NADİR METAL RAFİNERİ
SANAYİ VE TİCARET A.Ş.

INDEPENDENT LIMITED ASSURANCE
REPORT PREPARED IN ACCORDANCE
WITH INTERNATIONAL STANDARDS ON
ASSURANCE ENGAGEMENTS ISAE 3000
AS OF 31 DECEMBER 2017
Independent Limited Assurance Report

To: The Board of Directors and Management of Nadir Metal Refinery

We have been engaged by Nadir Metal Rafineri Sanayi ve Ticaret A.Ş. ("Nadir Metal Refinery or Nadir Refinery") in accordance with an agreement dated 10 January 2018 to provide limited assurance on its LBMA Refiner’s Compliance Report ("the Report") to LBMA Responsible Gold Programme for the year ended December 31, 2017.

Scope of our work

The assurance scope consists of of the Refiner’s Compliance Report.

Responsibilities

The management of Nadir Metal Refinery is responsible for the preparation and presentation of the Report in accordance with the LBMA Responsible Gold Guidance (the Guidance) version 7 as of September 1, 2017 and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas as of November 2012. 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 Refiner’s Compliance Report.

Our responsibility is to carry out a limited assurance engagement and 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 (ISAE 3000) 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 – v.3").

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

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:

- Detailed analysis of needs assessment to gain an understanding of Nadir Refinery’s processes, and risk management protocols in place.
- Interviews with relevant staff at the corporate office responsible for the preparation of the Report.
- Site visits to Nadir Metal Refinery
- Assessing the suitability of the policies, procedures and internal controls that Nadir Refinery has in place to conform with the Guidance.
- Review of a selection of the supporting documentation, including gold supplier counterparty due diligence file and transaction's documentation and furthermore the due diligence documents and risk assessment for the upstream of its suppliers.
- Enquiries of relevant staff responsible for supply chain management of Nadir Doviz which is one of the main supplier of Nadir Metal Refinery and also a member of Nadir Group of Companies.
- Test a selection of the underlying processes and controls which support the information in the Report.
- Review of the presentation of the Report to ensure consistency with our findings.

Inherent limitations

Non-financial information, such as that included in the 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 absence of a significant body of established practice on which to draw allows for the selection of different but acceptable assessment techniques that can result in materially different measurements and can impact comparability. The nature and methods used to determine such information, as well as the assessment criteria may change over time. It is important to read Nadir Refinery’s methodology and gold supply chain policy available on Nadir Refinery website (http://www.nadirmetal.com.tr).

Independence and competency statement

In conducting our engagement, we have complied with the applicable requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

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.
Conclusion

Based on the limited assurance procedures performed, as described above, nothing has come to our attention that would lead us to believe that Nadir Refinery’s Refiner’s Compliance Report, as defined above, for the year ended 31 December 2017, is 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 requirements of LBMA Responsible Gold Guidance.

ADAY Bağımsız Denetim ve S.M.M.M. A.Ş.
A Member of PKF International

Abdulkadir SAYIÇ
Partner

İstanbul, Türkiye, March 12, 2018
Nadir Metal Rafineri Sanayi ve Ticaret Anonim Şirket

LBMA Responsible Gold Guidance

Compliance Report Year

2017
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 Nadir Metal Rafineri Sanayi ve Ticaret Anonim Şirketi ("Nadir Metal" or "we") has complied with the requirements of the LBMA Responsible Gold Guidance and furthermore OECD's Due Diligence Guidance for Responsible Supply Chains.

<table>
<thead>
<tr>
<th>Refiner's details</th>
<th>Nadir Metal Rafineri Sanayi ve Ticaret Anonim Şirketi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refiner's name:</td>
<td>Nadir Metal Rafineri Sanayi ve Ticaret Anonim Şirketi</td>
</tr>
<tr>
<td>Location:</td>
<td>Yenibosna Merkez Mahallesi Ladin Sokak No: 4 İç Kapi No: Z 015, Atölye Blok Kuyumcukent Bahçelievler İstanbul / Türkiye</td>
</tr>
<tr>
<td>Reporting period:</td>
<td>1st January – 31st December, 2017</td>
</tr>
<tr>
<td>Reporting year-end:</td>
<td>December 31, 2017</td>
</tr>
<tr>
<td>Date of report:</td>
<td>February 5, 2018</td>
</tr>
<tr>
<td>Senior Management responsible for this report:</td>
<td>Abdullah Tutuncu, CEO, Yenibosna Merkez Mahallesi Ladin Sokak No: 4 İç Kapi No: Z 015, Atölye Blok Kuyumcukent Bahçelievler İstanbul / Türkiye</td>
</tr>
<tr>
<td></td>
<td>Phone number: +90 212 886 6729</td>
</tr>
</tbody>
</table>
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 as detailed below:

Comments and Demonstration of Compliance:
Nadir Metal has adopted its Responsible Supply Chain Policy in line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, according with the model set out in the Annex II and The London Bullion Market Association Responsible Gold Guidance since 2012. The Guidance has been updated as version 7 in 2017, and in this regards our policy has been updated accordingly to fulfill the requirements. A strong internal management system has been established within the scope of this policy. The tasks, responsibilities and authorities of the relevant persons have been defined. In this context Nadir is responsible for its gold supply chain conducting KYC procedure and due diligence with risk-based approach, screening, monitoring transactions, maintaining records, checking the respect to the supply, transport and trade in gold related precious metals, conducting trainings. Furthermore, Nadir Metal supports its gold supplying counterparts in building their due diligence capabilities to comply with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

A compliance officer and relevant employees have been appointed to manage all these processes since 2012. The compliance officer’s duties and responsibilities have been undertaken with a board resolution. Furthermore, the compliance officer has been equipped with the necessary authority to fulfill his duties with a direct line to the senior management, CEO of the company and Risk Committee where he submits his monthly-prepared reports in this matter. The compliance officer and if necessary the Risk Committee evaluates the strong possibilities or existence of facts mentioned within the Company’s Policy ‘Criteria’s About High-Risk Gold Supply Chains’. The ultimate decision about the future or existing business relationship is taken by the Risk Committee, which is supported by external lawyers since 2014.

Nadir Metal is identifying and recording all it's suppliers and clients within the supply chain. Records of suppliers' profiles, visit reports and risk assessments are kept through the CRM system. All due diligence and supporting documents, checklists and LBMA Best Practice Toolkit forms are stored within the archive program. A tracking system that begins from goods acceptance with a structure of client/supplier ID and lot is in place to have a transactional base monitoring and risk assessment. According to our Risk Assessment Guidance specific and relevant documents must be received, client profiling must be completed before any precious metal is accepted and processed.

www.nadirmetal.com.tr
A dedicated email address of etik@nadirmetal.com.tr has been established by Nadir Metal to allow anyone (employee, stakeholder, dealer or client/supplier) to express any kind of concern, unexpected risks. The compliance officer is responsible for monitoring, assessing and informing the senior management about the incoming information.

Nadir Metal is carrying out works through media and trainings to raise awareness of local precious metal market players in this context. Nadir Metal has been the main sponsor of the translation of ‘OECD Due Diligence Guidance for Responsible Supply Chains’ into Turkish together with Borsa Istanbul and as well as of the ‘Train The Trainer’ workshop organized by Borsa Istanbul and OECD.

Nadir Metal is holding yearly trainings regarding Responsibilities within the Legislation of Criminal Revenues, Suspicious Transaction Types, OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, "Know Your Customer" process with case studies. Internal and external training have been provided just like every year in 2017. Furthermore, special trainings have been provided for dealers and domestic market players to support and help them to manage challenges in practice. We make reference to our Responsible Supply Chain Policy, The London Bullion Market Association Responsible Gold Guidance and OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas by a declaration which is signed by our suppliers/clients.

In 2017, Nadir Metal published its first sustainability report in the field of refining in Turkey. Beside its commitment to environmental, social and occupational security, Anti-corruption and Anti Money Laundering and Combating the Financing of Terrorism, stakeholder engagement is key for Nadir Metal's sustainable point of view.

**Step 2: Identify and assess risks in the supply chain**

**Compliance Statement with Requirement:**

We have fully complied with Step 2: Identify and assess risks in the supply chain as details may be found below:

www.nadirmetal.com.tr
Comments and Demonstration of Compliance:
Nadir Metal has gathered its risk defining and assessment processes within the supply chain in its Company Policy and Risk Assessment Guidance. Along with this guidance the company's due diligence and risk assessment processes have been documented in details. Our Risk Assessment Guide, is constantly being reviewed and updated due to the requirements of implementations. Every gold business related client/supplier has a profile and allocated risk assessment, which is updated periodically within the CRM system, supported by the archive program where all the documents of the counterparties are kept and monitored. Furthermore the tracking systems takes control of client/supplier’s transactions beginning from goods acceptance and allows to conduct transactional based risk assessment. Those tools and processes enables Nadir Metal to identify, assess and monitor the risks in its gold supply chain beginning with the origin of the gold and product type.

In 2017 NMR has not identified any high risk transactions in its production. However Nadir Metal has conducted enhanced due diligence for its potential and current suppliers where necessary in 2017. For the years 2017 we have not sourced from artisanal mining supply chains. We source from recycled and mined gold supply chains. Mined gold is sourced from well-established, licenced and regulated mid to large sized mines in Turkey. LBMA Toolkit for mined gold best practices are applied.

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 as detailed below.

Comments and Demonstration of Compliance:
Nadir Metal has developed an internal management and risk management system, which are documented in details within its Risk Assessment Guidance. The system itself is supported by relevant employees and is ongoing basis monitored by the compliance officer and reported regularly to the senior management. If there is strong possibilities or existence of facts that have been mentioned as high risk according to the company policy’s 'Criteria's About High-Risk Gold Supply Chains', it is submitted to the Risk Committee by the compliance officer for further evaluation and for information to the senior management.
The Risk Committee rejects or ends the business relationship or might decide to build up or continue the relationship, however generates a risk mitigation plan, which can be valid up to 3 months. The compliance department and if necessary further counterparties are responsible for monitoring this plan. Once the deadline comes on and the high risk factors still continue, the Risk Committee might extend the time period or might suspend the business relationship until high risk factors do not exist or might end the business relationship.

**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:**
Nadir Metal engaged the services of the assurance provider PKF Istanbul and their independent reasonable assurance report can be viewed on Nadir Metal’s web page, www.nadirmetal.com.tr

**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

**Comments and Demonstration of Compliance:**
Further information and specific details of how Nadir Metal’s systems, procedures, processes and controls have been implemented to align to the specific requirements in the LBMA Responsible Gold Guidance have been set out in our gold supply chain policy, compliance report and independent third party audit report which are available on Nadir Metal’s website, www.nadirmetal.com.tr

www.nadirmetal.com.tr
Management Conclusion

In conclusion, Nadir Metal implemented effective management systems, procedures, processes and practices to conform to the requirements of the LBMA Responsible Gold Guidance, as explained above for the reporting year ended December 31, 2017.

Nadir Metal is committed to ensure its social responsibilities and regulatory requirements and will continue review and update its internal controls on an ongoing basis.

APPENDIX:

Country of origin information for mined gold

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Abdülhak Eroltütüre CEO

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