

Statement by Bart Kitner, President, Kitco Metals Inc.'s On Withdrawal of All Charges and Settlement with Agence du Revenu du Québec and the Canada Revenue Agency

(Montreal, May 24, 2018): On behalf of Kitco Metals Inc. (Kitco) I am pleased to announce that our seven-year ordeal has finally come to an end today.

On May 24, 2018, during a public Court hearing, the Agence du Revenu du Québec (ARQ) requested the court to proceed to withdraw all charges against Kitco and Bart Kitner, and said charges were withdrawn.

Kitco has always maintained that it was erroneously and abusively assessed and charged for GST and QST taxes that its suppliers failed to remit. I am pleased to report that all financial matters between Kitco and the ARQ and the Canada Revenue Agency have been settled. The specific terms of the agreements, however, are confidential.

Since the beginning of these proceedings Kitco's position has always been the same:

« Kitco buys precious metals scrap and pays the suppliers sales taxes on these purchases for which Kitco receives a tax credit. It is the responsibility of these suppliers to pay back the sales taxes to Revenu Québec. Revenu Québec alleges that some of these suppliers have not remitted the taxes paid to them. Revenu Québec is unjustly holding Kitco responsible for the unremitted taxes, which led to the issuance of the tax assessments. »

The settlement and withdrawal of the charges are not surprising in light of the comments made by Mr. Justice Salvatore Mascia, who wrote the following in his judgement of November 16, 2017 in the context of his decision on our motion for a stay of proceedings:

« En ce qui concerne plus particulièrement la société Métaux Kitco Inc., il n'y a aucun élément de preuve voulant qu'elle ait reçu quelque bénéfice relativement au détournement des sommes dues par les grossistes à titre de taxes, si de tels détournements ont eu lieu. Dans la même veine, il n'y aucune preuve que ladite société ou l'un de ses administrateurs—plus particulièrement, Bart Kitner—ait participé de quelque façon à la mise sur pied du prétendu stratagème ou qu'ils aient été au courant des tenants et aboutissants du stratagème. Il n'existe même pas de preuve qu'un administrateur de ladite société ait eu des contacts avec les grossistes ou les « backups » ayant participé dans le prétendu stratagème.»

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Our translation:

« With particular regards to the company, Kitco Metals Inc., there is not a single element of evidence to demonstrate that the Company received any benefit relating to the diversion of the funds owed as taxes by the wholesalers – if such a diversion took place. Furthermore, there is no evidence that either the Company or any of its directors – more specifically, Bart Kitner – participated in any way in the implementation of the alleged scheme, or that they were even aware of the implications of the scheme. There is not even any evidence that a Director of the Company had any contact with the wholesalers or the "backups" who participated in the alleged scheme. »

As you can imagine, this has been a challenging and unnecessarily prolonged seven-year wait. I'd like to thank everyone at Kitco, our business partners as well as family and friends, for their ongoing support, for standing by Kitco and for their unwavering belief in our integrity. We are relieved that at last our company has been acknowledged as having always acted legally and in good faith.

In looking ahead, Kitco continues to remain committed to strengthening its position as a global leader in the precious metals industry and being a leading innovator in the sector.

ABOUT KITCO METALS INC.

A Canadian corporation originally founded in 1977, Kitco Metals Inc. today is an international company and global leader in the precious metals industry. With the bulk of its customers from outside of Canada, Kitco is one of the world's most recognized retailers of precious metals and a specialized supplier of refining services. Being one of few authorized resellers of products made by some of the most prestigious government mints, the company provides a vast array of gold, silver, platinum, palladium and rhodium products to customers worldwide.

Considered to be the leading precious metals reference, Kitco's website (www.kitco.com) is visited daily by close to a million people around the world. Kitco has earned a solid reputation for itself as a leading innovator in the industry, being the first precious metals company to carry out its activities online and to create real-time market information, news, analysis and applications for smart phones.

Kitco is headquartered in the heart of Montreal and employs close to 100 people worldwide.

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