



Independent Assurance Report to the Directors of Rand Refinery (Proprietary) Limited

We were engaged by the directors of Rand Refinery (Proprietary) Limited (the “Company” or “Rand Refinery”) to perform an independent limited assurance engagement in respect of Rand Refinery’s Compliance Report, including the Annexure of the Countries of Origin of Mined Gold, (together the “Compliance Report”) for the London Bullion Market Association’s Responsible Gold Guidance (version 6) (“LBMA Responsible Gold Guidance”) for the year ended 31 August 2017. The assurance engagement was performed for Rand Refinery as a requirement to conduct an annual review of the gold supply chain management systems and practices as stipulated in Step 4 of the LBMA Responsible Gold Guidance. This report is produced in accordance with the terms of our contract with the Company dated 31 July 2017.

Independence, Quality Control and Expertise

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Scope and Subject Matter

The subject matter for our assurance consists of the assertions made by management to describe the activities undertaken during the period to demonstrate compliance, and management’s overall conclusion, in the Company’s Compliance Report, in accordance with the London Bullion Market Association’s (“LBMA”) Responsible Gold Guidance.

Respective responsibilities of the Directors and PricewaterhouseCoopers Inc.

The directors of Rand Refinery are responsible for the preparation and presentation of the assertions made in the Company’s Compliance Report in accordance with the Reporting Criteria, and to conduct an annual review of Rand Refinery’s gold supply chain management systems and practices as stipulated in Step 4 of the LBMA Responsible Gold Guidance. The Reporting Criteria consists of the requirements set out within the LBMA Responsible Gold Guidance, supplemented with the Company’s gold supply chain policy available on the Company’s website (http://www.randrefinery.com/products_responsible.htm). The responsibility includes establishing appropriate risk management and internal controls from which the reporting information is derived and the establishment of such internal controls as the directors determine necessary to enable preparation of the Company’s Compliance Report that is free from material misstatement, whether due to fraud or error.

Our responsibility is to form an independent conclusion, based on our limited assurance procedures, on whether anything has come to our attention to indicate that management’s assertions contained in the Company’s Compliance Report, and management’s overall conclusion, has not been prepared, in all material respects, in accordance with the Reporting Criteria.

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This report, including the conclusion, has been prepared solely for the directors of the Company as a body, to assist the directors in determining whether the Company has complied with the Guidance, and for no other purpose. We permit the disclosure of this report on the Company's website, to enable the directors to demonstrate they have discharged their related governance responsibilities by commissioning an independent assurance report for the year ended 31 August 2017. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors as a body and the Company for our work or this report save where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits and Reviews of Historical Financial Information 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). This ISAE 3000 (Revised) standard requires that we comply with ethical requirements and that we plan and perform the assurance engagement to obtain limited assurance on the subject matter as per the terms of our engagement.

Our work included examination, on a test basis, of evidence relevant to the subject matter information. It also included an assessment of the significant estimates and judgements made by the directors in the preparation of the subject matter information. We planned and performed our work so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence on which to base our conclusion in respect of the subject matter information.

Our limited assurance procedures primarily comprised:

- Enquiries of management to gain an understanding of Rand Refinery's processes and risk management protocols in place;
- Enquiries of relevant staff responsible for the preparation of the Report;
- A site visit to Rand Refinery;
- Assessing the suitability of the policies, procedures and internal controls that Rand Refinery has in place to conform to the Guidance;
- Obtaining and understanding of the processes and controls that support the information in the Company's Compliance Report;
- Testing a selection of the supporting documentation, including gold supplier counterparty due diligence files and transaction documentation; and
- Reviewing the presentation of Rand Refinery's Compliance Report to ensure consistency with our findings.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised). Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement, and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

The procedures selected depend on our judgement, including the assessment of the risk of material misstatement of the assertions made in the Company's Compliance Report, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the Compliance Report 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 limited conclusion.

Conclusion

Based on the limited assurance procedures performed, as described above, nothing has come to our attention that would lead us to believe that Rand Refinery's Compliance Report for the year ended 31 August 2017, did not in all material respects, describe fairly the activities undertaken during the year to demonstrate compliance, and management's overall conclusion contained therein, in accordance with the Reporting Criteria.

Other Matters

The maintenance and integrity of the Rand Refinery's website is the responsibility of Rand Refinery's directors. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Compliance Report or our independent assurance report that may have occurred since the initial date of presentation on Rand Refinery's website.



PricewaterhouseCoopers Inc.
Director: Jayne Mammatt
Registered Auditor

Johannesburg
2 October 2017

TABLE 1: REFINER’S DETAILS

Refiner’s Name	Rand Refinery (Pty) Ltd
Location	Refinery Road, Germiston, South Africa
Reporting year-end	31 August 2017
Date of Report	2 October 2017
Senior management responsible for this report	T. Nkosi, RG Compliance Officer terancen@gold.co.za

RAND REFINERY’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.

TABLE 2: 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.

Rand Refinery has adopted a company policy regarding due diligence for supply chains of gold.

Comments and Demonstration of Compliance:

Rand Refinery has a robust Know-Your-Customer (KYC), Know-Your-Product (KYP) and Anti-money Laundering (AML) policy and procedure in place which incorporates a risk assessment methodology. This has been applied to existing customers and to all new customers as part of the on-boarding process. The “whistle blowing” facility continues to be available on the website and is run independently. Further, all meetings held onsite begin with declaration of interest practice and encourages disclosure of interest with regards to Responsible Gold. Supply chain analysis extends beyond conflict to include other risks e.g. environmental, child labour, private and public security, benefits in kind. During this period the KYC, KYP, and AML procedures were revised and updated.

Rand Refinery has set up an internal management structure to support supply chain due diligence.

Comments and Demonstration of Compliance:

The internal management system defines governance, roles and responsibilities, communication and senior management review as per the policy. This is reviewed by the Customer, Credit and Risk Committee. The compliance officer is a member of the executive committee. Rand Refinery has drawn up an organogram of the responsible people and their functions.

Rand Refinery has established a strong internal system of due diligence, controls and transparency over gold supply chain, including traceability and identification of other supply

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chain actors.

Comments and Demonstration of Compliance:

Suppliers are mapped and defined. The appropriate warranties are also obtained from the gold suppliers. Information is populated and tracked accordingly. Processes have been developed for traceability and verifying sources of material. Furthermore, systems are in place to test for chemical composition based on origin of materials.

Rand Refinery has strengthened company engagement with gold supplying counterparties, and where possible, assisted gold supplying counterparties in building due diligence capabilities.

Comments and Demonstration of Compliance:

Rand Refinery continues to encourage new and existing upstream customers to disclose supply chain risks and issues. The level of supply chain transparency is discussed with suppliers during routine site visits and continuously monitored for changes and developments in the supplier chain.

Rand Refinery has established a company-wide communication mechanism to promote broad-based employee participation and risk identification to management?

Comments and Demonstration of Compliance:

Rand Refinery has an entrenched independent "whistle blowing" facility in place and employees engaged with the gold supply chain are versed in the Responsible Gold requirements. This is particularly so for those employees who are customer facing and responsible for receiving the gold into the refinery. Rand Refinery also shares the objectives of the Responsible Gold Guidance to its staff which highlight roles, responsibilities and requirements of compliance. Rand Refinery also conducted relevant Responsible Gold training with staff involved with the Responsible Gold Programme. In addition, relevant communication is also sent internally via communication channel through the Communication Manager. The Risk Management process conducted by the risk manager also identifies potential risks through one-on-one meetings with relevant stakeholders to look at company-wide risks, including Responsible Gold. Further, the Executive Committee reviews the list of counterparties on an annual basis.

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.

Rand Refinery has a process to identify risks in the supply chain.

Comments and Demonstration of Compliance:

Rand Refinery continues to apply its KYC, KYP and AML policy to potential and existing customers. The procedure has an accompanying risk assessment tool which identifies and assesses the potential risks in the gold supply chain. Country risk profiles are re-evaluated on a continuous basis.

Rand Refinery do assess risks in light of the standards of their due diligence system.

Comments and Demonstration of Compliance:

Supply chain due diligence comprising measures required by the LBMA Responsible Gold Guidance

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is performed before entering into a business relationship with any gold supplying counterpart. Enhanced due diligence is performed for higher-risk categories, which includes those where gold originates from or transits via a conflict-affected or human rights abuse high-risk area. In addition, background checks on company directors are also performed. Continuous monitoring does take place using external service providers.

Rand Refinery do report risk assessment to the designated manager.

Comments and Demonstration of Compliance:

The outcome of risk assessments is reported to the Customer, Credit and Risk Committee (CCRC) as well as the Responsible Gold Compliance Officer. Open channels of communication exist between the members of the CCRC to facilitate more regular and routine reporting. The decisions of the CCRC are minuted.

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.

Rand Refinery has 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.

Comments and Demonstration of Compliance:

Yes. Situations that may arise and are managed by the CCRC on an as required basis. Different and relevant stakeholders including Executive Committee form part of CCRC to discuss issues of concern.

A management strategy of risk mitigation was undertaken, and include measureable steps was taken and achieved, monitoring of performance, periodic reassessment of risk and regular reporting to designated senior management.

Comments and Demonstration of Compliance:

The strategy and remedial action plan is compiled and controlled by the Senior Manager: Sourcing and CCRC. The Compliance Officer plays an active role in strategy compilation and the execution of the remedial action plans as required. Where incidents of concern are identified with gold received or the counterparties engaged, these incidents are reported, investigated and resolved appropriately within a suitable timeframe. The results of the investigations are reported back to the CCRC.

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:

Rand Refinery engaged the services of the assurance provider, PwC, and their independent limited

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assurance report can be viewed on the Rand Refinery website, www.Randrefinery.co.za.

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:

This statement of management conformance, along with the external independent assurance report compiled by PwC, is prepared in accordance with Step 5 of the LBMA Responsible Gold Guidance. Refer Annexure A-List of countries.

OVERALL CONCLUSION

TABLE 3: MANAGEMENT CONCLUSION

Rand Refinery is in compliance with the requirements of the LBMA Responsible Gold Guidance for the reporting period.

Yes. Rand Refinery implemented management systems, procedures, processes and practices to conform to the requirements of the LBMA Responsible Gold Guidance, as explained above in Table 2, for the reporting year ended 31 August 2017.

Rand Refinery is committed to continuous improvement, and any corrective actions identified will be monitored internally on a regular basis. Should there be a Corrective Action Plan it will be communicated separately to the LBMA Executive, in its role as administrator of the LBMA Responsible Gold Guidance.

Rand Refinery has complied to all the requirements and, to its knowledge, has followed the process of ensuring that it only source responsible gold.

TABLE 4: OTHER REPORT COMMENTS

No further comments.

Terance Nkosi

Responsible Gold Officer

Praveen Bajinath

Chief Executive