

# Precious Metal - Where is it and Who Owns it?

## Two ways to look at Precious Metal Inventory:

- **Content**  
Unprocessed/Processed Material
- **Value**  
Unsettled/Settled Material

# Precious Metal - Where is it and Who Owns it?

- **Where PM Inventory Can Be Found:**

- ✓ PM Bearing Material Presented for Smelting/Refining
- ✓ PM Bearing Material Processed and Assayed
- ✓ PM Bearing Material Moved for Further Processing
- ✓ Purchased PM Material
- ✓ Finished Goods

# Precious Metal - Where is it and Who Owns it?

- **PM Bearing Material Presented for Smelting/Refining**
  - ✓ Contract Terms exist for the Material to be Processed
  - ✓ Estimated Assay Placed upon the Material can be:
    - Customer Provided
    - Historical
    - XRF
    - Tribal Knowledge

# Precious Metal - Where is it and Who Owns it?

- **PM Bearing Material that has been Processed and Assayed**

- ✓ Lab Assay becomes the Inventory Assay

- ✓ Allows one to:

- Identify Inventory Category

- Mix with Other Processed Material

- Begin Downstream Processing

- ✓ **PM Content Remains Identified**

Posting Date	Type	Description	Open	Select For House Lot	Selected By	Weight Open	UOM	Barrel No.	No.
3/19/2015	Lot	Production Receipt	<input checked="" type="checkbox"/>	<input type="checkbox"/>		7,043.74954	TOZ	BAR1	L000061
8/15/2018	Lot	Production Receipt	<input checked="" type="checkbox"/>	<input type="checkbox"/>		739.73954	TOZ	BAR2	L000089
4/24/2019	Lot	Production Receipt	<input checked="" type="checkbox"/>	<input type="checkbox"/>		802.08328	TOZ	BAR2	L000093
4/25/2019	Lot	Production Receipt	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	CAI\BTIERNEY	2,843.74982	TOZ	BAR1	L000094
6/17/2019	Lot	Production Receipt	<input checked="" type="checkbox"/>	<input type="checkbox"/>		7,619.79117	TOZ	BAR1	L000099
6/17/2019	Lot	Production Receipt	<input checked="" type="checkbox"/>	<input type="checkbox"/>		7,619.79117	TOZ	BAR2	L000099
6/18/2019	Lot	Production Receipt	<input checked="" type="checkbox"/>	<input type="checkbox"/>		8,028.12448	TOZ	BAR1	L000100
6/18/2019	Lot	Production Receipt	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	CAI\BTIERNEY	8,028.12448	TOZ	BAR2	L000100
8/2/2019	Lot	Production Receipt	<input checked="" type="checkbox"/>	<input type="checkbox"/>		10,368.6157	TOZ	BAR1	L000102
8/2/2019	Lot	Production Receipt	<input checked="" type="checkbox"/>	<input type="checkbox"/>		10,368.6157	TOZ	BAR2	L000102

Payable Metals

Total Weight:		10,871.87		Total Value:		83,985.49		UOM:		TOZ	
AU TOZ	AG TOZ	PT TOZ	PD TOZ	RH TOZ	RU T						
Wt:	162.88	103.89	0.00	0.00	0.00						
Pct:	1.50	0.96	0.00	0.00	0.00						
Value:	83,380.54	604.94	0.00	0.00	0.00						

# Precious Metal - Where is it and Who Owns it?

- **Inventory Assay is a Watershed Event**

- ✓ Compares Downstream Results with Initial Processing Results
- ✓ Customer Lot



# Precious Metal - Where is it and Who Owns it?

- **Settlement Assay = Value Assay**
- ✓ Customer Settlement Assay vs Refiner Settlement Assay
  - = Cost vs Revenue

Customer Treatment Revenue  
Accountability Revenue  
Inventory vs Settlement Assay Revenue

Downstream Treatment Costs  
Downstream Accountability Costs  
Inventory Cost as an Asset

All Hit the General Ledger and are  
Accounted for Financially

# Precious Metal - Where is it and Who Owns it?

- **Unsettled vs Settled Inventory**

- ✓ All Inventory Can be Evaluated at Market

Best Assay

Appropriate Market

Au	\$	Toz	KITCO
Ag	€	G	2 <sup>nd</sup> London
Pt	£	Kg	COMEX
Pd		Lb	
Other PGM's			
Other PM (Cu, Os)			

- ✓ Settled Inventory = Costed Inventory
- ✓ Settled/Unsettled Inventory Sent Downstream
- ✓ Only Settled Inventory Can Become Bullion
- ✓ Settled Cost Becomes COGS

# Precious Metal - Where is it and Who Owns it?

- **Precious Metal Control System (PMCS)**
  - ✓ Every transaction that involves PM posts to the PMCS
  - ✓ PMCS Transactions are balanced (Credit/Debit) transactions
  - ✓ PMCS Chart of Accounts: Where is the Metal and Who Owns It

Account Types ▾

Code	Description	PMCS Account Posting Type
10	Customer Accounts	Customer
11	Broker Accounts	Customer
12	I/C and Customer	Customer
13	Plant Purch. Stock	Location
14	Plant Own Stock	Customer
20	Vendor Accounts	Customer
40	Plant Stock Sloc	Location