



Sustainability Review 2013



The African Focused Precious Metals Producer



CONTENTS

Ensuring a healthy and safe workplace	2
Safety	2
Health	5
Environment	8
Compliance	9
Energy and emissions	10
Water	10
Waste	11
Biodiversity	12
Partnering with the community	13

Cover photo source:

- Singqobile primary school pupils
- Evander 8 Shaft employees
- Barberton – environment



SUSTAINABILITY REVIEW

Ensuring a healthy and safe workplace Approach

We consider safe and healthy working conditions to be vital to the sustainability of our operations, and we are committed to fostering an environment where employees at all levels are empowered and engage freely around safety, health, environment, quality and community (SHEQC) matters. During the past year, we have updated the Group's SHEQC Charter and Policy to reflect our ongoing objectives of zero injuries and continually improving the culture of health and safety at our operations.

In terms of this charter, we strive for world-class health and safety performance and aim to prevent all incidents and accidents at our operations in a reasonably practicable manner. We also strive to minimise hazards inherent in the working environment.

Specifically, the Occupational Health and Safety Policy embedded in the charter commits Pan African Resources to:

- Continually improving occupational health and safety performance through the setting and achievement of goals,
- providing a working environment that is conducive to good health and safety,
- managing risks in the workplace and ensuring that there is adequate surveillance of workplaces and employees,
- complying with applicable legal requirements and with other requirements to which the organisation subscribes; in the absence of relevant occupational health and safety laws, the Company will apply best practice standards and procedures,
- ensuring that appropriate resources, training and personal protective equipment are provided to improve occupational health and safety,
- ensuring that employees and contractors have the relevant skills to perform work-related tasks in a safe manner and that they are aware of their individual health and safety obligations and rights.

Employees and contractors working at our operations play an essential role in achieving occupational health and safety objectives through:

- Taking ownership of, and participating in, occupational health and safety management programmes and initiatives and complying with standards and procedures, and

- exercising their right to work in a healthy and safe environment and their responsibility to withdraw from an unhealthy or dangerous situation.

All Pan African Resources operations comply with the Mine Health and Safety Act (Act 29 of 1996).

The year in numbers

Consolidated performance figures are not presented due to the acquisition of Evander Mines, which has only four months effective reporting within the Group. Please refer to the GRI content index on our website www.panafricanresources.com for relevant figures.

Safety

A constant awareness of and commitment to safety underpins all our operations. We are committed to implementing and complying with legal and other safety requirements, and continually work towards world-class health and safety standards for all our employees.

It is with regret that we have to report two fatalities which occurred at Barberton Mines. On 17 November 2012, a truck left the road, overturned and rolled down a hill at Sheba Mine, fatally injuring the driver. On 7 March 2013, a welder was fatally electrocuted whilst working underground. The board and management of Pan African Resources extend their deepest condolences to the family, friends and colleagues of Gert Fourie and Velly Malumane.

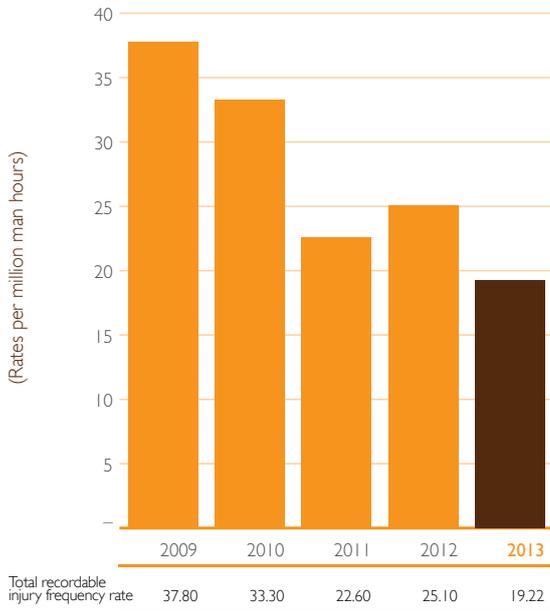
Subsequent to these accidents, employees were counselled and engaged as to possible causes and remedial actions to prevent similar accidents happening in the future. To encourage them to work safe, each employee, supervisor and manager also signed a commitment pledge.

Barberton Mines regrets to report two fatalities at its Barberton Mines operation during July 2013.

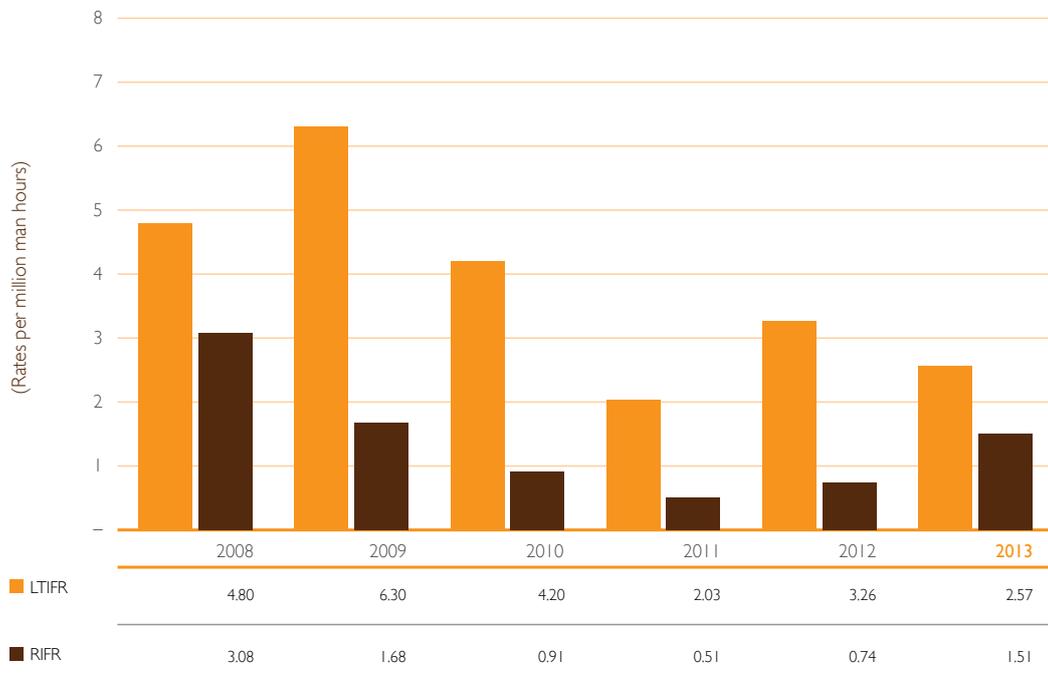
Barberton Mines

In the 2013 financial year, Barberton Mines' total recordable injury frequency rate (TRIFR) improved from 25.10 to 19.22 per million man hours worked, and the lost time injury frequency rate (LTIFR) improved from 3.26 to 2.57 per million man hours worked. Due to two fatalities at the operation, the reportable injury frequency rate (RIFR) has shown a regression from 0.74 to 1.51 per million man hours worked.

Barberton Mines Total-recordable injury frequency rate



Barberton Mines – LTIFR and RIFR



SUSTAINABILITY

REVIEW (continued)

Barberton Mines – Fatality injury frequency rate

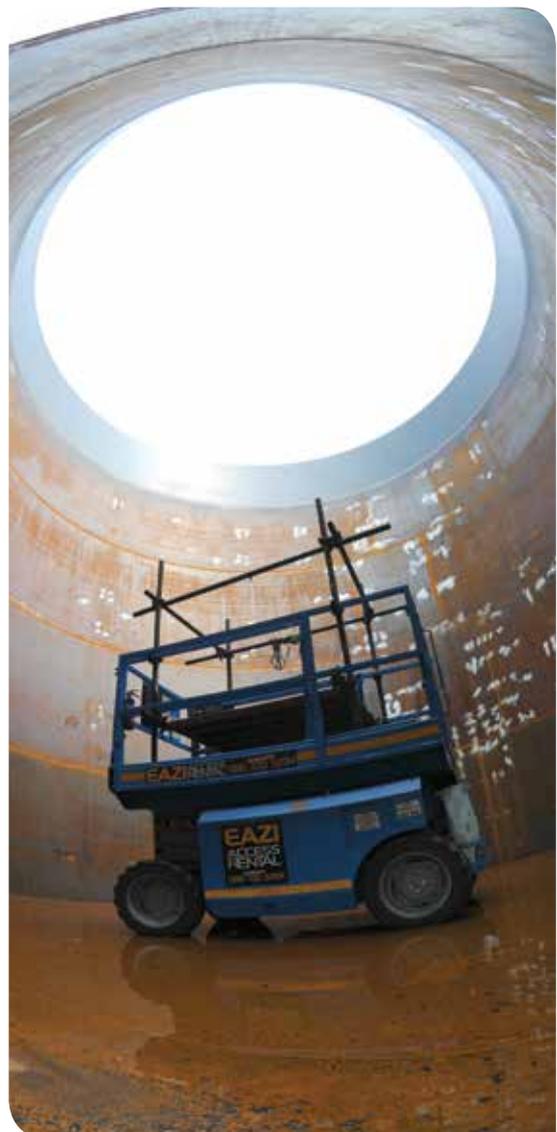
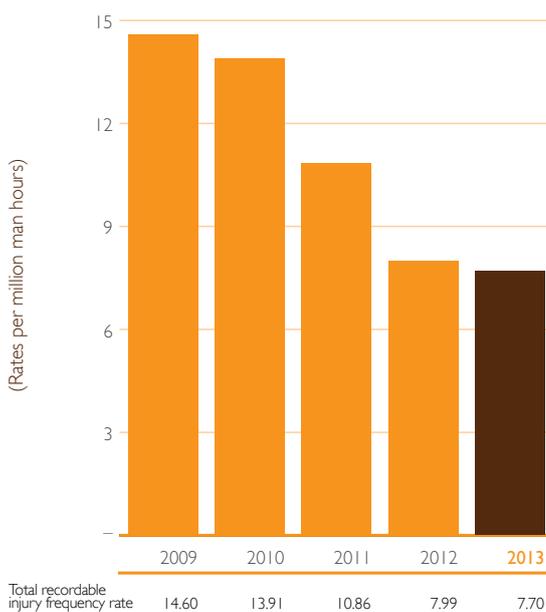
	12 Months ended 2009	12 Months ended 2010	12 Months ended 2011	12 Months ended 2012	12 Months ended 2013
Fatal Injury Frequency Rate (rate per million man hours worked)	–	0.18	–	0.18	0.30

Evander Mines

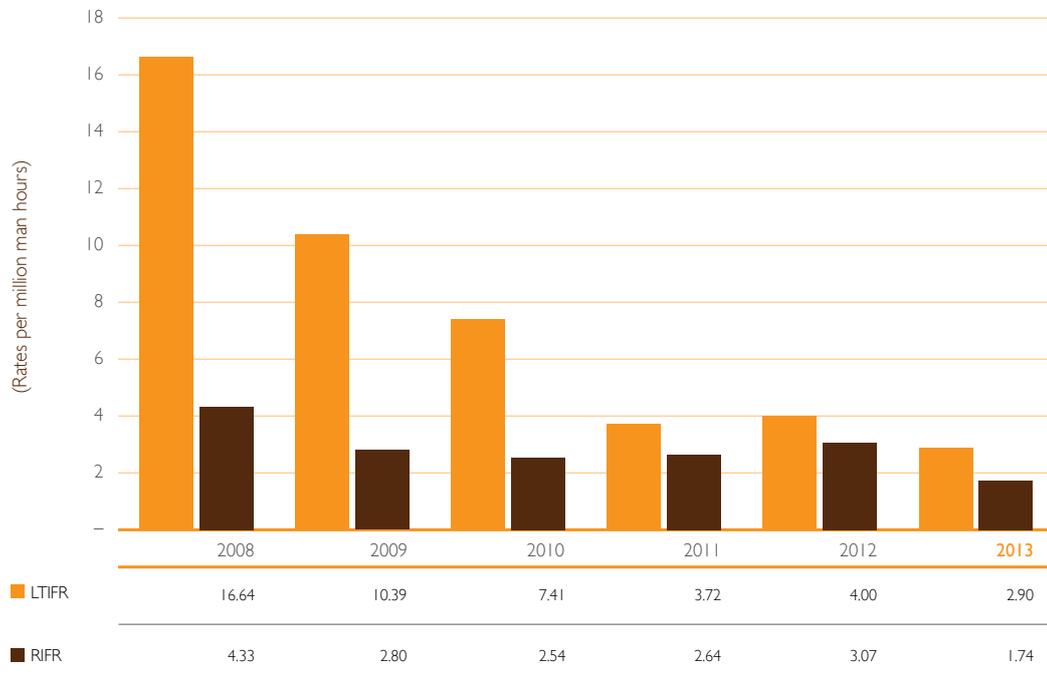
With Pan African Resources only managing Evander Mines for the last four months of the period under review, it is not possible to consolidate annual safety statistics. However, Evander Mines' five-year safety record is presented.

Evander Mines' TRIFR improved from 7.99 to 7.70 per million man hours worked. The LTIFR has shown a vast improvement from 4.00 to 2.90 per million man hours worked, and its RIFR has improved from 3.07 to 1.70 per million man hours worked.

Evander Mines Total recordable injury frequency rate



Evander Mines – LTIFR and RIFR



Phoenix Platinum

Phoenix Platinum recorded a zero LTIFR and RIFR for the reporting year – a sound demonstration of our zero tolerance safety record.

The Phoenix Platinum team strives to eliminate potential hazards, thus ensuring a safe workplace for its employees by constantly mitigating day-to-day operational risks, communicating identified challenges and training accordingly, and through visible leadership.

General

Apart from the challenges of improving and maintaining safety at our operations, following the Evander Mines' acquisition the board restructured the corporate office, among other things by appointing Mandla Ndlozi as Group SHEQC Manager to drive and standardise safety programmes across the Group operations.

We continue to pursue improvements in the health and safety of our workforce, and review our procedures regularly as part of our focus on a behavioural-based safety approach. An example of this is Evander Mines' Vuka Sizwe safety programme, which is now entering its third phase of implementation.

A major initiative at our operations is a fall-of-ground identification system that concentrates on early morning examinations by the teams and, if necessary, triggers an action response programme.

Key safety efforts and achievements

Evander Mines

The metallurgical plant achieved 365 white flag (injury-free) days on 13 June 2013.

Phoenix Platinum

The operation recorded no lost time or recordable injuries in the 2013 financial year. A significant milestone of two years without any lost time or reportable injuries was realised.

Health

A healthy workforce contributes to the success of Pan African Resources, and we monitor the health of our employees and provide healthcare facilities and resources to those in need.

At all our operations, occupational health and employee wellness includes the management of the 'big five' diseases of HIV/Aids, tuberculosis, diabetes, hypertension and silicosis.

HIV/AIDS	We can beat HIV/AIDS in our lifetime
Tuberculosis	Is curable, no one deserves to die from it
Diabetes	Lifestyle is a personal thing. Be responsible for your own health
Hypertension	Can be a silent killer. Monitor your blood pressure
Silicosis	It has no cure. Protect yourself from dust inhalation

SUSTAINABILITY

REVIEW (continued)

Effective management of these potentially life-shortening diseases is a direct investment in the long-term sustainability of the business, our employees and the communities with which we are associated. We have demonstrated that investing in disease prevention, treatment and care has a measurable and positive impact on both business performance and the quality of life of our employees.

Barberton Mines

Barberton Mines has established healthcare clinics at each of its three mines – the main Barberton Mines Health Care Centre is situated at Fairview, with satellite clinics at Sheba and Consort. A comprehensive spectrum of primary healthcare services, testing, counselling and treatment are provided, with a focus on occupational health and primary healthcare that complies with the DMR 2013 milestones of treating noise-induced hearing loss, silicosis and tuberculosis (TB).

Other significant services include treating hypertension and sugar diabetes, and HIV/Aids testing. HIV/Aids roadshows are also regularly conducted, and Barberton Mines interacts with the local TB hospital and government on HIV/Aids/TB initiatives. Periodic outbreaks of Sporotrichosis are managed as they arise. A noise-induced hearing loss programme has been implemented, and employees exposed to noise levels above 85db(A) are trained and issued with noise clippers and ear plugs to manage and ameliorate their exposure. The clinics monitor all chronic illnesses and provide treatment and counselling and, as a general service, provide daily immune booster vitamins to all employees.

The Barberton Mines Health Centre is staffed by 11 full-time professionals.



Evander Mines

Evander Mines operates a Health Hub at No. 8 Shaft, providing comprehensive preventative and curative healthcare to employees through primary, secondary and tertiary prevention. Opened in 2012, the Health Hub employs 25 full-time staff.

Evander Mines has a strategy in place to address the 'big five' diseases:

- HIV/Aids – Various campaigns aim at increasing the number of employees who are tested, and voluntary counselling is done whenever employees return from leave. An antiretroviral therapy (ART) programme is in place for all HIV-positive employees.
- TB – Evander Mines has adapted a new gene expert test (PCR) method, which reduces the waiting time for results from six weeks to 48 hours – fast diagnosis enables prompt treatment. TB patients receive intensive treatment at the Standerton TB facility for two weeks, followed by ongoing rehabilitation.
- Diabetes – Diabetes testing is incorporated into the medical surveillance programme. Awareness is also raised through the operation's quarterly Healthy Living Days. Employees diagnosed with diabetes are provided with medication and an appropriate eating programme at the hostels.
- Hypertension – Employees are screened during the medical surveillance programme, and the appropriate treatment and medication is provided.

- Silicosis – The medical surveillance programme also screens for silicosis, and all cases are reported to the Medical Board on Occupational Diseases.

Phoenix Platinum

As Phoenix Platinum operates within the IFM mining area, this on-site clinic is used for annual health and medical screening. During the year, a health awareness campaign was held, and 73% of employees participated. The results of the campaign indicated significant levels of obesity, high cholesterol and high blood pressure, while numbers of HIV-positive participants and those living with chronic illnesses and on medication were low. Counselling was provided to all participants to manage their health.

Across all operations

Annual fitness checks are undertaken when employees return from leave. Regular feedback from the health practitioners at our healthcare facilities provide management with a key tool in managing various aspects of the workforce, including workforce availability, sick leave and absenteeism.



The operations provide primary healthcare services (including treatment and support for chronic diseases) to all employees who are not part of the preferred medical scheme. The clinics also treat acute medical conditions (such as flu and pneumonia). Various regular activities promoting health

awareness are held during the year, including campaigns around HIV/Aids counselling and testing and weight loss (to minimise obesity). These activities are extended to family members and the broader community. HIV/Aids is managed at two levels: through an HIV/Aids wellness programme (awareness) and an ART programme (treatment).

Occupational hygiene monitoring



In addition to personal health, the operations all strive to improve the quality of the working environment through monitoring for noise, dust (silica) and thermal stress (heat). If the working environment is considered unsafe, work is stopped immediately and remedial action is taken.

The significant occupational exposures of noise, dust and thermal stress are each addressed. A hearing conservation programme, as well as a Code of Practice for Noise, has been developed to prevent noise-induced hearing loss. All employees who are exposed to noise are issued with personal hearing protection (noise clippers), and occupational auditory examinations are done annually.

Similarly, a Code of Practice for Airborne Pollutants ensures the monitoring of personal exposure levels to dust. Environmental conditions in underground working places are rigorously monitored to comply with the Code of Practice for Thermal Stress and the standard procedure for ventilation control systems.

The occupational hygiene programmes at the operations are risk-based and conform to the DMR's guidelines. The results of this risk-based monitoring are linked to the employees' medical records by means of the Pivot medical surveillance programme.

Barberton Mines

Ventilation improvements are a priority, and a significant amount has been spent on the upgrading of ventilation systems in the year under review. At Fairview, an additional return airway system has been completed, and a series of raised boreholes are currently being drilled for an additional intake airway to provide fresh air to the lower underground sections. This will improve the environmental conditions

SUSTAINABILITY REVIEW

(CONTINUED)

substantially. The final stage of this project will be completed in 2015.

Evander Mines

Noise, silica and thermal stress are monitored quarterly. Airborne pollutants and noise monitoring is done by means of a schedule drawn from the Pivot medical surveillance programme to ensure that all HEGs and occupations are covered.

Ventilation conditions have been drastically improved over the past three years through the installation of booster fans and bulk air coolers, and the development of major return airways. A significant amount of capital expenditure was made available for these improvements.

Environment Approach

The earth and its extracted bounty are the core of the Group's mining operations. Accordingly, the Group believes in giving back to the environment through the careful protection of the surrounding areas, limiting its overall environmental impact, and providing for the rehabilitation of disturbed areas at the end of the LOM.

The various operations are directed by an integrated SHEQC Charter. In terms of this charter, Pan African Resources strives to minimise or eliminate negative impacts and maximise positive environmental impacts. The Group is committed to the responsible stewardship of natural resources and the ecological environment.

Specifically, the Environmental Policy embedded in the SHEQC Charter commits Pan African Resources to:

- Continually improving the assessment of its environmental performance and the prevention of pollution through the implementation of processes, practices and techniques to avoid, reduce or control the creation, emission or discharge of any type of pollutant or waste and to reduce adverse environmental impacts.
- Integrating environmental management into management practices throughout the Group.
- Minimising the use of consumptive resources and promoting the reduction and recycling of waste products where possible.
- Rehabilitating disturbed land and protecting environmental biodiversity.
- Exercising prudence with critical ecological resources, in particular where impacts are unknown or uncertain.
- Managing environmental risk in the workplace and surrounding areas.
- Complying with applicable legal requirements and with other requirements to which the organisation subscribes and which relate to its environmental aspects.
- Training and educating employees in environmental responsibilities.
- Being transparent and constructive in interactions with stakeholders.

The year in numbers

The following table provides indicators of environmental performance per operation.

2013 indicators	Barberton Mines	Evander Mines ¹	Phoenix Platinum
Direct energy consumed (GJ)	81 616	7 472	1 804
Indirect energy consumed (GJ)	338 270	245 008	22 855
Direct and indirect GHG emissions (tCO ₂ e)	102 867	70 651	6 291
Emissions per unit of production (tCO ₂ e/t milled)	0.33	0.48	0.02
Emissions per unit of production (tCO ₂ e/oz Au sold)	1.08	2.65	0.97
Water consumed (000 m ³)	1 943	2 981	21
Water recycled ² (%)	8	Nil	Nil ³
Total environmental expenditure (ZAR)	1 720 450	987 435	1 714 895

¹ Evander Mines' statistics are for the four-month period ended 30 June 2013.

² Significant amounts of 'dirty' water are reused at both Evander Mines and Barberton Mines, although only Barberton Mines treats water and recycles it outside of the process.

³ Phoenix Platinum: Apart from the municipal water consumed for domestic use, the CTRP only uses recycled water from IFM, which is not currently measured.

Details of additional environmental performance indicators can be found in the GRI content index, available on the Group's website at www.panafricanresources.com.

Compliance

Water use licences

All operations are in possession of water use licences from the Department of Water Affairs, with the exception of Sheba at Barberton Mines, whose application is pending approval.

Environmental management plans

Barberton Mines

An amended environmental management plan (EMP) was submitted in 2010 to the DMR and is awaiting approval. The DMR has recommended that Barberton Mines continues to operate using its 2001 EMP until the amended EMP is approved.

Evander Mines

An amended EMP was submitted to the DMR in June 2013. It excludes the No. 6 Shaft mining area, now disposed of by Harmony to Taung Mining.

Phoenix Platinum

Phoenix Platinum operates within the mining area of IFM and therefore must comply with its mining licence conditions. This licence to operate is accompanied by an EMP, and the stipulated compliance and actions are adhered to by Phoenix Platinum and measured through annual audits. Phoenix Platinum has an on-site action register to track the progress of environmental incidents or compliance monitoring (water samples and waste disposal).

An EIA and water use licence has been submitted to the local government authorities for permission to construct and operate an independent tailings storage facility. A decision regarding the approval of the EIA and the water use licence is expected in the new financial year.

Liability

The Group is exposed to environmental liabilities relating to its mining operations and arising from current environmental and regulatory requirements. Estimates of the cost of environmental and other remedial work such as reclamation costs, close down and restoration costs, as well as pollution control, are made on an annual basis and are based on the estimated LOM. Full provision is made based on the net present value of these estimated costs. Increases due to additional environmental disturbances are capitalised and amortised over the remaining LOM. Payments are made to a rehabilitation trust, established as required by South African laws and regulations.

More information regarding the Group's environmental provisions and trust fund investments can be found in notes 26 and 20 of the annual financial statements.

Environmental incidents

Barberton Mines

No reportable incidents were recorded in the past year. Incidents of lesser significance were managed on the mine in adherence to its EMP.

Evander Mines

At Evander Mines a major environmental episode occurred when unknown persons broke the slimes outgoing pipeline, discharging tailings from the metallurgical plant to the tailings

SUSTAINABILITY REVIEW

(CONTINUED)

storage facility, in order to steal the pipes, nuts and bolts. The cost of the clean-up was approximately ZAR1 million.

Phoenix Platinum

No significant incidents occurred at Phoenix Platinum.

Environmental achievement

Evander Mines

Evander Mines was certified for successfully implementing ISO 14001:2007 to comply with international standards.

Energy and emissions

A full survey of all emissions-generating activities has not been undertaken in the current year. In light of the proposed carbon tax, the board is to give consideration to extending the Group's environmental monitoring to include a more accurate and complete determination of its emissions.

Each mine has a programme in place to ensure continual improvement around how it manages energy usage, and a number of specific steps at each of the operations have been undertaken.

Barberton Mines

- Solar panels have been erected and coupled to the 400 volt supply to the mine village as a pilot project.
- Solar panel heating is installed at industrial change houses to assist with reducing electric energy consumption for heating water.
- Water is recycled underground wherever possible, reducing pumping costs and energy consumed by multistage pumps.
- Energy-efficient motors have been installed.
- High energy-consuming equipment, such as air generating machines, are shut down during non-production times.
- Underground diesel-driven equipment is fitted with tier 2 engines with catalytic converters, which minimise diesel particulate matter (DPM) emissions that may pose a health risk to the workforce.

Energy management techniques are applied to all equipment that draws significant quantities of electricity.

Evander Mines

The most significant energy-saving projects at Evander Mines are:

- Changing the hot water system at the hostels by installing more efficient heat pumps.
- Optimising the compressed air system by installing inlet guide vanes that allow compressed air generation on demand.
- Throttling back in off-peak periods.
- The installation of inlet guide vanes on the main fans, enabling clipping in off-peak periods (afternoons and weekends).
- Using either energy-saving or fluorescent lights on the mine.

Phoenix Platinum

Two energy-saving initiatives have been implemented at Phoenix Platinum:

- By reducing the mill power consumption and the quantity of beads added to the stirred media detritor (SMD) (vertical feed) mill, the correct grind efficiency has been achieved.
- All high-energy light bulbs in the CTRP have been replaced with low-energy bulbs.

Water

Water is a precious commodity and its usage is governed by the National Water Act (Act 36 of 1998).

Groundwater at both Barberton Mines and Evander Mines is generated by the drilling and blasting of underground cavities, which contain fissure water from time to time. As part of the mining process, this water is required to be pumped to surface where it is either evaporated in approved ponds or recycled for use in the mining or metallurgical process.

Barberton Mines

Barberton Mines is self-sufficient in mining and process water supply. Water drawn from boreholes and the surrounding rivers is used for domestic purposes only. A water use protocol has been adopted to contain, minimise and prevent pollution and the degradation of water resources. The mining operations at Barberton Mines are designed so that as little clean water as possible is used during the LOM. This clean

groundwater is used for drinking water underground, and a certain amount of it is used as service water in the mining process for drilling, washing and underground dust control. This water is then pumped to tanks and tailings dams where the silt is settled out, after which the water is reused as service water. All dirty water areas are designed to have minimal surface areas to reduce the capturing of rainwater. Surplus water pumped from underground is used in the metallurgical plant. An intensive sealing programme has been initiated to reduce and control water entering the mine via fissures.



Evander Mines

Dewatering takes place at all three of Evander Mines' mining complexes (Winkelhaak, Leslie and Kinross), even with production having ceased at the Winkelhaak and Leslie complexes. At the Kinross complex, underground water is pumped to the surface at No. 8 Shaft, where it is used in the refrigeration plant and then returned underground for cooling and service water; with the excess diverted to dams. Excess water is also pumped at No. 7 Shaft and piped to dams, and is then used in the metallurgical plant for gold processing. This process water is sent to a tailings dam, from where it is recycled. All excess mine water is pumped to Leeuwpam Dam for final disposal by evaporation. No water from surface sources is used on the mine. Municipal water is used for drinking and domestic purposes, as well as in some processes.



Phoenix Platinum

Apart from municipal water for domestic use, Phoenix Platinum only uses recycled water from IFM in its processing activities. Various control measures are in place at Phoenix Platinum to contain possible pollution, including re-circulating plant water; lining overflow trenches and pollution control dams, containing slurry within the bund areas, integrated waste and water management plans, and stormwater management plans.

General

As part of the continuous assessment on the impact of mining activities, environmental and aquatic bio-assessments are conducted to monitor the state of the natural streams arising in the mining areas. These monitoring programmes are compliant with the regulations of the Department of Water and Environmental Affairs.

Waste

Barberton Mines, Evander Mines and Phoenix Platinum have each implemented a waste management policy that outlines procedures to handle waste and prevent pollution through a strategy of reducing, reusing and recycling materials. These policies form part of Pan African Resources' SHEQC Charter, and comply with the National Environmental Management Act (Act 107 of 1998) and the National Waste Management Strategy.

Barberton Mines

Due to its cut and fill mining method, Barberton Mines has no waste dumps. It hoists approximately 5% of waste rock to the surface, where it is crushed and used as aggregate.

Tailings from the metallurgical plant processes are deposited on the tailings dams. The re-treated tailings are deposited on EMP-approved tailings storage facilities, where the environmental impacts are monitored. Dirty water from the slimes dams is recycled and reused for metallurgical processes. All other waste, including domestic waste and mine waste such as scrap, is collected by an accredited waste recycling contractor and

SUSTAINABILITY REVIEW

(CONTINUED)



removed to a site, where it is sorted for recycling. Old oil is collected by the same company for recycling.

Sewage waste is treated by licenced sewage plants at both the Sheba and Consort mines, and the holistic waste management policy reduces environmental impact through effective management.

Evander Mines

Evander Mines' waste management system and procedures control waste and prevent pollution through separation, reduction, re-use, recycling and safe disposal. Waste is sorted at a central salvage yard. Domestic waste is disposed of at the Secunda municipal solid waste disposal site, while industrial waste such as steel, plastic and wood is sold to accredited recycling dealers. Hazardous waste is disposed of at registered hazardous waste sites, medical waste is collected by an accredited contractor, and used oil and grease are sold to oil recycling companies for refining. Waste rock is crushed and sold as aggregate.

Phoenix Platinum

At Phoenix Platinum, tailings from the plant are deposited onto an approved tailings storage facility at IFM. These storage areas will be subjected to rehabilitation at the end of the mine's life.

General

Cyanide used in the processing plants at both Evander Mines and Barberton Mines' gold mining operations is disposed of in terms of the South African code for cyanide management.

Biodiversity

The Group's impacts on biodiversity are considered when

preparing the mines' environmental management strategies, its closure and rehabilitation plans. The single largest activity undertaken to manage future impacts on biodiversity is the rehabilitation of tailings dams following their commercial reworking. Alien plant control and management is conducted at both Evander Mines and Barberton Mines.

Barberton Mines

Barberton Mines' unique biodiversity and extensive range of endemic plant and animal species is the consequence of it straddling a number of ecosystems including Woodland, Bushveld and typical Highveld Grassland. Two factors underpin these diverse ecosystems: topographical difference, from low-lying areas rising almost a thousand metres over a short distance to the mountains in the south; and sharply contrasting geological formations, which result in different soil and ground cover. The Barberton Centre of Endemism (the crescent-shaped range of mountains to the immediate north-east, east, south and south-east of Barberton) hosts more than 80 endemic/near-endemic species. The vegetation type is considered poorly protected and has an ecosystem status of Endangered. Fairview is located within and adjacent to the Barberton Mountain Lands Nature Reserve. The Mountain Land Nature Reserve is not a proclaimed reserve and is only a nature conservation area. This greater area, incorporating four significant nature reserves, is subject to a current land-use planning activity towards eventual World Heritage Site status. Alien species are a threat to biodiversity, and some 370 hectares of land at Barberton Mines has been cleared of alien vegetation.

The Barberton area has been extensively mined since 1874 when gold was first discovered in the area. The Barberton Mines property has several sites of potential cultural interest, including the Fairview cemetery, Eureka City and the sites of the old workings on the mountains within the Fairview mining right area. Fairview, Sheba and Consort are also heritage structures due to their operating age. Sheba has the oldest working shaft in South Africa.

At Barberton Mines, two tailings dumps are currently being rehabilitated.

Evander Mines

Evander Mines is situated in the Soweto Highveld Grassland of the Mpumalanga Highveld. The Mpumalanga Tourism and Parks Authority has indicated that most of the mine-owned land falls within no sensitive areas in terms of terrestrial ecology. The land owned by the mine consists of mining infrastructure, several tailings dams and open spaces of old agricultural fields and natural land. Most of the open spaces are not utilised, apart from casual grazing by livestock and some commercial farmers. Biodiversity assessments have been conducted at the mines, identifying the tailings and pollution control dams as having the greatest potential to impact on biodiversity. Alien vegetation is invasive, and there is an eradication programme in place.

Partnering with the community

Most of our employees come from local communities around Barberton and Evander, although a significant number of Evander Mines' workforce hail from the Eastern Cape. Better living conditions for employees and their loved ones and increasing economic development in local communities contribute to South Africa's journey away from its past, and we understand that successfully considering and aligning the needs and requirements of all stakeholders is fundamental for balance and harmony in our business.

During the year, the Group's various operations expended some ZAR20.2 million (2012: ZAR14.4 million) on community and LED projects in terms of their approved SLPs. This represents 4.2% (2012: 4.0%) of the Group's net profit after tax.

Barberton Mines

We believe in creating communities where opportunity and sustainable development are available to everyone.

Accordingly, Barberton Mines established a Transformation Trust with the explicit aim of improving the quality of life of local communities around the mine through LED, job creation and socio-economic development. The trust's objective is to ensure critical mass by getting our suppliers to invest in it to provide further financing for investing in the community. The trust aims to raise a further two to three million rand per annum in this way, over and above Barberton Mines' contributions, for developing projects in the area. The project portfolio for the trust is aligned with the integrated development plan (IDP) of the Umjindini Local Municipality, and Deloitte Consulting administers the trust and manages our suppliers' contributions.

Through the SLP, several LED projects have been implemented in the community. These initiatives exclude community social investment projects. The projects focus on education, skills upliftment, poverty alleviation and food security.

Appalled by overcrowding and poor conditions at local schools and determined to change the futures of youth through education, Barberton Mines formed a partnership with the

Adopt-a-School Foundation to build Sinqobile Primary School. The school opened in mid-2012 and provides quality education to some 1,100 pupils, drawn from the Sinqobile community and three other local schools that have since closed. The school boasts 24 classrooms, a library, computer lab and science lab, kitchens and sportsfields.

The Community Skills Development Centre in Sinqobile represents a significant investment in infrastructure in the community, and is designed to promote job creation and small business development through the provision of technical training. To date, three cooperatives have been established by alumni of the centre, creating 19 jobs. The Tenteleni Brick Cooperative provided the bricks to build Sinqobile School, and continues to supply local households with stock and maxi bricks. Similarly, the Umjindi Welding Cooperative made all the steel window frames for Sinqobile school, and now supplies Mica Hardware in Barberton with steel window frames and security gates. Barberton Mines assisted the Kuhlekwethu Sewing Cooperative to obtain SANS standards approval, which enabled it to supply the mine and other local businesses with personal protective equipment (workwear suits). Construction of a warehouse for the three cooperatives is currently in progress.

Born out of necessity during the illegal mining period in 2008, when a group of women approached Barberton Mines to donate two hectares of land for food gardening, the Sinqobile vegetable garden project is well on its way to self-sustainability. It produces seasonal vegetables and supplies local households, Pick n Pay and Friendly stores in Barberton, and a government feeding scheme. Registered as a primary cooperative, it has created nine permanent jobs, and is passing on skills through a mentoring programme.

Skills development is nurtured through the Umjindi Jewellery Project, which provides metal arts and jewellery manufacturing skills to disadvantaged youths from the local community through a formal training and mentorship programme. The training is accredited by the Mining Qualifications Authority (MQA) and has created eight full-time jobs thus far. Jewellery crafted by the project has appeared at various exhibitions around South Africa, and tourists to the Barberton area can purchase jewellery, artefacts and art from local artists at the project's Espresso Bar and Gallery.

Moving to formal tertiary education, Barberton Mines implemented a full-time bursary scheme during 2011. Candidates are sourced from the local community, with the intention of offering them job opportunities on completion of their studies. The bursary covers full tuition fees, accommodation, textbooks and a monthly stipend. There are currently 10 bursary students studying towards qualifications in science, engineering and accounting.

Keeping the community healthy is important, and the operation supported a number of local health awareness endeavours during the year. These included the local municipality's annual

SUSTAINABILITY REVIEW

(CONTINUED)

HIV/Aids awareness campaign, and a follow-up campaign at local schools. This campaign focused on educating teachers and learners on dealing with pupils affected by HIV/Aids.

Barberton Mines also supports and contributes financially to various welfare organisations, including the Verulam soup kitchen in Sinqobile, Thandanani soup kitchen in Emjindini, Mlambongwane Home-based Care Centre, St John's HIV orphanage and De Kaap Vallei school soup kitchen.

Evander Mines

Evander Mines believes that LED is integral to its business, and it supports this by participating in all activities that aim to promote LED in the community and allocating resources in mining and labour-sending communities to promote and support LED.

During the past year, Evander Mines undertook several projects with a direct impact on the communities surrounding the mine and its labour-sending areas. These projects are done in partnership with the local municipality and are designed to support the implementation of IDPs. The majority of the construction work has been provided by local suppliers.

An internship programme has been introduced, and four interns from the local community are employed in the finance and human resources areas of the mine.

An SMME business has been developed through the construction of a bakery at Embalenhle Township. This multiyear project is expected to be completed in 2014.

The sustainable human settlement development at Musimuhle Village has resulted in the conversion and renovation of 16 old hostel rooms into family accommodation. A further 26 old family units are currently being renovated.

Some 30% of Evander Mines' total workforce come from the Eastern Cape. In support of this area, a sheep farmer support programme has been established.



Phoenix Platinum

In May this year, Phoenix Platinum installed a solar-powered borehole for the Modderspruit/Bapong community. This borehole provides clean water for 40 households. A second system is being installed at the local community hall in the coming year.

ACRONYMS, ABBREVIATIONS AND GLOSSARY

Abbreviation	Definition
AIDS	Acquired Immune Deficiency Syndrome
ARV	Anti-retroviral
ART	Antiretroviral Therapy
CSI	Corporate Social Investment
CTRP	Chrome Tailings Retreatment Plant
db(A)	Decibels
DMR	Department of Mineral Resources
DWA	Department of Water and Environmental Affairs
DPM	Diesel Particulate Matte
EIA	Environmental Impact Assessment
EMPR	Environmental Management Programme Report
EMP	Environmental Management Programme
FIFR	Fatality Injury Frequency Rate
FY	Financial Year
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
HIV	Human Immunodeficiency Virus
HEGs	Homogenous Exposure Groups
IDP	Integrated Development Plan
IFM	International Ferro Metals
ISO	International Standard Organisation
LED	Local Economic Development
LTI	Lost Time Injury
LTIFR	Lost Time Injury Frequency Rate
LOM	Life Of Mine
MHSA	Mine Health & Safety Act
MOSH	Mining Industry Occupational Safety and Health
MQA	Mining Qualifications Authority
NIHL	Noise-Induced Hearing Loss
PLH	Percentage Loss of Hearing
PCR	Polymerase Chain Reaction
SANS	South African National Standard
SABS	South African Bureau of Standards
SHEQC	Safety Health Environment Quality Community
SLP	Social and Labour Plan
SMD	Stirred Media Detritor
SMME	Small, Medium and Micro Enterprise
TB	Pulmonary Tuberculosis
VCT	Voluntary Counselling and Testing

- Sporotrichosis – is a disease caused by the infection of the fungus, It enters through small cuts and abrasions in the skin to cause the infection.
- db(A) – a measurement of sound intensity over the standard threshold of hearing.

