

BAY STATE TRUST

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Mrsara D'Acquisto and Peterson
DFG, Inc.

Zurich, 10 September 1991

Via Telefax No 021 282849

Gentlemen,

We acknowledge receipt of your letter of 9 September and the long contract which is completely unworkable for our pending transaction. I am afraid there is a basic misunderstanding between us.

In your letter of 6 September 1991 you acknowledged receipt of my letter of same date and agreed to ship one (1) kg bar of AU with full documentation to MAT SECURITAS AG Kloten, Switzerland. Payment to be bank guaranteed with payment to be made within 7 banking days following assay results. We each agreed in our respective letters that following successful results of this PILOT SHIPMENT we would enter into a long term Purchase & Sale Contract. In our telephone conversation last evening I agreed to make immediate arrangements for a guaranteed bank purchase order to be issued covering that one (1) kg bar AU and I asked you to supply me with your banking coordinates.

I am sure you realize that your offer of 9 September is not complete as one most important points are missing ... discount, price fixing, location (Switzerland), Hallmark. Also payment is never made 24 hours after delivery but within 2 banking days following date of assay report.

Also according to the draft of the Purchase & Sale Agreement sent to us by Mrs. Mueller on 29 August - Item 5 - it is clearly stated "The transport from the country of origin to The REFINERY is to be made by Air Cargo, as valuable cargo, and the freight paid by the SELLER as well as the insurance of the merchandise to the REFINERY covered and paid by the SELLER."

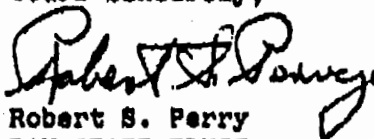
Also based upon the contract and the verbal representations made by Mrs. Mueller the discount is to be 3.5% gross and 3.0% net to the buyer delivered in Switzerland... with the buyer to protect one-half of one (1/2) percent commission to you and Mrs. Chantal Mueller... which we accepted in our 6 September letter.

In short, we can issue a bank endorsed purchase order by 12 September 1991 covering the purchase of 1 kg bar AU, 999.5 fineness. We can also arrange to have a bank endorsed Purchase Order issued for 1-3 m/t Au weekly but only after successful conclusion of the 1 kg pilot shipment as covered herein.

We would appreciate receiving written confirmation of the 3.5% discount with delivery in Switzerland and that the 1 kg bar AU is to be viewed as Pilot Shipment with the understanding that upon refinery results a long term contract will be entered into.

Looking forward to hearing from you at your earliest convenience we remain,

Yours sincerely,


Robert S. Perry

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