

**BUYERS OF GLD-COMPLIANT METAL**  
MAJOR PURCHASERS OF LARGE-VOLUME GOLD BULLION  
**CONSULTANTS GUIDELINES**

We are pleased to work with outside Consultants. To assist your efforts, please keep in mind that, as "large-volume" Buyers of gold bullion, we look, principally, for four (4) things:

1. Au product with GLD specifications.
2. The gold must be FOB-ready at Seller's storage facility - held in Bank-controlled storage or an LBMA-approved security facility or internationally recognized gold depository. No CIF delivery.
3. "Bank-to-bank" procedures. No TTM's. No in-bank closings. No physical inspections. No ledger-to-ledger settlements. No up-front BCL's/ATV's. No payment guarantees. Note: We are willing to attend a sit-down meeting with the Seller solely for the exchange of signed contracts.
4. "POP/POF's" exchange to be conducted rapidly and simultaneously, in such manner as the Seller's and Buyer's Bank Officers deem appropriate, without any contractual stipulation in the SPA that the Buyer's POF's must move first.

If your Seller's offer satisfies, generally, the above requirements, protect your sources, certainly - but would you please submit the following two documents for our consideration:

- **The Seller's official SCO (or FCO or SPA); and**
- **A completed Work-Up Sheet (prepared by the referring Consultant)**

**Important:** The Work-Up Sheet is **OPTIONAL**. You may, if you wish, hold off preparing the Work-Up Sheet. Just send the Seller's offer only to us. Please make sure, though, to evaluate the offer first against the four (4) purchase requirements listed above. Needless to say, Sellers' offers that fall short of our purchase requirements should be discarded on the spot - unless, of course, the Seller has expressed a willingness to reconsider his offer.

**Why the Work-Up Sheet?**

We encourage Consultants to submit a completed Work-Up Sheet with pertinent information about the proposed gold deal; this to assist our understanding of the nature of the transaction and to confirm, generally, that the Seller's offer is compatible with our purchase requirements. Truth is, what passes as Sellers offers these days are - more-times-than-not - incomplete or misleading or just plain wrong. So you need to drill down and get at the true facts by speaking with the Seller's mandate or with someone sufficiently "in the know. The Work-Up Sheet provides you with the relevant questions to ask.

**NOTES:**

- A. We recommend that you use the Work-Up Sheet as a "checklist" of questions to raise with the Seller/Seller's mandate; you can then complete and submit the Work-Up Sheet to us yourself. Sending the Work-Up Sheet to the Seller/Seller's mandate to prepare - well, in most instances, they will simply refuse to cooperate. Please submit both documents together as "stand-alone" attachments. No names. No contact details.
- B. All fee arrangements with Consultants will be finalized and confirmed, up-front, via

a signed IMFPA **prior** to the release by Consultants of their confidential sources.

- C. Our Pre-Transaction Steps are explained in the Buyer Information Package ("Purchase Requirements"):
1. The Consultant submits an official Seller's Soft Corporate Offer (or FCO or SPA) - plus, **optionally**, a completed Work-Up Sheet prepared by the Referring Consultant.
  2. Consultancy fees are finalized and confirmed via NCND/IMFPA.
  3. The Buyer and the Seller/Seller's mandate engage in direct discussions regarding the proposed sale/purchase opportunity.
  4. The Buyer issues a formal "Letter of Request" for a Full Corporate Offer from the Seller. Alternatively, the Parties may proceed directly to contract via our "fast-track" procedures.

Should you send the Buyer Information Package to the Seller and "sell" side Consultants?

The Buyer Information Package is a reference manual provided to you for your exclusive use. It's intended as a comprehensive guidebook to explain fully our capabilities as Buyers - our purchase requirements and "bank-to-bank" procedures (included, too, is a full set of transaction documents) - and to provide important information regarding the payment of fees to Consultants. If you are direct to the Seller/Seller's mandate - or to someone who can influence the Seller/Seller's mandate - it may be a good idea to forward the Buyer Information Package to them. Otherwise, just sending the package to some "low-level" Consultant is most likely a waste of time and effort. Better to focus on evaluating the Seller's offer instead.

#### GENERAL INFORMATION

#### "PLATINUM OFFERS"

Platinum don't come on the market very often. But when it does, we are keen to purchase the metal - quickly, efficiently and responsibly. Any amounts - large or small. Whatever quantities Sellers can provide. FOB at Seller's storage facility. Maximum tranche size **500 Metric Tons per week**. Bank-to-bank procedures; five (5) banking day closing. Same procedures as for gold.

A Consultants Work-Up Sheet and Form Book ("Transaction Documents") for platinum metal is available upon request.

#### GENERAL INFORMATION

#### "NEED FOR SPEED"

Those of you who have worked with us before know that we we move very quickly. Like an F-16 fighter jet going into after-burner! Indeed, it's a source of great pride to us that once we receive a Seller's offer and Work-Up Sheet - and the transaction looks to be viable - we will finalize fees with Consultants within the hour and immediately forward an IMFPA for signatures.

After that, we are ready to engage with the Seller/Seller's mandate straight away. A formal LOI/LOR, signed and sealed - that takes us twenty minutes to prepare and send out. And if we proceed directly to contract, we can fully complete the SPA in under two hours' time!

Frankly, our aim is to execute a SPA within 24-48 hours of receipt of the Seller's initial soft offer; it's certainly do-able for us as Buyers. Except that Sellers, in the main, don't move that fast. Not in our experience. So we constantly find ourselves having to throttle back and stay "hold-your-breath" silent, waiting on Sellers to revert back to us.

So this is a "call to arms" of sorts. Bring us your genuine Sellers, certainly - but bring us genuine Sellers with FIRE IN THEIR BELLY, keen to transact and willing to knuckle down and focus with laser-beam intensity on the job at hand. *And willing to do it quicksville!*

GENERAL INFORMATION

"GOOD CHAIN OF CUSTODY"

The gold business, as we practise it, is very simple. Rule Numero Uno: Forget the jargon! In the system - not in the system; registered gold - unregistered gold; allocated gold - unallocated gold. The terms are confusing and unhelpful; more importantly, they are not used by professional gold buyers and sellers. Don't believe me? Visit the extensive LBMA website and put "registered gold" or "system gold" - or, for that matter, "bullion officer" - into the search engine. You'll not come up with a single hit!

**Here's all you need to know:**

We purchase gold bullion manufactured to GLD specifications with regard to purity and weight - AND WE DO IT SIGHT UNSEEN. We don't view the metal; we don't test the metal; we don't accept shipments of the metal; we don't transport the metal.

Of course, we need to be extra-vigilant to ensure that we acquire genuine product only - and not counterfeit gold bars. So we only purchase inventories that have a good "chain of custody" (sometimes referred to as a "chain of integrity"). In other words, gold that has been manufactured in an LBMA-certified refinery AND is being safe-kept in a bank vault or bank-supervised warehouse or LBMA-approved security facility - or an internationally recognized gold depository like, say, Brinks or Metalor.

In truth, not much gold is held in bank vault storage. That's because - well, most bank vaults are simply not large enough to accommodate a forklift truck. So banks normally hold their customers' GLD assets in outside warehouses maintained under the bank's "care, custody and control". And where can find the current listing of LBMA-certified refineries? At the LBMA's website: [www.lbma.org.uk](http://www.lbma.org.uk).

GENERAL INFORMATION

"POP/POF's EXCHANGE"

A lot of gold offers fail to attract willing Buyers because of the Seller's procedural requirements surrounding the POP/POF's exchange. The issue is always the same: who proves up first? The Seller with the metal? Or the Buyer and his funds?

The World Gold Council/Swiss Procedures/ICC Rules require that the Seller evidence his product first. To be clear, though, these "official" pronouncements lack the force of law; they are recommendations at best, albeit from respected trade organizations. Gold sales, like it or not, are conducted as "private treaty" transactions, which means that Sellers are free to impose whatever terms they wish. Frankly, when it comes to what's reasonable - IT'S WHATEVER THE MARKET WILL BEAR!

Our own procedures governing the POP/POF's exchange chart what we think is a sensible middle ground. The actual POF/POF's exchange is conducted via a simple "bank-to-bank" call - Seller's Bank Officer-to-Buyer's Bank Officer. The Bank Officers are left to organize between themselves the rapid and simultaneous exchange of Proof of Metal and Proof of Product - free of any contractual conditions or restrictions. As far as which side proves first, we are content to leave that in the capable hands of the bank officers to determine. After all, these are seasoned bullion officers engaged on both sides of the transaction; surely, we don't have to explain to them how to prove up a gold deal!

### Which brings us to Hong Kong offers -

We have all seen the soft offers numerous times in various renderings: 1,000 - 5,000 MT Au. HSBC bank-controlled storage. Offered with full bank responsibility (SWIFT MT 600). First tranche 50 MT Au -200 MT Au. 12% gross / 9% net, "sliced and diced" to 9% gross / 6% net.

Proof of funds, though, is always required to move first. Never the metal first. Never POP/POF's simultaneously. That's because, sadly, the Sellers normally don't own the gold on offer, which is why they require the Buyer's POF's in advance: it's to enable them to secure delivery or title to the stock in the first place. Never mind, of course, that offering for sale product you don't own constitutes criminal fraud; and never mind that unless the Seller buy the gold first, and then re-sells its on, he commits an illegal arbitrage. In most cases, the so-called "Sellers" are too unsophisticated to realize it! *Or, perhaps, they are just too clever by half!*

Either way, these Hong Kong transactions, unfortunately, are "no-go" areas for us. We cannot accept Sellers' contractual language that stipulate in the SPA I that the Buyer's POF must move first.

#### GENERAL INFORMATION

#### "CHOICE OF SPA's"

We have introduced a **QUICK AND SIMPLE** "short-form" SPA which can be used by Sellers, should they wish it, in lieu of our standard 10-page SPA. The "short form" SPA is just 6 pages long; the language is noticeably softer and less legalistic. The format, moreover, is similar to the SPA's regularly used in the Far East, a fact which should enhance its acceptability - especially among Asian Sellers.

Sellers now have a choice: a **simple "short-form" 6-page SPA** or a **more comprehensive and formal "long-form" 10-page SPA**. We are, of course, also willing to use the Seller's SPA, provided the contract is adjusted to incorporate our "bank-to-bank" procedures.

**Note:** Regardless of which SPA the Seller chooses, we do insist on using our own IMFPA language. The reason is the IMFPA (which will be incorporated into the SPA) has been pre-approved by our Purchasing Banks who will, of course, be solely responsible for the payment of fees to Consultants.

#### GENERAL INFORMATION

#### "GET PAID ON GOLD DEALS"

One of the main attractions of gold deals for Consultants is the opportunity to make a lot of money in a short period of time. You see, unlike, for example, oil deals, where it's not uncommon for Consultants to have to wait 2-3 months for the oil tanker to reach port, gold deals - at least, those involving GLD inventories - close quickly because the stock is normally not lifted. In our case, we can conclude a gold purchase - and you can receive your fees in full - in under five (5) days from the initial contract-signing. And commissions for "large volume" Au purchases can run to hundreds of millions of dollars, if not billions of dollars.

Of course, this assumes that you will get paid the consultancy fees due you, something no prudent Consultant should ever take for granted, especially given the "Wild West" nature of these "off-market" commodity transactions.

*Well, let me put your mind at ease -*

As Buyers, we are solely responsible for the payment of fees to all Consultants, whether on the "sell" side or "buy" side. It's a responsibility we take seriously, in line with our commitment to transact capably and professionally. To ensure that Consultants receive the fees rightfully due them, we have put in place the following important procedural measures and safeguards:

- 1) All fee arrangements with Consultants are confirmed, up-front, via a signed IMFPA, prior to the release by Consultants of their confidential sources. The IMFPA is, of course, a fully enforceable, stand-alone contract. Protects you. Protects us.
- 2) A second "duplicate" IMFPA is incorporated in the SPA and executed by the Seller and ourselves as Buyer, as part of the formal contract-signing. Once the SPA is signed, this IMFPA becomes an integral part of the SPA for enforcement purposes.
- 3) We include a comprehensive "Allocation of Proceeds" provision in the body of the SPA. This provision sets forth the names of all Consultants/Paymasters entitled to receive fees in the transaction and the precise percentage amounts due them. This, so there can be no misunderstanding or confusion about how the sale proceeds are to be apportioned.
- 4) The named Consultants/Paymasters will each receive a copy of the fully executed SPA for their records and to assist them with their banking.
- 5) As part of the closing procedures, we lodge the SPA/IMPFA with our Purchasing Bank who will be solely responsible for the disbursement of fees to the named Consultants/Paymasters, as per the IMFPA. Our Purchasing Bank is a "top 10" world-ranked bank; they are very experienced in settling gold transactions.
- 6) Consultants who do not have suitable banking - we can, upon request, assist them by providing an independent lawyer/paymaster or professional escrow company to receive their fees.
- 7) Our Purchasing Bank will pre-advise the named Consultants/Paymasters, or their bank officers, via bank e-mail, that a wire transfer has been sent to the party's bank account. Settlements are conducted with "same-day transfer and immediate credit for each lift/transfer payment together with transaction code(s)". And wire transfers will carry the following legend: **Funds are clean and clear, of non-criminal origin and are payable in cash immediately upon receipt by the Beneficiary's bank**". This to assist Consultants/Paymasters to receive their fees into their accounts without incident.

#### GENERAL INFORMATION

#### "USEFUL WEBSITES"

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| • World Gold Council                       | <a href="http://www.gold.org">www.gold.org</a>                           |
| • The London Bullion Market Association    | <a href="http://www.lbma.org.uk">www.lbma.org.uk</a>                     |
| • The London Platinum and Palladium Market | <a href="http://www.lppm.org.uk">www.lppm.org.uk</a>                     |
| • Only Gold                                | <a href="http://www.onlygold.com">www.onlygold.com</a>                   |
| • Gold Bars Worldwide                      | <a href="http://www.goldbarsworldwide.com">www.goldbarsworldwide.com</a> |
| • ETF Securities                           | <a href="http://www.etfsecurities.com">www.etfsecurities.com</a>         |
| • Galmarley Ltd.                           | <a href="http://www.galmarley.com">www.galmarley.com</a>                 |
| • Monex Precious Metals                    | <a href="http://www.monex.com">www.monex.com</a>                         |
| • Platinum Price                           | <a href="http://www.platinumprice.org">www.platinumprice.org</a>         |
| • Gold Bullion Bars                        | <a href="http://www.gold-bullion-bars.com">www.gold-bullion-bars.com</a> |