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

<table>
<thead>
<tr>
<th>Company Name:</th>
<th>HUNAN YUTENG NONFERROUS METALS CO., LTD.</th>
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</thead>
</table>

### Audit Team

<table>
<thead>
<tr>
<th>Team Leader:</th>
<th>Team Member:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Henry TENG</td>
<td>NA</td>
</tr>
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<table>
<thead>
<tr>
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<th>Date of Opening Audit</th>
<th>Date of Closing Audit</th>
<th>Total n° of man/days</th>
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<td>16/Feb./2019</td>
<td>3</td>
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<td>Assessment Review</td>
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<tr>
<td>Follow-up Assessment</td>
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</table>

**Site(s) address(es):**
- Shigaitang Industrial Zone, Beihu District
- Chenzhuo City
- Hunan Province
- China

**Refiner Contact Person:**
- Name: Ms. Jingjing Chen
- Title: Head of the international trading department
- Email: chenjingyingyt@163.com
- Phone: +0086-735-2792854

<table>
<thead>
<tr>
<th>Non Compliance – risk level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliant</td>
</tr>
<tr>
<td>Based on the assessment conclusions, the overall rating of the Refiner’s performance is determined to represent:</td>
</tr>
</tbody>
</table>

**Is a follow up visit required? (in case of high risk non-compliance)**
- Yes | No |

**Date(s) of follow up visit:**
- No | Assigned auditor: | NA |

### AUDIT SUMMARY

**Basic Inputs**
- Confirm if the data provided in the application/ self-assessment phase is valid.
  
  *This is the first full assessment audit for silver carried out by BV. One auditor and 3 man days were arranged for this audit.*
See Third party Audit Checklist (GENERAL INFO POINT F) and describe below percentages

There are total 32 silver supplier 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):** 5.1%
  - Type of companies: Lead Mine Company
  - Forms of Silver: Lead mine (silver content is less than 15%, the highest is 0.7% by weight)
  - Countries of provenance: Peru, Bolivia

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

- **Traders / brokers:** 94.9%
  - Type of companies: Foreign trading company, domestic company
  - Forms of Silver: Lead mine (silver content is less than 15%, the highest is 0.7% by weight)
  - Countries of provenance: China, Peru, Bolivia, Mexico, Brazil, Turkey

- **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 is found during the audit.
100% of the suppliers are classified as low risk suppliers and 0% of them are classified as medium risk suppliers.

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

Hunan Yuteng Nonferrous Metals Co., Ltd. (hereinafter called “the company”) was established in 2001 which is located in Chenzhou city, Hunan Province. Chenzhou is often called “Land of China Nonferrous Metals”. The company’s registered capital is 0.216 billion Chinese Yuan and total assets is 3.5 billion Chinese Yuan. The company occupies 400 mu (100 mu = 6.6667 hectares) and has staffs of about 1300, is a large-scale private company.

The company has adopted international advanced lead smelting method of “oxygen bottom-blown bath smelting, direct reduction of liquid high lead slag” with annual production capacity of 100000tons of electrolysis lead, 100000tons of sulphuric acid, 5000tons of copper matte, 20000tons of secondary zinc oxide, 1000kgs of gold, 500tons of silver, 5000tons of antimony and 2000tons of bismuth. The raw material of lead concentrate is mainly purchased from overseas market through foreign trading companies. The one of main export products is silver bars.
The company has passed authentication of ISO9001:2008 for its quality control system in 2005, in 2010 the company has passed authentication of ISO14001:2004 for its environment management system and OHSAS18001 for its occupational health and safety management system. “JINYUTENG” brand lead and “YUTENG” brand silver had been honored as “Hunan Province famous brand product” respectively in 2010. “JINYUTENG” brand lead was listed on Shanghai Futures Exchange in March 2011 and “YUTENG” brand silver was listed on Shanghai Futures Exchange in May 2012. The company was awarded “Golden Cup Award” for its quality of lead and silver by China National Nonferrous Metals Industry Association in 2012. “YUTENG” and “JINYUTENG” had been appraised as “Famous Trademark in Hunan Province” in 2011 and “Yuteng and logo” has been appraised as “China Well-known Trademark” in 2012.

### Manual adequacy:

Key clauses in LBMA Responsible Silver 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. This policy is published in the company website available at http://www.hnytjt.com/Article/ytxw/yttt/201901/164.html. The policy provides an executive summary of the management systems and procedures governing the due diligence policy for silver supply chains. The policy and procedure was last issued on Jan.1,2019

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 deputy GM with six compliance team members including finance manager, trading manager, supplying manager, sales manager, quality manager and production manager. Regular training sessions are held for all staff involved with or holding responsibilities related to the supply chain, as well as the management team. At least annually, the last training was conducted on Jan.10/2019 and the training records were kept well. The Company Policy is communicated to all employees related to the silver-refining process. 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 all silver-supplying counterparties have committed to and acknowledged in writing compliance with the refiner’s own Company Policy. The policy is communicated to all counterparties on a yearly basis through purchasing contract or commitment letter.

The refiner has a communication mechanism in place that allows employees to voice concerns over the Silver supply chain or any newly identified risk via suggestion box 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 and recycled 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 collects information to determine risk categories. The refiner has assigned a risk level to each silver supplier. During the assessment period, all 32 silver suppliers are assigned as low risk

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 following 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. Senior Management actively provides support for this strategy. Assessment results did not present any high-risk counterparties at this time.
The Compliance Officer and the compliance team are aware of the enhanced due diligence measures and these are documented ready to be implemented if necessary.

**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.

The refiner will publish the LBMA summary report after approval on their website (http://www.hnyjt.com/Article/ytw/yttt/201901/164.html). The policy has published on their website (http://www.hnyjt.com/Article/ytw/yttt/201901/164.html).

**ASSESSMENT CONCLUSIONS**

<table>
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<th>CATEGORY</th>
<th>SUBCATEGORY</th>
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## LBMA Responsible Silver Guidance – Summary Assessment Report
For third-party audits based on ISO19011:2011

<table>
<thead>
<tr>
<th>Step 5: Report on supply chain due diligence</th>
<th>5.1</th>
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Based on the above assessment conclusions, the overall rating of the Refiner’s performance is determined to represent: ✓

### Assessment scope:
- **Refiner location(s) included in the assessment scope**: Shigaitang Industrial Zone, Beihu Dist, Chenzhou City, Hunan Province, China
- **Assessment Period**: Jan.1/2018~Dec.31/2018

### Assessment methodology:
- The evidence of compliance that was reviewed included:
  - Silver supplier chain policy, silver supplier chain due diligence procedure, silver source risk assessment procedure, silver risk mitigation strategy, traceability system, training record, risk assessment record, business certification, transaction record, silver receiving book, silver assay record, etc.
  - The following areas of the facility were visited during the tour:
    - Office, warehouse, bottom blowing oxygen furnace, lead reduction furnace, lead electrolysis workshop, silver refine workshop, casting workshop, lab and all the activities production area related silver product.
  - The following interviews were conducted with management:
    - Mr. Ming Zhu, Deputy GM
  - The following interviews with employees were conducted:
    - Ms. Jingjing Chen, Compliance officer
    - Ms. Li Wang, Finance department
    - Mr. Jin Chen, Supplying department
    - Mr. Xingwu Cao, Sales department
    - Ms. Sujun Duan, Trading department
    - Mr. Xiaoping Li, Quality department
    - Ms. Jiao Wang, Production department

### 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: Henry TENG

Signature: 

Date: 16/Feb./2019