

## **Bullion Purchase Agreement**

This Agreement provides for Bullion Custodial Services Inc. ("BCS") to act as the agent of the undersigned client (the "Client") in the purchase from time to time of good delivery bars of gold, silver and platinum bullion from The Bank of Nova Scotia, acting through its ScotiaMocatta division.

### **1. INTERPRETATION**

Unless expressly provided otherwise, where used in this Agreement, the following terms have the following meanings, respectively:

- a. **"Acknowledgement of Charges and Fees Form"** – Means the form signed by the Client and submitted through an Authorized Dealer to BCS describing various charges and fees associated with the Client's purchase of BMG BullionBars, as the same may be amended from time to time.
- b. **"Authorized Dealer"** – Means a dealer authorized and approved by BCS to sell BMG BullionBars. The Client must place orders for BMG BullionBars through an Authorized Dealer.
- c. **"BCS Trust Account"** – Means the segregated bank account maintained by BCS at The Bank of Nova Scotia or other Canadian chartered bank for the receipt and payment of the Client's funds.
- d. **"BMG BullionBars"** – Means gold, silver or platinum bullion bars that meet Good Delivery Standards.
- e. **"BCS Electronic Order Processing System"** – Means the electronic order processing system developed by BCS to be used exclusively for processing transactions for BMG BullionBars.
- f. **"Bullion Delivery Agreement"** – Means the agreement pursuant to which the Client authorizes BCS to act as its agent to complete the necessary forms and to arrange for the delivery of the Client's BMG BullionBars.
- g. **"Business Day"** – Means any day other than a Saturday, Sunday or other day on which banks are authorized or required by law to close in Toronto, Ontario, Canada.
- h. **"BCS Application"** – Means the initial application to become a Client submitted by the Client through an Authorized Dealer and approved by BCS.
- i. **"Final Purchase Price"** – Means the Final Purchase Price defined in Paragraph 3(d) hereof.
- j. **"Good Delivery Standards"** – Means the industry-recognized standards for the classification of bullion bars used within the precious metals industry and adopted for use by BCS from time to time. The specifications indicate acceptable ranges of bar size, weight, purity, and dimensions.
- k. **"LBMA"** – Means the London Bullion Market Association, a trade association that acts as the coordinator for the activities conducted on behalf of its members and other participants in the London bullion market.
- l. **"London Fixing"** – Means internationally recognized price benchmarks as set by the LBMA for gold and silver, and by the London Platinum and Palladium Market for platinum. Gold and platinum have a price fixing set twice per day and are identified by AM or PM suffixes. Silver has one price fixing per day.
- m. **"Purchase Charge"** – Means the Purchase Charge defined in Paragraph 3(e) hereof.
- n. **"Volume Discount Particulars"** prescribes reduced rates for specific charges and fees to be applied for Clients according to the level of purchases that they have made at a particular point in time and overrides the current Acknowledgement of Charges and Fees Form.

## 2. APPOINTMENT AS AGENT

- a. BCS is hereby appointed the authorized agent of the Client for all purposes related to the purchase of BMG BullionBars from The Bank of Nova Scotia, acting through its ScotiaMocatta division.
- b. The Client represents that it is purchasing for its own account and that the Client is not acting for any undisclosed third parties.
- c. The Client represents that it has undertaken its own investigation respecting the ownership of bullion and that it is capable of evaluating the risks and merits of the ownership of bullion without investment advice from BCS. In particular, without limitation, the Client is aware that ownership of precious metals can involve a degree of risk and that market prices for precious metals are affected by many factors, including general economic and political events, the value of the U.S. Dollar, supply and demand, speculative activities, central bank sales, government interference in capital markets and derivative transactions.
- d. The Client acknowledges and represents that it has received and read copies of the following documents:
  - i. Acknowledgement of Charges and Fees Form
  - ii. Volume Discount Particulars
  - iii. Bullion Delivery Agreement
- e. BCS reserves the right to change any price, fee, charge or other amount payable by the Client hereunder upon 30 days prior written notice to the Client.
- f. BCS may terminate this Agreement at any time upon 30 days prior written notice to the Client.

## 3. PURCHASE OF BULLION

- a. **Specifications:** All gold, silver and platinum bars purchased herein shall conform to Good Delivery Standards at the time of transfer of title to the Client. All gold, silver and platinum bars purchased herein shall meet the following specifications:

Metal	Bar Type	Minimum Weight (Troy Ounces)	Maximum Weight (Troy Ounces)	Fineness	Standard
Gold	1 Kilogram	32.148	32.150	0.995+	London/Zurich
Gold	100 Ounce	95	105	0.995+	Comex
Gold	400 Ounce	380	420	0.995+	LBMA
Silver	1000 Ounce	900	1,100	0.999+	LBMA
Platinum	50 Ounce	45	55	0.9995+	London/Zurich

- b. **Currency:** Unless otherwise stated herein, all amounts expressed herein in terms of money refer to U.S. Dollars and all payments to be made hereunder shall be made in U.S. Dollars.
- c. **Method of Payment:** All Client purchases must be fully funded to the BCS Trust Account before an order will be processed. Funding must be done by Wire Transfer as set out in the Wire Transfer Instructions provided concurrently herewith and must come from the same bank as set out in the BCS Application.
- d. **Purchase Price:** The price payable per ounce will be set within a reasonable period of time following receipt of the order during normal business hours of 9:30 AM to 4:00 PM, local Toronto time. At the time of order the Client commits to purchase the maximum weight bar size set out in the table above. The

exact bar weight and fineness will be confirmed within two Business Days and the Final Purchase Price adjusted accordingly. The Final Purchase Price will equal the confirmed price per ounce times the confirmed exact bar weight in ounces.

- e. **Purchase Charge:** At the time of purchase the Client shall pay a Purchase Charge determined by reference to the then current version of the Client's Acknowledgement of Charges and Fees Form.
- f. **Title:** Title to the BMG BullionBars purchased will pass to the Client upon payment in full to The Bank of Nova Scotia, acting in its capacity as a precious metals bullion dealer, on behalf of the Client, from the BCS Trust Account.
- g. **Canadian and Foreign Taxes and Regulatory Reporting Requirements:** All taxes exigible on any transaction are to be paid by the Client. There is no HST charged on the purchase of bullion in the Province of Ontario, Canada for delivery within that Province. The Client may be required to pay sales, value added or other taxes in its country of citizenship, domicile or residence if the Client elects to transfer bullion there. Clients who reside outside of the Province of Ontario are advised to check the tax implications and regulatory reporting requirements in their jurisdiction.
- h. **Not a Security:** None of this Agreement, any BMG BullionBar, or any other instrument issued in evidence thereof, constitutes or is intended to constitute for any purpose a security, managed account, pooled account or collective investment within the meaning of the *Securities Act* (Ontario) or applicable securities or commodities trading laws. The Client acknowledges that BCS has not offered nor given the Client any investment or other advice in connection with the purchase of precious metals, and that the transactions contemplated herein are not regulated by any legal or regulatory authority in Canada. The Client also acknowledges that it shall be solely responsible for any regulatory reporting requirements in its country of citizenship, domicile or residence.
- i. **Standard of Care:** In the performance of its duties hereunder, BCS shall act honestly and in good faith with a view to the best interests of the Client and shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances, or at least the same degree of care as it exercises with respect to its own property of a similar kind, if this is a higher standard of care.

#### 4. STORAGE OR DELIVERY OF THE BULLION:

- a. If the Client requires storage of its BMG BullionBars, the Client must complete and execute a Bullion Custodial and Administrative Services Agreement with BCS pursuant to which the Client appoints BCS as its agent for the purpose of arranging, recording, administering and paying for the provision of related custodial services with The Bank of Nova Scotia.
- b. If the Client does not require storage of its BMG BullionBars, the Client must complete and execute at the time of purchase a Bullion Delivery Agreement pursuant to which the Client appoints BCS as its agent to execute the documentation, including any export documentation, required by Brink's or another suitable armoured courier with respect to the delivery of the BMG BullionBars.
- c. The Client acknowledges that once the BMG BullionBars leave the custodian's facility they may no longer qualify as Good Delivery Bars and BCS makes no warranty with respect thereto. BullionBars that are no longer Good Delivery Bars may require reassaying at a cost to the Client, and that process will result in delay.

#### 5. LIABILITY OF BCS

BCS will not be liable for any loss or damage resulting from, or in any way relating to, any fraudulent, inaccurate or deficient instruction received in connection with BMG BullionBars. The Client hereby agrees to indemnify and save BCS harmless from any and all loss, cost or damage of any nature suffered or incurred by BCS by reason of, or in any way relating to this Agreement, other than those directly resulting from the gross negligence or willful misconduct of BCS.

## 6. COMMUNICATIONS

All notices and other communications between any of BCS, the Authorized Dealer, and the Client must be by way of personal delivery, fax, email or the proprietary BCS Electronic Order Processing system. All communications made by fax or email must be acknowledged by the receiving party to be binding.

## 7. FORCE MAJEURE

BCS will not be responsible for any delay or failure to perform its obligations hereunder if such delay or failure arises from any cause or causes beyond its reasonable control including, without limitation, the suspension of trading in precious metals, material adverse market conditions, embargoes, acts of nature, national emergencies, adverse governmental actions, labour disputes, acts of terrorism or war, utility failures, failures in computer or systems facilities, transmission or communications failures, or the actions of any government or governmental agency.

## 8. JOINT CLIENTS

If any Client is comprised of two or more parties to this Agreement they shall be considered for all purposes to be joint Clients with right of survivorship, and not tenants in common, and all obligations of such parties shall be joint and several, and all instructions hereunder shall require the signature of all such parties.

## 9. TERRORISM AND ANTI-MONEY LAUNDERING

- a. BCS is a registrant with the Financial Transactions and Reports Analysis Centre of Canada ("FINTRAC") as a Dealer in Precious Metals and Stones. As a registrant, any and all transactions with both domestic and international clients are assessed and completed in accordance with the regulations, guidelines, and directives established by FINTRAC, in our collaborative effort to minimize or eliminate the risks associated with money laundering, and terrorist financing activities.
- b. The Client certifies that the funds used by the Client have not been directly or indirectly derived from activities that may contravene applicable Canadian, American or international law including, without limitation, anti-money laundering or terrorist financing law. Neither the Client, nor any person having any beneficial interest in the Client, or the Client's investments is a country, territory, person or entity named on the U.S. Department of Treasury's Office of Foreign Asset Control list, or is a person or entity that resides or has a place of business in a country or territory named on such list.
- c. The Client hereby authorizes BCS to obtain independent verification of any information contained in the BCS Application form. Further, the Client hereby agrees to assist BCS to keep the Client's information up to date on an ongoing basis.

## 10. NO LEGAL, TAX OR REPORTING ADVICE

No information being provided by BCS to the Client should be construed as legal, tax or reporting advice. No attempt is made herein or in any information provided by BCS to describe these risks. THE CLIENT AGREES AND ACKNOWLEDGES THAT ANY TAX CONSEQUENCES OR REGULATORY REPORTING REQUIREMENTS OF THE CLIENT IN CONNECTION WITH THE PURCHASE OF BMG BULLIONBARS SHALL BE BORNE BY THE CLIENT. THE CLIENT IS STRONGLY URGED TO REVIEW THIS AGREEMENT AND THE TAX IMPLICATIONS AND REPORTING REQUIREMENTS OF THE PURCHASE OF BMG BULLIONBARS WITH ITS PROFESSIONAL ADVISORS.

## 11. CONFIDENTIALITY

Unless required by law, regulation or a court of competent jurisdiction, or except in relation to compelled disclosure to a regulatory authority, or disclosure to professional advisors including auditors, which are subject to

confidentiality requirements as a matter of law or on a contractual basis, the Client and BCS agree that they shall not, without the prior written consent of the other, either before or after the termination of this Agreement, disclose any information not already in the public domain, as it relates to the terms and financial conditions of this Agreement, the affairs or business or methods of carrying on business of each other. Without limiting the generality of the foregoing, neither the Client nor BCS shall use or disclose to any agent, other person or entity, any private information that it obtains concerning the other, except in the course of the proper performance of its duties hereunder.

**12. INTERPRETATION**

This Agreement constitutes the entire and whole agreement between the parties with respect to the subject matter thereof and is intended as a complete and exclusive statement of its terms. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario, Canada, and all parties hereby submit and attorn to the jurisdiction of the Courts of that Province.

\_\_\_\_\_  
Print Client's Name

\_\_\_\_\_  
Signature of Client or Authorized Signatory of Client

At \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_  
Place and Date of Signature for Client

**BULLION CUSTODIAL SERVICES INC.**

\_\_\_\_\_  
Signature of Authorized Signing Officer

\_\_\_\_\_  
Name and Title of Authorized Signing Officer

At \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_  
Place and Date of Signature for Bullion Custodial Services Inc.

\_\_\_\_\_  
Print Authorized Dealer's Name

\_\_\_\_\_  
Signature of Authorized Dealer or Authorized Signatory of Authorized Dealer

At \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_  
Place and Date of Signature for Authorized Dealer

## BCS Volume Discount Particulars

<b>Discount Code</b>	<b>Aggregated Volume</b>	<b>BCS Purchase Fee</b>	<b>BCS Storage Fee</b>	<b>BCS Sale Fee</b>
A	0	1.00%	1.000%	0.40%
B	500,000	0.90%	1.000%	0.40%
C	1,000,000	0.75%	0.925%	0.35%
D	5,000,000	0.60%	0.875%	0.30%
E	10,000,000	0.50%	0.750%	0.25%
F	20,000,000	0.40%	0.625%	0.20%
G	50,000,000	0.25%	0.500%	0.15%

### EXPLANATION:

1. The above chart sets out a variety of discounted rates for commissions and fees which are applied with respect to transactions for BMG Bullion Bars according to the applicable Aggregated Volume.
2. The Aggregated Volume is determined at the time of placing an order for the purchase of BMG BullionBars and is the total book value of the Client's bars in storage plus the cash balance in the Client's cash account at BCS.