

ANNUAL REPORT TO STAKEHOLDERS ON HEALTH AND SAFETY FOR THE YEAR
MARCH 2019 TO FEB 2020

Summary

- Migration from OHSAS 18001 to ISO 45001 completed successfully Feb 2020.
- 2 (two) lost time accidents were reported during the year.
- D.I.F.R. (Disabling Injury Frequency Rate) = 0.35 in 2018/19 to 0.40 in 2019/20
- Shifts worked: 113406
- Shifts losses: 55 shifts lost due to the two injuries.
- Man-hours worked: 914763
- Operating machines: 105

1. INTRODUCTION

The year under review represents the company's 18th year of operations.

Although several machines were decommissioned during the production year the drilled meters increased slightly.

Shafts in Operation

- Harmony Gold: Tshepong Mine, Masimong Mine, Phakisa, Joel Mine.
- AngloGold Ashanti/Harmony: Moab Khotsong and Kopanang.
- 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

Health and Safety is of paramount importance to us. We are, therefore, committed to providing and maintaining a safe, healthy and productive working environment for all our employees, through the continual improvement in our safety performance and safety system. At Lesedi we have a co-operative approach to safety to ensure that the necessary systems are in place; from safety systems, inspections, communication and training.

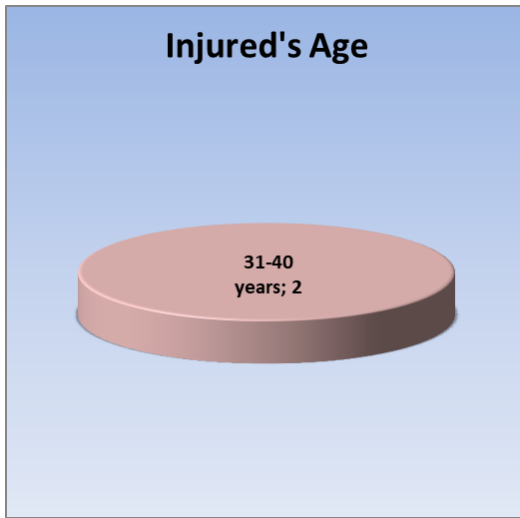
Lesedi management and employees take joint responsibility for their actions. This can only be achieved if management and employee take responsibility for their actions and to stop work when unsafe behaviour or conditions are evident.

Safe behaviour is the key to a safe work force and managers and supervisors need to reinforce safe behaviour by conducting continual over inspections and by having an open communication channel.

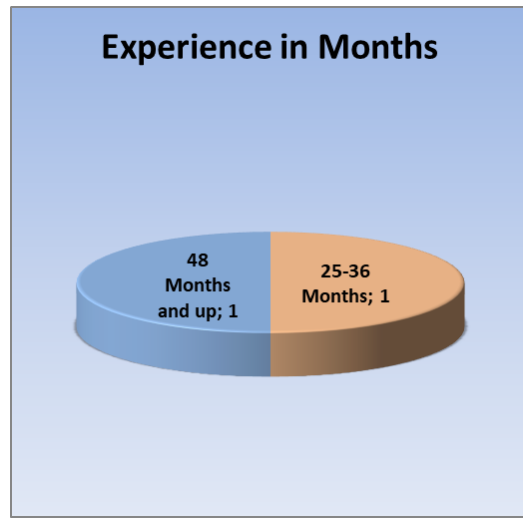
Monthly safety reviews conducted by senior management teams have been introduced to measure the team's safety performance; all major safety risks are highlighted and addressed. All safety issues are then elevated to the Health and Safety Committee and reported to the board on a quarterly basis.

Reporting on safety issues and near miss reporting allows us to track incidents, and measure safety performance of the sites.

2. March 2019 – Feb 2020 TRENDS IN HEALTH AND SAFETY AT LESEDI

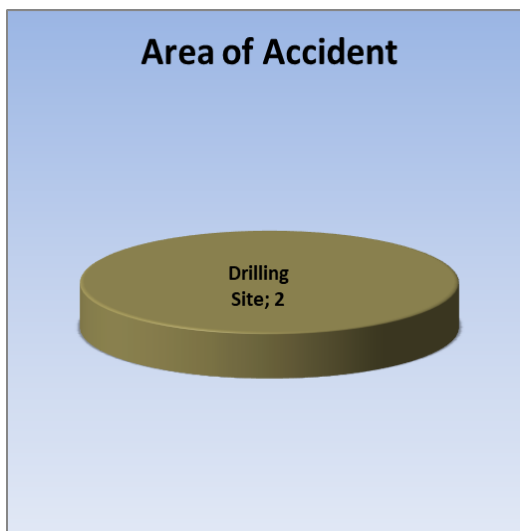


Graph 1

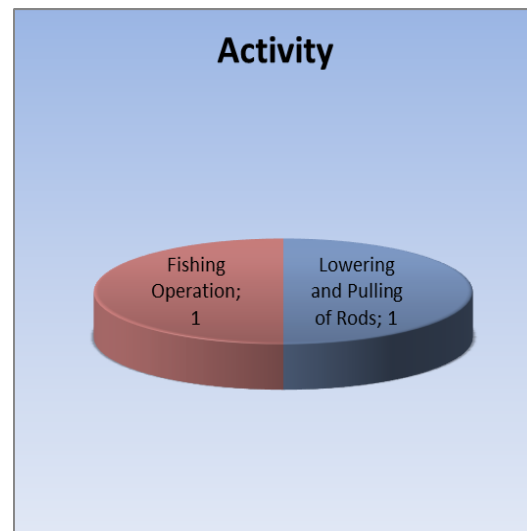


Graph 2

2.1 Graphs 1 and 2 show the relation between age and experience of the employees injured, depicted from the graphs is that it was the more experienced and confident employees involved in the accidents.



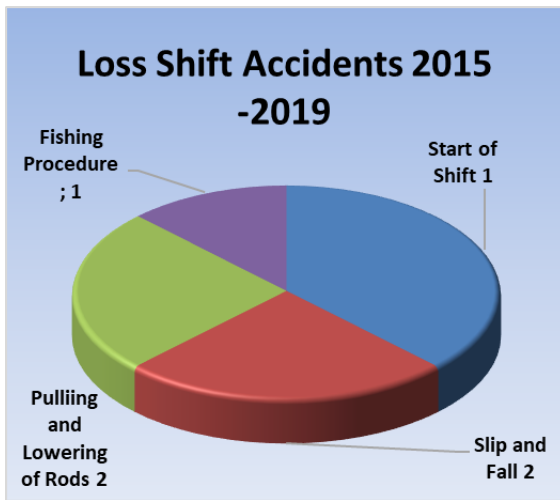
Graph 3



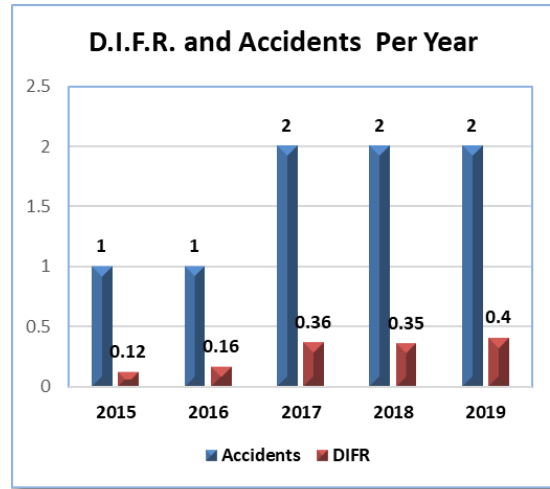
Graph 4

2.1 Graphs 3 and 4 indicate the area of the accident and the specific activity resulting in the accident. Both the accidents were caused during handling of rods, to this end the company engaged in developing rod handling devices to eliminate all rod handling accidents.

2.2 Graphs 5 and 6 show accident trends and the Disabling Incident Frequency for the 2015 to 2019.



Graph 5



Graph 6

It is disappointing that the accident rate did not come down for the year it shows that more emphasis needs to be placed on the control of human behaviour and discipline.

3. REVIEW OF THE PERIOD: March 2019–Feb 2020

Name	Job Description	Task Performed	Injury	Basic Cause
Bokamoso Joseph Mbayimbayi	Assistant Operator Mamba Machine	Stuffing box operation	Contused scalp	Struck by pipe wrench secured to rod string
V.K. Motswagole	Assistant Operator LM Machine	Fishing rods	Laceration (L) Cheek	Struck by piece of broken rod string.

Table 1: Accidents March 2019– Feb 2020

The two accidents recorded were investigated and the basic causes of the accidents were established and preventative measures implemented.

In the first accident the operator did not concentrate on his controls and opened the wrong control, it shows the importance of controlled actions during drilling. The controls are clearly demarcated and the operators are a very competent employee. Also, there was a lack in proper communications between the employees conducting the tasks. Communication and following of procedures are some of the main drivers to work safe and thus increase productivity, close supervision on fishing procedures are implemented and management of the site will be involved from start of fishing procedures up to completing the task. The second accident was due to human behaviour as the employees used the incorrect way of retrieving stuck rods causing a failure of the last rod in the rod string. Due to the accidents both procedures were reviewed and training conducted on all the employees. A major drive to report non-accident incidents on a daily basis to ensure we can proactively prevent incidents at the sites was also done.

Greater focus on over inspections by Foreman, managers and the safety department will be a key factor to reduce accidents and prevent incidents.

The Start of Shift Planned Task Observation will ensure that housekeeping and barring are checked whilst conducting the over inspection and will thus form a critical part of the Critical P.T.O.'s of the Company.

Supervisors to conduct odd shifts to ensure compliance to all standards. During fishing procedures, the supervisors and foreman must ensure that procedures are followed and the manager up dated daily on the progress.

High risk activities as identified during the period:

1. Rod Handling procedures during fishing and stuffing box operations.
2. Slip and Fall during fishing procedure.

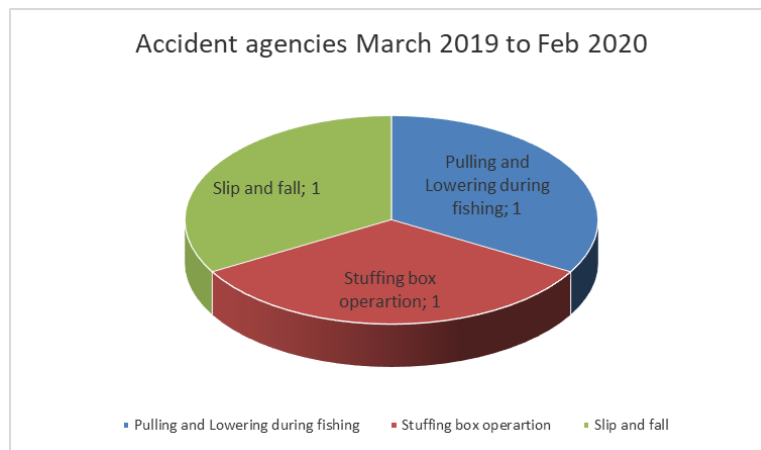


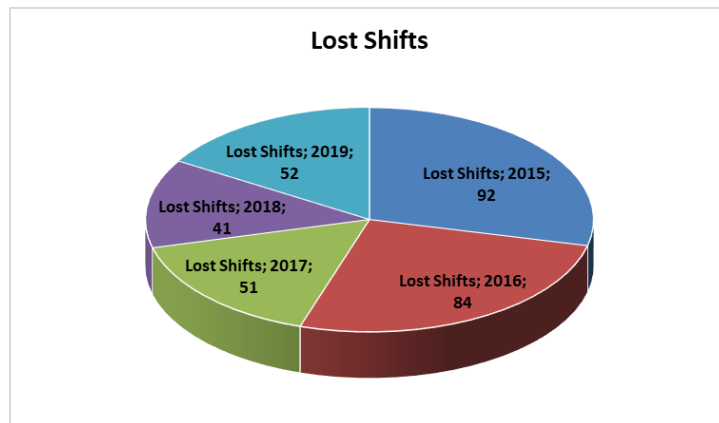
Table 3: Accidents and Graph 7: March 2019–Feb 2020

3. Focus on rod handling is still one of the most important issues and the development of a mechanical face clamp and automatic rod handler is of high importance to safely proceed drilling operations.
4. The development of a mechanical face clamp is in an advance stage and will change the risk at the face clamp completely.

4. YEAR LOST SHIFT TRENDS (2016 – 2020)

The table below shows the trends in our shifts lost over the last 5 years.

Shifts lost during this period show a decline from the previous year, however the trend is still coming down.



Graph 8: Lost Shift Trends 2015– 2019

5. ANALYSIS OF CRITICAL PLANNED TASK OBSERVATIONS 2019 2020

Activity	Conducted	Failed	% Failure
1 - LAMP ROOM GAS DETECTION	579	12	2
2 - GAS TESTING	533	23	4
3 - START OF SHIFT DRILL SITE INSPECTION	612	35	6
4 - MATERIAL LOADING AND OFF LOADING	465	9	2
5 - RIGGING THE MACHINE AIR KEMPE	404	8	2
8 – CASING INSTALLATION	391	9	2
9 – DRILLING & CHUCKING (CONVENTIONAL)	212	7	3
11 – RE-CHUCKING PROCEDURE	238	11	5
12 – INSTALLING WEDGE BOLTS, EYE BOLTS & FACE C	172	8	4
13 – END OF SHIFT PROCEDURE	523	21	4
14 – CORE HANDLING (UNDERGROUND)	432	24	5
15 – RIGGING DOWN	319	14	4
60 - LOWERING OF RODS ON A DOWN HOLE(Pneumatic)	45	4	8
60 B – PUSHING RODS INTO AN UP HOLE(Pneumatic)	280	31	8
60A - LOWERING OF RODS ON A UP HOLE(Pneumatic)	272	20	7

Table 4: Critical Planned Task Observations. March 2019–Feb 2020

Planned Task Observation (PTO) is used to measure the performance of the employees. The PTO system will be indicated compliance towards procedures, this information is used to determine the actions required to rectify deviations and compliance issues.

The results of a PTO are logged in the Lesedi Information Management System (IMS). The data is available on a daily basis on managers’ report and can also be checked by logging into the IMS either by smart phone or computer.

Information from the above table:

Rod Handling PTO's had an 8 % failure rate.
 This was followed with a Start of Shift failure rate of 6.0%.

The 2019 incidents that resulted in lost shifts, relate to rod handling during fishing procedure and stuffing box operations, both incidents happened during either rod handling.
 This shows that there is a direct correlation between the failure rates on PTO's conducted and incidents and accidents in the workplace.
 By using the PTO data and the daily action log by the supervisors and management, incidents can be managed and reduced.

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.

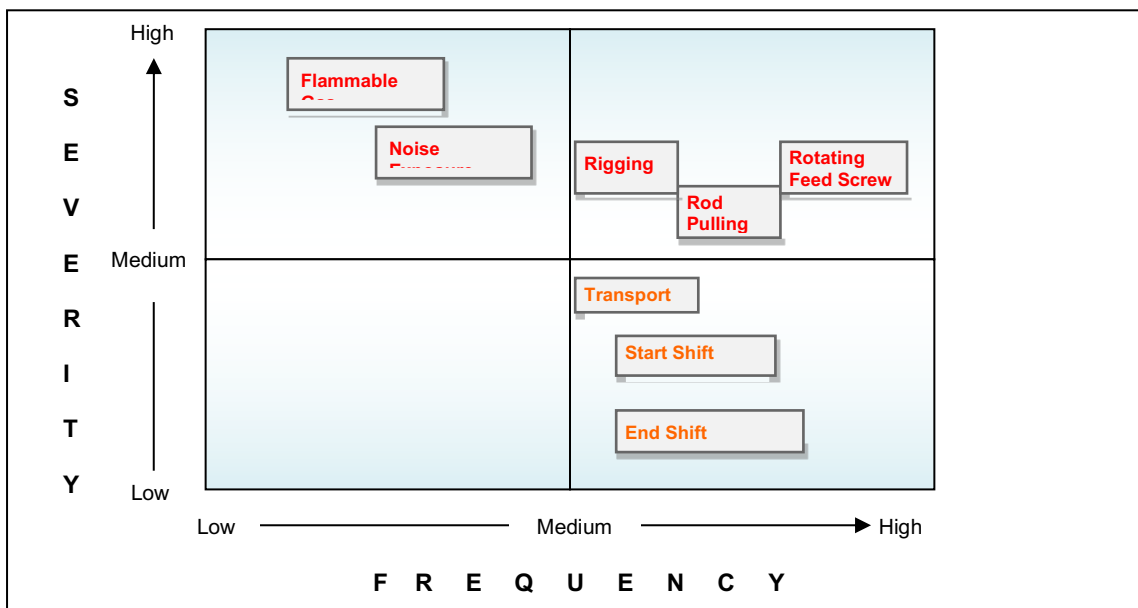
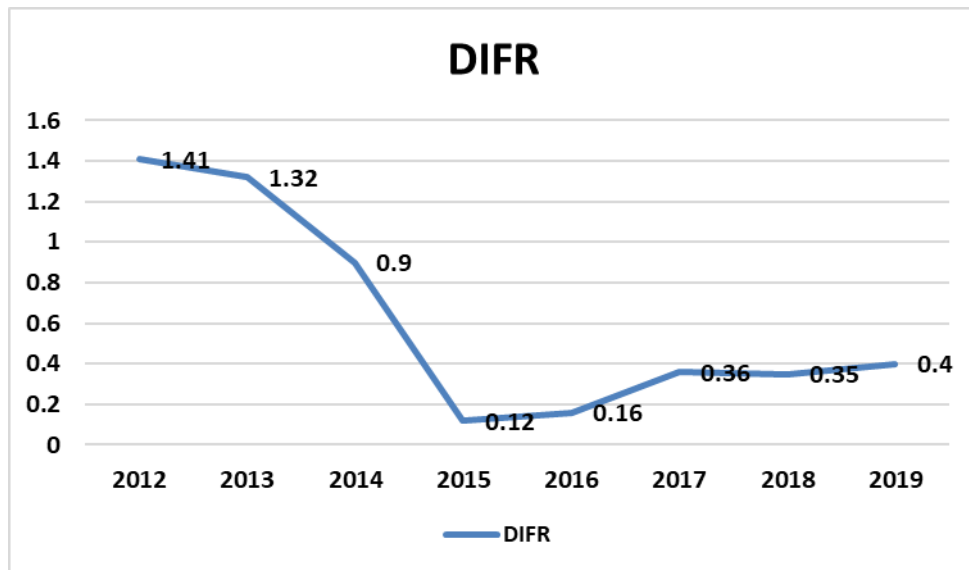


Figure 1: Risk Map

6 D.I.F.R. THE (DISABLING INJURY FREQUENCY RATE) FOR 2019 – 2020:

The calculation is performed thus: Lost Time Injuries X 200 000/Total Manhours
 $2 \times 200000 / 914763$
 $= 0.40$



Graph 9: D.I.F.R. 2012– 2020

1. Although the target rate of 0.0 was not achieved during the period through better communication and addressing the human behaviour aspect, a zero rate can be achieved.

7 THE COMPANY RESPONSE TO ACCIDENTS AND INCIDENTS DURING THE YEAR.

- 1.

8. HEALTH

i. Exposure to Noise

As indicated in Figure 1: Risk Map, noise exposure is a high risk in the underground drilling industry. Lesedi participates in its client’s noise induced prevention programmes and compliance to procedures are measured by issuing and conducting Planned Task Observations. Yearly medical testing is conducted as per the Health and Safety Act. Newly developed technology is also introduced by means of electrically operated drilling machines.

ii. HIV

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

9. ACHIEVEMENT OF OBJECTIVES FOR THE 2019-2020 YEAR:

Objective 01: Maintaining a DIFR of Less than 0.0

The objective of 0.0 was not met during 2019, however Lesedi management and employees are committed to improve the current results and achieve the Company objective. The overall trend is showing improvement.

Objective 02: Improvement of Employee Skills & Competence

Lesedi employee's skill training is conducted by skilled and competent training instructors, and every employee's competency is measured through planned task observations.

The results are then combined with logged deviations and individual KPI scores to determine the action levels and training needs.

Lesedi also uses external training institutions to improve the employee's skills and to comply with current legislation and developing skills.

Supervisor training is introduced and continuous coaching is conducted on soft business skills.

Objective 03: Implement Effective Performance Measurement of all Employees

The system is implemented throughout Lesedi and is used during the weekly KPI sessions

Employees KPI's are studied and addressed during the monthly exco meetings. Red zone employees are identified, coached and trained according to their KPI Score.

KPI's are also used to identify future leaders in the Company and to plan the necessary training and skills needs.

Objective 04: Development and implementation of an effective, user-friendly Information Management System.

The objective is to make available all production, safety, and cost related data on a daily report. The report must be available on all computers and mobile devices and to all supervision levels. It should be easy to use and interpret. The outcome should be assisting with the daily planning and decision-making process.

Objective 05: Migrate OHSAS 18001 to ISO 45001 by Feb 2020

Migration from OHSAS 18001 to ISO 45001 completed successfully



S Malema
Chief Executive Officer
May 2020