

# CONDITIONAL PERMISSION FOR TRADING

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The following are the conditions under which an ASMO who currently has their Fairmined Certification Suspended may be granted conditional permission from ARM to continue trading Fairmined Certified Gold.

ARM will only grant this temporary conditional permission for trading to ASMOs which have made a written commitment to re-certify and for which ARM has verified that the ASMO has shown sufficient evidence that they will attain certification to justify a temporary permission to continue trading. This is only a temporary conditional permission while the ASMO implements the corrective measures to address the non-conformities identified by the audit body.

ARM's Standards and Certification Unit will manage the change in the ASMOs trade status as per the regular procedures of any change in certification or trading status of an ASMO.

## 1. CONDITIONS FOR THE FIRST AUTHORIZED BUYER

1.1. Premium payments to the ASMO will be made in two instalments.

1.2. An initial Premium Payment must be made to the ASMO after the FAB has received the material and no later than the next business day after all elements (price, assay results) have been verified by the parties and the final invoice and all required documentation have been emitted.

1.2.1. The first Premium Payment is by default half of the total premium agreed, unless for justified reasons ASMO, FAB and ARM reach consensus (no objection by any party) on a different percentage.

1.2.2. Settlement of the remaining (net) Premium for all volumes sold under the conditional permission for trading will be paid against invoice to the ASMO within 30 days after having been notified by ARM that the audit body has granted certification status to the ASMO. For that purpose ARM and the ASMO will instruct the FAB to release the payment to the ASMO against the corresponding invoice.

1.3. Commercial relations between the FAB and the ASMO: All other terms of trade in contractual relations between the FAB and the ASMO shall be followed as per the Standard, including minimum price but excluding Standard requirements on long-term trade relations. The FAB shall ensure that at any moment not more than one transaction is pending. For longer-term commitments and for their own protection against eventual non-compliance of ASMOs with their Improvement Plan (see section 4), FABs are advised to previously request confirmation from ARM that the ASMOs is on track with its Improvement Plan.

1.4. Commercial relations between the FAB and ARM: All other terms of trade shall be followed as per the Standard and Contract, including development fee.

- 1.5. The same traceability requirements related to the purchase model (Fairmined Labelled or Incorporated) will apply. *(This requirement extends to all eventual Authorized Suppliers in the supply chain between the FAB and the Licensee.)*
  - 1.6. The FAB must sign off on these conditions before purchasing.
2. CONDITIONS FOR THE ASMO
- 2.1. The ASMO must commit to achieving Fairmined Certification and sign an Agreement with ARM.
  - 2.2. The ASMO must receive a verification analysis from ARM.
  - 2.3. The ASMO and ARM will prepare an Improvement Plan based on the results of the audit and ARM's verification. The Improvement Plan will include a clear and realistic timeline with binding milestones. The ASMO must agree on the Improvement Plan and timeline as a commitment to carry out the activities. The ASMO must show satisfactory progress in implementing the improvement plan and meeting milestones.
  - 2.4. The ASMO will only be authorized to sell if the verification report prepared by ARM confirms that the ASMO meets key levels of standards compliance. These key levels to assure that no major risks exist in the mining organization, and to be covered in the verification are:
    - 2.4.1. The ASMO is legally constituted and has the necessary permissions to operate legally, sell legally and export legally.
    - 2.4.2. The verification conducted by ARM confirms that the gold complies with all legal requirements for export.
    - 2.4.3. The ASMO complies with fundamental requirements of the Fairmined Standard, such as legality, physical traceability, management of toxic substances, labor conditions.
    - 2.4.4. If ARM identifies any relevant changes that negatively affects compliance of these key criteria of the Standard, ARM will inform the FAB.
  - 2.5. The Premium Payment must be used for activities approved by ARM and aligned with the Improvement Plan agreed between the ASMO and ARM. The use and management of the Premium must fulfil the requirements of the chapter 4 Fairmined Premium Governance and Development plan.
  - 2.6. At any time, ARM may determine that the ASMO has not shown sufficient evidence it is complying with the Improvement Plan and may cancel their permission for pre-certified sales. In this case, ARM will notify all involved FABs and Licensees that no new transaction may be agreed upon. If there are purchase agreements already confirmed between the ASMO and FAB, two additional deliveries may be completed over a period of time that does not exceed 60 days from the date of the cancelation of their

permission to trade. No further deliveries, even if there were previous agreements, would be considered Fairmined certified gold.

- 2.7. After the Improvement Plan is completed, the ASMO must request within 2 weeks a recognized certification and audit body to schedule the audit to assess its compliance with the Fairmined Standard.
  - 2.8. The ASMO must sign off on these conditions before selling.
3. CONDITIONS IN THE EVENT THE ASMO DOES NOT ACHIEVE CERTIFICATION
- 3.1. External factors may affect the certification of an ASMO. In the event that the ASMO does not achieve Fairmined Certification in the agreed timeframe, or if its conditional permission for trading has been cancelled:
  - 3.2. The ASMO will not be required to pay back the Premium, as these payments were destined to fund the Improvement Plan.
  - 3.3. ARM will not be required to pay back the Development Fee, as these payments are destined to fund producer support activities.
  - 3.4. The Licensee will not be required to adjust or modify any claims, as all payments were made in good faith, Fairmined traceability requirements have been complied with, and the objective to support ASMOs on their way towards responsible mining and Fairmined certification has been fulfilled.
  - 3.5. Remaining secondary Premium monies not yet disbursed will be cancelled. This does not apply to the first 50% down payment.