

Follow up on the press release regarding the allegations of the NGO STP concerning its report Switzerland – A Hub for Risky Gold? 26 March 2018

Link to the Statement: www.metalor.com/de/node_59/Nachrichten/Metalor-fully-denies-the-allegations-of-the-NGO-STP-it-its-report-Switzerland

Metalor has taken very seriously the allegations made by STP in the above mentioned report. After having verified the sources of the information METALOR confirms that such allegations are absolutely false. Details are as follows:

1.- Regarding the confiscation of 10.56 Kg of gold in 2014 by the Peruvian authorities to be shipped to Metalor: The Public Prosecutor of the Peruvian State (*Ministerio Publico, Fiscalia de la Nacion, Distrito Fiscal de Lima, Segunda Fiscalia Supraprovincial Corporativa especializada en delitos de lavado de activos y perdida de dominio – primer despacho – Investigacion 55-2014*) has reached the formal conclusion that there are NO elements to pursue any criminal action in this matter (illegal mining / money laundering) and ordered the definitive filing of the investigation the 11th of May 2017 concluding that the gold was legal.

2.- As far as the international assistance request made by the Peruvian Public Prosecutor in 2015 to the Swiss authorities in the course of an investigation for money laundering against some Peruvian exporters, Metalor had informed already in May 2014 to the Swiss authorities of the above case regarding the Peruvian company FAMYR Group EIRL, proactively collaborating in that investigation. The formal decision from the “*Office Federal de Justice et Police/Office Federal de la Police - Etat major MROS*” to Metalor on May 26, 2015 was to not transfer the file to the Swiss Public Prosecutor.

3.- Minerales del Sur has neither been exporting more gold to Metalor than the gold production in Puno nor bringing a gram of gold from the Madre de Dios Region. The statements and assumptions to the contrary made by STP are absolutely false.

- Regarding the production in Puno, the explanation is very simple and straight forward: according to the Peruvian mining regulations informal miners in the process of formalization do not have the obligation to provide a declaration of their operations to the Peruvian Ministry of Mining. The latter may only build an estimate of the informal production into the statistics; in the case of Puno Region such estimate is far away from reality since the majority of the mining activity in Puno is still carried out by informal miners engaged in the formalization process.
- The increase of volume made by Minerales del Sur since 2014 is the result of its appointment by and agreement with the state owned company Activos Mineros SAC. This entity has the mandate from the Peruvian administration to promote and incentivizing informal mining to join the pace of formalization. Under such collaboration agreement Minerales del Sur is offering very attractive terms to the miners in Puno, much better than the ones presumably offered by the illegal trading, hence its success.
- The state owned company Activos Mineros SAC receives all information relative of the procurement of gold from Minerales del Sur (in addition to technical visit to its sites in the region) and supervises the fulfilment of the above mentioned agreement. In addition, Activos Mineros SAC mandated two independent third party audit firms (*Rejas Alva y Asociados* for the period 01.05.2014 to 30.06.2015 and *Inveritas Global Holdings* for the period 01.07.2015 to 31.12.2016) to audit the program of procurement of gold, with a positive outcome.

4.- Regarding Madre de Dios, Metalor has a very clear policy of not accepting any material coming from that region. Metalor due diligence process does include background checks of any potential customer and its owner. In this regard there is not any investigation of proceedings against the owner of Minerales del Sur. As far as Madre de Dios area is concerned, Activos Mineros SAC awarded to the company Veta de Oro del Peru SAC the collaboration Agreement in that region (like Minerales del Sur in Puno) and that company legally operates over there. However Metalor has no connection whatsoever with that company and again does not take any material from Madre de Dios.

Metalor is contacting the NGO STP to formally ask the withdrawal of the false allegations against Metalor and it is committed to take whatever legal action to defend its legitimate interest and clean reputation.

Metalor fully denies the allegations of the NGO STP in its report *Switzerland - a Hub for Risky Gold?* March 23 2018

Metalor strongly denies the charges made by the NGO STP to procure illegally mined Peruvian gold. Metalor also rejects any allegation of sourcing from the Peruvian region Madre de Dios. Metalor relationship with its Peruvian gold supplier Minerales del Sur is under the umbrella of the state owned company Activos Mineros, entity that promotes the formalization process among artisanal miners in Peru and is in charge of the environmental remediation of the mining sites in the country. This matter has been already addressed by the company in the past (see below press releases) where Metalor has proven that it works closely with the Peruvian authorities to make sure that its business responds to demands of the country and the compliance standards of the company. Metalor will come back with a more detail answer shortly.

http://www.metalor.com/en/node_59/News/Peru-Metalor-supports-the-formalization-process-in-the-gold-mining-sector

http://www.metalor.com/en/node_59/News/Metalor-response-to-the-report-published-by-the-Association-SPM-on-the-gold-imported-by-Metalor-from-Peru

http://www.metalor.com/en/node_59/News/Follow-up-on-the-Metalor-response-to-the-report-published-by-the-Association-SPM