



Independent Assurance Report

To the Management of Pan Pacific Copper Co., Ltd.

We were engaged by Pan Pacific Copper Co., Ltd. (the “Company”) to undertake a limited assurance engagement of its LBMA Responsible Gold Guidance Compliance Report (the “Compliance Report”) for the year ended 31 March 2018. The assurance scope consists of the Company’s Compliance Report.

The Company’s responsibility

The management of the Company is responsible for the preparation and fair presentation of its Compliance Report in accordance with the requirements of the LBMA Responsible Gold Guidance (the “Guidance”). This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived. The criteria identified by the management as relevant for demonstrating compliance with the Guidance are the activities described within the Company’s Compliance Report.

Our responsibility

Our responsibility is to carry out a limited assurance engagement in order to express a conclusion based on the work performed. We conducted our assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board and the guidance set out in the LBMA Responsible Gold Programme - Third Party Audit Guidance for ISAE 3000 Auditors (the “Audit Guidance”).

The extent of evidence-gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is provided.

This report has been prepared for the Company for the purpose of assisting the management in determining whether the Company has complied with the Guidance and for no other purpose. Our assurance report is made solely to the Company in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than the Company for our work, or for the conclusions we have reached in the assurance report.

We planned and performed our work to obtain all the evidence, information and explanations considered necessary in relation to the above scope. These procedures included:

- Inquiring management to gain an understanding of the Company’s processes and risk management protocols in place
- Inquiring relevant staff responsible for the preparation of the Compliance Report
- Site visit to the Saganoseki Smelter & Refinery
- Assessing the suitability of the policies, procedures and internal controls that the Company has in place to conform to the Guidance
- Reviewing a selection of the supporting documentation, including gold supplier counterparty due diligence file and transaction’s documentation
- Testing a selection of the underlying processes and controls that support the information in the Compliance Report
- Reviewing the presentation of the Compliance Report to ensure consistency with our findings

Inherent limitations

Non-financial information, such as that included in the Company’s Compliance Report, is subject to more inherent limitations than financial information, given the more qualitative characteristics of the subject matter and the methods used for determining such information. The methods used by Refiners to comply with the Guidance may differ. It is important to read the Company’s gold supply chain policy available on the Company’s website: http://www.ppcu.co.jp/eng/products/sulphuric_acid.html.



Conclusion

Based on the limited assurance procedures performed, as described above, nothing has come to our attention that would lead us to believe that the Company's Compliance Report for the year ended 31 March 2018 does not, in all material respects, describe fairly the activities undertaken during the year to demonstrate compliance, and management's overall conclusion contained therein is not in accordance with the requirements of the LBMA Responsible Gold Guidance.

Independence, quality control and competency statement

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

In conducting our engagement, we confirm that we satisfy the criteria for assurance providers as set out in the Audit Guidance to carry out the assurance engagement.

KPMG AZSA Sustainability Co., Ltd.

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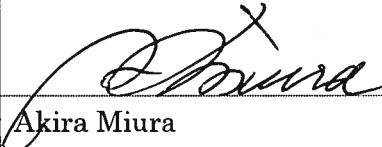
Tokyo, Japan

25 June 2018

PPC LBMA Responsible Gold Guidance Compliance Report

The LBMA Responsible Gold Guidance has been established for Good Delivery Refiners to adopt high standards of due diligence in order to combat systematic or widespread abuses of human rights, to avoid contributing to conflict, to comply with high standards of anti-money laundering and combating terrorist financing practice.

This report summarizes how Pan Pacific Copper Co., Ltd. (hereinafter referred to as PPC) has complied with the requirements of the LBMA Responsible Gold Guidance.

Table 1: Refiner's details	
Refiner's name	Pan Pacific Copper Co., Ltd.
Location	18F JX Bldg., 1-2, Ohtemachi 1-chome Chiyoda-ku, Tokyo, Japan
Reporting year-end	March 31, 2018
Date of Report	June 28, 2018
Senior management responsible for this report	 Akira Miura President & Representative Director

PPC's evaluation

Table 2: Summary of activities undertaken to demonstrate compliance
Step 1: Establish strong company management systems
Compliance Statement with Requirement: We have fully complied with Step 1: Establish strong management systems.
PPC has adopted a policy regarding due diligence for supply chains of gold.
Comments and Demonstration of Compliance: During the reporting year, we implemented properly our Gold Supply Chain Policy, which is consistent with the model set out in the Annex II of the OECD Due Diligence Guidance. This Policy sets out our responsibility to respect human rights and not to

<p>contribute to conflict, and our commitment to refraining from any action which contributes to the financing of conflict.</p>
<p>PPC has set up an internal management structure to support supply chain due diligence.</p>
<p>Comments and Demonstration of Compliance: PPC operated an internal management system to support supply chain due diligence, which includes the definition of the governance, roles and responsibilities, internal audit, communication and senior management review as per the adopted policy. The compliance officer has been assigned to manage the process, and has a direct line of reporting to senior management.</p>
<p>PPC has established a strong internal system of due diligence, controls and transparency over gold supply chain, including traceability and identification of other supply chain actors.</p>
<p>Comments and Demonstration of Compliance: PPC has a robust gold-bearing materials receipt process. Specific documents must be received and transactional details entered before we process the gold-bearing material. Each lot received is accurately registered in our transactional system.</p>
<p>PPC has strengthened company engagement with gold supplying counterparties, and where possible, assisted gold supplying counterparties in building due diligence capabilities.</p>
<p>Comments and Demonstration of Compliance: We have sent our Gold Supply Chain Policy and JX Nippon Mining & Metals Group's Basic Procurement Policy to some of our gold supplying counterparties to encourage them to understand those policies. We have used a register to record when, to whom and how we sent our policies.</p>
<p>PPC has established a company-wide communication mechanism to promote broad-based employee participation and risk identification to management.</p>
<p>Comments and Demonstration of Compliance: PPC has a mechanism allowing employees to voice concerns over the gold supply chain or a newly identified risk. A functional hot-line is established, which is reviewed by the compliance officer. There was no concern raised regarding the gold supply chain in fiscal 2017.</p>
<p>Step 2: Identify and assess risks in the supply chain</p>
<p>Compliance Statement with Requirement: We have fully complied with Step 2: Identify and assess risks in the supply chain.</p>
<p>PPC has a process to identify risks in the supply chain.</p>
<p>Comments and Demonstration of Compliance:</p>

PPC identifies and assesses risks in the supply chain. For every supplier, we have established a client database, and we assess risks thereof based on an investigation at supplier's site or reports provided by a reliable, independent research institute, and also on government sanctions lists. This process is now a formal requirement before entering any business relationship with a gold supplying counterparty. In addition to this, the JX Nippon Mining & Metals Group, to which PPC belongs, has implemented a program for eliminating associations with antisocial forces from fiscal 2014, where we screen suppliers using an external database. We believe this has strengthened our due diligence process.

PPC assesses risks in light of the standards of their due diligence system.

Comments and Demonstration of Compliance:

Supply chain due diligence comprising all measures required by the LBMA Responsible Gold Guidance is performed before entering into a business relationship with any gold supplying counterpart. Since there was no transaction determined high-risk in fiscal 2017, we did not perform enhanced due diligence for higher-risk categories. We conduct appropriate scrutiny and monitoring of transactions undertaken through the course of the relationship following a risk based approach.

PPC reports risk assessment to senior management.

Comments and Demonstration of Compliance:

The Compliance officer reported to senior management the outcome of supply chain due diligence based on the internal audit report etc. at the end of fiscal 2017. Senior management must approve all new suppliers classified as high risk, but no supplier classified as high risk was identified in fiscal 2017. Senior management retains the ultimate control and responsibility for the gold supply chain.

Step 3: Design and implement a management system to respond to identified risks

Compliance Statement with Requirement:

We have fully complied with Step 3: Design and implement a management system to respond to identified risks.

PPC has devised a strategy for risk management of an identified risk by either (i) mitigation of the risk while continuing to trade, (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk.

Comments and Demonstration of Compliance:

PPC devised a strategy to respond to the identified risk.

Where a management strategy of risk mitigation is undertaken, it should include measureable steps to be taken and achieved, monitoring of performance, periodic reassessment of risk and regular reporting to designated senior management.

Comments and Demonstration of Compliance:

No reasonable risk of our involvement in money laundering, terrorist financing, conflict or human rights abuses was identified in our due diligence conducted in fiscal 2017.
Step 4: Arrange for an independent third-party audit of the supply chain due diligence
Compliance Statement with Requirement: We have fully complied with Step 4: Arrange for an independent third-party audit of the supply chain due diligence.
Comments and Demonstration of Compliance: PPC engaged the services of the assurance provider KPMG AZSA Sustainability Co., Ltd., and their independent assurance report is attached.
Step 5: Report on supply chain due diligence
Compliance Statement with Requirement: We have fully complied with Step 5: Report on supply chain due diligence.
Our Gold Supply Chain Policy is available on PPC's website, and our Compliance Report with the independent assurance report is available on PPC's website (http://www.ppcu.co.jp/eng/products/sulphuric_acid.html).

PPC's overall conclusion

Table 3: Management conclusion
Is the Refiner in compliance with the requirements of the LBMA Responsible Gold Guidance for the reporting period?
Yes
In conclusion, PPC implemented effective management systems, procedures, processes and practices to conform to the requirements of the LBMA Responsible Gold Guidance, as explained above in Table 2, for the reporting year ended March 31, 2018. PPC is committed to continuous improvement, and any corrective actions identified will be monitored internally on a regular basis.
Table 4: Other report comments
If users of this report wish to provide any feedback to PPC with respect to this report, they can send an e-mail to the functional mail box: conflict_minerals@ppcu.co.jp