

ANNUAL REPORT TO STAKEHOLDERS ON HEALTH AND SAFETY FOR THE YEAR JUNE 2015 TO MAY 2016

Summary

- **OSHAS 18 001 re-certification audit completed during the year**
- **1 lost time accidents were reported during the year**
- **DIFR (Disabling Injury Frequency Rate) = 0.89 in 2015 to 0.17 in 2016**
- **Number of employees 494 Stable over 2015 levels**
- **Shifts worked 13709**
- **Shifts lost 233 in 2015 – 92 in 2016**
- **Man hours worked 1166542**
- **Operating machines 126**

1. INTRODUCTION

The year under review represents the company's twelve year of operations. 135 machines produced an average of 144141 metres of core at the operations below.

This is an average of 1067 metres per machine.

- **Harmony Gold:** Bambanani Mine, Tshepong Mine, Masimong Mine, Unisel Mine, Phakisa, Joel Mine.
- **Anglogold Ashanti:** Gt Nologwa Mine, Moab Khotsong, Kopanang and Tau Tona, Tao Lekoa
- **ARM:** Two Rivers Mine
- **Anglo Platinum:** Townlands Mine, Turffontein (Khuseleka and Siphumelele Mines), Bathopele, Thembelani, Union Mine
- **Petra Diamonds:** Koffiefontein, Finch Mine and Kimberley Mine

Commentary

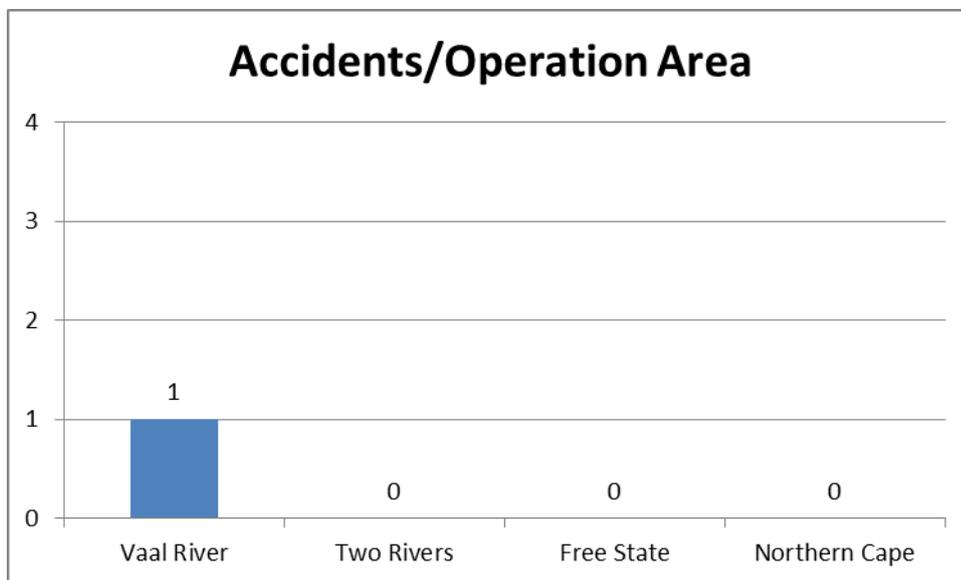
Although Lesedi lost several shafts were closed during the year, the inclusion of the Petra Diamond Mines and Tau Tona shafts stabilised the operation and resulted in the same production results obtained the previous year

The safety performance of the company show an improvement that were due to intensive analysing and communication of data.

Planned Task Observation and Deviations are logged in a central data base and this can then be used to determine trends regarding high risk behaviour.

Employees are linked in respect of safety performance and production and categorised in four safety quadrants. That is used to determine the development needed to further an employee's career and develop them into a safe and productive worker.

Year June 2015 – May 2016 trends in health and safety at Lesedi



Accidents during operational year: 2015-2016

The accident frequency over the previous year was improved from five accidents to one for the current year.

Accident Date	Name	Mine	Lost Shifts	Circumstance
03/08/2015	DG Chissano	Moab Khotsong	92	Whilst pulling rods from up hole with rod puller attached to the rodstring the rod puller control valve was accidentally activated pulling the rod string back pinching his finger between the chuck and the rodstring

Table 1: Lost Shift Accidents 2015 – 2016

Northwest Orkney

One accident was recorded at Moab Khotsong

Mr DG Chissano operator of the site wanted to pull the rodstring from a “cover hole”, he started to loosen the machine bolt on the Metre-eater machine with a 30mm ratchet spanner obtained from the mine service crew.

The spanner could not fit properly over the machine bolt nut, slipped and struck the rod puller activation handle; this caused the rod puller to activate pulling the rod string out of the hole. Mr Chissano left hand forefinger was then pinched between the rod end and the machine chuck resulting in the loss of his left forefinger tip.

Action taken to prevent re-occurrence of accident:

- a) Risk assessment conducted on pulling of rods

- b) 30mm Ring spanner issued to all crews
- c) Standard operating procedure reviewed
- d) Re-training conducted with all crews

REVIEW OF THE PERIOD: 2015 - 2016

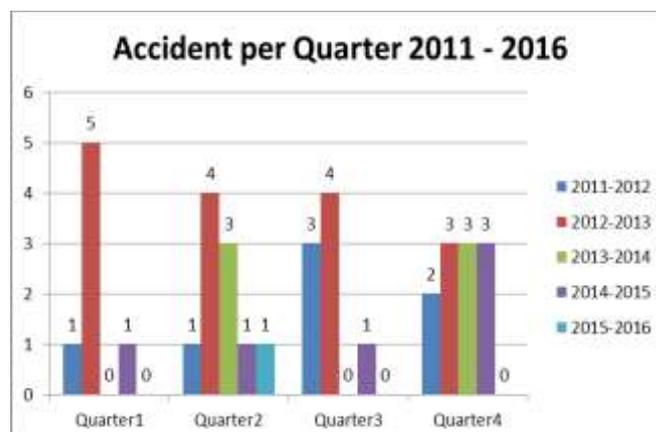
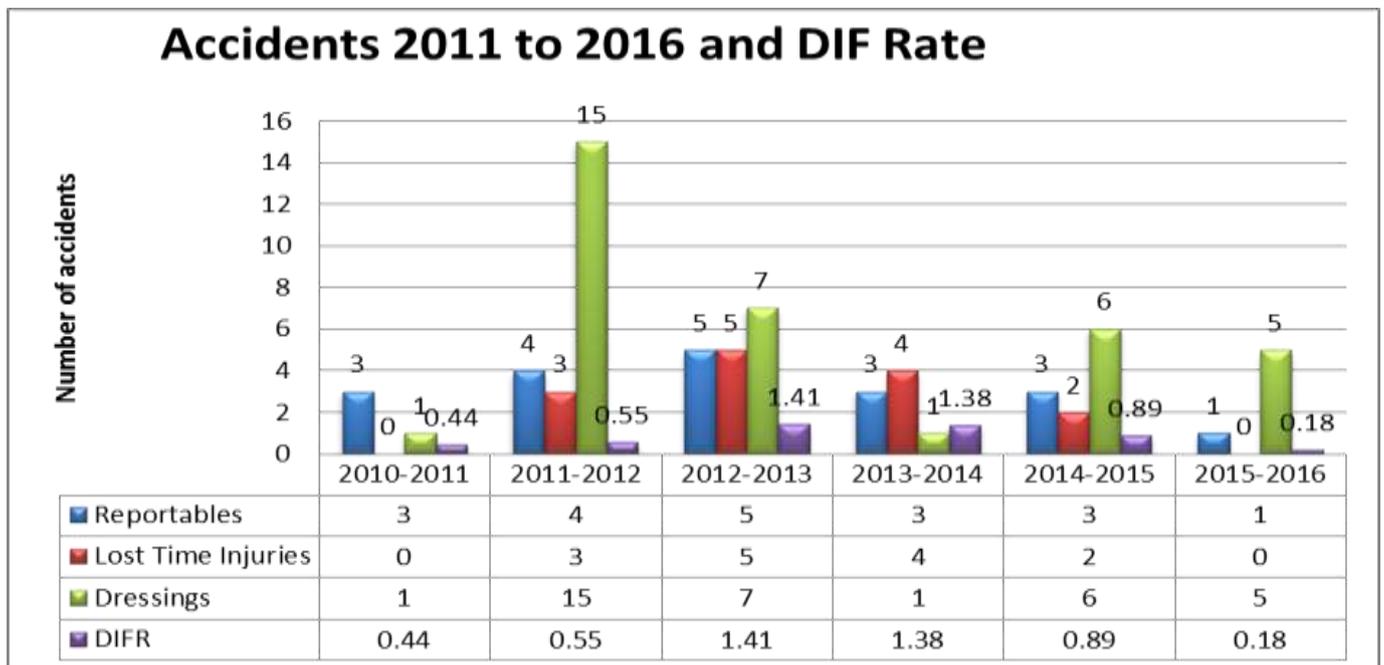
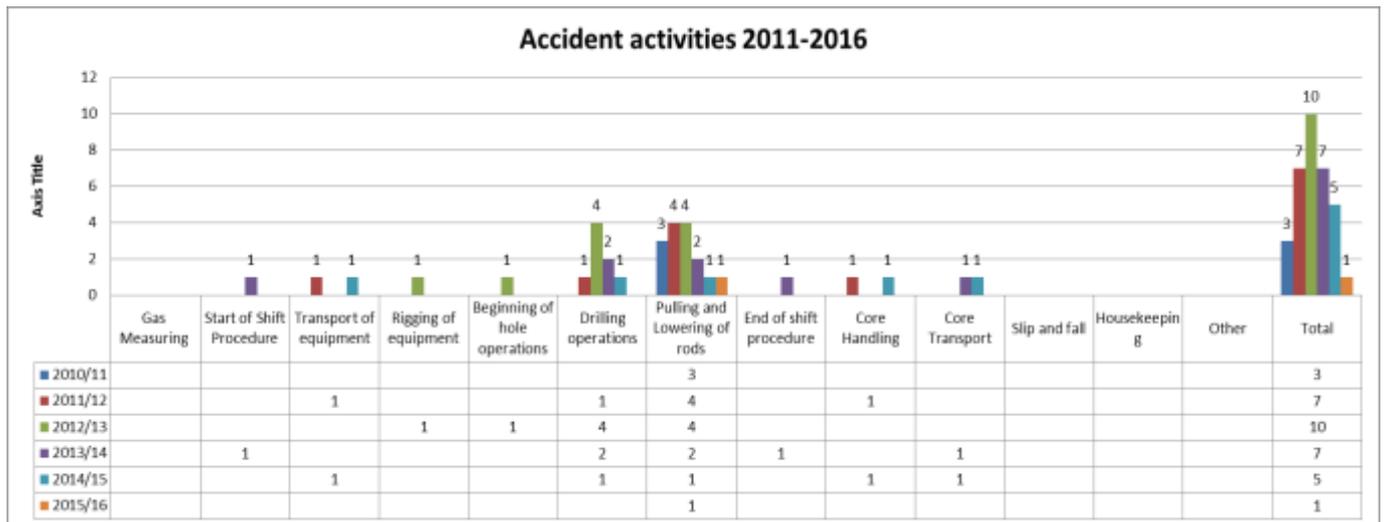
It is important to classify the lost shift accidents. The table below documents the accidents 1st March 2015 to 28th Feb 2016

	Critical Activities	Freq of Incidents	Severity (lost shifts)
1	Gas Measuring	0	0
2	Start of Shift Procedure	0	0
3	Transport of equipment	0	0
4	Rigging of equipment	0	0
5	Beginning of hole operations	0	0
6	Drilling Operations	0	0
7	Pulling and Lowering rods	1	92
8	End of Shift Procedures	0	0
9	Other	0	0
	Total	1	92

Table 2: Accidents March 2015 – Feb 2016

Pulling and Lowering Rods

One accident occurred in this area of operations. Although the frequency rate of incidents of “Rodhandling” was drastically reduced during the last five years, it is still an area of concern and is totally avoidable by taking care and proper maintenance of equipment.



Reviewing the above information, we learn that:

- a) Rod Handling is responsible for 35% of the accidents in period 2011 to 2016 followed by Drilling operation 19% Others 14%(Slip and Fall, Bump against) and Transport of material with 12%
- b) Although only one accident was recorded on rod handling this year, focus should not be lost on our main risk areas in the operation.
- c) The accident per quarter graphs indicate that the accidents mainly occur during the 4th quarter thus, after the December annual break, this year an incentive was introduced to encourage more attention to safety and production with great results.
- d) Accident graph is showing a positive and health safety culture in the company with a DIFR rate of 0.18 for 2016

2. YEAR LOST SHIFT TRENDS (2011 – 2016)

The table below shows the trends in our safety failures over the last 5 years.

The trend on accidents is improving on a year to year basis and actions implemented to counter failures proof to be paying off.

Rod Handling is still a concern and emphasis needs to be kept on high levels to ensure compliance with the Standard Operating Procedure.

Although the shifts lost due to injury came down considerably to 92 shifts our goal is zero lost shifts which are achievable.

Critical Activities	2011-2012		2012-2013		2013-2014		2014-2015		2015-2016	
	Freq	Severity (Lost shifts)								
Gas Measuring	0		0		0		0		0	
Start of Shift Procedure					1	165	0	0	0	0
Transport of equipment	1	30			0	0	1	54	0	0
Rigging of equipment			1	31						
Beginning of hole operations			1	7						
Drilling operations	1	1	4	30	2	40	1	10	0	0
Pulling and Lowering of rods	4	12	4	261	2	60	1	8	1	92
End of shift procedure					1	64				
Core Handling	1	23					1	78	0	0
Core Transport					1	9	1	79	0	0
Slip and fall										
Housekeeping										
Other										
Total	7	66	10	329	7	338	5	229	1	92

Table 3: Lost Shift Trends 2011 – 2016

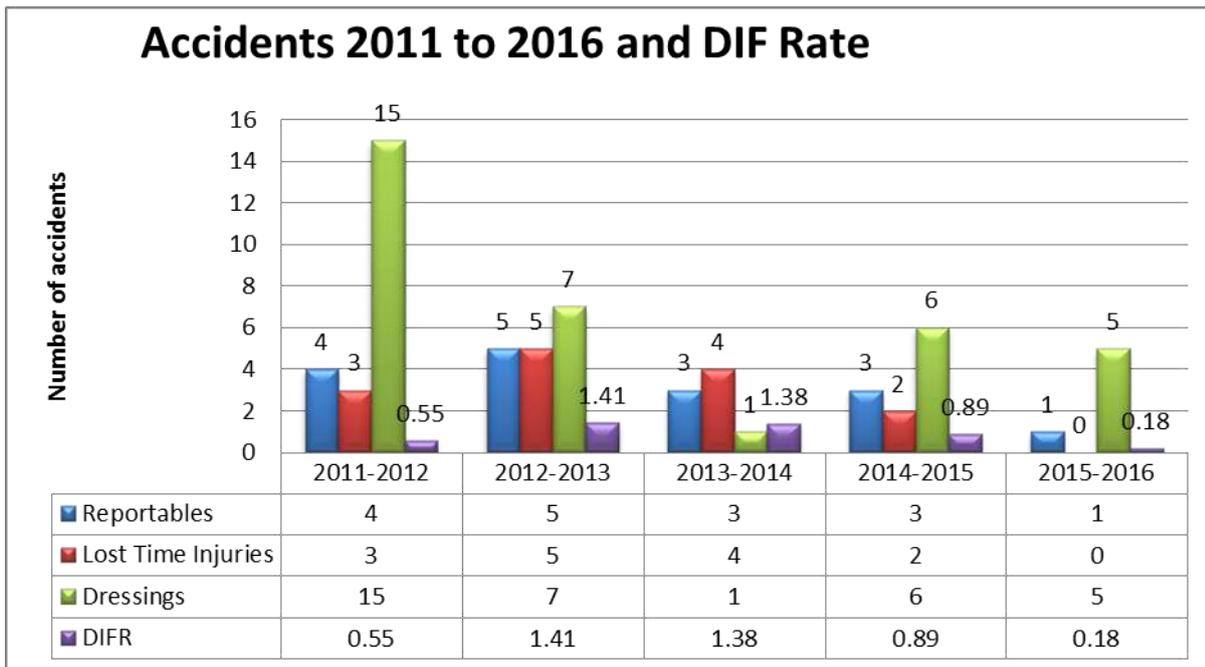


Table 3: DIFR Trends 2011 – 2016

If we review the trends evident in the information above, we could deduce that we have managed to bring the DIFR down over the last two years. Whilst this is encouraging it is still not acceptable as we strive to have no lost time accidents and have a DIFR of 0.0.

3. ANALYSIS OF CRITICAL PLANNED TASK OBSERVATIONS 2015-2016

Activity Observed	Actual	Deviations	% Deviation
Lamp Room- Gas Detection Instrument (inspection & calibration)	347	31	8%
Flammable Gas Testing	304	29	9%
Start of Shift / Drill Site Inspection	416	58	14%
Material Handling (Loading & Offloading)	371	46	12%
Machine Rigging (Conventional)	300	14	5%
Machine Rigging (Mamba - Up hole)	26	0	0%
Machine Rigging (Mamba - Down hole)	5	0	0%
Casing Installation	297	1	0%
Drilling and Chucking	193	13	7%
Rod Handling (pulling and lowering of rods and using the rod puller)	538	40	7%
Re-chucking Procedure	191	4	2%
Installing Wedge Bolts, Eye Bolts and Face Clamps	123	11	9%
End of Shift Procedure	220	25	12%
Core Handling(Underground)	270	37	13%
Rigging Down	180	12	6%
Total	3781	321	8%

In line with the Company’s Occupational Health and Safety Management System, compliance with Standard Operating Procedures is monitored through a Planned Task Observation (PTO). The results of the P.T.O’s conducted are analysed and stored in a data base in the IMS System. This give management the tool to measure the knowledge of the employee, the trend of the employees training and the training needs.

Deduced from the above table: Start of shift PTO was conducted with a failure rate of 14% as this PTO determine the most important tasks and checks for safe drilling, supervisors need to coach and analyse the results to prevent an re-occurrence of the deviation noted.

This is followed by Core handling with a 13%, failure rate; in this activity (2) accidents were recorded in 2015. These accidents were preventable as in both instances haste was applied due to late drilling.

Material handling with a 12% failure rate: On Material handling (1) accident was recorded during 2015 safety year whilst offloading a machine underground at the site which was loaded on top of mine material. Mine agreed to ensure material cars are available for us to load material.

End of shift also with 12% failure rate: In most of the failures locking out of the energy source was identified due to this the Standard Operating Procedure was reviewed and lockable 50mm valves was introduced to ensure that the main incoming valve at the lubricators is locked at the end of the shift.

Rod Handling a 7% failure rate was recorded and this resulted in (1) accident during the current safety year, though the main cause of the accident did not appear in the deviations recorded, action was taken to ensure that the incident is not repeated by reviewing the Standard Operating Procedure, re-training on the procedure, and the introduction and issuing of 30mm ring spanners.

4. RISK MAP: PNEUMATIC DIAMOND DRILLING

A risk map has been included (below) so that an interested reader can gauge the severity of the risk for any given work activity.

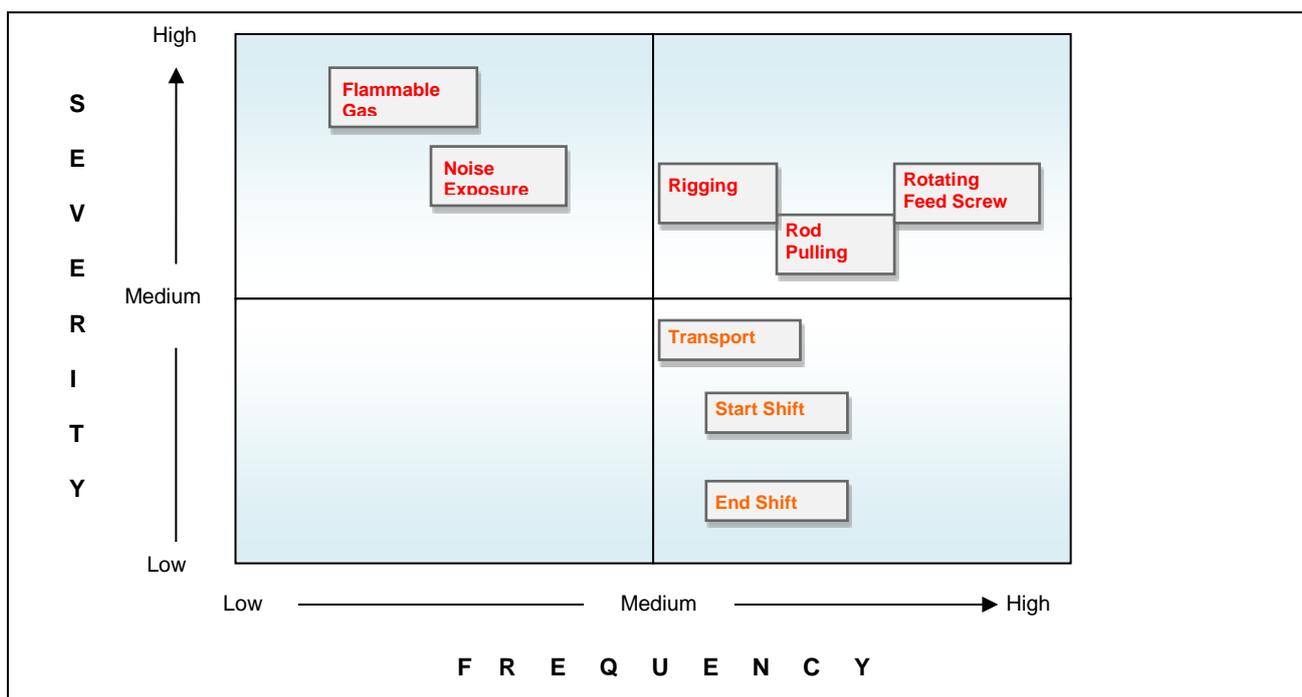


Figure 3: Risk Map

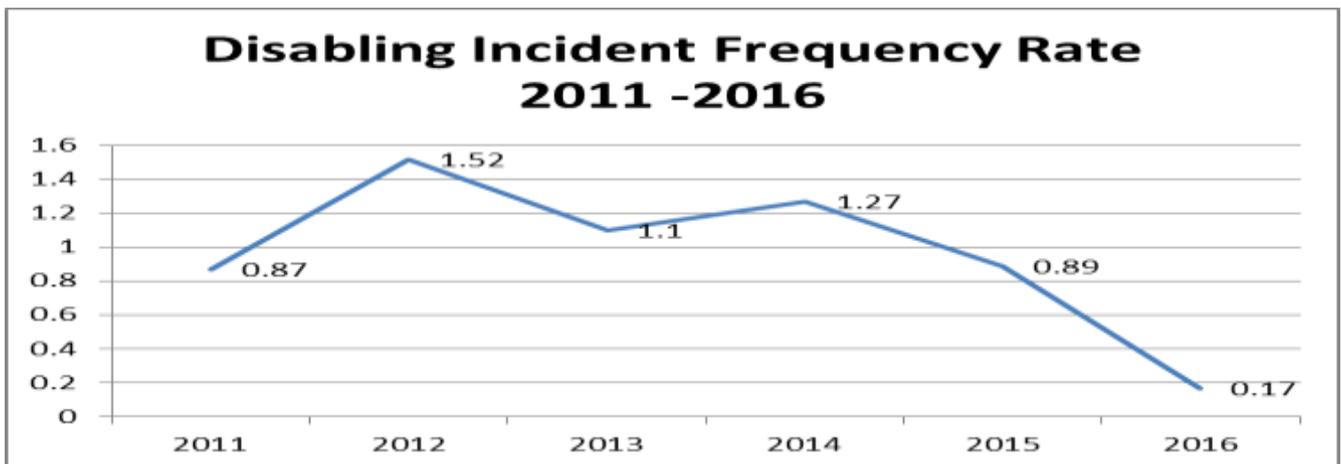
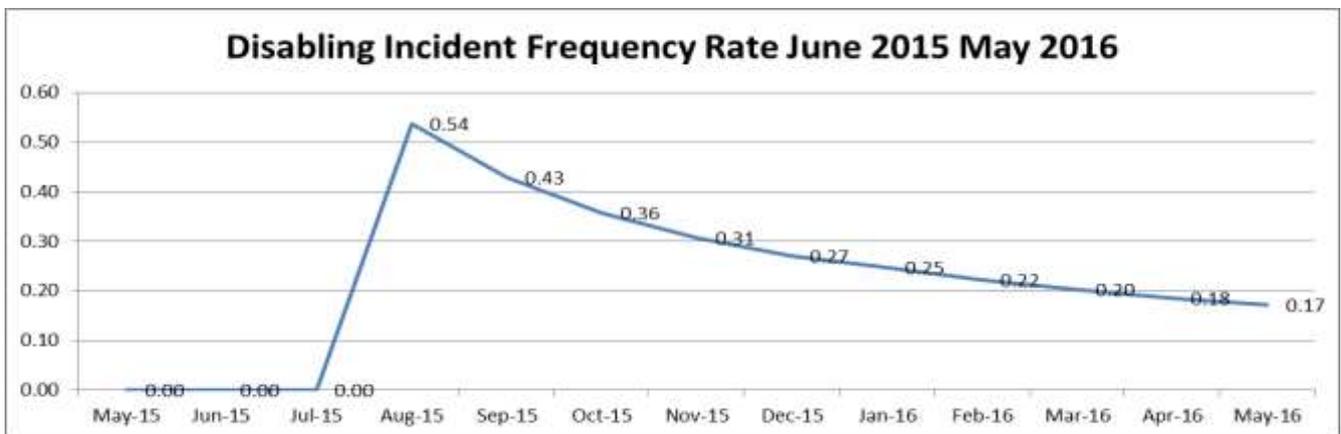
5. DIFR

The **DIFR** (disabling injury frequency rate) for 2015 – 2016 is: 0.18

The calculation is performed thus: **LTI X 200 000/Total Man hours**

$$1 \times 200000 / 1155642$$

$$= 0.17.$$



The Company response to accidents and incidents during the year.

1. The attitude of zero tolerance that was implemented by Lesedi Management in 2015 paved the road to excellent safety results for the current year.
2. The Supervisors handbook introduced assisted mid management to achieve results regarding safety and day to day tasks It also is used as a reference manual on daily tasks and general supervision issues.
3. KPI's that is discussed weekly and monthly, enabled management to determine employees weaknesses that could be addressed immediately, it also placed the responsibility on the employee. It also pinpointed areas in management that need to be addressed to ensure safe and productive meters drilled. It also enable management to
4. Communication with crews and mid management on a weekly basis resulted in the pre determining of potential risks and work stoppages and ensured corrective actions was introduced
5. The Performance Management System introduced in 2015 assisted management to pre-determine employees at risk due to lack of training and or coaching it also pin points employees taking risks to achieve their target meters.
6. The Lesedi Information System also became a reality this year, ensuring that all relevant safety and production results is available to all employees on the web, it also enable Lesedi Clients to have information at hand.

6. HEALTH

i. Exposure to Noise

As indicated in Figure 3: Risk Map, noise exposure is a high risk in the underground drilling industry. Lesedi participate in his clients noised induced prevention programmes and compliance to procedures are measured by issuing and conducting Planned Task Observations, also yearly medical testing is conducted as per Health and Safety Act.

ii. HIV

The Company Induction training programme addresses the HIV issues on a yearly basis during, Refresher training.

7. ACHIEVEMENT OF OBJECTIVES FOR THE 2015-2016 YEAR

Objective 01: Maintaining a DIFR of Less than 0.0

Although the objective was not achieved there was a major improvement in the DIFR rate from 2012 to this year. With a rate of 0.17 Lesedi is one of the leading Companies in the drilling Industry

Objective 02: Improvement of Employee Skills & Competence

Competency levels of the employees were measured and training modules developed to ensure the needs of the employees are addressed.

Employees are also urged to attend Abet classes to improve their literacy skills

Objective 03: Implementation of Effective Internal and External Communication Systems

Weekly and monthly Exco meetings is taking place in all areas

Client meetings is also conducted on a regular basis

KPI meetings conducted weekly with all employees

Objective 04: Implement Effective Performance Measurement of all Employees

The system is implemented company wide and used during the weekly KPI sessions

A monthly report is also distributed to the Area Managers

Training needs is addressed by the instructors when required

S Malema
Chief Executive Officer
May 2016

