AHLATÇI METAL RAFİNERİSİA.Ş.

COMPREHENSIVE MANAGEMENT REPORT ON THE REFINER'S COMPLIANCE REPORT FOR THE YEARENDED 30 JUNE 2018

To the Management of
Ahlatçı Metal Rafinerisi A.Ş.

Comprehensive ManagementReport to Ahlatçı Metal Rafineri A.Ş.

Introduction

We were engaged by Ahlatcı Metal Rafineri A.Ş. (the Refinery, Ahlatcı Metal Refinery or the Company) to prepare a comprehensive management report on Ahlatçı Metal Refinery's Compliance Report dated 18 October 2018.

Ahlatcı Metal Rafineri Anonim Şirketi ("the Company" or "Ahlatcı Metal Rafineri") was initially established in 1984.The registered address of the company is at Pınarçay Organize Sanayi Bölgesi ("OSB") 1. Cad. No: 60 Çorum/Turkey.

Ahlatçı Metal Refinery, established over an outdoor area of 202.000 m2 with an indoor space of 15.000 m2, has a capacity of refining 312 tons of gold on an annual basis. In a facility wherein "Aqua Regia"method is employed for refining process; pure silver is obtained through electrolyte technique in an annual quantityof 468 tons in addition to production of gold.

Shareholding structure of Ahlatcı Metal Refinery is as follows:

Ahlatcı Metal Rafineri A.Ş.

	30 June 2018		31.Dec.17	
	Amount of Share	%	Amount of Share	%
AHLATCI HOLDING A.S.	75.000.000	100,00	75.000.000	100
Capital	**75.000.000**	**100,00**	**75.000.000**	**100**

Ahlatcı Holding A.Ş.

	30 June 2018		31.Dec.17	
	Amount of Share	%	Amount of Share	%
Ahmet AHLATCI	90.800.000	78,96	90.800.000	78,96
Ahmet Emin AHLATCI	17.000.000	14,78	17.000.000	14,78
Other two real shareholders	7.200.000	6,26	7.200.000	6,26
Capital	**115.000.000**	**100,00**	**115.000.000**	**100,00**

Scope

The objectiveof this engagement is to set out in detail the conclusions of the Review Process in respect of the Accredited Member's compliance with the DMCC Rules for RBD-GPM in accordance with Annex 5 – Minimum Reporting Requirements. These requirements including;

(a) the Company's final overall rating on its level of compliance;

(b) a summary of the individual ratings of the Ahlatcı Metal Refinery in respect of each of Rules 1 to 5 of the DMCC Rules for RBD-GPM;

(c) details of relevant findings of the Review, including substantiations of any ratings;

(d) confirmation of any areas excluded from scope of the Review;

(e) an assessment of the Refinery's supply chain due diligence methods and processes as measured against other internationally recognized benchmarks (e.g. OECD Guidance); and

(f) a corrective action plan, if required

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

Rules 1 to 5 of the DMCC Rules for RBD-GPM;

Rule 1.1. Overriding Principle

Ahlatcı Metal Refinery has implemented and maintained necessary systems and procedures. The documents such as; Compliance Directive, Responsible Gold Supply Chain Policy, Customer Acceptance Policy, Know Your Customer and Customer Risk Assessment Procedure which were provided during the audit process have proven that Ahlatcı Metal Refinery has been conducting effective due dilligence on its supply chain.

Rule 1.2 Supply Chain

Ahlatcı Metal Refinery, Responsible Gold Supply Chain Policy includes and addresses all relevant entities regarding in its supply chain which it does business with.Furthermore identification and documentation of ultimate beneficial ownerships of those counter parties.

Rule 1.3 Policy and Process Implementation

Ahlatcı Metal Refinery through Responsible Gold Supply Chain Policy put into practice under the activities and implementation for the purpose of fulfilling the requirements of the regulations and standards of the national and international agencies with which it is accredited with in relation to gold refining intends to manage the supply chain process and related commercial transactions on the basis of assuming the risks involved in the process.

Rule 1.4 Minimum KYC Requirements

Ahlatcı Metal Rafinery. implements Know Your Customer-KYC procedures and Customer Acceptance Policy which are kept always updated and effectively followed up as specified herein under in respect of any purchases and customer acceptance formalities with regards to the precious metals for the purpose of protecting itself and its employees against any breach or violation of any national and international laws and practices like money laundering and terrorism financing.

Rule 1.5 Implementation of KYC Systems and Processes

Ahlatcı Metal Refinery has implemented Customer Acceptance Policy, Know Your Customer and Customer Risk Assessment Procedures to fully satisfy the Minimum KYC Standards and any other KYC requirements.

Rule 1.6 Specific KYC Requirements

The Customer Acceptance Policy which has been put into practice by Ahlatcı Metal Refinery (AMR) A.Ş. in order to protect the company and its employees against any breach or violation of any national and international laws and practices like money laundering and terrorism financing are based upon the following parameters:

a. Origin country of metal,
b. Risk of having a business with a customer
c. Risk of product or service rendered,
d. Value of the commercial transactionsand form/duration of the relation with the customer.

In accordance with the foregoing parameters, customer risk profile updated at least once annually is generated, and the risk profile of the regular customers are updated upon a comprehensive review such as regular corporate on-the-spot visits and control of validity of administrative procedures to be conducted in different time intervals.

The customers are required to submit at the least the following evidence in terms of administrative procedures:

a. Detailed description of work and fields of activity,
b. References from other companies within the sector which shall be investigated and confirmed by the compliance officer,
c. Substantiating evidence for the origin of the materials.

Rule 1.7 Record Keeping and Updating of Information

In compliance with its Customer Acceptance Policy, Ahlatcı Metal Refinery have been opening private accounts for its suppliers and ultimate beneficial owners' and have been keeping required documents since its Customer Acceptance Policy had been implemented.

Rule 1.8 KYC Requirements for Politically Exposed Persons

Ahlatcı Metal Refinery uses World Check application to determine if a supplier or any ultimate beneficial owner of a supplier is considered to be a politically exposed person (PEP). Ahlatcı Metal Refinery has set up necessary produceres to identify PEPs, address the top management in such cases, manage KYC and track/monitor transactions.

Rule 1.9 Appointment of a Dedicated Supply Chain Officer

It's been verified that Onur Yolyapar who has bachelor's degree in Business Administration and has necessary training in supply chain management and has been working as Quality Management Systems Manager for the company. Onur Yolyapar is solely responsible toward the Board of Directors as well as Ahlatcı Metal Refinery customers and suppliers, agencies that we are accredited with and other third parties for the Compliance Process and Due Diligence of Ahlatcı Metal Refinery and he reports the activities to the Chairman Ahmet Ahlatcı and CEO Ahmet Emin Ahlatcı.

Rule 1.10 Functions and Duties of the Supply Chain Officer

Compliance Officer works in coordination with all the managers and departments and inform the department managers in respect of the results of observations and audits for correction while also advising such to Chairman. Depending upon the level, privacy and nature of the subject to be corrected, He directly reports to the Chairman if need be. The Compliance Officerfollows up all the legislation and implementation with regards to compliance. The Compliance Officer also acts as the Chief Compliance Trainer.

In Ahlatcı Metal Refinery's Compliance Directive, Compliance Officer's work instruction described as:

1. The Corporate Compliance Officer is appointed by the Chairman. He reports his own studies and activities to the Senior Management and the Chairman.
2. His appointment is notified to accredited organizations and necessary third parties.
3. The Compliance Officer follows all national and international legislation related to his/her subject. He prepares the internal instructions and implementation accordingly and ensures and controls the implementation thereof.
4. He prepares the Corporate Gold Supply Chain Policy and ensures that it is kept up-to-date.
5. He conducts the Internal Due Diligence studies.
6. He directs the Due Diligence studies to be performed by the departments.
7. He carries out Due Diligence Risk Analysis and creates Risk Management Plan.
8. He reports his own studies to the Senior Management and the Chairman.
9. He represents the Company by participating in the joint studies conducted by the related acclaimed organization.

10. He presides the studies of the compliance Committee, and reports the results thereof to the Chairman.
11. He submits for the approval of the Chairman the High Risk Customers.
12. He follows the nonconformity notification system, makes preliminary evaluation in respect of nonconformities and put them into practice, and ensures that the Compliance Committee convenes with the participation of the related elements at the required time.
13. He conducts periodical compliance audits and reports the results thereof to the Managers and the Chairman.
14. He prepares the Corrective Action Plan and implement such when required.
15. He acts as the Chief Compliance Trainer, and plans and implements the internal in-house trainings.
16. He trains the Department Compliance Individuals and follows their studies.
17. He establishs a departmental archiving system in relation to his subject.
18. He conducts the relations with the auditing company.
19. He exchange information about the Compliance Process and Due Diligence by paying visits to customers as required and contribute to raising the same awareness among such.

He consults the Senior Management, Risk Comitte and the Chairman, makes assessments and suggestions.

Rule 1.11 Appointment of a Controller Each Category-

Compliance Officer Onur Yolyapar had been appointed as the "controller" who is able to operate and function independently from other departments and individuals.

Rule 1.12 Functions and Duties of the Controller Each Category-

Ahlacı Metal Refinery's controller Onur Yolyapar is familiar with, and carries out its role and function in accordance with the requirements of the Resolution and willing to ensure all articles' requirements will be fullfilled.

Rule 1.13 Records of Internal Inventory and Transactional Documentation

Ahlatcı Metal Refinery developed necessary internal documentation and records of supply chain due diligence to cover internal inventory and transactional documentation as well as all listed articles. Ahlatci Metal Refinery is in process of CRM software customized for its requirements.

Rule 1.14 Record Keeping

Article 6 of Ahlatcı Metal Refinery's Responsible Gold Supply Chain Policy indicates that: All records and documents relating to the gold supply chain are archived in a traditional manner and in a database so as to keep them for a period of minimum 5 years as evidencing that related instruction, procedures and directives are followed up in every stage of the process, and that Due Diligence studies are performed properly, and the Company's Archive Procedure is revised accordingly.

Rule 1.15 Enhanced Relationships with Suppliers

Compliance Officer Onur Yolyapar has been regularly visiting old and new suppliers and customers to ensure KYC due dilligence processes are in accordance with DMCC rules and reviewing suppliers' own due diligence practices; establishing long-term relationships with each supplier and each supplier's ultimate beneficial owners; sharing with each supplier the DMCC Rules for RBD-GPM and the Accredited Member's obligations under the DMCC Rules for RBD-GPM and acknowledging the receipt of, and compliance with, such by each supplier; incorporating the provisions of the DMCC Rules for RBD-GPM into contracts and/or agreements and KYC forms with each supplier; and supporting and building capabilities of suppliers (if required) to ensure compliance with the Accredited Member's Policy and the DMCC Rules for RBD-GPM.

Rule 1.16 Uncooperative Suppliers

Ahlatcı Metal Refinery is aware of rules regarding uncooperative suppliers and commited to seek disengagement from such supplier, document its efforts in accordance with these Rules and report the matter to the DMCC.In the reporting year such case has not come to our attention.

Rule 1.17 Security Requirements

The Company has proper security requirements for transportation of goods and also has a written checklists to manage shipments and also has a working feedback system of information flows.

Rule 1.18 Training of staff and KYC

Compliance officer of th Ahlatci Metal Refinery prepares the Supply Chain Compliance Training Instructions for the purpose of informing all employees including the managers and workers about the studies on the Compliance Process and Due Diligence, and refreshing the existing knowledge and creating mutual understanding, and plans in-house Supply Chain Compliance Trainings and implements such.

(b) the adequacy and implementation of KYC requirements taking into consideration the application of Rule 1.1 to 1.18.

The Company and its compliance officer are having effort to implement the requirements of KYC. Ahlatçı Metal Refinery's headquarter is in Çorum, a citywhich is at the mid-region of Turkey. Since, the loyalty of the employees is high to the Company, all of the employees of the company have efoorts to keep the company to implement the KYC requirements properly. The awareness of the employees are good enough for the adequacy and implementation of KYC requirements.

2. In respect of Rule 2:

(a) in relation to transactions:

We have audited 65 from purchase transactions out of 155 transactions within the period 01.07.2017-30.06.2018 and 75 from sales transactions out of 164 transactions within the period 01.07.2017-30.06.2018 which was subject to Review;

We audited 42% of purchase transactions and 46% of the sales transactions within the period subject to Review;

We audited the 43,8% ofthe total number of transactions during the period subject to Review;

the total volume of Mined Gold and/or Precious Metals and/or Recycled Gold and/or Precious Metals in relation to the total number of transactions during the period subject to Review;

5.146,79,02 kg sold, 4.614,02 kg bought

(v) the total volumes of cash transactions (if any) and its usage in excess of government thresholds as applicable in the Accredited Member's place of domicile;

none

(vi) the total volumes of unrelated third party payments (i.e. cash, bank transfers and metal accounts held with bullion banks) and physical gold and/or precious metal deliveries in unusual circumstances that are not consistent with local and/or international market practices (for example, value, quantity, quality, profit); and

none

(vii) adequacy and implementation of track and trace mechanism from mine/supplier to sale and/or physical delivery to the Accredited Member's suppliers;

Ahlatcı Metal Refinery has active contract with Loomis transportation company for deliverence and all transactions are traced and insured.

(b) in relation to geographical considerations:

(i) Ahlatcı Metal Refinery did not refine gold and precious metals sourced from outside of Turkey within the audited time period. Thus, AMR tracks local suppliers based on physical form; quantity; actual or declared purity and transportation. AMR do use its own laboratory facility which is in compliance with ISO/IEC 17025 Standard for defining purity.

(ii) Ahlatcı Metal Refinery did not refine gold and precious metals sourced from outside of Turkey within the audited time period.

(c) Ahlatcı Metal Refinery implements their document AMR-C-005 Gold Supply Chain Risk Management Plan which identifies the risks and sorts out their risk assessment methodology.

There has not been observed any deviations from the requirements of Rule 2 at AMR's risk assesment guidance and the methodoloywithin the audited time period.

3.4 AMR-C-005 Gold Supply Chain Risk Management Plan is an adequate and sufficient document to sort out risk management implementation to their company. Ahlatcı Metal Refinery strives to use effective risk analysis and management efforts in order to avoid being implicated in crimes of money laundering or terrorism financing and other associated crimes without any deliberation, and eliminates the risk of its reputation being tarnished by implementing measures and methods to apply anti-money laundering and prevent terrorism financing in all its commercial relations by applying ethical business principles conforming to national and international legal certifications to which it is subject to.

3.5 Ahlatci Metal Refinery has adequate compliance policies and processes to implement the DMCC rules. Compiance officer is responsible to coordinate and follow the implementation of these procedures and policies.

(a)We examined the effectiveness of the compliance procedures during our Review and we cane a conclusion that these procedures and policies are adequate to implement the DMCC Rules for RBD-GPM .

(b) AMR established its supply chain risk management plan to mitigate risks. AMR has an effective KYC policies application also the company is doing due diligince before accepting a new client to minimize the risks. External and internal controls to minimize risks are adequate.

(c) AMR gold supply chain is in conformity to and compliance with the DMCC Rules for RBD-GPM in all communications with participants across the entire supply chain;

(d) Ahlatcı Metal Refinery has ongoing contract with Loomis transportation company for deliverence and all transactions are traced and insured.

(e) AMR is applying risk based KYC Procedures and Customer Due Diligence in order to manage risks efficiently. Our observations were proofed us that the Company is effectively using these procedures to minimize the risks.

Rule 4.4 Minimum Requirements of Reviewers

Each Reviewer must have the following characteristics:

(a) We .as a Reviewing company has no relation with the Ahlatci Metal Refinery

(b) There isno conflict of interest between the Reviewer and the Company subject to the relevant Review;

(c) There is no specific services being provided by the Reviewer to the AMR in relation to any due diligence exercise (other than general related guidance); and

(d) As a Reviewer, we keep confidential the confidential information of the Ahlatci Metal Refinery, subject to any legal requirements of disclosure or any other reasonable requirements of the Ahlatci Metal Refinery, taking into account all circumstances (including the nature and ownership of the information and any previous dissemination of such information).

Rule 4.5 Composition of the Review

(a) As a Reviewing company, we prepared a detailed audit plan which was clearly set out the scope, timing and costs of the Review.

(b) (i) We visited the AMR's facilities for our reviewengagement

(ii) We obtained the list of suppliers and made a search over their capacities.

(c) We made several meetings with the compliance officer of the Company to assess the risks the company may anticipate;

(d) As of the report date, we were satisfied with the level of conformity of the AMR's supply chain due diligence with the DMCC Rules for RBD-GPM; and

(e) We recommended to AMR compliance officer to increase the completion of KYC procedures for suppliers and buyers. The company compliance officer is day by day completeing the KYC procedures for each client and supplier. Moreover, we advised the company management and the compliance officer to disseminate the awareness of DMCC Rules.

Rule 4.6 Annual Report on Supply Chain Due Diligence

AMR was audited its compliance report per regulation of the DMCC Review Protocol and obtained an annual report.

Rule 4.7 Review Programme of Ahlatci Metal Refinery demonstrate its compliance with the DMCC Rules for RBD-GPM to the DMCC. In carrying out such obligation, AMR is implementing its audit programme, which includes:

(a) The audit proggramme is in conformity with the DMCC Rules for RBD-GPM;

(b) Selection and engagement process of theReviewer is in conformity with the DMCC Rules for RBDGPM;

(c)AMR is fully cooperating with the Reviewer;

(d) AMR is implementing all recommendations provided by the Reviewer; and

(e) AMR is providing a copy of the Review report to the DMCC or any authority that regulates or otherwise governs the Accredited Member.

3.6 AMR is disclosing its annual report on its supply chain due diligence to public through its web site to generate public confidence in the measures that it has implementedMinimum Requirements of Public Reporting.

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A Member of PKF International

Abdulkadir SAYICI
Partner

Istanbul, Türkiye, November, 07 2018

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