

**Independent Reasonable Assurance Report
(ISAE 3000 Engagement)**

on

Regulated Entity's Compliance Report

on

Compliance with the MoE Due Diligence Regulations for Responsible Sourcing of Gold

for the period

1 January 2024 to 31 December 2024

Falcon Precious Metal Refinery (FZC)

25 September 2025

[This document includes 5 pages in total including the cover page]

To,
The Board of Directors,
Falcon Precious Metal Refinery (FZC),
600 M2 Warehouse T5-020
SAIF Zone, Sharjah,
United Arab Emirates

Independent Reasonable Assurance Report to Falcon Precious Metal Refinery (FZC) (ISAE 3000 engagements)

Introduction

AKW Tax Reclaim Accounting & Consultancy (“AKW” or the “Reviewer”) was engaged by Falcon Precious Metal Refinery (FZC) (the “Regulated Entity”) to provide an Independent Reasonable Assurance on its Compliance Report (the “Regulated Entity’s Compliance Report”) on compliance with the MoE Due Diligence Regulations for Responsible Sourcing of Gold, Version 1, August 2022 (the “MoE Due Diligence Regulations”) for the period from 1 January 2024 to 31 December 2024.

Scope

The objective of this engagement was to provide an opinion on whether the Regulated Entity’s Compliance Report dated 23 September 2025 describes fairly the activities undertaken during the year to demonstrate compliance, and whether management’s overall conclusion contained therein is in accordance with the requirements of the MoE Due Diligence Regulations.

Responsibility of the Management of the Regulated Entity

The Management of the Regulated Entity is responsible for the preparation and presentation of the Regulated Entity’s Compliance Report in accordance with the MoE Due Diligence Regulations. This responsibility includes establishing and maintaining effective governance framework, including risk management systems and internal controls from which the reported information is derived. Furthermore, the responsibility includes designing, implementing and maintaining management systems and processes relevant to the preparation of the Regulated Entity’s Compliance Report that is free from material misstatement, whether due to fraud or error. The information in relation to the activities described within the Regulated Entity’s Compliance Report is determined by the Management of the Regulated Entity to be appropriate and relevant to validate the degree of compliance with the MoE Due Diligence Regulations.

Our Independence

We confirm that we have complied with the applicable requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board of Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. In conducting our engagement, we confirm that we satisfy the Minimum Criteria for Reviewers as set out in the MoE Due Diligence Regulations Annex I - Review Protocol (the “MOE Review Protocol”) to carry out the assurance engagement.

Our Responsibility

Our responsibility was to:

- perform a review of the Regulated Entity, in accordance with the ISAE 3000 standard, following the relevant guidance set out in the MOE Review Protocol.
- provide an opinion on whether the Regulated Entity's Compliance Report describes fairly the activities undertaken during the year to demonstrate compliance, and whether management's overall conclusion contained therein is in accordance with the requirements of the MoE Due Diligence Regulations.

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by International Auditing and Assurance Standards Board. A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about the fairness of the Regulated Entity's Compliance Report and the fact that management's overall conclusion has been drawn in accordance with the requirements of the MoE Due Diligence Regulations and with the MoE Review Protocol. The nature, timing and extent of procedures selected depend on our judgment, including the risk of material misstatements, whether due to fraud or error, in the Regulated Entity's Compliance Report. In making those risk assessments, we considered internal control relevant to the Regulated Entity's preparation of the Regulated Entity's Compliance Report.

In conducting the review, we meticulously planned and implemented an approach to gather essential evidence, information, and explanations pertinent to our defined scope. The process encompassed several key steps, including the following:

- Develop a detailed Review Plan, outlining the scope, criteria, principles, and intended activities, which was then communicated to the Regulated Entity for full transparency and collaboration.
- Conduct an opening meeting onsite with Regulated Entity's top management and key process owners to introduce the Review Plan, align on the review protocol, set the timeline, and emphasize the confidentiality essential to the process.
- Gather essential documentation including objectives, plans, procedures, standards, instructions, licences and permits, specifications, drawings, contracts, supply chain policies, and other pertinent policies and procedures that demonstrate the management systems, due diligence process and risk management practices. The process also included collection of client details, transaction records, and origin data.
- Collection of documents relating to inventory controls, inspections of records, minutes of meetings, audit reports, records of monitoring programmes and results of measurements.
- Execute the onsite review phase, engage in deep analysis to gather evidence supporting the review objectives. This included interviews with senior management, key process owners, and workers, visual inspections and physical walkthroughs of operational areas, and a comprehensive review of pertinent documents.
- Assessment of the evidence gathered during the review to evaluate Regulated Entity's implementation of, and compliance with the MoE Due Diligence Regulations including:
 - Regulated Entity's Supply Chain management systems (with emphasis on compliance and risk management structures, related operating policies and procedures, reporting mechanisms, training and development programmes).
 - Regulated Entity's due diligence measures (including KYC procedures, process and implementation and post-account opening and pre-transaction risk assessments including Red Flag assessment), and
 - minimum information recording to ensure track and trace i.e., date of gold receipt, physical form and weight of

gold, source of origin, point of origin in transportation and/or customs documents (recording of seal numbers and/or packaging list).

- Conduct a closing meeting with Regulated Entity's leadership and key process stakeholders to present the findings, conclusions, and actionable recommendations for enhancements, aimed at bolstering improvement.
- Review the statements made by the management in the Regulated Entity's Compliance Report as compared to the findings arising from the above procedures performed.

The procedures performed relate to the Review Period from 1 January 2024 to 31 December 2024 and do not extend to any assertions made in the Regulated Entity's Compliance Report regarding events subsequent to the Review Period.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our reasonable assurance report, including our opinion, has been prepared solely for the Management of the Regulated Entity and the Ministry of Economy for determining whether the Regulated Entity has complied with the MoE Due Diligence Regulations and for no other purpose.

Inherent Limitations of the Review Process

Whilst the Reasonable Assurance Report provides a rigorous assessment of the Regulated Entity's compliance with the MoE Due Diligence Regulations, it is crucial to acknowledge certain inherent limitations of the methodology and scope.

- **Subjectivity in Assessing Compliance:** Evaluating compliance with MoE Due Diligence Regulations often involves qualitative judgments and interpretations. Despite efforts to establish rigorous criteria and assessment tools, the evaluation of compliance may be subject to subjective biases or varying interpretations.
- **Scope of Document Review:** The testing of the accuracy and authenticity of selected documents, including management assertions and claims about its Due Diligence performance, was conducted through interviews and sample document reviews. However, the authenticity of these documents was not independently verified by contacting the respective government organisations or third-party entities.
- **Reliance on Information Provided:** The review relied on information provided by the Regulated Entity. While we have conducted its due diligence to verify the accuracy of this information, we did not independently validate the data or information provided. Thus, the conclusions are based on the assumption that the information provided is complete and accurate.
- **External Factors:** The Reviewer cannot predict or guard against future changes or factors arising after the review date, such as changes in legislation, regulatory focus, or the Regulated Entity's business model.
- **Timeliness of the Review:** Given the fast-moving nature of financial transactions, the findings of this review reflect the situation at a particular point in time. Issues of non-compliance could arise or be resolved in the intervening period between reviews.
- **Human Error and Fraud:** There is always an inherent risk of errors, omissions, and fraudulent acts not being detected, regardless of the thoroughness of the procedures employed. This review cannot ensure detection or prevention of all such issues.

Our Opinion

In our opinion, the Regulated Entity's Compliance Report dated 23 September 2025 for the period from 1 January 2024 to 31 December 2024 describes fairly the activities undertaken during the year to demonstrate compliance, and management's overall conclusion contained therein is in accordance with the requirements of the MoE Due Diligence Regulations for Responsible Sourcing of Gold, Version 1, August 2022.

AKW Tax Reclaim Accounting & Consultancy



Faisal Ahmed
Engagement Partner



25 September 2025
Dubai, UAE

DETAILS OF REPORTING ENTITY

COMPANY NAME	FALCON PRECIOUS METAL REFINERY FZC
ADDRESS	T5-020 SAIF ZONE
LOCATION	SHARJAH UAE
REPORTING YEAR-END	JANURAY 01 2024 – 31 DECEMBER 2024
DATE OF REPORT	23/09/2025
SENIOR MANAGEMENT RESPONSIBLE FOR THIS REPORT	SHAKEER KODIYIL EACAHAL NALAKATH MANAGING DIRECTOR Falconrefinery@gmail.com

REFINERY'S EVALUATION

The tables and statements which are listed below demonstrate our evaluation of the compliance to each sub point of the rules as defined in guidelines for Due Diligence of Responsible Sourcing of Gold.

SUMMARIZED CONCLUSION EVALUATION

Not compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold - Medium Risk Deviations.

OUR EVALUATION ON EACH RULE

STEP 1: ESTABLISHING AN EFFECTIVE GOVERNANCE FRAMEWORK

- 1.1 Adopt and Commit to a policy for Managing Risk in gold from CAHRAs.
- 1.2 Establish Management Structure to implement Supply Chain Due diligence.
- 1.3 Establish a system for transparency, information sharing and control on Gold Supply Chain.
- 1.4 Strengthen company engagement with gold supplying counterparties.
- 1.5 Establish a confidential grievance mechanism.

COMPLIANCE STATEMENT	Not compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold – Medium Risk Deviations
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DEMONSTRATION OF COMPLIANCE:

FALCON PRECIOUS METAL REFINERY FZC has implemented a robust AML/CFT policy, Supply Chain Policy, and associated procedures in accordance with the MOE Due Diligence regulations for responsible gold sourcing, as well as OECD guidelines. The compliance and management teams have set stringent, cautious guidelines to avoid engaging with high-risk suppliers. The Entity has developed and documented a more refined system that encompasses all steps of responsible gold sourcing.

Primarily working with local suppliers, FALCON PRECIOUS METAL REFINERY FZC has established clear procedures to assess whether related parties or suppliers are linked to high-risk or CAHRA regions. These procedures are consistently monitored by the compliance officer, who also keeps senior management informed.

The Entity has comprehensive KYC procedures that meet regulatory requirements, helping to identify red flags related to gold mined, transported, or traded in the CAHRA region.

FALCON PRECIOUS METAL REFINERY FZC is working to implement a track-and-trace system for shipments arriving at the refinery, ensuring transparency and identifying the origin of gold. The Entity also considers the length of time suppliers or other counterparties have been established within the supply chain.

The Entity has a clear customer acceptance policy that adheres to applicable rules, regulations, and procedures to prevent business relations with countries or individuals under sanctions or involved in criminal activities.

FALCON PRECIOUS METAL REFINERY FZC follows established CDD procedures and has begun to align with AML/CFT and Supply Chain regulations. Measures have been taken to identify red flags according to internal policies, and the Entity maintains up-to-date full CDD records for clients. DPMSR and STRs have been reported, the Entity has the necessary procedures in place to file STR/SAR reports as required.

The compliance officer at FALCON PRECIOUS METAL REFINERY FZC carries out the following responsibilities:

- Updating policies and procedures
- Conducting internal risk assessments for both existing and newly onboarded clients
- Daily monitoring of ongoing reports for screening hits
- Periodic reporting on the status of clients, including onboarded and active clients
- Reporting DPMSR in line with regulatory guidelines

FALCON PRECIOUS METAL REFINERY FZC also has a well-established grievance reporting mechanism to address any complaints or concerns raised by management, staff, or clients, particularly regarding risks in the supply chain.

The Entity maintains detailed records, documents, data, and statistics for all financial transactions, as well as relevant documentation related to risk assessment and mitigation, in line with the provisions of the AML/CFT regulations.

STEP 2: IDENTIFICATION AND ASSESSMENT OF SUPPLY CHAIN RISK

- 2.1 Conduct Supply chain Due Diligence to Identify Risk
- 2.2 Identify Red Flags/High Risk Indicators in the gold Supply Chain Risk.
- 2.3 Undertake Enhanced Due Diligence Measures for High-Risk Supply Chains.

COMPLIANCE STATEMENT

Not compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold – Medium Risk Deviations

DEMONSTRATION OF COMPLIANCE:

The Entity's risk assessment methodology has been implemented effectively by assessing on the area's such as Customer risk, Geographical risk, Transactional risk, Delivery channel risk and mode of payment. FALCON PRECIOUS METAL REFINERY FZC has considered all the above factors to assess the risk and identify the risk of both supplier and customer based on the transactions. Compliance officer has a policy & procedure in place to perform Enhanced Due Diligence for the suppliers as per the exposure to the risk to which they are categorized.

STEP 3: MANAGEMENT OF THE SUPPLY CHAIN RISK

- 3.1 Devise a Risk Management strategy for the identified risk.
- 3.2 Risk Control Plan
- 3.3 Continuous Monitoring
- 3.4 Senior Management Reporting

COMPLIANCE STATEMENT

Not compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold – Medium Risk Deviations

DEMONSTRATION OF COMPLIANCE

FALCON PRECIOUS METAL REFINERY FZC has established a clear policy and procedure for its risk assessment methodology, including the identification and mitigation of risks. The compliance officer conducts risk assessments for all clients, both during onboarding and as part of ongoing monitoring.

FALCON PRECIOUS METAL REFINERY FZC strives to define an appropriate risk appetite for its clients and has completed a thorough, company-wide risk assessment. The compliance officer prepares periodic reports, which are shared with senior management to highlight any deviations.

STEP 4: INDEPENDENT THIRD-PARTY AUDIT OF DUE DILIGENCE

4.1 Audit Plan

4.2 Audit Implementation

COMPLIANCE STATEMENT	Not compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold – Medium Risk Deviations
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DEMONSTRATION OF COMPLIANCE

AKW, a Ministry of Economy accredited Reviewer, to conduct an independent third-party audit on Falcon Refinery's compliance with the MoE Due Diligence Regulations for Responsible Sourcing of Gold in accordance with Annex I - Review Protocol for the period from 1 January 2024 to 31 December 2024.

We were in the process of completing the follow-up audit for the year 2023, which resulted in initiating the annual audit for the year 2024 after the deadline. While we were aware of the requirement for the annual audit, we were waiting for the follow-up audit to conclude before commencing this audit.

For the next audit, we will coordinate with AKW and the MoE much earlier to ensure submission of the Responsible Sourcing Audit Report within the deadline.

Falcon Refinery has fully participated in the Review process and provided full co-operation to AKW's assessment team as and when required to enable AKW to carry out a comprehensive review.

STEP 5: ANNUAL REPORTING ON DUE DILIGENCE MEASURES

5.1 Management Systems.

5.2 Risk Assessments.

5.3 Risk Management

COMPLIANCE STATEMENT	Fully Compliant with the MoE Due Diligence Regulations for Responsible Sourcing of Gold
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Falcon Refinery will be submitting all audit reports stipulated under section 12 of Annex I – Review Protocol of the MOE Due Diligence Regulations for Responsible Sourcing of Gold to the MOE on annual basis.

We had been planning to sell the shares of the refinery for the past few months and finally decided to complete the sale in June 2025. The new management has taken over operations since then; however, the responsibility for this audit for year 2024 lies with us. We have provided full cooperation and support with respect to the required documentation to AKW to conduct this audit.

