

# **LBMA Responsible Gold and Silver Guidance - Refiner Assessment Report**

*For third-party audits based on ISO19011:2011.*

**Prepared for:** London Bullion Market Association (LBMA)  
**Date:** 14 August 2018  
**Final Version** 0  
**Report** SAI Global, Nathan  
**Distribution** Edwards (PMR), Alyce  
**List:** Persich (PMR)

ASSESSMENT INFORMATION	
Refiner Name:	Perth Mint Refinery
Refiner Location:	131 Horrie Millar Drive, Perth Airport
Refiner Contact Person: Name, Title: Email: Phone:	Alyce Persich, Responsible Metals Specialist Alyce.persich@perthmint.com.au
Lead auditor and audit team members	Stephen Rogers
Dates and places where the onsite assessment activities were conducted	13.08.2018 - 14.08.2018 Perth Mint Refinery, 131 Horrie Millar Drive, Perth Airport

LBMA Refiner Assessment Report	
<b>Assessment objectives:</b>	
<i>The objectives of this re-assessment were to evaluate the conformity of Perth Mint Refinery's management system procedures, processes and practices with the LBMA Responsible Gold and Silver Guidance documentation.</i>	
<b>Assessment scope:</b>	
<i>Refiner location(s) included in the assessment scope</i>	<i>Perth Mint Refinery, 131 Horrie Millar Drive, Perth Airport, Western Australia, 6105</i>
<i>Assessment Period</i>	<i>01.07.2017 - 30.06.2018</i>
<b>Assessment methodology:</b>	
<p><i>The Auditor used several methods to obtain information and evaluate the existence and implementation of appropriate systems at Perth Mint Refinery, addressing all areas covered by the LBMA Responsible Gold and Silver Guidance documents. Each area of the LBMA Responsible Gold and Silver Guidance was verified by documentation and record review and management/employee interviews, as well as observation during the facility tour.</i></p> <p><i>The evidence of compliance that was reviewed included:</i></p> <ul style="list-style-type: none"> <li>• <i>The following areas of the operation were visited during the tour at the refinery:</i> <ul style="list-style-type: none"> <li>○ <i>Balance Room</i></li> <li>○ <i>Customer Lodgement Office</i></li> <li>○ <i>Office</i></li> </ul> </li> <li>• <i>The following interviews were conducted with management:</i> <ul style="list-style-type: none"> <li>○ <i>Nathan Edwards, Operations Manager, PMR</i></li> <li>○ <i>Kelly Curtis, Contracts Administrator, Treasury</i></li> <li>○ <i>Nishan Kodituwakku, Deputy Treasurer/Senior Dealer</i></li> <li>○ <i>Alyce Persich, Responsible Metals Specialist</i></li> </ul> </li> <li>• <i>The following interviews with employees were conducted:</i> <ul style="list-style-type: none"> <li>○ <i>Ross Pollard, Production Supervisor Balance Room, PMR</i></li> <li>○ <i>Trent Beaver, Receipts Officer, PMR</i></li> <li>○ <i>Brian Barnett, Receipts Officer, PMR</i></li> <li>○ <i>Amy Harvey-McGilben, Administration Officer, PMR</i></li> <li>○ <i>Jane Mellowship, Customer Lodgements Officer, PMR</i></li> </ul> </li> </ul>	
<b>Statement of the confidential nature of the contents:</b>	
<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 and the Refiner.</i>	

<b>Any significant or inherent limitations or areas not covered that were within the assessment scope:</b>	
<i>Nil</i>	
<b>Assessment criteria:</b>	
<p><i>The auditor considered all relevant objective evidence provided by the Perth Mint Refinery. Relevant evidence was either qualitative or quantitative in as far as it is appropriate and sufficient to support the auditor's conclusions. Appropriate evidence is evidence that is relevant and reliable. Sufficient evidence refers to the amount of evidence provided to allow the auditor or assessment team to reach a conclusion.</i></p> <p><i>Any actual or potential gaps in Perth Mint Refinery's systems in regards to the LBMA requirements are rated in accordance to the level of risk each presents to the credibility and integrity of the LBMA Responsible Gold and Silver Programmes for the responsible sourcing of gold and silver-bearing materials.</i></p>	
<b>Positive Initiatives:</b>	
<p><i>The auditor would like to acknowledge the following processes undertaken by PMR/Gold Corporation:</i></p> <ul style="list-style-type: none"> <li><i>• Increased awareness within both the PMR and Perth Mint Shop on potentially fraudulent transactions and understanding of Responsible Metals requirements.</i></li> <li><i>• Adoption and successful implementation of the Responsible Silver Guidance requirements within existing processes.</i></li> <li><i>• Record keeping continues to be well managed.</i></li> <li><i>• Improvement in the already well managed annual customer audit of customers depositing &gt;5000 Au oz, and 6-monthly reviews of new customers.</i></li> </ul>	

<b>Assessment conclusions</b>	Compliant	Low	Medium	High	Zero Tolerance
<b>Based on the above assessment conclusions, the overall rating of the Refiner's performance is determined to represent:</b>	✓				

ADDITIONAL ELEMENTS	
	<b>Assessment plan:</b>
	<p><i>The on-site assessment at the Perth Mint Refinery site consisted of four parts:</i></p> <ol style="list-style-type: none"> <li>1. <i>Opening meeting;</i></li> <li>2. <i>Review of objective evidence by means of observation, documentation and interviews;</i></li> <li>3. <i>Evaluation of the evidence presented to determine compliance with LBMA requirements;</i></li> <li>4. <i>Closing meeting.</i></li> </ol> <p><b>Day 1 – Offsite assessment of data and documentation provided by PMR re transactions and updated system requirements (4 hrs)</b></p> <p><b>Day 2 agenda:</b></p> <ol style="list-style-type: none"> <li><b>a.</b> <i>8:00-8:30: Opening meeting with Responsible Metals Specialist to review the purpose, scope and methodology of the assessment and clarify requirements</i></li> <li><b>b.</b> <i>8:30-15:00: Meetings with Responsible Metals Specialist, Operations and Production Managers, Customer Lodgements Officer, and Contracts Administrator:</i> <ul style="list-style-type: none"> <li>- <i>Changes to processes or systems, inclusion of silver</i></li> <li>- <i>documentation on conflict free policies and procedures</i></li> <li>- <i>process flow considerations including freighting and receipt</i></li> <li>- <i>sampling process of receipted materials and historic data, gold and silver</i></li> <li>- <i>improvements to the system and processes, inclusion of silver</i></li> <li>- <i>LBMA engagement</i></li> <li>- <i>new counterparties, inclusion of silver</i></li> <li>- <i>Agreements and processes with counterparties, inclusion of silver</i></li> </ul> </li> <li><b>c.</b> <i>During b. above, meetings with Receipts Officers and Customer Lodgements Officer to observe receipting of deliveries as they arrived from PNG and Kalgoorlie, and local walk-in customers</i></li> <li><b>d.</b> <i>15:00-16:30: Meeting with Responsible Metals Specialist, Operations Manager, and Administration Officer, closing meeting</i></li> </ol> <p><b>Day 3 - Off-site reporting (4 hrs)</b></p>
	<b>List of attendees of opening and closing meeting</b>
	<p><i>Stephen Rogers – Auditor</i></p> <p><i>Nathan Edwards – Operations Manager</i></p> <p><i>Alyce Persich – Responsible Metals Specialist</i></p>
	<b>Refiner feedback</b>
	<p><i>The Compliance Officer for Perth Mint Refinery provided the following feedback regarding the observations cited in the report.</i></p> <p><i>“I have reviewed the report provided and I do not have any recommended changes to the content. I will be completing an action plan on the items raised in the next few days and look forward to receiving the final report.”</i></p>

<b>Assessment findings:</b>				
<i>Category/ subcategory</i>	<i>Non-compliance/Observation: Include evidence found to substantiate the non-compliance as well as frequency of its occurrence.</i>	<i>Recommended corrective action</i>	<i>Timeframe for implementing corrective actions</i>	<i>Refiner comments</i>
Step 1.2	<i>It could be useful to post the policy and other material at the Perth Mint Shop. Old policy was on the wall in the Customer Lodgement Room, and on Balance Room Noticeboard, missing from general noticeboard, rectified during audit.</i>	<i>Maintain system for placement and update of policies. Engage Perth Mint Shop to post the policy,</i>	FY2019	An increased level of Policy monitoring will be conducted.
Step 2.2	<i>It was noted that for Bullion Purchases, the agreement does not address requirements for Responsible Metals, and specifically Country of Origin requirements.</i>	<i>PMR could engage with Treasury to apply consistency in the Responsible Metals requirements.</i>	FY2019	Will be included in next review of the Responsible Metals Management System.
Step 2.2	<i>It was noted that for PTNA01 shipments, individual Ag consignments did not have the CoO documents attached in Progress, however there was typically a corresponding Au consignment the day before which combined the Ag and Au CoO declaration. It is suggested that the CoO document also be attached to the Ag shipment to avoid confusion.</i>	<i>PMR could document specific process currently in place or attach CoO documents to shipment in Progress,</i>	FY2019	Will address this with Balance Room staff, recommend to attach CoO documents to Ag shipments going forwards.
Step 2.3	<i>A similar scam register to that used by PMR could be initiated at the Perth Mint Shop.</i>	<i>Discuss opportunity with Perth Mint Shop Management</i>	FY2019	Will discuss this opportunity with Perth Mint Shop staff or ask that they update our scam register.

The Auditor confirms that:

- ✓ The information provided by the Refiner is true and accurate to the best knowledge of the Auditor preparing this report.
- ✓ The findings are based on verified Objective Evidence relevant to the time period for the assessment, traceable and unambiguous.
- ✓ The Auditor has acted in a manner deemed ethical, truthful, accurate professional, independent and objective.
- ✓ The Auditor is properly qualified to carry out the assessment at this Refiner's facility.

Lead Auditor:            Stephen Rogers

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Signature:                

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Date:                        14 August 2018

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