


PANAUST LIMITED 2021 MODERN SLAVERY STATEMENT



PANAUST

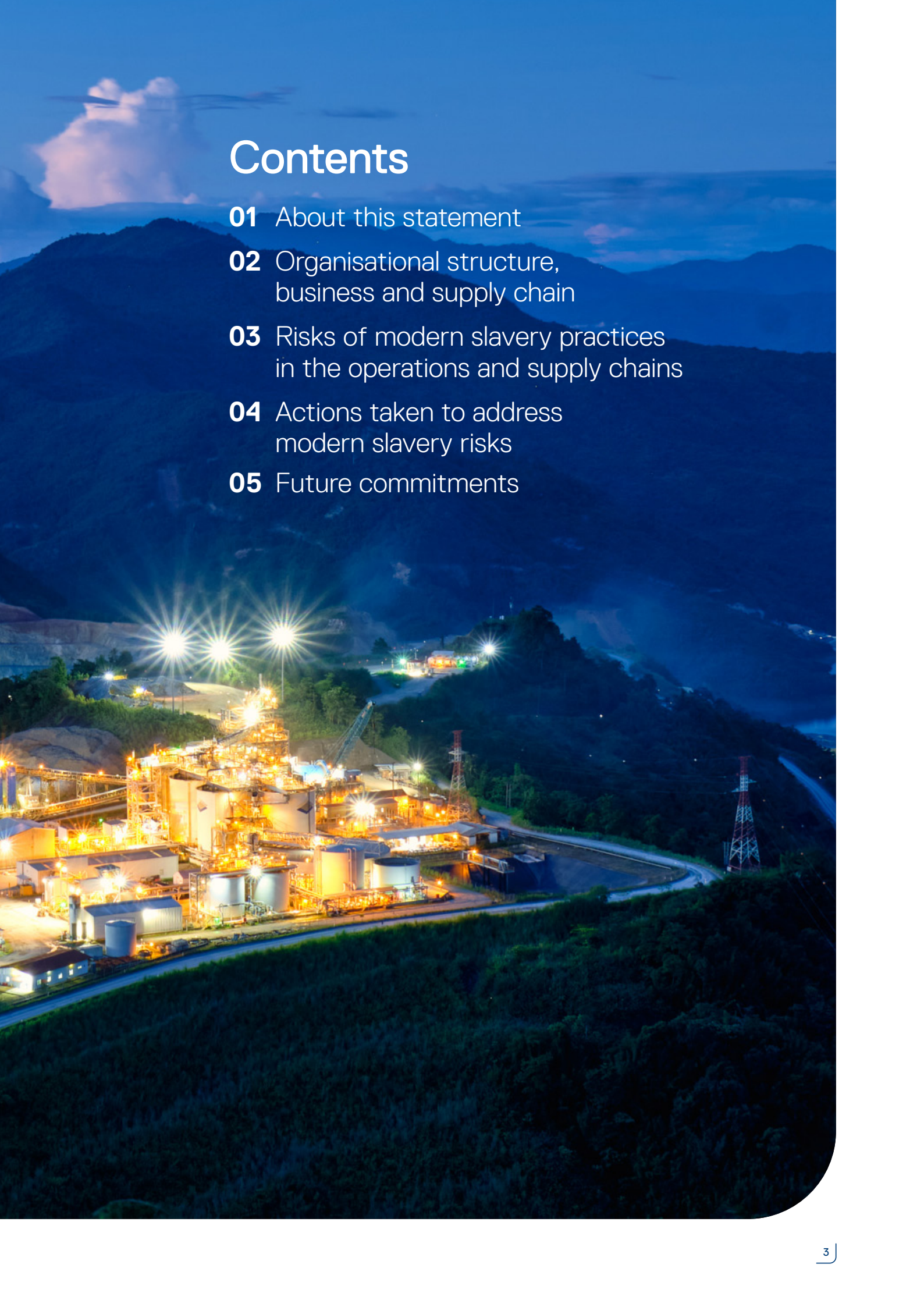


PanAust's commitment to health and safety is underpinned by its value of 'People' through its Zero Harm safety philosophy.

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About this statement





Modern slavery is an ongoing global challenge that all businesses must be aware of and take active steps to address and prevent.

This modern slavery statement (Statement) has been prepared by PanAust Limited (PanAust or the Company) pursuant to the Australian Modern Slavery Act 2018 (Cth) (the Act). This Statement captures the activities of the Company and its subsidiaries during the financial year ending 31 December 2021 to identify modern slavery risks in its business and supply chains. This Statement sets out the processes and actions PanAust has in place to address the risk of modern slavery in the next 12 months.

PanAust has a global annual consolidated revenue exceeding \$100 million. PanAust is committed to ensuring that there is not modern slavery in its supply chains or in any part of the business. PanAust adopts the Act's 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 'People' through its Zero Harm safety philosophy where it considers all workplace incidents and injuries preventable. This commitment and focus on health, safety and wellbeing extends to everyone the company interacts with in all stages of the mining life cycle. This includes personnel employed by contractors and suppliers.

PanAust has in place systems to:

- > Identify and assess potential risk areas in its supply chains.
- > Mitigate the risk of slavery occurring in its supply chains.
- > Monitor the potential risk areas in its supply chains.
- > Protect whistleblowers.

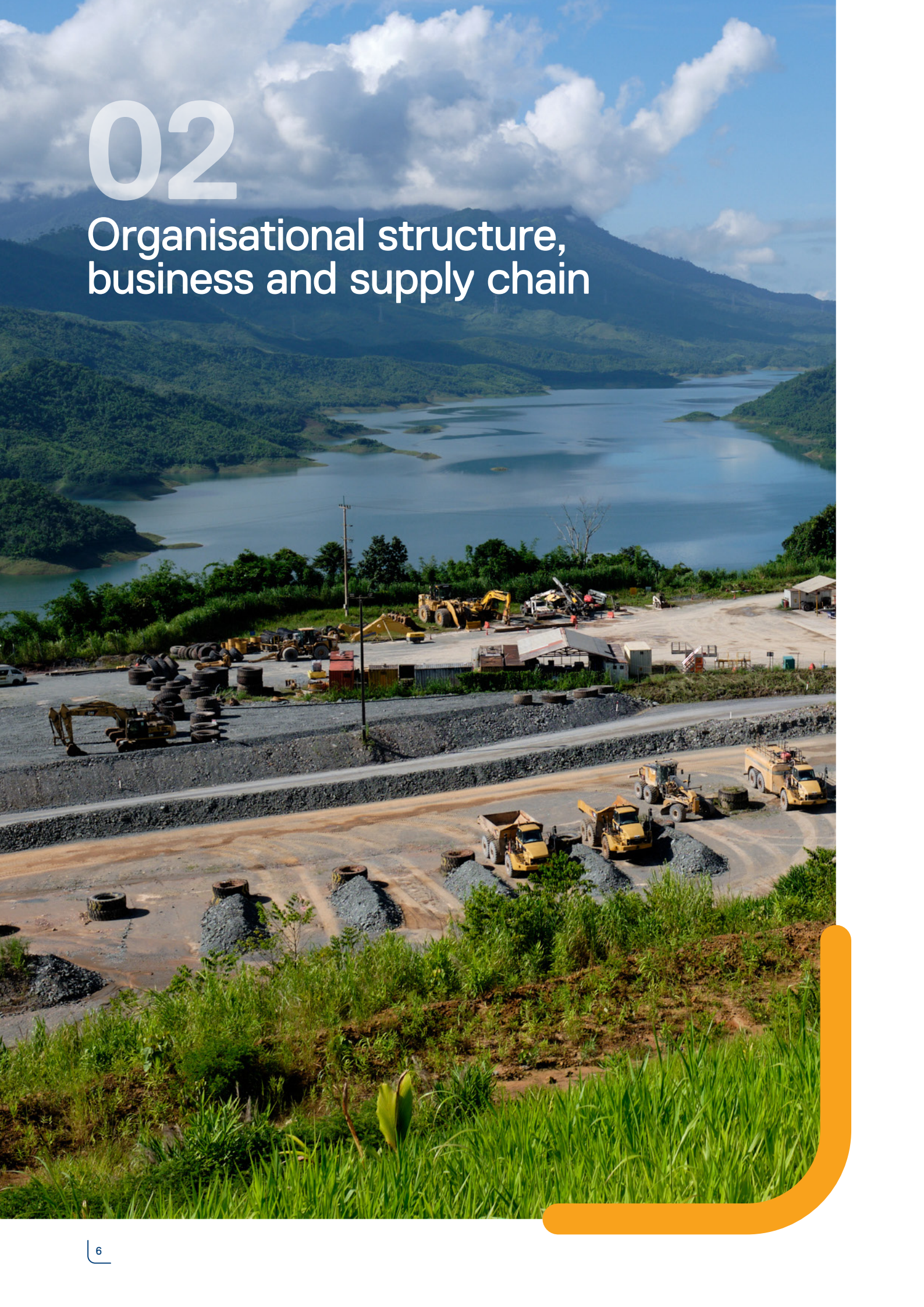
The Modern Slavery prevention program and related policies, including the Company's code of conduct as set out in The PanAust Way, are used across PanAust's group of companies (Group). This Statement has been developed in consultation with senior management and personnel in the Supply and Procurement,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

This Statement was approved by the Board of PanAust Limited on 29 June 2022.

Daling Zheng
Managing Director and Chief Executive Officer
PanAust Limited

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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 safe 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.

An Australian incorporated company, PanAust is 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.

Company structure

Australia

PanAust's registered head office is in Brisbane, Australia providing leadership and specialist expertise 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.

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.

Laos

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

PBM 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.

The PBM operations also include a small number of employees and contractors in Thailand and Vietnam that are associated with the transport and logistics activities of transporting consumables to site and transporting copper concentrate from the Phu Kham mine site to the port facilities for export.

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. Since 8 February 2021, the Company has demobilised and ceased all mineral exploration activities in country. The safety, security and health and wellbeing of its people in Myanmar remain a priority for the business and the Company continues to pay the wages for employees during this period.

Papua New Guinea

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



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Organisational structure, business and supply chain

Our people

PanAust employs more than 5,100 employees and contractors. More than 90 per cent of its workforce is in Laos.

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

Operations and locations

The PanAust Group operates across six countries, Australia, Laos, Myanmar, Papua New Guinea, 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 several 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 oversees the operations in Laos and drives on the ground support for 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. This application is currently under consideration with the Government of Papua New Guinea. The permitting process has incurred delays over 2020 and 2021 due to COVID-19 related disruptions and restrictions. As the project is currently in permitting phase, there are minimal on the ground activities occurring other than maintaining the site assets. Through a market screening process, the Frieda River Project engages a range of short-term one-off and long-term suppliers.

In Myanmar, the main activities normally undertaken would 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. In 2021, due to the political instability the Company ceased all on ground and in field mineral exploration activities in country. The safety, security and health and wellbeing of its people in Myanmar remain a priority for the business and the Company continues to pay the wages for employees during this period.



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Organisational structure, business and supply chain

Supply chains

PanAust has an extensive global supply chain. In 2021, PanAust procured goods and services valued in excess of US\$348 million from 1,029 suppliers across 30 countries. 90 per cent of the goods and services were procured from suppliers incorporated in Laos, Thailand, and Australia. 12 suppliers accounted for 50 per cent of the annual spend.

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

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



Primary goods and services procured from the top three countries of supplier incorporation.

Laos

- > Fuels
- > Electricity
- > Drilling services
- > Travel and accommodation
- > Contractor labour and equipment hire
- > Catering

Thailand

- > Mobile fleet spares
- > Logistics, port and customs services
- > Explosives
- > Grinding media
- > Fixed plant spares and maintenance
- > Mining equipment hire
- > Equipment lubricants

Australia

- > Financial and accounting services
- > Fixed plant spares and maintenance
- > Technical consulting services
- > Information Technology services
- > Mill liners
- > Grinding media
- > Cyanide
- > Logistics, port, and customs services



In 2021, PanAust Limited procured goods and services from suppliers based in the following locations:

Laos	South Korea	Netherlands
Thailand	USA	Switzerland
Australia	Indonesia	Chile
Singapore	Myanmar	Philippines
China	Spain	Germany
Hong Kong	United Kingdom	Sweden
Vietnam	Malaysia	Ireland
Papua New Guinea	Italy	Colombia
France	New Zealand	Finland
Canada	South Africa	Mongolia

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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 2021 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 2021 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 however are making significant effort to bring themselves into compliance and which the estimated number of victims is significant or increasing significantly.

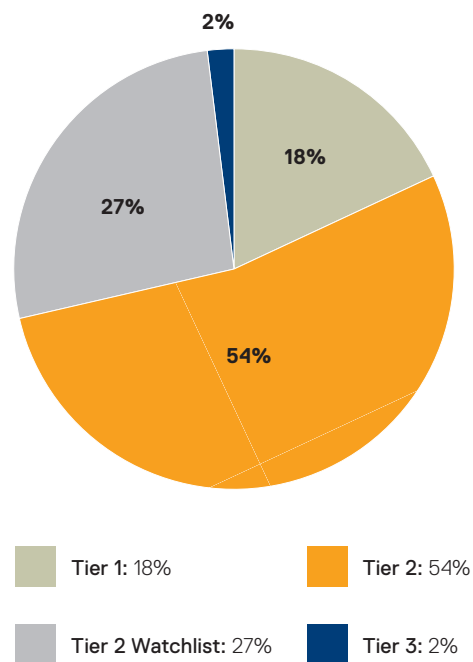
Tier 3

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

PanAust’s 2021 spend on procurement split by the tiers above shows that 72 per cent of the Company’s annual spend was for goods and services from vendors incorporated in Tier 1 and 2 countries. This marks a significant decrease from 2020 where procurement from vendors incorporated in Tier 1 and Tier 2 countries was almost 95 per cent.

The remaining 28 per cent of the Company’s spend was from vendors incorporated in 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. This change is primarily due to five countries having their tier ranking downgraded, including Thailand which is where the Company’s second highest procurement spend occurs.

PanAust’s Percentage of spend by Tier Country



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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. As the PanAust business has not materially changed in 2021 the stages in the mine lifecycle that carry a high potential risk for modern slavery remain unchanged.

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, working conditions or the safety of working environments from being raised.

Procurement of goods and services

PanAust recognises its global supply chain is complex and thereby presents 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 subcontract 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.





Contracted third party labour for construction and development projects can represent a high risk as many basic labouring jobs do not require formal qualifications.

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Actions taken to address modern slavery risks



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 regarding 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.

The PanAust Way was updated in December 2021 and includes specific requirements relating to adopting best practice in managing modern slavery risks in the Company's global supply chain.

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 contractor's or supplier's 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 regarding upholding and protecting human rights.

In 2021 a modern slavery training course for the Company's Supply personnel was developed. This course is designed to help personnel responsible for procurement and contract management to understand what modern slavery is, what the Company's modern slavery obligations are, and to help these personnel to identify potential modern slavery risks within the Company's supply chain.

Sustainability Policy update

The PanAust Sustainability Policy includes a commitment to meet the requirements of the Act and a commitment to oppose all forms of slavery in its operations and the operations of its suppliers.

This Policy forms the basis of commitments that PanAust uses to measure its sustainability performance. The Policy is available to all employees, contractors and suppliers and is published in English, Lao, Tok Pisin, Thai and Vietnamese and was last updated in November 2021.

Whistleblower hotline and grievance

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

Construction

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 its contractor workforce.

Logistics (including warehousing operations in Thailand and Laos)

PanAust operates its own logistics fleet for the transport of concentrate from the Phu Kham Operation to the export ports in Vietnam and Thailand. During 2021 a range of other logistics activities were brought in-house in Laos including the transportation of quicklime, dangerous goods, and general freight. For all other logistics activities in Laos as well as in Thailand and Vietnam, long term contracts are in place with suppliers to support transparent and supportive relationships and to fulfil 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, Laos and Laem Chabang, Thailand, where smaller packages of supplies are received prior to being packaged into full truck loads for delivery to operating sites.

Contractor workshops

PanAust schedules 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. In 2021, one contractor workshop was held due to COVID-19 related travel restrictions.

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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 future priority areas:

AREA OF RISK	2022 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.
	Develop educational resources to support smaller local suppliers to increase their understanding of modern slavery and support their actions to educate their personnel.
Internal governance	Roll out the in-house Modern Slavery training to ensure all Supply personnel and contract managers are aware of PanAust's modern slavery obligations.
	Ongoing encouragement of 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.





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