

Group

Highlights

- Successful conclusion of multi-year wage agreements
- Integration of employees at the Uitkomst Colliery operation into the Pan African group
- Finalised a Memorandum of Understanding (MoU) with the University of Johannesburg (UJ) formalising the provision of bursaries over a three-year period
- Finalised the employee share ownership programmes for Evander Mines
- Low staff turnover at the majority of operations

Challenges

- Strengthening relations with communities surrounding our operations and with the unions
- Ageing workforce, especially the rock drill operators
- Increased rate of unemployment in the communities surrounding our operations

Looking ahead

- Continuous stakeholder and employee engagement to ensure alignment with the company's vision and strategic objectives
- Reinforcing succession planning and training of staff in specialised positions
- Successful implementation of all elements of the Social and Labour Plans (SLPs)
- Aligning human resource policies and practices at the Uitkomst Colliery with those of the group

Overview of group progress

 Substantially achieved
  Moderate progress
  Not achieved

Our focus for 2016	What we achieved	Self-assessment
Maintaining a stable workforce and low turnover rate	This was achieved at most operations, except Evander Mines where a high turnover was experienced in the engineering department	
Integrating the group's new employees following the Uitkomst Colliery acquisition	Smooth transition upon completion of the acquisition – focus will now be on aligning all policies and practices with that of the group	
Aligning employees, through greater engagement, with the objectives of the respective operational business plans by creating a sense of belonging through the revised incentive and employee share ownership programmes	Revised incentive schemes at Barberton Mines and Evander Mines	
Implementing an effective and efficient communication strategy	Ongoing communication strategy in place at all operations	

Our people are our enablers

At year-end the group had a total staff complement of 6,062 (2015: 5,863). We identify our people as the first and primary driver of our four-pronged business strategy. Phoenix Platinum employs three individuals and operations at the processing plant are outsourced to a specialist metallurgical company, Metanza, which is responsible for employment at the operation. The Uitkomst Colliery employs 115 (2015: 113) permanent staff and 326 contractors are outsourced to a specialist mining company (Khethekile Mining), which is responsible for contractor employment at the operation.

Our employees provide the bedrock of our group, often working in challenging conditions to enable Pan African Resources to successfully conduct its core business.

We also recognise that we have a responsibility beyond our own employees in the wider employment context. Accordingly, wherever possible we employ from and upskill the communities surrounding our operations.

During the year under review we welcomed 441 staff from the Uitkomst Colliery. The group is in the process of aligning the Uitkomst Colliery's human resources policies,

standards and procedures with that of the group.

Pan African Resources entered into a partnership with UJ for the provision of bursaries over a three-year period – please see details below. Furthermore, UJ is collaborating with Pan African Resources in an additional project – uncovering mineral content in calcine samples collected from Pan African Resources mines. The collaboration with Pan African Resources further bolsters UJ's approach to research-led teaching and learning to the benefit of society.

Pan African Resources in partnership with University of Johannesburg – supporting education in the fields of various mining disciplines

“We are grateful for the opportunity to partner with a reputable learning institution such as UJ and we are certain that this partnership will be a success.” Andre van den Bergh, Executive Human Resources

Education enables students to improve on their skills and reach their career and personal ambitions as well as ensuring that they make a meaningful contribution to the South African economy, where the unemployment rate is about 26.6%¹. Education has always been a focus for Pan African Resources, mainly through our gold mining operations, which have learnerships and bursary programmes in place and have promoted mathematics and science in the local community through the Mining Expo in Barberton.

As we entered into the 2017 financial year, we expanded on the support we currently offer to students in the fields of the mining disciplines such as mining engineering, mineral surveying, metallurgy and geology, through a partnership with UJ. This partnership formalised the provision of bursaries to students over a three-year period. The group currently offers bursary support to 11 UJ students, with the aim of increasing those numbers to 16 over the coming year(s). With the expertise of UJ we will identify the most deserving students to be recipients of these bursaries as and when they become available. Recipients will be sourced from the local communities within the areas in which we operate, in accordance with our SLP development plan. Furthermore, we also intend to offer development and mentorship support and where possible, training on site at our operations to enable students to benefit from the programme.

¹ <http://www.tradingeconomics.com/south-africa/unemployment-rate>.

Official signing ceremony



Group key performance indicators

Employee statistics	Unit	2016	2015
Employees	(Number)	6,062	5,863
– Permanent	(Number)	4,441	4,439
– Contractors	(Number)	1,621	1,424
Employee turnover	(%)	6.4	7.0
Human resources skills development spend	(ZAR million)	33.3	29.1
Total number of operational employees by age group			
20 – 30 years	(Number)	582	793
30 – 40 years	(Number)	1,156	1,057
40 – 50 years	(Number)	1,129	1,239
50+ years	(Number)	1,574	1,350
Total operations	(Number)	4,441	4,439

Description	Barberton Mines		Evander Mines		Phoenix Platinum		Uitkomst Colliery		Corporate office		Group	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015 ¹
Employees	1,891	1,882	2,418	2,427	3	3	115	113	14	14	4,441	4,439
Contractors	460	460	772	577	62	58	326	329	1	0	1,621	1,424
Total	2,351	2,342	3,190	3,004	65	61	441	442	15	14	6,062	5,863
% of workforce South African	98.0	97.1	76.2	73.0	100.0	100.0	99.3	99.6	100.0	100.0	86.0	86.0

¹ Comparatives restated to include 113 Uitkomst Colliery employees. Group employees total is 4,326 excluding Uitkomst employees.



Barberton Mines

Highlights

- Low labour turnover
- Retention of skills
- Accredited training conducted

Challenges

- Recruitment and placement of qualified personnel difficult due to market competitiveness
- Limited job opportunities at the mine with a high rate of unemployment in the province and low educational qualifications
- Industrial and strike action from both the mine and community affected operations
- Employment of women due to the physical nature of work required

Looking ahead

- Retaining qualified personnel
- Creating a stable work environment to minimise industrial action
- Training and uplifting educational qualifications of the workforce

Overview of progress



Our focus for 2016	What we achieved	Self-assessment
Further improving on operational safety	Achieved – no fatalities	
Maintaining a stable workforce with no industrial action	A low labour turnover was achieved however, in concluding Barberton Mines wage negotiations, the National Union of Mineworkers (NUM) embarked upon a protected strike, which was amicably resolved	
Continuing to deliver on human resource commitments	Several learnerships and training centres in place	

Key performance indicators

Headcount

Employment type	Barberton Mines	
	2016	2015
Employees	1,891	1,882
Contractors	460	460
Total	2,351	2,342
% of workforce South African	98.0	97.1

Total number of employees by age group and employee turnover

Age group	Barberton Mines	
	2016	2015
20 – 30 years	295	470
30 – 40 years	620	529
40 – 50 years	409	395
50 – 63 years	567	488
Total	1,891	1,882
Employee turnover (%)	6.2	8.4

Headcount and workforce profile

Barberton Mines is located in an area of high unemployment, causing constant demand from the communities surrounding operations for job creation. The mine recruits its labour from surrounding areas, in line with the Mining Charter requirements and in consultation with the local ward councillors. A database of potential employees from the surrounding areas is maintained for recruitment purposes.

At year-end Barberton Mines employed a total of 1,891 permanent staff (2015: 1,882) and 460 contractors (2015: 460). In all, 48.4% of employees are below 40 years of age. The percentage of women employed in core positions at Barberton Mines is 4.3% (2015: 3.9%) of the total workforce, an improvement of 0.4%. The mine has an action plan to meet the regulatory 10% by the end of FY2017.

Barberton Mines employee turnover rate decreased to 6.2% (2015: 8.4%).

Employee relations

The mine has a largely stable workforce, due to its open and honest relationship with both NUM and United Association of South Africa (UASA.) A small percentage of foreigners (all nationalised South African citizens) have worked at the mine for more than ten years. They are well skilled and over time this will reduce even further in number through natural attrition.

Barberton Mines has a recognition agreement in place for category 4 – 8 employees with NUM and a further recognition agreement with UASA for officials, artisans and miners. NUM represents approximately 80% of the bargaining

unit employees and UASA represents approximately 60% of officials, artisans and miners.

The mine has structured monthly meetings with NUM and UASA and employs three full-time shop stewards, who report regularly to the human resources department on employee issues. The rivalry for union dominance between the Association of Mineworkers and Construction Union (AMCU) and NUM impacts Barberton Mines in that it poses a significant industrial action risk.

Disciplinary and grievance procedures are in place. These are communicated to employees during induction, ongoing training and when employees return from leave. No incidents of discrimination at the operation were reported during the year.

While Barberton Mines is not a member of the Chamber of Mines, it has been cognisant of the Chamber of Mines' guidelines in establishing its own policies and procedures. The mine conducts its own wage negotiations, which were concluded in September 2015.

The **disciplinary and grievance policy** is well documented and in line with industry benchmarks. Copies of the policy are made available to all employees during induction and are also available from the human resources department on request.



Mining Expo

In order to promote mathematics and science in the local community – both key subjects in studying towards an engineering degree – Barberton Mines hosted a Mining Expo. The Expo was well received in the community, as the learners showed a keen interest in taking up mining in their tertiary education.

Skills development and training

A total of ZAR11.5 million was spent on training compared to the prior year (2015: ZAR10.3 million). Employees received an average of 33 hours (2015: 30 hours) of training during the year.

Barberton Mines has an accredited Training Centre for Hard Rock Mining, Engineering Learnerships, Adult Educational Training as well as an Internal Skills Programme, aimed at a specific talent pool requiring particular skills. Approved service providers offer ad hoc training throughout the year. All statutory training-related requirements were met during the year.

The Engineering Learnership programme is a three-year programme aimed at training both employees and external candidates to become qualified artisans. The focus is on developing scarce skills required at the mine and improving the employability of local residents. This learnership accommodates 12 learners over a three-year cycle.

Barberton Mines' SLP was submitted to the DMR and approved in May 2016.

Evander Mines

Highlights

- Successful conclusion of a three-year wage agreement
- Implementation of a productivity-based bonus scheme
- Concluded an employee share ownership programme
- Building a wall around 938 unnamed graves at the Winkelhaak Cemetery

Challenges

- Ageing employee demographics especially key designations like rock drill operators and artisans
- Travelling distances to work are increasing as the company is providing housing for employees who traditionally were residing in hostels located on company premises
- Identifying the 938 unnamed graves at the Winkelhaak Cemetery

Looking ahead

- Commemorating the 30-year anniversary of the Kinross Disaster
- Unveiling of the Winkelhaak Cemetery commemoration stone to honour those who have passed away
- Constructing a further 45 family units for employees

Overview of progress



Our focus for 2016	What we achieved	Self-assessment
Further improving on operational safety	Revisiting all safety policies and procedures following one fatality in June 2016	
Maintaining a stable workforce with no industrial action	No industrial action experienced	
Implementing a training schedule and including additional assessors to expedite training	In place and ongoing	
Conducting a skills development survey to assess the needs of employees	In place and ongoing	

Key performance indicators

Headcount

Employment type	Evander Mines	
	2016	2015
Employees	2,418	2,427
Contractors	772	577
Total	3,190	3,004
% of workforce South African	76.2	73.0

Total number of employees by age group and employee turnover

Age group	Evander Mines	
	2016	2015
20 – 30 years	263	296
30 – 40 years	487	481
40 – 50 years	691	818
50 – 63 years	977	832
Total	2,418	2,427
Employee turnover (%)	6.8	6.0

Headcount and workforce profile

At year-end Evander Mines employed a total of 2,418 permanent staff (2015: 2,427) and 772 contractors (2015: 577 including ETRP contractors). In all 31.0% of employees are below 40 years of age. To address the potential risk of an ageing workforce and to provide a talent pipeline, Evander Mines has commenced an initiative of increasing its learnership pool by implementing succession planning to ensure the recruitment pipeline includes 70% from historically disadvantaged South Africans versus 30% from other race groups. In addition, coaching and mentoring is available to employees. Whenever possible and depending on the availability of skills, Evander Mines strives to recruit from areas surrounding the mines. In total 265 women (2015: 263) are employed at Evander Mines, which represents 11% of the total workforce (2015: 10.8%).

The employee turnover rate of 6.8% increased marginally when compared to the prior year's rate of 6.0%.

Employee relations

NUM represents approximately 88% of the workforce, with UASA representing 5.5%. The operation has a good relationship with the unions, based on a track record of a proactive, consultative, open-door approach which encourages communication and discussion. Full-time union representatives employed at the mine attend weekly shaft and monthly branch meetings and report to the on-site human resources management.

In addition to these regular meetings, a quarterly future forum meeting is held to keep the unions abreast of possible significant changes to labour and/or operations and any other developments. In all, 93.5% of the workforce is covered by two collective bargaining agreements, namely NUM and UASA. The mine is a member of the Chamber of Mines. Wage negotiations took place during 2015, and a three-year agreement was concluded.

Skills development and training

Training spend for the year was ZAR21.1 million (2015: ZAR18.3 million). The increase in training spend was as a result of centralising all training. Employees received an average of 50 hours (2015: 40 hours) of training during the year. The operation has an on-site training centre offering occupational skills training, including induction, and safety programmes. In addition, where necessary, the mine outsources training to independent training centres in the area. Approximately 20% of employees are illiterate and Adult Education Training (AET) is available on-site at the training centre to address this challenge.

Currently 10 students (2015: 10 students) are enrolled in the Engineering Learnership programme, receiving Mining Qualification Authority training. The mine currently has three interns, one each in Information Technology, Human Resources and Mining. Where possible, Evander Mines employs

such candidates permanently once their internship is successfully completed. The need for students is determined by the demand in the operations, which is assessed by the mining engineers on an annual basis.

All employees' individual development plans are in place.

An SLP is in place and has been submitted to the DMR for approval. The SLP is a comprehensive document that is discussed with various external and internal stakeholders including the unions, municipality, mine management, shaft representatives, disabled representatives and women in mining representatives. The SLP progress report is submitted to the DMR on an annual basis. In addition, an annual Workplace Skills Plan and Training Report is submitted to the Mining Qualification Authority and a separate Employment Equity Plan is submitted to the Department of Labour annually.

The SLP covers:

- Employment equity
- Human resources development
- Local economic development
- Preferential procurement
- Downscaling/retranchments
- Housing and living conditions
- Nutrition and health
- Adult education



Phoenix Platinum

Highlights

- ➔ Stable workforce and positive working relations with contractor employees
- ➔ Training provided for contracted staff

Challenges

- ➔ Keeping employees positive due to International Ferro Metals South Africa (IFMSA) Proprietary Limited's business rescue proceedings

Looking ahead

- ➔ Maintaining a positive and open relationship with employees

Overview of progress

 Substantially achieved
  Moderate progress
  Not achieved

Our focus for 2016	What we achieved	Self-assessment
Further improving on operational safety	Maintained good safety record	
Maintaining a stable workforce with no industrial action	No industrial action occurred	
Training of staff	Training is done in-house with specialised training outsourced where necessary	

Key performance indicators

Headcount

Employment type	Phoenix Platinum	
	2016	2015
Employees	3	3
Contractors	62	58
Total	65	61
% of workforce South African	100.0	100.0

Total number of employees by age group and employee turnover

Age group	Phoenix Platinum	
	2016	2015
20 – 30 years		
30 – 40 years	2	2
40 – 50 years	–	–
50 – 63 years	1	1
Total	3	3
Employee turnover (%)	0	0

Headcount and workforce profile

Phoenix Platinum employs three individuals, two in management positions and one in a supervisory position to oversee operations. The operations at the processing plant are outsourced to a specialist metallurgical company, Metanza, which is responsible for employment at the operation.

The workforce at the chrome tailings retreatment plant is non-unionised. Phoenix Platinum complies with IFMSA's SLP.

Skills development and training

A total of ZAR460,181 (2015: ZAR475,338) was spent on training for the year. Phoenix Platinum has an inclusive approach to training and most of the training is done in-house with specialised training outsourced to professional providers. During the year under review, Phoenix Platinum's metallurgist was trained in environmental management.

Uitkomst Colliery

Highlights

- Integration of employees at the Uitkomst Colliery operation into the Pan African group
- Stable workforce

Challenges

- Managing community expectations
- Integrating human resources policies and procedures with that of the group, including succession planning and training
- Implementing a new electronic human resource system

Looking ahead

- Implementing a talent succession plan and retention strategy
- Implementing performance management and bonus systems

Key performance indicators

Headcount

Employment type	Uitkomst Colliery	
	2016	2015
Employees	115	113
Contractors	326	264
Total	441	442
% of workforce South African	99.3	99.6

Women in mining

Employment type	Uitkomst Colliery	
	2016	2015
Total number of females in core business positions	15	15
Total number of females in non-core business positions	6	6
Total number of females	21	21

Total number of permanent employees by age group and employee turnover

Age group	Uitkomst Colliery	
	2016	2015
18 – 30 years	22	25
31 – 40 years	41	39
41 – 50 years	25	22
51+ years	27	27
Total	115	113
Employee turnover (%)	4.3	6.2

Headcount and workforce profile

The Uitkomst Colliery has a total permanent staff complement of 115 (2015: 113). It is located between Newcastle and Utrecht, which forms part of the Emadlangeni Municipality in the Amajuba District.

Unemployment in the surrounding areas is high and most of the individuals are employed by the contractors. The percentage of women employed at the Uitkomst Colliery is 18.3% (2015: 18.6%) of which 13% are in core business positions. Uitkomst Colliery's employee turnover decreased to 4.3% in 2016 compared to 6.2% in 2015.

Employee relations

The Uitkomst Colliery has a recognition agreement with AMCU which has 82% representation (2015: 79%). It has a good relationship with the union that encourages regular communication.