

Gold Transaction Standard Operating Procedure (SOP)

Stage 1 – Buyer’s Initial Interest

Buyer Issues LOI (Letter of Intent)

Specifies:

- Quantity (e.g., 000 kg monthly for 12 months).
- Purity (e.g., 96%+ Au).
- Price formula (e.g., X% discount to LBMA).
- Delivery terms (FOB, CIF, Local Refinery).
- Payment terms (TT Wire, Escrow, SBLC, Bank Instrument, Cash).

Requirements:

- LOI must be on Buyer's official letterhead, signed and stamped.

Seller Acknowledgment

- Confirms receipt of LOI.
- States willingness and capacity to deliver, via SCO on Seller's official letterhead, signed and stamped. or,
- Provides indicative terms (if slightly different from LOI).
- Buyer Acknowledges and signs the SCO.

Stage 2 – Mutual Protection & Compliance

NCNDA/IMFPA Execution

- Signed by both parties (and intermediaries if any).
- Protects roles and commissions, preventing circumvention.

KYC & Due Diligence Exchange

Buyer provides:

- Company registration documents.
- Passport of authorized signatory.
- Import license (if applicable).
- Refinery details or mandate authorization (if applicable).

Seller provides:

- Company incorporation & mining or Trade license (or supplier license).
 - Export license (if applicable).
 - Identity of signatory.
 - Evidence of past shipments (if available).
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Stage 3 – Drafting & Signing SPA

Seller Issues Draft SPA

- Covers product specs, quantity, delivery schedule, assay procedure, payment terms, and governing law/arbitration.

Buyer Reviews & Negotiates

- Amendments handled via “mark-up” or counter-draft.

Execution of SPA

- Both parties sign and exchange originals.
- SPA becomes legally binding.

Stage 4 – Proof of Funds (POF) & Proof of Product (POP)

Buyer Provides POF (Proof of Funds) — One or More of the Following:

1. **RWA (Ready, Willing, and Able) Letter** — issued by the buyer’s bank confirming the buyer’s capacity and readiness to transact.
2. **MT799 or Bank Comfort Letter (BCL)** — formal bank-to-bank confirmation of available funds.
3. **Bank Instrument (SBLC/MT103/MT760/LC)** — issued and transmitted via **SWIFT** from a top-tier bank, verifiable by the seller’s bank. Instruments must be active, valid, and available for immediate transaction settlement.
4. **Escrow Account Confirmation** — official confirmation from a licensed escrow provider confirming that the buyer’s funds are secured and available for release under agreed terms.
5. **Cash Buyers:** Written declaration of intent to settle in **physical cash**, accompanied by verified documentation of **Source of Funds (SOF)** for compliance under AML/CFT standards.

Seller Provides POP (Proof of Product) — After POF Verification: One or More of the Following:

1. **High-Resolution Video and Photographs** of the product (e.g., gold bars), clearly showing:
 - Current date and time
 - Seller’s company name and seal
 - Buyer’s reference code for verification
2. **Assay Report** — issued by an accredited refinery or international inspection agency confirming purity and quality.
3. **Seller’s Declaration** — confirming full legal ownership of the product, free and clear of all liens, encumbrances, or third-party interests.
4. **Warehouse or Vault Receipt (SKR)** — confirming safekeeping of the product in an accredited bonded facility or secure vault.
5. **Delivery Readiness Statement** — specifying product quantity, quality, and logistical details for inspection, payment, and delivery coordination.

Stage 5 – Transaction Execution Options

Depending on the agreed delivery method:

Option A – FOB (Free on Board – Seller’s Airport)

- Seller transports gold to international airports.
- Customs clearance by Seller.
- Buyer inspects documents before shipment.
- The buyer pays export taxes, handling charges, and shipping.
- Shipment loaded onto buyer’s aircraft.
- At refinery: gold assayed, payment released within 24–72 hours.

Option B – CIF (Cost, Insurance, Freight – Delivered to Buyer’s Destination)

- Seller arranges secure shipment & full insurance.
- The buyer receives goods at the destination refinery.
- Refinery assay completed, final assay certificate issued.
- The buyer releases payment within 24–72 hours.

Option C – Local Refinery / Inspection

- Seller delivers gold to recognized local refinery or vault.
- The buyer’s representative attends the assay.
- Assay certificate issued.
- The buyer makes payment immediately (same day) or within 24 hours.
- Export process initiated after payment.

Option D – Physical Cash Settlement

- The buyer arrives with physical cash (own aircraft or secure transport).
 - Transaction conducted at an agreed secure location/refinery vault.
 - Buyer presents cash for verification in presence of Seller, security, and compliance officers.
 - Seller presents gold for inspection and preliminary assay.
 - Upon verification of funds, the refinery issues a final assay report.
 - Gold ownership transfers, Seller provides export documentation.
 - Buyer initiates export or transport arrangements.
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Stage 6 – Payment & Settlement

Upon successful completion of the inspection, verification, and assay process, the buyer and seller shall proceed to the payment and settlement phase in accordance with the terms stipulated in the Sales and Purchase Agreement (SPA). This stage represents the financial closure of the transaction and the formal transfer of ownership of the commodity.

Accepted Payment Methods

1. **Telegraphic Transfer (TT/Wire Transfer)**

This is the most common and direct method of settlement. The buyer initiates a bank-to-bank transfer of funds directly to the seller's designated account. The payment is made upon receipt of the final assay report and confirmation of product authenticity and quantity. This method ensures secure, traceable, and compliant movement of funds within the international banking system.

2. **Escrow Service**

Where agreed by both parties, a licensed and neutral **Escrow Agent or Escrow Bank** may be used to hold the buyer's funds in a controlled account. The Escrow Agent releases payment to the seller only after receiving formal confirmation of the assay results and fulfillment of contractual conditions. This method provides both parties with enhanced security and transparency throughout the payment process.

3. **Bank Instrument (SBLC / MT103 / MT760 / LC)**

For high-value or recurring transactions, settlement may be executed via financial instruments such as **Standby Letters of Credit (SBLC)**, **Bank Guarantees (MT760)**, **Bank Payment Orders (MT103)**, or **Letters of Credit (LC)**.

- The instrument must be **confirmed, irrevocable, cash-backed, transferable, and divisible**.
- **"Confirmed"** ensures that the issuing bank's commitment is validated by a second reputable bank, often in the seller's jurisdiction.
- **"Irrevocable"** guarantees that the bank cannot alter or cancel the instrument without mutual consent.
- **"Cash-backed"** provides assurance that the issuing bank holds sufficient funds or collateral to cover the instrument's value.
- **"Transferable"** allows the primary beneficiary to assign or transfer portions of the credit to other approved parties (e.g., intermediaries or suppliers).
- **"Divisible"** permits partial draws or payments under the same instrument, facilitating staged deliveries or multiple shipments.

4. The instrument serves as a strong financial guarantee, reducing counterparty risk and ensuring that payment will be made upon compliance with the terms of the credit.
5. **Cash Payment (Physical Settlement)**
In special cases, select buyers who travel via private aircraft and have obtained prior approval from the relevant authorities may opt for direct **cash settlement**. Such transactions must comply fully with anti-money laundering (AML) regulations, customs declarations, and any central bank or governmental requirements applicable to the jurisdiction. Cash settlements are conducted under strict supervision, with immediate verification and documentation to ensure legality and transparency.

Settlement Timeframe

Unless otherwise specified in the SPA, the **payment settlement is to be completed within 24 to 72 hours** following the confirmation of the final assay report. This timeframe allows for bank processing, compliance checks, and verification of all supporting documents. Any delays beyond this period must be formally communicated and mutually agreed upon by both parties in writing.

Ownership Transfer

Final ownership of the product transfers to the buyer upon **receipt and confirmation of full payment** by the seller's bank. Subsequently, all title documents, shipping documents, and relevant certificates are released to the buyer or their designated agent, completing the settlement process.

Stage 7 – Rolling Contract / Long-Term Supply

- After successful completion of the first tranche, parties confirm continuation.
- Monthly (or agreed) delivery schedule activated.
- Adjustments made to logistics, pricing, or refinery if needed.

DRAFT SOFT CORPORATE OFFER

Product: Gold Bars
Quantity: 000 KGS per Month

This draft Soft Corporate Offer (SCO) is provided for guidance purposes only.

Details in this document, including the terms of any subsequent Sales and Purchase Agreement (SPA), will change depending on factors such as the buyer's country of export or country of import, delivery method, and other logistical or regulatory considerations.

All figures and conditions are indicative and subject to confirmation and mutual agreement.

1. OFFER REFERENCE

SCO Reference No.: DRAFT_SBL/SCO/GMUL/100725
Date:

2. PARTIES INFORMATION

REPRESENTING BUYER PARTY:

MR. xxxx with PASSPORT NUMBER: xxx xxx representing Grenadine Minerals Uganda Ltd, a company Registered under the laws of Uganda, holding Trade License No. xxx, with its principal office at xxx (hereinafter referred to as "SELLER / SELLER REP");

REPRESENTING BUYER PARTY:

xxx, a company Registered under the laws of (xxx), holding Company Number xxx, with its principal office at UxxxSA (hereinafter referred to as "BUYER / BUYER REP");

Dear Sir;

Reference to your expression of interest to procure Gold from us. We, hereby state and represent that we confirm with full corporate responsibility, the intention to enter into a Contract with the end buyer, who are buyers of Raw Gold Bars. Under this Agreement signed and sealed with the Buyer, and conditions set forth herein, as follows:

3. COMMODITY SPECIFICATIONS

- Product: GOLD BARS (AU)
- Quantity: xxx kg (+/- 5%)
- Purity: not less than xx%
- Form: Dore bars
- Country of origin: xx
- Packaging: export, sealed and with serial number
- Assay: Internationally Recognized Assay (SGS or equivalent)
- Delivery terms: CIF - port of destination: xx

4. QUANTITY

- Trial Quantity: xxx KG
- Monthly Supply (if applicable): xxx KG
- Contract Duration: 12 MONTHS

5. PRICE & PAYMENT TERMS

- Price: LBMA minus x% per KG
- Currency: United States Dollars (USD)
- Payment Terms: MT103 Wire Transfer, TT, SBLC, or Escrow

6. DELIVERY TERMS

- Delivery Method: CIF / Buyer's Refinery
- Delivery Location: xxx
- Insurance & Taxes: Each party covers insurance, export duties, and taxes in their own territories.

7. PROCEDURE

SWIFT PROCEDURE: CIF spot transaction procedure for xxx kg gold bars (+/- 5%) with subsequent xxx transactions every month, after successful completion of the spot transaction.

1. **Transaction Agreement:** The parties hereby agree to enter into a spot transaction for the purchase and sale of xxxx xxx (xxx Kgs) Kilograms of Gold Bars, with a tolerance of plus or minus five percent ($\pm 5\%$).
2. **Prohibition on Local Sale:** It is mutually agreed that the specified quantity of gold shall not be sold or otherwise disposed of locally (AFRICA) under any circumstances.
3. **Soft Corporate Offer:** A signed SCO will be prepared for the buyer, through Client Portal.
4. **Security and Custody During Processing:** During the documentation and processing period, the gold shall remain secured in a designated location. No party may access, move, or interfere with the gold without prior written consent from the other parties involved.

Collateral Provision

5. As part of this Agreement, and prior to the issuance or submission of the Bank Guarantee (SWIFT MT760) or an irrevocable, transferable Standby Letter of Credit (SBLC) by the Buyer, the Seller agrees to provide the Buyer with collateral equivalent to ten percent (10%) of the total contracted gold quantity (i.e., xx kilograms of gold, or its equivalent value) under a single custody arrangement.
6. This collateral shall be placed under secure joint custody at the designated facility approved by both Parties. The collateral serves as a good faith guarantee and assurance of the Seller's performance in connection with the transaction.
7. Upon verification and acceptance of the collateral by the Buyer's appointed representative, the Buyer shall release an advance cash payment equivalent to the 10% collateral value to the Seller.

8. The collateral gold shall remain under custody until the successful completion of the spot transaction, at which point it will either:
 - a. Be released back to the Seller, upon full payment of the contracted amount; **or**
 - b. Be applied toward the balance payment, subject to mutual written agreement of both Parties.
9. All related expenses for collateral storage, insurance, and verification shall be borne by the Seller, unless otherwise agreed in writing.
10. **Upon bilateral signing of this Sales and Purchase Agreement (SPA)**, the Parties are obliged to submit it to their respective bank.
11. The Seller's bank will submit a warehouse receipt for the Goods (or SKR).
12. After receiving the SKR, the Buyer's bank will submit a SWIFT MT760. A standardized communication format used by banks to issue, advise, or confirm standby letters of credit (SBLCs) or bank guarantees to the seller's designated bank.
13. After seller's bank receives the BANK GUARANTEE: SWIFT MT760, the Seller instructs the appointed logistics agent to prepare and submit the following documents:
 - a. **Commercial invoice**
 - b. **Packing list**
 - c. **Certificate of origin**
 - d. **Export permit and customs duties**
14. **Testing and Verification:** The gold shall be smelted, tested and verified at an LBMA-accredited refinery located in xxx, nominated by the Buyer and accepted by the Seller. The final assay report shall include gross weight, fineness, net 24K weight, and refining loss, and shall constitute the sole basis for settlement of the transaction.
15. **Payment for logistics, local taxes and documentation:** After successful smelting and testing, then receiving of the official assay report before shipping, the Buyer pays all costs associated with logistics and export documentation. This includes any applicable taxes, calculated based on the prevailing LBMA price to Seller's Agent.
16. **Logistics Processing Timeline:** The logistics and documentation process is estimated to take approximately three to five (3-5) business days.
17. **Delivery Documentation Preparation:** Also, upon confirmed receipt and approval from seller's bank of the aforementioned Bank guarantee (SWIFT MT 760), the assigned logistics agent will coordinate with relevant authorities to prepare two (2) sets of export documents for the agreed quantity of gold (xxx Kgs $\pm 5\%$), and finalize all necessary arrangements for export to xxx, which includes the following:
 - a. **Certificate of transfer of title**
 - b. **Air waybill (AWB)**
 - c. **Insurance certificate**
18. **Shipping Instructions and Preclearance:** The Seller and their shipping agent shall receive formal shipping instructions. All shipping documents, including the Air Waybill (AWB), must be submitted at least forty-eight (48) hours prior to the scheduled arrival for customs preclearance in the USA. The shipping process is estimated to take approximately seven to ten (7-10) business days.
19. **Release of Goods and Final payment:** After releasing full export documentation, goods will be shipped to the USA, Goods will be refined and retested at a buyer's certified refinery. Afterwards, and as per the Assay Report,

the buyer will instruct their bank to release full payment for the total confirmed weight. Payment will be made to the specified accounts provided by the Seller via TT, in cash, USDT, or a combination of either payment. The Seller will provide detailed payment instructions.

20. **Transfer of Ownership:** Upon confirmation of full payment, legal title and ownership of the gold shall be transferred from the Seller to the Buyer. The transfer shall cover the total quantity of the initial spot transaction of FIVE Hundred (xxx Kgs) Kilograms $\pm 5\%$.
21. **Commission Payments:** Commissions due under this transaction shall be paid immediately and without delay by the Seller and/or Buyer to all designated paymasters or beneficiaries, in accordance with the terms and conditions stipulated in the separate NCNDA/IMFPA, which forms an integral part of this Agreement.

Completion of Obligations and Initiation of Subsequent Tranche:

Upon full compliance and satisfactory fulfillment of all terms outlined in Clauses 1 through 16 of this Agreement, including but not limited to testing, payment, transfer of title, documentation, and shipment, the parties shall be deemed to have discharged all obligations pertaining to this specific tranche. At that point, this Agreement shall be considered fully executed and concluded with respect to the current transaction.

Following this conclusion, and in accordance with the pre-agreed shipping and delivery schedule, the next tranche of the gold transaction—if applicable—shall automatically be initiated under the same or newly agreed terms and conditions. All parties shall cooperate in good faith to ensure the seamless transition into the subsequent tranche, maintaining continuity in logistics, documentation, compliance, and payment protocols.

This process will continue in accordance with the overarching framework agreed upon by the parties for the full volume to be transacted, unless otherwise amended in writing by mutual consent.

TERMS & CONDITIONS

This SCO is made without prejudice and subject to availability. This SCO does not constitute a binding contract until both parties execute a signed Sales & Purchase Agreement (SPA). Validity: 7 (Seven) of the date of issue. **Expires: xxxx.**

SELLER'S AUTHORIZATION

DULY SIGNED and duly authorised by the FACILITATOR for xxxxx.,

<p>Name:</p> <p>Designation:</p>	
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Conference & Document Handling Protocol

1. Conference Calls

- All parties are required to have their **cameras switched on** during video or conference calls.
- This ensures transparency, accountability, and professional engagement.

2. Document Transfers

- All transaction-related documents will be transferred **only** through the following secure channels:
 - The **custom client portal** (with restricted access).
 - The **registered company email domain** of each party.
- If documents must be sent outside these mediums, they will be **password-protected** to safeguard confidentiality.
- No personal emails, messaging apps, or unverified platforms will be used for document sharing.

3. Compliance Reminder

- These measures are implemented to maintain confidentiality, data security, and regulatory compliance across all dealings.
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