

<b>Company Name:</b>	Jinlong Copper Co.,Ltd.
<b>Reference Standard:</b> LBMA RSG	Other ref.: <b>ISO 19011:2011</b>

Audit Team	
Team Leader:	Team Member:
Mr.Chuangen Wang	N/A

Type of Audit	Date of Opening Audit	Date of Closing Audit	Total n° of man/days
Full assessment Audit	November 11 <sup>th</sup>	November 13 <sup>th</sup>	2.5 Man days
Assessment Review			
Follow-up Assessment			

Assessment Information	
<b>Site(s) address(es):</b>	No.1 Jinshan west road, Tongling City, Anhui Province P.R.China.
<b>Refiner Contact Person: Name, Title:</b>	Name: Mr.Zhong Lei Title: Secutity Environment basic Dept.
<b>Email:</b>	<a href="mailto:zhonglei@jinlongcopper.com">zhonglei@jinlongcopper.com</a>
<b>Phone:</b>	+86-0562-3868667
<b>Dates and places where the onsite assessment activities were conducted</b>	Date: November 11 <sup>th</sup> -13 <sup>th</sup> ,2019. Place: No.1 Jinshan west road, Tongling City, Anhui Province P.R.China.

	Compliant	Non Compliance – risk level			
		Low	Medium	High	Zero Tolerance
<b>Based on the assessment conclusions, the overall rating of the Refiner’s performance is determined to represent:</b>			Yes		

<b>Is a follow up visit required? (in case of high risk non-compliance)</b>		Yes	No
<b>Date(s) of follow up visit:</b>	N/A	<b>Assigned auditor:</b>	N/A

**AUDIT SUMMARY**

**Basic Inputs**

- *This is the first full assessment audit (Assessment Period: 2018 (from Jan.1,2018 to Dec.31,2018)) for Sliver 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.*

**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 sliver, 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 dynawave 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 including: 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, sliver 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.*

**LBMA Refiner Assessment Report**

**Assessment objectives:**

*The objectives of the assessment were to evaluate the conformity of the Refiner's management system procedures processes and practices with the LBMA Responsible Silver Guidance.*

**Assessment scope:**

<i>Refiner location(s) included in the assessment scope</i>	No.1 Jinshan west road, Tongling City, Anhui Province P.R.China.
<i>Assessment Period</i>	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:*

- *Sliver 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,*
- *Sliver Receiving Book,*
- *Sliver Assay Record,*
- *Etc.*

*The following areas of the facility were visited during the tour :*

- *Office,*
- *Raw Materials Warehouse,*
- *Sliver ingots Warehouse,*
- *Copper Smelting workshop,*
- *Copper Electrolysis Workshop,*
- *Sliver Electrolysis Workshop,*
- *Melting workshop,*
- *Casting Workshop,*
- *Lab.*

*The following interviews were conducted with management:*

- *Mr.Haiwei Liang/Vice General manager(Compliance Director),*
- *Mr.Lin Cou/Commercial Manager,*

- Ms.AiRong WANG/Secutity Environment Basic Dept.
- Ms.Tingting Niu/Raw materials purchase Dept.,
- Ms.Yanchun Tao/Financial Dept.
- Mr. Feng Su/ Secutity Environment Basic Dept. -Quality
- Mr.Lei Zhong/ Secutity Environment Basic Dept.-Quality

The following interviews with employees were conducted:

- One employee from financial,
- One employee from Raw materials warehouse,
- One employee from sliver refiner.
- One employee from purchasing dept.

**Statement of the confidential nature of the contents:**

*All the data contained in the assessment report, as well as all information obtained during the performance of the certification, is private and confidential between the auditing body and the 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 Silver Program for the responsible sourcing of silver-bearing materials.*

<b>Assessment findings:</b>				
<i>Category/subcategory</i>	<i>Non-compliance/Observation: Include evidence found to substantiate the non-compliance as well as frequency of its occurrence.</i>	<i>Recommended corrective action</i>	<i>Timeframe for implementing corrective actions</i>	<i>Refiner comments</i>
Step 1.4	Only 14 out of total 37 suppliers have signed agreement which silver supplying counterparties should commit to and acknowledge in writing compliance with the refiner's own silver supply chain policy. 37家供应商中只有14家签署了协议, 白银供应商方应承诺并以书面形式确认遵守精炼厂自己的白银供应链政策.	It is Recommended that the refiner should ask all suppliers sign commitment letter to meet LBMA requirement.	90days	Low Risk NC The refiner will take action to correct this NC
Step 1.5	The communication mechanism has no voice anonymously mothed. 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. 沟通机制没有匿名申诉的方式, 精炼厂没有适当的沟通机制, 允许员工或外部利益相关者表达对白银供应链的申诉。根据访谈, 员工并不了解该申诉机制.	It is recommended that the refiner should establish communication mechanism voice anonymously mothed, and allows employees or external stakeholder to voice concerns over the Silver supply chain.	90days	Medium Risk NC The refiner will take action to correct this NC
Step 2.2	It was noted that only 14 out of 37 suppliers has provided	It is Recommended that the refiner should	90days	Medium Risk NC

	<p>related due diligence record for review.)The following evidence need to 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. 在 37 个供应商中, 只有 14 个提供了相关的尽职调查记录.需要审查的证据, 例如: 受益所有人的身份, 检查记录 (检查对方及其受益所有人是否未在任何政府名单上列出通缉洗钱者, 已知欺诈者或恐怖分子), 商业和财务细节, 有意进行合作的供货商的信息. 精炼厂仅提供营业执照和承诺函供审查.</p>	<p>conduct due diligence to meet LBMA requirement.</p>		<p>The refiner will take action to correct this NC</p>
Step 2.2	<p>No risk assessment records were provided for review. No evidence showed that the refiner has assigned risk level to each Silver suppliers. 没有提供风险评估记录以供审查,</p>	<p>It is Recommended that the refiner should establish and conduct effective risk assessment procedure ,and</p>	90days	<p>Medium Risk NC The refiner will take action to correct this NC</p>

	没有证据表明该炼油厂为每个白银供应商指定了风险等级。	assigne risk level to each Silver supplier.		
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Assessment conclusions	Compliant	Low	Medium	High	Zero Tolerance
<b>Based on the above assessment conclusions, the overall rating of the Refiner's performance is determined to represent:</b>			Yes		



ADDITIONAL ELEMENTS	
	<b>Assessment plan:</b>
	<i>Refer to attach file of audit plan for Jinlong Copper Co.,Ltd.</i>
	<b>List of attendees of opening and closing meeting</b>
	<p><i>Refer to attach file of meeting sign</i></p> <ul style="list-style-type: none"> <li>• <i>Mr.Haiwei Liang/Vice General manager(Compliance Director),</i></li> <li>• <i>Mr.Lin Cou/Commercial Manager,</i></li> <li>• <i>Ms.Zhen Fan/Admin,</i></li> <li>• <i>Mr.Guodao Huang/Secutity Environment Basic Dept.</i></li> <li>• <i>Ms.AiRong WANG/Secutity Environment Basic Dept.</i></li> <li>• <i>Ms.Tingting Niu/Raw materials purchase Dept.,</i></li> <li>• <i>Ms.Yanchun Tao/Financial Dept.</i></li> <li>• <i>Ms.Xiuhong Gan/Rare Precious Metals Dept.,</i></li> <li>• <i>Mr. Feng Su/ Secutity Environment Basic Dept. -Quality</i></li> <li>• <i>Mr.Lei Zhong/ Secutity Environment Basic Dept.-Quality</i></li> </ul> <p><i>Etc.</i></p>
	<b>Refiner feedback</b>
	<p><i>The refiner top management thanked the assessment team for the communication of good practice of silver supply chain system and also for the assessment work during the three days. The management stated they will make more effort to support the silver supplier chain due diligence policy and carry out more activities to make sure the company compliance with LBMA RSG requirement. The refiner will take corrective actions for the non-conformities found in 90 days.</i></p>



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

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Signature:

A handwritten signature in cursive script that reads 'chuangen Wang'.

Date: November 13<sup>th</sup>,2019

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