

ANNUAL REPORT TO STAKEHOLDERS ON HEALTH AND SAFETY FOR THE YEAR

2019

Summary

- OSHAS 18 001 re-certification audit was completed on 1 Feb 2019.
- 2 (two) lost time accidents were reported during the year.
- D.I.F.R. (Disabling Injury Frequency Rate) = 0.36 in 2017/18 to 0.35 in 2018/19
- Shifts worked: 140 453
- Shifts losses: 51 in 2017 and 41 in 2018
- Man-hours worked: 1 123 628
- Operating machines: 225

1. INTRODUCTION

The year under review represents the company's 17th year of operations.

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

Shafts in Operation

- **Harmony Gold:** Bambanani Mine, Tshepong Mine, Masimong Mine, Unisel Mine, Phakisa, Joel Mine.
- **AngloGold Ashanti/Harmony:** Moab Khotsong and Kopanang.
- **ARM:** Two Rivers Mine and Marula
- **Anglo Platinum:** Townlands Mine, Turffontein (Khuseleka and Siphumelele Mines), Bathopele, Thembelani, Union Mine
- **Petra Diamonds:** Koffiefontein, Finch Mine and Kimberley Mine

Commentary

The safety of our employees is our main priority and the outcome is to achieve our goal of “Zero Harm”.

To achieve our goal, we need to eliminate incidents and minimise risks at the workplace. We achieve this by improving our safety system controls and processes through monitoring, reporting and investigating all high potential incidents.

Due to the nature of our operations, people and machinery work in close proximity and this always increases the risk of incidents.

It is imperative to maintain high levels of competence to meet our goal of “Zero Harm”. Training and coaching of employees is therefore paramount.

Deficiencies in safety can result in serious accidents and permanent disabilities. It also affects the morale and behaviour of employees, prevents the achievement of safety and production targets and materially affects the profitability of the company.

Managing and mitigating risk can be challenging, but can be overcome by showing strong commitment towards safety behaviour and visible leadership from all levels of management and supervision.

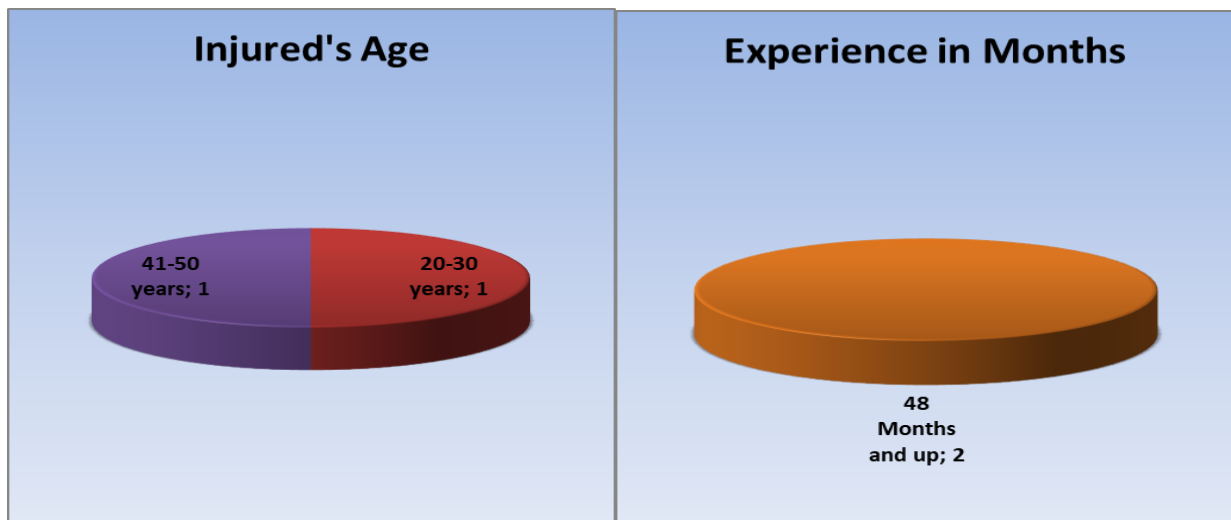
While we have made significant progress in improving our safety performance in recent years, there is still room for improvement.

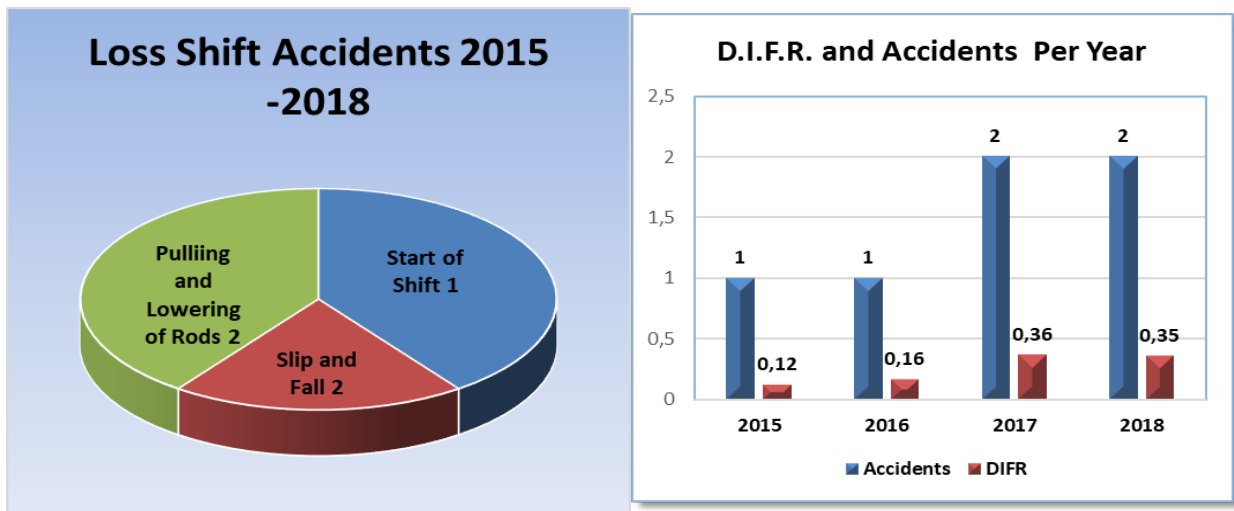
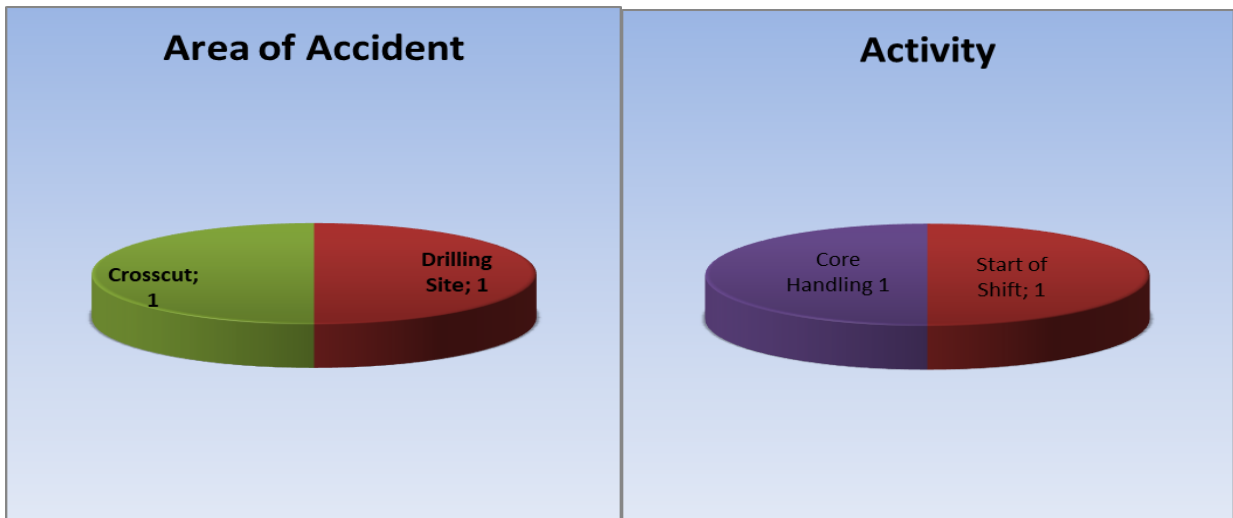
We will continue to drive our goal of “Zero Harm” through:

- Improvement of our safety systems. (Risk Identification)
- Ensuring discipline and adherence to standard operating procedures. (Ownership and accountability)

- Ensuring a high level of competence through training and coaching.
- Developing new technology to improve safety and efficiency of equipment.

2. YEAR JUNE 2018 – MAY 2019 TRENDS IN HEALTH AND SAFETY AT LESEDI





Graph: Trends 1 - 6

3. REVIEW OF THE PERIOD: JUNE 2018–MAY 2019

Name	Coy Number	Occupation	Description of injury	Task	Description of incident
HJ Macucule	6169	Operator	Laceration left big toe	Preparing site to rig machine (Start of Shift)	Mr HJ Macucule opened a compressed air valve on the manifold, a piece of rock dislodged from the manifold, hanging and struck him on his left foot.
M M Mgiba	16096	Assistant	Laceration right hand middle finger	Transporting core to place in core tray (Slip and Fall during core handling)	Mr. Mgiba was collecting core from the rod string to place in core tray, he tripped on a loose gum-plank over a drain in the site

Table 1: Accidents 2018– 2019

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

The main contributing factors of the two accidents were judged to be planning of the task and identifying risks at the working place. A decision was made to conduct a training session on all of the levels of supervision. The training emphasised proper planning, organising, leading and controlling the work underground. A major drive to report near misses on a daily basis to ensure we can proactively prevent incidents at the sites was also done. The Unions and their members do not like to report near misses, fearing that a case of poor work performance will be made against individuals. We are slowly overcoming this natural fear by not identifying individuals involved and information is trickling in from the work place.

Greater focus on “Early morning examination, general housekeeping and the identification of risks” must improve if we are to totally eliminate accidents.

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 conduct early and late shifts to ensure start of shift and end of shift procedures are conducted to standard.

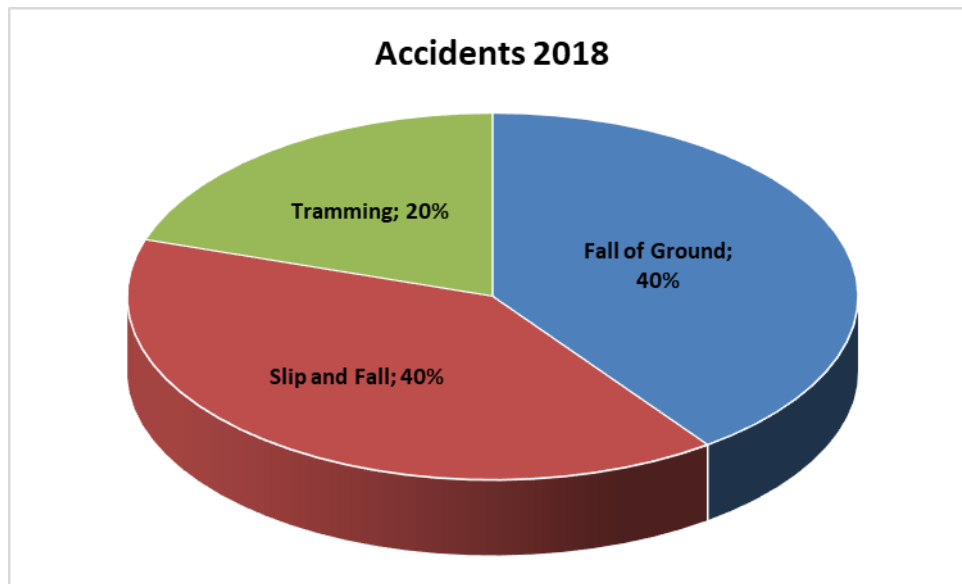
The accident frequency stayed the same as the previous year and it is encouraging to know that the severity of injuries was lower and shift loss rate lower.

High risk activities as identified during the period:

1. Start of Shift Operations
2. Slip and Fall when placing core in the core box.

	LTI	Incidents
Start of Shift	1	1
Slip and Fall	1	1
Trucks and Trammings	0	1
Total	2	3

Table 3: Accidents June 2018–May 2019



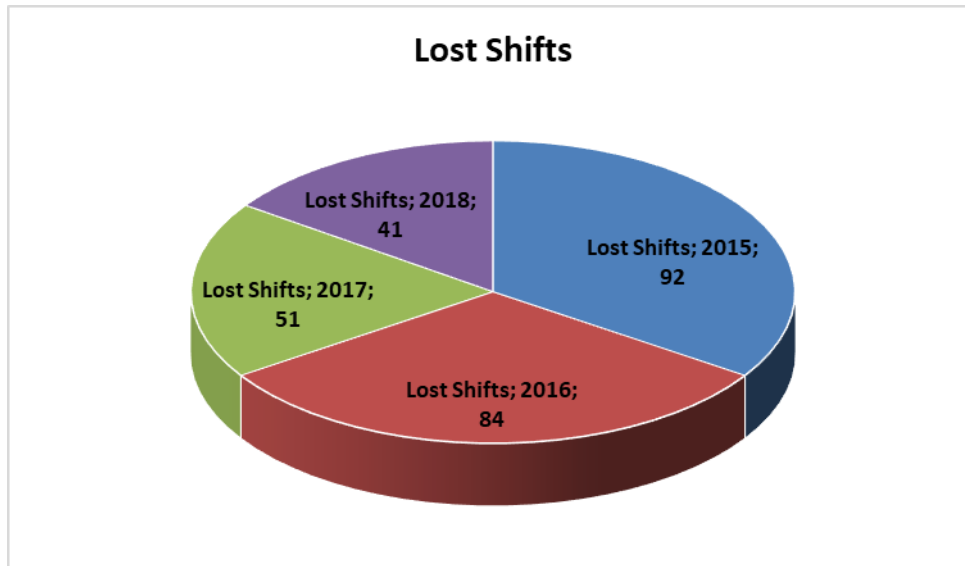
Graph 7: Accident percentages

Reviewing the above information, we concluded that:

- a) Start of Shift (Fall of Ground included) and Slip and Fall accidents are responsible for 40% of the accidents in the period 2018 to 2019. Trammings accidents accounted for the remaining 20% of accidents.
- b) During the investigations of both “Start of Shift” and “Slip and Fall” accidents it was clear that some crews worked in sites not properly prepared before diamond drilling crews took over the sites. This highlights the importance of proper hand-over procedures and following of pre-rig inspections before commencing to drill at the sites developed by the mine.
- c) Proper housekeeping must be improved to prevent slip and fall accidents.
- d) Two lost time accidents were recorded for the mentioned period. Three incidents did not result in lost time accidents.

4. YEAR LOST SHIFT TRENDS (2015 – 2018)

The table below shows the trends in our safety failures over the last 4 years. Shifts lost during this period show a decline.



Graph 8: Lost Shift Trends 2015– 2019

5. ANALYSIS OF CRITICAL PLANNED TASK OBSERVATIONS 2018

Activity	Conducted	Failed	% Failure
1 - LAMP ROOM GAS DETECTION	486	0	0
2 - GAS TESTING	595	11	2
3 - START OF SHIFT DRILL SITE INSPECTION	558	55	9.0
4 - MATERIAL LOADING AND OFF LOADING	480	31	5.4
5 - RIGGING THE MACHINE AIR KEMPE AND METRE EATER	427	13	3
8 – CASING INSTALLATION	420	8	2
9 – DRILLING & CHUCKING (CONVENTIONAL)	178	10	5.5
11 – RE-CHUCKING PROCEDURE	254	10	4
12 – INSTALLING WEDGE BOLTS, EYE BOLTS & FACE CLAMPS	170	12	7
13 – END OF SHIFT PROCEDURE	458	11	2.5
14 – CORE HANDLING (UNDERGROUND)	456	48	10.5
15 – RIGGING DOWN	282	4	1.4
60 - LOWERING OF RODS ON A DOWN HOLE(Pneumatic)	53	0	0
60 B – PUSHING RODS INTO AN UP HOLE(Pneumatic)	174	4	2.3
60A - LOWERING OF RODS ON A UP HOLE(Pneumatic)	173	13	7.5

Table 4: Critical Planned Task Observations. June 2018–May 2019

The main compliance tool used by Lesedi, is the Planned Task Observation (PTO) system. Supervisors use the system to measure the performance of the employees. The PTO can be used to determine shortfalls between our training programmes and our employees actual approach to their work.

The results of a PTO are logged in the Lesedi Information Management System (IMS). The data is available on a daily basis and management can check the progress and which PTO's were conducted on an employee. This enable management to measure all critical activities and compliance levels in the production process.

Information from the above table:

- Core handling PTO`s had a 10.5 % failure rate.
- This was followed with a Start of Shift failure rate of 9.0%.
- Lowering of rods from an up-hole was 7.5%
- Installing of wedge bolts was measured at 7.0%.

The 2018 incidents that resulted in lost shifts, are all found in the start of shift planned task observation and it is disturbing that we had a 9% PTO failure rate in Start of Shift PTO's.

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.

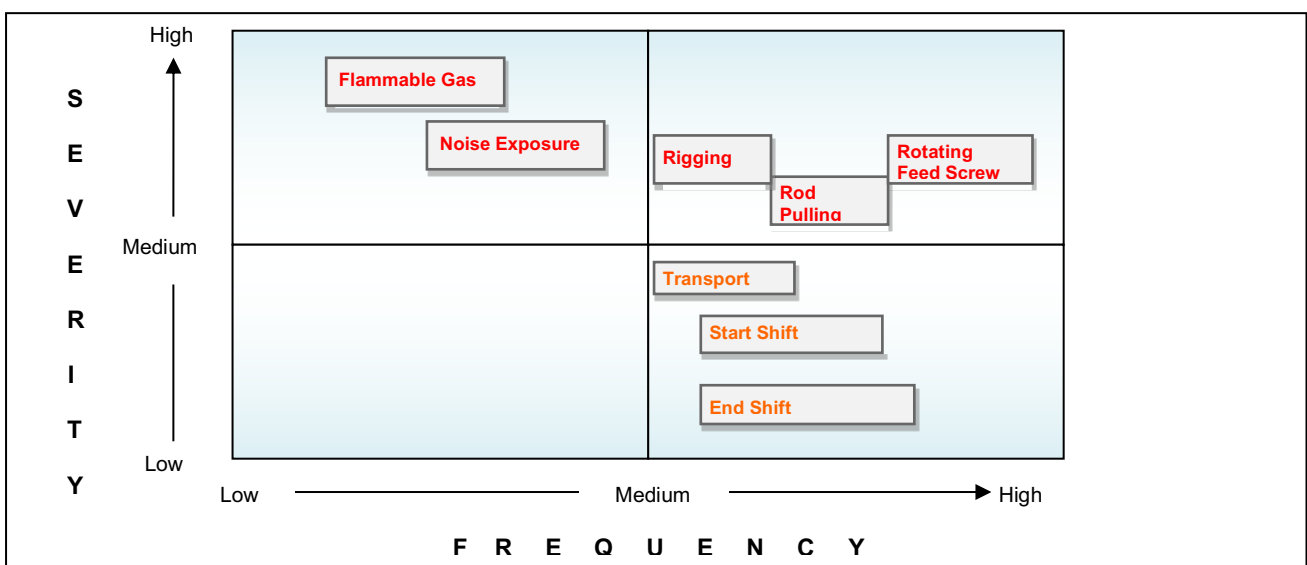
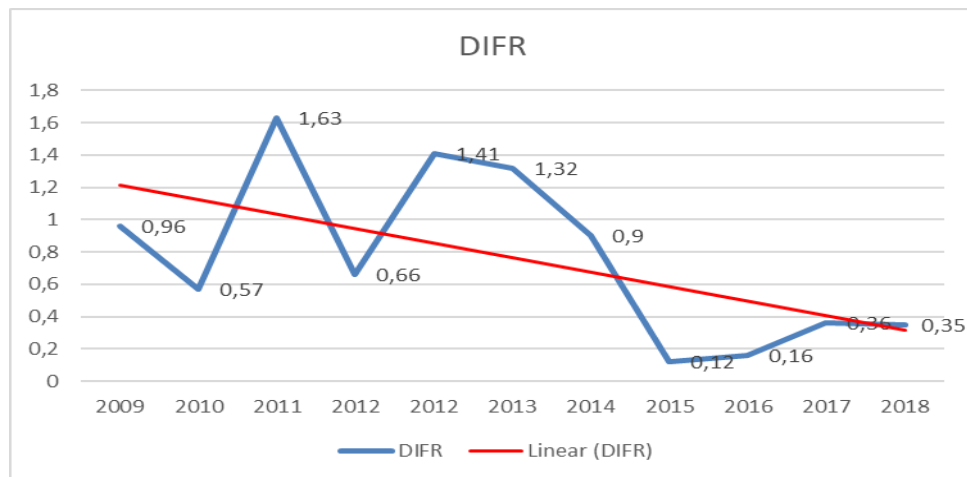


Figure 1: Risk Map

6 D.I.F.R. THE (DISABLING INJURY FREQUENCY RATE) FOR 2018 – 2019:

The calculation is performed thus: Lost Time Injuries X 200 000/Total Manhours
 $2 \times 200000 / 1123628$
 $= 0.35$



Graph 9: D.I.F.R. 2009– 2018

1. Although the target rate of 0.0 was not achieved during the period the general trend is downwards and progress is evident in the results obtained.

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

1. Weekly HQ meetings were implemented and goals and progress on goals are measured weekly.
2. The monthly Exco meeting with the supervisors and management is documented and logged accordingly.
3. Exco meetings also served as coaching and training sessions to equip the supervision teams with the data from PTOS's.
4. Training concentrated mainly on soft business skills to enable better management of the sites, and assist the supervisors in managing daily costs, production issues and planning at their respective sites.
5. PTO's and deviation data are logged on the IMS and is reflected in the daily reports per area.
6. All accidents are fully investigated to determine the causes of the accident. Remedial actions are logged on the Lesedi information system and can only be signed off by the manager once all remedial actions are implemented.

7. Using the action log system of the Client, ensured that all incidents and deviations are integrated. These actions determine thorough follow-up actions.
8. The Performance Management System has been introduced to pre-determine the risk behaviour of employees. Employees identified are being sent for re-training and can only return to the site when management is satisfied with the employee's competency level. This result is also displayed in the office through the quadrant system and used to motivate the employees.
9. Development of a new hydraulic face clamp is still in progress which will ensure safe rod handling during extracting and insertion of rods on a drill hole.

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 2018-2019 YEAR:

Objective 01: Maintaining a DIFR of Less than 0.0

The objective of 0.0 was not met during 2018, 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

An Advancement Audit was conducted during January 2019 on OHSAS 18001, with positive comments at all sites audited.

S Malema
Chief Executive Officer
May 2019