



INDEPENDENT AUDITOR'S REPORT

To the founders of Zavod Auresco

Our opinion

In our opinion, the accompanying Gold inventory schedule as at 31 December 2017 ("the Schedule) of Zavod Auresco ("the Company") is prepared, in all material respect, in accordance with the accounting policy set out in the Summary of accounting policy.

What we have audited

We have audited the Schedule of the Company as at 31 December 2017 and the note to the statement of inventory, including a summary of accounting policy.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Schedule* section of our report.

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

Independence

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants, issued by the International Ethics Standards Board for Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the Schedule in Slovenia. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Emphasis of Matter - Basis of Accounting

We draw attention to the Summary of accounting policy, which describes the basis of accounting. The Schedule is prepared to provide information to holders of Xaurum tokens. As a result, the Schedule may not be suitable for another purpose. The Schedule does not comprise a full set of financial statements prepared in accordance with International Financial Reporting Standards nor with Slovenian Accounting Standards. Our opinion is not modified in respect of this matter.

Responsibilities of management for the Schedule

Management is responsible for the preparation of the Schedule in accordance with the basis of preparation described in the Summary of accounting policy, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as management determines is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

PricewaterhouseCoopers d.o.o., Cesta v Kleče 15, SI-1000 Ljubljana, Slovenija

T: +386 (1)5836 000, F: +386 (1) 5836 099, www.pwc.com/si

Matriculation No.: 5717159 VAT No.: SI35498161

The company is entered into the company register at Ljubljana District Court under Insert no. 12156800 per resolution Srg. 200110427 dated 19 July 2001 and into the register of audit companies at the Slovene Institute of Auditors under no. RD-A-014. The registered share capital is EUR 34,802. The list of employed auditors with valid licenses is available at the company's registered office.



Auditor's responsibilities for the audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Schedule.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Schedule or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ljubljana, 5 April 2018
For and on behalf of PricewaterhouseCoopers d.o.o.

Aleš Dular
Certified Auditor

This version of our report is a translation from the original, which was prepared in Slovene. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Gold inventory schedule of Zavod Auresco (Institute Auresco) as at 31 December 2017

in EUR	31.12.2017	31.12.2016
Inventory of gold bars at purchase cost	5,072,529	1,660,859
Impairment of inventory due to lower market value	-142,467	-59,472
Total Inventories	4,930,062	1,601,387

Basis of preparation

Zavod Auresco (the Company) prepares its financial statements in accordance with the Slovenian tax and statistical regulations. In preparation of this Gold inventory schedule the Company applied the accounting policies in accordance with the above regulations.

Summary of accounting policy

Inventories are comprised solely of gold bars.

Inventories are valued at historical cost and are not revalued due to increase in value. In case the net recoverable value is lower than their historical cost, the value of inventory is decreased to the net recoverable value, with the impact recognized in profit or loss statement. Subsequent increase in net recoverable value impacts profit or loss statement only to the extent of previously recognized losses.

Net recoverable value is determined by the current market value of gold bullion as published on LBMA website - <http://www.lbma.org.uk/precious-metal-prices> at the date of statement.

The consumption of inventories is recorded using the weighted average cost method.

Note to the statement of inventory

Inventories as at 31 December 2017 comprise of 129,119 kg (31 December 2016: 41,433 kg) of 999.9 investment gold bars valued at a weighted average cost of EUR 39,286 / kg (31 December 2016: 40,085 / kg), which totals EUR 5,072,529 (31 December 2016: EUR 1,660,859).

The market price of gold, which equals the net recoverable value as at 31 December 2017 was EUR 38,182 / kg (31 December 2016: EUR 38,650 / kg) and the total market value of gold held was EUR 4,930,062. (31 December 2016: EUR 1,601,387).

Gold is refined at Nadir Metal Refineri. Nadir Metal Refineri was accredited by Istanbul Gold Exchange (Borsa Istanbul) in January 2008, by Dubai Stock Exchange (DMCC) in October 2009 and by London Good Delivery Association (LBMA) in December 2011.

Gold bars stored are insured against theft and damage.

Ljubljana, 5 April 2018

Gašper Kenda, Director of Zavod Auresco

