



COLLATERAL MANAGEMENT AGREEMENT

DRUM Resources (Kenya and Uganda) Limited

FUEL

COLLATERAL MANAGEMENT AGREEMENT (CMA)

In simple terms, the operation occurs as follows;

- Fuel is shipped into destination
- The fuel brought in is then stored (in own or hospitality tankage)
- When required it is then transported to its final destination where it is unloaded into storage tanks

DRUM COMMODITIES RESPONSIBILITIES

Intake

At the site of in-take, DRUM staff:


- Receive Bills Of Lading from bank
- Liaise with surveying companies to determine actual amounts of product/s received (Final Out-Turn Figures)
- Report this information to the bank and issuing a Warehouse Receipt for the product/s
- Confirm the amounts of products held by dipping tankage on a daily basis

[illegible]

Once the vessel has inloaded into the Terminal, DRUM obtain final outturn figures from Surveyors.



Drum then issue a Warehouse Receipt.



STORAGE RECEIPT

No: KEN-SCB006
Date: 21 February 2012

To the Order of: Standard Chartered Bank For the Account of: Kenloyd Logistics Uganda Limited	Collateral Management Agreement No:
This is to certify that the undersigned have received the goods for storage in apparent good order and condition (except as noted below), subject to the Collateral Management Agreement between Kenloyd Logistics (U) Limited, Standard Chartered Bank Uganda and Drum Resources Limited dated 30 August 2011.	
DESCRIPTION OF GOODS (S.T.C) Vessel Name: MT Laptev Sea Commodity: Fuel Oil Quantity: 9994.718mt	REMARKS / NOTES Tank 8 – Oil Libya

DRUM COMMODITIES RESPONSIBILITIES

Release Instruction

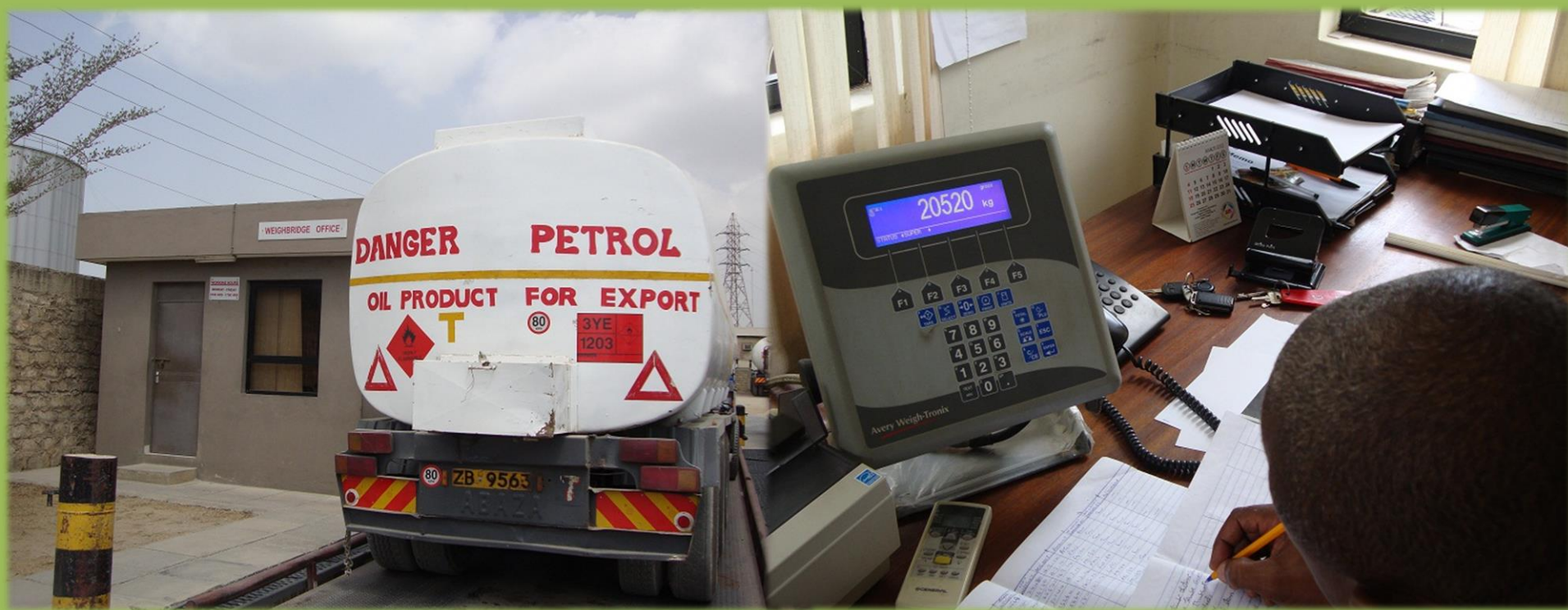
- Release Instructions from the banks received by Drum staff, who ensure the amount specified to be released is not exceeded
- Drum seals are secured in place on dedicated tankage
- Following filling, tankers are fitted with Drum seals
- All information regarding amounts of product sent and seal numbers is forwarded to the destination location and relayed to the bank

Once the trader pays for the fuel, the bank issues a Release Instruction enabling the trading sub-contactor to draw fuel from the Terminal.

Step 1: Vehicle Safety Check



Step 2: After passing the Safety Check, the empty tanker is weighed and the pre-filling weight is documented.



Step 3: The tanker is then escorted to the gantry where filling can commence.



Step 4: Each tanker compartment is dipped. Quantities for all compartments are recorded by DRUM staff.



Step 5: Once all compartments are filled to the required amount, DRUM staff prepare seals to be placed onto the inlet and outlet valves (sometimes in conjunction with an authority's seals) on the tanker to prevent any theft en route.



Step 6: All top hatches are also sealed



Step 7: Once approval is given, the tanker is then escorted back to the weighbridge where it is weighed post-filling. The post-filling weight is documented and passed to DRUM staff for verification.



All individual tanker information is recorded on an individual DRUM Despatch Advice form. Once this is complete, the tanker can begin its journey to its destination point.

DRUM
commodities

Number: _____

DESPATCH ADVICE
Mombasa to Kampala

Date : 17-03-2012

Time : 0740

Driver Name : JOHN WATROG

Passport number : 21142710

Truck Registration : KST 7203

Trailer Registration : 28 5882

Meter Readings : Opening: 84047463 Closing: _____

Observed Litres : 28000 Litres at 20°C _____

Quantity loaded MT : _____

Drum seal number : _____

Compartment Dips : 1) 9.0 2) 9.0 3) 10.0 4) —

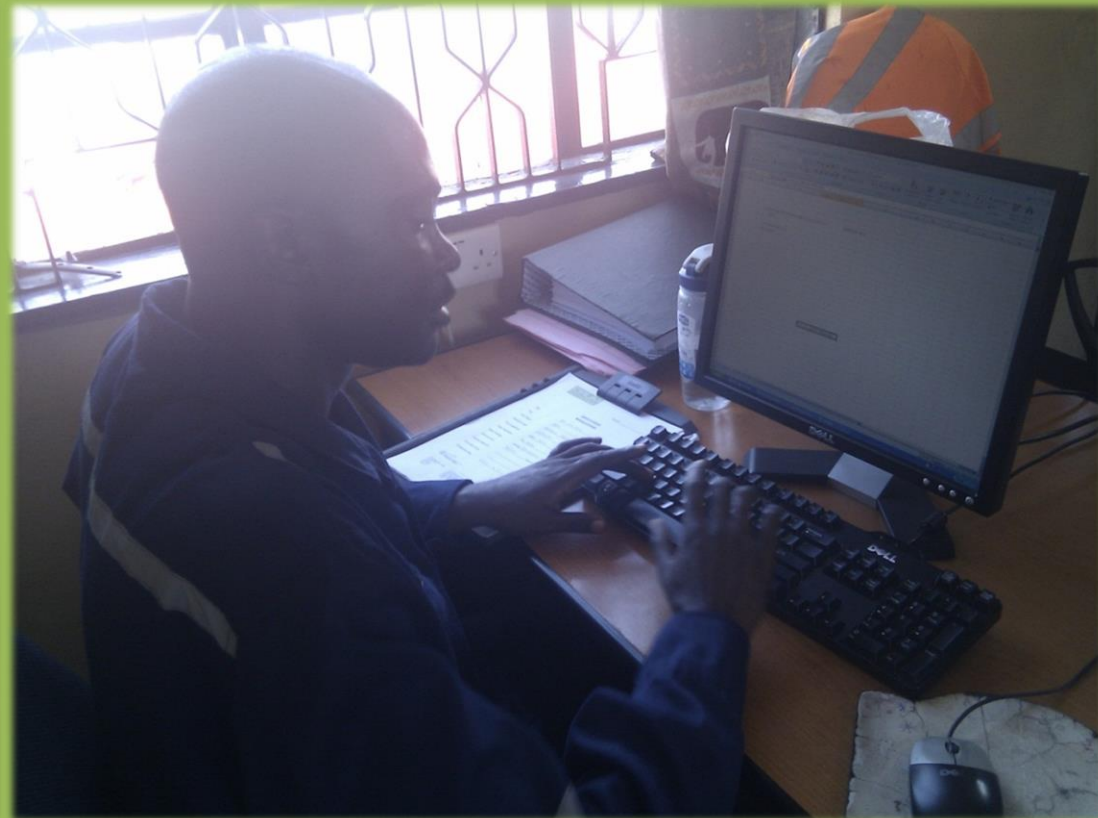
Despatch officer : _____

Driver : [Signature]

Drum Resources Limited
Cameron, Ghana,
Kenya, Mozambique,
Nigeria, Uganda,
Senegal, Tanzania,
Zambia

Drum Resources Limited
Incorporated in England
Office 308 Cowey Office Park
91-123 Cowey Road
Dunstan 4001
South Africa

UK +44 (0) 1373 301 382
www.drumcommodities.com
info@drumcommodities.com



On occasion, fuel is despatched to a secondary location which can also be managed by Drum. In these instances

DRUM COMMODITIES RESPONSIBILITIES

Include:

- The receipt of detailed information concerning incoming tankers, as sent by DRUM staff at the in-take site
- Confirmation of amounts of products held by dipping tankage on a daily basis
- Reporting this information to the bank and issuing Daily Reports on existing and receipted product(s)
- Ensuring DRUM seals are in place on dedicated tankage

On arrival at the secondary location the tankers are subjected to further safety checks.



The tanker is then directed to the on-site weighbridge where, prior to being weighed, DRUM staff check all seals on the tanker, checking also that the seal numbers present correlate with those previously sent by DRUM staff at the primary site.



The seal numbers, along with weights, drivers names and vehicle registration numbers are then cross-checked against details sent from DRUM staff at the primary site.



Once all above information is checked and confirmed, the vehicle is then weighed. The weight recorded is also cross-checked against the information sent by Drum staff at the primary site.



The product is then sampled and taken to an on-site laboratory.



At the on-site laboratory, the sample's density is checked first, followed by a check for metallic elements.

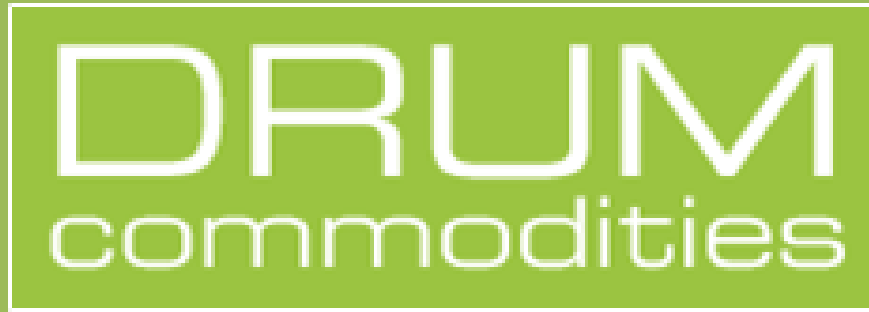


DRUM then do final check to ensure information corresponds with documentation sent from DRUM staff at the primary site.



Once all the information is correlated and proven to tally, the tanker is then off-loaded into storage tanks and the process managed by DRUM Commodities is concluded.





DRUM provides a bespoke service to its customers, enabling them a process that is complete, competent and professional and on the ground, where it is needed most.

Drum Commodities delivers a service, not just a certificate.

www.drumcommodities.com