According to LBMA provision this document has to be made publicly available by the refiner.

<table>
<thead>
<tr>
<th>Company Name:</th>
<th>Henan Jinli Gold And Lead Group Co., Ltd.</th>
</tr>
</thead>
</table>

### Audit Team

<table>
<thead>
<tr>
<th>Team Leader:</th>
<th>Mr. Chuangen Wang</th>
</tr>
</thead>
<tbody>
<tr>
<td>Team Member:</td>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of Audit</th>
<th>Date of Opening Audit</th>
<th>Date of Closing Audit</th>
<th>Total n° of man/days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full assessment Audit</td>
<td>April 22th</td>
<td>April 24th</td>
<td>3 Man days</td>
</tr>
<tr>
<td>Assessment Review</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Follow-up Assessment</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Site(s) address(es):
Nanxun Village, Chengliu Town, Jiyuan City, Henan Province, P.R. China

Refiner Contact Person:
Name: Mr. Yueqiang Qin
Title: Future Dept. manager
Email: 390574110@qq.com
Phone: +86-0796-2219008

### Non Compliance – risk level

<table>
<thead>
<tr>
<th>Compliant</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
<th>Zero Tolerance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the assessment conclusions, the overall rating of the Refiner’s performance is determined to represent:

Yes

<table>
<thead>
<tr>
<th>Is a follow up visit required? (in case of high risk non-compliance)</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date(s) of follow up visit:</td>
<td>N/A</td>
<td>Assigned auditor: N/A</td>
</tr>
</tbody>
</table>

### Basic Inputs

- Confirm if the data provided in the application/ self-assessment phase is valid.

*This is the first full assessment audit (Assessment Period: 2018 (from Jan.1/2018 to Dec.31/2018)) for Silver carried out by BV. It was noted three NCs were raised during the assessment audit on 2019. One auditor and 3 Man days man days were arranged for this audit.*
See Third party Audit Checklist (GENERAL INFO POINT F) and describe below percentages

There are total 42 silver suppliers during the year 2018 (from Jan.1/2018 to Dec.31/2018)
The number of silver supplying counterparties is as follows:

- **Industrial mining operations (large or small scale):** 17.4%
  Type of companies: 10 mine
  Forms of Silver: Lead concentrates (Silver content <1.273%);
  Countries of provenance: China, USA, Spain.
  Forms of Silver: Silver concentrates (Silver content <1.600%);
  Countries of provenance: China, Mexico, Peru, Chile.
  Forms of Silver: Gold concentrates, (Silver content <0.123%);
  Countries of provenance: Russia.
  Forms of Silver: Copper concentrates (Silver content <0.611%);
  Countries of provenance: China.

- **Artisanal mining operations:** 0%
  Type of companies: //
  Forms of Silver: //
  Countries of provenance: //

- **Traders / brokers:** 82.6%
  Type of companies: 32 trading company;
  Forms of Silver: Lead concentrates (Silver content <1.273%);
  Countries of provenance: China, USA, Spain.
  Forms of Silver: Silver concentrates (Silver content <1.600%);
  Countries of provenance: China, Mexico, Peru, Chile.
  Forms of Silver: Gold concentrates, (Silver content <0.123%);
  Countries of provenance: Russia.
  Forms of Silver: Copper concentrates (Silver content <0.611%);
  Countries of provenance: China.

- **Recycled material/collectors:** 0%
  Type of companies: //
  Forms of Silver: //
  Countries of provenance: //

- **Industrial scrap providers:** 0%
  Type of companies: //
  Forms of Silver: //
  Countries of provenance: //

**Others:** 0%
Type of companies: //
Forms of Silver: //
Countries of provenance: //

0 high risk Silver supplying counterparty found during the audit.
100% of the suppliers are classified as low risk suppliers.

**Description of the company activities [mandatory for all audits]:**

- In order to verify the scope, it is essential to understand the activities of the company.
Henan Jinli Gold and Lead Group CO.,LTD. was established in 1995. The company registered capital of 450 million yuan. Company covers an area of 500 acres and currently employs 2400 people, is a larger private enterprises. The production capacity of the enterprise has an annual output of 300,000 tons of electrolytic lead, 250,000 tons of sulfuric acid, 10,000 tons of copper matte, 50,000 tons of zinc oxide, 10,000 kg of gold, 1000 tons of silver, 5000 tons of antimony, and 1000 tons of bismuth. In 2018 year, the company achieved a total output value of 20.5 billion yuan, sales income of 20.305 billion yuan, tax paid 634 million yuan.

The leading brand of Jinli which have “Jijin” brand lead ingots, gold ingots and silver ingots are the delivery brands of Shanghai Futures Exchange; lead ingots are registered on the London Metal Exchange (LME) and silver ingots are registered in the London Bullion Market Association (LBMA). The company's lead ingots, silver ingots, industrial sulfuric acid and antimony products won the physical quality of the non-ferrous metal products of the China Nonferrous Metals Industry Association (Golden Cup Award), and the “Jijin” brand silver ingots won the “20 favorite brands of the national users”. It has won the 3A-level industrial enterprise of quality and integrity in Henan Province, the 3A-level credit enterprise, and the customs AEO senior certification enterprise.

The company has passed ISO9001 quality management system certification, ISO14001 environmental management system certification, and OHSMS Occupational Health Management System Certification. In recent years, the company has won the "hundred private enterprises in Henan eighteenth place", "Excellent Private Enterprise in Henan Province", "high-growth private enterprises in Henan Province", "Henan hundred industrial enterprises", "advanced enterprise of quality management in Henan Province ",” 2011 scale Henan hundred enterprises "and so on.

Manual adequacy:

Key clauses in LBMA Responsible Sliver Guidance are addressed in the LBMA compliance policy statement that is prepared by the LBMA compliance committee.

All applicable statutory requirements are mandatory implemented and maintained.

Assessment of level of compliance of Refiner’s systems, processes, procedures and practices according to the LBMA Responsible Silver Guidance:

Step 1: Establish strong Refiner management systems
See Third party Audit Checklist

1. Adopt a Refiner policy regarding due diligence for supply chains of Silver. Provide an overview of the management systems governing the due diligence policy for Silver supply chains.
2. Set up an internal management structure to support supply chain due diligence. Review the management structure for due diligence, including the methods of communication to internal and external parties.
3. Establish a strong internal system of due diligence, controls and transparency over Silver supply chains, including traceability and identification of other supply chain actors. Inventory Control Mechanism: Conduct a review of the inventory control mechanism and the documentation kept on file for Silver bearing material.
4. Strengthen Refiner engagement with Silver supplying counterparties, and where possible, assist Silver supplying counterparties in building due diligence capacities. Review the due diligence policy communicated to the Silver bearing counterparties.
5. Establish a Refiner-wide communication mechanism to promote broad employee participation and risk identification to management. Review the internal communication mechanisms in place at the Refiner focusing on the mechanism for voicing concerns over the Silver supply chain.

The refiner has developed the LBMA compliance policy regarding due diligence for supply chain of silver in compliance with LBMA Responsible Silver Guidance. The policy was publicly available.http://www.jyjyl.com/qygg/14_241
The refiner has developed Silver due diligence rules manual which including policy, procedures governing the due diligence policy for Silver supply chains. The policy and procedures was last issued on January, 2018.

The refiner has implemented an internal management structure to support supply chain of Silver in compliance with LBMA Responsible Silver Guidance.

The LBMA compliance team is led by the Mr. Xiantao Huang/Vice general manager with seven compliance team members including import and export, financial, purchasing, sales, quality, production departments and warehouse center.

LBMA related training sessions are held for all staff involved with or holding responsibilities related to the supply chain, as well as the management team. The last training was conducted on Feb. 28th, 2019 and the training records were kept well.

The refiner Policy is communicated to employees related to the Silver-refining process, but the training was insufficient, only two trainings were conducted in 2018. The refiner did not conduct following training: LBMA Responsible Silver Guidance training, management system documentation training, due and refresher training, etc. One NC was raised during this audit.

**The 1st desktop review was conducted on June 24, 2019 - Closed. The refiner has conducted relevant training on April 28, 2019 (Note: Including LBMA Responsible Silver Guidance training, management system documentation training, due and refresher training).**

The refiner has appointed a compliance officer responsible for enforcing the implementation of the due diligence procedures and who reports to the management. The Senior Management is responsible for overseeing the supply chain and ensures that the compliance department and related departments are provided with adequate resources in order to fulfil their responsibilities.

The refiner upholds the implementation of their internal due diligence procedures, controls and processes. Transactions are consistently recorded and records are kept for a period of at least 5 years.

The refiner has requested that Silver-supplying counterparties have committed to and acknowledged in writing compliance with the refiner’s own company policy, but only 32 of total 42 suppliers have signed commitment agreement which silver supplying counterparties should commit to and acknowledge in writing compliance with the refiner's own silver supply chain policy. One NC was raised during this audit.

**The 1st desktop review was conducted on June 24, 2019 - Closed. The refiner has provided other 10 commitment letter for review.**

The refiner has a communication mechanism in place that allows employees to voice concerns over the sliver supply chain or any newly identified risk via compliant email or hotline anonymously. Based on interview, employees are aware of the mechanism.

### STEP 2: Identify and assess risk in the supply chain

**See Third party Audit Checklist**

1. Identify risks in the Silver supply chain. Assess the risk assessment policy for all Silver supply chains.
2. Assess risks in light of the standards of their supply chain due diligence system: Supply chain due diligence: Review “Silver supplying counterparty” files to verify if the Refiner collects the required basic information for all business entities.
3. Risk assessment reporting. Evaluate the risk assessment reporting mechanisms, organization chart and communication.

The refiner has a system for assessing risk among Silver supplying counterparties according to the LBMA Responsible Silver Guidance. The system allows taking into account risks in the entire Silver supply chain from
the point of origin to the refiner. The risk assessment applies to all inputs of mined silver received within the assessment period. The refiner has clearly defined risk categories and has procedures prescribing enhanced monitoring for any high-risk categories identified during the due diligence procedures. The company uses relevant criteria to determine areas that are conflict-affected, high risk transit areas that carry high risk of human rights abuses, high risk of money laundering, crime or corruption.

The refiner has collected information to determine risk categories. Due diligence was inadequate. Relevant evidence need to review, such as: Identification of the beneficial owner, Check record (Check that the counterparty and their beneficial owners are not named on any government lists for wanted money launderers, known fraudsters or terrorists), Business and financial details, Purpose and intended nature of the business relationship. But only 32 out of 42 suppliers has provided above document for review. One NC was raised during this audit. The first desktop review was conducted on June 24, 2019 - Closed. The refiner has provided other due diligence record for review.

The refiner has collected related document to verify that the mined silver meet the LBMA requirements. The refiner has established and conducted risk assessment procedure. The refiner has assigned a risk level to each Silver supplier. 100% of the suppliers are classified as low risk suppliers.

No subcontractor is used by the refiner. The refiner has a risk based approach for monitoring transactions to ensure that these are consistent with information on the counterparties’ supply chain and risk profile. The refiner systematically request, gather and maintain the related documentation on file for each lot of Silver-bearing material received.

The Compliance Officer regularly reports risk assessment and results to the Senior Management. The Senior Management is responsible for approving each new supply chain assessed as high risk, and re-assesses these on an annual basis to determine whether the business relationship should continue. Till now no high risk supplier was found.

STEP 3: Design and implement a management strategy to respond to identified risks
See Third party Audit Checklist

1. Policy: formal risk mitigation strategy in place.
2. Improvement plans: strategy regarding the procedures for following up on improvement plans.

Risk mitigation strategy has been established formally in the refiner’s procedure. The following cases were clearly defined:
1. How to deal with materials (materials should be quarantined or return to suppliers).
2. How is this decision communicated to the Silver supplying counterparty.
3. How to deal with the quarantined material.
4. How to perform the improvement measure.

Senior Management actively provides support for this strategy. Assessment results did not present any high-risk counterparts at this time.

The Compliance Officer and the compliance team are aware of the enhanced due diligence measures.

Step 4: Arrange for an independent third-party audit of the supply chain due diligence
See Third party Audit Checklist

This is the first year that the refiner completes an LBMA Silver Guidance, with audits completed once a year. The refiner has ensured that these audits are diligently completed in accordance with the LBMA Guidance and the OECD Guidance.

STEP 5: Report on supply chain due diligence
See Third party Audit Checklist
Refiners should make available their company policy regarding Silver supply chain and the LBMA Summary Report.

This is the first LBMA full assessment was conducted in April 2019 by BV, and the assessment was conducted based on the ISO 19011:2011 standard, and the assessment period was January to December 2018.
The refiner has ensured that these audits are diligently completed in accordance with the LBMA Guidance and the OECD Guidance.
The refiner will publish the LBMA summary report after approval on their website (http://www.jyjyl.com/qygg/14_241)
The policy has published on their website (http://www.jyjyl.com/qygg/14_241).

<table>
<thead>
<tr>
<th>ASSESSMENT CONCLUSIONS</th>
<th>Non compliance – risk level</th>
</tr>
</thead>
<tbody>
<tr>
<td>CATEGORY</td>
<td>SUBCATEGORY</td>
</tr>
<tr>
<td>General Information</td>
<td></td>
</tr>
<tr>
<td>Step 1:</td>
<td></td>
</tr>
<tr>
<td>Establish strong Refiner management systems</td>
<td>1.1 ✓</td>
</tr>
<tr>
<td></td>
<td>1.2:</td>
</tr>
<tr>
<td></td>
<td>1.3 ✓</td>
</tr>
<tr>
<td></td>
<td>1.4 ✓</td>
</tr>
<tr>
<td></td>
<td>1.5 ✓</td>
</tr>
<tr>
<td>Step 2:</td>
<td></td>
</tr>
<tr>
<td>Identify and assess risk in the supply chain</td>
<td>2.1 ✓</td>
</tr>
<tr>
<td></td>
<td>2.2 ✓</td>
</tr>
<tr>
<td></td>
<td>2.3 ✓</td>
</tr>
<tr>
<td>Step 3:</td>
<td></td>
</tr>
<tr>
<td>Design and implement a management strategy to respond to identified risks</td>
<td>3.1 ✓</td>
</tr>
<tr>
<td></td>
<td>3.2 ✓</td>
</tr>
<tr>
<td>Step 4:</td>
<td></td>
</tr>
<tr>
<td>Arrange for an independent third-party audit of the supply chain due diligence</td>
<td>4.1 ✓</td>
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<tr>
<td>Step 5:</td>
<td></td>
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<tr>
<td>Report on supply chain due diligence</td>
<td>5.1 ✓</td>
</tr>
</tbody>
</table>

Based on the above assessment conclusions, the overall rating of the Refiner’s performance is determined to represent:  

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**March 2018**  
**LBMA Responsible Silver Guidance – Summary Assessment Report**  
For third-party audits based on ISO19011:2011
**Assessment scope:**

<table>
<thead>
<tr>
<th>Refiner location(s) included in the assessment scope</th>
<th>Nanxun Village, Chengliu Town, Jiyuan City, Henan Province, P.R. China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessment Period</td>
<td>2018 (from Jan. 1/2018 to Dec. 31/2018)</td>
</tr>
</tbody>
</table>

**Assessment methodology:**

The Assessment teams used a triangulation of findings to evaluate the existence and implementation of appropriate systems at the Refiner, addressing all areas covered by the LBMA Responsible Silver Guidance. Each area of the LBMA Responsible Silver Guidance was verified by documentation review and management/employee interviews, as well as observation during the facility tour.

The evidence of compliance that was reviewed included:

- Silver Supplier Chain Policy,
- LBMA due diligence rules,
- Document and record control procedure,
- Training procedure,
- Supplier identification and management procedure,
- Raw material procurement traceability procedure,
- Risk mitigation strategy procedure,
- Compliance team appointment,
- Training Record,
- Risk assessment record,
- Due diligence record (including LBMA questionnaire, Identification, beneficial owner detail, financial detail, Business license, Mining license, Data on mining capacity, etc),
- Commitment letter,
- Transaction Record,
- Silver Receiving Book,
- Silver Assay Record,
- Etc.

- The following areas of the facility were visited during the tour:
  - Office,
  - Raw materials warehouse,
  - Silver ingot warehouse,
  - Lead melting workshop,
  - Lead electrolysis workshop,
  - Silver electrolysis workshop,
  - Silver melting workshop,
  - Casting workshop,
  - Lab,
  - All the activities production area related sliver product.

- The following interviews were conducted with management:
  - Mr. Qijian Tong/Vice GM,
March 2018

LBMA Responsible Silver Guidance –
Summary Assessment Report
For third-party audits based on ISO19011:2011

• Mr. Xiantao Huang/Vice GM,
• Ms. Lijie Si/Financial manager,
• Ms. Pingping Yan/Quality manager,
• Mr. Rui Zong/Quality Dept. chief,
• Mr. Wuwei Li/Supplier manager,
• Ms. Dan Li/I&E Dept. chief,
• Mr. Jiakuan Yang/Vice manager of financial,
• Mr. Tingsheng Yan/Supplier Dept. chief,
• Mr. Pengbo Wang/Vice manager of Supplier,
• Mr. Yueqiang Qin/Future Dept. manager.

The following interviews with employees were conducted:
• One employee from financial,
• One employee from Raw material warehouse,
• One employee from Silver ingot warehouse,
• One employee from Lab,
• One employee from sliver refiner.

Any significant or inherent limitations or areas not covered that were within the assessment scope:

There were no significant or inherent limitations or areas not covered that were within the assessment scope.

Assessment criteria:

• The auditor or assessment team took into account all relevant objective evidence provided by the Refiner. Relevant evidence was either qualitative or quantitative in as far as it is appropriate and sufficient to support the auditor or assessment team’s conclusions. Appropriate evidence is evidence that is relevant and reliable. Sufficient evidence refers to the amount of evidence provided to allow the auditor or assessment team to reach a conclusion.

• Any actual or potential gaps in the Refiner’s systems in regards to the LBMA requirements are rated in accordance to the level of risk each presents to the credibility and integrity of the LBMA Responsible Silver Programme for the responsible sourcing of silver-bearing materials.

The Auditors confirm that:

✓ The information provided by the Refiner is true and accurate to the best knowledge of the Auditor(s) preparing this report.

✓ The findings are based on verified Objective Evidence relevant to the time period for the assessment, traceable and unambiguous.

✓ The Auditor(s) have acted in a manner deemed ethical, truthful, accurate professional, independent and objective.

✓ The Auditor(s) are properly qualified to carry out the assessment at this Refiner’s facility.
Lead Auditor: Mr. Chuangen Wang

Signature:

Date: April 24th, 2019  June 24, 2019