

Planta Recuperadora de Metales SpA ("PRM")



FINAL REPORT: STEP 5
DUE DILIGENCE
PRM SpA

Antofagasta, December 2019

1.- Company information:

Planta Recuperadora de Metales SpA, hereinafter PRM SpA, is a company belonging to a joint venture between LS-Nikko (Republic of South Korea) and Corporación Nacional del Minería - Codelco (Chile). The company was established in Chile with the purpose of adding value to the intermediate products generated in the copper refining process. Thus, as PRM SpA, after a commercial agreement with Codelco, submitted an evaluation of its Environmental Impact Statement, which was approved by the Superintendency of the Environment, in November 2013, giving the green light to construction work and Installation of the processing plant. The plant was located inside the town of Mejillones, in the second region of Antofagasta, beginning its processing in the second half of 2016, mainly with the production of Copper Sulfates, Selenium Shot and Dore Anodes, and then continue with the production of Silver Ingots and Gold Ingots. It should be noted that PRM SpA has as sole supplier to CODELCO, from whom it receives 100% of the material it processes, being this a by-product of copper mining, specifically, anodic slime from the copper refining process, with gold contents of no more than 0.4%, among other metals, such as copper, silver, selenium, tellurium, etc.

Auditee Name	<i>Planta Recuperadora de Metales SpA- PRM</i>
CID Number	<i>CID002919</i>
Facility Address	<i>Sexta Industrial 8147, Mejillones, Antofagasta, Chile</i>
Assessed Material (3TG)	<i>Gold</i>
Conformance Validity	<i>01/01/2018 - 12/31/2018</i>

2.- Resumen de Evaluación Anterior (auditoria):

PRM SpA, se sometió a una evaluación el 5 de Diciembre de 2017, RMI, formalmente CFSI.

Fecha de ultima evaluación RMAP	<i>5~6 de Diciembre 2017</i>
Periodo de evaluación	<i>06/01/2016 al 12/31/2017</i>
Empresa de evaluación	<i>SGS / Mike Turner</i>
URL al informe resumen mas reciente	https://prm.cl/planta-recuperadora-de-metales/wp-content/uploads/2019/12/PRM-Audit-Report-December-12-2017.pdf

Note that the first evaluation period considers the entire life period of PRM SpA, prior to the current audit, corresponding to the year 2018.

3. Política de Cadena de Suministro de PRM SpA



Planta Recuperadora de Metales ("PRM")

Policy for a Global and Responsible Supply Chain of Minerals from Conflict-Affected and High Risk Areas

Planta Recuperadora de Metales SpA manifests the commitment to maintain a global and responsible supply chain for gold, recognizing that the risks of generating significant negative impacts may be related to the extraction, marketing, handling and export of minerals, from conflict and high risk areas, and accepts the responsibility to respect human rights and to not contribute to the conflicts nor to financial irregularities, as defined by Annex II of the Due Diligence Guidance of the Organization for Economic Cooperation and Development (OCDE) for responsible supply chains of mineral from conflict-affected and high risk areas in its third edition (OCDE Guidance).

In this sense, PRM SpA, undertakes to adopt, disseminate and incorporate into the contracts and / or agreements with suppliers, this policy of responsible supply of minerals from areas affected by the conflict and high risk; which represents a common reference point for supply practices sensitive to conflict and risk.

Our commitment is to refrain from any action that contributes to the financing of conflicts, and we commit ourselves to comply with the relevant United Nations sanctioning resolutions, or failing that, with national laws that implement such resolutions.

In this regard, with respect to the serious abuses related to the extraction, transport or trade of gold ores, PRM SpA undertakes that in the course of supply activities or when operating in areas of conflict or high risk, will not tolerate, nor for any reason will obtain benefits, nor act to contribute, help or facilitate that any actor commits:

- i. Any form of torture or cruel, inhumane, o degrading treatment.
- ii. Any form of forced labor, defined as any labor or service that is demanded of an individual under threat of receiving punishment and for which said individual has not offered voluntarily.
- iii. The worse forms of child labor.
- iv. Other severe violations to human rights and abuses, such as generalized sexual violence.
- v. War crimes or other severe violations to international humanitarian rights, crimes against humanity, or genocide.

With respect to the management of the risk of severe abuses, PRM SpA, will immediately suspend or cease interactions with the upstream supplier, when a reasonable risk has been detected that gold will be supplied associated with actors that commit the severe abuses defined in the previous paragraph.

With respect to the direct or indirect support of non-state armed forces, PRM SpA will not tolerate any direct or indirect support to non-state armed forces, by means of extraction, transport, marketing, manipulation, or exportation of minerals. Direct or indirect support of non-state armed forces, includes, but is not limited to, obtaining gold ore, making payments, or providing any other class of assistance in logistics or of equipment to the non-state armed forces groups or their affiliates that:

- i. Illegally control mining sites, or by any other form, control the transportation routes, trading points, and upstream actors of the supply chain; and/or
- ii. Illegally collect taxes or extort in exchange for money or minerals at the access points mining sites along the transportation routes or at the points in which the minerals are traded; y/o
- iii. Illegally collect taxes or extort the intermediaries, companies, exporters, or international traders.

With respect to the direct or indirect support of non-state armed forces, PRM SpA will not tolerate any direct or indirect support to non-state armed forces, PRM SpA will immediately suspend or cease interactions with the upstream supplier, when a reasonable risk has been detected that gold will be supplied associated with actors that commit the severe abuses defined in the previous paragraph.

With respect to the public and private security force:

- PRM SpA will eliminate direct or indirect support of the public or private security forces illegally control mining sites, transportation routes, trading points, and upstream actors of the supply chain; that illegally collect taxes or extort in exchange for money or minerals at the access points mining sites along the transportation routes or at the points in which the minerals are traded; or illegally collect taxes or extort the intermediaries, companies, exporters, or international traders.

- PRM SpA recognizes that the role of public and private security forces, at mining sites and/or the surroundings and /or along the transportation routes, should only be limited to maintaining the rule of law, including protecting human rights, providing security to mining workers, their equipment and facilities, as well as protecting mining sites or transportation routes from interference that affect legitimate extraction and trade activities.

- When PRM SpA or any other company in the involved on the supply chain of gold, hires the services of security forces, we undertake to requiring that the interaction with such security forces be in accordance with the Voluntary Principles of Security and Human Rights. In particular, we will support or take measures to adopt inspection policies, in order to guarantee that the individuals or units of security forces that are known to be responsible for severe human violations rights will not be hired.

- PRM SpA will support all efforts, or take measures, in order to interact with local or central authorities, international organizations, or civil society, to contribute in finding viable solutions on how to improve transparency, proportionality, and accountability, in payments made to public security forces to provide security.

- PRM SpA will support all efforts, or take measures, in order to interact with local or central authorities, international organizations, or civil society, to avoid or minimize the exposure of vulnerable groups, in particular, artisanal miners, when minerals of the supply chain are extracted by means of small scale or artisanal mining activity, to adverse impacts associated with public and private security on mining sites.

With respect to the management of risks of public and private security forces and according to the specific position of the company in the supply chain, PRM SpA will immediately proceed to design, adopt, and implement a risk management plan with the upstream supplier and other actors, to prevent or mitigate the risks of direct or indirect support to public or private security forces, when a reasonable risk is identified. In such cases, PRM SpA will suspend or terminate interactions with upstream suppliers, after failed attempts to mitigate, within six months of adopting the risk management plan. When a reasonable risk of actions occurring that are not consistent with the previous paragraphs is identified, PRM SpA will act accordingly.

With respect to bribery and fraudulent declarations of the origins of minerals, PRM SpA will not offer, promise, give, or demand any bribes, and will resist any requests for bribery that seek to hide or falsify the origin of minerals, to fraudulently declare taxes, amounts, and royalties paid to governments, according to the purposes of the extraction, trade, handling, transportation, and exportation of minerals.

With respect to money laundering, PRM SpA will support all efforts with the purpose of contributing to the effective elimination of Money laundering will support efforts to contribute to the effective elimination of money laundering, when it identifies a reasonable risk of money laundering as a result (or connected) with the extraction, marketing, handling, transportation or export of minerals derived from illegal collection of taxes or extortion of minerals at access points to mining sites, along transport routes, or at points where minerals are marketed by the upstream supplier.

With respect to the payment of taxes, sums and royalties to governments, PRM SpA will guarantee that all taxes, sums and royalties related to the extraction, trade and export of minerals from conflict and high risk areas are paid to governments and, according to the company's position in the supply chain, PRM SpA is committed to disseminating information on such payments according to the principles established by the Extractive Industries Transparency Initiative.

With respect to the risk management of bribes and the fraudulent declaration of the origin of minerals, money laundering and payment of taxes, sums and royalties to governments, and in accordance with the company's specific position in the chain of supply, PRM SpA is committed to interacting with suppliers, central or local government, international organizations, civil society, and affected third parties, as appropriate, to improve and monitor, in order to prevent or mitigate risks of adverse impacts, using quantifiable measures taken within reasonable timeframes. PRM SpA will suspend or terminate interactions with the upstream provider after failed mitigation attempts.

In support of the above, the CEO of PRM SpA, appointed the Production Manager, as the Due Diligence Manager, who is responsible for complying with and enforcing the Due Diligence Management System and, consequently, everything described above. In addition, he/she must ensure that:

- PRM SpA acts with transparency in the implementation of this policy making available reports on our progress towards our clients, relevant stakeholders and the public (as necessary).
- PRM SpA provides and requires its main supplier Codelco to provide Due Diligence information to confirm that PRM SpA gold does not promote conflict.
- PRM SpA supervises and trains all relevant personnel on the procedures and this Policy, of the Due Diligence System for minerals in conflict.
- PRM SpA annually publishes the Due Diligence Step 5 report..
- PRM SpA performs a yearly evaluation according to the Gold refiner Standard.

PRM SpA, declares that the only source of gold comes from anodic slime resulting from the copper refining of our partner company (Codelco). However, in accordance with the OECD Guide and the RMAP requirements, PRM SpA also considers implementing processes, in case new sources or suppliers of gold material are introduced, which modify the supply chain, which include:

- Incorporation and communication of the Global and Responsible Supply Chain of Minerals Policy from Conflict-Affected and High Risk Areas, in contracts and agreements with suppliers.
- Commit to the exercise of due diligence with the new suppliers, applying the KYC evaluation pillar.
- Establish whether the origin of primary materials with gold content comes from a Conflict Affected and High Risk Area (CAHRA), related to the extraction, transport or marketing of gold ores.
- Assess whether there are other possible risks associated with the new gold supply chains.

Any complaint or concern about our Due Diligence Policy or system should be reported to the Responsible Minerals Initiative through its claims mechanism, which you can access here:

<http://www.responsiblemineralsinitiative.org/minerals-due-diligence/risk-management/grievance-mechanism/>



Martin Kim
CEO, PRM

Policy established on August 1, 2017 and amended on June 10, 2019 in accordance with the Due Diligence Guide for Responsible Supply Chains for Minerals from Regions Affected by Conflict and High Risk, according to the OECD guide.
<https://prm.cl/#POLITICAS>

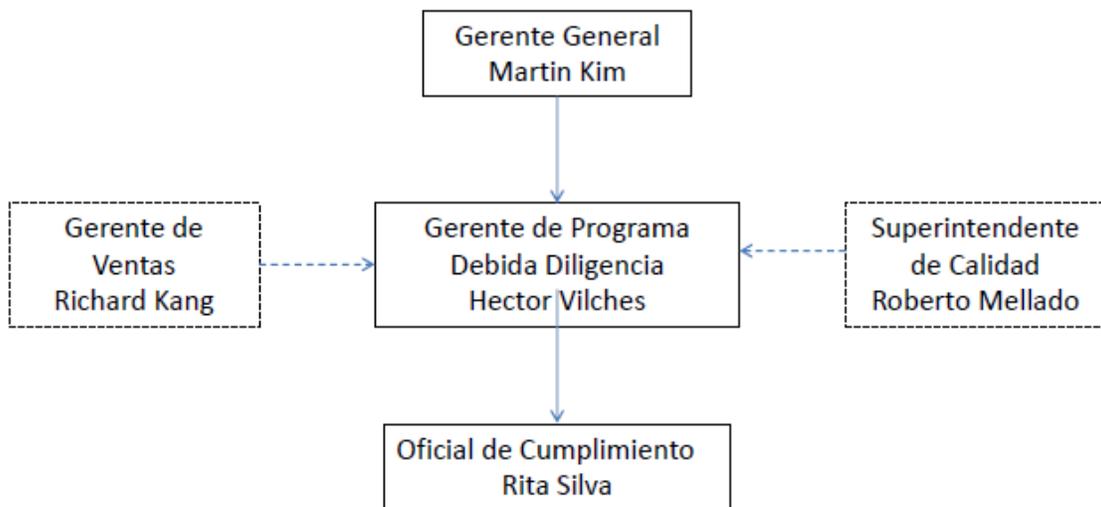
All PRM personnel who make contact with the raw material (anodic copper slime) have been trained in this policy, thus complying with the RMAP requirements in this regard. At the same time, 72% of the total direct workers and 80% of the contractor personnel (direct and eventual) have been instructed. The goal of PRM SpA is to train at least 80% of PRM personnel during the course of 2019. Also, it has been disseminated to our sole provider, who understood and accepted it as an integral part of the contract between PRM SpA and CODELCO, incorporating in this way, due diligence in legally binding agreements with their direct suppliers. In turn, the policy has been published inside the plant and on the PRM SpA website, so that all internal and external actors have access to it. It should be noted that the policy covers all risks identified in Annex II of the OECD Guide and its geographical scope is global.

4. Due Diligence Management System

4.1. Management Structure

The senior management of PRM SpA, in order to fulfill and enforce the commitments mentioned in the gold supply chain policy, set out to develop a Due Diligence Management System, for which it created an organizational structure, with functions and clear responsibilities, dedicated to ensuring compliance at all times with the Gold Supply Chain Policy, which is consistent with the standards set out in Annex II of the OECD Due Diligence Guide, in its third edition.

Organigrama Debida Diligencia



Nota: Las áreas de Ventas y Calidad aportan información relevante para la identificación de potenciales nuevos proveedores, potenciales señales de advertencias y trazabilidad en la recepción de despachos, entre otros.

4.2 Role and Responsibilities

General Manager

Is the highest authority in PRM SpA and who guarantees compliance with the Due Diligence policy in the organization and delivers the guidelines, financing and structure necessary for its proper compliance, whose main responsibilities are:

- Lead the Due Diligence Management System
- Periodically supervise the progress of the Due Diligence program and the design and

- implementation of risk management, making corrections and guidance if necessary
- Allocate the necessary resources for program implementation
- Assign a Due Diligence Program Manager

Due Diligence Program Manager

Check that all areas work according to the Due Diligence policy, coordinating the relevant work of the production, processes, quality, HR, and commercial areas, to ensure that each department implements the due diligence program and reports possible warning signs and potential risks that can be identified. Must be a link to the entire structure and manage the improvements of the system together with the General Manager, when these are necessary.

Main responsibilities:

- Monitor the Due Diligence Management System and make improvements when necessary.
- Periodically supervises the implementation of risk management and makes improvements if necessary.
- Responsible for conducting annual trainings to the command line of the areas directly involved with the Due Diligence and whenever there are modifications in the gold supply chain.
- Check compliance with the measures and recommendations of the assessing bodies in this regard.
- Ensure the training of all workers in the Gold Supply Chain Policy and the Due Diligence Management System.
- Ensure the implementation and follow-up of national and international laws, norms, standards, provisions and regulations in this regard.
- Keep the records generated from training safeguarded.

Sales Manager

Ensure full compliance with the contract with CODELCO and any other supplier of raw materials in the future, emphasizing the Gold Supply Policy as an integral part of it. Before any new potential supplier, they must ensure that it meets the requirements of the standard in relation to KYC, CAHRA identification, etc.

Main responsibilities:

- Ensure compliance with the contract.
- Report the eventual participation of a new provider.
- Inform and train all workers in the Gold Supply Chain Policy and the Due Diligence Management System.

- Together with the Program Manager, ensure that each department implements the due diligence program and reports possible warning signs and potential risks that can be identified.
- Arrange the investigation of any questions in this regard.

Quality Superintendent

Ensure that all raw material (copper anodic slime), which is received in PRM, comes under CODELCO's contract, and ensure that all protocols and procedures for reception, inspection and sampling are fully complied with, and should alert the Manager of Due Diligence, any deviation in the supply chain and custody.

Main responsibilities:

- Maintain control of the anodic slime reception program
- Review and propose improvements to the protocol and procedures for reception, inspection and sampling.
- Report any deviation.
- Keep up to date the quality management system.
- Inform and train all workers in the Gold Supply Chain Policy and the Due Diligence Management System.
- Together with the Program Manager, ensure that each department implements the due diligence program and reports possible warning signs and potential risks that can be identified.
- Arrange the investigation of any questions in this regard.

Compliance officer

Execute the activities necessary for compliance with the Responsible Supply Policy and determine, in conjunction with the Program Manager, the actual or potential risks in the supply chain, evaluating the circumstances, to implement Due Diligence measures, in order to avoid or mitigate any contribution to adverse effects in conflict and high risk areas.

Main responsibilities:

- Apply the procedures of the Due Diligence Management System.
- Execute activities related to risk management and propose improvements in this regard.
- Periodically review possible risks in the supply chain.
- Review and propose improvements to the procedures of the Due Diligence System.
- Keep documentation in custody.
- To advise Management on matters related to the Due Diligence Management System.
- Prepare and submit the Due Diligence RMAP report for the assessing body.

- Participate in the analysis and investigation of all reported incidents and complaints made.
- Promote the dissemination of training to all workers.
- Request and coordinate technical assistance with the assessment body for risk management.

4.3 Description of Relevant Departments

With the appointment of a Due Diligence manager, the company provides the possibility of a fluid coordination of the relevant departments, ensuring that each department tracks its functions and responsibilities in the implementation of the Due Diligence program and reports on possible warning signs and potential risks that may be identified.

According to this structure, the obligations of the different areas of PRM SpA, involved with internal control of the supply chain, are specified below.

.- Commercial and Sales Area: Commercial and Sales Area: Generate, according to the legal and internal policies of the company, contracts for the supply of raw materials (in this case, anodic copper slime), for its assembly, establishing the technical and commercial bases of the process to perform.

.- Human Resources Area: Ensure that the personnel working inside the process plant are in compliance with all legal regulations of Chile. Maintain the access control protocols and vehicle exits, so that the established security measures are complied with. Ensure labor competences of staff.

.- Plant Management Area (Processes): Ensure that the security, reception and process areas are in a position to perform the processing safely, with the necessary protocols for the proper control of raw materials, generated by-products and finished products.

.- Quality and Chemical Laboratory Area: Maintain updated procedures related to the reception, inspection, handling, preparation and analysis of raw materials and maintain calibrated and verified raw material weighing equipment.

Maintain the certification of the NChISO17025.of2017 that accredits the competence of the laboratory to carry out the tests of the final products of gold and silver ingots.

4.4. Internal Control Systems

It should be noted that in order to comply with the audit of the year 2018, the company had to substantially improve the way of dealing with it. This is due to the fact that the first and only audit in this regard covered the period 2016-2017, RMI, formally CFSI (Conflict-Free Sourcing Initiative). Therefore, due to the importance of complying with the OECD Guide and the RMAP and responding to this new modality, PRM SpA had to take

innumerable concrete actions. In this regard, we can mention the profound modification and application of the PRM SpA supply policy, the creation of an organization chart that will support Due Diligence, the appointment of a program manager, the implementation of a Due Diligence Management System, creation and application of procedures that support the identification of areas affected by conflict and high risk, risk management, internal control and prevention systems, etc., to mention only some improvements since the last audit.

At the same time, as already indicated, the company has incorporated Due Diligence into legally binding agreements with its suppliers, currently its only provider is CODELCO, with whom it has regular visits, including the Due Diligence as part of the meeting.

In relation to the PRM protocol, the following stages of the control process can be mentioned:

Step 1: Communication of the monthly reception program

Codelco sends via email, a summary form of dispatches to be made during the following month. This information is sent to the plant management, plant Operations personnel, process engineers, surveyor personnel and quality area, through the Codelco programming engineer.

Any change of the program is previously informed to all interested parties through the same means.

Step 2: Confirmation and timely delivery details

The day prior to the arrival of the cargo of raw material, Codelco sends via email to all interested parties, the summary of the dispatch of anodic copper slime, which includes gross weights, net weights and preliminary chemical characterization of the payable and punishable items, as well as the data of the carrier and patent of the vehicle that will carry out the transfer (and escort in the case that it is so).

Step 3: Entry Authorization

The quality area through email asks the property security area to authorize entry of the truck with the described cargo, which review the background and authorize the entry, following all established protocols to ensure that the indicated load corresponds to what is indicated in prior documentation and dispatch guide.

Step 4: Truck Weighing

Once entered, the truck is weighed on a scale and the data is stored and sent to interested parties for their knowledge and control.

Step 5: Inspection and Unloading

The inspection and unloading of the product is carried out in the slime warehouse, in the presence of quality personnel, property security personnel and surveyor personnel (supplier representative). The driver delivers the dispatch guide, for his control, which is reviewed and approved. A signed document is delivered to the driver, to the access checkpoint and to the quality area for subsequent controls.

Step 6: Truck Dispatch

Once the truck is unoccupied, it is transferred to a weighing platform for its control, all monitored by patrimonial security personnel. The printed copy of the vehicle's tare record and the dispatch guide are delivered to the driver.

Step 6: Custody of documents

A copy of documents is stored in the access checkpoint, and a record of weights at the check-in and check-out is sent via email to the quality area.

Step 7: Weighing and sampling of material

In the slime warehouse, one by one weighing is done of the units (drums or bulk bags), containing the raw material, according to GP-P47-R01, "Reception and unloading of anodic slime from trucks."

Sampling of the material for obtaining moisture and the payable and punishable items is carried out in the presence of surveyor personnel, according to procedure GP-P06 / R01, "Weighing, sampling and moisture determination".

Step 8: Conformity of material received and exchange of laws

The quality area informs via email the Codelco customer of the conformity or disagreement of the material received indicating the result of the calculation of the preliminary laws of the payable items.

Quality area personnel perform the sampling through the sampling tower of the material received in sub-batches, and the samples are sent to the laboratory for moisture analysis and sample preparation in accordance with the provisions of procedure GP-P06 / R01; surveyor staff supervises and inspects each of these activities. The rest of the material is delivered to operations for processing.

The samples are distributed to the interested parties CODELCO, PRM and Surveyor, for the corresponding analyses of the payable and punishable items; PRM performs this according to procedures GP-P03 / R01 and GP-P09 / R01, respectively.

Step 9: Chemical characterization of the received anodic slime

The chemical characterizations of the products are carried out according to the procedures established and accredited under NCHISO17025.of 2017.

Once both parties have the corresponding chemical analyses available (according to the sample recovered in the PRM SpA sampling tower and sent to Codelco), the exchange of laws between PRM SpA and Codelco is carried out.

Finally, according to procedure GP-P07-R01, "Exchange of trials and arbitration", the net contents of the payable and punishable chemical elements are obtained for final settlement.

Step 10: Standard compliance of ingots produced

Compliance with the physical and chemical quality standards of the final products are established according to the protocols defined between the parties to the mother contract.

The surveyor staff is also responsible for the physical inspection of the final gold and Ag ingot products inside the process plant, and for monitoring the shipping process for these products.

Step 11: Detection of anomalies

In the event of any anomaly detected in the stages of receiving the information, transfer and / or reception of the material, truck weighing (difference in weights) and / or in the unloading of the material (foreign material) or any deviation in the supply chain and processing of the material, the activity being developed must be stopped immediately and the material in doubt kept in custody. As soon as possible, the GP-P71-F01 Claim to Supplier form will be sent via email, so that CODELCO conducts the investigation, determines the causes of the problem and takes and implements the necessary actions to correct the detected problem. Once the actions have been implemented CODELCO sends the record with cause analysis, implementation of actions, and all the documentation related to the problem, so that PRM evaluates whether it considers it appropriate to continue with the process. In the event that PRM considers that the evidence and the corrective actions proposed make it possible to raise the claim, the processing of slimes continues.

If the doubt is related to the origin, the transport, or the supplier, PRM must identify warning signs and carry out the necessary Due Diligence, according to identification procedures of CHARA and Red Flags.

Claims mechanism

In relation to the complaints mechanism, PRM SpA. adopts the RMI complaints mechanism (<http://www.responsiblemineralsinitiative.org/responsible-minerals-assurance-process/grievance-mechanism/>), for any information, consultation, claim or

accusation of your interest group and will refer to it to collect information, investigate, respond and follow up, according to the procedure indicated in this regard (GG-DD-P04) "Complaint Management - Claims PRM SpA "and leaving record in the form GG-DD-F05" Monitoring of Complaints and Claims Management ". In this way, as indicated by the procedure, the compliance officer will identify the complaint and proceed to record the type of claim on the form provided for it and inform the program manager, who will form a working group to investigate, analyze, respond and close the cycle, according to its relationship with the origin, the transport route, location of the supplier, or violation of human rights, among others, putting into practice due diligence if necessary.

Record Maintenance System

In relation to the Record Maintenance System, PRM SpA, requires that all records related to the due diligence program be maintained for at least five years, keeping proper control of documents and stored securely according to the procedure "Management of the Documentation "(GG-DD-P05), in the databases available to the company.

4.5 Risk Identification

Based on the risks referred to in the PRM SpA Supply Chain Policy, the company developed a procedure to identify CAHRA (GG-DD-P02). The procedure considers: resources used, criteria for defining risks in areas affected by conflict and at high risk, as well as the frequency with which suppliers are reviewed and / or when there are modifications to the PRM supply chain. Within the resources used, the following are mentioned:

- US Dodd-Frank, which provides presence of armed conflict and generalized violence or transport risks, whose CAHRA indicator threshold corresponds to whether the origin or transport is registered in the evaluation method list.
- The Heidelberg conflict barometer, which provides conflict maps, with an annual instantaneous representation of the presence of armed conflict and widespread violence, considering a CAHRA if the national or sub-national classification has a level 3 or higher index in the region of origin or route of transport of the raw materials of PRM.
- Fragile State Index, which provides risks of harm to people and the rule of law, considering a CAHRA if the Human Rights and Rule of Law indicator has a score of 8 or more for Chile in the evaluation method.
- The World Governance Index (WGI), which measures the ability of the government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions between them, considering a CAHRA if the Corruption Control Index has a percentile of 80 or less for Chile.

PRM SpA., Also designed a KYC procedure - Meet Your Counterparty (GG-DD-P01), which considers the collection of essential information on the legal status, the identity of the provider, money laundering and the fight against policies of financial terrorism, and whether the beneficiaries or the provider have been involved in any financial irregularity, and other potential risks.

PRM SpA also developed a procedure to identify Red Flags (Red Flag), GG-DD-P03, which mentions warning signs when the supplier's commercial register cannot be verified, when the provider's owners or beneficiaries are within the UN Sanctions List, when the provider is listed in sanctions at the country level, when the KYC questionnaire is inconsistent, when the provider does not accept the responsible supply policy of PRM, when the provider is located in a CAHRA, when the raw materials originate or is transported through a CAHRA, when there are discrepancies in the transaction documentation, when the country of origin has a low production volume, when the inspection of the material (visual or chemical tests), does not seem to be expected according to contract.

All the aforementioned procedures were applied to our provider. It should be noted that the provider completed and returned the KYC questionnaire, which reviewed and evaluated the Due Diligence team at PRM, led by the program manager. Whenever there were doubts or inconsistencies in the analysis of the information, PRM communicated and / or met with CODELCO to let it know about the sustained analysis and inform the areas of improvement and request an updated form. Likewise, in the identification of CAHRA and risk signals, PRM SpA got involved with its supplier to request more information in order to clarify and improve the supporting documents, until verifying that there were no red flags related to the origin, transport, or the provider.

In this regard, in relation to the KYC and because Codelco is a state-owned company, belonging to the State of Chile, the directory was compared with the list of UN Sanctions, with support for the investigation in the UN Comparison Registry (GG -DD-REG01). It is worth mentioning that Codelco is a company that maintains a robust Anti-Corruption Management System, with very clear guidelines in this regard, led by the person in charge of Crime Prevention, Mr. Mario Orellana, who serves as Corporate Risk and Control Manager.

In relation to the origin, and as indicated by the OECD Guide, in its third edition: "The risk assessment in a supply chain begins at the origin of the gold supply", indicating, "For mining gold, the Origin is the mine in itself, either a small-scale artisanal mine or a medium and large-scale mine. An exception to the foregoing is the **Mining Byproduct, such as gold obtained from copper mining**, a mineral that is outside the scope of this Guide." He goes on to indicate, "... **The origin of gold that is a Mining Byproduct should be considered as the point at which the gold trace was first separated from the original ore (for example, the refinery)**". In this sense, note that the supply of gold in PRM is only limited to the recovery of gold from the anodic slime generated in the copper refining process, from the supplier's refineries. Therefore, PRM SpA, made sure that each transaction clearly indicated origin

information, making sure to understand the place, the transport route, as well as the location of the direct supplier, according to the different divisions of Codelco, from which anodic slime is provided, all of which are located in the territory of Chile, as indicated by CODELCO in the declaration of origin, according to:

- .- Chuquicamata Division: Town of Chuquicamata, II Region of Antofagasta
- .- Salvador Division: Town of El Salvador, III Region of Atacama
- .- Ventanas Division: Town of Ventanas, V Region of Valparaiso

The GP-P47 / R01 procedure, "Procedure for Receiving and Unloading Anodic Slime from Trucks", was applied to all supply transactions with Codelco, carrying out a review and control of all receptions. Subsequently, all the information collected against the CAHRAs was reviewed; being recorded in the "CAHRA Identification Form" (GG-DD-F03), and then the warning signs were reviewed, being recorded in the "Identification Form of Red Flags" (GG-DD-F04), in order to ensure that the supplier meets the approval requirements. PRM also considers the control, registration, information, and communication, each time gold ingots returns to our supplier Codelco, according to: "Procedure for the Preparation and Dispatch of Shipments" GP-P19 / R02.

PRM SpA develops the monthly gold metallurgical balance, according to "Metallurgical Balance Procedure" GP-lv00 / R02, which demonstrates the closing of the income, inventory and exit of the metal, as it was presented to the auditor in their visit to PRM, with the traceability of the metals being approved.

According to the aforementioned and according to the resources reviewed, it is obtained that:

- .- US Dodd-Frank Act → Does not apply, because material from the Republic of the Congo is not provided, as well as from the nine neighboring countries, origin does not apply and neither does transportation.
- .- Heidelberg Conflict Barometer → Although the conflict barometer of Heidelberg, declares Chile at a level 3 in intensity (violent crisis), identifying a CAHRA in the conflict map during 2018, it is also indicated that these conflicts have their origin in issues that are unrelated with the mining industry, in which Codelco and / or PRM SpA may be involved.

It is important to mention that the indicator is related to a conflict limited to the claim of land belonging to ancestral Mapuches and the rights of indigenous peoples, where an indigenous Mapuche died during a police operation in the Araucanía area (X region and surroundings). The foregoing provoked demonstrations, which in some cases became violent, since in Chile there has been a demand for ancestral Mapuche lands for many decades. However, it is not related to the origin, transport, or any issue related to the mining industry, in which Codelco and / or PRM (origin, transportation and / or beneficiaries) or any other mining company in Chile. Under this scenario, PRM conducted an investigation, considering visits and meetings with the supplier, and made sure that all the material received was contemplated in Codelco's monthly delivery programs, all

material dispatch guides were reviewed, it was ensured that all material control and inspection protocols were complied with, that Codelco presented the anodic slime transport contract along with the traffic maps on authorized roads in Chile, that the current transport regulations be complied with according to Chilean legislation in relation to dangerous cargo, that the seals of origin of the material could be identified and verified, that the transport trucks could be located via GPS at all times, in other words, PRM mapped the supply chain from the origin of the gold contained in the slime copper anodes up to PRM SpA, making sure not to identify a CAHRA.

While due diligence of the refiner must ensure that fraudulent statements are not produced to hide the origin of gold, PRM has verified that the Mining By-Products, which it receives in its processing plant are within the legal framework of the contract between Codelco and PRM, and do not contribute to conflict or high risk areas.

.- Fragile States Index → The “2018 FRAGILE STATE INDEX”, which provides measures of political instability, insecurity, widespread human rights abuses, violations of national or international law, declares Chile as a “MORE STABLE” country for 2018. Of the 12 indicators evaluated , all are under the 8 points on which a CAHRA is considered, the highest being the uneven development index with 5.4 points and the lowest, the external intervention index with 1.8 points.

.- The World Governance Index (WGI) has a percentile of 81.73 in the corruption control index, greater than 80 or less, where it is considered a CAHRA.

Conclusion:

PRM SpA has developed and implemented a Due Diligence Management System that conforms to RMAP. When applying it, we identified Chile as a CAHRA, which entailed carrying out the additional due diligence, confirming that no risks of damage were established within its supply chain, so the development of a risk management plan was not necessary

Based on the aforementioned and based on the procedures applied and resources used, we can indicate that Planta Recuperadora de Metales SpA, has developed and applied an effective Due Diligence management system, and we conclude that after the investigation to analyze the Heidelberg indicator and of the safeguards and joint work with the supplier to eliminate risks in this regard, nothing attracts our attention to believe that the report of Global and Responsible Gold Supply in the Areas Affected by Conflict and High Risk, in all relevant aspects , is presented in accordance with the RMI Gold Refiner Standard and with Annex II of the OECD Guide in its third edition.