

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.

PERFORMANCE BY OPERATION continued

South Africa – underground operation Kusasaletu

		FY21	FY20	FY19
Number of employees				
– Permanent		3 764	4 237	4 011
– Contractors		496	603	930
Total		4 260	4 840	4 941
Operational				
Volumes milled	(000t) (metric)	708	615	742
	(000t) (imperial)	780	678	817
Gold produced	(kg)	3 999	3 015	4 989
	(oz)	128 570	96 934	160 400
Gold sold	(kg)	3 980	3 085	5 028
	(oz)	127 959	99 185	161 653
Grade	(g/t)	5.65	4.90	6.72
	(oz/t)	0.165	0.143	0.196
Productivity	(g/TEC)	81.32	57.08	98.94
Development results				
– Total metres		2 202	3 039	5 437
– Reef metres		282	1 019	1 217
– Capital metres		–	–	–
Financial				
Revenue	(Rm)	3 400	2 293	2 975
	(US\$m)	221	146	210
Average gold price received	(R/kg)	854 201	743 153	591 742
	(US\$/oz)	1 725	1 476	1 298
Cash operating cost	(Rm)	2 969	2 562	2 377
	(US\$m)	193	164	168
Production profit	(Rm)	445	(284)	580
	(US\$m)	29	(19)	41
Capital expenditure	(Rm)	205	188	316
	(US\$m)	13	12	22
Operating free cash flow ¹	(Rm)	226	(458)	282
	(US\$m)	15	(29)	20
Cash operating cost	(R/kg)	742 452	849 782	476 417
	(US\$/oz)	1 500	1 687	1 045
All-in sustaining cost	(R/kg)	814 048	923 054	556 621
	(US\$/oz)	1 644	1 833	1 221
Average exchange rate	(R/US\$)	15.40	15.66	14.18
Safety				
Number of fatalities		2	2	3
Lost-time injury frequency rate	per million hours worked	9.83	10.72	9.05
Environment				
Electricity consumption	(GWh)	636	599	624
Water consumption – primary activities	(MI)	2 832	2 720	3 205
Greenhouse gas emissions	(000tCO ₂ e)	661	635	569
Intensity data per tonne treated				
– Energy		0.9	0.97	0.84
– Water		4	4.42	4.32
– Greenhouse gas emissions		0.93	1.03	0.77
Number of reportable environmental incidents		2	–	–
Community				
Local economic development	(Rm)	8	9	9
Training and development	(Rm)	14	38	52

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