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

<table>
<thead>
<tr>
<th>Company Name:</th>
<th>Jinlong Copper Co., Ltd.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reference Standard:</td>
<td>LBMA RSG</td>
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</tbody>
</table>

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

### Type of Audit

<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>November 11th, 2019</td>
<td>May 13th, 2019</td>
<td>2.5 Man days</td>
</tr>
<tr>
<td>Assessment Review</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Follow-up Assessment – Desktop Review</td>
<td>December 25th, 2019</td>
<td>December 25th, 2019</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Site(s) address(es):</th>
<th>No.1 Jinshan west road, Tongling City, Anhui Province P.R.China.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Refiner Contact Person:</th>
<th>Name: Mr. Zhong Lei</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name, Title:</td>
<td>Title: Safety Environment basic Dept.</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:zhonglei@jinlongcopper.com">zhonglei@jinlongcopper.com</a></td>
</tr>
<tr>
<td>Phone:</td>
<td>+86-0562-3868667</td>
</tr>
</tbody>
</table>

### 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>Based on the assessment conclusions, the overall rating of the Refiner’s performance is determined to represent:</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Is a follow up visit required? (in case of high risk non-compliance)

- No
- Yes

Date(s) of follow up visit:

- N/A

Assigned auditor:

- N/A

**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. Total 4 NCs were raised during the assessment period. One auditor and 2.5 Man-days were arranged for this audit.

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

There are total 37 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): 27.7%,**
  - Type of companies: mine supplier from domestic and mine supplier from overseas.
  - Forms of Silver: Anode mud, Copper concentrates, Copper blister.
  - Countries of provenance: Australia, Chile, USA, Indonesia, Armenia, Mexico, Peru, Canada, Korea, Philippines, Brazil, China

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

- **Traders / brokers: 72.3 %;**
  - Type of companies: overseas trading companies and domestic trading companies.
  - Forms of Silver: Anode mud, Copper concentrates, Copper blister.
  - Countries of provenance: Australia, Chile, USA, Indonesia, Armenia, Mexico, Peru, Canada, Korea, Philippines, Brazil, 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 level of silver supplying counterparty cannot be verified.

Remark: Due to due diligence is inadequate, no risk assessment records were provided for review, and no evidence showed that the refiner assigned a risk level to each Silver supplying counterparty.

The 1st desktop review was conducted on December 25, 2019.
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]:
Jinlong Copper Co., Ltd. (hereinafter called “the refiner”) is located in No. 1 Jinshan west road, Tongling City, Anhui Province, P.R. China. It is a joint venture project under the approval of Chinese government. The total investment of the project is around 240 million USD. The shareholders are: Tongling Nonferrous Metals (Group) Corporation, 61.40%; Japan Sumitomo Metal Mining Co., Ltd., 27.07%; Sumitomo Corporation, 7.86%; Pingguo Aluminum (China Aluminum Guangxi Branch), 3.67%. It covers 394,500 square meters, The number of employees is 900. Annual output: 300 tons of silver, 460,000 tons of copper cathodes, 1,200,000 tons of sulfuric acid and some other by-products such as gold and silver, etc. It is a large-scale Sino-foreign joint venture in China.

Jinlong adopts the international advanced smelting flash smelting process and sulfuric acid purification dynamawave system as its main processes. The main equipment and facilities are under computer on-line control. The raw material of copper concentrate is mainly purchased from overseas market through overseas trading companies, and anode mud is mainly purchased from domestic market. The refiner’s main processes include: Mixing Materials, Copper Smelting, Copper Electrolysis, Silver Electrolysis, Casting. The company’s refined raw materials are sourced from mine, and the main product is electrolytic copper, silver ingots, gold ingots. The by-product including: Sulfuric acid, Nickel sulfate, etc.

The main product cathode copper was successfully registered in Shanghai Futures Exchange and London Metal Exchange. The company has obtained the certifications of ISO9001 quality management system, ISO14001 environmental management system, OHSAS18001 occupational health and safety management system, GB/T27025 general competence of testing and calibration laboratory, and AAAA-class enterprise with good practice on standardization.

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.
The refiner has established silver due diligence management system which including policy, procedures governing the due diligence policy for Silver supply chains. The policy and procedures was last issued on Jan. 1st, 2019.

The refiner has established and 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. Haiwei Liang/Vice General Manager, the compliance team was consist of Safety Environment Department, Commercial department and Financial department, each department has assigned a person to be responsible.

The policy was published on the refiner’s website. The policy was send to relevant suppliers and customers through E-mail or Fax. The refiner required suppliers and customers to sign the commitment letter. The refiner Policy is communicated to employees related to the Silver-refining process, the training record was available.

The refiner has appointed Mr. Airong Wang/Safety environment Basic Manager as the compliance officer was 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 fulfill 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 14 out of total 37 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 medium NC was raised during this audit.

The 1st desktop review was conducted on December 25, 2019. -Closed.
All 37 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.

The refiner has not communication mechanism in place that allows employees or external stakeholder to voice concerns over the Silver supply chain. Based on interview, employees were not aware of the mechanism. One low NC was raised during this audit.

The 1st desktop review was conducted on December 25, 2019. -Closed.
The refiner have revised communication mechanism in place that allows employees or external stakeholder to voice concerns over the Silver supply chain. (e.g. Hotline and email)

Total 2 NCs were raised in step1 during this audit.

**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 collects information to determine risk categories.

Only 3 out of 37 suppliers has provided due diligence records for review. The refiner cannot provide most following documentation for review. 1 Identification of the origin of the Silver based on reasonable and good faith efforts; 2. Mining license, if applicable; 3. Import/export Silver license, if applicable; 4. Collection and assessment of mining practice; 5. Mining capacity data, if available.

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.

Only 3 out of 37 suppliers has provided due diligence records for review. The refiner cannot provide most following documentation for review. 1 Identification of the origin of the Silver based on reasonable and good faith efforts; 2. Mining license, if applicable; 3. Import/export Silver license, if applicable; 4. Collection and assessment of mining practice; 5. Mining capacity data, if available.

The 1st desktop review was conducted on December 25, 2019.-Closed.
The due diligence records of 37 suppliers were provided for review.

The risk assessment procedure was established. But due diligence is inadequate, no risk assessment records were provided for review, and no evidence showed that the refiner assigned a risk level to each Silver supplying counterparty.

One Medium NC was raised during this audit.

The 1st desktop review was conducted on December 25, 2019.-Closed.
The refiner has revised risk assessment procedure, the risk assessment was conducted and the risk assessment records were available. 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.

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.

Total 2 NCs were raised in step 2 during this audit.

**STEP 3: Design and implement a management strategy to respond to identified risks**

See Third party Audit Checklist

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>1.</td>
<td>Policy: formal risk mitigation strategy in place.</td>
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<tr>
<td>2.</td>
<td>Improvement plans: strategy regarding the procedures for following up on improvement plans.</td>
</tr>
</tbody>
</table>

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.

**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 November 2019 by BV, and the assessment was conducted based on the ISO 19011:2011 approach, the assessment period was from January 2018 to December 2018.

The refiner has ensured that these audits are diligently completed in accordance with the LBMA RSG and the OECD Guidance.

The refiner will publish the LBMA summary report after approval on their website

The policy has published on their website

<table>
<thead>
<tr>
<th>ASSESSMENT CONCLUSIONS</th>
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<tbody>
<tr>
<td></td>
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<tr>
<td><strong>CATEGORY</strong></td>
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<tr>
<td>General Information</td>
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<tr>
<td>Step 1:</td>
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<tr>
<td>Establish strong Refiner</td>
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<tr>
<td>management systems</td>
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<tr>
<td>Step 2:</td>
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<tr>
<td>Identify and assess risk</td>
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<td>in the supply chain</td>
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<tr>
<td>Step 4:</td>
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<tr>
<td>Arrange for an independent third-</td>
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<tr>
<td>party audit of the supply chain</td>
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<tr>
<td>due diligence</td>
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<tr>
<td>Step 5:</td>
</tr>
<tr>
<td>Report on supply chain</td>
</tr>
<tr>
<td>due diligence</td>
</tr>
</tbody>
</table>
Based on the above assessment conclusions, the overall rating of the Refiner’s performance is determined to represent:

**Assessment scope:**

<table>
<thead>
<tr>
<th>Refiner location(s) included in the assessment scope</th>
<th>No.1 Jinshan west road, Tongling City, Anhui 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 Management system document:
  - (including compliance team organization chart, job responsibilities, due diligence management procedure, risk assessment criteria, evaluation methods and response measures, raw material procurement traceability procedure, document and record control procedure, etc.)
- Risk mitigation strategy procedure
- Training Record,
- Risk assessment record,
- Due diligence record,
- Business license,
- Transaction Record,
- Invoice,
- Assay certificate,
- Weight certificate,
- Packing list,
- Bill of lading,
- Certificate of origin,
- Silver Receiving Book,
- Silver Assay Record,
- Etc.

- The following areas of the facility were visited during the tour:
  - Office,
  - Raw Materials Warehouse,
  - Silver ingots Warehouse,
  - Copper Smelting workshop,
  - Copper Electrolysis Workshop,
March 2018

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

- Silver Electrolysis Workshop,
- Casting Workshop,
- Lab,
- All the activities production area related silver product.

The following interviews were conducted with management:
- Mr. Haiwei Liang/Vice General manager(Compliance Director),
- Mr. Lin Cou/Commercial Manager,
- Ms. AiRong WANG/Safety Environment Basic Dept.
- Ms. Tingting Niu/Raw materials purchase Dept.,
- Ms. Yanchun Tao/Financial Dept.
- Mr. Feng Su/Safety Environment Basic Dept.-Quality
- Mr. Lei Zhong/Safety Environment Basic Dept.-Quality

The following interviews with employees were conducted:
- One employee from financial,
- One employee from Raw materials warehouse,
- One employee from silver refiner.
- One employee from purchasing dept.

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

Lead Auditor: Mr.Chuangen Wang  Mr.Chuangen Wang

Signature:  

Date: November 13th, 2019  December 25th, 2019