

Company Name:	Zijin Mining Group Gold Smelting Co., Ltd.
Location:	No. 100 Qingang Road, Shanghang County, Fujian Province, China
Reporting year-end:	December 31, 2021
Date of Report	March, 2022
Senior management responsible for this report	Lin fengxian, General Manager

[Refiner]'s evaluation

The following table lists the minimum requirements that must be satisfied by Refiners in accordance with the LBMA Responsible Gold Guidance to demonstrate compliance. Refiners should complete the table and provide reasons for their responses in the space provided. All boxes not shaded should be completed.

Table 1:

Company Profile

Company Name:	Zijin Mining Group Gold Smelting Co., Ltd.
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Zijin Mining Group Gold Smelting Co., Ltd. was established in January 2016. It was formerly known as the Zijin Mining Group Co., Ltd. gold smelting plant established in 1997. The company is located in Nangang Industrial Development Zone, Shanghang County. The company is a gold supplier of the London Bullion Association (LBMA) and the Shanghai Gold Exchange, with an annual smelting capacity of more than 100 tons of high-purity gold.

Zijin Mining Group Gold Smelting Co., Ltd. on attaching importance to technology, and has independently developed leading domestic equipment such as integrated pressurized high-temperature cyanide-free desorption equipment, vertical constant-current carbon regeneration furnace, and four-nine gold refining device. The company continuously promotes the technology level in the fields of desorption electrowinning, activated carbon regeneration and gold refining. It is the first company in the domestic gold industry to pass the certification of quality, environment and occupational health and safety integration systems. The main products are standard gold ingots of specifications 1Kg, 3Kg and 12.5Kg, and 99.999% high-purity gold.

Zijin Mining Group Gold Smelting Co., Ltd. cooperates with the Zijinshan Gold Mine, and at the same time actively expands the entrusted processing, purchase and sale of high-quality gold, and the purchase

and sale of high-purity gold. The qualified rate of gold ingots is 100%, and the product quality is better than the Shanghai Gold Exchange standard requirements.

In 2005, Zijin Mining Group Co., Ltd. organized the "London Bullion Market Association Qualification Certification" (LBMA¹ certification), and passed the LBMA certification in March 2006, becoming one of its qualified delivery gold refiners.

Table 2:	
<u>Summary of activities undertaken to demonstrate compliance</u>	
Step 1: Establish strong company management systems	
Compliance Statement with Requirement: We have fully with Step 1: Establish strong management systems. Our company has established a well-structured due diligence team for the gold supply chain to specifically handle the work of the gold supply chain. According to the LBMA guidelines for responsible gold and silver, In 2013, we have promulgated the "Gold Supply Chain Due Diligence Policy" and "Gold Supply Chain Due Diligence Management Measures" and other documents. In 2016 and 2021, we have updated and continued to implement the above documents and do our due diligence work in the daily business process.	
Has the Refiner adopted a company policy regarding due diligence for supply chains of gold?	
Comments and Demonstration of Compliance: <p>During the reporting year, our company issued a reasonable gold supply chain policy, which is consistent with the model listed in Appendix II of the OECD Due Diligence Guiding Principles,. It also applies to the environment and sustainability. These policies set out our responsibilities to carry out risk-based due diligence, screening and monitoring transactions and management structures.</p> <p>Zijin Mining Group Gold Smelting Co., Ltd. clearly recognizes the adverse effects of mining, processing and importing and exporting metal products from conflict areas and high-risk areas, and also clearly recognizes our responsibility to respect human rights and not support conflicts. Zijin Mining Group Gold Smelting Co., Ltd. strictly abides by various national laws and regulations on employee rights, environmental protection and fair trading, and actively participates in the due diligence of the gold supply chain to ensure that the source of gold is legal.</p> <p>We make the following commitments:</p> <ol style="list-style-type: none"> 1. Adopt a zero-tolerance policy for human rights violations caused by mining, transportation or trading of metals: <ol style="list-style-type: none"> 1.1 Any torture and other cruel, inhuman or degrading treatment; 1.2 Any forced labor, that is, threatening to force anyone to work or provide services, rather than the person voluntarily; 1.3 Use child labor; 1.4 Sexual violence and other crimes that violate human rights and abuse human rights; 1.5 War crimes, or other serious violations of international humanitarian law, anti-humanity, and genocide. <p>If we determine that the upstream supplier violates any of the above, we will immediately suspend transactions and contacts with this supplier.</p> 1.6 Non-compliance with environmental and sustainable development legal requirements. 	

¹ LBMA: The London Bullion Market Association

2. Adopt a zero-tolerance policy for behaviors/money laundering supported by non-governmental armed groups (including but not limited to non-governmental armed groups, public or private security forces or their affiliates that perform the following actions):
 - 2.1 Illegal control of mine sites or illegal control of transportation routes, metal trading points and upstream suppliers in the supply chain;
 - 2.2 Illegal extortion and blackmail at the entry point of the mine site, along the transportation line or metal trading point;
 - 2.3 Illegal blackmail brokers, export companies or international traders.

If we determine that the upstream supplier violates any of the above, we will immediately suspend transactions and contacts with this supplier.
 3. Do not propose, promise, give or request bribes or kickbacks to individuals, government officials, customers, suppliers or any other organizations in any way.
 4. Require our employees, suppliers and business partners to abide by the above policies and take necessary measures to ensure the implementation of the above policies.
- Zijin Mining Group Gold Smelting Co., Ltd. is willing to accept the supervision of customers and related organizations, and welcomes suppliers and stakeholders to provide suggestions on the above policies.

Has the Refiner set up an internal management structure to support supply chain due diligence?

Comments and Demonstration of Compliance:

In 2013, we have promulgated the “Gold Supply Chain Due Diligence Policy” and “Gold Supply Chain Due Diligence Management Measures” and other documents. In 2016 and 2021, we have updated and continued to implement the above documents and do our due diligence work in the daily business process.

The company established a due diligence team for the gold supply chain. The general manager of the company is the team leader, responsible for coordinating the due diligence of the gold supply chain, reviewing the supply chain due diligence report, and being responsible for the due diligence compliance report of the gold supply chain. The director of the office is the deputy team leader and compliance officer, responsible for coordinating and organizing due diligence work, and formulating and implementing corresponding risk management measures for various risk assessments and abide by environmental and sustainability responsibilities. The liaison between the group company and LBMA is the relevant person in the marketing department of the group company.

Their responsibilities are as follows:

Compliance Director: Responsible for the gold supply chain due diligence compliance report.

Team leader: Coordinate and organize due diligence of the gold supply chain, and approve the supply chain due diligence compliance investigation report to report to the compliance director.

Compliance Officer: Organize due diligence work; formulate and implement corresponding risk management measures for the various risks assessed; develop training programs for all employees involved in gold supply chain work; write and update gold supply chain management policies, etc.

Office staff: Responsible for communication and policy publicity.

Staff of the Finance Department: assist the office to carry out due diligence, verify the supplier's industrial and commercial financial information; provide relevant financial data.

Work responsibilities of marketing team members: Investigate and evaluate suppliers together with the

office, submit risk assessment forms; be responsible for preparing and keeping transaction records.

Contact duties of the group company and LBMA: Responsible for the communication and communication of the company and LBMA, document translation, etc.

Has the Refiner established a strong internal system of due diligence, controls and transparency over gold supply chain, including traceability and identification of other supply chain actors?

Comments and Demonstration of Compliance:

For mineral gold suppliers, the refiner must obtain the following information:

Reasonable evidence to prove the source of mineral gold; mining licenses; import and export licenses of mineral gold; supporting documents for the actual mining situation of the mine; data on mining capacity, etc.

If the corresponding evidence cannot be obtained, additional evidence should be obtained to show the security, transparency and traceability of the transaction.

The company's personnel involved in the due diligence of the gold supply chain and the daily supply chain (purchasing, sales, quality control, etc.) must participate in training. The training content includes the gold supply chain due diligence policies, systems, operating procedures, documentation and storage of documents, etc.

The company irregularly organizes all relevant gold-related departments for training. Two training was organized in 2021. The training time is: March 5, 2021 and December 10, 2021. The training content includes gold supply chain due diligence training, gold supply chain due diligence management methods, gold source risk assessment process and relevant policies of Shanghai Gold Exchange. The trainings were all checked in and evaluated for training effectiveness, and training records were kept.

Supply Chain Traceability

The company has established a supply chain traceability system in accordance with the LBMA responsible gold and silver guidelines. During the business process, it collects and stores all the information provided by all suppliers, including the contract review form, contract text, settlement method, transportation process, weight and inspection Report, production date, storage time, etc.

Our company updates the information of all existing gold suppliers in a timely manner. If the gold supplier account or name changes, it will be adjusted in time, and every transaction with the supplier will be kept. For each gold raw material storage, we have correspondingly stored the storage list (including weighing records), metal content test report and other documents, and the market department is responsible for the storage, the storage period is 5 years. In order to ensure the traceability of the gold supply chain, the risk management of the gold supply chain is carried out during the transaction.

Record keeping

According to the company's "Gold Supply Chain Due Diligence Management Measures", all supplier-related documents, including due diligence documents, risk assessment forms, compliance documents, contract texts, inspection records, and warehouse records are kept for at least five years.

Compliance officer

The company established a due diligence team for the gold supply chain. The Director of Compliance is the group leader. The general manager of the company is the team leader, responsible for coordinating the due diligence of the gold supply chain, reviewing the supply chain due diligence report, and being responsible for the due diligence compliance report of the gold supply chain. The director of the office is the deputy team

<p>leader and compliance officer, responsible for coordinating and organizing due diligence work, and formulating and implementing corresponding risk management measures for various risk assessments. The liaison between the group company and LBMA is the relevant person in the marketing department of the group company.</p> <p>Transaction payment</p> <p>All of the company's businesses receive and pay through official bank channels without any cash transactions.</p> <p>Cooperation with government departments</p> <p>The company strictly abides by national laws and regulations, handles business licenses and other production and operation licenses in accordance with national regulations, and conducts gold production, sales, and import or export of goods or technologies in accordance with national laws and regulations (except for imports and exports of goods and technologies that are prohibited by the state or involve administrative approval) And other business. The company cooperates with government departments to do a good job in public and accepts visits, supervision, inspection and evaluation from government departments at all levels.</p>
<p>Has the Refiner strengthened company engagement with gold supplying counterparties, and where possible, assisted gold supplying counterparties in building due diligence capabilities?</p>
<p>Comments and Demonstration of Compliance:</p> <p>In communication with suppliers, we have compiled the "Gold Supply Chain Due Diligence Instructions" as an attachment to the purchase and sales contract to inform suppliers of the purpose and requirements of the gold supply chain due diligence system. This also involves environmental and sustainability responsibilities.</p>
<p>Has the Refiner established a company-wide communication mechanism to promote broad-based employee participation and risk identification to management?</p>
<p>Comments and Demonstration of Compliance:</p> <p>Yes. In communicating with internal employees, we use information sharing channels such as publicity boards and government affairs columns to ensure that employees understand the intent of the due diligence policy and understand the LBMA Responsible Gold due diligence work; implement the petition policy and set up a suggestion box to facilitate employee supervision and Comments.</p>
<p>Step 2: Identify and assess risks in the supply chain</p>
<p>Compliance Statement with Requirement:</p> <p>We partially complied with step two: identifying and assessing supply chain risks, following which we took corrective action and closed non-conformities.</p>
<p>Does the Refiner have a process to identify risks in the supply chain?</p>
<p>For gold raw materials, refiners, in accordance with Annex II to the OECD guidance on responsible supply chain due diligence for minerals in conflict-affected and high-risk areas, identify the following supply chain-related risks from the place of origin to the refinery, including:</p> <ul style="list-style-type: none"> • Systematic or widespread human rights violations related to gold mining, transport or trade. Including the worst forms of child labour, any form of torture, inhuman and degrading treatment, widespread sexual violence or other serious violations of human rights through forced or compulsory labour, war crimes, crime against humanity and genocide; • Direct or indirect support to illegal non-state armed groups, public or private security forces that illegally

control mines, traders, other intermediaries, illegal taxation or extortion of money or minerals through supply chain routes or through supply chains ("illegal non-state armed groups, public or private security forces") ;

- Bribery and fraudulent misreporting of financial resources;
- Non-compliance with taxes, royalties and management fees payable to governments for the exploitation, trade and export of Minerals in conflict-affected and high-risk areas;
- Money-laundering or financing of terrorist organizations;
- Fuelling conflict;
- Non-compliance with environmental and sustainable development legal requirements.

Comments and Demonstration of Compliance:

Yes. We have promulgated the “Management Measures for Due Diligence in the Gold Supply Chain”, which stipulates the content and process of due diligence, high-risk assessment standards and countermeasures.

In the risk assessment, our company would verify the legality of the supplier, then identify the legal persons, actual controllers and major shareholders of the suppliers, and then investigate the reputation of the suppliers and their legal persons, actual controllers and major shareholders to ensure that they does not involve human rights violations, money laundering, fraud and terrorist activities, and finally obtains information and data on the business and financial conditions of the supplier to understand the business operation model of the supplier.

Does the Refiner assess risks in light of the standards of their due diligence system?

Comments and Demonstration of Compliance:

Yes, the refiner conducts risk assessments in strict accordance with the due diligence requirements of the gold supply chain every year.

Before the formal cooperation, we carried out a risk assessment on each gold raw material supplier, and verified the legality of the supplier through various channels such as business talks and business information inquiry. According to the assessment, fill out a risk assessment form to determine the risk level.

According to the requirements of LBMA and OECD, the risk identification of suppliers is mainly through the following methods:

1. Establish a supply chain customer file for the supplier of the recovery gold enterprise, including: enterprise name, legal representative, address, contact information, operation method, production method, purchase and sales contract, etc.
2. Establish personal supply chain customer files: including: personal ID card, bank information, contact information, purchase and sales contracts, etc.
3. For the gold supplier's business process from the trading company's trade processing project, sign the purchase and sale contract, collect relevant qualifications (business license, billing information, customs registration certificate, import and export contract, and identify the source of gold origin), monitoring The whereabouts of the processed gold, and record the supplier's sales contract to ensure that all channels are legal and meet the requirements of the LBMA Responsible Gold Guide.

Regular inspections are required for existing supply chain customers. If there are new or changed customers, they need to check their archives in a timely manner to keep the archive database up-to-date;

identify each customer, enterprise, and enterprise income owner, and use reliable Independent source documents, data or information to verify its identity; make sure that every customer, enterprise and owner of the company's revenue in the supply chain is not on any government money laundering, fraud or terrorism wanted list; regularly obtain commercial and financial aspects of supply chain customers Details, the purpose of engaging in gold transactions, and business operations. The suppliers are all from China, domestic gold comes from the Shanghai Gold Exchange, domestic refineries, and Shenzhen gold market.

For new suppliers, before signing the contract, send the LBMA supplier information questionnaire to obtain relevant information, including basic supplier information, business activities, beneficiaries, organizational structure, financial status, human resources, precious metal origin, facilities and other information.

Risk assessment:

Based on the results of supply chain risk identification, each supplier is individually assessed for risk, filled out a risk assessment form, signed by the compliance officer responsible for the assessment, and finally approved by the compliance director. There are two types of risk assessment results: high risk and low risk.

For high-risk mineral suppliers, adopt a zero-tolerance attitude and refuse to cooperate with high-risk suppliers. We will suspend trading, seal all products of this supplier and immediately conduct enhanced due diligence, as follows: field visits or visits to high-risk supply chains, to confirm whether the documentation of the supply chain due diligence results is true, and to issue an investigation report after the investigation.

For large-scale gold mining: use credible independent sources of documents, data and information to verify the situation, from mines to refineries, every enterprise in the supply chain (including gold producers, middlemen, gold dealers, exporters) Dealers and carriers) and the government's monitoring list information are required to be verified.

For gold mined by artisanal or small mines: use reliable independent sources of documents, data, and information to verify the situation, from gold exporters to refineries, and every enterprise in the supply chain (including international gold and silver dealers and transporters) The owner of the revenue and the information on the government monitoring list all require verification.

For gold recovery: Use reliable independent sources of documents, data and information to verify the situation. From the gold supplier to the refinery, the income owner of each enterprise (including transporters) in the supply chain and government monitoring list information are required To verify.

Does the Refiner report risk assessment to the designated manager?

Comments and Demonstration of Compliance:

Yes, the risk assessment report will be submitted to managers in need according to regulations.

In 2021, we conducted a risk assessment of a total of 80 gold raw material suppliers. They are legal entities or individuals operating in the People's Republic of China and have no criminal records. All the gold raw materials come from Guangdong, Jiangxi, Zhejiang, Fujian, Gansu, Jilin and Hong Kong. They do not involve human rights violations, terrorism, etc. All these suppliers are considered low-risk suppliers.

Step 3: Design and implement a management system to respond to identified risks

Comments and Demonstration of Compliance:

We have fully with Step 3: Design and implement a management system to respond to identified risks. In 2021, we conducted risk assessments on 80 gold raw material suppliers. These suppliers are all legal corporate

<p>organizations or individuals operating in the People's Republic of China with no criminal record. The gold raw materials provided are from the Chinese market and are not involved. Human rights violations, terrorism, etc., all of whom are assessed as low-risk suppliers.</p>
<p>Has the Refiner devised a strategy for risk management of an identified risk by either (i) mitigation of the risk while continuing to trade, (ii) mitigation of the risk while suspending trade or (iii) disengagement from the risk?</p>
<p>Comments and Demonstration of Compliance:</p> <p>We have followed the requirements of Step 3 of the LBMA Gold Industry Responsibility Guide and designed and implemented corresponding management for the identified risks. We have formulated corresponding countermeasures according to different risk suppliers.</p> <p>Risk mitigation strategies:</p> <p>In 2013, the gold smelter established the gold supply chain due diligence policy (2016 conversion) and internal management system in accordance with the requirements of the LBMA Responsible Gold Guide, established a risk assessment mechanism for gold suppliers, identified and assessed supply chain risks, and targeted identified Risk design and corresponding management. Our company lists the following actions as high risk in the gold supply chain:</p> <p>1.Mineral gold or recovered gold comes from/transit/transit/conflict areas and high-risk areas with human rights issues; 2. The source of mineral gold does not match the country's proven reserves, resource holdings, or production levels; 3. The source of the recovered gold or a country that is known to have human rights problems or is suspected of having human rights problems; 4. The gold supplier or its upstream enterprise is operating in a country where money laundering, crime and corruption are serious; 5. Gold The legal person, actual controller and main shareholder of the supplier or its upstream enterprise are politicians; 6. The gold supplier or its upstream enterprise is engaged in high-risk business activities such as arms trading, gaming and casinos.</p> <p>Our company takes a zero-tolerance attitude towards the above high-risk behaviors and refuses to cooperate with high-risk suppliers.</p>
<p>Where a management strategy of risk mitigation is undertaken, it should include measureable steps to be taken and achieved, monitoring of performance, periodic reassessment of risk and regular reporting to designated senior management.</p>
<p>Comments and Demonstration of Compliance:</p> <p>Our company does not cooperate with high-risk suppliers. In 2021, our suppliers were evaluated as low-risk, so we continued to cooperate with them.</p> <p>Our company conducts regular risk assessments of suppliers and submits evaluation reports to senior management.</p>
<p>Step 4: Arrange for an independent third-party audit of the supply chain due diligence</p>
<p>Compliance Statement with Requirement:</p> <p>We have fully with Step 4: Arrange for an independent third-party audit of the supply chain due diligence.</p>

Comments and Demonstration of Compliance:

In 2021, we have engaged Bureau Veritas (Beijing) Co., Ltd. to conduct a third-party verification of the 2021 Gold Supply Chain Due Diligence Compliance Report and It will issue an independent assurance report. The audit basis is ISAE3000.

Step 5: Report on supply chain due diligence

Compliance Statement with Requirement:

We have completed Step 5: Complete the supply chain due diligence report. In 2021, we have completed and released our supply chain due diligence as required. We have prepared the "2021 Gold Supply Chain Due Diligence Compliance Report" as of December 31, 2021. After the audit is completed, the compliance report will be Announcement on the company website.

[Comments]

Further information and specific details of how [Refiner's] systems, procedures, processes and controls have been implemented to align to the specific requirements in the LBMA Responsible Gold Guidance and the LBMA Responsible Silver Guidance have been set out in our gold and silver supply chain policy. We have compiled and published the 2021 Gold Supply Chain Due Diligence Compliance Report.

[Refiner's] overall conclusion

Table 3: Management conclusion

Is the Refiner in compliance with the requirements of the LBMA Responsible Gold Guidance for the reporting period?

Yes	<p>[Comments]</p> <p>In general, during the reporting year from January 1 to December 31, 2021, we have followed the requirements of the LBMA Responsibility Guidelines for gold supply chain management. Our gold supply chain does not involve human rights violations and conflicts. High-risk areas such as terrorist activities. In 2022, we will continue to implement the requirements of the LBMA Responsibility Guidelines and continuously improve the management of the gold supply chain.</p>
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Table 4: Other report comments

[Comments]

If you wish to communicate with the enterprise about the content of the report, you can contact Huang Yourong, the intermediary between Zijin Mining Group Co., Ltd. and LBMA.

Huang Yourong
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