object of auction is the right to make an agreement/ contract of steel products delivery of the volume which is determined by the size of the put up lot.

The information on holding electronic auction is given in the official web-site of OJSC 'BMZ' www.belsteel.com in the section 'electronic auction'.

Electronic auction as well as all documents necessary for them is held/ given in two languages – Russian and English having the same legal effect.

SECTION 2. ACCREDITATION OF PARTICIPANTS

Those legal bodies are allowed to participate in electronic auction that have state registration, carry on business in the field of steel products offtake, who passed accreditation procedure in compliance with the requirements of these Regulations. To be accredited, companies, participating in e-auction, should provide the following set of documents (notarized copies translated into Russian):

- articles of association
- founders' agreement
- certificate of state registration
- notice of tax-payer number assignment
- power of attorney (when needed)

A participant of auction obtains 'accredited' status after the above mentioned documents are checked by Economic Security Service of OJSC 'BMZ'. OJSC 'BMZ' authorized person sends written notification for confirmation of accreditation.

'Accredited' status is given to those companies that had contract relations with OJSC 'BMZ' when the electronic auction is held, as well as companies without contract relations, but if they provided the required list of registration documents and if they were checked by Economic security service of OJSC 'BMZ'. Commercial offers sent to OJSC 'BMZ' for participation in electronic auction from the companies without 'accredited' status are not taken for consideration.

SECTION 3. AUCTION HOLDING PROCEDURE

Electronic auction for 'spot' steel products are held monthly. The information on start date and end date for taking price offers from potential customers is shown on the official web-site of OJSC 'BMZ'. The only e-mail address to send price offers: trade@bmz.gomel.by

Electronic auction is held within the time fixed by the producer and consist of five main stages:

- invitation to participate in electronic auction
- customers request price offers, placement of commercial offers for products supply
- assessment of received price offers
- making agreements/ contracts of products delivery
- payment

1. Invitation to participate in electronic auction

Not late than 5 calendar days before electronic auction starts the information about the electronic auction to be held is shown on the web-site of OJSC 'BMZ' in the form of invitation to participate in auction with specification of the following information:

- designation, quantity, physical and quality parameters of the steel products put up for electronic auction;
- the smallest lot size for each type of products;
- reference to normative documents for each type of products;
- electronic auction time;
- basis of delivery;
- terms of payment;
- time for payment;

The invitation to participate in electronic auction is accessible for all users. The target of this invitation is to inform potential customers about electronic auction to be held.

2. Request for price offers, placement of commercial offers for products supply

The companies, potential participants in electronic auction, who are interested and need to purchase the steel products put up at electronic auction should send a request to producer for price offer on company's letterhead paper.

This request should obligatory include the following information:

- Company's name;
- Company's legal address;
- The name of steel products to purchase;
- The number (tons) to purchase;
- Reference to the normative documents which regulate quality parameters of products and their physical and mechanical properties;
- Products parameters (diameter, length, steel grade, chemical composition, mechanical properties and so on);
- Country of delivery;
- Delivery basis according to INCOTERMS;
- Confirmation of time and terms for payment.

Price offer is sent to those companies which passed accreditation procedure and got the status 'accredited'.

After e-auction start date comes (the date which was fixed by OJSC 'BMZ'), the companies, aspiring to have the right to make a contract, should send hard commercial offers to

trade@bmz.gomel.by . The commercial offers should obligatory include the following information:

- The name of steel products to purchase;
- The number (tons) to purchase;
- Price

When making agreements/ contracts of steel products delivery as a result of e-auction, currency of payment is USD or EURO.

Reception of commercial offers is carried out within the time specified by OJSC 'BMZ'. Commercial offers, sent after e-auction end date, are not considered.

3. Assessment of received price offers

Assessment of commercial offers sent to OJSC 'BMZ' by the participating in e-auction companies is carried out by the committee for holding e-auction.

During assessment of the received commercial offers the committee for holding e-auction determines a list of winner-companies which have the right to make an agreement/ contract of steel products delivery in accordance with the parameters specified in the commercial offer.

The companies participating in e-auction and if they sent a commercial offer to OJSC 'BMZ' ipso facto confirm their consent to make an agreement/ contract of OJSC 'BMZ' version. Standard agreements/ contracts of OJSC 'BMZ' steel products delivery are shown on the web-site of OJSC 'BMZ' www.belsteel.com and are on open access for all users.

In case equilibrium price offers are received (price level and basis of delivery coincide, full identity of the products stated to be purchased) from several participating in e-auction companies, then by the decision of the Committee for holding e-auction, the proposal to improve initial commercial offers is sent to these companies. The winner is the company which put up, within the time fixed by the Committee, the commercial offer with higher price level.

If all the volume of steel products is sold within one trading session, then the trading session is considered to be closed. OJSC 'BMZ' reserve the right to hold additional trading sessions if all the volume was not sold within one trading session, as well as in case it is necessary to sell additional volume of steel products using e-auction mechanism.

4. Making agreements/ contracts of products delivery

Making agreements/ contracts to supply steel products produced by OJSC 'BMZ' with winner-companies identified within e-auction is performed in the order and within the time determined by internal normative documents.

The price level specified in the course of e-auction and approved by OJSC 'BMZ' remains unchanged for the period as of making an agreement/ contract and till the parties carry out their agreement/ contract obligations in full.

5. Payment

Payment for the goods which are supposed to be delivered is made by the consumer-company which got the right at e-auction to make an agreement/ contract to supply steel products and made an agreement/ contract with OJSC 'BMZ'. Payment is made in accordance with the conditions of the agreement/ contract drawn up duly by transferring advance payment to

settlement account of OJSC 'BMZ' within agreed time. In some instances, based on preliminary agreement, the parties can settle on additionally agreed terms.

SECTION 4. RESPONSIBILITY OF AUCTION PARTICIPANTS

When holding e-auction parties have the right to count on honest execution of actions, stipulated by these Regulations.

If a company participating in e-auction is identified as e-auction winner and later on this company sends refusal to settle an agreement/ contract or careless fulfillment of duly drawn up agreement/ contract takes place, then OJSC 'BMZ' reserve the right to keep the company out from e-auction in future.

In the course of holding e-auction the parties keep confidential and take all necessary actions to exclude the access of third parties to commercial information.

The companies participated in e-auction and identified as e-auction winner with the right to make an agreement/ contract to supply steel products produced at OJSC 'BMZ' have no right to depute powers to third parties to carry out their obligations.

OJSC 'BMZ' will take exhaustive actions to exclude the access by third parties to the commercial information received within e-auction.