



Voluntary Principles on Security and Human Rights Annual Report

2021 Reporting year



Contents

INTRODUCTION.....	3
A COMMITMENT TO THE VOLUNTARY PRINCIPLES	5
A1 Public Statement of commitment or endorsement of the Voluntary Principles, engagement in the Voluntary Principles Initiative, and transparency.	5
A2 Examples of promoting awareness of the Voluntary Principles throughout the Organisation, including within the Value Chain	5
A3 Examples of promoting and advancing implementation of the Voluntary Principles internationally	6
B POLICIES PROCEDURES AND RELATED MATERIALS	6
B4 Relevant policies, procedures, and/or guidelines (or any changes thereto from the previous reporting year) to implement the Voluntary Principles.	6
B5 Company procedure to conduct security and human rights risk assessments, and integrate findings	8
B6 Company procedure or mechanism to report security-related incidents with human rights implications by public/private security forces relating to the Company's activities.....	9
B7 Company procedure to consider the Voluntary Principles in entering into relations with private security providers	9
B8 Company procedure or mechanism to investigate and remediate security related incidents with human rights implications by public/private security forces relating to the Company's activities.....	10
C COUNTRY IMPLEMENTATION	11
C9 Overview of country operations selected for 2021reporting	11
C10 Engagements with stakeholders on country implementation	15
C11 Voluntary Principles considerations in selection of private security providers and formulation of contractual agreement with private security providers, and arrangement with public security forces.....	18
C12 Examples of supporting outreach, education, and/or training of (i) relevant personnel, (ii) private security, (iii) public security, and/or (iv) civil society	19
C13 Company procedure to review progress on implementing the Voluntary Principles at local facilities	20
D LESSONS AND ISSUES	20
D14 Lessons and issues from this reporting year, as well as plans or opportunities to advance the Voluntary Principles for the organisation.	20

Figures

Figure 1: PanAust's global footprint	4
Figure 2: Frieda River Project base camp in Papua New Guinea	11
Figure 3: Ban Houayxai Gold Silver Operation	13
Figure 4: Phu Kham Copper Gold Operation.....	14
Figure 5: LPA medics undertaking training with PanAust prior to remote site deployments.....	16
Figure 6: LPA induction training conducted by PBM Loss Prevention	17
Figure 7: LPA induction training conducted by PBM Loss Prevention at the Ban Houyxaï Operation	17
Figure 8: Doctors and Fire and Emergency Services personnel from Phu Kham providing training to LPA medics in 2021 prior to their remote posting.	20
Figure 9: Annual security events by quarter	21

INTRODUCTION

PanAust is a member of the Voluntary Principles on Security and Human Rights (the “Voluntary Principles, VP’s, VPSHR”) since its admission in 2013. This report describes PanAust’s implementation of the Voluntary Principles during 2021 and is the Company’s fifth implementation report. The structure of the report follows the Voluntary Principles Reporting Guidelines. The report is cross referenced to the Reporting Guidelines headings (i.e., **A1**) where possible to minimise duplication.

About PanAust

PanAust Limited (PanAust, the Company, and the Group) 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’s producing assets are the Phu Kham Copper-Gold Operation (Phu Kham) and the Ban Houayxai Gold-Silver Operation (Ban Houayxai). Both are located in the Company’s 2,600 square-kilometre Phu Bia Contract Area (the Contract Area) in Laos.

The Freida River Project in Papua New Guinea is currently in the permitting phase with limited on-site activity.

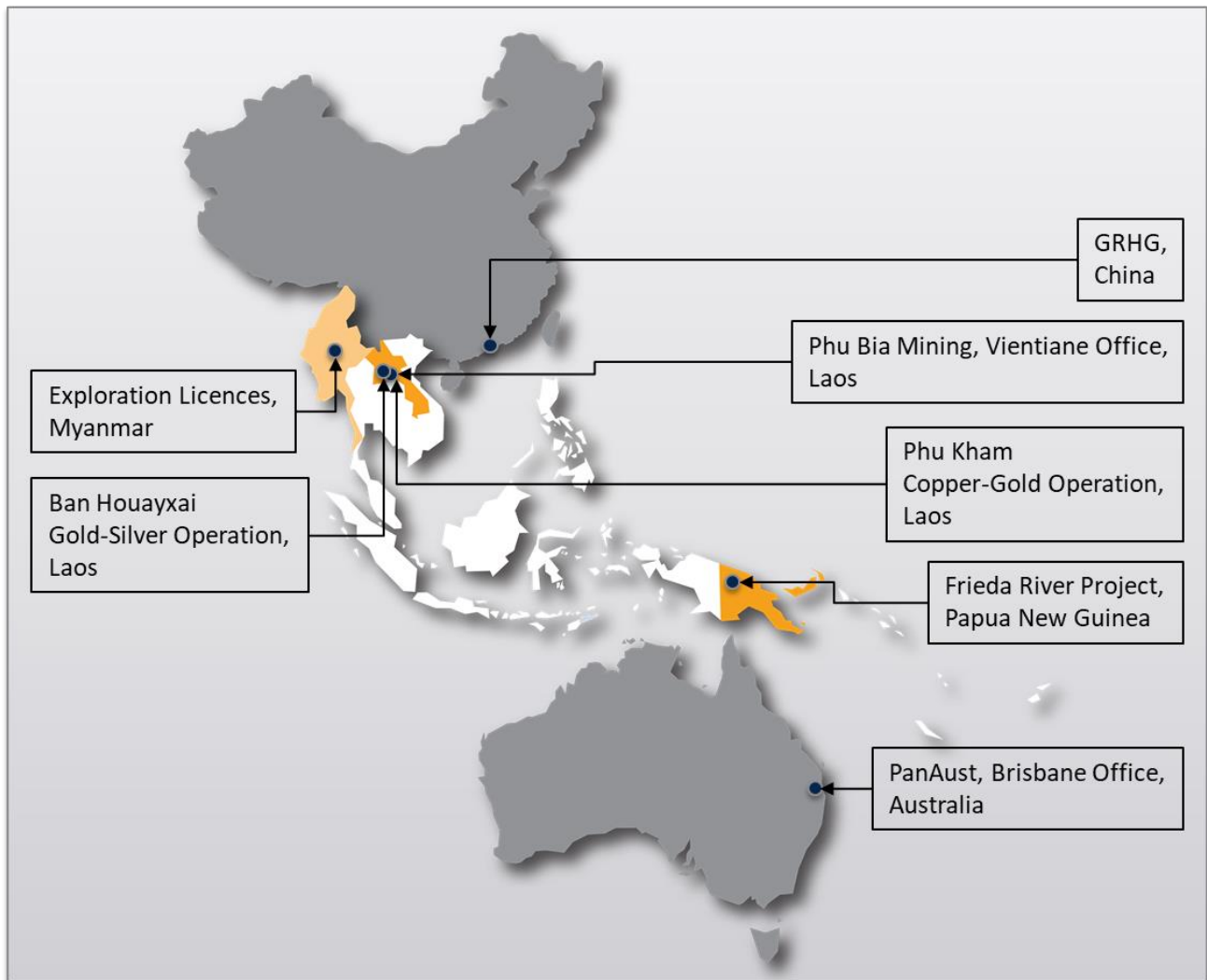
PanAust’s Myanmar activities are solely exploration projects centred in the Sagaing Province of the country and are currently under care and maintenance due to a combination of COVID-19 related restrictions and the political and security situation in Myanmar.

PanAust is an Australian incorporated company that is owned by Guangdong Rising H. K. (Holding) Limited which is a wholly owned subsidiary of Guangdong Rising Holdings 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 Guangdong Province in China.

PanAust's Operations, Projects and Offices

Figure 1: PanAust's global footprint



Within this document, the details of country implementation associated with the Voluntary Principles are provided primarily for Laos as the Company's operations in Laos present the organisation's material security and human rights challenges at this point in time. The Laos operations continue to be the only location where proprietary, private and/or public security personnel are regularly in place to support the Company's on the ground activities C9.

A COMMITMENT TO THE VOLUNTARY PRINCIPLES

A1 Public Statement of commitment or endorsement of the Voluntary Principles, engagement in the Voluntary Principles Initiative, and transparency.

The Voluntary Principles continues to provide benefits to PanAust and its stakeholders. The Voluntary Principles provide a practical framework that builds confidence in PanAust's ability to operate successfully in complex business environments, fosters co-operative and well-respected relationships with host governments, local communities, and employees, ensures the Company's human rights objectives are met, and supports minimising potential for unplanned business interruptions.

PanAust's commitment to the Voluntary Principles is transparent and publicly stated within its Sustainability Policy, Annual Business Review and Sustainability Report¹ and within The PanAust Way (the Company's Code of Conduct)² located on the PanAust website (www.panaust.com.au).

PanAust's Business Review and Sustainability Report includes a summary of key initiatives undertaken by the Company to proactively meet its commitments to the Voluntary Principles in the respective reporting year, and any material security challenges associated with its operations and Voluntary Principles implementation. A summarised and translated version of the report and the key policies outlined above are provided to operations for internal and public dissemination in the host country language.

PanAust fully abided by the Voluntary Principles Initiative (VPI) Governance Rules during 2021. This included representation at the Annual Voluntary Principles Virtual Plenary. During the year PanAust also participated in numerous discussions with members of the in-country working group and VPI Secretariat on the emerging political and humanitarian crisis evolving within Myanmar.

PanAust remains committed to providing timely responses to reasonable requests for information from other VP's signatories and to collaborate where practicable in Voluntary Principles related forums in the host countries where PanAust has an active on the ground presence.

A2 Examples of promoting awareness of the Voluntary Principles throughout the Organisation, including within the Value Chain

Corporate policies such as the PanAust Sustainability Policy and Governance and Human Resource (HR) policies are displayed on the Company intranet, and on office walls in both corporate offices and at operations. The Sustainability Policy is also displayed in the host country language in community centres, and a country specific sustainability report in the host country language is produced for operations each year and provided to host communities and other national stakeholders.

All Services contracts are issued with PanAust's corporate policies including the PanAust Sustainability Policy, The PanAust Way and relevant HR policies outlining our human rights requirements. PanAust's commitment to the Voluntary Principles is also communicated to all employees, and contractors as part of mandatory induction training packages for all personnel working on site. Assessment material is then utilised to demonstrate knowledge and understanding of the content of inductions.

¹ The PanAust Sustainability Policy dated November 2021 and the 2020 Business Review and Sustainability Report can be found at: <http://www.panaust.com.au/sustainability>.

² The PanAust Way, dated December 2021 can be found at: http://www.panaust.com.au/sites/default/files/ThePanAustWay_April%202017_FINAL_web.pdf

The PanAust Way outlines PanAust's commitment to adherence and implementation of the Voluntary Principles and was last updated in 2021. This document and associated training include a practical guide through a question-and-answer format about what to do when confronted by difficult situations in the workplace and outside the workplace while undertaking business activities. The PanAust Way was rolled out to 364 employees and contractors across PanAust in 2021. An updated training package for online delivery will be developed in 2022 for implementation at the Operations and will continue to outline Voluntary Principles obligations.

During host country government and/or local community engagement in Laos and Papua New Guinea, PanAust has advised its stakeholders of its sustainability commitments including its commitment to the Voluntary Principles on Security and Human Rights.

The Company has designated external affairs teams in place in each country where we have an active presence. These teams liaise with a wide range of host government departments and other stakeholders and work closely with the relevant in-country embassy to Australia.

A3 Examples of promoting and advancing implementation of the Voluntary Principles internationally

PanAust promotes its involvement and the benefits of implementing the Voluntary Principles during corporate presentations about the company, during external stakeholder meetings, during operational site visits, and during benchmarking visits and/or working group events with its peers.

PanAust is committed to the underlying principles of the VPs and looks forward to contributing further to the VPI into 2022 and beyond. This will occur through attendance at the Toronto Plenary and associated meetings, and other opportunities that present for engagement, in countries in which PanAust has an on the ground presence.

As PanAust's international operating base grows, so too will opportunities to advance the implementation of the Voluntary Principles to new locations where the Company may operate. PanAust participated in meetings of the Myanmar in country working group in 2021 in response to the coup d'état.

B POLICIES PROCEDURES AND RELATED MATERIALS

B4 Relevant policies, procedures, and/or guidelines (or any changes thereto from the previous reporting year) to implement the Voluntary Principles.

Highest level policies are stated in **A1**, and several other supporting standards and procedures are described in additional detail in **B5 – B8**. At an implementation level, operations are supported by security strategy documents, security plans, site level procedures, checklists and training packages that outline VPSHR obligations and Use of Force expectations.

PanAust also has other well-developed standards and procedures related to human resources, environmental management, stakeholder engagement, community relations and it invests strongly in local community development in each country where it has a presence. It is well recognised that deficiencies in these areas are often triggers for heightened tensions and that strong mitigations in these areas support acceptance and broad support by host communities and governments for the Company's operations.

PanAust operations have a well-integrated loss prevention, security, and social governance structure for the implementation of the Voluntary Principles supported by dedicated in-house teams of Loss Prevention and Sustainability professionals to support and implement operational requirements.

At a corporate level, General Manager inductions include a briefing on VPSHR obligations and requirements. Site professionals are also required to be inducted in VPSHR obligations, and these requirements are a focal point for discussions during corporate site visits and at company workshops. Site leads are updated regularly with relevant information from Corporate Pillar calls and are engaged in review of documents that the Plenary seeks corporate pillar feedback on.

PanAust has an external and internal audit program in place as evidenced further in **C13**. Security and VPSHR requirements are included on a rotating schedule within the scope of both internal and external audits.

A summary of the PanAust's management system, policies, and procedures to specifically address security and human rights related issues are summarised below. Operational teams are also provided access to other tools including the Voluntary Principles' Implementation Guidance Tools (VP-IGT) and to support their activities through the company intranet.

Management System Documents related to VPSHR

Policy	<ul style="list-style-type: none"> • Code of Conduct - PanAust Way • Sustainability Policy • PBM Use of Force Policy • Enterprise Risk Management Policy,
Standard	<ul style="list-style-type: none"> • Security Investigations Standard • Whistle Blower Standard
Strategy	<ul style="list-style-type: none"> • Phu Bia Mining Security Strategy
Procedures	<ul style="list-style-type: none"> • Group ERM procedures • Group Incident Investigation Procedure • Group Deep Dive Procedure • Group and regional Crisis Management Plans • Operations with LPA • LPA MoU • Department Procedures (ie Foot Patrols, detainment, vehicle searches, Escort drivers) • Grievance management; • Security contracts Voluntary Principles clauses • Recruitment procedures & protocols - i.e. criminal checks • Group incident reporting; Security investigation procedures • First response Security Protocols • Operations Emergency Response Plans, and related documents at an operational level
Implementation tools	<ul style="list-style-type: none"> • PanAust Enterprise Risk Management procedures and templates • VP's - Implementation Guidance Tools • Inspection templates • Exploration daily escort briefing sheet • Whistleblowers service • Senior Management Taskforce for reviewing major incidents and trends

Training and awareness	<ul style="list-style-type: none"> • Employee and Contractor General Inductions (PanAust Way , VPSHR commitment & Human rights), • Proprietary and Private security and Inductions (Human rights, VPHRS, Foot patrol, detainment, investigations etc.) • Security Code of Conduct ; • Public Security Inductions (Human rights, VPHRS, Use of Force, Use of Chamber Flags) • Daily team tool box meetings • LPD training matrix
Engagement	<ul style="list-style-type: none"> • Formal and informal daily meetings with LPA and local authorities and involvement in site security investigations • Monthly community meetings (Security is an agenda item and the LPD are represented) • Quarterly LPA, Police and LPD Meetings • Annual meetings with the Ministry of Defence • Employee Engagement Surveys
Risk assessments	<ul style="list-style-type: none"> • Operational Security Risk Registers - Laos Operations • Exploration Risk Registers • Logistics Risk Registers • other specific security assessments
Records and Reporting	<ul style="list-style-type: none"> • LPD Induction and training records • LPA induction training records • In-field competency assessments (LPA, LPD) • Meeting minutes related to scheduled community, LPA, and Police forums • ICAM Investigations; Corporate Incident reporting and tracking database - INX • Voluntary Principles Annual Report • Annual Business Review and Sustainability Report
Review	<ul style="list-style-type: none"> • Bi-annual independent security audit reports • Laos operations external audit against the IFC Performance Standards (includes human rights) or equivalent • Internal security audits; • Global Reporting Initiative (GRI) independent assurance - verifies accuracy of security disclosure and related training data annually

B5 Company procedure to conduct security and human rights risk assessments, and integrate findings

PanAust's Enterprise Risk Management (ERM) Policy and associated procedures continue to be used across the business as the foundation to identify, assess and mitigate material risks. The PanAust consequence table includes security, social and regulatory consequence descriptors to enable identification and analysis of security and human rights related issues and the ability to prioritise these risks consistently across the business.

The ERM framework requires each operational department, business unit and corporate to establish a register of material risks and update the risk profile in a team-based assessment on an annual basis. Cross functional representation during risk reviews is promoted, to ensure issues and mitigations are developed with, and understood by multiple internal stakeholders.

Moderation of risks is undertaken by the Group Risk and Safety team in conjunction with operational departmental managers and PanAust senior management. High risk issues flagged on departmental registers are escalated into functional area and group level registers. The approach ensures that management and decision makers are actively engaged and take ownership in effectively mitigating material risk issues.

Security considerations in risk assessments include:

- Identification of security, community, and other stakeholder related risks
- Potential for violence
- Track record of security providers, and public security forces in relation to human rights abuses
- Rule of law, including the reliability, fairness, and efficiency of the legal system

- Equipment transfers

Independent research, external stakeholder feedback, security incident analysis, internal and external audit findings, and the results of socio economic and environmental assessment also inform these reviews. VP's- IGT tools are also used to inform the process.

The ERM framework is also applied during corporate development activities, and across the full business life cycle of any project including closure. Country, political, security, social and environmental work streams are a standard requirement informing any investment decision and are incorporated into the trade –off studies informing the design of new projects to minimise conflict and ensure favourable social and environmental outcomes that support the business.

B6 Company procedure or mechanism to report security-related incidents with human rights implications by public/private security forces relating to the Company's activities

PanAust provides several reporting mechanisms for persons who wish to make the organisation aware of potential security related incidents, which may have human rights implications. As highlighted on its Corporate Governance webpage³, PanAust has a corporate Whistleblower Standard, and operates Whistleblower hotlines in English, Laos and Tok Pisin in addition to web, email, and postal whistle-blower services. Information reported via this means is assigned to an investigation officer for follow-up and reporting in accordance with protocols outlined within the Standard.

Each operating location is also supported by a local security investigation standard requiring any allegation of a security related incidents with human rights implications to be investigated at a regional level to ensure transparency with the investigation process.

Community grievance management procedures specific to the cultural context of each locality are also in place. The document provides guidance on the management of grievances lodged by members of the local community against the Company, to ensure that all grievances are resolved promptly in a fair and transparent manner.

The Company uses an electronic database ('INX') which is an event management system for tracking progress on security incidents and grievances for resolution. It also provides data for analysis and statistical reporting purposes.

No human rights breaches related to the provision of security services by proprietary, private, or public security providers supporting PanAust activities were recorded for 2021.

B7 Company procedure to consider the Voluntary Principles in entering into relations with private security providers

PanAust's contractor engagement processes are a centralised function ensuring requirements in contracts are consistent and standardised. PanAust requires all security contractors to be managed centrally through the dedicated Loss Prevention Department (LPD) at each operation, including the provision of services to support other contractors present at each operation.

In 2021, one private security contract was renewed with the existing provider who have a demonstrated track record of meeting PanAust's requirements. The provider is Laos based and their contract includes specific

³ Refer to the corporate governance page on the website to review the Whistleblower service - <http://www.panaust.com.au/corporate-governance>

language related to the Voluntary Principles, as stated within Annex J of the VP's- IGT. All other private security contractors have current contracts, and all these contracts include specific language related to the Voluntary Principles, as stated within Annex J of the VP's- IGT.

The private security guards servicing PanAust Operations provide only unarmed static security functions, and as such their contracts include the following:

- Notification of PanAust's commitment to the Voluntary Principles including the requirement for private security providers to operate consistently with the VP's.
- A copy of the Voluntary Principles
- Mandatory participation in Induction programs which include VPSHR and Use of Force training programs
- Mandatory criminal history checks to be undertaken.
- Minimum age requirements
- Contract termination clauses for any credible misconduct inconsistent with the Voluntary Principles.

In addition to their own company training program, operationally based Private Security personnel are required to undergo the same training program as PanAust proprietary security personnel which includes modules on human rights, the Voluntary Principles Use of Force and Phu Bia Mining's Security Code of Conduct. Training matrices and associated training records are maintained by the relevant security department which includes dedicated security trainers who can present the training in the host country language.

B8 Company procedure or mechanism to investigate and remediate security related incidents with human rights implications by public/private security forces relating to the Company's activities

As stated in response to **B6**, PanAust provides several reporting mechanisms for persons who wish to make the organisation aware of potential security related incidents which may have human rights implications.

All complaints are investigated in accordance with the provisions outlined in **B6** and any substantiated allegations are either dealt with in accordance with the PanAust Group Disciplinary Standard or referred to the relevant government agency for action in accordance with host nation law. If the latter occurred, the status of investigations would be monitored through the Company's legal function. If the Company's investigations concluded that a credible allegation was likely to have occurred, the Company position would be to ensure that the incident was managed sensitively, to enable access to remedy to any person legitimately impacted by such an event.

C COUNTRY IMPLEMENTATION

C9 Overview of country operations selected for 2021 reporting

PAPUA NEW GUINEA

In Papua New Guinea, PanAust holds a 100 per cent interest in Frieda River Limited which is the operator of the Frieda River Project.

The Frieda River Project in Papua New Guinea is one of the largest known undeveloped copper and gold deposits in the world and offers an excellent potential for the establishment of a long-life operation.

The Frieda River Project in Papua New Guinea is currently in the permitting phase with limited on-site activity. The site continues to operate but has reduced field-based work during the permitting phase. The company continues to support the local communities in areas of Education and Healthcare.

In 2021 the Project did not have any fulltime private or public security presence given the Project is located remotely in Sanduan Province and the site is currently a pre-development asset going through permitting.

The site does have strict security processes in place for remote work activities including work undertaken in local communities.

Figure 2: Frieda River Project base camp in Papua New Guinea



Members of the Royal Papua New Guinea Constabulary (RPNGC) are required to attend the project area periodically in support of investigations, bargaining activities and other law and order issues. On occasion the site also supports logistical requests by local communities when they require a police presence for village related

matters not involving the company. In 2021 no personnel from the RPNGC were required to support the site operations or attend the site for local communities.

A memorandum of understanding (MoU) has been signed between Frieda River Limited and the RPNGC. The MOU outlines the rights and obligations of Frieda River Limited as the operator and the expectations of the RPNGC in abiding by the laws in force of the independent state of Papua New Guinea and act in a manner that respects human rights, is consistent with the Voluntary Principles on Security and Human Rights, the Universal Declaration of Human Rights, the UN code of conduct for law enforcement officials, and the UN Basic Principles on the Use of Force and Firearms by law Enforcement Officials.

The site has a Police Engagement Procedure in place which outlines the company's expectations in relation to Use of Force and expectations around the presence and transport of weapons. Constables deployed to the project area are required to familiarise themselves with these requirements as part of their deployment induction.

To maintain positive relations with local stakeholders, a grievance mechanism has been established and the site undertakes a range of regular stakeholder engagement programs with host communities including through daily radio communications, a Landowners Forum, and a Joint Provincial Consultative Committee with government representation by Sandaun and East Sepik Provinces.

LAOS

Lao country and security context

PanAust's subsidiary, Phu Bia Mining (PBM) operates the Phu Kham and Ban Houayxai operations located in the Xaisomboun Province. The region was historically the location of insurgent activities, largely due to a legacy of the Indo-China conflicts of the 1960s and early 1970s. Though now stable, the area remains one of the least developed in Laos and the legacies of conflict remain. At times, regional security-related incidents (unrelated to PanAust's Operations) can occur within close proximity to the Company's operations and exploration activities, and periodically these have placed temporary restrictions on operations and the logistic route.

Laos is a single party communist state, presided over by the Lao People's Revolutionary Party. 'Security' is a restricted occupation within Laos and is a function, which, on a commercial basis, can only be carried out by organisations which have been approved by, and are registered with the Ministry of Public Security (MoPS). Regarding proprietary security, by law, an organisation is not permitted to directly employ more than two people in a security function. When greater numbers are required, MoPS registered, and approved personnel must be employed. Proprietary and Private Security personnel are not permitted to bear arms. When an armed presence is required, the function must be carried out by Public Security personnel, i.e., the Lao People's Army (LPA) or Police.

The term Loss Prevention Department (LPD) is used to describe the function and position titles assigned to PBM's proprietary personnel who perform a combined unarmed static security and emergency response role, as direct employees of the Company. A small contingent of MoP's approved unarmed contracted security guards are also employed across the operations and some satellite logistics facilities. In 2021, an average of 231 LPD personnel were employed by PBM, with the support of up to 55 private security guards. This number has increased slightly over prior years to support a broader regional exploration program within the Contract Area in 2021.

The Lao People's Army are required by the Government of Laos to have a presence at the Company's Laos Operations and remote exploration sites within the 2600 square kilometre Phu Bia contract area. In 2021, the

LPA presence at PBM Operations was increased by approximately 35 personnel to a total of 200 LPA supporting the operations. The increase in LPA numbers is primarily to support the offsite exploration work programs in the broader Contract Area. The LPA's role largely supports regional security external to PanAust's active working areas, however they may also provide a presence alongside selected infrastructure and Company assets due to their criticality and/or vulnerability. The LPA provide remote work security escorts for some exploration activities and along higher risk sections of the Company's logistics route, where there has been a recent history of banditry activity.

The Company works closely with the LPA under strict standards observed through a Memorandum of Understanding (MoU) and a Company provided induction on the Voluntary Principles and how they are applied on PanAust sites. (C11)

Given the locality of Laos operations strict security protocols are established by the Company to pre-empt, and in response to occasional regional security issues that may arise. A proactive approach is taken to call out these protocols and to minimise remote work activities and personnel movement during such periods, to minimise necessitating a response and/or the potential for conflict to arise. Phu Bia Mining was not required to enact the security protocols in 2021, however there was one significant security event not related to our activities that was being monitored during this period that occurred outside of the immediate response boundary.

Figure 3: Ban Houayxai Gold Silver Operation



Figure 4: Phu Kham Copper Gold Operation



Operational and VPSHR risks were last reviewed in 2021 by the Phu Bia Security team. For the first nine months of 2021 there was an overall improvement of the security environment in Laos that could primarily be linked to Government of Laos imposed lockdowns and travel restrictions at both a district and provincial level. In the last quarter of 2021 though the security environment has begun to deteriorate. As the number of government checkpoints on roads have been removed there has been a rise in security incidents linked to rapid inflation and increasing costs of fuel.

Site level procedures and training packages addressing Voluntary Principles requirements are maintained by the LPD in Laos. The LPD has direct responsibility for the oversight of internal and private security and implementing agreements with public security forces and agencies.

PBM continues to implement an effective complaint and grievance process as an important mitigant to minimising the potential for community issues to escalate into more serious conflict. All incidents and grievances are captured in the Company's incident management database and reported monthly. High potential incidents and grievances of a serious nature are notified through to Corporate Management. Metrics are established to assess performance against resolution of complaints and grievances, and the implementation of investigation outcomes. These are publicly reported in the Business Review and Sustainability Report each year.

Myanmar

In 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 of WRCL. The Joint Venture holds six Exploration Licences that cover approximately 1,500 square-kilometres in the Sagaing Region.

PanAust's normal Myanmar activities are solely exploration projects undertaking mapping, stream sediment sampling, ridge and spur soil sampling and exploration drilling however all exploration activities were ceased at the beginning of 2021. These activities are normally centred in the Sagaing Province of the country however they are currently under care and maintenance due to a combination of COVID-19 related restrictions and the political and security situation in Myanmar. Wuntho Resources Company Limited and the Joint Venture did not employ or engage any private or public security providers during 2021.

C10 Engagements with stakeholders on country implementation

PBM has a well-integrated loss prevention and security governance structure for the implementation of the Voluntary Principles, supported by dedicated in-house teams of Loss Prevention, Sustainability professionals and Government Relations staff to support the Company's operational requirements and to maintain constructive stakeholder relationships.

Regular engagement continues to occur with Laos external stakeholders regarding operational performance, security arrangements and implementation of the Voluntary Principles. The meetings are documented and recorded within the INX database. Many of these regular meetings and engagements were cancelled between April and December 2021 due to COVID-19 related restrictions on movement.

Working in compliance with the evolving COVID-19 restrictions, the range of regular, scheduled meetings and one-off engagements conducted to support Laos operations in 2021 included:

- Pro-active engagement by the operational community teams with local communities on a day-to-day basis on local issues, areas of mutual interest, and in support of ongoing community development programs.
- Proactive engagement on a regular basis with the site based operational LPA Commanders to discuss and address any immediate site security issues, conduct joint inspections of LPA facilities and to clarify roles and responsibilities between LPD and LPA. Examples of these meetings included discussions in February and March regarding the deployment of additional LPA to help secure remote location Exploration Fly Camps during the 2021 wet season – during this meeting discussions were held around utilising LPA medics to provide emergency medical care at the remote location work areas, and it was agreed that the LPA medics would first work with the PBM medical teams to both upskill and share knowledge on remote field medicine. Strategies were also discussed to ensure that the LPA being deployed to PBM operational sites had been vaccinated for COVID-19 and then followed the same 2-week mandatory hotel quarantine process along with PCR testing before commencing work for PBM.
- Daily meetings on site with the private security provider's supervisors. Quarterly meetings with Private Security provider's management team to address resourcing requirements, compliance to Company policies, performance, and contract implementation.
- Bi-monthly Community Naiban (Leaders) meetings with the Company's Community Affairs Department discussing a range of issues including environmental and social performance, community development

priorities, land compensation, incidents and progress on grievances, regional and local security, and safety related issues.

- Regular dialogue with district police to report and engage on security related incidents.
- Weekly informal meetings with LPA personnel assigned to patrol the ADB9 public road.
- Quarterly Provincial LPA/police meetings. Agendas include discussing issues which may affect PBM and or local communities and attempt to identify practical solutions for implementation.
- Meetings with the Minister of Defence (held at the Ministers discretion) covering proposed activities and contract area requirements, LPA support and co-operation, MoU's, status of regional security in the region, and any concerns or areas of interest in relation to PBM Operations.
- Liaison with Australian Embassy Staff in relation to the Company's performance, business climate and broader security setting across the region.

Early in 2021 in Myanmar PanAust participated in numerous discussions with other members of the Myanmar in-country working group and the VPI Secretariat on the emerging political and security situation. All operational activities have been halted in country and this also extends to many of the regular stakeholder engagement activities that would have occurred.

Figure 5: LPA medics undertaking training with PanAust prior to remote site deployments.



Figure 6: LPA induction training conducted by PBM Loss Prevention



Figure 7: LPA induction training conducted by PBM Loss Prevention at the Ban Houayxai Operation



C11 Voluntary Principles considerations in selection of private security providers and formulation of contractual agreement with private security providers, and arrangement with public security forces

Private Security

Private security contractors continue to be contracted at both the Phu Kham Operation, the Ban Houayxai Operation and at some ancillary logistics and port facilities.

In 2021 all private security contracts were verified as being renewed and current. Schedule E of each Laos contract were confirmed to include the requirements of Annex J of the VP's Implementation Guidance Tools. Contracts also include requirements of guards to be at least 25 years of age, (or 21 with additional permissions from PBM) and to produce an original certificate from the Ministry of Justice indicating that they have no criminal convictions and that they have successfully completed an approved Ministry of Public Security training program. Copies of training records and police clearance certificates are required to be provided to the Company to verify compliance with mandatory training and character checks.

Private Security personnel, in addition to PBM proprietary personnel and external security consultants are required to undergo a criminal history check prior to carrying out a security function. There are some limitations to this process in Laos due to the absence of a nationwide database, with checks completed at the provincial level only. These factors are considered in operational risk assessments. Where possible background checks are also conducted to confirm previous employment and suitability to perform a security role.

In addition to their own Company's training program, private security personnel are required to undergo the same induction and training program as PBM Proprietary Security personnel which includes modules on human rights, the Voluntary Principles on Security and Human Rights and Use of Force, in addition to other site security procedures including foot patrol, methods of restraint, person and vehicle search, and crowd control.

Public Security

An operational MoU exists between PBM and the LPA which sets out the role of the LPA including expected standard of behaviour, adherence to the Voluntary Principles and Use of Force expectations, induction requirements, and the right of removal of personnel from Operations that do not abide by the MoU. No changes were made to the MOU in 2021.

LPA personnel are rotated offsite monthly. They are required to undertake a Company-provided induction program each time they are re-deployed. Their induction covers the areas of safety, Use of Force as it relates to the laws of Laos, key components of the Voluntary Principles, Company Values, and other behavioural expectations. The total number of LPA personnel inducted into the company's operations and trained in PanAust's expectations the Voluntary Principles and Use of Force is lower than prior years as there were several months when the LPA personnel on site were unable to be rotated offsite and replaced with a new contingent of LPA due to Government of Laos imposed COVID-19 lockdowns and movement restrictions.

PBM has a team of competent Laos trainers who administer training to the LPA (in the local language) and assess competency. Training records are maintained for all personnel, including those belonging to the public security agencies, to be able to validate training for auditing purposes. A regular daily program of inspecting LPA facilities and command posts on a rotational basis is also undertaken by LPD Supervisors to ensure high standards of compliance with Company policy.

2021 combined Voluntary Principles and Use of Force training statistics for operations for the LPA and LPD are as follows:

Table 1: Voluntary Principles and Use of Force – No. of members trained

LPA	LPD and Private Security	Total
563	255	818

C12 Examples of supporting outreach, education, and/or training of (i) relevant personnel, (ii) private security, (iii) public security, and/or (iv) civil society

Due to the political regime in Laos, PanAust's sphere of influence is restricted to its operations (employees and contractors), local villages (grievance procedure only) and District/Provincial LPA assigned to its work sites. LPA personnel are rotated monthly and receive training in relation to PanAust's requirements for the Voluntary Principles, basic human rights, and the Use of Force for every rotation, regardless of how many times they have undertaken the program previously. Given the frequency of rotation, knowledge of the Voluntary Principles continues to be reinforced and spread wider than the Company's operations.

PanAust continues to be the only Voluntary Principles signatory with operations currently in Laos. Within the restrictions placed on it, PBM promotes Voluntary Principles membership with government and community stakeholders as part of the Company's commitment to implementing best practice in standards, procedures, and implementation of processes as they relate to security and human rights.

PanAust continues to engage in dialogue and information sharing with security personnel from the Lane Xang Minerals Limited (LXML) Sepon operation, which is 90% owned by Chifeng Jilong Gold Mining Co Ltd and situated in the southern part of Laos. The nature of these engagements includes discussing practical aspects of good security management and maintaining good working relation with the LPA and private security providers.

PBM engaged several LPA medics who were posted at the exploration fly camps during the wet season in 2021. The medics spent one week working with the Phu Kham medical clinic before commencing remote location posting to ensure that the LPA paramedics were familiar with PBM emergency response protocols and familiar with the contents of 'trauma first aid kits'. PBM also ran an emergency medical evacuation exercise at the Nam Ve fly camp and this included the LPA medics being involved in a 'mock exercise' whereby a helicopter from Lao Skyways was called in to pick up a patient from the fly camp emergency helipad. The training in emergency response and reporting enables the First Response Protocols to be reinforced.

Figure 8: Doctors and Fire and Emergency Services personnel from Phu Kham providing training to LPA medics in 2021 prior to their remote posting.



C13 Company procedure to review progress on implementing the Voluntary Principles at local facilities

PanAust maintains a rotating schedule of external and internal audits of operations and projects to assess and address the Company's implementation of appropriate security practices, to inform updates to risk assessments and confirming that VP's obligations are being progressed.

Due to COVID-19 travel restrictions no external audits were completed in 2021 however four internal audits of security procedures were completed. These internal audits covered security requirements for Phu Kham process plant scheduled care and maintenance; gold room security for doré shipments; security during mill relining; and security tasks during plant shutdowns

D LESSONS AND ISSUES

D14 Lessons and issues from this reporting year, as well as plans or opportunities to advance the Voluntary Principles for the organisation.

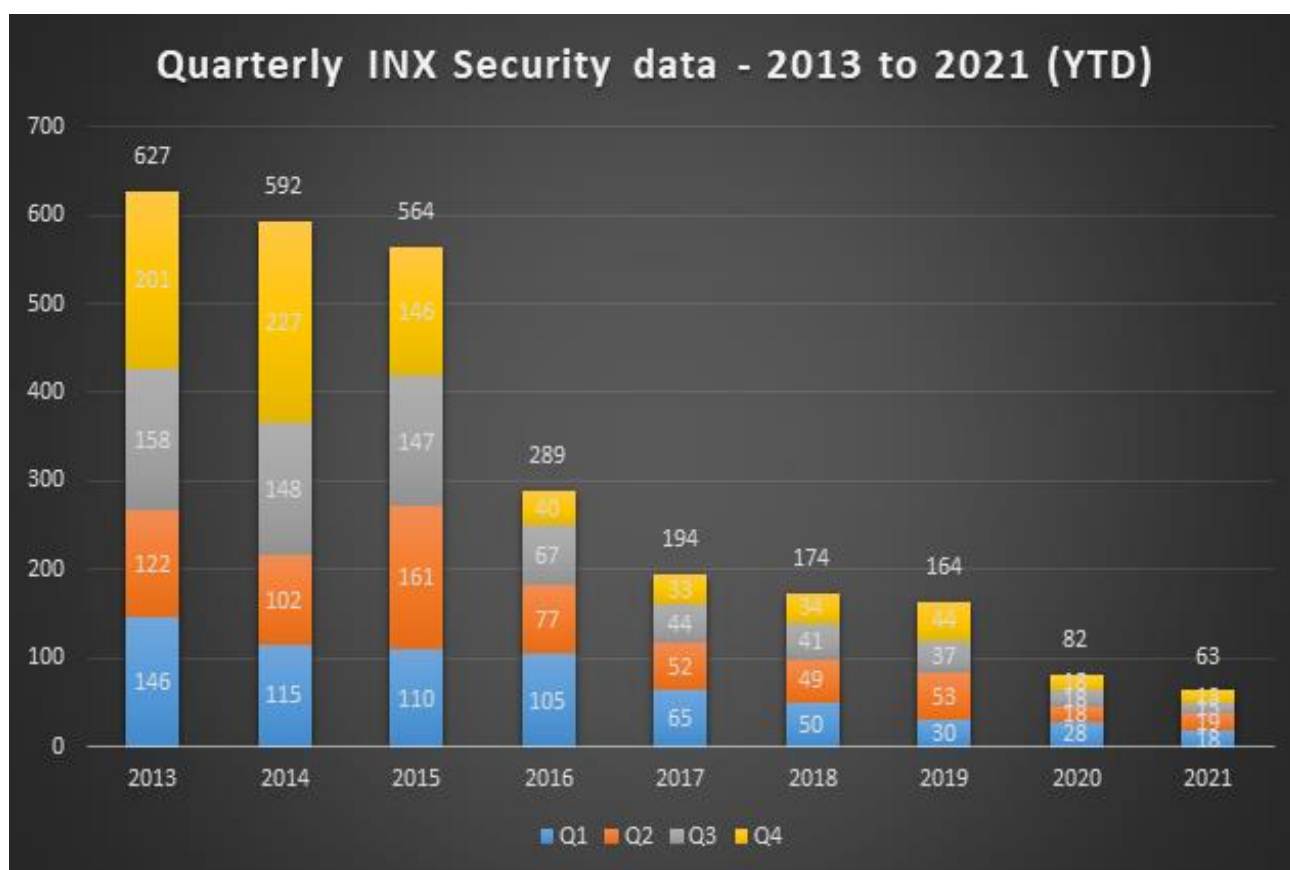
The Loss Prevention Department has had to develop extensive security contingency plans for the COVID-19 pandemic to ensure that PBM could maintain safe and continuous mining operations. Many times during 2021 the LPD teams across all operations were operating with 50% manpower due to COVID-19 quarantine

requirements and extended 4-week rosters for most of the year. Security practices during 2021 reflected the lack of resources. Work was prioritised around the protection critical infrastructure, providing robust security at PBM work sites to maintain the integrity of ‘quarantine work bubbles’, making sure that no unauthorised persons either entered or left work areas, and the reduction of risks associated with COVID transmission.

Other lessons learned during 2021 included engaging the local village authorities to assist with monitoring external fence lines around the Phu Kham farm dump project to make sure that villagers did not damage fences and children did not come into the active mining areas. This is a strategy that the LPD will continue to use going forward as PanAust seeks to strengthen its relationships with the surrounding communities. The use of genuine local businesses and genuine local people to construct fences/cut grass and monitor fence lines provides incentive to the communities to take ownership and look after the fence lines along with a chance to earn income that remains in the local community.

By year end the Operations saw a continued decrease in security, trespass, and theft incidents, achieving the lowest rate of incidents and incident severity in nine years.

Figure 9: Annual security events by quarter



Effective working relationships with public security providers occur when there is good rapport and trust between proprietary security personnel and LPA command leaders. When turnover of personnel in key roles occurs, a concerted effort and increased investment in stakeholder relations is required to maintain good working relationships and build trust over the short term, particularly with the frequency of LPA rotations.

The key challenges with implementing the VPSHR in Laos continue to be related to:

PanAust’s sphere of influence is restricted to its operational areas as outlined in C12. As the only signatory Company to the initiative operating in Laos, PBM continues to implement the VP’s to the best of its abilities at

a provincial and local level. That said the induction program provided by PBM to private and public security providers is well received by those participating in the training.

The ongoing COVID-19 pandemic and the challenges this brings to the security environment relating to movement restrictions and staffing capacity challenges and changing rosters.

Maintaining consistency in security standards across Laos operation with the frequent rotations of LPA personnel can be challenging. It is however recognised that the frequent rotations also provides significant benefit in exposing more LPA personnel to the VPSHR principles and ensuring that LPA are fit for work.

The company's Operations in Laos are preparing for closure in 2025. The operations security risk profile is expected to become more challenging in the lead up to the end of operations and decommissioning. An internal closure Review Committee and an external Closure Independent Review Panel have been established to consider both closure requirements, and appropriate end land uses for the Company's assets.

Priorities for VPSHR implementation across the organisation in 2022 includes:

- Updating the Risk and Vulnerability Assessments for Laos Operations, and further opportunities to reduce LPA presence.
- Continuing with LPA engagement and outreach efforts to build on the co-operative working relationship established.
- Continuing to strengthen relationships with the local communities and engaging local personnel where possible to take responsibility for monitoring assets such as fence lines within their sphere of influence
- Continuing relationship building and dialogue with the RPNGC and other VP members in Papua New Guinea.
- Continued participation in the Myanmar in country working group and monitoring the political and security situation in country.

Karl Curnow

Group Manager Risk and Safety
PanAust Limited

Steve Gimpel

General Manager Site Support
Phu Bia Mining