

Prototype Contract for the Purchasing of Heterogenite

We would like to submit the following proposal for the purchase of mineral heterogenite material ("The Material"), to be trucked to Pretoria at your cost.

The material is to be delivered to our warehouse/plant premises at Gilgamesh Mineral Processing (Pty) Ltd ("Gilgamesh"), Frikkie Meyer Road, Pretoria West, Pretoria, 0183.

Unless a different payment method was specifically stipulated, Gilgamesh undertakes to pay the transporter after provisional analysis of the material. The cost will be deducted from the final payment to you.

Tonnage

A total of cobalt-containing heterogenite material of **±450 tons per month** are required

Grade

Minimum Grade of **>5%**.

Assay

All material will be sampled and weighed in the presence of your representative. The sample(s) taken will be submitted to an independent laboratory of mutual choice, such as Alex Stewart - Tes Bretby SA (Pty) Ltd Laboratories (Brakpan); Alfred H Knight Sa (Pty) Ltd, Assay Laboratory, (Boksburg); or Set Point Laboratories (Kempton Park) in Gauteng, South Africa.

Both parties will equally share the cost of the above procedure.

Terms

This is a summary of terms as follows:

1. Quantity

- Approximately 450 wet metric ton cobalt heterogenite.

2. Quality

- A Cobalt containing material assaying approx. as follows:

Moisture (H₂O): 0 – 10%

Analysis on dry basis:

Cobalt : Min 5% for any lot under this contract

Impurities:

- Al : Max 3%
- Cu : Max 30%
- Fe : Max 5%
- Ti : Max 0.2%
- Ni : Max 1%
- Mn : Max 0.5%
- Mg : Max 3%

For the balance of its composition, the cobalt containing material shall be free from any harmful impurities and from oil.

The Buyer reserves the right to reject lots based on levels of organics and radioactivity.

If the average cobalt content of all the material under this contract is less than 5% then the buyer may reject lots with low cobalt content until the average cobalt content of the remaining material has a content of minimum 5% Co.

Very high iron contents are detrimental to the operation of the plant and the quality of the product; therefore, the Fe content is not negotiable: Hence **Fe: 5% max.**

3. Physical Aspects

The cobalt containing material shall be in any of the following physical forms:

Powder, crushed or stones .

4. Price

The price is expressed as a percentage of the cobalt price as traded in the London Metal Exchange (as % of LMB 99.3%) and listed in the London Metal Bulletin. The price offered is a function of the cobalt content of the heterogenite material according to the following scale:

<u>Cobalt Content</u>	<u>Price</u>
➤ 5% - 5.99% -	46% of month average LMB
➤ 6% - 6.99%	48% of months average LMB
➤ 7% - 7.99%	52% of months average LMB
➤ 8% - 8.99%	55% of months average LMB
➤ 9% - 9.99%	58% of months average LMB
➤ 10% - 10.99%	59% of months average LMB
➤ 11%+	60% of months average LMB

Pricing: You will be paid the above % of LMB on the months average LMB (Low) 99.3%

Price fixing: % of the month's average Metal Bulletin 99.3% low. For deliveries before the 15th of the month, the same month's average LMB, if delivered after 15th the following month's average LMB will be applied.

Dispute: Should there be any dispute on the grade of the material and the dispute is only resolved after the 15th of the month, it would be deemed that this shipment was only delivered after the 15th and the followings month's average LMB will be applied.

If the cobalt content is below 5%, the purchaser has the right to:

- refuse the lot or
- offer a lower price.

5. Payment (In US Dollars)

- 90% to be paid when analysis of the sub lot samples collected and analysed at the Gilgamesh Process and Quality Control Laboratory is completed when these results become available!
- 10% when the months average LMB (low) 99.3% price is published.

OR

- Where the customer elects to be paid on analysis from Alex Stewart (S.A) or Alfred H. Knight (S.A) or an alternative accredited laboratory as listed above:
 - 50% of value as determined by the Gilgamesh Process and Quality Control Laboratory, when these results become available.
 - The balance 50% of the value based on assay results as determined by Alex Stewart (S.A) or Alfred H. Knight payable after these results become available (The Cobalt LME price and R/ US\$ exchange rate applicable on the entire consignment will be based on the date of the independent certificate) and when the months average LME (low) 99.3% price is published.
 - Sellers invoice shall be drawn up in USD in the name of Gilgamesh Mineral Processing (Pty) Ltd, Suite 307, 20 Albert Street, Bram Fisher, Marshalltown, Gauteng, 2017

6. Umpire Clause

Should the customer and Gilgamesh results differ by more than 0.5% Co, either party's may elect to appoint a mutually accepted independent laboratory. The independent laboratory results will be final and binding on both parties.

7. Delivery and Validity

This contract will be valid on material delivered on or before 30 June 2018 only.

Signature:

Date:

John Smith : Cobalt Supplier (fictitious)

Signature:

Date:

Takalani Nemaungani: Gilgamesh

