

OPERATIONS 2018 CONTINUED

Target 1

		FY18	FY17	FY16
Number of employees				
– Permanent		1 663	1 689	1 653
– Contractors		284	222	272
Total		1 947	1 911	1 925
Operational				
Volumes milled	(000t) (metric)	680	745	739
	(000t) (imperial)	749	822	814
Gold produced	(kg)	2 854	2 669	3 387
	(oz)	91 758	85 809	108 895
Gold sold	(kg)	2 828	2 642	3 419
	(oz)	90 922	84 942	109 923
Grade	(g/t)	4.20	3.58	4.58
	(oz/t)	0.123	0.104	0.134
Productivity	(g/TEC)	146.90	126.66	155.77
Development results				
Total metres		3 883	3 656	3 459
Reef metres		431	104	182
Capital metres		620	0	0
Financial				
Revenue	(Rm)	1 630	1 506	1 833
	(US\$m)	127	111	126
Average gold price received	(R/kg)	576 316	570 091	536 196
	(US\$/oz)	1 395	1 304	1 150
Cash operating cost	(Rm)	1 334	1 356	1 242
	(US\$m)	104	100	86
Production profit	(Rm)	312	161	583
	(US\$m)	24	12	40
Capital expenditure	(Rm)	309	324	322
	(US\$m)	24	24	22
Cash operating cost	(R/kg)	467 271	508 082	366 814
	(US\$/oz)	1 131	1 162	787
All-in sustaining cost	(R/kg)	582 200	651 833	471 876
	(US\$/oz)	1 409	1 491	1 012
Safety				
Number of fatalities		1	0	2
Lost-time injury frequency rate per million hours worked		10.18	11.80	4.91
Environment				
Electricity consumption	(GWh)	187	186	247
Water consumption – primary activities	(ML)	553	678	808
Greenhouse gas emissions	(000t CO ₂ e)	189	184	251
Intensity data per tonne treated				
– energy		0.23	0.25	0.33
– water		0.81	0.91	1.09
– greenhouse gas emissions		0.27	0.25	0.33
Number of reportable environmental incidents		0	0	0

Target 1 *continued*

Community					
Local economic development	(Rm)		4	5	4
Training and development	(Rm)		41	36	34
Other salient features					
Status of operation	Recapitalisation of operation currently being evaluated.				
Life of mine	7 years				
Nameplate hoisting capacity (per month)	97 000 tonnes (107 000 tons)				
Compliance and certification	New order mining right – December 2007				
	ISO 14001				
	ISO 9001				
	OHSAS 18001				

Mineral reserves as at 30 June 2018

Reserves (metric)	Proved reserves			Probable reserves			Total mineral reserves		
	Tonnes (Mt)	Grade (g/t)	Gold (000kg)	Tonnes (Mt)	Grade (g/t)	Gold (000kg)	Tonnes (Mt)	Grade (g/t)	Gold (000kg)
	3.2	4.32	14	2.0	4.29	9	5.2	4.31	23
Reserves (imperial)	Tons (Mt)	Grade (oz/t)	Gold (000oz)	Tons (Mt)	Grade (oz/t)	Gold (000oz)	Tons (Mt)	Grade (oz/t)	Gold (000oz)
	3.5	0.126	442	2.3	0.125	282	5.8	0.126	724

Target 1 is located in the Free State Province, some 270km southwest of Johannesburg. Mining operations comprise one primary underground shaft, to a depth of approximately 2 945m. While most of the ore extracted comes from mechanised mining (massive mining techniques), conventional stoping is still employed primarily to destress areas ahead of mechanised mining. Ore mined is processed at the Target plant. The gold mineralisation currently exploited at Target 1 is contained within a succession of Elsburg and Dreyerskuil quartz pebble conglomerate reefs.

Target 1's operational performance is focused on trackless development to ensure timeous availability of massive stopes and to prevent excessive dilution from waste and backfill in the pillar areas, which could impact negatively on the delivered grade. Future success will depend on the availability of trackless mining equipment and performance regarding volumes and grade.

Sadly, Target 1 reported one fatality in FY18.

The production performance in FY18 improved after production in FY17 was severely affected by unstable ground conditions which hampered further mining in the higher grade areas. Narrow reef mining of lower grade areas had been implemented to access the ore.

Gold production increased by 7% to 2 854kg (91 758oz) in FY18 as a result of the 17% increase in the recovered grade to 4.20g/t (FY17: 3.58g/t). Ore milled decreased by 9% to 680 000 tonnes (749 000 tons) due to the availability of higher grade areas in FY18.

Revenue increased by 8% to R1 630 million (14% increase to US\$127 million) as a result of the increase in the production delivered in FY18.

Cash operating costs were lower year on year by 2% to R1 334 million (4% increase to US\$104 million). Reduced volumes milled offset the increase in annual labour costs and electricity tariffs.

Capital expenditure decreased by 5% to R309 million (FY17: R324 million) (unchanged at US\$24 million). Recapitalisation of the mine is required to improve productivity and efficiencies (the crushing system is to be moved nearer to the working areas). Management is evaluating this capital project against other capital priorities and will decide on the way forward for Target 1 during FY19.