

AHLATÇI METAL RAFİNERİSİ A.Ş.
INDEPENDENT REASONABLE
ASSURANCE REPORT
ON THE REFINER'S COMPLIANCE
REPORT FOR THE YEAR ENDED
31 DECEMBER 2017

**To the Management of
Ahlatçı Metal Rafinerisi A.Ş.**

Independent Reasonable Assurance Report to Ahlatçı Metal Rafinerisi A.Ş. (ISAE 3000 engagements)

Introduction

We were engaged by Ahlatçı Metal Rafinerisi A.Ş. (the Refinery, Ahlatçı Metal Refinery or the Company) to perform a reasonable assurance engagement on Ahlatçı Metal Refinery's Compliance Report dated 03 July 2017 for the year ended 01.07.2016-30.06.2017.

Scope

The assurance scope consists of the Refiner's Compliance Report ("the Report"). The objective of this engagement is to provide an opinion as defined ISAE 3000 assurance standard of the Auditee's Report as 20/09/2016 on whether the Refiner's Compliance Report describes fairly the activities undertaken to demonstrate compliance and whether management's overall conclusion has been drawn in accordance with the requirements of DMCC's Practical Guidance for Market Participants in the Gold and Precious Metals Industry, DMCC Review Protocol on Responsible Sourcing of Precious Metals and DMCC Rules for Risk Based Due Diligence for Gold and Precious Metals Version 1/2016, both obtained from the DMCC website.

Responsibilities

The management of Ahlatçı Metal Refinery Corp. is responsible for the preparation and disclosure of the Refiner's Compliance Report in accordance with the DMCC's Rules. This responsibility includes conformance with Steps of 1 to 5 of the DMCC Rules for Risk Based Due Diligence for Gold and Precious Metals Version 1/2016. The criteria identified by the management as relevant for demonstrating compliance with the DMCC's Rules are the activities described within the Refiner's Compliance Report.

Our responsibility is to independently express a conclusion to Ahlatçı Metal Refinery, based on the procedures performed and evidence obtained, as to whether the Report, in all material respects, describes fairly the activities undertaken during the year to demonstrate compliance with the requirements of the DMCC Review Protocol on Responsible Sourcing of Precious Metals and DMCC Rules for Risk Based Due Diligence for Gold and Precious Metals Version 1/2016.

We performed our work in accordance with International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information ('ISAE 3000') issued by the International Auditing and Assurance Standards Board and the guidance set out in the DMCC Rules for Risk Based Due Diligence for Gold and Precious Metals Version 1/2016. ISAE 3000 requires that we obtain sufficient, appropriate evidence on which to base our conclusion. We conducted our engagement in accordance with the ISAE 3000.

Our work has been undertaken so that we report to Ahlatçı Metal Refinery on those matters that we have agreed to state to them in this report. Our tests are related to Ahlatçı Metal Refinery as a whole rather than performed to meet the needs of any particular customer.

This report has been prepared for Ahlatçı Metal Refinery for the purpose of assisting the management in determining whether Ahlatçı Metal Refinery has complied with the DMCC Rules for Risk Based Due Diligence for gold and Precious Metals Version 1/2016, and for no other purpose. Our assurance report is made solely to the Company in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than Ahlatçı Metal Refinery for our work, or for the conclusions we have reached in the assurance report.

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.

Scope based on Reasonable assurance:

We planned and performed our work to obtain the review of Ahlatçı Metal's compliance report, supply chain policy and due diligence procedures, information and explanations considered necessary in relation to the above scope. These procedures included:

1- Activities undertaken by Ahlatçı Metal Refinery to establish a strong sustainable supply chain management systems as detailed and referring to step 1 of the DMCC Guidance and DMCC Review Protocol.

Ahlatçı Metal Refinery has established a robust sustainable supply chain management system. The Company's Gold and Precious Metals Supply Chain Policy includes a scope, distributed responsibilities and has customer acceptance policy. They also hold trainings for their staff regularly about their policy, client acceptance and risk assessment procedures. Ahlatçı Metal Refinery has assigned a dedicated compliance officer. The Refinery Compliance Officer conducts all monitoring and applications of statutes related to adaptation..

Every unit and all employed personnel engaged in gold and gold containing metal business within Ahlatçı Metal Refinery are responsible for meeting the requirements of the corporate Gold Supply Chain Policy and client & goods acceptance procedures, informing on any problems, suspicious cases or shortcomings immediately to the compliance officer.

2- Activities undertaken by Ahlatçı Metal Refinery to identify and assess the risks in the supply chain as detailed and referring to step 2 of the DMCC Guidance and DMCC Review Protocol.

Ahlatçı Metal Refinery is able to identify and assess the risks in the supply chain. The Refinery uses a management system in order to identify and assess the risks associated with gold and precious metals which they produce, distribute, transport, export and/or purchase.

Conducting a risk assessment on each party included in the supply chain from the mines (mined gold and precious metals) to the company including suppliers, exporters and transporters (mined/recycled gold and precious metals) using a risk-based approach. A transactional base monitoring supports all this procedure. With this objective, Ahlatçı Metal Refinery put into effect the Gold Supply Chain Policy, maintain its currency, and through sharing, achieve a common collective consciousness among all company personnel, clients, business partners. All units of the Company involved in gold business have implemented and conduct client relationships within the principles of Client Acceptance Policy.

3- Activities undertaken by Ahlatçı Metal Refinery for development and implementation of a risk mitigation and/or control plan as detailed and referring to step 3 of the DMCC Guidance and DMCC Review Protocol.

Ahlatçı Metal Refinery supports all preventative measures, efforts and applications to obstruct money laundering and Combating Financing of Terrorism during the entire process covering mineral extraction, transportation, trade stages, including applications at points of passage to mining areas, export and taxation.

Ahlatçı Metal Refinery commits with its position in the supply chain process that it is in contact and conducted the required relationships with central or local government authorities, international organizations, civilian authorities and affected 3rd parties for the purpose of discovery and reduction or elimination of high risks arising from Conflict-Affected and High Risk Areas. Details of risk management and mitigation concerning the supply chain processes, action types and the workflow diagrams are present in the corporate Risk Assessment Guidance.

4- Activities undertaken by Ahlatçı Metal Refinery for its annual reporting on implementations of its responsible supply chain due diligence as detailed and referring to step 4 and auditing as detailed and referring to step 5 of the DMCC Guidance and DMCC Review Protocol.

The Refinery also made an agreement with PKF İstanbul Aday Bağımsız Denetim A.S. a member firm of PKF International, in order to obtain an independent third party audit report related with gold and precious metals due diligence practices.

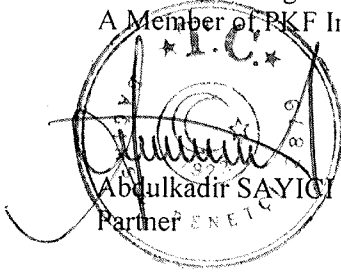
Inherent limitations

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 Ahlatçı Metal Refinery's Gold Supply Chain Policy available on Ahlatçı Metal Refinery's website (www.ahlatcimetal.com.tr).

Conclusion

In our opinion, the Refiner's Compliance Report dated 03 July 2017 for the year ended 01.07.2016-30.06.2017 describes fairly the activities undertaken during the reporting period to demonstrate compliance and management's overall conclusion contained therein is in accordance with the requirements of the DMCC's Practical Guidance for Market Participants in the Gold and Precious Metals Industry with the DMCC Review Protocol on Responsible Sourcing of Precious Metals and DMCC Rules for Risk Based Due Diligence for Gold and Precious Metals Version 1/2016.

PKF ADAY Bağımsız Denetim ve S.M.M.M. A.Ş.
A Member of PKF International



Istanbul, Türkiye, July, 21 2017

Enclosure:

- Refiner's Compliance Report

REFINERY COMPLIANCE REPORT

TABLE 1: REFINERY INFORMATION

REFINERY NAME: Ahlatcı Metal Refinery A.S.

LOCATION: Pınarcay OSB Mh. OSB 1 Cd. No: 60/1 Corum, Turkey

REPORTING PERIOD: 01/07/2016 - 30/06/2017

REPORT DATE: 03/07/2017

COMPLIANCE OFFICER RESPONSIBLE FOR THIS REPORT: Onur YOLYAPAR

REFINERY'S ASSESSMENT:

The tables and statements which are listed below are Ahlatcı Metal Refinery A.Ş.'s statement of compliance and explanations regarding its operations and applications in accordance with Dubai Multi Commodities Centre (DMCC)'s "Practical Guidance for Market Participants in Gold and Precious Metals Industry" requirements.

TABLE 2: THE SUMMARY OF PERFORMED ACTIVITIES TO INDICATE COMPLIANCE

STEP 1: ESTABLISHING ROBUST COMPANY SUPPLY CHAIN MANAGEMENT SYSTEMS

Compliance statement:

We declare to comply with the first step (Establishing robust company supply chain management systems).

Is there a company policy on gold supply chain due diligence assessment?

Compliance indicators and comments:

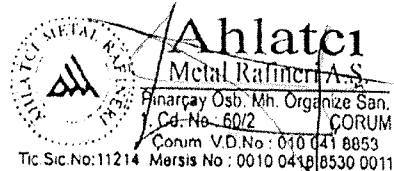
Ahlatcı Metal Rafineri A.Ş., within 01/07/2016 – 30/06/2017 reporting period, has continued to initiate previously developed Gold Supply Chain Company Policy in compliance with the model as set forth in Annex 2 of OECD Due Diligence Guidance. In accordance with the principles of such policy, the control and monitoring of all supply chain through implementation of risk-based due diligence, assessment of risks and process for accepting the metals with gold content in compliance with the customer acceptance criteria have been performed.

Has an appropriate management structure been established in order to support the Gold Supply Chain Due Diligence?

Compliance indicators and comments:

An internal management structure in compliance with Gold Supply Chain Company Policy has been developed, a Compliance Officer has been assigned and appointed to this effect and a Compliance Department was also established, and a Compliance Committee was formed so as to establish an internal auditing, and it was ensured to have convened periodically, and a direct reporting facility was provided for the management after having established incompliance notification system, and

[Handwritten signature]



activity and implementation chain compatible with the operation of the Compliance system was followed by providing suitable trainings.

Has a strong in-house internal system been devised to cover the due diligence in respect of transparency, control and traceability of the supply chain processes, and of describing all the actors in the supply chain?

Compliance indicators and comments:

A systematic structure was established for the purpose of following up the process in conformity with the system of reference/ID/lot order from customer and material acceptance to production and sales stage.

Do efforts exist in relation to compliance of vendors and customers to the company policies and procedures under Supply Chain Due Diligence Assessment?

Compliance indicators and comments:

The related documents, certificates and forms prepared in accordance with the directives of OECD under due diligence are shared with the customers, and their statements are obtained by executing compliance agreements with them, and determinations and evaluations are made in regards to supply chain processes and the compliance thereof through both customer interviews and on the-spot visits.

Has an in-house communication system been established with the participation of all company employees including workers in respect of describing of risks in all processes of gold supply chain and of notifying the incompliances to the management?

Compliance indicators and comments:

Compliance transition points are formed for the purpose of notifying the incompliances detected during the gold supply chain process, and in-house communication system has been established for putting into practice an early risk diagnosis and preventive/corrective activity implementation by instituting a fast communication system (mevzuatuyum@ahlatci.com.tr) which will enable direct access to managers and compliance department on the existing internet network.

STEP 2: IDENTIFYING AND ASSESING THE RISKSIN THE SUPPLY CHAIN

Compliance statement:

We declare to comply with the second step (Identifying and assessing risks in the supply chain).

Is there any process in respect of determining the risks involved in the gold supply chain?

Compliance indicators and comments:

The Risk Management Plan and Customer Acceptance Policy is established with respect to identifying and preventing the risks involved in the gold supply chain process, and to preventing the recurrence of similar risks by implementing corrective actions to this effect.

Is the assessment of risks performed in accordance with the standards of the Due diligence system?

Compliance indicators and comments:

A supply chain due diligence system and precautions are put into practice, starting from the phase of acceptance of the customer and precious metals in accordance with Application guide and procedures for the Market Participants joining in the DMCC Gold and Precious Metals Industry.

All procedures which shall ensure the control and inspection of the system including monitoring of all operations in respect of transportation routes and processes through high level risk due diligence in connection with the gold from high risk zones inflicted by conflicts where human rights are violated further to the institution of risk-based due diligence process starting from the source of gold.

Is risk assessment reported to the management?

Compliance indicators and comments:

A Compliance Committee has been formed with regards to the supply chain compliance process and is ensured to convene once in every three months, and the evaluation of process and risks were made, and the decisions taken and the results of the evaluation were reported to the management in the same period.

STEP 3: DEVELOPING AND IMPLEMENTING A RISK MITIGATION/CONTROL PLAN

Compliance statement:

We declare to comply with the third step (Developing and implementing a risk mitigation/control plan)

Has an appropriate risk management strategy been determined such as terminating the employment contract, mitigating the risks involved through suspension of trade or mitigating risks during trading with respect to the course of action and risk management in case of occurrence of risks?

Compliance indicators and comments:

The Corporate Risk Management Plan has been instituted and put into operation, and risky circumstances, the courses of action in the face of any risks and the principles of risk management were determined, and risk covering methods such as terminating the employment contract, mitigating the risks involved through suspension of trade or mitigating risks during trading were set forth.

Have applications been put in place in respect of risk mitigating measures such as re-evaluation of risks in a periodical manner, observation of the sections of the process relating to the risky circumstances and implementation of additional precautionary measures and periodical reporting of evaluations to the senior management?

Compliance indicators and comments:

The implementations were set forth for all operations in the process including the transportation phase and transit roads from the source of gold, and customer documentation and certificates under Customer Acceptance Policy were recorded and examined and periodical reporting was performed to the senior management, the risk management was clarified both in on-the-spot audits and additional



Ahlatci 3
Metal Rafineri A.Ş.

Pıncarçay Org. Mh. Organize San.
1. Cd. No : 60/2 ÇORUM
Çorum V.D.No : 010 041 0853
Tic.Sic.No:11214 Mersis No : 0010 0418 8530 0011

04

administrative implementations and measures were taken for the purpose of carrying out business relation or material acceptance in a secure manner in accordance with the principles of Risk Analysis and Customer Acceptance Policy.

STEP 4: CARRYING OUT INDEPENDENT THIRD-PARTY AUDITS OF GOLD AND PRECIOUS METALS COMPANY'S DUE DILLIGENCE PRACTICES

Compliance indicators and comments:

A contract was executed with an independent audit firm reporting period Compliance Due Diligence. The audit will be conducted with the year and independent audit report will be submitted to the related parties.

STEP 5: REPORTING ANNUALLY ON RESPONSIBLE SUPPLY CHAIN DUE DILLIGENCE

Compliance statement:

We declare to comply with the fifth step (Reporting annually on responsible supply chain due diligence).

The corporate policies and procedures of supply chain prepared in accordance with DMCC policy and procedures have been shared with all parties and customers involved in the process, and efforts were made for their compliance with the process and annual refinery reports were published to share the indicators in respect of compliance with third parties.

OVERALL RESULTS

TABLE 3: REVIEW OF THE BOARD

Are we in compliance with the policy and procedures in relation to the gold supply chain of DMCC in respect of the reporting period 01/07/2016 - 30/06/2017? YES

As set out in the statements and comments in table 2 herein above, a sound corporate management systems have been put in place so as to follow an effective compliance process through implementation of policies and procedures by fulfilling the requirements of DMCC policy and procedures under the gold supply chain process for the period 01/07/2016 - 30/06/2017.

Risk assessments have been made in compliance with the corporate policy and procedures under compliance process and corrective actions were planned and implemented by having processed the detected in compliance notifications.

TABLE 4: OTHER COMMENTS

Please send email for your comments regarding the report to mevzuatuyum@ahlatci.com.tr

