

**NADİR METAL RAFİNERİ
SANAYİ VE TİCARET A.Ş.**

**INDEPENDENT REASONABLE ASSURANCE
REPORT ON GOLD SUPPLY CHAIN IN
ACCORDANCE WITH INTERNATIONAL
STANDARDS ON ASSURANCE
ENGAGEMENTS ISAE 3000 –ASSURANCE
ENGAGEMENTS OTHER THAN AUDITS OR
REVIEWS OF HISTORICAL FINANCIAL
INFORMATION AS OF 31 DECEMBER 2016**

Independent Reasonable Assurance Report on Nadir Metal Refiner's Compliance Report

To The Board of Directors and Management of Nadir Metal Refinery

We were engaged by Nadir Metal Rafineri Sanayi ve Ticaret A.Ş. ("Nadir Metal Refinery or Nadir Refinery") to provide reasonable assurance on Refiner's Compliance Report ('the Report') to London Bullion Market Association (LBMA) Responsible Gold Programme for the period from January 1st to December 31st 2016.

Scope of our work

A reasonable assurance engagement involves planning and performing procedures to obtain sufficient appropriate evidence to give reasonable assurance over the Refiner's Compliance Report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the Report whether due to fraud or error.

In making those risk assessments, we considered internal control relevant to the preparation and presentation of the Refiner's Compliance Report in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of Nadir Metal Refinery's internal control over the preparation and presentation of the Refiner's Compliance Report. Our engagement also included: assessing the suitability of the Reporting Criteria in the circumstances of the engagement; evaluating the appropriateness of the methods, policies and procedures, and models used in the preparation of the Refiner's Compliance Report; the reasonableness of estimates made by the directors; and evaluating the overall presentation of the Refiner's Compliance Report.

Management Responsibilities

The management of Nadir Metal Refinery is responsible for the preparation and presentation of the Report in accordance with the LBMA Responsible Gold 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 management as relevant for demonstrating compliance with the Guidance are the activities described within the Refiner's Compliance Report.

Our Responsibility

Our responsibility is to carry out a reasonable assurance engagement and to express an independent conclusion to Nadir 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 that compliance is in accordance with the requirements of the LBMA Responsible Gold Guidance. 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 (ISAE 3000) issued by the International Auditing and Assurance Standards Board and the guidance set out in the LBMA Responsible Gold Programme -Third Party Audit Guidance for ISAE 3000 Auditors (the "Audit Guidance version3"). ISAE 3000 requires that we obtain sufficient, appropriate evidence on which to base our conclusion.

This report has been prepared for Nadir Refinery for the purpose of assisting the management in determining whether Nadir Refinery has complied with the Guidance and for no other purpose. Our assurance report is made solely to Nadir Refinery in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than Nadir Refinery for our work, or for the conclusions we have reached in the assurance report.

Reasonable assurance procedures performed

We planned and performed our work to obtain all the evidence, information and explanations considered necessary in relation to the above scope. These procedures included:

- Detailed analysis of needs assesment to gain an understanding of Nadir Refinery's processes, and risk management protocols in place.
- Enquiries of relevant staff at the corporate office responsible for the preparation of the Report.
- Site visits to Nadir Refinery
- Testing on represantative a sample basis to evaluate whether the requirements of LBMA Responsible Gold Guidance are being executed and followed bt the Nadir Metal.
- Assessing the suitability of the policies, procedures, internal controls and risk assesment approach that Nadir Refinery has in place to conform with the Standard.
- Review of a selection of the supporting documentation, including gold supplier counterparty due diligence file and transaction's documentation and furthermore the due diligence documents and risk assesment for the upstream of its suppliers.
- Enquiries of relevant staff responsible for supply chain management of Nadir Doviz which is one of the main supplier of Nadir Refinery and also a member of Nadir Group of Companies.
- Test a selection of the underlying processes and controls which support the information in the Report.
- Review of the presentation of the Report to ensure consistency with our findings.

Inherent limitations

Non-financial information, such as that included in the 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 absence of a significant body of established practice on which to draw allows for the selection of different but acceptable assessment techniques that can result in materially different measurements and can impact comparability. The nature and methods used to determine such information, as well as the assessment criteria may change over time. It is important to read Nadir Refinery's methodology and gold supply chain policy available on Nadir Refinery website (<http://www.nadirmetal.com.tr>).

Independence and competency statement

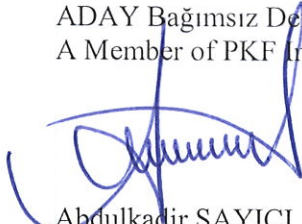
We comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and we apply International Standard on Quality Control, 'Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements'.

Accordingly, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards (including independence, and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour) as well as applicable legal and regulatory requirements. 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

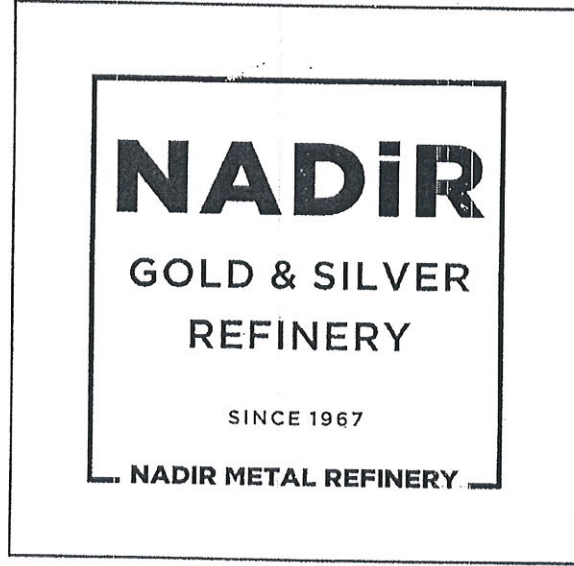
Based on the work we have performed and the evidence we have obtained, in our opinion, the Report for the year ended 31 December 2016, in all material respects, describes fairly the activities undertaken during the year to demonstrate compliance with the requirements of the LBMA Responsible Gold Guidance. This conclusion is to be read in the context of the remainder of this report, in particular the inherent limitations explained above and this report's intended use.

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



Abdulkadir SAYICI
Partner

İstanbul, Türkiye, March 3, 2017



Nadir Metal Rafineri Sanayi ve Ticaret Anonim Şirketi

LBMA Responsible Gold Guidance

Compliance Report Year 2016



The LBMA Responsible Gold 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 summarizes how Nadir Metal Rafineri Sanayi ve Ticaret Anonim Şirketi ("Nadir Metal" or "we") has complied with the requirements of the LBMA Responsible Gold Guidance and furthermore OECD's Due Diligence Guidance for Responsible Supply Chains .

Refiner's details	
Refiner's name:	Nadir Metal Rafineri Sanayi ve Ticaret Anonim Şirketi
Location:	Yenibosna Merkez Mahallesi Ladin Sokak No: 4 İç Kapı No: Z 015, Atölye Blok Kuyumcukent Bahçelievler İstanbul / Türkiye
Reporting period:	1 st January – 31 st December, 2016
Reporting year-end:	December 31, 2016
Date of report:	February 5, 2016
Senior Management responsible for this report:	Abdullah Tutuncu, CEO, Yenibosna Merkez Mahallesi Ladin Sokak No: 4 İç Kapı No: Z 015, Atölye Blok Kuyumcukent Bahçelievler İstanbul / Türkiye Phone number: +90 212 886 6729



Summary of Activities Undertaken to Demonstrate Compliance

Step 1: Establish strong company Management systems

Compliance Statement with Requirement:

We have fully complied with Step 1: Establish strong management systems as detailed below:

Comments and Demonstration of Compliance:

Nadir Metal has adopted its Responsible Supply Chain Policy in line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas, according with the model set out in the Annex II and The London Bullion Market Association Responsible Gold Guidance since 2012. A strong internal management system has been established within the scope of this policy. The tasks, responsibilities and authorities of the relevant persons have been defined. In this context Nadir is responsible for its gold supply chain to conduct KYC procedure and due diligence with risk based approach, screening, monitoring transactions, maintain records, security with respect to the supply, transport and trade in gold related precious metals, conducting trainings. Furthermore Nadir Metal supports its gold supplying counterparts in building their due diligence capabilities to comply with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas.

A compliance officer and relevant employees have been appointed to manage all these processes. The compliance officer's duties and responsibilities have been undertaken with a board resolution. Furthermore the compliance officer has been equipped with the necessary authority to fulfill his duties with a direct line to the senior management, CEO of the company and Risk Committee where he submits his monthly-prepared reports in this matter. The compliance officer and if necessary the Risk Committee evaluates the strong possibilities or existence of facts mentioned within the Company's Policy 'Criteria's About High Risk Gold Supply Chains'. The ultimate decision about the future or existing business relationship is taken by the Risk Committee, which is supported by external lawyers since 2014.

Nadir Metal is identifying and recording all it's suppliers and clients within the supply chain. Records of suppliers' profiles, visit reports and risk assessments are kept through the CRM system. All due diligence and supporting documents are stored within the archive program. A tracking system that begins from goods acceptance with a structure of client/supplier ID and lot is in place to have a transactional base monitoring and risk assessment.



A dedicated email address of etik@nadirmetal.com.tr has been established by Nadir Metal to allow anyone to express any kind of concern, unexpected risks. The compliance officer is responsible for monitoring, assessing and informing the senior management about the incoming information.

Nadir Metal is holding yearly trainings regarding Responsibilities within the Legislation of Criminal Revenues, Suspicious Transaction Types, OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas, "Know Your Customer" process with case studies. Furthermore Nadir Metal is carrying out works through media and trainings to raise awareness of local precious metal market players in this context. Nadir Metal has been the main sponsor of the translation of 'OECD Due Diligence Guidance for Responsible Supply Chains' into Turkish together with Borsa Istanbul and as well as of the 'Train The Trainer' workshop organized by Borsa Istanbul and OECD.

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 as details may be found below:

Comments and Demonstration of Compliance:

Nadir Metal has gathered its risk defining and assessment processes within the supply chain in its Company Policy and Risk Assessment Guidance. Along with this guidance the company's due diligence and risk assessment processes have been documented in details. Our Risk Assessment Guidance has been updated in 2016 due to requirements.

Every gold business related client/supplier has a profile and allocated risk assessment, which is updated periodically within the CRM system, supported by the archive program where all the documents of the counterparties are kept and monitored. Furthermore the tracking systems takes control of client/supplier's transactions beginning from goods acceptance and allows to conduct transactional based risk assessment. Those tools and processes enables Nadir Metal to identify, asses and monitor the risks in its gold supply chain beginning with the origin of the gold.

In 2016, Nadir Metal has conducted enhanced due diligence for its suppliers where necessary. Thereby due diligence and risk assessment for the upstream of this clients/suppliers had been carried out.



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 as detailed below.

Comments and Demonstration of Compliance:

Nadir Metal has developed an internal management and risk management system, which are documented in details within its Risk Assessment Guidance. The system itself is ongoing monitored by the compliance officer and reported regularly to the senior management. If there is strong possibilities or existence of facts that have been mentioned as high risk according to the company policy's 'Criteria's About High Risk Gold Supply Chains', it is submitted to the Risk Committee by the compliance officer for further evaluation.

The Risk Committee rejects or ends the business relationship or might decide to build up or continue the relationship, however generates a risk mitigation plan, which can be valid up to 3 months. The compliance department and if necessary further counterparties are responsible for monitoring this plan. Once the deadline comes on and the high risk factors still continue, the Risk Committee might extend the time period or might suspend the business relationship until high risk factors do not exist or might end the business relationship.

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:

Nadir Metal engaged the services of the assurance provider PKF Istanbul and their independent reasonable assurance report can be viewed on Nadir Metal's web page, www.nadirmetal.com.tr



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:

Further information and specific details of how Nadir Metal's systems, procedures, processes and controls have been implemented to align to the specific requirements in the LBMA Responsible Gold Guidance have been set out in our gold supply chain policy, compliance report and independent third party audit report which are available on Nadir Metal's website, www.nadirmetal.com.tr

Management Conclusion

In conclusion, Nadir Metal implemented effective management systems, procedures, processes and practices to conform to the requirements of the LBMA Responsible Gold Guidance, as explained above for the reporting year ended December 31, 2016.

Nadir Metal is committed to ensure its social responsibilities and regulatory requirements and will continue review and update its internal controls on an ongoing basis.

APPENDIX:

Country of origin information for mined gold



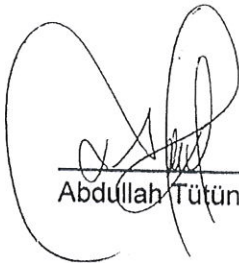
Abdullah Tütüncü, CEO

COUNTRY OF ORIGIN INFORMATION FOR MINED GOLD

Appendix to Refiner's Compliance Report audited in accordance with ISAE 3000

REFINER DETAILS	
Refiner Name:	Nadir Metal Rafineri San. Ve Tic. A.S
Refiner Location:	Hadimkoy, Istanbul /Turkey
Reporting Period:	01.01.2016 – 31.12.2016
Date of this report:	05.02.2016
Senior Management responsible for this report	CEO, Abdullah Tutuncu

Countries of Origin for Mined Gold
Turkey
Any other information <i>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, the Refiner and the LBMA.</i>


Abdullah Tutuncu, CEO