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

<table>
<thead>
<tr>
<th>Company Name:</th>
<th>Jiangxi Longtianyong Nonferrous Metals Co., Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reference Standard:</td>
<td>LBMA RSG</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Audit Team</th>
<th>Team Leader:</th>
<th>Mr. Chuangen Wang</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>Team Member:</td>
<td>Mr. Chuangen Wang</td>
</tr>
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<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>
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<tbody>
<tr>
<td>Full assessment Audit</td>
<td>April 18th</td>
<td>April 20th</td>
<td>3 Man days</td>
</tr>
<tr>
<td>Assessment Review</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Follow-up Assessment</td>
<td></td>
<td>July 24, 2019</td>
<td>July 24, 2019</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Site(s) address(es):</th>
<th>West District of Yongfeng County Industrial Park, Ji’an City, Jiangxi Province, P.R.China</th>
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</table>

<table>
<thead>
<tr>
<th>Refiner Contact Person:</th>
<th>Name: Mr. Zonghua Wang</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name, Title:</td>
<td>General manager assistant</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:390574110@qq.com">390574110@qq.com</a></td>
</tr>
<tr>
<td>Phone:</td>
<td>+86-0796-2219008</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non Compliance – risk level</th>
<th>Compliant</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
<th>Zero Tolerance</th>
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</thead>
<tbody>
<tr>
<td>Based on the assessment conclusions, the overall rating of the Refiner’s performance is determined to represent:</td>
<td>Yes</td>
<td></td>
<td></td>
<td>Yes</td>
<td></td>
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</tbody>
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<table>
<thead>
<tr>
<th>Is a follow up visit required? (In case of high risk non-compliance)</th>
<th>Yes</th>
<th>No</th>
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<tr>
<td>Date(s) of follow up visit:</td>
<td>July 20, 2019</td>
<td>Assigned auditor:</td>
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</table>

**AUDIT SUMMARY**

**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 7 NCs were raised during the assessment period. One auditor and 3 Man days’ man days were arranged for this audit.

See Third party Audit Checklist (GENERAL INFO POINT F) and describe bellow percentages

There are total 11 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): 22.6%**
  - Type of companies: 1 refiner and 4 Individual through other refiner channel;
  - Forms of Silver: Lead mine (Silver content <0.05%); Antimony mine (Silver content <0.05%);
  - Countries of provenance: all countries of origin for lead/antimony mine were not available due to Due Diligence is inadequate.
  - **China(The 1st Follow-up assessment was conducted on July 24,2019.)**
  - Forms of Silver: Smoke ash (Silver content <1%); Smelting slag(Silver content <1%); Anode mud (Silver content <3.5%).
  - Countries of provenance: China.

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

- **Traders / brokers: 77.4%**
  - Type of companies: 1 trading company and 5 Individual through trading company channel;
  - Forms of Silver: Lead mine (Silver content <0.05%); Antimony mine (Silver content <0.05%);
  - Countries of provenance: all countries of origin for Lead/Antimony mine were not available due to Due Diligence is inadequate.
  - **China(The 1st Follow-up assessment was conducted on July 24,2019.)**
  - Forms of Silver: Smoke ash (Silver content <1%); Smelting slag(Silver content <1%); Anode mud (Silver content <3.5%).
  - 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: //

The risk assessment records provided by the company did not match the risk assessment criteria. Such as: the risk assessment criteria are quantitative (pointing system), but the risk assessment records are qualitative
In addition, risk assessment records are not assessment based on evidence of due diligence, such as the identity of the beneficiary, the source of the mineral, and the business license. The refiner only provide 2 suppliers with risk assessment conclusions showing compliance (Note: Not risk level, but three risk levels were defined in the risk assessment criteria, such as high, medium and low risk).

| 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. |
| The 1st Follow-up assessment was conducted on July 24, 2019. |

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

Jiangxi Longtianyong Nonferrous Metals Co., Ltd. was established in May 2002, is located in the hometown of Ougong-Yongfeng County West Science and Technology Park, Jian City, covering an area of 300mu, the total investment of 1.2 billion, employees more than 600 people; With advanced refining process of precious metals, annual production of silver and zinc oxide, electrolytic lead and other non-ferrous metals more than 500 tons; annual sales revenue of 3 billion yuan. The company is a medium-sized private enterprises.


Company product “Dragon Tianyong Silver”, was named Jiangxi Province famous brand products. With excellent quality and reputation, he has cooperated with Shanghai Huatong Platinum and Silver Market since 2005 and won the “Top 20 Silver Brands of Chinese users” for 11 consecutive years; in 2011, he became the delivery brand of London Gold and Silver Trading Market; and in 2012, he became the delivery brand of Gold and Silver Trading Market in London. In February, the company was listed in Hong Kong (China Baiyin Group), and became the only listed company in Ji’an at that time. In 2015, it became the delivery brand of the Shanghai Gold Exchange, and achieved a strategic leap from the domestic market to the international market.

### Manual adequacy:

Key clauses in LBMA Responsible Gold 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 not publicly available. One NC was raised during this audit.

The 1st Follow-up assessment was conducted on July 24, 2019.-Closed.
The Silver supply chain policy has been publicly issued on the refiner’s website.

The refiner has developed LBMA management system which including policy, manual and procedures governing the due diligence policy for Silver supply chains. The policy, manual 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. Zhiyong Chen /General manager with six compliance team members including GM office, marketing manager, financial manager, Lab manager, quality manager and production manager.

The refiner has communicated the procurement policy to 2 out of 11 suppliers just through written commitment letter. No other communication channel used. One NC was raised during this audit.

The 1st Follow-up assessment was conducted on July 24, 2019.-Closed.
The refiner has communicated the procurement policy to 11 out of 11 suppliers through written commitment letter and website.

The refiner Policy is communicated to employees related to the Silver-refining process. The refiner has performed relevant training to employees. 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 2 of total 11 suppliers have signed agreement. One NC was raised during this audit.

The 1st Follow-up assessment was conducted on July 24, 2019.-Closed.
The 11 out of 11 suppliers’ written commitment letter were available.

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 compliant email or hotline anonymously. Based on interview, employees are aware of the mechanism.

The refiner has issued the silver supply chain policy which including confidential grievance mechanism (e.g.compliant email and hotline) on their website. The confidential grievance mechanism (e.g.compliant email and hotline) can be available through website by external stakeholders.

**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.

But the risk assessment system was not effective, due to risk assessment records provided by the company did not match the risk assessment criteria. In addition, risk assessment records are not assessment based on evidence of due diligence, the refiner only provide 2 suppliers with risk assessment conclusions showing compliance level. One NC was raised during this audit.

The 1st Follow-up assessment was conducted on July 24, 2019 - Closed.

The refiner has revised the risk assessment criteria. The refiner perform the risk assessment based on the due diligence record and risk assessment criteria. All suppliers has been assigned low risk level.

The refiner did not conduct due diligence. The following evidence were failed to provide for 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. (Remark: only 2 out of 11 suppliers has provided business license and questionnaire for review, other evidence were not available.) One NC was raised during this audit.

The 1st Follow-up assessment was conducted on July 24, 2019 - Closed.

The 11 out of 11 suppliers’ due diligence record were available.

The refiner has not collected enough information to determine risk categories. The following documentation for mined silver was not collected to verify that the mined silver meet the LBMA requirements: 1 Identification of the origin of the Silver based on reasonable and good faith efforts; 2 mining license; 3 Import/export Silver license; 4 Collection and assessment of mining practice; Mining capacity data. One NC was raised during this audit.

The 1st Follow-up assessment was conducted on July 24, 2019 - Closed.

The above documentation for mined silver was collected to verify that the mined silver meet the LBMA requirements.

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 Gold-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. But the risk mitigation strategy procedure was inadequate. The following cases were not clearly defined in the risk mitigation strategy procedure:
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.

One NC was raised during this audit.

**The 1st Follow-up assessment was conducted on July 24, 2019. Closed.**

The refiner has revised the risk mitigation strategy procedure and clearly defined in the risk mitigation strategy 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 not aware of the enhanced due diligence measures due to the refiner not publishing its Responsible Supply Chain Policy.

**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 did not publish its Responsible Supply Chain Policy.

**ASSESSMENT CONCLUSIONS**

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>SUBCATEGORY</th>
<th>Compliant</th>
<th>Low</th>
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<tr>
<td>General Information</td>
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<tr>
<td>Step 1: Establish strong Refiner management systems</td>
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## LBMA Responsible Silver Guidance – Summary Assessment Report

For third-party audits based on ISO19011:2011

<table>
<thead>
<tr>
<th>Steps</th>
<th>Tasks</th>
<th>1.3</th>
<th>1.4</th>
<th>1.5</th>
<th>2.1</th>
<th>2.2</th>
<th>2.3</th>
<th>3.1</th>
<th>3.2</th>
<th>4.1</th>
<th>5.1</th>
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<tr>
<td>Step 2:</td>
<td>Identify and assess risk in the supply chain</td>
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<td>Design and implement a management strategy to respond to identified risks</td>
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<td>Step 4:</td>
<td>Arrange for an independent third-party audit of the supply chain due diligence</td>
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<td>Step 5:</td>
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</table>

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**
West District of Yongfeng County Industrial Park, Ji’an City, Jiangxi Province, P.R.China.

**Assessment Period**
2018 (from Jan.1/2018 to Dec.31/2018)

### 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 (not publicly available),
- LBMA management manual,
- Document and record control 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,
Business Certification,
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 Bar Warehouse,
  - Reduction melting workshop,
  - Silver smelting workshop,
  - Lead Electrolysis Workshop,
  - Silver Electrolysis Workshop,
  - Melting workshop,
  - Casting Workshop,
  - Lab,
  - All The Activities Production Area Related Silver Product.

- The following interviews were conducted with management:
  - Mr. Hai Huang/Warehouse Manager,
  - Ms. Sujing Jin/financia Manager,
  - Mr. Zonghua Wang/ General manager assistant,
  - Mr. Xiao Wu/Production manager,
  - Mr. Guosheng Song/Vice general manager,
  - Mr. Shilin Zhou/Lab manager,
  - Mr. Zhiyong Chen/General manager,
  - Mr. Xinxi Chen/Marketing manager.

- The following interviews with employees were conducted:
  - One employee from financial,
  - One employee from Raw material warehouse,
  - One employee from Silver Bar warehouse,
  - One employee from Lab
  - One employees from 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 Gold Programme for the responsible sourcing of gold-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: [Signature]

Date: April 20th, 2019 July 24, 2019