

PANAUST

**PANAUST LIMITED
2020 MODERN SLAVERY
STATEMENT**



1 ABOUT THIS STATEMENT





MODERN SLAVERY IS AN ONGOING GLOBAL ISSUE THAT ALL BUSINESSES MUST ADDRESS AND PREVENT

PANAUST CHIEF EXECUTIVE OFFICER, DR QUN YANG

This statement has been prepared by PanAust Limited (PanAust or the Company) pursuant to the Australian *Modern Slavery Act (2018)* (Cth). The Statement captures the activities of the Company and its subsidiaries during the financial year ending 31 December 2020 to identify modern slavery risks in its business and supply chains.

It sets out the processes and actions the Company has in place to address modern slavery risks and plans to reduce over the next 12 months.

PanAust adopts the Australian *Modern Slavery Act (2018)* definition of modern slavery, including the eight types of serious exploitation:

- Trafficking in persons.
- Slavery.
- Servitude.
- Forced marriage.
- Forced labour.
- Debt bondage.
- Deceptive recruiting for labour or services.
- The worst forms of child labour where children are subjected to slavery or similar practices or engaged in hazardous work.

PanAust's commitment to health and safety is underpinned by its value of 'Respect for people' through its Zero Harm safety objective where all workplace incidents and injuries are preventable. This commitment of respect extends to personnel impacted by PanAust's activities and as such opposing all forms of modern slavery extends our commitment of Zero Harm to personnel employed by our contractors and suppliers.

Our Modern Slavery prevention program and related policies, including the Company's code of conduct as set out in the PanAust Way, are used across PanAust's Group of companies. This Statement has been developed in consultation with senior management and personnel in our Supply and Procurement, Risk and Sustainability and Governance teams within the PanAust Group. The PanAust management system, policies and procedures and training and education are available to all parts of the PanAust Group. The PanAust Way includes the Company's commitment to uphold human rights and the expectation that employees and contractors report any human rights abuses.

This statement was approved by the Board of PanAust Limited on 29 June 2021.

A handwritten signature in black ink, appearing to be the Chinese characters '楊群' (Yang Qun), written in a cursive style.

Dr Qun Yang

LEFT: THE LOBBY OF PANAUST LIMITED'S REGISTERED HEAD OFFICE IN BRISBANE, AUSTRALIA

2 ORGANISATIONAL STRUCTURE, BUSINESS AND SUPPLY CHAIN



PANAUST IS AN AUSTRALIAN-HEADQUARTERED COPPER AND GOLD PRODUCER IN LAOS WITH PRE-DEVELOPMENT AND EXPLORATION OPPORTUNITIES IN LAOS, PAPUA NEW GUINEA, MYANMAR AND CHILE.

PanAust is focused on a sustainable business model associated with the production and sale of copper and gold, delivery of production goals and growth. While copper forms the core product focus, gold and silver provide commodity diversity.

PanAust is an Australian incorporated company that is wholly owned by Guangdong Rising H. K. (Holding) Limited which is a wholly owned subsidiary of Guangdong Rising Holding Group Co., Ltd (GRHG). GRHG is a Chinese state-owned company regulated under the State-owned Assets Supervision and Administration Commission, the People's Government of the Guangdong Province in China. GRHG has investments in a wide range of industries including mineral resource development, electronics, industrial waste management, real estate and finance.

2.1 Company structure

2.1.1 Australia

PanAust's registered head office is located in Brisbane, Australia and provides leadership and support across the Group in relation to strategy, financial management, commercial and technical services, risk management, sustainability, corporate communications, human resources, legal, governance and reporting.



ABOVE: PHU KHAM COPPER-GOLD OPERATION OPEN-PIT, LAOS

LEFT: SAFETY AND OPERATIONAL STAFF IN FRONT OF THE CONVEYOR AT THE BAN HOUAYXAI GOLD-SILVER OPERATIONS, LAOS

2.1.2 Laos

PanAust owns a 90 per cent interest in the Lao-registered company, Phu Bia Mining Limited (Phu Bia Mining). The Government of Laos owns the remaining 10 per cent interest.

Phu Bia Mining has a Mineral Exploration and Production Agreement (MEPA) with the Government of Laos. The MEPA regulates exploration, development and mining activities within the Contract Area, and sets out the tax and royalty obligations.

2.1.3 Myanmar

PanAust holds a 90 per cent interest in Wuntho Resources Company Limited (WRCL) and has established a joint venture with Myanmar Energy Resources Group International Company Limited, a Myanmar-based company which holds the remaining 10 per cent interest of WRCL.

WRCL holds tenements covering approximately 1,500 square-kilometres in Myanmar's Sagaing region.

2.1.4 Papua New Guinea

PanAust, through its wholly owned subsidiary Frieda River Limited, owns the Frieda River Project in Papua New Guinea (PNG). The Independent State of PNG has a right, prior to the grant of a Special Mining Lease (SML), to purchase up to 30 per cent equity in the Project at a price prorated to the accumulated historical expenditure of the Project.

2.1.5 Chile

PanAust holds a 66 per cent interest in the Inca de Oro Copper- Gold Project through a Chilean incorporated joint venture company, Inca de Oro S. A. The Company also maintains exclusive sole interest in the nearby Carmen copper-gold deposit. This Project is in care and maintenance with no activities on the ground.

2 ORGANISATIONAL STRUCTURE, BUSINESS AND SUPPLY CHAIN

2.2 Our people

PanAust employs approximately 5,000 employees and contractors. More than 90 per cent of its workforce is located in Laos.

More than 93 per cent of Phu Bia Mining's workforce in Laos is comprised of Lao-national employees with the remaining seven per cent comprising of expatriate workers primarily from neighbouring Southeast Asian countries and Australia.

2.3 Operations and locations

The PanAust Group operates across six countries, Australia, Laos, Papua New Guinea, Myanmar, Thailand and Vietnam.

PanAust's producing assets are the Phu Kham Copper-Gold Operation (Phu Kham) and the Ban Houayxai Gold-Silver Operation (Ban Houayxai).

The Phu Kham Operation commenced production in 2008 and comprises an open-pit mine feeding ore to a conventional milling and flotation operation which produces a copper and precious metals concentrate for export to customer smelters mainly in Asia.

The Ban Houayxai Operation commenced production in 2012 and comprises an open-pit mine feeding ore to a conventional carbon-in-leach and gravity recovery process which produces gold and silver doré.

Both mining operations are located approximately 120 kilometres north of the capital of Laos, Vientiane, in the Company's 2,600 square-kilometre Phu Bia Contract Area (the Contract Area).

The Phu Bia Mining operations commenced production in 2005 and there are a number of long term contractors and suppliers used across the two mine sites and the logistics operations. In addition to the mining and logistics operations, Phu Bia Mining has a corporate office in Vientiane that is responsible for operations in Laos and for supporting the implementation of PanAust's business development strategies within Laos and the Asian region.

In Papua New Guinea, PanAust is advancing the Frieda River Project. Frieda River is one of the largest known undeveloped copper and gold deposits in the world. The Frieda River Project is currently undergoing permitting with a Special Mining Licence application submitted to the Government of Papua New Guinea in 2016 with an addendum submitted in 2018. While in the current permitting phase, site activities are limited to maintaining the site assets. The Frieda River Project uses a range of long term suppliers as well as short term one off suppliers.

In Myanmar, the main activities undertaken include in field reconnaissance, airborne geophysics, soil and stream sampling and exploration drilling. Due to the nature of the exploration activities the operations in Myanmar tend to operate on a short term basis utilising contractors and suppliers to support the operations as required. At the time of writing this Statement, the Company had ceased all mineral exploration activities in country. The safety, security, health and wellbeing of its people in Myanmar remain a priority for the business.

RIGHT: A MAP SHOWN THE PERCENTAGE OF PANAUST LIMITED EMPLOYEES BASED IN THE COUNTRIES IN WHICH IT OPERATES

Laos

96.3 per cent of
the total workforce

Myanmar

1.8 per cent of the
total workforce

Papua New Guinea

0.4 per cent of the
total workforce

Thailand

0.4 per cent of the
total workforce

Australia

1 per cent of the
total workforce

Vietnam

0.1 per cent of the
total workforce

2 ORGANISATIONAL STRUCTURE, BUSINESS AND SUPPLY CHAIN

2.4 Supply chains

PanAust has an extensive supply chain. In 2020, PanAust procured goods and services valued in excess of US\$366 million from 1,115 suppliers across 32 countries. 90 per cent of the goods and services were procured from suppliers incorporated in Laos, Thailand and Australia. 20 suppliers accounted for 60 per cent of the annual spend.

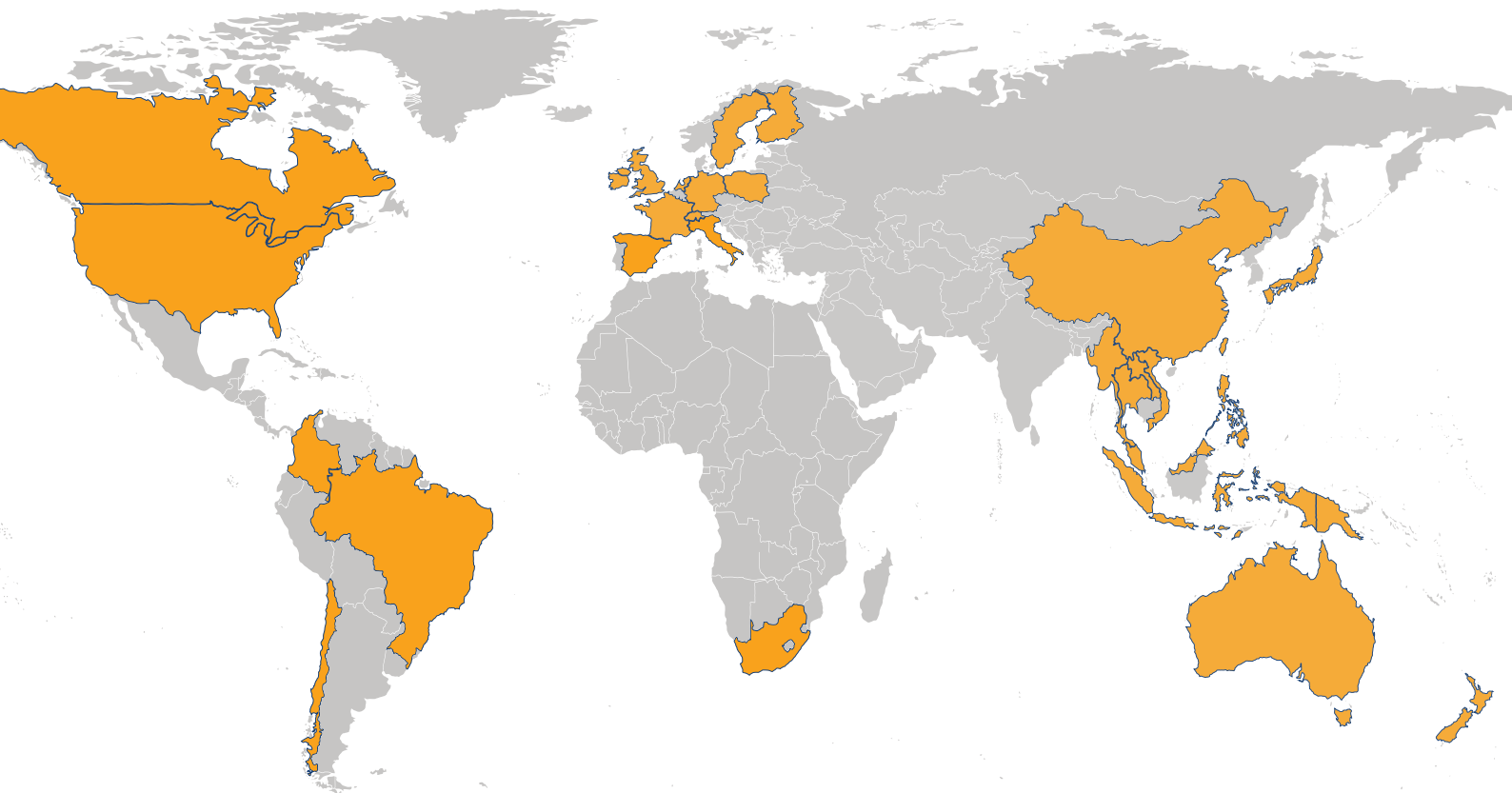
The majority of goods and services procured for the Company include:

- Bulk commodities
- Fixed plant and processing equipment and services
- Mobile equipment parts and maintenance
- Mining operations equipment and services
- Non-operational goods and services
- Projects and construction goods and services

The goods and services procured from the top three countries of supplier incorporation include the following:

- ♦ **Laos**
 - > Catering
 - > Contractor labour and equipment hire
 - > Drilling services
 - > Electricity
 - > Fuels
- ♦ **Thailand**
 - > Explosives
 - > Grinding media
 - > Logistics, port and customs services
 - > Mobile fleet spares
- ♦ **Australia**
 - > Cyanide
 - > Financial and accounting services
 - > Grinding media
 - > IT services
 - > Mill liners
 - > Technical consulting services





In 2020, PanAust Limited procured goods and services from suppliers based in the following locations:

Laos	France	New Zealand	Netherlands
Thailand	China	Indonesia	Philippines
Australia	Japan	Malaysia	Taiwan
Singapore	Chile	Colombia	Finland
Myanmar	United States of America	Italy	Sweden
Vietnam	United Kingdom	South Africa	Ireland
Papua New Guinea	Canada	Switzerland	Poland
Hong Kong	Spain	Germany	Brazil



ABOVE: A MAP DETAILING THE COUNTRIES IN PANAUST LIMITED'S SUPPLY CHAIN

LEFT: THE BAN HOUAYXAI GOLD-SILVER OPERATION'S PROCESS PLANT AT NIGHT, LAOS

3 RISKS OF MODERN SLAVERY PRACTICES IN THE OPERATIONS AND SUPPLY CHAINS



PANAUST OPERATES WITH SUPPLIERS FROM NUMEROUS COUNTRIES AND RECOGNISES THAT THE RISK OF MODERN SLAVERY WILL VARY ACROSS ITS GLOBAL SUPPLY CHAIN.

PanAust has used the 2017 Global Estimates of Modern Slavery: Forced Labour and Forced Marriage Report, Global Slavery Index 2018 Report and the 2020 Trafficking in Persons (TIP) Report to assess the risk of modern slavery in its supply chain.

According to the 2017 Global Estimates of Modern Slavery Report, the Asia Pacific region has the highest distribution of victims of modern slavery at 62 per cent, placing PanAust's operations in a region of high risk.

The 2020 TIP Report also ranks each country in the report out of one of four tiers based on the country's governments' efforts to meet the United States' *Trafficking Victims Protection Act (2000)* minimum standards for the elimination of human trafficking.

Tier 1

Countries whose Governments fully meet the minimum standards for elimination of trafficking.

Tier 2

Countries whose Governments do not fully meet the minimum standards but are making significant effort to bring themselves into compliance.

Tier 2 watch list

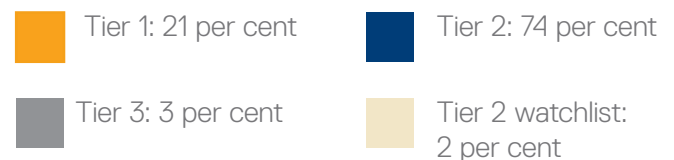
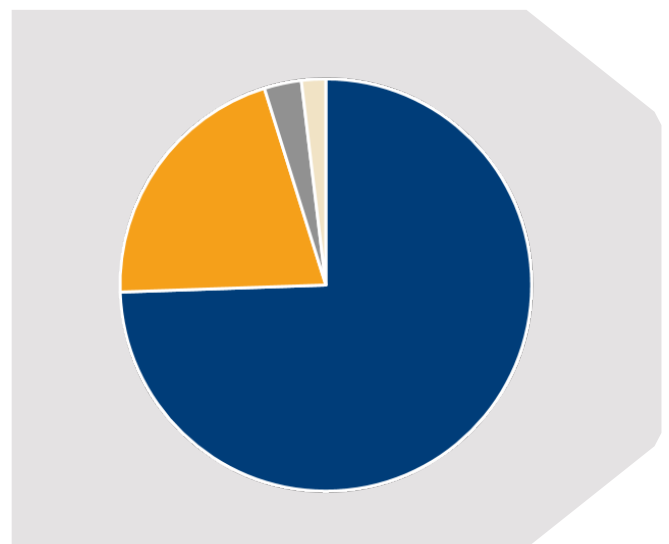
Countries whose Governments do not fully meet the minimum standards but are making significant effort to bring themselves into compliance and which the estimated number of victims is significant or increasing significantly.

Tier 3

Countries whose Governments do not fully meet the minimum standards and are not making significant efforts to do so.

PanAust's 2020 spend on procurement split by these tiers shows that almost 95 per cent of its annual spend was on goods and services from vendors incorporated in Tier 1 and 2 countries. The remaining five per cent of its spend was from vendors incorporated in the Tier 2 watch list and Tier 3 countries where there may be a higher likelihood of suppliers of goods and services representing a high risk for modern slavery

BELOW: PANAUST LIMITED'S 2020 PERCENTAGE SPENT BY TIER COUNTRY



LEFT: ONE OF PANAUST LIMITED'S SUPPLY WAREHOUSES, LAOS

3 RISKS OF MODERN SLAVERY PRACTICES IN THE OPERATIONS AND SUPPLY CHAINS

The prevalent modern slavery risks that PanAust faces may come directly and indirectly through its supply chain in high risk locations and in high risk sectors, particularly through indirect procurement where there is less visibility or none over its suppliers' supply chains.

In preparing this Statement, the following stages within PanAust's mining lifecycle were identified as having high potential risk for modern slavery. These include: construction and development projects (where high levels of third party contracted labour is utilised), procurement of goods and services during operations, and logistics and transportation including the shipping of copper concentrate to customers.

Construction and development projects

Contracted third party labour for construction and development projects can represent a high risk as many basic labouring jobs do not require formal qualifications, the workforce may be paid lower wages than more highly skilled construction jobs and may be temporary or casual in nature. This type of workforce can represent a high risk for modern slavery exploitation as they can be released at any time and replaced at will, discouraging grievances over employment or working conditions from being raised.

Procurement of goods and services

PanAust recognises its global supply chain is complex and thereby presenting the potential for its contracted suppliers to utilise lower level suppliers for raw materials or sub-contractors and low skilled labour in the production of goods and services that it procures. This risk is significantly increased for suppliers located in high risk regions such as the Tier 2 Watch List or Tier 3 countries.

Logistics and transportation

Logistics and transportation within the PanAust supply chain poses a high risk for modern slavery exploitation as many logistics and warehousing companies sub contract labour supply to employment agents or independent contractors. This workforce make up can represent a high risk for modern slavery exploitation as they can be released at any time and replaced at will, discouraging grievances over employment or working conditions from being raised.

Global shipping of PanAust's copper concentrate poses a very high risk of modern slavery as workers are often at sea for long periods of time with no opportunity to leave and vessels are generally governed by the laws of the country they are registered (flag state). This may result in vessels being registered in countries with no meaningful link to their operations including countries with severely limited interest or capacity to enforce universally acceptable labour laws. Under this practice, maritime workers are particularly vulnerable to abuse, abandonment, trafficking, forced labour or unacceptable working conditions.



ABOVE: CONSTRUCTION ACTIVITIES ALONG PANAUST LIMITED'S CONCENTRATE HAULAGE ROUTE, LAOS



ABOVE: A TRUCK HAULING CONCENTRATE AND A CONTAINER FOR BACKLOADING DIESEL LEAVES THE COMPANY'S LOGISTICS HUB AT BAN THOUAY, LAOS

4 ACTIONS TAKEN TO ADDRESS MODERN SLAVERY RISKS AND FUTURE COMMITMENTS



TO ASSESS AND ADDRESS RISKS OF MODERN SLAVERY WITHIN PANAUST'S SUPPLY CHAIN THE COMPANY HAS IN PLACE A RANGE OF POLICIES, PROCEDURES AND PRACTICES TO IDENTIFY POTENTIAL EXPOSURE TO MODERN SLAVERY PRACTICES BY ITS SUPPLIERS.

The PanAust Way

The PanAust Way is the Company's code of conduct. It outlines the minimum standard of behaviours expected of PanAust directors, employees and business partners (contractors, consultants, suppliers and service providers) when they are working for or with PanAust.

The PanAust Way forms part of every employment contract as well as every contract for the supply of goods or services to PanAust. The PanAust Way outlines PanAust's expectations in regards to human rights and requires its contractors and suppliers to uphold its human rights obligations. The Company has clear policies and procedures in place to manage human rights, including not to engage in child or forced labour and expects its contractors and their subcontractors to behave accordingly, through the terms outlined in its contracts.

Procurement practices

Building mutually beneficial relationships with suppliers and contractors creates a sense of shared value that benefits the broader community and the PanAust business.

The PanAust Way, along with the PanAust Supplier Code of Conduct, Vendor Management Standard, PanAust's Group Contractor Health, Safety and Environment Management Standard and PanAust's Group Contractor Health Safety and Environment Minimum Requirements Standard, set the minimum expectations for suppliers and contractors in areas including safety, environment, community, human rights and operating with integrity.

These standards which are applicable to all contracts set out the pre-qualification process for the engagement of suppliers. This includes at the onset of the contract defined due diligence processes to verify the suppliers' sustainability performance (site visits and auditing of supplier facilities). Additionally there are checks and balances throughout the life of the contract including processes for ongoing verification of the contractors or suppliers practices and performance.

PanAust procures goods and services locally where

practical and based on commercial competitiveness, risk profile and contractor/supplier capacity.

PanAust acknowledges that its greatest supply chain responsibility is at a local level where it has the maximum ability to influence suppliers and contractors. Contracts are subject to PanAust's standard terms and conditions which include statements relating to PanAust's expectations in regards to upholding and protecting human rights.

Sustainability Policy update

In 2020, PanAust updated its Sustainability Policy to include a commitment to meet the requirements of the *Modern Slavery Act (2018)* and a commitment to oppose all forms of slavery in its operations and the operations of its suppliers. This Policy forms the basis of internal commitments that PanAust uses to measure its sustainability performance against. The Policy is available to all employees, contractors and suppliers and is published in English, Lao, Tok Pisin, Thai and Vietnamese.



ABOVE: MEMBERS OF THE SUPPLY TEAM WORKING IN PHU BIA MINING'S HEAD OFFICE IN VIENTIANE, LAOS

LEFT: TWO SITE-BASED ADMINISTRATION OFFICERS STANDING IN FRONT OF A CATERPILLAR 777D PARKED INSIDE THE MOBILE MAINTENANCE WAREHOUSE AT THE PHU KHAM COPPER-GOLD OPERATION, LAOS

4 ACTIONS TAKEN TO ADDRESS MODERN SLAVERY RISKS AND FUTURE COMMITMENTS

Whistleblower hotline and grievance mechanism

PanAust has operated a multi-language Whistleblower service since 2012 providing a confidential and anonymous way for PanAust employees and stakeholders, including contractors and suppliers, to report or raise concerns about misconduct at work, including human rights abuses and modern slavery practices. The PanAust Whistleblower Standard provides the framework for making confidential and anonymous reports is publicly available from the PanAust website.

Construction and logistics (including warehousing operations in Thailand and Laos)

PanAust uses in-house construction teams for its projects in Laos. Where this is not possible, the Company looks to engage long term contractor partners. This engagement is done in line with the Company's procurement practices including the successful completion of due diligence checks and pre-qualification of all contractors and suppliers with the intent of reducing the potential for modern slavery in the construction workforce.

PanAust operates its own logistics fleet for the transport of concentrate from the Phu Kham Operation to the export ports in Vietnam and Thailand. For all other logistics activities, long term contracts are in place with suppliers to support transparent and supportive relationships and embrace PanAust's expectations around the eradication of modern slavery. Warehousing services in Laos and Thailand are managed in-house with consolidation warehouses located in Vientiane and Laem Chabang, where smaller packages of supplies are received prior to being packaged into full truck loads for delivery to operating sites.

Contractor workshops

PanAust holds quarterly workshops with its contractor workforce in Laos. These workshops are intended to build stronger and more transparent working relationships with its contractors and provide opportunities to discuss improvement areas and what support requirements PanAust can offer and vice versa. Contractors are rotated through the workshops throughout the year to ensure representation and information is proactively solicited from a broad range of people.



Future commitments

PanAust is committed to further enhancing governance and management practices to address the risks of modern slavery across its operations and supply chains. The table below outlines the priority areas for the future.

AREA OF RISK	2021 FOCUS AND BEYOND
SUPPLIER DUE DILIGENCE	Review procurement procedures and processes to ensure that the risk management of modern slavery is appropriately documented.
	Develop and publish a 'minimum requirements for suppliers' standard incorporating requirements for compliance with human rights standards.
	Conduct regular screening activities designed to identify modern slavery risks in the supply chain.
INTERNAL GOVERNANCE	Develop educational resources to support smaller local suppliers to increase their understanding of modern slavery and support their actions to educate their personnel.
	<p>Conduct training to ensure all employees are aware of PanAust's modern slavery obligations</p> <p>Encouraging employees to speak out (in line with the PanAust Whistleblower Policy) if they are concerned that an activity or project may be at risk of involving modern slavery.</p>



ABOVE: THE PHU KHAM COPPER-GOLD OPERATION OPEN-PIT, LAOS



PAN AUST

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