

Risk Management

Identifying, managing and mitigating risk

Risk management is the overall responsibility of the Board at Petra, but the Board Committees and Senior Management also play important roles in terms of the identification, management and ongoing mitigation of risks within their realm of responsibilities.

External risks

Rough diamond prices

Long term



**RISK CHANGE
IN FY 2018**

DESCRIPTION AND IMPACT

The Company's financial performance is closely linked to rough diamond prices, which are influenced by numerous factors beyond the Company's control, including international economic conditions, world production levels and consumer trends.

Whilst the medium to long-term fundamentals of the diamond market remain positive, some volatility in rough diamond pricing may be experienced.

MITIGATION

Petra maintains regular dialogue with its client base and closely monitors developments across the pipeline in order to assess the overall health of the diamond market and to be able to react in a timely manner to changes in rough diamond prices and demand.

Petra is a founding member of the DPA, which aims to maintain and enhance consumer demand for, and confidence in, diamonds by a range of methods, including generic diamond marketing.

FY 2018 RISK DEVELOPMENTS AND MANAGEMENT

FY 2018 saw further stability in the rough diamond market, with steady demand across the majority of size ranges and pricing on a like-for-like basis up circa 2% for the Year. The Company continued to sell all of its production at each tender and did not withhold goods from sale.

Stable pricing is considered to be backed up by solid fundamentals, with rough and polished diamond inventories in the pipeline assessed to be at relatively normal levels, supported by continued positive end retail demand.

The DPA continued to support consumer demand and agreed its highest budget yet for 2018, with US\$70 million assigned to generic marketing mostly in the US, China and India.

KPIs

Revenue; Profitability

DIRECTOR/COMMITTEE RESPONSIBILITY

Executive Directors

READ MORE

Our Market – pages 17 to 21

Currency

Long term



**RISK CHANGE
IN FY 2018**

DESCRIPTION AND IMPACT

With Petra's operations mainly in South Africa, but diamond sales based in US Dollars, the volatility and movement in the Rand is a significant factor to the Group. Also, the Group undertakes transactions in a number of different currencies. Fluctuations in these currencies may have a significant impact on the Group's performance.

MITIGATION

The Group continually monitors the movement of the Rand against the Dollar and takes expert advice from its bankers in this regard. It is the Group's policy to hedge a portion of future diamond sales when weakness in the Rand indicates it appropriate. Such contracts are generally short term in nature.

The Company looks to actively manage its exposure to the ZAR/USD rate in order to safeguard Group cashflow against a volatile currency outlook.

FY 2018 RISK DEVELOPMENTS AND MANAGEMENT

The ZAR/USD rate was highly volatile during the Year, with the Rand strengthening circa 20% from ZAR14.47:USD1 in November 2017 to ZAR11.55:USD1 in February 2018 further to optimism surrounding the appointment of Cyril Ramaphosa as President of South Africa. Following this, the Rand was on a weaker trend and continued to experience significant volatility in H2 FY 2018 primarily on the back of concerns around the international 'trade war' (US/China) and the impact on emerging market currencies, but also as a result of political risk developments in South Africa (refer to 'Country and political' risk opposite).

To mitigate this volatility, the Company continued with its approach to focus on short-dated hedge positions. Post Year end, following further ZAR weakness to levels exceeding R15:USD1, management was mandated by the Board to expand the hedging of USD sales proceeds by covering up to 50% of expected FY 2019 sales proceeds.

KPIs

Revenue; Profitability; Operating cashflows

DIRECTOR/COMMITTEE RESPONSIBILITY

Executive Directors

READ MORE

Financial Review – pages 28 to 32

Note 9 to the Financial Statements – page 127

STRATEGIC OBJECTIVES



Work responsibly



Business rationalisation



Optimise recoveries



Drive efficiencies

Country and political

Long term

**RISK CHANGE
IN FY 2018****DESCRIPTION AND IMPACT**

Petra's operations are predominantly based in South Africa, with lesser exposure to Tanzania and Botswana. Emerging market economies are generally subject to greater risks, including legal, regulatory, tax, economic and political risks, and are potentially subject to rapid change.

MITIGATION

The Petra team is highly experienced at operating in Africa. Petra routinely monitors political and regulatory developments in its countries of operation at both regional and local level. The Company keeps abreast of all key legal and regulatory developments.

FY 2018 RISK DEVELOPMENTS AND MANAGEMENT

Petra continues to experience regulatory uncertainty in both South Africa and Tanzania.

In South Africa, a revised draft of the Mining Charter was published for public comment in June 2018 and the Company subsequently worked with the Minerals Council South Africa to provide submissions and also provided an independent submission directly to the Department of Mineral Resources. On 27 September 2018 the South African Department of Mineral Resources published a new Mining Charter which has served to remove uncertainty and address a number of concerns which we believe will be positively received within the mining industry in South Africa. In particular Petra is pleased to note that, in line with the recognition of the continuing consequences of the once empowered, always empowered principle, existing mining right holders that have achieved a 26% Black Economic Empowerment shareholding will be recognised as compliant for the duration of the mining right.

Upcoming national elections in South Africa in 2019 further increases regulatory uncertainty (for example in relation to the proposed policy of expropriation without compensation currently being considered by Government), as well as elevated political and social volatility.

In Tanzania, a number of legislative changes to the legal framework governing the natural resources sector were proposed in June 2017. Certain ambiguity remains, specifically regarding the local ownership requirements and the refund of input VAT incurred by mining companies in addition to historic VAT recoverability.

Furthermore, a parcel of Williamson diamonds was blocked for export in Tanzania in Q1 FY 2018, with this issue still not resolved.

KPIs

Profitability; Operating cashflows; Diversity; TSR

DIRECTOR/COMMITTEE RESPONSIBILITY

Executive Directors; HSSE Committee

READ MORE

Chief Executive's Statement – pages 9 to 11

Access to energy

Long term

**RISK CHANGE
IN FY 2018****DESCRIPTION AND IMPACT**

South Africa and Tanzania have both faced power supply constraints over recent years, but these have mainly been resolved in South Africa now further to the continued gradual integration of the new Madupi and Kusile power stations.

MITIGATION

Managing energy usage is an operational necessity, given the benefits to the operations of managed and optimised power planning and usage, an environmental imperative in order to combat climate change, as well as a financial objective, given rising electricity prices. Petra therefore aims to reduce energy consumption and increase energy efficiency wherever possible.

The Company continues to monitor closely developments in the renewable energy environment in order to assess a viable alternative or complementary energy supply in the future.

FY 2018 RISK DEVELOPMENTS AND MANAGEMENT

The quality of power supply across the South African operations was very stable throughout FY 2018. However, the risk of strike action at certain of Eskom's generating sites has recently surfaced, and could result in disruptions of supply in FY 2019. However, such disruptions are unlikely to have a material impact.

The Company is equipped to manage the disruption of requests for load curtailment from the national utility, Eskom, with available back-up generator capacity at all the South Africa operations, which can cater for a 10% load reduction if required.

In Tanzania, the Company's power supply was also stable in FY 2018. Petra has back-up power in place at Williamson which can supply the majority of the mine's requirements in the event of an outage.

KPIs

Production; Revenue; Profitability; Energy usage; Carbon emissions

DIRECTOR/COMMITTEE RESPONSIBILITY

Executive Directors; HSSE Committee

READ MORE

Climate change and energy usage – page 53

Risk Management continued

Identifying, managing and mitigating risk continued

External risks continued

Access to water

Long term


 RISK CHANGE
IN FY 2018

DESCRIPTION AND IMPACT

Prolonged drought conditions may cause unplanned downtime and production cut-backs.

MITIGATION

Managing the effective use of water, including the recirculation and re-use thereof, remains a priority for Petra.

FY 2018 RISK DEVELOPMENTS AND MANAGEMENT

The threat of disruptions to operations due to a shortage of water has largely dissipated during FY 2018. Petra implemented a number of operational changes in FY 2018 to improve its water efficiency and focuses on strict compliance with its water use licences.

KPIs

Production; Revenue; Profitability; Water usage

DIRECTOR/COMMITTEE RESPONSIBILITY

Executive Directors; HSSE Committee

READ MORE

Water management – page 53

Synthetic diamonds

Long term


 RISK CHANGE
IN FY 2018

DESCRIPTION AND IMPACT

Man-made or 'synthetic' diamonds have been available for many years, but to date have predominantly been used to manufacture smaller diamonds for industrial purposes. Technological advancements mean that gem-quality synthetics are now more widely available but they are still estimated to represent only circa 3% of mined diamond supply¹.

Synthetic diamonds are required to be certified as such, a key industry control which is essential to maintaining consumer confidence.

1. Source: Canaccord Genuity – Industry Update – 30 November 2017.

MITIGATION

As technology advances it is possible that a larger market for the use of synthetic diamonds in jewellery could develop but also that their cost of production will continue to decline, further eroding the tenuous value proposition of an industrial product that can be mass produced (in contrast to the inherent rarity of natural gem-quality diamonds which are a finite resource formed in the Earth over a billion years ago). The Company expects synthetic diamonds to find a place in the consumer market as lower value goods, with natural diamonds remaining the premium product.

FY 2018 RISK DEVELOPMENTS AND MANAGEMENT

The Company continues to monitor industry developments with regards to the production of synthetic diamonds. Disclosure and detection remain key, and equipment exists which can detect synthetics with 100% accuracy.

The DPA is tasked with helping consumers to understand the significant value differential between natural and laboratory-produced diamonds.

In May 2018, De Beers launched Lightbox, a synthetic jewellery brand. Lightbox's linear pricing strategy (based on carat weight only), and decision not to grade or differentiate between pricing of coloured stones, is expected to clearly distinguish between the value propositions of synthetic versus natural diamonds.

KPIs

Revenue; Profitability

DIRECTOR/COMMITTEE RESPONSIBILITY

Executive Directors

READ MORE

Our Market – pages 17 to 21

STRATEGIC OBJECTIVES



Work responsibly



Business rationalisation



Optimise recoveries



Drive efficiencies

Operational risks

Safety

Long term

RISK CHANGE
IN FY 2018

DESCRIPTION AND IMPACT

Ensuring the safety of all Petra people is the Group's number one priority. Poor safety performance can also lead to temporary mine closures, thereby impacting production results.

Underground cave mining (both Block Cave and Sub Level Cave) is inherently a safe and highly mechanised mining process. However, as with all heavy industries, accidents can occur so embedding a culture of strict procedures and safety awareness is key.

MITIGATION

Petra is highly focused on managing its safety performance. In this regard Petra adopts the ISO 31000 risk principles and supports the OSHAS 18001 safety management system. HSSE targets are explicitly included as part of Petra's annual bonus framework.

FY 2018 RISK DEVELOPMENTS AND MANAGEMENT

Whilst the inherent risk around safety of our operations remains unchanged, the Company recorded a fatality-free year, following a reinforcement of its safety procedures under the two management pillars of 'Effective Leadership' and 'Effective Control' over the past two years.

Petra's overall safety performance in terms of its LTIFR improved.

KPIs

Production; LTIFR; FIFR

DIRECTOR/COMMITTEE RESPONSIBILITY

HSSE Committee; Remuneration Committee

READ MORE

Chief Executive's Statement – pages 9 to 11

Occupational Health and Safety – page 49

Directors' Remuneration Report – pages 92 to 103

Mining and production

Long term

RISK CHANGE
IN FY 2018

DESCRIPTION AND IMPACT

The mining of diamonds from kimberlite deposits involves an intrinsic degree of risk from various factors, including geological, geotechnical and seismic factors, industrial and mechanical accidents, unscheduled plant shutdowns, technical failures, ground or water conditions and inclement or hazardous weather conditions.

MITIGATION

All of Petra's kimberlite operations have long histories of production and therefore the geology and economics of each mine are generally well understood, with the Cullinan mine being more challenging in this regard due to the sheer size and variability of the large orebody. Petra's work to expand the lives of its assets is classed as 'brownfields' expansions, meaning that the knowledge of the deposits allows management to eliminate some of the risk associated with developing a new diamond mine.

The Group's management team is comprised of key personnel with a substantial and specialist knowledge of kimberlite mining and diamond recovery, and this skills base enables the Company to manage mining and production risks.

FY 2018 RISK DEVELOPMENTS AND MANAGEMENT

FY 2018 was challenging operationally due to the continued high level of activity surrounding the Group's expansion programmes and managing the transition from the old mining areas to the new mining areas at the Company's underground mines in South Africa. Specific challenges included the commissioning of new ore-handling infrastructure, the decommissioning of old producing areas, modifications taking place at the Company's processing plants and the commissioning of the new plant at Cullinan.

The Company is currently in the final stages of its development programmes, which will see further commissioning and ramp-ups in tonnage throughput during FY 2019 before the Company is expected to reach the required steady state throughput levels across its portfolio from FY 2020 onwards, thereby promoting operational stability at its mining operations.

KPIs

Production; Revenue; Profitability

DIRECTOR/COMMITTEE RESPONSIBILITY

Executive Directors

READ MORE

Operational Review – pages 33 to 42

Risk Management continued

Identifying, managing and mitigating risk continued

Operational risks continued

ROM grade and product mix volatility

Short term

RISK CHANGE
IN FY 2018

DESCRIPTION AND IMPACT

At the Group's underground mines, Petra has been transitioning from operating in 'mature' caves, meaning that the block of ore being mined has nearly been exhausted and that the area is nearing the end of its life. Once the majority of the kimberlite ore has been removed, waste rock is able to ingress into the production areas, thereby reducing the volume (grade) of diamonds recovered.

MITIGATION

Petra's development programmes are well advanced and FY 2018 was the first year in which the majority of the Group's underground tonnes came from the new mining areas. This has generally led to an improvement in grade variability and product mix. Some level of variability in terms of product mix will remain, especially with complex orebodies like Cullinan, where the recovery of high value stones varies on a year-to-year basis.

FY 2018 RISK DEVELOPMENTS AND MANAGEMENT

ROM grade and product mix was generally stable across the portfolio.

In January 2018, Petra issued revised ROM grade guidance for Cullinan. It was not only encouraging to see the grade trending closely within this guidance, but also seeing it improve in H2 FY 2018 towards the upper end of the guidance.

Cullinan continued to experience variability in its product mix, with the average value per carat for the Year being below guidance due to a notable shortfall in the recovery of the large, high value diamonds for which the mine is known. This is attributed to mining not yet delivering a representative mix of ore across the footprint of the new C-Cut Block Cave while the increasing production footprint in FY 2019 is expected to deliver an increasingly predictable product mix.

KPIs

Production; Revenue; Profitability

DIRECTOR/COMMITTEE RESPONSIBILITY

Executive Directors

READ MORE

Operational Review – pages 33 to 42

Expansion and project delivery

Medium term

RISK CHANGE
IN FY 2018

DESCRIPTION AND IMPACT

Petra has followed a significant growth path over the last decade, with annual production rising from 0.18 Mcts in FY 2007 to 3.8 Mcts in FY 2018 (excluding KEM JV). However, the Company is now moving its focus away from higher carat volume production targets to instead focus on value optimisation, in order to maximise profitability and returns for shareholders, and production guidance for FY 2019 has therefore been rebased to 3.8 to 4.0 Mcts.

Actual production may vary from estimates of future production for a variety of reasons and it should be noted that long-term assumptions may be subject to change as the Company continually evaluates its projects to optimise efficiency and production profitability.

MITIGATION

The Group has established procedures to control, monitor and manage the roll-out of its development plans. Petra's diversified portfolio of operating mines provides flexibility in terms of overall portfolio performance. Expansion project targets are explicitly included as part of Petra's annual bonus framework and long-term share awards.

FY 2018 RISK DEVELOPMENTS AND MANAGEMENT

FY 2018 saw significant progress made across the expansion programmes, with all underground production at Finsch being sourced from the new SLC from FY 2019 onwards, Cullinan's C-Cut Phase 1 more than doubling its contribution of undiluted ore for the Year, and the new Cullinan Plant achieving commissioning and volumes ramp-up.

However, there remains ongoing execution risk at both Finsch and Cullinan in order to complete the final ramp-ups of the new mining areas at both operations. Further milestones to be achieved in FY 2019 are the completion of the ore-handling infrastructure at both mines and the shaft/plant interface at Cullinan.

KPIs

Production; Revenue; Capex

DIRECTOR/COMMITTEE RESPONSIBILITY

Executive Directors; Audit & Risk Committee; Remuneration Committee

READ MORE

Chief Executive's Statement – pages 9 to 11

Operational Review – pages 33 to 42

Report of the Audit & Risk Committee – pages 72 to 78

Directors' Remuneration Report – pages 92 to 103

STRATEGIC OBJECTIVES



Work responsibly



Business rationalisation



Optimise recoveries



Drive efficiencies

Labour relations

Short to medium term

**RISK CHANGE
IN FY 2018****DESCRIPTION AND IMPACT**

The Group's production, and to a lesser extent its project development activities, is dependent on a stable and productive labour workforce. The mining labour relations environment in South Africa has been notably volatile over the years, but much less so specifically in the diamond sector, where there is a higher incidence of mechanisation and skilled workers, leading to smaller and more manageable workforces which do not rely on migrant labour.

MITIGATION

Petra remains highly focused on managing labour relations and on maintaining open and effective communication channels with its employees and the appropriate union representatives at its operations, as well as local communities.

A key part of Petra's labour relations strategy is the IPDET, which is one of the Company's core BEE Partners and owns a 12% interest in each of the South African operations to the benefit of employees at these operations to the benefit of employees at these operations.

FY 2018 RISK DEVELOPMENTS AND MANAGEMENT

The Company experienced circa two weeks' disruptive labour action at its South African operations (with the exception of Cullinan) prior to the signing of a new three-year wage agreement with regards to NUM members at its South African operations. This is expected to bode well for a more stable labour environment during the period to the end of June 2020.

There may be increased short-term volatility on the labour front following a shifting demographic in trade union membership amongst technical skilled employees.

The proposed disposal of the Company's interest in KEM JV may also lead to short-term disruption at this operation.

KPIs

Production; Local employment; Staff turnover

DIRECTOR/COMMITTEE RESPONSIBILITY

Executive Directors; HSSE Committee

READ MORE

Chief Executive's Statement – pages 9 to 11

Labour relations – page 51

Strategic risks**Financing**

Medium term

**RISK CHANGE
IN FY 2018****DESCRIPTION AND IMPACT**

Petra is currently winding down from a major capital-intensive period which has seen investment of circa US\$1.7 billion over the period from FY 2006 to FY 2018. Future Capex is expected to be at lower annual levels than those experienced recently and is expected to be funded from operating cashflows; however, the Group's South African banking facilities also remain available as an alternative funding source. Lack of adequate available cashflows as a result of a reduction in operating cashflows and/or breaches in banking covenants could delay development work.

MITIGATION

Whilst Management prepares detailed plans, actual Capex may differ from estimates. In order to mitigate this, Capex requires a tiered level of approval and variances to Capex plans are monitored on a timely basis. The Company closely monitors and manages its liquidity risk, including regularly reviewing its cashflow planning to ensure that Capex plans are adequately financed and regularly monitoring its position with regards to its covenant measurements.

FY 2018 RISK DEVELOPMENTS AND MANAGEMENT

Petra raised net circa US\$170 million in the Rights Issue in June 2018, which enabled the Company to reduce its overall debt and simplify its prior capital structure, with the focus now on deleveraging in line with the Board's stated target to reach a sustainable leverage level of consolidated net debt to consolidated EBITDA of 2x or less by the end of FY 2020.

The Group's forecasts show that Petra has sufficient liquidity to meet its working capital and capital development requirements.

The Rights Issue enabled the Company to repay the drawn indebtedness under its South African banking facilities shortly after Year end. The Company expects to be compliant with the financial covenants related to its banking facilities going forward, but the situation remains sensitive to changes in diamond prices, exchange rates and expected production from the Group's mines, including total carats and mix.

KPIs

Production; Revenue; Profitability

DIRECTOR/COMMITTEE RESPONSIBILITY

Executive Directors; Audit & Risk Committee

READ MORE

Financial Review – pages 28 to 32

Risk Management continued

Identifying, managing and mitigating risk continued

Strategic risks continued

Cost control and capital discipline

Long term

**RISK CHANGE
IN FY 2018****DESCRIPTION AND IMPACT**

As is usual for the mining industry, Petra's operations have a relatively high fixed cost base, estimated to be circa 70% to 80%. Petra's main cost inputs are labour and energy, both of which have been rising faster than the official inflation rates in South Africa and Tanzania. Ineffective cost control leads to reduced margins and profitability.

MITIGATION

The Company's expansion plans have included initiatives to streamline ore-handling and plant processes, thereby driving efficiencies.

As the Company now moves away from targeting higher carat volumes to optimising cash generation across its portfolio, it will focus on the right sizing and streamlining of operations.

Profit and cost measures form part of Petra's annual bonus framework.

FY 2018 RISK DEVELOPMENTS AND MANAGEMENT

In Rand terms, the Group achieved absolute on-mine cash costs in line with expectations (excluding KEM JV); however, the strength of the Rand has had a negative impact on US Dollar reported operating costs. Driving cost efficiencies across our asset portfolio will be a focus for the Company going forward.

FY 2019 costs may exceed earlier expectations largely driven by in-country inflationary pressures, additional costs imposed by regulatory changes, and a degree of cost improvements taking longer to bed down following the delivery of expansion programmes.

A focus on efficiency initiatives helped to contain increases in our energy usage, carbon emissions and water usage, despite the increase in production.

Corporate overhead remained tightly controlled.

KPIs

Profitability

DIRECTOR/COMMITTEE RESPONSIBILITY

Executive Directors; Remuneration Committee

READ MORE

Financial Review – pages 28 to 32

Climate change and energy usage – page 53

Water management – page 53

Retention of key personnel

Long term

**RISK CHANGE
IN FY 2018****DESCRIPTION AND IMPACT**

The successful achievement of the Group's strategies, business plans and objectives depends upon its ability to attract and retain certain key personnel.

Petra believes that employees who are empowered and accountable for their actions work to the best of their ability and are able to fulfil their true potential.

MITIGATION

Petra's clear vision and continued progression towards being a world-class independent diamond group helps to propagate a Company culture in which employees feel they can directly contribute to the Company's success. The Group's employment policies and terms are designed to attract, incentivise and retain individuals of the right calibre and its remuneration strategy is designed to reward management for delivery against the Company's long-term objectives, as well as retain key management for the longer term.

FY 2018 RISK DEVELOPMENTS AND MANAGEMENT

The Group's approach to retention of key personnel has proven successful throughout the duration of the expansion programmes.

Ongoing succession planning and development of future managers are continually assessed to ensure future skills availability.

The Nomination Committee is currently in year two of its three-year succession plan and is continuing to review its Board, board committee and senior management structures. As part of this, a process to identify a successor for the CEO position has now commenced. In line with the Company's development from a phase of intensive capital expenditure and expansion to a focus on steady state operations, Johan Dippenaar will be stepping down from the role when an appointment has been made.

KPIs

Production; Revenue; Profitability; Staff turnover

DIRECTOR/COMMITTEE RESPONSIBILITY

Remuneration Committee

READ MORE

Employee retention and development – page 50

Report of the Nomination Committee – pages 88 and 89

Directors' Remuneration Report – pages 92 to 103

STRATEGIC OBJECTIVES



Work responsibly



Business rationalisation



Optimise recoveries



Drive efficiencies

Licence to operate

Long term

**RISK CHANGE
IN FY 2018****DESCRIPTION AND IMPACT**

In order to maintain its exploration or mining licences, Petra must comply with stringent legislation to justify its licence to operate. Failure to comply with relevant legislation in South Africa, Tanzania or Botswana could lead to delays or suspension of its mining and exploration activities.

MITIGATION

Petra's approach is to go 'beyond compliance' in terms of meeting its health and safety, social, environmental and local community obligations, by adopting a holistic approach with the true long-term sustainability of each operation in mind.

The Company also continually stays abreast of developments and changes in the laws and regulations of all of the countries in which it operates, and has systems to ensure it meets all the requirements of its mining rights and related matters.

FY 2018 RISK DEVELOPMENTS AND MANAGEMENT

Petra continued to comply in all material aspects with all relevant laws and regulations in the countries in which it operates.

There is an increased drive towards resource nationalism in many African countries, which is being reflected in legislative and regulatory changes in South Africa and Tanzania. As mentioned in the 'Country and political' risk commentary, these are likely to place additional financial and social burdens on Petra's operations.

KPIs

Production; Revenue; Profitability; all HSSE indicators

DIRECTOR/COMMITTEE RESPONSIBILITY

Executive Directors; Audit & Risk Committee; HSSE Committee

READ MORE

Legal compliance – page 48

Report of the HSSE Committee – pages 90 and 91

Community relations

Long term

**RISK CHANGE
IN FY 2018****DESCRIPTION AND IMPACT**

Mutual support between our operations and the communities around them is vital to the success of our activities and for maintaining our social licence to operate.

There is an ongoing risk of illegal mining taking place in areas where Petra has surface operations (as opposed to underground), namely the Williamson open pit and the tailings operations of our South African mines.

MITIGATION

Petra regards its host communities as one of its most important primary stakeholders and contributing to these groups in a meaningful, sustainable and long-term manner is therefore central to its strategy.

Our community development efforts continue to be focused on: sustainable job creation; skills transfer (education and training); enterprise development; and infrastructure development.

Petra regards direct engagement with its stakeholders as the primary means of building relationships and identifying issues to be resolved, and therefore has a continuous, planned and scheduled engagement process in place at all of its operations.

FY 2018 RISK DEVELOPMENTS AND MANAGEMENT

Petra continued to develop and expand its stakeholder engagement activities during FY 2018. The Stakeholder Engagement Module was successfully rolled out to assist in strengthening partnerships with stakeholders and managing/reporting engagement in an effective manner.

In order to address illegal mining in Kimberley, a multi-stakeholder agreement (including the KEM JV partners, the DMR and the Sol Plaatje Municipality (governing Kimberley)), was reached in May 2018 to provide the artisanal miners in and around the town with access to processing certain of KEM JV's tailings resources. This concession is intended to engender a sustainable, long-term solution by formalising the artisanal miners as a legitimate group to operate lawfully.

KPIs

Local employment; CSI expenditure

DIRECTOR/COMMITTEE RESPONSIBILITY

Executive Directors; HSSE Committee

READ MORE

Community development and engagement – page 54