

LDE RISK MITIGATION DOCUMENT

Risk: Quality of gold not at the required standard on arrival?

Mitigation: - no payment is made so no potential Loss of capital. We have multiple trades moving at any one time so we are never wholly reliant on any one route. Funds are only released on Assay and certification of the gold.

Risk: How much variation of Gold price can the company sustain during the 2-3 hours you mentioned between you sending funds to the buyer and you then receiving the funds with profit them refinery? Is there a risk that the Price of the gold from seller compared with price of gold refinery accepts does not provide enough margin for you business model?

Mitigation: The spot price of gold moves minute by minute but it is not as volatile as many commodities or indexes. Consequently the movement in price between the point of purchase and sale (maximum 2-3 hours in duration) is well inside our typical margin. In some instances the price moves up slightly between the two, adding a small amount of additional margin, on other occasions it falls slightly, reducing margins by a modest amount. Overall the two movements largely balance and there is little to no difference across the year.

Risk: How many signatures are required in the bank accounts to move funds from cooperative bank to Mashreq and other banks you work with? What measure is put in place to prevent fraud?

Mitigation: currently we have three signatories on the accounts. We have good working relationships with all of the banks and full security measures are in place. We use Mashreq for the Dubai Trades, Co-operative Bank in the UK and Westpac in Australia. Most of our counter parties trade with Mashreq and Bank of America / JP Morgan. All of which are top tier banks.



Risk: sovereign and environmental risk - we source gold from Africa and South East Asia and we are opening new routes in Australia and Latin America. These areas can carry sovereign and environmental risk from political unrest, tropical weather events and natural disaster.

Mitigation: as we use multiple routes to market, if one is disrupted by any of the above we have at least 3 others in operation at any one time. The routes are geographically, politically and economically entirely separate and mutually exclusive from the others. This enables us to hedge this risk.

Risk: Currency Fluctuations.

Mitigation: We only trade in USD, protecting us from FX movements.

Risk: Security of invested Funds.

Mitigation: We keep investor funds in cash (in top tier banks) or in assets in trade. We maintain assets (including cash) equivalent to the amount of investor funds under management at any given time. Were anything to happen to us we are under a Trust Deed with our Security Trustee, Maddox Legal, who have legal first charge over all of our assets across the group.