Independent Reasonable Assurance Report to Korea Zinc Company, Ltd.

We were engaged by Korea Zinc Company, Ltd. to provide reasonable assurance on its Refiner’s Compliance Report for the year ended 31 December, 2018.

The assurance scope consists of the Refiner’s Compliance Report.

Responsibilities

The directors of Korea Zinc Company, Ltd. are responsible for the preparation and presentation of the Refiner’s Compliance Report in accordance with the LBMA Responsible Silver 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 Engagements 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 Silver Programme - Third Party Audit Guidance for ISAE 3000 Auditors ("the Audit Guidance").

This report has been prepared for Korea Zinc Company, Ltd. for the purpose of assisting the directors in determining whether Korea Zinc Company, Ltd. has complied with the Guidance and for no other purpose. Our assurance report is made solely to Korea Zinc Company, Ltd. in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than Korea Zinc Company, Ltd. 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, is subject to more inherent limitations than financial information, given the 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 Korea Zinc Company, Ltd.’s silver supply chain policy available on Korea Zinc Company, Ltd. website www.koreazinc.co.kr.

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 the 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.
Conclusion

In our opinion, the Korea Zinc Company, Ltd.’s Compliance Report for the year ended December 31, 2018, in all material respects, describes 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 Silver Guidance.

KPMG Samjong Accounting Corp.

KPMG Samjong Accounting Corp.
April 19, 2019
Seoul, Korea
The Refiner’s Compliance Report

The LBMA Responsible Silver Guidance has been established for Good Delivery Refiners to adopt high standards of due diligence in order to combat systematic or widespread abuses of human rights, to avoid contributing to conflict, to comply with high standards of anti-money laundering and combating terrorist financing practice.

This report summaries how Good Delivery Refiners have complied with the requirements of the LBMA Responsible Silver Guidance

<table>
<thead>
<tr>
<th>Table 1: Refiner’s details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refiner’s name</td>
</tr>
<tr>
<td>Location</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Head Office</td>
</tr>
<tr>
<td>Refinery</td>
</tr>
<tr>
<td>Reporting year end</td>
</tr>
<tr>
<td>Date of Report</td>
</tr>
<tr>
<td>Senior management responsible for this report</td>
</tr>
</tbody>
</table>

Korea Zinc Company, LTD’s evaluation

The following table lists the minimum requirements that must be satisfied by Refiners in accordance with the LBMA Responsible Silver Guidance to demonstrate compliance. Refiners should complete the table and provide reasons for their responses in the space provided. All boxes not shaded should be completed.

<table>
<thead>
<tr>
<th>Table 2: Summary of activities undertaken to demonstrate compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Step 1: Establish strong company management systems</strong></td>
</tr>
<tr>
<td>Compliance Statement with Requirement:</td>
</tr>
<tr>
<td>We have fully complied with Step 1: Establish strong management systems.</td>
</tr>
<tr>
<td>Korea Zinc Company, LTD. has adopted a policy regarding due diligence for supply chains of silver.</td>
</tr>
<tr>
<td>Comments and Demonstration of Compliance:</td>
</tr>
</tbody>
</table>

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During 2018, we established an appropriate silver supply chain policy, which is consistence with the model set out in the Annex II of the OECD Due Diligence Guidance. This sets out our responsibility for conducting risk-based due diligence, screening and monitoring of transactions and governance structures in place.

**Korea Zinc Company, LTD. has set up an internal management structure to support supply chain due diligence.**

Comments and Demonstration of Compliance:
During 2018, the internal management system has been set up to define the governance, roles and its responsibilities, internal audit, communication and management review as per the adopted policy. Our management level officer has been assigned to control this process and has an official line of reporting to the executive committee.

**Korea Zinc Company, LTD. has established a strong internal system of due diligence, controls and transparency over silver supply chain, including traceability and identification of other supply chain actors.**

Comments and Demonstration of Compliance:
We have a robust Responsible silver receipts process and specific documents must be received and transactional details entered before we process the silver-bearing material.

**Korea Zinc Company, LTD. has strengthened company engagement with silver supplying counterparties, and where possible, assisted silver supplying counterparties in building due diligence capabilities.**

Comments and Demonstration of Compliance:
We are in the process of modifying our supplier agreements so that they make reference to the OECD guidelines.

**Korea Zinc Company, LTD. has established a company-wide communication mechanism to promote broad-based employee participation and risk identification to management.**

Comments and Demonstration of Compliance:
We have developed a mechanism allowing employees to voice concerns over the Silver supply chain or a newly identified risk. A functional mailbox has been established, which is reviewed by the compliance officer.

**Step 2: Identify and assess risks in the supply chain**

Compliance Statement with Requirement:
We have fully complied with Step 2: Identify and assess risks in the supply chain.

**Korea Zinc Company, LTD. has a process to identify risks in the supply chain.**

Comments and Demonstration of Compliance:
We identify and assess risks in the supply chain. We have established our criteria for high-risk
categories and applied them for any silver supplying counterparty. We conduct due diligence following a risk-based approach. Following the due diligence process, we allocate a risk profile according to our risk profile criteria. This process is a formal requirement before entering into any business relationship with a precious metal supplying counterparty.

**Korea Zinc Company, LTD. assess risks in light of the standards of our due diligence system.**

Comments and Demonstration of Compliance:
Supply chain due diligence comprising all measures required by the LBMA Responsible Silver Guidance is performed before entering into a business relationship with any silver supplying counterpart. We performed enhanced due diligence for higher-risk categories, which includes those where silver originates from or transits via a conflict-affected or human rights abuse in high-risk area. In addition, we conducted appropriate scrutiny and monitoring of transactions undertaken through the course of the relationship.

**Korea Zinc Company, LTD. report risk assessment to the designated manager.**

Comments and Demonstration of Compliance:
The Compliance officer provides a commentary report to the Senior manager, representing the senior management team on due course. The Senior manager must approve all new suppliers classified as high risk. Senior manager retains the ultimate control and responsibility for the silver supply chain.

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

Compliance Statement with Requirement:
We have fully complied with Step 3: Design and implement a management system to respond to identified risks.

**Korea Zinc Company, LTD. has devised a strategy for risk management of an identified risk by either (i) mitigation of the risk while continuing to trade, (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk**

Comments and Demonstration of Compliance:
During the reporting period, Korea Zinc Company, LTD. has properly implemented required strategy to respond to the identified risks.

**Where a management strategy of risk mitigation is undertaken, it should include measurable steps to be taken and achieved, monitoring of performance, periodic reassessment of risk and regular reporting to designated senior management.**

Comments and Demonstration of Compliances
The relative procedure is in place and where and when necessary appropriately applied.

**Step 4: Arrange for an independent third-party audit of the supply chain due diligence**

Compliance Statement with Requirement:
We have fully complied with Step 4: Arrange for an independent third-party audit of the supply chain due diligence.

Comments and Demonstration of Compliance:
Korea Zinc engaged the services of the assurance provider Samjong KPMG, and their independent reasonable assurance report will be available on Korea Zinc Company, LTD’s website when issued.

Step 5: Report on supply chain due diligence

Compliance Statement with Requirement:
We have fully complied with Step 5: Report on supply chain due diligence

Comments and Demonstration of Compliance:
Our Responsible Conflict Mineral Policy is Available on Korea Zinc Company, LTD’s website. Our Compliance report with the audit report will be available on Korea Zinc’s website when issued.

Korea Zinc Company, LTD. overall conclusion

Table 3: Management conclusion

<table>
<thead>
<tr>
<th>Is the Refiner in compliance with the requirements of the LBMA Responsible Silver Guidance for the reporting period?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
</tbody>
</table>

In conclusion, Korea Zinc Company, LTD. implemented effective management systems, procedures, processes and practices to conform to the requirements of the LBMA Responsible Silver Guidance, as explained above in Table 2, for the reporting year ended 31 December 2018.

Table 4: Other report comments

If users of this report wish to provide any feedback to Korea Zinc Company, LTD. with respect to this report, they can contact corporate relations on krl@koreazinc.co.kr