

Board of Directors and Management SOVNET

SOVNET D.O.O.

**Kralja Nikole 10
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2nd October, 2023

First Audit report – Launch of Sovran Gold backed token Opening Balance Sheet**To the Board of Directors and Management SOVNET**

We have examined the documents presented to us by the SOVNET Board of Management (BoM) concerning the assets committed to launch SOVRAN gold backed tokens.

The valuations presented in the Balance Sheet presented by the BoM, with the assertion that the Fair Value of Assets as shown in the opening Balance Sheet which is in United States Dollars is on a conservative valuation basis keeping as close as possible to the principles outlined in the International Financial Reporting Standards (IFRS). However, any investment made in SOVRAN must be understood to be at the investor's own responsibility and we as auditors cannot be held responsible for any losses incurred by any said investor.

The notes to the Balance Sheet show the values of ores stocks assigned to SOVRAN by the main stakeholders.

The Company's management is of course responsible for the information used to prepare this report. It is our responsibility is to express an opinion on management's assertions based on audit examination.

The SOVNET SOVRAN initial release of two million one gram tokens is backed by two million grams of ninety eight percent refined gold ore which is drawn from stocks held by the main SOVNET stakeholders, from which are committed by contract two million grams of 99.9% refined ores with a value as shown below.

Committed to SOVRAN		2,000,000 gms	USD 59.25	USD 118,500,000
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Our examination was conducted in accordance with International Financial Reporting Standards (IFRS). These standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertions and assumptions represent a true and fair view of the information presented in the financial Statements and document presented, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment,

including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained for this document based audit is sufficient and appropriate to provide a reasonable basis for our opinion. However, as auditors we reiterate that any investment made must be understood to be at the investor's own responsibility and we as auditors cannot be held responsible for any losses incurred by any said investor.

Yours sincerely,



Edwin Brown, FCA (UK)

Independent Auditors' Report

Sovran				
Balance Sheet as at September 1st, 2023				
All amounts in USD		USD		
	Notes			
Assets				
Current Assets (due in less than 12 months)				
Ore stocks	1		118,500,000	
Bank balances			-	
Total Current Assets			118,500,000	
Long term Assets/Investments (held for more than 12 months)				
Options on other raw materials			-	
Total Long Term Assets/Investments			-	
Total Assets/Investments				118,500,000
Liabilities				
Current Liabilities (due in less than 12 months)				
Creditors			-	
Total Current Liabilities			-	
Long term (due in more than 12 months)				
Investor as from Year 5 of operations on		118,500,000		
Total Long Term Liabilities			118,500,000	
Total Liabilities				118,500,000
Net worth				-
Owners' Equity				
Capital				
Reserves			-	
Total Owners' Equity				-

Note 1					
Ore stocks					
Committed to SOVRAN		2,000,000 gms	USD 59.25	USD 118,500,000	
	Estimated percentage of total reserves			13.12%	
Laboratory sample tests and valuations based on said tests					
Test 1					
Test 1 consisted of three test shown below run by SEMTEC.					
Tests by: SEMTEC Laboratories, Inc., 5025 S. 33rd Street, Phoenix, AZ 85040 602-276-6138 - 602-232-2225 - semteclaboratories.com					
Sample 1	Col.1	Col.2	Col.3	Col.4	Col.5
Lsmall_01_EDS1	11/15/2013	02:31:40 PM	HV:20.0Kv	Average	Puls th.:4.12Kcps
El AN Series	unn. C	norm. C	Atom. C	Col-1-2	
	[wt.%]	[wt.%]	[at.%]	[wt.%]	[wt.%]
Ag 47 L-series	54.77	58.39	71.92	56.58	1.7
Au 79 L-series	39.04	41.61	28.08	40.325	1.2
Total :	93.82	100	100		
Column	Col.1	Col.2	Col.3	Col.4	Col.5
Sample 2					
Lsmall_01_EDS3	11/15/2013	2:35:48 PM	HV:20.0Kv	Average	Puls th.:4.32Kcps
El AN Series	unn. C	norm. C	Atom. C	Col-1-2	
	[wt.%]	[wt.%]	[at.%]	[wt.%]	[wt.%]
Ag 47 L-series	71.52	77.45	86.25	74.485	2.3
Au 79 L-series	20.83	22.55	13.75	21.69	0.7
Total:	92.35	100	100		
Column	Col.1	Col.2	Col.3	Col.4	Col.5
Sample 3					
Lsmall_01_EDS4	11/15/2013	2:38:04 PM	HV:20.0Kv	Average	Puls th.:4.08Kcps
El AN Series	unn. C	norm. C	Atom. C	Col-1-2	
	[wt.%]	[wt.%]	[at.%]	[wt.%]	[wt.%]
Ag 47 L-series	60.59	68.6	79.96	64.595	1.9
Au 79 L-series	27.73	31.4	20.04	29.565	1.0
Total:	88.31	100	100		
Average of 3 Tests					
Column	Col.1	Col.2	Col.3	Col.4	Col.5
El AN Series	unn. C	norm. C	Atom. C	Col-1-2	
	[wt.%]	[wt.%]	[at.%]	[wt.%]	[wt.%]
Ag 47 L-series	62.29	68.15	79.38	65.22	2.0
Au 79 L-series	29.20	31.85	20.62	30.52666667	1.0
Total:	91.49	100.00	100.00		

Ore Stocks for refining						
	Col.1	Col.2	Col.3	Col.4		
	6,000 US tons					
	5,443,108,000 gms					
Sample 1	Test:	Lsmall_01__EDS1	11/15/2013			
Ag 47 L-series	2,981,190,252 gms	3,178,230,761 gms	3,914,683,274 gms	3,079,710,506 gms		
Au 79 L-series	2,124,989,363 gms	2,264,877,239 gms	1,528,424,726 gms	2,194,933,301 gms		
Sample 2	Test:	Lsmall_01__EDS3	11/15/2013			
Ag 47 L-series	3,892,910,842 gms	4,215,687,146 gms	4,694,680,650 gms	4,054,298,994 gms		
Au 79 L-series	1,133,799,396 gms	1,227,420,854 gms	748,427,350 gms	1,180,610,125 gms		
Sample 3	Test:	Lsmall_01__EDS4	11/15/2013			
Ag 47 L-series	3,297,979,137 gms	3,733,972,088 gms	4,352,309,157 gms	3,515,975,613 gms		
Au 79 L-series	1,509,373,848 gms	1,709,135,912 gms	1,090,798,843 gms	1,609,254,880 gms		
Samples 1, 2 & 3	Average of Tests Refined stocks place in secure storage					
Ag 47 L-series	3,390,693,410 gms	3,709,296,665 gms	4,320,557,693 gms	3,549,995,038 gms		
Au 79 L-series	1,589,387,536 gms	1,733,811,335 gms	1,122,550,307 gms	1,661,599,435 gms		

Test 2

Sample					32,000 Oz/US Ton	%
1	Sylvan	new flux	10 grams	0.0425	123.2Oz/US Ton	0.39%
2	Sylvan	new flux	10 grams	0.0421	122.0Oz/US Ton	0.38%
3	Sylvan	orig flux	10 grams	0.0424	122.9Oz/US Ton	0.38%
4	Sylvan	orig flux	10 grams	0.0425	123.2Oz/US Ton	0.39%
					Average	0.38%
					Reserves	20,892,179 gms

Test 3

INX Laboratory 7064 Sampey Rd.. Suite 5, Groveland, Florida 34736 Phone (352) 429-3181 Fax (352) 429-8379 www.inxlabs.com leigh@inxlabs.com						
Metals	oz/ton ash	%/weight	Reserves		Ore stocks	
Au	90	0.28%	15,240,702 gms	USD 59.25	USD 903,011,617	
Pt	653	2.04%	111,039,403 gms	USD 29.39	USD 3,263,448,060	
Pd	1,652	5.17%	281,408,684 gms	USD 41.02	USD 11,543,384,201	
Ag	119	0.37%	20,139,500 gms	USD 0.70	USD 14,097,650	
Rh				USD 131.80		
Ru				USD 15.50		
				Total Au, Pt, Pd, Ag	USD 15,723,941,528	
				Kitco Price per Gram	USD 59.25	
				Value shown in Holdings statement	USD 903,011,617	

Summary table Test results in Grams with Valuation				
Test 1			30.53%	1,661,599,435 gms
Test 2			0.38%	20,892,179 gms
Test 3		Lowest value IFRS	0.28%	15,240,702 gms
Balance Sheet Valuation Basis				
Kitco Price per Gram				USD 59.25
Valuation basis lower of three tests				USD 903,011,617