PX Précinox SA
La Chaux-de-Fonds (Switzerland)

Independent Reasonable Assurance Report
LBMA Responsible Gold Guidance

for the year ended 31 December 2018
Independent Reasonable Assurance Report to the Board of Directors of PX Précinox SA, La Chaux-de-Fonds, Switzerland

We were engaged by PX Précinox SA to provide reasonable assurance on its Refiner’s Compliance Report for the year ended 31 December 2018.


Responsibilities
The Board of Directors of PX Précinox SA is responsible for the preparation and presentation of the Refiner’s Compliance Report and the Country of Origin Annex in accordance with 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 directors 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 reasonable 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 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).

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

Inherent limitations
Non-financial information, such as that included in the Refiner’s Compliance Report and the Country of Origin Annex, is subject to more inherent limitations than financial information, given to 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 PX Précinox SA’s gold supply chain policy available on PX Précinox SA’s website www.pxgroup.com.

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 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.

Emphasis of matter paragraph
We draw attention to the fact that the Country of Origin Annex is not publically available.
Conclusion
In our opinion, the PX Précinox SA’s Compliance Report and the Country of Origin Annex for the year ended 31 December 2018, in all material respects, describe fairly the activities undertaken during the year to demonstrate compliance, and management’s overall conclusion contained therein, is in accordance with the requirements of the LBMA Responsible Gold Guidance.

MAZARS LTD

Franck Paucod  
Licensed audit expert  
(Auditor in Charge)

Sébastien Gianelli  
Licensed audit expert

Geneva, March 27, 2019

Enclosures:

Copy to London Bullion Market Association
Table 1 – Refiner’s details

<table>
<thead>
<tr>
<th>Refiner’s name</th>
<th>PX Précinox SA</th>
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</thead>
<tbody>
<tr>
<td>Location</td>
<td>Boulevard des Eplatures 43, CH 2304 La Chaux de Fonds</td>
</tr>
<tr>
<td>Reporting Period</td>
<td>From 01.01.2018 to 31.12.2018</td>
</tr>
<tr>
<td>Date of report</td>
<td>27.03.2019</td>
</tr>
<tr>
<td>Senior management</td>
<td>T.Lipe, <a href="mailto:info@pxgroup.com">info@pxgroup.com</a></td>
</tr>
<tr>
<td>responsible for this report</td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Summary of activities undertaken to demonstrate compliance

Step 1: Establish Strong company management systems

Compliance Statement with Requirement:

PX Précinox SA has fully complied with Step 1: Established a strong integrated management system in the company.

1. PX Précinox SA has adopted a policy regarding due diligence for supply chain of gold

PX Précinox SA has adopted a gold policy consistent with the Model Policy set forth in Annex II of the OECD Due Diligence Guidance For Responsible Chains of Minerals from Conflict-Affected and High Risk Areas. Our policy has been reviewed in December 2018 and is re-conducted for 2019. Our policy is available on our website www.pxprecinox.com

2. PX Précinox SA has established an internal management structure to support supply chain due diligence

Senior management has allocated internal resources to collect, maintain and assess documentation regarding the source of material. The internal structure is allowed to perform any needed investigation in order to ensure that material is not linked to conflict or terrorism financing, money laundering or human right abuse.

Internal management structure is under the senior management responsibility.

A specific chart describes the organization. Tasks as Administration, Internal audit, Training, Traceability and Monitoring are assigned by job description.

Standards and instructions are described in documents controlled by our management system.

Internal training is dispensed to all relevant employees in contact with counterparty.

The effectiveness and performance of the supply chain due diligence process is assessed by internal and external audits.

Through an annual review, Senior management controls the availability of resources necessary to support the completion of the mission and monitoring.

3. PX Précinox SA 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

Supply Chain traceability system

All counterparties (customers, suppliers, beneficial owner...) are registered in our ERP system. For each of them we maintain due diligence records. Every material incoming PX Précinox SA is identified by a unique batch number from the reception area to the assaying. All the relevant information is recorded in our ERP like origin, beneficial owner, nature, date, amount...
**Maintaining records**
All transactions records are maintained for ten years. Due diligence documents are kept for ten years too.

**Training**
Training is performed on yearly basis for Due diligence responsible. Employees who take part in due diligence process or in contact with customer are regularly trained by the compliance officer.

**Compliance officer**
The compliance officer is nominated by senior management.
He is in charge of the deployment of the PX Précinox SA Due diligence policy. This deployment is made through standards and instructions, training and control. Compliance officer executes risk assessment and asks for clarification if needed. Compliance manager reports to senior management high risk cases and proposes additional measures to mitigate the risk. He facilitates internal and external inspections and ensures the consistency of management system regarding external standards.

**Payment through official banking channel**
No cash payment is allowed. Payments are only realized by banking channel according internal rules.

**Cooperation with government authorities**
PX Précinox SA is under the survey of Swiss authority for banking and market regulation. Every year the company is audited and demonstrates its ability to perform efficient due diligence process, monitoring and keeping of records. PX Précinox SA internal rules set a communication process for any kind of doubt regarding money laundering, financing of terrorism or human right abuse.

4. PX Precinox SA is strongly engaged in promotion of ethical practice and assists counterparties where possible in building their due diligence capacities

PX Précinox SA promotes ethical sourcing by its own program named PX Impact. In contact with our counterparty, we assist them to ensure a reliable control of the supply chain.

5. PX Précinox SA has established a confidential grievance mechanism

For employee who wants to communicate a doubt about money laundering, bribery or any concerns about the respect of responsible supply chain policy can voice is concern by direct contact with compliance officer or operational management or human resources management. All information is treated by senior management.

For external Stakeholder, the Swiss federal government has nominated a federal office called MROS in charge to perform the collection, examination and evaluation of the opportunity to transmit to the prosecution authorities, all doubt raised regarding money laundering, financing of terrorism.
Step 2: Identify and Assess Risks in the Supply Chain

PX Précinox SA has fully complied with Step 2: Identify and Assess risks in the supply chain

1. PX Précinox SA has a process to identify risks in the supply chain

In accordance with Annex II of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, PX Précinox SA set an identification mechanism of risk in the supply chain. Elements assessed are: location, legal status, activity, beneficial owner, compliance with local regulations or international certification. Transactions are categorized according to their nature and for each of them a control plan is applied for verification of origin, beneficial owner, nature, volume...

2. PX Précinox SA assesses risks in light of the standards of their due diligence system

2.1 Supply chain Due diligence

Before start of commercial relationship, PX Précinox SA identifies the counterparty and its stakeholder using several enquiry documents including LBMA toolkit Questionnaire for sources. This identification is compliant with Swiss AMI law and LBMA Responsible Gold Program.

2.1.1 Recycled Gold

Our sources of recycled Gold are mainly involved in industrial activities. For ones who collect old jewelries, industrial scrap or post-consumer bullion, PX Précinox SA shares its value, its expectation and control the compliance of counterparty’s due diligence process.

2.1.2 Mined Gold from Artisanal and Small-Scale Mining (ASM)

Our company sources from ASM under the surveillance of external organization as with the Fairmined program or in cooperation with local actor as we do with our program PX Impact.

2.1.3 For Mined Gold from Medium and Large-Scale Mining

For gold from extraction, due diligence process includes the use of LBMA toolkit questionnaire and checklist.

2.2 High Risk Supply Chains

PX Précinox SA has define in accordance with our Responsible Sourcing policy criteria to determine high risk situation in compliance with LBMA Responsible Gold Program

2.3 High Risk Categories

For High Risk categories, several additional investigations are performed like on site audit by a graduated auditor or recognized auditing company. In case of individual person, a face to face meeting is organized to evaluate the economic background.

2.3.1 Recycled Gold from sources located in conflict or human right abuse high-risk areas

Our internal due diligence management process defines the monitoring of political, social or environmental situation in case of counterparty located in high-risk area. For the moment no commercial relationship is open with this category of risk.

2.3.2 Gold mined from ASM located in conflict or human right abuse high risk areas

Our standard defines the monitoring to perform but no case for the moment.

2.3.3 Gold mined from LSM located in conflict affected or human right abuse high risk areas

Our standard defines the monitoring to perform but no case for the moment.

All countries listed in Dodd Frank act and under sanctions of Swiss Secretary of Economy are considered as very high risk. No transaction can be done with counterparty from these countries and no material having origin or transiting by these countries can be accepted without the expressed agreement of Senior Management

2.4 Monitoring of transactions

For all transactions, PX Précinox SA keeps record of all relevant information (customer, beneficial
owner, date, delivery document, customs documents...). Nature, origin, assay results, volume... are compared to information communicated at the opening of the commercial relationship. In case of deviation, material is blocked in quarantine until doubt is removed.

3. PX Précinox SA Compliance Officer reports risk assessment to designated Senior Management

The Compliance officer, in addition to the report of the internal audit, communicates an annual report to Senior management. Senior Management approves high-risk transactions and/or commercial relationships. In case of doubt about money laundering, terrorism financing or human right abuse, Senior Management is involved in communication to the Swiss Federal Bureau of Communication (MROS).

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

PX Précinox SA has fully complied with Step 3: Design and implement a management system to respond to identified risks.

1. Report findings to designated Senior Management

Senior Management approves commercial relationship with high-risk counterparty. Senior management approves transactions presenting high-risk level too. Information about a risk of non-compliance with our responsible sourcing policy or regulation is reported to Senior Management.

2. PX Précinox SA devise a strategy for risk management of an identified risk by either (i) mitigation of the risk while continuing trading, (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk

Depending on the result of risk assessment, Compliance Officer in cooperation with Senior Management can decide to reject or to suspend the commercial relationship or close it definitely. This occurs for example when a certified ASM has lost its certification.

4. PX Precinox SA undertakes additional fact and risk assessments for risk requiring mitigation, or after a change of circumstances

PX Precinox SA renews frequently our due diligence files. When a change in counterparty’s situation occurs, a new risk assessment is performed.

Step 4: Agreement to have an independent audit on the supply chain by a third party

PX Précinox SA has fully complied with Step 4: Arrange for an independent third-party audit of the supply chain due diligence

PX Précinox SA engaged the services of the company MAZARS, and their report is attached.

Step 5: Report on supply chain due diligence

PX Précinox SA has fully complied with Step 5: Report on supply chain due diligence

PX Précinox SA’s company policy is available on the PX Précinox SA website, together with the Compliance report and the third party audit report.
Table 3: Management conclusion

PX Précinox SA is in compliance with the requirements of the LBMA Responsible Gold Guidance for the reporting period of 2018. We have implemented a robust management system, procedures and processes to conform to the requirement of the LBMA responsible Gold Guidance including Due Diligence process, Risks Assessments, Monitoring of transaction and Responsible Practices promotion.