

REGISTERED

Schweizer Radio und Fernsehen

Fernsehstr. 1-4

CH-8052 Zürich

To the attention of

Tristan Brenn, Chefredaktor SFR

Mario Poletti, Rundschau Sendeleiter

Cc: *Nathalie Wappler, Direktorin, SRF*

Bernard Rappaz, Rédacteur en chef, RTS

Georg Humbel, Redaktor

Marin-Epagnier, 19 March 2019

Metalor Technologies SA – SRF Program «Schweizer Goldschmelze Metalor unter Verdacht» (Rundschau, 13 March 2019) and RTS Program «Metalor est soupçonnée par les autorités péruviennes d'acheter de l'or extrait dans des conditions illégales » (19h30, 13 March 2019)

Dear Mr Brenn,

Dear Mr Poletti,

Reference is made to the television reports “Schweizer Goldschmelze Metalor unter Verdacht” and “Metalor est soupçonnée par les autorités péruviennes d'acheter de l'or extrait dans des conditions illégales” broadcasted on 13 March 2019 on SRF (Rundschau) and during the TV evening news at 19h30 on RTS.

These reports relate to the gold industry in Switzerland and more specifically to the situation of artisanal gold mining in Peru, with a focus on the origin of the Peruvian gold, the conditions at the mines and the local supply chain. Metalor Technologies SA (“**Metalor**”) is expressly accused to purchase Peruvian gold from illegal and doubtful sources.

As will be further explained, Metalor considers that such reports have been edited in an unprofessional manner, i.e. without having taken into consideration Metalor’s detailed and comprehensive explanations which were provided to SRF in full transparency, during the journalistic investigations.

This unjustly harms Metalor’s reputation and business in Switzerland.

Therefore, and for the record, we wish to highlight again the factual elements and background of this topic which has always been addressed seriously by Metalor.

1. Spontaneous and transparent contacts with Mr Georg Humbel (Rundschau) in February 2019

In the course of the preparation of the above reports, Metalor spontaneously contacted one of Rundschau's journalists, Mr Georg Humbel, to voluntarily and openly discuss the matter, the concerns at hand, as well as the active involvement of Metalor to improve the work conditions of Peruvian miners.

On 22 February 2019, Metalor's representatives had a long meeting with Mr Georg Humbel who was even invited in our facility and provided with documented information about the refining industry in Switzerland, Metalor's business in Peru and the due diligence measures put in place in order to secure full compliance.

In particular, the agreement between Metalor and Minerales del Sur ("**MDS**"), a Peruvian entity that was working with Metalor until March 2018 in the Puno Region, was addressed extensively.

Metalor equally shared its views with Mr Georg Humbel regarding the situation of miners in Peru and provided him with all its media statements enabling the journalist to gather a full picture and a proper understanding of the difficult situation of operating in Peru. All this to the apparent entire satisfaction of Mr Georg Humbel.

It should be noted that Metalor's representatives further answered all additional questions raised by Mr Georg Humbel in writing after the meeting, rather than "on camera", as initially suggested by the latter.

Metalor is astonished, not to say very disappointed, to find that the information disclosed has been simply ignored in the reports for the sake of making the broadcast more sensational.

We also regret that the fact that we proactively contacted to the journalist to explain the facts and our willingness and cooperation to talk was not shown or mentioned in any way in the report.

2. Public tender granted to MDS in 2014

For the record, Metalor hereby wishes to highlight that in 2014 the Peruvian Government instructed the stated owned company Activos Mineros S.A.C. to launch a process for the formalization of artisanal miners in Peru.

In this context, Activos Mineros organized a public tender to look for companies willing to offer fair conditions to such artisanal miners, to enable them to embrace the so-called formalization process.

MDS was awarded the tender for the Puno region and entered into a three-year agreement with Activos Mineros.

Under such collaboration with Activos Mineros, MDS is providing punctual information about every shipment not only to Activos Mineros, but also to all the other Peruvian agencies involved (Ministry of Mining, Office of Formalization, Customs and Tax Offices).

Activos Mineros regularly carries out technical visits of MDS' sites.

In addition, Activos Mineros mandated three independent third party audit firms (one by Rejas Alva y Asociados and two by Inveritas Global Holdings) to audit the program of procurement of gold, with a positive outcome.

It should be noted that Activos Mineros renewed the agreement with MDS for the Puno Region in the first quarter of 2018. **The contract is still in place today and the ongoing process initiated a few years ago proves successful, although all stakeholders agree, including Metalor, that the road is long.**

3. The ongoing formalization process

The formalization process gives opportunity to miners to leave the underground economy and to carry out their activities legally.

By joining the process, the miners are able to get a fair price for their gold, as opposed to the reduced one they may get in the black market.

Furthermore, such process improves the overall conditions of the miners' work, notably by protecting their human rights, health and living environment, hence improving their independence and quality of life.

Such process also contains measures to promote sustainable development.

The miners have to be registered with the Ministry of Mining to be part of the process and tax authorities are duly informed of every shipment, in order to ensure paper trail of the gold.

All in all, these newly implemented paperworks and verifications (as regards registering, genuineness, etc.) is certainly a hallmark development for the region and a promising step, through still perfectible, towards traceability of gold and monitoring of all exportation shipments.

4. Agreement between Metalor and MDS since 2014

In that very context, and being well aware of its prominent and leading role for the unconditional promotion of sustainable economy in emerging market, notably in Peru, Metalor entered into discussions with the relevant Peruvian agencies – Ministry of Mining, Office of Formalization,

Activos Mineros, Customs and Tax Office (SUNAT) – since the very inception of this formalization process.

Official delegations from both the Swiss Embassy of Lima and the SECO (State Secretariat for Economic Affairs) were part of such discussions.

After having received all guarantees requested, Metalor decided to support the formalization process by entering into a commercial agreement with MDS for the Puno Region.

Before entering into this agreement, Metalor's representatives also performed a further own due diligence process, notably by meeting MDS' management and owners, the Tax offices and the Office of Formalization to ensure proper implementation of the process agreed at a political level.

The commercial relation between Metalor and MDS was then strictly limited to the collaboration between MDS and the state owned company Activos Mineros, in the region of Puno.

Metalor was consequently buying gold from MDS, which in turn was only buying gold from miners that are part of the formalization process, which makes Metalor to believe that MDS is running a legal mining activity in all respects.

At any time during the contractual relationship, Metalor has consistently performed regular audits by visits to the Peruvian authorities obtaining the same governmental feedback and assurances.

5. Seizure and investigation in Peru in March 2018

Despite the foregoing, several kilos of gold belonging to MDS were seized by the Peruvian customs in March 2018 further to local prosecution.

MDS appealed against this decision, which was recently upheld by the upper court. To Metalor's knowledge, MDS plans to appeal to the Supreme Court.

It is essential to note that the confiscation is a precautionary measure, which does not prejudice the outcome of investigation in Peru, which is still ongoing. Such precautionary measure does neither mean nor even imply that someone was convicted or even indicted

In any event, Metalor is not part at all in the investigations referred to in the reports, which were triggered by the seizure of gold.

Incidentally, Metalor has not been queried by the Peruvian authorities: Metalor was neither heard, nor searched, nor raided, nor indicted.

Metalor however expressly advised officially the Peruvian authorities about its willingness to cooperate if necessary, upon first demand.

Furthermore, as a precautionary measure, Metalor decided to stop buying gold from collectors and aggregators of artisanal miners in Peru so far. The agreement with MDS was stayed accordingly.

Metalor monitors the situation very closely.

6. High standards applied

As explained to Mr Georg Humbel, Metalor is and has always been developing its activity in line with the highest standards of compliance in accordance with the recommendations of the OECD and the international associations LBMA (London Bullion Market Association) and RJC (Responsible Jewellery Council), where it endorses a leading role.

The above mentioned miners' formalization process responds to the OECD gold guidance recommendations to the industry to actively support governments in their efforts of formalization of the ASM (Artisanal and small-scale mining) extraction sector.

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All in, you would appreciate that Metalor is truly doing its best to conduct its business in the best possible circumstances and environment. In the past years, Metalor especially made a point to improve the miners' living conditions in Peru, with the official support of the Peruvian government, along with the new legal framework.

Metalor's top executives dedicated significant time to explain this to SFR journalist, which proves of no avail given the one sided shortcut summary taken by the journalist, in order to unfairly harm Metalor's reputation in the reportage.

We therefore hereby inform you that should Metalor's activities be further unjustly discredited in any way whatsoever with respect to Peruvian gold, Metalor will not hesitate to take any appropriate legal action to protect its legal personality (articles 28 ff of the Swiss civil code) and to claim for damages, in collaboration with Swiss law firm consulted in connection with the content present letter.

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We look forward to your response.

Yours sincerely,

Antoine de Montmollin
CEO



José R. Camino
Group General Counsel

