

# OPERATIONAL PERFORMANCE

## Target 1

		FY17	FY16	FY15
<b>Number of employees</b>				
– Permanent		1 689	1 653	1 683
– Contractors		222	272	266
Total		1 911	1 925	1 949
<b>Operational</b>				
Volumes milled	(000t) (metric)	745	739	749
	(000t) (imperial)	822	814	826
Gold produced	(kg)	2 669	3 387	3 824
	(oz)	85 809	108 895	122 944
Gold sold	(kg)	2 642	3 419	3 868
	(oz)	84 942	109 923	124 358
Grade	(g/t)	3.58	4.58	5.11
	(oz/t)	0.104	0.134	0.149
Productivity	(g/TEC)	126.66	155.77	172.25
<b>Development results</b>				
Total metres		3 656	3 459	4 174
Reef metres		104	182	290
<b>Financial</b>				
Revenue	(Rm)	1 506	1 833	1 738
	(US\$m)	111	126	152
Average gold price received	(R/kg)	570 091	536 196	449 319
	(US\$/oz)	1 304	1 150	1 221
Cash operating cost	(Rm)	1 356	1 242	1 178
	(US\$m)	100	86	103
Production profit/(loss)	(Rm)	161	583	547
	(US\$m)	12	40	48
Capital expenditure	(Rm)	324	322	296
	(US\$m)	24	22	26
Cash operating cost	(R/kg)	508 082	366 814	308 156
	(US\$/oz)	1 162	787	837
All-in sustaining cost	(R/kg)	651 833	471 876	395 669
	(US\$/oz)	1 491	1 012	1 075
<b>Safety</b>				
Number of fatalities		0	2	0
Lost-time injury frequency rate per million hours worked		11.80	4.91	4.51
<b>Environment</b>				
Electricity consumption	(GWh)	186	247	242
Water consumption – primary activities	(ML)	678	808	808
Greenhouse gas emissions	(000t CO <sub>2</sub> e)	184	251	249
Intensity data per tonne treated				
– energy		0.25	0.33	0.32
– water		0.91	1.09	1.22
– greenhouse gas emissions		0.25	0.33	0.33
Number of reportable environmental incidents		0	0	0
<b>Community</b>				
Local economic development	(Rm)	5	4	4
Training and development	(Rm)	36	34	30

## Target 1 *continued*

### Other salient features

Status of operation	Single, cost efficient shaft operation. Geological drilling to be conducted in the next 12 months to further evaluate capitalisation of the operation.
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 2017

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	4.18	13	2.0	4.29	9	5.2	4.22	22
Reserves (imperial)	Tons (Mt)	Grade (oz/t)	Gold (000oz)	Tons (Mt)	Grade (oz/t)	Gold (000oz)	Tons (Mt)	Grade (oz/t)	Gold (000oz)
	3.5	0.122	430	2.2	0.125	274	5.7	0.123	705

Target 1 is located in the Free State Province, some 270km southwest of Johannesburg. Mining operations at Target 1 comprise one primary underground mine, 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 manages its risks by focusing 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.

No fatalities occurred during the year (FY16: two).

Gold production decreased by 21% to 2 669kg (85 809oz) in FY17 as a result of 22% decrease in the recovered grade to 3.58g/t (FY16: 4.58g/t). Production was severely affected by unstable ground conditions which hampered further mining in the higher grade areas. Due to limited flexibility, a narrow reef mining method was implemented to access the ore. Grade and production improved in the second half of FY17 and a better performance is expected from Target 1 in FY18.

Revenue decreased by 18% to R1 506 million (12% decrease to US\$111 million) as a result of the decrease in the production for FY17.

Cash operating costs rose by 9% to R1 356 million (16% increase to US\$100 million). Reduced expenditure on consumables partially offset an increase in annual labour costs and electricity tariffs.

Capital expenditure in FY17 remained flat at R324 million (FY16: R322 million) (increase of 1% to US\$24 million), as a zero-based costing exercise was implemented to manage costs and cash flow following the lower than expected production performance.