

OPERATIONAL PERFORMANCE CONTINUED

SOUTH AFRICA – UNDERGROUND OPERATIONS

Target 1

		FY20	FY19	FY18
Number of employees				
– Permanent		1 682	1 604	1 663
– Contractors		380	335	284
Total		2 062	1 939	1 947
Operational				
Volumes milled	(000t) (metric)	543	588	680
	(000t) (imperial)	598	650	749
Gold produced	(kg)	2 244	2 653	2 854
	(oz)	72 146	85 296	91 758
Gold sold	(kg)	2 237	2 685	2 828
	(oz)	71 921	86 324	90 922
Grade	(g/t)	4.13	4.51	4.20
	(oz/t)	0.121	0.131	0.123
Productivity	(g/TEC)	108.58	132.94	146.90
Development results				
– Total metres		2 152	3 378	3 883
– Reef metres		96	118	431
– Capital metres		191	179	620
Financial				
Revenue	(Rm)	1 524	1 585	1 630
	(US\$m)	97	112	127
Average gold price received	(R/kg)	681 388	590 298	576 316
	(US\$/oz)	1 353	1 295	1 395
Cash operating cost	(Rm)	1 505	1 478	1 334
	(US\$m)	96	104	104
Production profit	(Rm)	25	94	312
	(US\$m)	1	7	24
Capital expenditure	(Rm)	347	297	309
	(US\$m)	22	21	24
Operating free cash flow ¹	(Rm)	(327)	(190)	(13)
	(US\$m)	(21)	(13)	(1)
Cash operating cost	(R/kg)	670 647	557 264	467 271
	(US\$/oz)	1 332	1 222	1 131
All-in sustaining cost	(R/kg)	817 066	662 816	582 200
	(US\$/oz)	1 623	1 454	1 409
Average exchange rate	(R/US\$)	15.66	14.18	12.85
Safety				
Number of fatalities		0	0	1
Lost-time injury frequency rate	per million hours worked	9.62	6.35	10.18
Environment				
Electricity consumption	(GWh)	212	173	187
Water consumption – primary activities	(ML)	471	474	553
Greenhouse gas emissions	(000t CO ₂ e)	229	162	189
Intensity data per tonne treated				
– energy		0.39	0.29	0.23
– water		0.87	0.81	0.81
– greenhouse gas emissions		0.42	0.28	0.27
Number of reportable environmental incidents		0	0	0
Community				
Local economic development ²	(Rm)	8	6	4
Training and development	(Rm)	38	45	41

¹ Operating free cash flow = revenue – cash operating cost – capital expenditure ± impact of run of mine (ROM) costs as per operating results

² Figures include R6 million spent on the local economic development projects

Target 1 CONTINUED

Other salient features

Status of operation	Crusher and related infrastructure project well underway
Life of mine	7 years
Nameplate hoisting capacity (per month)	97 000 tonnes (107 000 tons)
Compliance and certification	<ul style="list-style-type: none">• New order mining right – December 2007• ISO 14001• ISO 9001• OHSAS 18001• Cyanide code certified

Mineral Reserve estimates at 30 June 2020

Reserves (metric)	Proved			Probable			Total		
	Tonnes (Mt)	Grade (g/t)	Gold (000kg)	Tonnes (Mt)	Grade (g/t)	Gold (000kg)	Tonnes (Mt)	Grade (g/t)	Gold (000kg)
	3.3	4.31	14	1.9	4.23	8	5.1	4.28	22
Reserves (imperial)	Tons (Mt)	Grade (oz/t)	Gold (000oz)	Tons (Mt)	Grade (oz/t)	Gold (000oz)	Tons (Mt)	Grade (oz/t)	Gold (000oz)
	3.6	0.126	452	2.1	0.123	255	5.7	0.125	707

Overview of operations

Target 1 is an advanced, single-shaft, deep-level mine located in the Free State, some 270km southwest of Johannesburg. It has a planned life of mine of seven years.

While most of the ore extracted comes from mechanised mining (massive mining techniques), conventional stoping is still employed primarily to de-stress areas ahead of mechanised mining. The gold mineralisation currently exploited is contained within a succession of Elsburg and Dreyerskuil quartz pebble conglomerate reefs. These reefs are mined to a depth of approximately 2 300m below the surface. Ore mined is milled and processed at the Target plant with gold recovered by means of gold cyanide leaching.

Operating performance FY20

The process to embed a proactive culture of safety is yielding results with Target having achieved 2 million fatality free shifts in FY20.

As well as Covid-related challenges, Target 1 was impacted by some flexibility constraints in the massive stoping section and ventilation constraints at the start of FY20. As such, there was an 8% year on year decline in both ore milled and recovered grade to 543 000t and 4.13g/t respectively, resulting in a 15% decrease in gold production to 2 244kg (72 146oz).

Such was the substantial decline in production that revenue declined marginally to R1 524 million, despite the increase in the average gold price received. Cash operating costs were marginally higher year on year, increasing to R1 505 million mainly due to annual wage and Eskom electricity tariff increases.

Capital expenditure increased substantially to R347 million mainly due to an increase in capital expenditure on the decline project as well as other sustaining capital.

Outlook for FY21

Target is set to achieve higher volumes and grades during FY21, which will result in lower unit costs. This is the result of the Target 1 optimisation project to improve productivity and efficiencies which began in FY19 and will continue into FY21. The capital project involves the moving of the rock crusher and related infrastructure and services closer to the mining working areas.