



SCO GOLD INGOTS – DUBA **UAE**

SCRAP PRECIOUS METALS FOR NON-FERROUS RECYCLING

INTERNATIONAL PRECIOUS METAL HS71081200

(IN BAR FORM)

(This offer is valid for 15 banking days from the date of issue and/or the signatures of both parties)

WE, acting as the Seller, hereby confirms with corporate responsibility in accordance with the Description of Objectives No. 35 registered as a juristic person under the Civil and Commercial Code:

Description of Objectives No. 35 (Trading License)

"Execution of international trade, import, export of expired, recyclable and used international precious metals, land and air transport, import and export by third party logistics".

that the goods owner is ready, willing and able to enter into the contract for selling 99.95% or better of Precious Metal to the Buyer.

Commodity: International Precious Metal HS71081200 in Bar Importable and Exportable Worldwide Original GLD registered AU Bars in 1 Kg and 12.5 Kg weight (GLD expired) Customs tariff numbers/Harmonized System Codes: 7108, 71081200, 71081300 . Various origins, packing: Packaged in carbon-fiber boxes.

2) Specifications: A minimum purity of 99.95% or better.

Note: Kg to Oz conversion: 32.1507466 (Fine Troy Ounce) to compute the Discount based on LBMA Pricing Index

3) Quantity & Terms: Shipment up to (60 MT) Metric Tons for 1 year contract with all rolls & Extensions with partial shipment allowed

4) Shipments: The First Tranche will be (400 Kg) Kg and subsequent lifts will be on schedule agreed by both parties

(The payment guarantee must cover (400 Kg) Kg for the first shipment in order to obtain the discount in Clause 5).

5) **Selling Price (valid for 15 banking days from the date of issue and / or the signatures of both parties of this document):**

The Discount is GROSS, LBMA

- **02-50 MTS** **Gross 8 – Net 5%**
- **51-99 MTS** **Gross 9 – Net 6%**
- **100-199 MTS** **Gross 8 – Net 5%**
- **200 MTS above** **Gross 12 – Net 9% (In single tranche only)**

To the Buyer CIF or DDP (Name of Refinery) REFINERY IN **DUBAI** PER 1 Kilogram based on Second Price Fixing at the LBMA on the prior day of execution for Good Delivery Bars with a minimum grade of 99.95% AU. In the event LBMA is not operating on that scheduled day, the price calculation shall be used based on the 2nd LBMA fixing of the Market opening day. Inclusive of Malc-Amit or Brink's Security Insurance

6) **Consultancy Fee:**

Total Commission is 3 %/Kilogram - paid by

Seller 1.5% to Seller's Representatives: **Closed**

1.5% to Buyer's Representatives: **Open**

7) **Proof of funds:**

The Buyer shall cause the New Account to be funded with an equivalent value for (*First Tranche 400: Kg*) Kg for the first shipment in order to obtain the discount in Clause 5.

8) **Establishment of account with joint signatory status (Escrow Account):**

The Buyer shall cause its bank to open a new account denominated in the agreed currency for the purposes of this transaction.

The Seller's nominated bank shall be the Buyer's bank, and the New Account shall be active on the Buyer's bank via electronic platform, as provided by the Buyer's nominated bank. The Buyer Bank Connect mobile application can be located at Buyer's bank Connect Mobile App | online business banking.

The Buyer shall ensure that the Owner of the commodity has access to this bank Connect platform with signatory rights ("Owner Signatory"), subject to approval by the Buyer's Bank. The Owner Signatory shall remain live and active on the New Account for the duration of the transaction as specified in the SPA.

In the event that there is no confirmed ensuing or subsequent transaction between the Parties within fifteen (15) calendar days of the date hereof, the Seller Signatory herein consents and will provide any further consent in writing to be removed immediately from the New Account, and shall cause to be effected without delay any such paperwork as may be required by the Buyer's Bank to effect such withdrawal and resignation from the signatory status of the New Account.

9) The expenses related to opening a joint bank account:

As a payment guarantee, a Joint Bank Account is an account that requires two or more primary users to operate. The account allows for deposits, withdrawals, and trades, which must be authorized by both parties using their respective signatures.

In order to open a joint bank account, the buyer must deposit 100% of the required funds in cash within 15 working days after signing the contract. Additionally, if the buyer requests that the seller travel abroad to open the joint account, the buyer will be responsible for covering all associated expenses, including airfare, hotel fees, ETC.

10) Agreement for proof of product:

Upon receipt of acceptable proof of funds as described above, the Seller shall provide the Refinery with the Proof of Product documentation as listed in Clause 10, within two (2) business days. The Seller shall also ensure that the commodity is securely transported to the Refinery Receiving Account, in accordance with the Delivery Terms.

The Seller shall ensure that the Buyer is clearly noted as the Shipper on any logistics or freight related documentation sent to the Buyer's nominated Refinery.

Upon receipt of the commodity, the Buyer shall ensure that the Refinery Receiving Account immediately engages and authorizes the Refinery to undertake an immediate, full test and Assay on the commodity as received. The Refinery shall provide an unredacted version of the full Assay Report to the Seller and the Buyer simultaneously, without delay.

Furthermore, the Buyer shall ensure that the Refinery Receiving Account issues the full, unredacted, completed Assay Report within eight (8) business days of receipt of the commodity by the Refinery. Failure to comply with this time-frame shall constitute a default of this Sale & Purchase Agreement and shall trigger automatic Discharge.

The Seller shall also send a copy of all original Proof of Product documentation as listed in clause 10 to the Buyer via secure bank email or other secure electronic method, simultaneously with the full certified originals sent without delay to the Refinery

11) Ownership:

Upon receipt of the unredacted and complete authorized Refinery Assay Report, within four (4) business days, the Buyer shall release payment to the Seller in accordance with Confirmation of the Amount Due

Payment can be made by the Buyer via standard wire transfer, real time transfer or standard telegraphic transfer (TT). Transfer of ownership from Seller to Buyer will be activated after receipt and acceptance of payment.

12) Delivery: **CIF OR DDP BUYER'S REFINERY IN *DUBAI, UAE***

13) Documents

The Seller shall authenticate, declare, legalize, register, provide and guarantee documents from government sectors and seller's responsibility of each tranche/lift shall be accompanied by the following:

- | | | |
|------------------------------|------------------------|--|
| •Certificate of Assay Report | •Tax certificates | •Warehouse receipt and list of product |
| •Certificate of Ownership | •Import-Export license | •Customs Clearance Certificate |
| •AIR WAYBILL | •Certificate of Origin | |
| •Commercial Invoice | | |

14) Upon the Buyer's deposit of 100% of the required funds into the joint account, the Buyer along with an assayer of Buyers choice will then be invited to the Seller's security warehouse for a physical viewing/inspection of the amount of Precious Metal for the first tranche within 3 banking days.

15) Within 3 banking days of the physical inspection, the Seller will transport the mutually agreed quantity to the refinery designated by the Buyer at the Seller's expense CIF or DDP to the Delivery location(s). and the precious metal refining in the refinery of the Buyer will be at the Buyer's expense.

End Buyer / Company Director

NAME:

COMPANY:

PASSPORT NO:

Note:

Product Background :

In regards to the background of the product, the product was previously refined as a "good delivery bar". It has now expired in accordance with LBMA regulations and can therefore easily be exported by a third-party logistics company to the buyer's refinery for further refining and a certificate renewal to enable the buyer to sell these products in the market. Please note that it is illegal to sell these expired products on the market without them going back into the recycling and refining process again. However, it is exportable under "expired, recyclable and used goods" as long as the seller does not compete or intervene in the current gold market. As long as the product is first sent to the buyer's refinery for further refining and certificate renewal before the buyer resells it on the market there is no issue. The Seller does not require an export license for the "expired, recyclable and used" product. The Buyer however will need both the import and export license as he will become a reseller of the renewed product.

UNDERSTANDING THE "PRIMARY GLD "AND "OFF-MARKET" BULLION Sales and Purchase

First, some background about the primary GLD market -

1) GLD refers to bullion that was refined in an LBMA-accredited refinery, then maintained within the GLD system by the bullion owner, typically by registering the Au metal in the banking system. The bars are normally held on deposit in a recognized Bullion Bank in an "unallocated" bullion account. This is an account where the specific bars are not set aside and reserved to the owner. Instead, the bullion owner has a general entitlement to the return of equivalent GLD bars only.

2) GLD owners pay no storage fees; nor do they receive a Safekeeping Receipt. That's because no custodial safekeeping arrangement is created. Legally, GLD depositors are loaning their bullion assets to the Bank; they receive, in return, a Bank-responsible Certificate of Deposit. Upon withdrawal, GLD owners are entitled to GLD bars in kind, but not to the return of their original hallmarked bars.

3) Bullion Banks, for their part, are not required to maintain the total value of their GLD deposits in physical bullion. Following accepted fractional banking practices, Bullion Banks typically hold only a fraction of the gold in reserve in their depositories. This strategy - which creates a shortage of physical gold and a corresponding increase in the supply of "paper gold" - enables Bullion Banks to turn a handsome profit by selling their depositors' GLD (over and over again!) in the London wholesale "over-the-counter" bullion market.

Note: Bullion Banks sell GLD at prevailing market rates, based on the LBMA's published "gold price" - never at a discount. However, the Banks unconditionally guarantee the integrity of the metal, which, of course, is to state the obvious since a Bank's deeds and pronouncements always carry "full banking responsibility"; were it otherwise, the financial system would collapse.

Now let's review what we know about the secondary bullion market -

1) "Off-Market" bullion refers to bullion that was refined in an LBMA-accredited refinery, then maintained outside the GLD system by the bullion owner, typically in a private security warehouse or in bank custodial storage. The gold bars are held under a custodial safekeeping arrangement in an "allocated" metal account. This is an account where the specific bars are set aside and reserved to the owner. Owners pay annual storage fees and receive a Safekeeping Receipt establishing their entitlement to the return of their original bullion assets.

2) Bars that have not been assayed within the past five (5) years are commonly referred to as "old gold". Old gold can be re-certified; however, it requires that the bars undergo a "full-melt" assay. As the name suggests, the bars must be re-liquefied in the refinery's high-temperature furnaces; then typically fire-assayed to

determine their quality. Should the molten gold fails to meet GLD specifications, the batch will require further purification and processing - an operation that is time-consuming and expensive.

3) Gold bars that have been assayed within the past five (5) years are commonly referred to as GLD compliant (or GLD standard) bullion. The LBMA provides an expedited procedure for re-certifying GLD compliant bullion - a process that is both speedy and inexpensive. There is no requirement that the bars be re-melted or undergo a "destructive" fire assay. The refinery will performs a "non-destructive" assay on the test batch; provided the test results meet GLD specifications, the refinery will confirm the bullion's GLD status.

Selling "Off-Market" Bullion in the Secondary Market -

1) "Off-market" transactions are private sales of goods transacted directly between a willing Buyer and Seller. They are standard commercial transactions, the terms of which are subject to negotiation by the Parties. As such, the rights and responsibilities of the Parties are governed by the "four corners" of the sales contract and by the application of established contract law principles. Sales are variously referred to as "secondary market" or "private treaty" transactions.

2) Buyers are attracted to the "off-market" because of the opportunities for profit-taking that it presents. That's because GLD compliant bullion is typically sold at a discount as compared to GLD, its more regulated counterpart. Of course, GLD compliant bullion is sold on an "as is" basis only - the Au metal is not unconditionally guaranteed by the Seller's Bank. Prudent Buyers, therefore, must carefully manage their risk; they do so typically by testing the bullion prior to purchase to ensure the integrity of the metal.

3) "Off-market" sales are normally transacted on a straightforward "principal-to-principal" basis, or on a "bank-to-bank" basis whereby the Banks function as the Parties' exclusive "agents" to implement the terms of the contract on their behalf. Alternatively, the Parties may utilize a "third-party" escrow arrangement, designating a refinery or a secure carrier, like Loomis or Brinks, to serve as escrow holder.

4) Regardless of the modality employed by the Parties, the guiding principal is always the same: **No money ever changes hands** in the "off-market" until the bullion is assay-tested by the Buyer and the test results conform to the GLD specifications outlined in the contract and, in addition, the Seller established title of ownership to the goods, free and clear of liens, charges and encumbrances.

Here's what you need to know:

(1) Bullion Banks and Bullion Officers have no application in the "off-market" sale of GLD compliant bullion. That's because only bank-registered GLD that is maintained on deposit in a licensed Bullion Bank is assigned a Bullion Officer. It's real simple: No GLD gold; no bullion account; no Bullion Officer. *And all those gold offers that promise Bullion Officer involvement - well, it's all complete and utter nonsense!*

(2) The International Chamber of Commerce, the International Precious Metals Institute and the World Gold Council are membership-based trade organizations. They are respected organizations, to be sure; however, their rules and procedures regarding bullion - while they may, as a matter of contract law, bind their respective members - they have no legal force and effect on non-member Sellers and Buyers. Their pronouncements are, at best, suggested guidelines which the Parties are free to accept or reject at will.

(3) The LBMA - who is the preeminent London-based organization that regulates the London wholesale "over-the-counter" GLD market - has nothing to do with "off-market" bullion sales, other than, perhaps, the fact that we look to the LBMA's twice-daily published "gold price" to calculate the final settlement price of the goods). In fact, scour the LBMA's extensive website, you will find nary a mention of "off-market" sales or GLD compliant bullion.

(4) With certain limited (but important) exceptions, the US Federal Reserve, the Bank for International Settlements and the various Central Banks, including the Hong Kong Monetary Authority, have no application to the secondary bullion market.

(5) Gold is not a regulated securities. Absent local regulations to the contrary, there are no licensing requirements or "non-solicitation" rules. And no barriers to entry to participating in "off-market" bullion sales as a Buyer or Seller or Consultant. And, absent local regulations to the contrary, bullion is not a prohibited or controlled item.

(6) There exists no specialized body of law (or required procedures) that govern the conduct of Buyers and Sellers. No prescribed formats for issuing SCO's, FCO's, contracts and the like, for example. To be sure, over the years a number of customs and practices have developed to render the process more orderly and efficient; however, none of these procedures carry the force of law. In reality, the "off-market" bullion trade operates, largely as an "open bazaar".

(7) As with most sales of merchandise, it is the bullion Seller - not the Buyer - who sets the terms of purchase, if for no other reason than it is the Seller who initiates the sales process by bringing his or her goods to market. Buyers and Sellers, of course, are free to modify the sale terms during the ensuing negotiations process, What the Parties finally accept will depend, ultimately, on the relative bargaining strengths of the respective Parties.