

PERFORMANCE BY OPERATION continued

South Africa – underground operation

Target 1

		FY21	FY20	FY19
Number of employees				
– Permanent		1 550	1 682	1 604
– Contractors		315	380	335
Total		1865	2 062	1 939
Operational				
Volumes milled	(000t) (metric)	488	543	588
	(000t) (imperial)	537	598	650
Gold produced	(kg)	1 603	2 244	2 653
	(oz)	51 536	72 146	85 296
Gold sold	(kg)	1 619	2 237	2 685
	(oz)	52 052	71 921	86 324
Grade	(g/t)	3.28	4.13	4.51
	(oz/t)	0.096	0.121	0.131
Productivity	(g/TEC)	76.55	108.58	132.94
Development results				
– Total metres		2211	2 152	3 378
– Reef metres		368	96	118
– Capital metres		96	191	179
Financial				
Revenue	(Rm)	1 410	1 524	1 585
	(US\$m)	92	97	112
Average gold price received	(R/kg)	870 640	681 388	590 298
	(US\$/oz)	1 758	1 353	1 295
Cash operating cost	(Rm)	1 662	1 505	1 478
	(US\$m)	108	96	104
Production profit	(Rm)	(257)	25	94
	(US\$m)	(16)	1	7
Capital expenditure	(Rm)	368	347	297
	(US\$m)	24	22	21
Operating free cash flow ¹	(Rm)	(621)	(327)	(190)
	(US\$m)	(40)	(21)	(13)
Cash operating cost	(R/kg)	1 037 115	670 647	557 264
	(US\$/oz)	2 095	1 332	1 222
All-in sustaining cost	(R/kg)	1 232 098	817 066	662 816
	(US\$/oz)	2 488	1 623	1 454
Average exchange rate	(R/US\$)	15.40	15.66	14.18
Safety				
Number of fatalities		1	–	–
Lost-time injury frequency rate	per million hours worked	9.99	9.62	6.35
Environment				
Electricity consumption	(GWh)	219	212	173
Water consumption – primary activities	(MI)	597	471	474
Greenhouse gas emissions	(000tCO ₂ e)	232	229	162
Intensity data per tonne treated				
– Energy		0.45	0.39	0.29
– Water		1.22	0.87	0.81
– Greenhouse gas emissions		0.48	0.42	0.28
Number of reportable environmental incidents		–	–	–
Community				
Local economic development	(Rm)	4	8	6
Training and development	(Rm)	40	38	45

¹ Operating free cash flow = revenue – cash operating cost – capital expenditure as per operating results.

Target 1 continued

Other salient features	
Status of operation	Optimisation project well underway
Life-of-mine	Seven 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 2021

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)
	2.9	4.46	13	1.8	3.89	7	4.7	4.24	20
Reserves (imperial)	Tons (Mt)	Grade (oz/t)	Gold (000oz)	Tons (Mt)	Grade (oz/t)	Gold (000oz)	Tons (Mt)	Grade (oz/t)	Gold (000oz)
	3.2	0.130	416	2.0	0.113	231	5.2	0.124	647

Overview of operations

Target 1 is an advanced, single-shaft, deep-level mine in the Free State, some 270km south-west 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 destress areas ahead of mechanised mining. The gold mineralisation currently exploited is contained in a succession of Elsburg and Dreyerskuil quartz pebble conglomerate reefs. These reefs are mined to a depth of around 2 300m below surface. Ore mined is milled and processed at the Target plant, with gold recovered by means of gold cyanide leaching.

Operating performance FY21

Regrettably, there was one fatality at Target 1 in the third quarter of FY21. The management team remains committed to improving safety performance. Refer to **Safety and health** in the **ESG report** for more on causes of injury and management's safety approach.

Gold production and volume of ore milled respectively decreased by 29% to 1 603kg (51 536oz) (FY20: 2 244kg, 72 146oz) and 10% to 488 000 tonnes (FY20: 543 000 tonnes). This was mainly due to flexibility constraints as a result of pillar failures and backfill dilution in two of the massive stopes. This also affected recovered grade, which deteriorated 21% to 3.28g/t (FY20: 4.13g/t).

The substantial decline in production resulted in an 7% decrease in revenue to R1 410 million (FY20: R1 524 million), despite the 28% increase in average gold price received to R870 640/kg (FY20: R681 388/kg). Cash operating costs rose 10% to R1 662 million (FY20: R1 505 million), mainly due to annual wage and electricity tariff increases.

Capital expenditure increased 6% to R368 million (FY20: R347 million), mainly due to higher capital expenditure on the decline project, ventilation project as well as ongoing development.

Outlook for FY22

Target 1 is set to achieve higher volumes and grades in FY22, 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 FY22. The project involves moving the rock crusher and related infrastructure and services closer to mining working areas.