

From: Admin AGR [mailto:admin@agr-afr.com]
Sent: Friday, August 31, 2018 4:58 PM
To: 'research@thesentry.org'
Cc: 'research@thesentry.org'
Subject: Request for Comment -- AGR

To: The Sentry,

Thank you for your e-mail.

In response to your queries, provided herein is the requested information.

- 1. Please describe the current ownership structure of the company. Have there been any material changes to the ownership structure in the last two years?***

AFRICAN GOLD REFINERY LIMITED, majority shares are owned by a Private Company while a minority share is owned by an individual. There's no major changes in the company structure over the past two years. The major promoter of AGR is Mr Alain Goetz, a Belgian national based in Dubai.

- 2. How much gold did AGR export in 2017? To what companies did it export?***

In 2017, AGR exported 7.3 tonnes of pure gold (see question 4) on behalf of its clients. However, we are not able to provide the name of the consignees in respect to the Non-Disclosure & Confidentiality Agreement we have signed with our clients. Moreover, it should be noted that AGR is not a trading company, but a service company providing industrial services such as geological analysis, assaying, melting, refining, and the shipment and delivery of precious metals.

- 3. Please describe the relationship, if any, between the company and Goetz Gold, LLC. This can be through ownership, commercial transactions, or another relationship.***

Goetz Gold LLC purchases gold from individuals and entities who have had their gold processed by AGR. Goetz Gold LLC, is a preferred partner of AGR.

- 4. Does the company or its owners export gold? If not, please describe the types of transactions that the company conducts.***

AGR handles the export, shipment and delivery of gold as part of the services that we offer to our clients.

- 5. What countries does the company source and/or refine gold from? Approximately how much of that comes from the DRC?***

Approximately 90% of the gold that AGR handles comes from approved licensed dealers. Only 10% comes directly from the mining sector. This 10% can be divided roughly equally between accredited mines in Tanzania, Kenya, Uganda, Rwanda and DRC.

6. Does AGR source undocumented gold? If so, how much of that is from the DRC?

AGR does not handle or source undocumented gold. The AGR compliance team conducts detailed checks on our first phase clients by inspecting the relevant documents of the supplier of the raw material. All suppliers of AGR must have the valid documents to operate as mines or mineral dealers. We have turned down a considerable number of individuals who did not have the relevant and necessary documentation.

7. Has the company ever purchased or refined gold from Buganda Bagalwa and/or Mange Namuhanda? If so, when were these transactions and how much gold was involved?

To the best of our knowledge and in the context of our internationally approved procedures AGR has never purchased or refined gold from Buganda Bagalwa or Mange Namuhanda.

8. Has the company purchased or refined gold from companies or individuals who have been named as illegal traffickers or traffickers of conflict gold in UN Group of Experts on the DRC reports? If so, when were these transactions and how much gold was involved in each such transaction?

AGR is committed to refraining from any action which contributes to the financing of conflict. We will neither tolerate nor by any means profit from, contribute to, assist with or facilitate the illegal trafficking of gold. As such AGR has not purchased or refined gold from individuals named as traffickers in UN GoE on DRC reports.

With regard to AGR's relationship with the UN Group of Experts the release of http://www.un.org/ga/search/view_doc.asp?symbol=S/2017/672 was warmly welcomed by AGR as an extremely well researched, balanced and timely report into the long standing issues concerning the Great lakes Region particularly with regard to conflict, instability and the trafficking of natural resources.

The UN Group of Experts noted that AGR representatives met and corresponded with them on several occasions to answer detailed questions about their operations and the refinery which AGR opened in Entebbe in 2017. AGR remains in contact with the Group and hopes to maintain an open dialogue with it with regards our future plans for the refinery and major reforms for gold the sector. We are fully committed to supply chain transparency and support all efforts by the UN and the international community to establish practical and workable solutions to current vulnerabilities.

We take note that the UN Group concluded, "that AGR could contribute to a cleaner gold trade in Uganda." This is certainly the firmly held view of AGR and the Government of Uganda and we shall be working with all interested parties to ensure this happens.

9. Please describe the company's relationships, if any, with any senior Ugandan government officials, including President Museveni?

AGR is a privately-owned business and has no formal or informal commercial relationship or link with any senior Ugandan government officials, particularly with H.E. President Yoweri Museveni. As you may be aware from multiple media reports we have contractual disputes with two former employees who are longer working for AGR. These cases are currently *sub judice*.

10. Has AGR undergone any independent third-party audit on responsible sourcing? If so, when did that occur and what were the principal results?

AGR has appointed Martello Risk Limited to conduct a compliance audit before the end of 2018. Once this compliance audit is completed, we will furnish the details on our website.

11. What steps does AGR take to cross-check that individuals or companies selling gold to AGR or wishing to have AGR refine their gold are not buying gold from mines that have not been validated by multi-stakeholder teams in the DRC as conflict-free (i.e. green mines)? Does AGR consider itself bound by the OECD Guidance regarding conflict minerals, and if so is it in compliance with that guidance?

AGR regulates its business activities and practices in accordance with the OECD and ICGLR guidelines. AGR's due diligence initially involves the KYC (Know Your Customer) procedures. Therein, we are requiring each potential client's legal documents including: certificate of incorporation, trading licenses, mining license, mineral dealers' license, memorandum of association and articles, proof of address and audited financial statements, along with at least six months' commercial track record. This can be seen on our account opening form:

<http://www.gold.africa/wp-content/uploads/2016/08/AGR-ACCOUNT-OPENING-FORM-KYC.pdf>

12. Has AGR made any changes to its gold sourcing practices or suppliers of gold since its inception? What are those changes?

AGR is committed in implementing strict compliance policies in gold sourcing from its commencement date till present. At the same time, AGR is continually working for the improvement and enforcement of more effective systems. All our client-facing management are fully trained in our anti-bribery and compliance principles.

Clearly governments, industry and civil society groups need to continue to work constructively together to produce practical, cost-effective and credible systems for monitoring the flow of gold in the region. For over a decade a variety of proposals and schemes have been presented and formulated to bring increased transparency and accountability to the region's natural resource flows. Many of these proposals, however well intentioned, have failed because they were either impracticable or unenforceable. It is AGR's firm belief that elements of some of these proposals can be achieved but this must be done in cooperation with credible organisations and with adequate support from the international community. We wish to reiterate our desire to assist with mapping, traceability and regional certification as a matter of urgency.

13. *Has AGR registered with the Ugandan Financial Intelligence Authority?*

AGR has not registered with the Ugandan Financial Intelligence Authority because it is not a requirement for us to do so. AGR lawyers had a meeting with FIA on November 2017 and a NON-REPORTING PROCEDURE was agreed.

14. *Has AGR complied with the requests from the Ugandan Department of Geological Survey and Mines made in 2016 regarding export information, sales, vendors, and consignees? If not, why not?*

AGR operates under a Manufacture Under Bond License issued by the Uganda Revenue Authority under the Ministry of Finance. As such, we are not licensed by the Department of Geological Survey and Mines.

Nevertheless, the information to which this question relates is captured under the operation of the license with the URA. This information is public and is available to the Department of Geological Survey and Mines.

15. *Has AGR ever exported or otherwise supplied gold to Tony Goetz NV?*

AGR has never exported or supplied gold to Tony Goetz NV.

16. *Has your company ever been under formal investigation for potential violations related to money laundering? If so, in what jurisdiction(s) and what time period(s)?*

AGR has never been subject to a formal investigation for potential violations related to money laundering.

17. Has your company been subject to other investigations by Ugandan authorities? If so, are any such investigations still ongoing and what is the current status and focus of the investigation(s)?

Yes, there was an open inquiry from the office of the IGG in regard to non-payment of royalties for gold. When it became apparent to the IGG that AGR is a refining and melting facility and not engaged in mining activities that attract royalties, the case was dropped. We have heard nothing since.

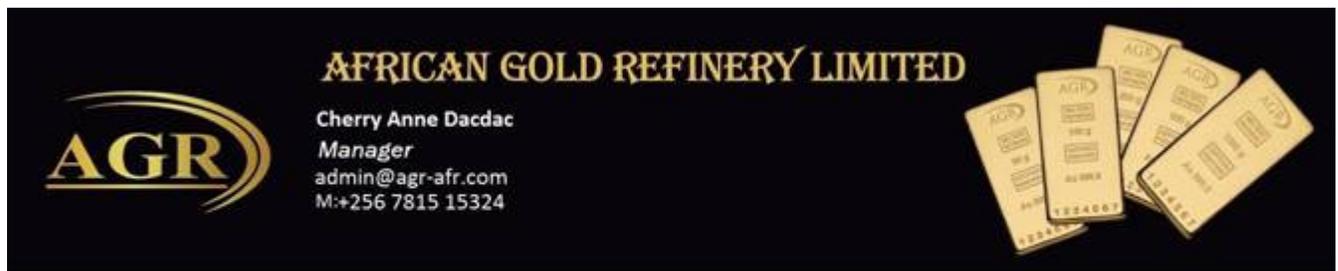
AGR operates strictly within the requirements of the Ugandan authorities, as stated in the AGR investment license of 2014. (Royalties and taxes apply only for minerals and not for value-added services and finished products). AGR pays VAT on the services, customs duties on all not-exempted materials, and corporation and income tax. Our fiscal relationship with the State is fully transparent and can be accessed by you with the relevant authorities.

We hope that we have answered your questions satisfactorily.

AGR would like to extend a warm invitation to your organisation to visit our facilities in Entebbe, Uganda, at your earliest convenience. You may reach Mr. Goetz on his mobile number +256 786 220 277 or my contact number as mentioned below.

Kind Regards,

For and On Behalf of: African Gold Refinery



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