

SEPON MINE TODAY



THE NEWSLETTER OF LXML SEPON

IN THIS ISSUE

ISSUE 1 / JUNE 2019

Interview With Fu Xuesheng, Director of Chifeng and GM of Chifeng's international mining business **Page 2**



SHOUT OUTS FROM OUR 2018 LXML PROGRESS AWARD WINNERS **Page 6**



Investing in people **Page 10**



Laos' mining contribution to GDP highest in ASEAN **Page 13**



Sepon Celebrates International Womens' Day 2019 **Page 16**



MMG and Chifeng Jilong representatives signed the sale pack on 21 June 2018.



LXML SALE CONCLUDES SUCCESSFULLY

From 1 December 2018, Chifeng assumed ownership of Lane Xang Minerals Limited's Sepon mine, after MMG completed the sale of its 90% interest in Lane Xang Minerals Limited (LXML).

Chifeng is a Shanghai-listed gold and precious metals producer headquartered in Chifeng, Inner Mongolia. Chifeng is a leading gold producer in China, with three gold mining subsidiaries, along with two mineral resources recycling businesses that produce a variety of low grade precious metals.

LXML will form part of Chifeng's International Mining Business, which is led by Mr Fu Xuesheng. Mr Fu is a Director of Chifeng and General Manager of Chifeng's International Mining Business.

Mr Fu brings over three decades of experience in gold mining throughout China and internationally.

Chifeng will retain the existing LXML management team and will continue to operate under the same international standards that LXML has maintained since operations began in 2003.

"The completion of this transaction marks the beginning of an exciting new chapter for the Sepon mine" said **Mr Paul Harris, General Manager, LXML**. "We are committed to continue our predecessor's legacy in contributing to socio-economic development in the Lao PDR by reviving Sepon's gold operations and extending the mine life of Sepon for at least another ten years."

Sepon's current copper operation has a projected mine life to around 2020, with the potential to transition to a primary gold operation. With extensive gold mining experience and a track record for technical innovation, Chifeng is well suited for extending the life of Sepon mine through the transition from a copper producer to a primary gold operation. Chifeng will focus on completing technical studies to support future gold operations, and will undertake near-deposit exploration of deeper and peripheral areas to expand the existing resources and maximise asset utilisation.

Following the formal sale completion, on 13 December 2018 the local host community in Vilabouly district held a

traditional 'baci' ceremony to welcome Chifeng and farewell MMG. Lao people believe this will bring the best of luck and success to the incoming and outgoing companies as well as providing a good way for the company to engage with the district and local authorities and other key stakeholders.

At the same time, LXML officially opened the Environmental Management Unit (EMU) for Vilabouly District. The EMU is part of a three-year MoU between LXML and the Ministry of Natural Resources and Environment to enhance the environment ministry's capacity in environmental management across the resource sector.

INTERVIEW with FU XUESHENG

FU XUESHENG,
LXML President



What do you enjoy doing in your free time?

I like reading and brisk walking.

Why did you decide to work in this industry? How did you get into this industry?

I didn't know about the mining industry before I studied in university. Through learning and working, my understanding about mining grew deeper, and so did my attachment to this industry.

I will dedicate my entire career to this industry.

What is the core value that you and Chifeng will bring to LXML and its employees?

Chifeng and I will commit to LXML's development so that employees will benefit from Chifeng's investment in LXML.

What is one thing Chifeng plans to do during the first year in Laos?

As a newcomer, we would like to build the trust, credibility, and relationship with our employees, community, and stakeholders. We want to demonstrate and ensure that our commitment to the development of Lao employees and Sepon operation is real. We hope to do this through extensive engagement and communication with our employees and stakeholders; aligning our visions, missions, and values; and maintaining and building on our predecessor's performance.

What is your motto of success in your professional and personal life?

Career-wise is to be devoted, focused, and responsible. Life-wise is to be positive, simple, and content.

Any final words?

I am amazed by Sepon operation. It is a big mine with a high standard development and operation. It pays high attention to safety and environment protection. It has an excellent technical team; highly qualified employees and a highly digitalized production system. Sepon proactively supports community development, and has a stable and harmonious relationship with government and local communities. Sepon operation is the pride of the district, and a model of international mine development. It is my honor to work with the Sepon operation.

Can you please tell us about yourself.

I was born in Shandong Province, China. My wife and daughter reside in Jinan, Shandong Province. My son works in America.

I studied mining at University of Science and Technology of China for my bachelor and master degrees. I worked for China Shandong Gold Group and a US mining company as operational manager, general manager and chief engineer. Currently, I am working for Chifeng Gold as General Manager of Chifeng International Mining Business.

What was your impression after your first visit to Sepon mine or Laos in general?

I first visited Laos in September 2018. I was impressed by the beauty of Laos with its green mountains and clean water, its stable and harmonious society, as well as the kind and happy Lao people. I praise Laos!



Mr. Xuesheng and Mr. Khamphouy Sibounheuang, Vice Governor of Vilabouly District, during the second ambulance handover by LXML to the Vilabouly District.

LXML Supports Road B3 Upgrade in Vilabouly



Today, Lane Xang Minerals Limited (LXML) handed over the fully upgraded Road B3 in Vilabouly District town centre, Savannakhet Province. Through LXML's funding of over US\$213,701 via the company's 2018 Trust Fund, the 1km concrete road is set to provide better road access to more than 14,000 community members from Vilabouly District.

Road B3 will connect Vilabouly community members to Route 28A intersecting with Route 9, which is an important economic corridor for freight and development, connecting the Lao PDR with neighbouring Vietnam and Thailand.

The newly upgraded road was handed over by Mr Fu Xuesheng - LXML President to Mr Mountha Xaiyalith, Vice Governor of Vilabouly District and witnessed by Mr Paul Harris - LXML General Manager, Mr Saman Aneka - LXML Managing Director and Stakeholder Relations Manager, heads of related government offices, representatives of mass organisations, Vilabouly authorities, community members, and LXML employees.

"On behalf of the people of Vilabouly district, I extend my appreciation to LXML for their contribution to progress and development in the Lao PDR, and their investment to upgrade Road B3" said Mr Mountha Xaiyalith, Vice

Governor of Vilabouly District.

This new investment builds on approximately US\$20 million already spent by LXML to construct and maintain local roads in the district, including Route 28A which connects Vilabouly with Savannakhet.

In addition, LXML provides US\$750,000 each year to Vilabouly District through a Trust Fund, part of which is used to build and improve local roads.

Sepon mine commenced operations in 2002 and at that time Vilabouly District was considered a remote area. Travel there required a long arduous journey along roads, rivers, and dirt tracks, which often took several days. All villages in Vilabouly District are now accessible by road.

LXML has provided over US\$1.4 billion in direct revenue to the Lao Government since operations commenced. The company has also invested about US\$34 million in building and maintaining the national electricity grid in cooperation with Electricite Du Laos.

Indirect benefits including local employment, training, and engagement of Lao contractors has contributed hundreds of millions of dollars to the local economy, transforming Vilabouly from one of Laos' poorest districts.

"This cooperation will ensure villagers can continue to travel safely and get their goods to market" said Mr Fu Xuesheng, LXML President. "This will ensure local livelihoods from agriculture, tourism, and other economic activities beyond mine closure."



LXML SUPPORTS UXO CLEARANCE IN LAO PDR

8 March 2019 - Lane Xang Minerals Limited (LXML) signed a Memorandum of Understanding (MoU) with the Ministry of Defence's Engineering Department to support cooperation and coordination on UXO removal and disposal in the Sepon Mine area.

This partnership extends on the MoU signed in January 2013, for the next three year; in a joint effort to clear UXO within the Sepon mine area, to enhance technical capacity of the Engineering Department's technicians, and to improve clearance practices for future generations in Laos.

The MoU was signed by Colonel Viengxay Xaiysamone, Director General of the Engineering Department and Mr Michael Valent, LXML Mine Technical Service Manager; and witnessed by Lieutenant Colonel Patthana Boutichack, Cabinet Deputy Chief of the General Staff Department and Mr Saman Aneka, LXML Managing Director and Stakeholder Relations Manager.

"Our cooperation in the last five years has been fruitful, and enabled safe and effective UXO clearance work in Sepon mine that align with objectives of our MoU and compliant to the National Regulatory Authority's standards," said Colonel Viengxay Xaiysamone, Director General of the Engineering Department, Ministry of Defence. "We will continue our efforts to ensuring this partnership is successful as well as achieve what is assigned to us by the Party and State."

Since the partnership was forged, LXML, the Ministry of Defence, the National Regulatory Authority (NRA), and

the Lao National Unexploded Ordnance Programme (UXO Lao) have worked together to improve UXO clearance standards in Laos.

In 2015, LXML and the NRA developed the accredited explosive ordnance disposal (EOD) training programs to help build capacity for Lao EOD technicians. These training programs have enabled Lao EOD technicians to attain the highest internationally recognised qualifications and experience in UXO clearance techniques. This training course was the first of its kind run by the private sector, the Lao Army, and humanitarian operators. The success of the training programs is also reflected in the safety performance of the LXML UXO clearance team having proudly achieved zero UXO related incidents over the last three years.

LXML and the NRA have continued to investigate and invest in technologies to improve techniques in UXO detection and clearance. By partnering with industry experts, LXML introduced new equipment to enhance UXO detection. The Ultra-TEM II Deep Bomb Detection System, which detects UXO buried up to 3.5 metres underground in harsh mining environments like the Sepon mine, has been a huge success for Sepon. LXML continues to enhance the Gap EOD Fixed Loop Electromagnetic (FLEM) detection method, and recently invested in new handheld detection equipment with the purchase of the Vallon VMX-10 detectors.

LXML is strongly committed to continuous improvement and has fully supported the wider UXO clearance

community by actively participating in field trials, and the sharing of information to support the standardisation of UXO clearance practices in Laos. Our company's learnings, experiences, and technologies, have helped to develop improved, safer and more effective UXO clearance for all of Laos.

"We will continue our part in removing obstacles that hinder the development of Laos," said Mr Paul Harris, General Manager, LXML. "Most importantly, we will strive to keep people safe by enhancing capacity, investing in modern state of the art technology, improving clearance techniques, and raising awareness on UXO in partnership with key players in the UXO sector through in kind support and agreements like this MoU signing we are witnessing."

LXML remains committed to the UXO clearance work in Laos. Since 1996, LXML has invested over US\$48 million to help address the problem of UXO by clearing around 2,900 hectares of land and destroying around 58,000 UXO items.



LXML EMPLOYEES CREATIVELY IMPROVING SAFETY

To improve safety on site, LXML launched the Safety Improvement Initiative (SII) in March and will run until December 2019. This initiative enables LXML employees and contractors to take the lead in identifying opportunities to improve Safety at Sepon mine, and to take the initiative to implement these improvements.

Employees individually or in groups were invited to submit a safety improvement initiative they have actually implemented and have resulted in visible improvements.

Submissions are selected and voted monthly and quarterly by a panel on site or so called 'Site Safety Committee'. The winner/s win a monetary award and are featured in the company's internal newsletter.

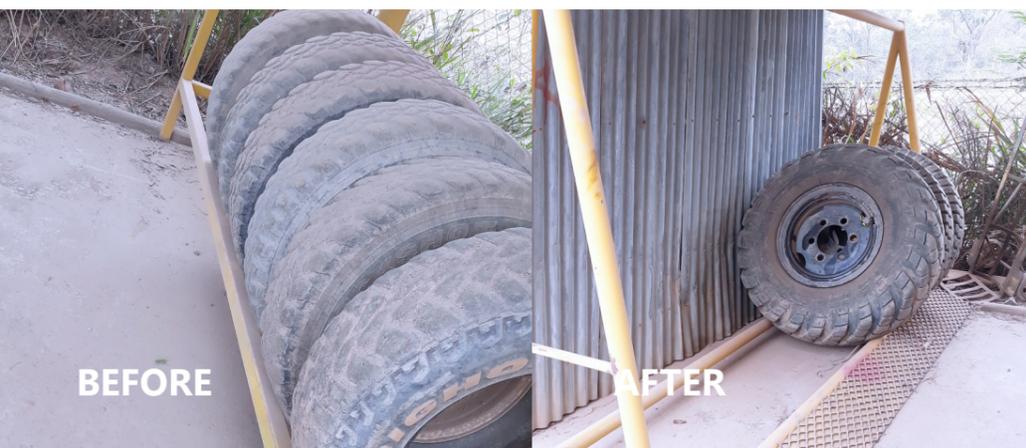
March - Safety Improvement Initiative Winner

Vilasay Thorsengmany, Boart Longyear



Mr Vilasay Thorsengmany brought home the March's Safety Improvement Initiative Award, for his creative idea 'Tyre Rack Ramp' aimed to reduce manual handling of tyres in and out of the tyre storage area. Heavy tyres can now be rolled onto the rack instead of being manually lifted and causing the potential for sprains and strains (musculoskeletal) injuries. Through this new idea, work can be done more safely and effectively.

Vilasay was voted by the Site Safety Committee, among 15 submissions received for March. and he will also be running for the quarterly award.



April - Safety Improvement Initiative Winner

Processing Lab Team



Out of 10 submissions received in April, the Processing Lab Team won the month's award for their great idea to 'separate extraction assay port from the extraction dust'. This initiative aims to optimise the flow rate for extraction of the pulverize, fume hood fluxing and cupellation furnace of gold assay as well as protect and reduce toxic chemical and dust contacts for operators.

The team will also run for the quarterly award.



SEPON TOPS ICMM IN SAFETY PERFORMANCE

In 2018, LXML outperformed other members of the International Council on Mining and Metals (ICMM) achieving the lowest Total Recordable Injury Frequency Rate (TRIFR) of 0.67 (compared to an average TRIFR of 4).

TRIF is the number of fatalities, lost time injuries, substitute work, and other injuries requiring medical treatment per million hours worked.

Thanks for all your hard work, dedication in living by our core value 'safety first', LXML has achieved a world class safety performance compared to major companies in the same industry such as BHP Billiton and Rio Tinto among others.

ICMM brings together 27 of the world's leading mining and metals companies, and over thirty associations to address the core sustainable development challenges faced by the industry.

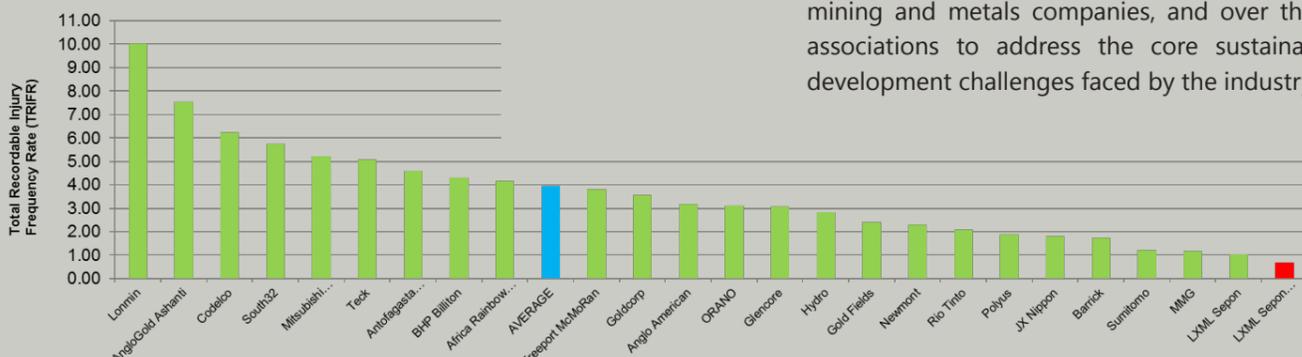




Photo © LXML/Chanmy Sisomphone

The 16 graduates posing with (from top left) Mr Mariano Dayag, LXML HR Manager; Mr Saman Aneka, LXML Managing Director and Stakeholder Relations Manager; Mr Sengphet Khamsovanh, Vilabouly Vice Governor; Mr Oudomphong Phengpaseuth, Team Lead Maintenance Trades Training; and Mr Soulvong Thongthip, LXML Maintenance Trainer.

LXML BUILDING NEW LAO MINING PROFESSIONALS

On 7 December 2018, Lane Xang Minerals Limited (LXML) witnessed the graduation and celebrated the success of sixteen graduates who completed a five-year trade training apprentice program and received international and national qualifications. The graduates have completed and obtained an Australian Certificate III Trade qualification and a Lao High Diploma of Technical Training.

The graduation ceremony was held at Crown Plaza in Vientiane, with attendance of Mr Noupanh Outs, Director of Technical and Vocational Education and Training Department and representatives from the Ministry of Education and Sports; Mr Khamsavay Nhommanivong, Acting Director of the Lao-German Technical

College; Mr Sengphet Khamsovanh, Deputy Chief of Vilabouly District; Mr Saman Aneka, LXML Managing Director and Stakeholder Relations Manager; Mr Adrian Bell, PanAust Executive General Manager; Mr Shaun Massey, General Manager of Phubia Mining Support Services; representatives from LXML, Phubia Mining (PBM); and families of the graduates.

A core value and commitment of LXML is *to mine for progress*. It means that we mine to create wealth for our people, communities and shareholders. We put this value into practice every day, by investing heavily in their health, safety, development and advancement. We invest in their professional development

and in building the next generation of Lao mining professionals.

Our support, in partnership with PBM and the Lao-German Technical College to the five-year apprenticeship program aims to fill in the skills gap, address the challenges in finding high quality mining related trade skills in Laos namely in: automotive electrical, heavy vehicle plant mechanical, metal fabrication and welding, fitting and machining, and electrical trade.

Laos' consistent strong economic growth over the last decade has raised demand for workers of all skill levels. However, employers are voicing demand for qualified workers especially with technical and vocational skills. The World Bank's 2018 Doing Business Report suggested 'inadequately educated workers' were among the main concerns to the business environment that keeps surfacing each year.

"I am proud that our support has bare fruit" said **Mr Saman Aneka, LXML Managing Director and Community and Stakeholder Relations Manager**. "Their skills and hands-on experience will not only contribute to the future employment within Sepon, but to the future employment of Laos. These skills acquired will be useful for the rest of their lives."

The sixteen apprentices, who are locally from Sepon and are part of the 51 graduates, have started their work and will contribute to the Lao labour force and have become part of the LXML family.

All the graduates have expressed their appreciation to this program. While living away from home and family, and English language were identified as some of the obstacles the graduates faced, the learning experience was worthwhile as it gave them the opportunity to up their educational and English levels, as well as their new experience living independently in a different place.

Two apprentices from LXML, Mr Niksan Sengsavanh and Mr Synor Keosynouan, were awarded 'Outstanding Apprentice' for their excellent performance throughout the years.

Mr Niksan Sengsavanh, who studied fitting and machining and is working with LXML as Fixed plant mechanical & rebuild Tradesperson, felt the program provided many opportunities.

"It's been a good opportunity to come study in a big city and in an excellent vocational training institution, and getting to know many others from different provinces" said **Mr Niksan Sengsavanh**. "I hope in the future, the company will support similar programs that expand to other skills sets that would benefit the operation as well as Lao people."

Mr Synor Keosynouan, who studied metal fabrication and welding and is working with LXML as Fixed plant & HE fabrication Tradesperson, felt the program was very beneficial not only from the technical skills gained but also his upgrade in English language among others.

"While the five year study away from home was not as easy, it was surely worth it" said **Mr Synor Keosynouan**. "The program and knowledge transfer between instructors and students were excellent. Apart from this, I got to learn English and interact with expats which is a bonus."

Big congratulations to our graduates – our new professionals!

A big acknowledgement to the LXML and PBM training and support team namely Chanthone Naovalath, LXML Superintendent Government Relations and Chairman of the Trade Working Group; Ya Xiong; Oudomphong Phengpaseuth; James Concannon; and Bounpaserth Sengdala who've put their time and energy to make this apprenticeship program a great success.





SHOUT OUTS FROM OUR 2018 LXML PROGRESS AWARD WINNERS

For four years, the LXML Progress Awards has been celebrated to acknowledge exceptional performance in areas critical for our success—safety, values, and outstanding performance. Nearly 40 quality nominations were received, making it very challenging to select individuals and teams for the award. The winners were announced at the Lao National Day celebration in Sepon on 3 December 2018. Awards were handed by Paul Harris, LXML General Manager.

Congratulations to the winners for the outstanding achievements, for always living LXML values, and making Sepon a safer place to work.

Let's hear from the winners on what it means to them to win this award.

Outstanding Achievement – Processing Team

The Processing team has faced many challenges this year with the processing of harder and more complex ores, increased silica in the ore, and flooding to name a few. Through the course of the year, the team has been very proactive in reacting to plant issues and seeking improvement in a timely manner. Focusing on operating disciplines and production improvement ideas, they have achieved new milestones with no major plant issues, record run-times for the Mill and Solvent Extraction, record soluble loss performance, record throughputs for Polishing Plant 2, while maintaining greater than 92% extraction efficiency.

The team has also been able to contribute savings in excess of \$2M. Further, more improvement and cost saving ideas have been identified and are in progress to add more value to Sepon's operation. As a team, these are outstanding initiatives that enable them to streamline the entire process to meet our goals and be on track to deliver or exceed forecast.



"Winning this tangible award is such a priceless way to recognise our team achievement. What make us more proud is winning this award for two years.

Thus we are sincerely proud for this great recognition and praise given by the management team.

This reward is so important for us as a team because this means our contribution to the company's goals and objectives is valued. More importantly, our team will be motivated to maintain and improve good work." **Khonesavanh Vansana, Processing Manager (center)**.

Values Always – Seesavath Xayasone, Superintendent – Front End, Processing

Seesavath consistently thinks and implements cost saving and production improvement ideas, while still keeping a focus on safety. Seesavath regularly reviews plant downtime and equipment issues that result in lost production opportunities or high maintenance costs. He then looks for opportunities to improve and optimise production. He demonstrates the value of "we work together" as he collaborates with maintenance and engineering teams. Each and every day, Seesavath demonstrates and lives by the value of 'we want to be better'.

"I am proud of this award and being able to contribute to the achievements of LXML. 2018 was not a smooth year for us, and overcoming the many challenges was not easy namely the organizational restructuring within our department



which meant fewer labor force and increased work load as well as the natural disaster on site. Despite all this, as part of the management team of the processing department, I have not given up and led the team to achieve the target set by the department and that of the company. More importantly, I have focused on safety as central to our operation.

This achievement is what I and the teams involved are most proud of." **Seesavath Xayasone (left)**.

Values Always – Mining Civil & Dewatering Team, Mining

The mining civil and dewatering team play a critical role in mining. The team has worked very hard this year and performed over and above expectations despite the challenges associated with the wettest year on record. They are respected by the mining team and have exemplified the values of 'we do what we say', and 'we work together'.

"On behalf of the team, I'm very proud that the good teamwork underlined by living our values 'we do what we say' and 'we work together' paid off,



through winning this award." **Vilaythong Sysomvang, Superintendent, Mine Service & Project**.

Safety First – Michael Rothwell, Coordinator Scaffolding and Doug McCarthy, Coordinator Crane and Rigging, Maintenance



Micheal and Doug are leading teams that continually undertake 'high risk' activities. We forget that they are undertaking 'high risk' activities and implementing fatal risk controls every day, because there are very few incidents reported. They continuously strive to make safety improvements and have always maintained high standards.

Michael has recently taken on the role of coordinating the Trepax team and CR Asia High Pressure water blasting team. He has provided tighter controls and improved the safety of both these teams.

Under Doug's guidance, over 52 weeks, the crane team has achieved a total of 10,217 incident-free crane lifts with the mobile crane fleet averaging just under 28 lifts daily across the Sepon site.

Together these teams have only had three injuries – two minor first aid injuries and one recordable injury. They have now achieved over 600 injury free days.

Michael and Doug have provided safety leadership to their teams and been a great example through their coaching and mentoring approach.

"To win this award with Doug gives me great pride, as it recognises that safety is a true core value in all that we do, not just at work but at home as well. Team scaffold are like a family to me and we care for



each other as a family, especially to keep each other safe. They are very happy to share in winning this award." **Michael Rothwell (left)**.

"Winning this safety progress

award with Michael will be something I will always cherish and remember my time working at Sepon with Lao people and will be very proud to share our success story within the mining industry over time and around the world.

There is no doubt that 2018 was a very exciting year for our Crane and Rigging team with the addition of several new machines and equipment. The new machines and the associated training created a fantastic enthusiastic team environment. This positive energy worked in conjunction with our LXML core values while always being mindful to respect cultures on a daily basis. This is what, I believe, has led the way to our record incident-free safe lifting performance at Sepon in 2018.

This safety progress award has also capped off the unprecedented world class delivery of Original Equipment Manufacturer (OEM) crane operator training at record levels within our team and has made us all very proud of our outstanding achievements in 2018."

Doug McCarthy (above).

Safety First – Project & Service Delivery Team



This year the Project & Service Delivery (P&SD) team achieved a milestone of three years without a Recordable Injury. This is an excellent achievement because the team is involved in hazardous tasks every day. The team is responsible for UXO detection and clearing, land clearing, rehabilitation, bush cutting and special project work such as clearing drains on pit berms.

The team are flexible in their task assignment and can be involved with rehabilitation one day and land clearing on another. Their work is typically manual and can involve working on steep terrain with dense vegetation.

The team also contributes to our

positive safety message by holding UXO awareness days with LXML employees and contractors, and senior village people. They also support community based programs by having information displays at schools and the annual boat festival.

"Winning this safety first award and being able to achieve three years without recordable injury demonstrate that Zero is Possible, if we make the effort and operate in a disciplined and planned manner. UXO work involve high risk task, and an accident that happens may equate to a life lost. Therefore, creating a safe environment is a core principle of UXO operational management. Key factors in reducing and preventing fatality risk to our team members during UXO work is the need to abide to strict safety operational rules, close guidance and monitoring, quality control, continuous and appropriate training including effective equipment and PPEs so as to reduce the risks of incidents occurring while in operation." **Palivath Inthavong, Superintendent P&SD (center)**.

INTERVIEW UP CLOSE AND PERSONAL

Mariano Dayag, Human Resource Manager



Tell us about your background and experience prior to joining LXML Sepon.

My professional experience has been across the entire HR value chain including recruitment, strategic HR planning, workforce planning, remuneration, training, organisational development and industrial relations. My primary field of study in Psychology, Business and Law, has provided a firm grounding in being able to lead HR delivery teams in varying capacities across a range of diverse and challenging environments. Coming from Papua New Guinean and Filipino heritage, I grew up in Australia and have worked as an expatriate for almost 15 years within the mining industry. Prior to joining LXML, my professional experience includes to both site operational and corporate support roles within the South East Asia region with accountabilities in Australia, Papua New Guinea and Africa.

What are some of the challenges you have faced throughout your career and how have you overcome these?

Having worked in highly industrialized environments in several countries, one of the key challenges faced is balancing the interests of the company and employees. For instance, the business expectations around safety, productivity, costs, commitment, cooperation and loyalty; against the

employees' expectations on remuneration, employment security, conditions and career development. Finding the balance is critical to ensure we maintain a productive, efficient and motivated workforce whilst also creating a culture where there is strong alignment of expectations across all levels of the business.

At Sepon we have achieved this through embedding our values into all aspects of our business and continually engaging in a constructive and productive dialogue with key stakeholders through significant organisational changes.

Another key challenge in the HR profession is being able to pragmatically translate the strategic business objectives into sustainable and value-adding HR practices. Often we find ourselves focusing on people-related initiatives that are a nice to have rather than a business necessity that drives results. Through the continued close business partnering and engagement within the operations, support functions such as HR will gain a stronger understanding of the operation and continue to work in partnership with the operations to proactively address people-related concerns and drive people initiatives that optimise our production outputs.

What are the fundamental principles you bring to your role as HR Manager?

As a services function to the operation, it is important that we are aligned in our delivery and support the operations to maximise the value of our people to the business.

A fundamental principle in achieving this can be summarised as 'Right People, Right

Role, Right Time'. Essentially this is about optimising how, where and when work gets done through ensuring our workforce is skilled, has the appropriate levels of competence, ensuring employees are engaged in a productive capacity and are motivated. This will be critical in achieving our site objectives for 2019 and as we prepare ourselves for the transition to gold operations and accompanying challenges.

What are you hoping to achieve as HR manager in the short and long-term?

The immediate focus will be to ensure that we continue to build on our existing people initiatives that are conducive to meeting our site targets for this year. This will be achieved through the continual progression of the development of our workplace competency programs, strengthening our supervisor development programs, building our local capacity through the My Performance Program, continuing to embrace and work in a diverse and inclusive culture and empowering all our people to take ownership and accountability in their roles.

What is the work and life philosophy you live by?

A simple philosophy but one I feel has a significant impact in our lives and that is - Be mindful in your personal and professional life. By being mindful and aware (both physically and mentally), you can guide your actions and thoughts with thoughtful intention.

Mariano Dayag, Human Resource Manager of LXML has been with LXML since 2012. He overlooks employee recruitment, development, and retention among others.

PHOTO ESSAY



Sepon copper plant was completed safety and ahead of schedule on 12-16 February 2019.

Photo © LXML/Charmy Sisomphone



LAO GOVERNMENT AND LXML REVIEW SEPON'S PROGRESS IN 2018

The 25th Quarterly meeting between the Lao Government Steering Committee and LXML took place in Vientiane on 18 December 2018 at Landmark Hotel. The meeting was chaired by Mr Thongphath Inthavong, Vice Minister of Energy and Mines; Mr Thonekeo Phutakayalath, Vice Governor of Savannakhet Province; and Mr Paul Harris, General Manager of LXML.

The meeting provided an excellent opportunity for participants from Vilabouly District, Savannakhet and Vientiane to discuss project milestones, key concerns, and progress on Sepon operations including operational, community, and environmental issues.

On the same day, participants witnessed the handover ceremony of US\$27.1 million in dividend for 2018 and US\$3.8 million in royalty for third quarter production of the year.

The next meeting is scheduled on 20 June 2019.



Photo © LXML/Charmy Sisomphone

PUPPET SHOW BRINGS SAFETY MESSAGES TO SEPON MINE EMPLOYEES AND COMMUNITIES

On 19 November 2018, the national puppet troupe from Vientiane put on a show for Sepon mine employees before they ventured out to the villages around Sepon from 18 to 23 November 2018.

This roadshow aimed to raise awareness about the social disorders, namely the short and long term impacts to ones' life and asset resulting from unauthorized entry into the mine and drug use.

The show brought smiles to the faces of not only the children and youths, but also to the elders in the community. Many enjoyed the show because the messages were easy to understand and relate to.

The shows reached out to over 2,800 spectators, played in nine places including at Hinsom Camp, Ban Namlaeb, Namalou, Ban Namkeun Nork, Ban Namkeun Nai, School in Ban Namkhip, Phoukham School, and School at Meuang Vang Cluster Village.



Photo © LXML



Photo © LXML



Photo © LXML

SEPON SCORECARD

A SNAPSHOT OF OUR PERFORMANCE



LXML outperformed other members of the ICMM achieving the lowest TRIFR of all members, and a record TRIFR of 0.66. Thanks to all of you for your hard work, and dedications by living our core value of 'safety first', LXML has again achieved a world class safety performance. Unfortunately, this world class performance was marred by a tragic fatality.

Also, when we look back at our safety performance over the last few years, our safety performance has plateaued - we have stopped improving and we are still hurting people.

This year, let us all focus on safety at all times and look out for one another. Our goal is to achieve 'no fatalities' and a TRIFR target of 0.6 (a 10% improvement on 2018). We have implemented a safety improvement initiative program that incentivizes and allows all employees to help improve our safety performance. Throughout 2019, we will continue our focus on Stop and Think, Hazard Identification and Risk Management, and Safety Task Management (accountabilities of supervisors and workers).



In 2018, we experienced a roller coaster of events with many challenges, and underlying uncertainty associated with sale processes. The successful sale of MMG's 90% share in LXML to Chifeng was eventually completed on 30 November 2018. Thank you to all employees for your patience and cooperation during this challenging period.

LXML now has a brighter future, with a new owner focused on developing the Primary Gold Project, recommencing exploration, and extending the life of Sepon mine.



2018 was a particularly challenging year for our operation with internal and external factors at play. Not only did we have to process harder and more complex ore with declining grades and negative ore body reconciliations, we were impacted severely by significant flooding from what was the wettest year on record. Despite all the challenges, LXML was still able to produce 71,258 tonnes, which was below budget, but within our production guidance range. Meanwhile, mining production was 6.6% above budget at 24,589,000 tonnes.

In 2019, our copper production target is 70,000 tonnes and our total mining target is 24,457,753 tonnes.



LXML's achieved EBIT (earnings before interest and taxes) of US\$17.7 million which was lower than expected due mainly to lower revenue from lower production and higher cash production expenses (US\$10 million). LXML earned revenue of US\$10.4 million, which is lower than target due to lower sales volume of US\$10.8 million, partially offset by higher copper price.

In 2019, LXML has a target of achieving a Cash Production Cost 10% lower than 2018's Cash Production Cost. This target will require cost savings of US\$32 million compared to our 2019 budget. A cost saving program has already commenced with good savings achieved already in Q1.

PHOTO ESSAY



Official opening ceremony of the Environmental Management Unit (EMU) office for Vilabouly District. The facility will support capacity building of the ministry's officers in environmental management across the resource sector.



INVESTING IN PEOPLE

In 2003 LXML's community development program initiated the Community Trust Fund, followed by the initiation of the Village Development Fund (in 2010), designed to lay the foundation for a successful post-mine economy in Vilabouly. The programs were initially guided by four pillars: health, education, community-led projects, and income generation.

The Community Trust Fund and Village Development Fund aims to improve livelihoods through access to basic services and empowering villagers to set and achieve their own development priorities. Granted development projects, activities or facilities are identified by villagers who will commit at least 10% of the total value, either through finance, time or in-kind contributions.

To date, about US\$8 million has been invested in the Community Trust Fund and US\$3 million in the Village

Development Fund, to build schools, roads, latrines, fish ponds, potable water, electricity, and other infrastructure development, benefitting more than 14,000 people.

In 2019, our Community Development strategy will focus more effort on education, health, and food security in order to improve the livelihood of targeted village, which are directly impacted by Sepon operations; and deduct funding on infrastructure improvement. These priorities are designed to support the Government's poverty alleviation programs.

This move is in line and is further supported by the latest findings in the World Bank's Lao Economic Monitor, which highlights the importance of investing in people.

A child born today in Laos is only 45% as productive as she/he could be if she/he enjoyed full education and healthcare. Stunting levels among Lao children are higher, and the probability of survival to age five is lower, than those of

countries at similar income levels. Moreover, despite an average of actual 10.8 years accumulated in school by age 18, once adjusted for the quality of learning, children in Laos only complete 6.4 years of schooling.

The report concludes that improving human development outcomes in health and education in Laos requires a combination of systemic and sector-specific interventions. For instance, better and greater investments in mother and child health, as well as improved quality of education since early childhood are important interventions to increase the productivity and well-being of new generations. In other terms, investing in health along with education can deliver the optimal outcome to a person's well-being and livelihood.

This is why it makes sense for LXML to focus its investment in the health and education of its host community.





Photo © LXML/Chanmy Sisomphone

LXML CELEBRATES 43rd LAO NATIONAL DAY

The celebration of the 43rd Lao National Day at Sepon Mine, on 3 December 2018, was more than just the normal event with a record attendance of over 700 people. Three reasons are attributable to making the 2018 event such a success.

First of all, everyone looked forward to the introduction of the new owner of Sepon mine and being part of the new chapter of Sepon's story.

It was announced earlier that Chifeng will secure Sepon's future by developing primary gold operation and further share mutual benefit to the Lao PDR.

"On behalf of Chifeng, I am confident that together Sepon and Chifeng, we can extend copper production and resume gold production to extend Sepon's life" said **Mr Fu Xuesheng- Director of Chifeng Gold and General Manager of Chifeng International Mining Business**, to employees and Vilabouly authorities at the event. "As a result, this will create enormous economic benefits for shareholders, improving the socio-economy and well-being of the community".

Since 1 December 2018, Chifeng officially took over Sepon's operation after the sale transaction of MMG's 90% share in LXML to Chifeng.

Secondly, one of the highlights of the

celebration night was the announcement of the 25th long service award. Everyone was on their feet when the MC requested an honour and announced for No Sengveunxay from Laboratory, Processing department to come up onto the stage to receive recognition for his 25 years of service at Sepon mine. This surprised Chifeng management team and praised his long and loyal service to the company.

In 2018, LXML celebrated 184 employees who's been with the company for over five years including: 29 employees working over 15 years; 88 employees working over 10 years, and 66 employees working over 5 years.

Thirdly, strong performance from the processing team has led to their winning the outstanding progress award for the second time in three years. While facing a number of challenges and difficulties in 2018, the team has focused on operating disciplines and production improvement to overcome those issues .

Finally, the event concluded by a two hours performance from two famous singers, Pat Phetdavone Khammanivone and Nga Sengamphone. Pat became famous and popular from winning a singing competition on a Thai television show. Nga, the heir of legendary singer Lung Sengamphone, performed his famous song 'Ngam Meuang Lao'.



Photo © LXML/Chanmy Sisomphone



Photo © LXML/Chanmy Sisomphone

LIFE IN SEPON



No Sengveunxay, 25 years with Sepon

I have worked at Sepon for 25 years. Over the years, I have worked as a technician and laboratory officer. **I am currently** a technician in the Laboratory, Processing Department. **My roster is** night and day shift. **A typical day for me would start and finish at** 6.00am to 6.00pm at the lab doing ore sampling. **The biggest change I have witnessed during my time in Sepon is** that livelihoods have improved significantly. **One of the most interesting things I worked on during my time at Sepon was** the company's lead in making 'safety first'. **One of the best things about working at the site is** the facility provided including accommodation, transportation, health services, food, and the gym. **I originally grew up at** Ban Xaiyamoungkhoun, Outhoumphone District, Savannakhet Province. **In my leisure time I enjoy** gardening and livestock raising. **My personal motto is:** work by making safety first.



LXML PAYS US\$5 MILLION ROYALTY FOR 4TH QUARTER OF 2018 PRODUCTION

26 March 2019 – Mr Saman Aneka, Managing Director and Stakeholder Relations Manager LXML (4th from right) handed the 4th Quarter 2018 royalty copper production of US\$5,511,247 to Mr Phoudong Soukhavong, Deputy Director General of State Assets Management Department (5th from right), Ministry of Finance. The handover was witnessed by representatives of both parties. On behalf of the State Assets Management Department are: (from 1st to 5th left) Mr Souksan Vannalath, Technical Officer; Ms Phaivone Thoumphanh, Technical Officer; Mr Phethanong Khammy, Technical Officer;

Mr Siphavanh Vivanxaiy, Technical Officer; and Mr Phansone Viphavanh, Head of Natural Resource Division. On behalf of LXML are (from 3rd right) Mr Chanthone Naovalath, Government Relations Superintendent; Mr Xu Chen, Chief of Laos-China Coordination; and Mr Manotham Phonseya, Compliance and Approval Superintendent.

Since production commenced in 2003, LXML Sepon has contributed approximately US\$1.4 billion in direct revenue to the Lao Government including over US\$139 million in royalties.

VILABOULY HOST COMMUNITIES AND LXML ORGANISE TRADITIONAL LAO 'BACI' TO WELCOME NEW OWNER CHIFENG



December 2018, Vilabouly District host communities and LXML co-hosted a Baci ceremony to welcome Chifeng as the new majority shareholder and owner of Sepon Mine.

The event was attended by seventy people including Mr Mountha Sayalith, Vice Governor of Vilabouly District; Mr Fu Xuesheng, Director and General Manager of Chifeng's International Mining Business; Paul Harris, LXML General Manager; Mr Saman Aneka, LXML Managing Director and Stakeholder Relations Manager; Senior LXML Advisors, Chiefs of the surrounding villages,

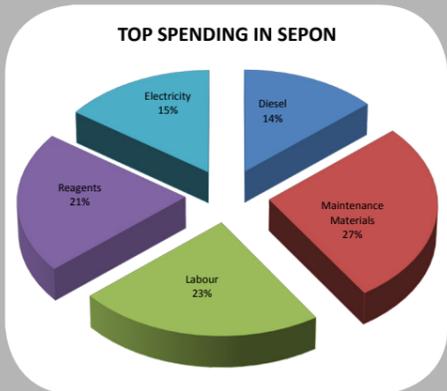
along with LXML employees, district officers, and representatives of mass organizations.

Prior to the Baci, Mr Fu and his delegation visited community development programs, the Houay Kong training centre, and the Vilabouly cultural hall, and had a chance to engage with the local villagers from the community.

"Under Chifeng's leadership, LXML will continue its contributions to the Community Trust Fund and the Village Development Fund. It will also maintain its Closure and Rehabilitation Fund" said Paul Harris, LXML General Manager.

SEPON STATS

2018 TOP SPENDING IN SEPON



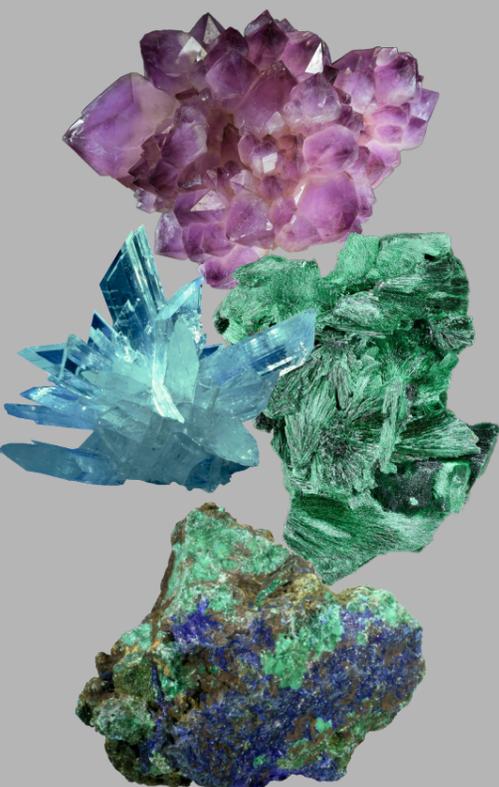
Top diesel consumption goes to our mining operations, which consumed on average

70,000 litres daily amounting to

2.2 million litres monthly.

QUICK FACTS DID YOU KNOW?

There are over **4,000** different minerals, but only around **30** of these are commonly found in the Earth's crust.



LAOS' MINING CONTRIBUTION TO GDP HIGHEST IN ASEAN

Laos tops Asean member countries where mining contributes to country's GDP, increasing from 0.46% (2004) to 7.27% (2016), peaking at almost 8.5% in 2015. Indonesia and Vietnam were ranked second and third respectively. However, this wealth did not translate into a corresponding Human Development Index, which measures life expectancy, education, and per capita income indicators. Laos ranked in the the last three only ahead of Cambodia and Myanmar on this Index.

These [findings](#) are based on the fourth edition of International Council on Mining and Metals' (ICMM) Mining Contribution Index

released in October 2018. The Mining Contribution Index (MCI) ranks 182 countries according to the relative economic importance of mining in their economies. Published every two years, the latest edition confirms that between 2014 and 2016, many of the world's mineral-dependent countries became even more dependent on the economic contribution of mining, despite falls in commodity prices over this period.

Aidan Davy, ICMM's Chief Operating Officer said: "This research shows the importance of getting the framework that governs mineral resources right if governments are to ensure that mineral wealth translates into broader-based economic and social progress."

It also shows the need to diversify and invest in other areas to insulate their economies from vulnerability to the commodity cycle" he added.

The MCI combines data on mining's contribution to countries' gross domestic product (GDP), export earnings and mineral rents that are paid to host governments. It indicates the importance of mining in the economic life of a country and the potential for this to translate into economic and social progress.

The findings show that many low and middle-income economies remain dependent on the mineral sector, of which fifteen of the top 25 ranked countries are African.

PHOTO ESSAY



LXML employees in Vientiane office celebrate Pee Mai Lao, following the Lao traditional 'Som Mar' rituals to ask for forgiveness and well wishes in the coming year



NEWS ROUND UP

Photo © LXML/Chanmy Sisomphone



LXML receives award for outstanding contribution to LNCCI

23 January 2019 – LXML, attended by External Relations Superintendent Ms Daomany Chanphakeo, received a congratulatory certificate and trophy for outstanding support to the Lao National Chamber of Industry and Commerce and business sector at the 30th year anniversary celebration of the LNCCI and its annual meeting held at the National Convention Center.

Photo © LXML



LXML's employees share warmth to community

28 January 2019 –Sepon's Community and Stakeholder Relations team on behalf of LXML handed donated clothes from its employees to 60 villagers of Ban Kokmak. These donations are small but meaningful gestures of engagement with our host communities.

Photo © LXML



Sport roll out enhance relationship between mine and communities

2 February to 16 March 2019–Sepon rolled out a series of rattan ball games (Sepak Takraw) in 14 villages around Sepon mine to invite and raise awareness among youths to come play sports and stay away from drug use and stay away from the Sepon mine site. This is also a way for LXML to engage and enhance relationship with the community. Pictured is one of the match between players of Ban Nahoy, the winner bringing home a 500,000 kip prize and Ban Meuangluang winning runner up prize of 300,000 kip.



Photo © LXML

LXML brought UXO safety message to students

7 February 2019–The Sepon UXO and Community Engagement team along with the National Regulatory Authority brought UXO safety-related messages to 80 first-year students of Phoukham Secondary School. The students learned how to keep themselves safe and what to do when they find a UXO, when burning vegetation or rubbish around their house, and what to do when digging for crickets, crabs, and bamboo shoots among other topics. Towards the end of the sessions, students were also happy to have received books and learning materials.

In addition to topic-specific awareness raising events like these, the Community Engagement Team conducts regular informal visits to the villages directly impacted by Sepon operations to keep them informed about the mine operation, safety topics like unauthorized entry to mine site, laws and regulations to robbery of national assets, and other relevant topics.



Photo © LXML

LXML' community relation team received high level government delegate to That Nang Lao

18 February 2019 – LXML led by the Community and Stakeholder Relations team received high level government delegates to the That Nang Lao Blessing Ceremony comprising Mr Somsavath Lengsavath, Former Deputy Prime Minister (pictured 4th from left); Dr Vilayvanh Phomkhe, Former Minister of Agriculture and Forestry; Mr Santiphab Phomevihane, Savannakhet Governor; Mr Khamphoune Touphaythoune, Vice Governor of Savannakhet; Dr Khamphuey Phanthachone, Provincial People's Assembly Chairman area 13; and Mr Phoxay Xaiyasone, Vice Governor of Savannakhet. They were received at the Sepon airstrip then led to the That Nang Lao Stupa to participate in the religious proceedings.



Photo © LXML

Sepon Celebrates International Womens' Day 2019

8 March 2019 - Sepon hosted a special lunch and awareness session on women's health for over 300 employees on 8th March. This year, again, Mining Manager Mr Phonesavanh Khamvongsa granted an exceptional 1.5 hours 'time-off' to all female employees in the mining department to join the important celebration. Invited doctor and specialist in women's health, Dr Alongkone Phengsavanh, spoke about the importance of women's health and care during the different development stages of their lives. Thereafter, private and group consultations with Dr Alongkone were open for our female (and male) employees.

This initiative is part of how LXML is taking action for equality-ensuring women are well informed about their health and ultimately staying healthy.



Photo © LXML

LXML and PBM meet with MoE and MoNRE Minister

17 May 2019 - Called on by the Ministers and Vice Ministers of the Ministry of Natural Resources and Environment and the Ministry of Energy and Mines; LXML and Phubia Mining met with Mr Khammany Inthirath, Minister of Energy and Mines Mr Sommath Pholsena, Minister of Natural Resources and Environment to present about its mine closure and rehabilitation plan. LXML represented by Mr Saman Aneka, Managing Director and Community and Stakeholder Relations Manager, Mr Chanthone Naovalath, Government Relations Superintendent, and Mr Manotham Phonseya, Compliance and Approval Superintendent, presented about LXML's progressive work on rehabilitation whilst also emphasising that Sepon will extend its mine closure to at least another 7 years as it resumes gold exploration and production.

Our Government counterpart praised LXML as a good example in environment management and mitigation practices and acknowledged LXML's continuous commitment to a good working relationship with MoNRE.

LXML SEPON QUICK FACTS & FIGURES

SKILLS

- 1,835,880 Training Hours (2012-2018)
- 76,041 Classroom Training Hours (2014-2018)
- 7,585 On-the-Job Training Hours (2014)

COMMUNITY

- US\$48 million – UXO clearance (58,500 items and 2,900 hectares cleared)*
- US\$24 million – Community income from local business development*
- US\$8 million – Community Trust Fund*
- US\$2.7 million – Village Development Fund*
- US\$2.9 million – Government of Laos, UNICEF, LXML 1000 Day Project (2012- present)

TAX PROFIT TO LAO PDR

- US\$1.4 billion – Revenue (taxes, royalties, dividend)*

EMPLOYEES

- 1,621 Employees (94% Lao)
- 1,532 Lao Employees
- 89 Expatriates
- 1,206 Lao Contractors

(as of September 2018)

DONATIONS

- US\$3.1 million – Donations (hospital equipment, flood relief, emergency rescue, preservation of cultural heritage)*

*Figures represent over life of mine.

DIRECT BENEFITS TO THE LAO GOVERNMENT

TYPE OF PAYMENT	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Profit Tax	-	-	7,085	49,597	90,416	77,982	57,519	92,273	145,250	120,200	91,045	71,339	36,151	-	-
Royalty (Gold)	1,407	1,669	3,112	4,376	3,347	3,549	4,732	5,800	5,024	5,491	2,538	29	-	-	-
Royalty (Copper)	-	-	4,055	16,994	19,295	18,570	14,565	20,734	31,365	30,378	30,607	27,579	22,093	17,226	17,533
Income Tax	1,101	1,538	1,943	1,947	2,727	3,893	3,377	5,053	5,055	5,877	5,728	4,404	3,767	2,644	2,511
Tenement Rental Fee	5	33	33	33	-	-	113	-	90	-	145	50	50	49	49
Fuel Tax	-	-	2,000	2,000	2,000	4,200	2,000	2,500	4,835	4,822	4,152	3,863	4,360	2,686	2,930
Dividend	-	-	-	-	9,303	11,300	2,000	32,900	15,000	28,500	10,000	10,000	6,500	-	-
Total Revenue Paid to Government	2,508	3,207	18,228	74,947	127,087	122,994	84,306	159,259	205,639	189,133	144,215	117,265	72,871	26,122	24,014
Cumulative Total	-	-	-	-	-	-	433,278	592,536	798,176	987,309	1,131,525	1,248,789	1,328,966	1,364,449	1,388,463

All Figures in US\$ Thousand ('000)

CONTACT US

Telephone: +856 21 268 408
Email: lxml.information@lxml.la



ລ້ານຊ້າງ ມິເນໂຣນສ໌ ລິມິເຕັດ
万象矿业有限公司
CHIFENG LXML SEPON