the
Tankers fleet
operators

PETRONAV CARRIERS LLC
10, Sp. Trikoupi Str. Piraeus 18538 – Hellas
T: +30 2104599741 F: +30 2104599744
Email: petronav@petrogres.com

EXECUTIVE SUMMARY
for
PURCHASE OF TWO AFRAMAXES CRUDE OIL CARRIERS

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February, 2018

Annex I

INTRODUCTION

The year 2017 is a milestone for sustainable development. The international community and US specifically, has a unique opportunity to strengthen its commitment to sustainable development and consider how best to mainstream sustainability principles across all economic activities and sectors, including maritime transport.

The seaborne trade

The world economy embarked on a slow-moving recovery led by uneven growth in developed economies and a slowdown in developing countries and economies in transition. In 2014, the world gross domestic product (GDP) increased marginally by 2.5 per cent, up from 2.4 per cent in 2013. Meanwhile, world merchandise trade increased by 2.3 per cent; this is down from 2.6 per cent in 2013 and below the pre-crisis levels. Accordingly, preliminary UNCTAD estimates indicate that global seaborne shipments have increased by 3.4 per cent in 2014, that is at the same rate as in 2013. Additions to volumes exceeded 300 million tons taking the total to 9.84 billion tons. This performance unfolded in the context of a number of developments, including (a) a slowdown in large emerging developing economies; (b) lower oil price levels and new refinery capacity developments; and (c) a slow-moving and uneven recovery in the advanced economies

The Fleet

The world fleet grew by 3.5 per cent during the 12 months to 1 January 2015, the lowest annual growth rate in over a decade. In total, at the beginning of the year, the world's commercial fleet consisted of 89,464 vessels, with a total tonnage of 1.75 billion dwt. For the first time since the peak of the shipbuilding cycle, the average age of the world fleet increased slightly during 2014. Given the delivery of fewer newbuilding's, combined with reduced scrapping activity, newer tonnage no longer compensated for the natural aging of the fleet.

Greece continues to be the largest ship-owning country, followed by Japan, China, Germany and Singapore. Together, the top five ship-owning countries control more than half of the world tonnage. Five of the top 10 ship-owning countries are from Asia, four are European and one is from the Americas.

The Review of Maritime Transport further illustrates the process of concentration in liner shipping. While the container-carrying capacity per provider per country tripled between 2004 and 2015, the average number of companies that provide services from/to each country's ports decreased by 29 per cent. Both trends illustrate two sides of the same coin: as ships get bigger and companies aim at achieving economies of scale, there remain fewer companies in individual markets.

New regulations require the shipping industry to invest in environmental technologies, covering issues such as emissions, waste, and ballast water treatment. Some of the investments are not only beneficial for the environment, but may also lead to longer-term cost savings, for example due to increased fuel efficiency. Economic and regulatory incentives will continue to encourage individual owners to invest in modernizing their fleets.

The Oil & Sea transportation

Oil is the major energy source powering the global economy and supplying 95 per cent of the total energy fuelling world transport. Like other modes, maritime transport relies heavily on oil for propulsion and, in view of limitations imposed by existing technology and costs, is not yet in a position to adopt effective energy substitutes (e.g. biofuels, solar and wind).

Huge quantities of crude oil and refined petroleum products are transported by ship between production sites, refineries and points of consumption. For many years, oil shipments have accounted for about 30% of global maritime trade.

The Oil Routes and Strategic Straits

The most commonly used crude oil shipping routes originate in the Middle East. They pass through the Bab-el-Mandeb Strait, which separates Djibouti in Africa from Yemen in the Arabian Peninsula, or the Strait of Hormuz, the world's main oil shipping lane, which separates the United Arab Emirates and Oman from Iran. After this, during trips that last two weeks to a month, the tankers travel to:

- The United States and the rest of North and South America via the Cape of Good Hope.
- Asia via the Strait of Malacca between Sumatra and Malaysia.
- Europe via the Suez Canal or, if they are too wide, via the Cape of Good Hope, then on to Northern Europe via the Strait of Dover.

The Tankers

The oil is transported on purpose-built ships called tankers Vessel used to transport bulk liquids in huge tanks. The best-known tankers are oil tankers, which carry crude oil., which are classified by their deadweight tonnage (dwt). In 2013, the global fleet comprised about 11,000 tankers, for a total deadweight tonnage of 490 million. Between 2000 and 2013, overall capacity soared by 73%.

Aframax Tankers: The name Aframax comes from the Average Freight Rate Assessment (AFRA) system. The aframax tankers were initiated because of the size constraints that were posed when large oil tankers entered sea-routes highly prone to traffic.
The aframax tankers weigh generally around or less than 120,000 DWT (Dead Weight Tonnes). This size again, is a very strict stipulation. It must be noted that from amongst the major oil exporting nations in the world, it is the countries who export oil on a comparatively lesser level than the Middle-Eastern countries that rely on the aframax tankers. This is because the level of oil exported from the Middle-Eastern is quite high and they make use of larger naval vessels to cargo oil. Also, because of the usage of such heavy vessels, the sea-routes tend to get blocked and tankers like the aframax tankers end up proving to be a great asset.

THE AFRAMAX TANKERS ARE A FEASIBLE SOLUTION TO THE EVER-GROWING PROBLEM OF TRAFFIC IN SEA-ROUTES. BY COMING UP WITH SUCH EASY-TO-ADOPT SOLUTIONS, IT HAS BEEN PROVED BEYOND DOUBT THAT THROUGH PROPER ADAPTATIONS OF ENGINEERING SCIENCE AND TECHNOLOGY, EVERY PROBLEM CAN BE SOLVED AND RESOLVED PERMANENTLY.

Annex II

The proposal

A new vision on maritime developments

PETRONAV CARRIERS LLC., is a wholly-owned subsidiary of Petrogress, Inc., a US listed company. Petronav presently manages the in-house fleet of four crude oil carriers and trade them in West Africa. The management and the staff have substantial experience in the shipping and sea transportation industry.

Petronav, entered in firm negotiations to purchase two of five years old -second hand- aframaxes ("CITY ELITE" and "BETA") of 105,000 deadweight each, and employ them to major customers/charters on long terms contracts;

We believe with purchasing of the above mentioned aframaxes, the following factors will distinguish us from other similar sizes companies:

Modern, high-quality, fleet. We will own a fleet of modern, versatile, high-quality tankers that are designed for enhanced safety and low operating costs;

High-Quality, sophisticated clientele. We shall maintain our present customers but mostly will create new relationships with major and other independent oil companies and refiners;

Stability throughout industry cycles. We intend to employ them on long and/or medium-term with fixed rates. We believe this approach will secure the entire covering of (a) their running costs, and (b) the return of the invest. At the same time, we shall maintain flexibility in our chartering policy to allow us to take advantage of favorable rate trends through spot market employment and contract of affreightment charters with periodic adjustments;

Unique Features

An estimated Amortization of the investment within 7 year's period.

The return will be secured by a combination of

i) Long term Time-charter to Major charterers;
ii) Assignment of Insurance policy on the vessels;
iii) Optional floatation on a suitable stock exchange or industry sale;
iv) Eventual use of shipping derivative contracts;
v) First preferred mortgage on vessel;

Although a considerable decline in the chartering market was observed during the last one and a half years which was due to world financial crisis, we however believe that secured time charter for 5-7 years is the most attractive and secure the return of invest and/or loan repayment.

Annex III

The Capital Requirements / Structure

The company has decided to acquire the said second hand Aframaxes and we are under negotiations with owners/sellers the terms and purchase price which estimate to be about $40 million En-block, plus drydocking and special survey costs and we are seeking for an additional capital investment of $40 million;

The proposed Aframaxes will be delivered on "AS IS' condition at Dubai, with her Class status overdue and pending for dry-docking;

Both vessels will be operated by the existent company's staff at Piraeus that has long experience in the management and operation of oil tankers;

After their special survey/dry-dock completion -which is estimated to take about 60days, both vessels will be employed for 3 to 5 years' period on a daily hire of USD14,000 +/_ 5%;

We trust that the specific employment allows both vessels smooth operation, and secure the financial obligations of the investment!

Annex IV

The vessels – main data

Name	CITY ELITE (TBR)	Name	BETA (TBR)
Built	2010 / Sumitomo Shipyard	Built	2010 / Sumitomo Shipyard
Deadweight	105.000 MT	Deadweight	105.000 MT
Gross / Net	55,909 / 29,810 MT	Gross / Net	55,909 / 29,810 MT
LOA/B/D	228.60 / 42.00 / 21.50 Meters	LOA/B/D	228.60 / 42.00 / 21.50 Meters
Class	Bureau Veritas	Class	Bureau Veritas
Flag	Liberia	Flag	Liberia
Shell	Double bottom – Double skin	Shell	Double bottom – Double skin

The tterms of employment

Both vessels will be Time Chartered for 3 Years, at the daily rate of $14.000, for the first two years with an increase of min 12% for the next years;

Both vessels gross revenues estimated at USD75,000,000 plus, within the seven years' period;

- Hire is paid every month in advance by Charterers for 30 days period;
- Bunkers and port/anchorage disbursements are for account of charterers;
- an amount of $ 5,800 has been estimated as daily OPEX for each vessel respectively and includes all their running expenses, maintenances and next dry-dockings;
- at the end of seven years both vessel's residues value will remain about $14million;

Annex V

The proposed project investment

Purchase of AFRAMAX I & AFRAMAX II	Purchase Price	Working Capital	Total
	$40,000,000.00	$5,000,000.00	$45,000,000.00
	Capital & Reserves	**Foreign Capital**	**Total**
	$5,000,000.00	$40,000,000.00	$45,000,000.00

The assumptions

	2018	2019	2020	2021	2022	2023	2024	Total
Gross Revenues	$ 6,159,205	$10,778,608	$11,317,538	$10,864,837	$12,477,586	$11,978,483	$13,756,539	$77,332,795
Less 2% com.	123,184	215,572	226,351	217,297	249,552	239,570	275,131	$1,546,656
Less Opex	6,530,400	3,191,000	3,257,358	4,653,587	3,366,508	5,656,341	3,445,709	$30,100,903
Less Prin & Int.	0	0		0	0	0	0	$0
Less Man. Exp.	360,000	489,600	499,392	509,380	519,567	529,959	540,558	$3,448,456
Profit	**($854,379)**	**$ 6,882,436**	**$ 7,334,437**	**$ 5,484,573**	**$ 8,341,959**	**$ 5,552,613**	**$ 9,495,141**	**$ 42,236,780**
Depreciation	$1,669,667	$2,257,143	$2,257,143	$2,257,143	$2,257,143	$2,257,143	$2,257,143	$ 15,212,524
Balance	**-$2,524,047**	**$4,625,293**	**$5,077,295**	**$3,227,431**	**$6,084,816**	**$3,295,470**	**$7,237,998**	**$27,024,255**

The Conclusion

The proposed vessels have been inspected and chosen as the best opportunity in the market for sale, and they are deemed to be well maintained, however a fresh dry-dock and Special Survey needed that will allow them to trade for the next seven years.

~~The Loan Particulars~~

~~(i) Vessels Market value: USD 50,000,000.00 (after SS/DD)~~

~~(ii) Requested: USD 40,000,000.00~~

(iii) ~~Borrower: For a single ship-owning entity~~ (TBN)

~~(iv) Period of loan: 7 (seven) years~~

~~(v) Mode of repayment: In yearly quarterlies~~

~~(vi) Security offered: - First preferred mortgage on vessel~~
~~- General assignment of vessel's earnings~~
~~- Insurance assignment~~

Annex VI

Brief background of applicant.

PETRONAV CARRIERS LLC., is a wholly-owned subsidiary of Petrogress, Inc., a US listed company. Petronav presently manages the in-house fleet of four crude oil carriers and trade them in West Africa. The management and the staff have substantial experience in the shipping and sea transportation industry;

Our management team is based in Piraeus and includes several executives with extensive experience in shipping operations and have demonstrated substantial ability in managing the commercial, technical and financial aspects of our business;

Experience from the past and the present is used as the basis for the foundation as a leading company in all aspects and mostly in the Safety, Health, Environmental & Energy efficiency domain;

For further details please visit our web at: www.petrogressinc.com

Annex VI.

Market reports. . *attached*

== end ==

Sincerely

Petronav Carriers llc
Christos Traios/MD

Consolidated Projection of ships operations for 7 years

PETRONAV CARRIERS INC. | **"AFRAMAXES - I & II" (TBN)** | **February 21, 2018**

	2018	2019	2020	2021	2022	2023	2024	Total
Revenue								
total	$6,159,205	$10,778,608	$11,317,538	$10,864,837	$12,477,586	$11,978,483	$13,756,539	$77,332,795
Less commissions 2%	$123,184	$215,572	$226,351	$217,297	$249,552	$239,570	$275,131	$1,546,656
Bareboat - lease	$0	$0	$0	$0	$0	$0	$0	$0
Total	**$6,036,020**	**$10,563,036**	**$11,091,188**	**$10,647,540**	**$12,228,034**	**$11,738,913**	**$13,481,408**	**$75,786,139**
OPERATING EXPENSES								
Variable costs								
Spares	$78,000	$120,000	$122,400	$160,000	$130,000	$132,600	$150,000	$893,000
Stores	$180,000	$160,000	$163,200	$240,000	$160,000	$163,200	$240,000	$1,306,400
Fresh Water	$54,000	$55,080	$56,182	$57,305	$58,451	$59,620	$60,813	$401,451
Lubricants	$126,000	$128,520	$131,090	$133,712	$136,386	$139,114	$141,896	$936,720
Bunkers Consumption	$38,400	$72,000	$72,000	$72,000	$72,000	$72,000	$72,000	$470,400
Repair & Maintenance	$500,000	$160,000	$170,000	$500,000	$170,000	$200,000	$40,000	$1,740,000
Dry Dock & SS - Class Repr.	$3,800,000	$0	$0	$900,000	$0	$2,200,000	$0	$6,900,000
Total	**$4,776,400**	**$695,600**	**$714,872**	**$2,063,017**	**$726,838**	**$2,966,535**	**$704,709**	**$12,647,971**
Fixed costs								
Labor cost	$1,040,000	$1,770,000	$1,805,400	$1,841,508	$1,878,338	$1,915,905	$1,954,223	$12,205,374
Victualling	$156,000	$159,120	$162,302	$165,548	$168,859	$172,237	$175,681	$1,159,748
Medical expenses	$70,000	$71,400	$72,828	$74,285	$75,770	$77,286	$78,831	$520,400
Crew travel	$56,000	$57,120	$58,262	$59,428	$60,616	$61,829	$63,065	$416,320
Insurances H&M / P&I	$360,000	$367,200	$374,544	$382,035	$389,676	$397,469	$405,418	$2,676,342
Flag & Taxes expenses	$72,000	$70,560	$69,149	$67,766	$66,411	$65,082	$63,781	$474,748
Total	**$1,754,000**	**$2,495,400**	**$2,542,486**	**$2,590,569**	**$2,639,670**	**$2,689,807**	**$2,741,000**	**$17,452,932**

Operating costs								
Administrative salaries	$0	$0	$0	$0	$0	$0	$0	$0
Management expenses	$360,000	$489,600	$499,392	$509,380	$519,567	$529,959	$540,558	$3,448,456
Total	**$360,000**	**$489,600**	**$499,392**	**$509,380**	**$519,567**	**$529,959**	**$540,558**	**$3,448,456**
Total Oper/Fixed/Variab expen.	$6,890,400	$3,680,600	$3,756,750	$5,162,967	$3,886,075	$6,186,300	$3,986,267	$33,549,359
EBITDA	$854,380	$6,882,436	$7,334,438	$5,484,573	$8,341,959	$5,552,613	$9,495,141	$42,236,780
EBITDA margin	-14.15%	65.16%	66.13%	51.51%	68.22%	47.30%	70.43%	55.73%
Fixed assets depreciation	$0	$0	$0	$0	$0	$0	$0	$0
Pre-operating depreciation	$0	$0	$0	$0	$0	$0	$0	$0
Vessels Depreciation	$1,669,667	$2,257,143	$2,257,143	$2,257,143	$2,257,143	$2,257,143	$2,257,143	$15,212,524
Residual value	$44,930,333	$42,673,190	$40,416,047	$38,158,904	$35,901,761	$33,644,618	$31,387,476	$31,387,476
EBIT	-$2,524,047	$4,625,293	$5,077,295	$3,227,431	$6,084,816	$3,295,470	$7,237,998	$27,024,255
EBIT margin	-41.82%	43.79%	45.78%	30.31%	49.76%	28.07%	53.69%	35.66%
Ballon payment-vessel's purchase	$0	$0	$0	$0	$0	$0	$0	$0
Interest 8%	$0	$0	$0	$0	$0	$0	$0	$0
Profit before Taxes	-$2,524,047	$4,625,293	$5,077,295	$3,227,431	$6,084,816	$3,295,470	$7,237,998	$27,024,255
Taxes 0%	$0	$0	$0	$0	$0	$0	$0	$0
Net Profit	-$2,524,047	$4,625,293	$5,077,295	$3,227,431	$6,084,816	$3,295,470	$7,237,998	$27,024,255
Net Profit margin	-41.82%	43.79%	45.78%	30.31%	49.76%	28.07%	53.69%	35.66%
Accumulated net profit								
Capital cost	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Internal Rate of Return								4.92%
Return on Invest	-5.4%	9.9%	10.9%	6.9%	13.1%	7.1%	15.5%	58.0%

CASH FLOW

Year	2018	2019	2020	2021	2022	2023	2024
Cash sales	$ 6,036,021	$ 10,563,036	$ 11,091,187	$ 10,647,540	$ 12,228,034	$ 11,738,913	$ 13,481,408
Own capital cash	$ 46,600,000	$ -	$ -	$ -	$ -	$ -	$ -
Loan / invest	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total incomes	**$ 52,636,021**	**$ 10,563,036**	**$ 11,091,187**	**$ 10,647,540**	**$ 12,228,034**	**$ 11,738,913**	**$ 13,481,408**
Capital investments	$ 46,600,000	$ -	$ -	$ -	$ -	$ -	$ -
Pre-Operating	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Vessels expenses	$ 6,890,400	$ 3,680,600	$ 3,756,749	$ 5,162,967	$ 3,886,074	$ 6,186,301	$ 3,986,266
Loan interest	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loan repayment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total expenses	**$ 53,490,400**	**$ 3,680,600**	**$ 3,756,749**	**$ 5,162,967**	**$ 3,886,074**	**$ 6,186,301**	**$ 3,986,266**
Cash flow	**$ (854,379)**	**$ 6,882,436**	**$ 7,334,438**	**$ 5,484,573**	**$ 8,341,960**	**$ 5,552,612**	**$ 9,495,142**
Accumulated cash	**$ (854,379)**	**$ 6,028,057**	**$ 13,362,495**	**$ 18,847,068**	**$ 27,189,029**	**$ 32,741,641**	**$ 42,236,783**