

**NADIR METAL RAFINERİ SANAYİ VE TİCARET  
A.Ş.**

**INDEPENDENT ASSURANCE REPORT  
PREPARED  
AS OF 31 DECEMBER 2016 IN ACCORDANCE  
WITH INTERNATIONAL STANDARD ON  
ASSURANCE ENGAGEMENTS ISAE 3000 ISSUED  
BY THE INTERNATIONAL AUDITING AND  
ASSURANCE STANDARDS BOARD**

**ISAE 3000 INDEPENDENT ASSURANCE REPORT ON THE ABSENCE OF BUSINESS AND TRADE OF GOLD AND PRECIOUS METALS BETWEEN NADIR METAL REFINERY AND THE ISLAMIC REPUBLIC OF IRAN'S PUBLIC AND PRIVATE COMPANIES AND REAL PERSONS**

To the Board of Directors of  
Nadir Metal Rafineri Sanayi ve Ticaret A.Ş.

We have been engaged by the Board of Directors of Nadir Metal Rafineri Sanayi ve Ticaret A.Ş. ("Nadir Metal Refinery or Nadir Refinery") to perform a assurance engagement on the "Subject Matter Selected for Assurance", within the context of Gold Supply Chain Policy of the Company. Independent assurance work was conducted in accordance with International Standards 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. An independent assurance report ("the Report") was prepared for the year ended 31 December 2016

**The Management Responsibilities**

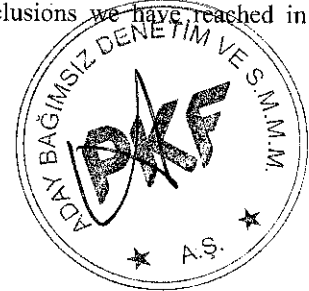
The management of Nadir Metal Rafineri Sanayi ve Ticaret A.Ş. are responsible for the preparation and presentation of the Subject Matter Selected for Assurance within the context of Gold Supply Chain Policy of the Company in accordance with Nadir Metal Refinery's internally defined procedures and for the development of the Reporting Criteria. This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived.

**The Auditor's Responsibility**

Our responsibility is to carry out a assurance engagement in order to express a conclusion based on the work performed. We conducted our assurance engagement in accordance with International Standards 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 with the guidance set out in the LBMA Responsible Gold Programme - Third Party Audit Guidance for ISAE 3000 Auditors (the Audit Guidance) issued by the LBMA.

The extent of evidence-gathering procedures performed in a assurance engagement are less than that for a reasonable assurance engagement, and therefore a lower level of assurance is provided.

This report has been prepared for Nadir Metal Rafineri Sanayi ve Ticaret A.Ş. for the purpose of assisting the management in determining whether there has been any trade or business of gold and precious metals between Nadir Metal Refinery and the Islamic Republic of Iran and other banned countries' Public and private companies and real persons for no other purpose. Our assurance report is made solely to Nadir Metal Refinery in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than Nadir Metal Refinery for our work, or for the conclusions we have reached in the assurance report.



**Assurance procedures performed**

The following identified information in the Report was selected for an expression of assurance:

- a) The Company has not purchased gold or related precious metals from any of the Islamic Republic of Iran and other banned countries' public and private companies or real persons
- b) The Company has not sold gold or related precious metals to any of the Islamic Republic of Iran and other banned countries' public and private companies or real persons
- c) The Company does not have any other kind of business relationship with any of the Islamic Republic of Iran and other banned countries' public and private companies or real persons

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

- Enquiries of management to gain an understanding of Nadir Metal Refinery's Gold Supply Chain Policy and Risk Management protocols. Questions about the Refinery's Compliance System were asked and required disclosures were obtained,
- Enquiries of relevant, responsible staff and the required disclosures were obtained,
- Site visits to the Refiner. The complete Gold Supply Chain process was observed and the required disclosures obtained and necessary audits and controls were performed regarding the functionality of the system. It was observed that the refinery is producing according to domestic and international standards and certificates,
- Procedures, documents and information related to gold suppliers, buyers and other related parties were selected in order to assess if the Refinery has an effective compliance system. As a result of the assessments, it was seen that the Refinery has established an effective compliance system that is in accordance with LBMA Responsible Gold Regulations,
- It was observed that the Refinery has established and put into force an effective management system regarding with the Refinery's Gold Supply Chain, which is in harmony with domestic and international standards. It was also observed that the Refinery has adopted appropriate internal control and intercommunication systems. The Refinery has formed a set of procedures and applications in order to identify risks in the supply chain. It was observed that the Refinery formed an appropriate "Know Your Client" (KYC) policy and "Risk Management Plan" within the context of KYC and is maintaining the system's operation.

We have carried out the following audit procedures in order to test the "Subject Matter Selected for Assurance":



- We checked sales and trade receivable accounts of the Company between 01.01-31.12.2016. We listed all the clients according to the transaction values. We checked client files according to Company's gold supply chain policy, customer acceptance policy, risk assessment policy and the other related documents.
- We checked suppliers/trade payables and cost of goods sold accounts between 01.01-31.12.2016. We checked suppliers' files according to the company's gold supply chain policy, supplier acceptance policy-know your customer (KYC) policy, risk assessment policy and the other related documents. We randomly selected suppliers' files and tested them accordingly.

The assessment of risk in a supply chain begins with the origin of gold supply. The Company has put forth the reasonable and good faith efforts, as well as additional first-hand evidence (collected through engagement with suppliers and desk research) and credible sources in order to make reasonable determinations of Gold Origin. Identification and "know your customer" information of all actors in the gold supply chain, including, but not to, the gold producers, intermediaries of Nadir Metal Refinery, gold traders and exporters and re-exporters, as well as third party service providers handling the gold (e.g. logistics, processors and transportation companies)

- We tried to identify the ownership (including beneficial ownership) of the companies and corporate structure, including the names of corporate officers and directors); and the related businesses, subsidiaries of Nadir Metal Refinery, parents, affiliates;

We have not carried out any work on data reported for prior reporting periods except for data that was included in the prior year's assurance scope, nor have we performed work in respect to future projections and targets. We have not conducted any work outside of the agreed scope and therefore restrict our opinion to the "Subject Matter Selected for Assurance", within the context of Gold Supply Chain Policy of the Company.

The procedures selected depend on our judgement, including the assessment of the risk of material misstatement of the Gold Supply Chain Policy, whether due to fraud or error. In making those risk assessments, we consider the internal controls relevant to the Company's preparation of the Gold Supply Chain Policy in order to design procedures that are appropriate in the circumstances.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.



### Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining, calculating, sampling and estimating such information.

### Independence and and competency statement

We have complied this report in accordance with the International Federation of Accountants' Code of Ethics for Professional Accountants, which includes comprehensive independence and other requirements founded on the fundamental principles of integrity, objectivity, and professional competence and due care, confidentiality and professional behaviour. Our engagement was conducted by a team of assurance specialists with experience in responsible gold reporting.

### Conclusions

#### Assurance

Based on the assurance procedures performed, nothing has come to our attention that causes us to believe that Nadir Metal Rafineri Sanayi ve Ticaret A.Ş., with regards to the "Subject Matter Selected for Assurance", has purchased or sold or had any other type of business relationship with the Islamic Republic of Iran and other banned countries' public and private companies or real persons for the year ended 31 December 2016. Compliance procedures of Nadir Metal Refinery were in all material respects, prepared and presented in accordance with the requirements of the LBMA Responsible Gold Guidance.

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



Abdulkadir SAYICI

Partner

İstanbul, Türkiye, March 27, 2017