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General manager

## Evander Mines

- Underground mining and surface sources operations
- Elikhulu

### HIGHLIGHTS



#### Safety

**No fatalities** were reported

**LTIFR** (per million man hours) for underground operations improved to 0.93 (2021: 2.64)

**TRIFR** (per million man hours) for underground operations regressed to 14.82 (2021: 13.20)

154 **COVID-19 cumulative cases** were reported (2021: 58)



#### Sales and production<sup>1</sup>

**Gold sales and production** increased by 23.1% to 58,170oz (2021: 47,253oz)

<sup>1</sup> Amounts include Evander Mines' underground mining operations and surface sources.



#### Capital expenditure

Total capital expenditure for underground mining and surface source operations was US\$28.2 million (2021: US\$13.5 million), comprising:

- **sustaining capital** expenditure of US\$0.5 million (2021: US\$1.5 million)
- **expansion capital** expenditure of US\$27.7 million (2021: US\$12.0 million)



#### Cost of production

**AISC<sup>®</sup> per ounce for mining operations** decreased by 30.7% to US\$1,112/oz (2021: US\$1,604/oz). The improvement in AISC<sup>®</sup> is attributable to improved tonnages and higher mined grades

**AISC<sup>®</sup> per ounce for surface source operations** decreased by 1.8% to US\$1,650/oz (2021: US\$1,681/oz)

Cost of production for underground mining and surface source operations increased by 4.8% to US\$65.4 million (2021: US\$62.4 million), including:

- **salaries and wages** increased by 14.3% to US\$4.8 million (2021: US\$4.2 million)
- **mining and processing costs** increased by 10.7% to US\$39.2 million (2021: US\$35.4 million)
- **electricity costs** decreased by 6.6% to US\$11.4 million (2021: US\$12.2 million)
- **engineering and technical services costs** decreased by 10.8% to US\$5.8 million (2021: US\$6.5 million)

### OVERVIEW OF OPERATIONS

Mining of the 8 Shaft pillar commenced in the second quarter of the 2020 financial year. Restrictions imposed by COVID-19 regulations resulted in steady-state production only being achieved during June 2020, some six months later than anticipated. The ramp up in production of the 8 Shaft pillar was also slower than expected during the second half of the 2021 financial year as a result of difficulties encountered with the initial installation of underground support pseudo-packs, which were resolved following the introduction of dry tailings and additional grout ranges for filler use.

Thereafter, following remedial action in the shaft lining and corrective actions on the support systems, the 8 Shaft pillar achieved steady-state production rates and outperformed the planned gold yield for the 2022 financial year, producing 48,850oz (2021: 36,016oz).

At the end of the 2022 financial year, the 8 Shaft pillar has a remaining life in excess of one year, with a low production rate tail extending for an additional year and is expected to produce approximately 35,000oz of gold during the 2023 financial year. Mining of the 8 Shaft pillar significantly reduces the risk profile of Evander Mines' underground operations, with simplified logistics, modern underground mining support and favourable working conditions, including reduced underground travelling distances.

The Group reassesses the respective merits of its growth opportunities and its capital allocation priorities on an ongoing basis. This process has resulted in the reprioritisation of the Egoli project's development scheduling and fast-tracking of mining at Evander Mines' 8 Shaft, and the development of 24, 25 and 26 Levels, with these areas being accessible from existing 8 Shaft infrastructure. The life-of-mine for Evander Mines' underground operations has extended from five years to 14 years, with the inclusion of production planned from 24, 25 and 26 Levels (excluding production expected from Egoli).

### CHALLENGES

A seismic event, of magnitude 4.8 on the Richter Scale, was experienced at Evander Mines on 13 March 2022. The epicentre of this event was established to be some 20km from the mine, at a depth in excess of 20km below the surface. The seismic event resulted in a minor shakedown in the 8 Shaft pillar stopes, while a fall of ground on the 15 Level main line impeded the tramming

of mined ore from 8 Shaft towards 7 Shaft over a period of two weeks. During this time, mining and ore generation continued unhampered but the hoisting of ore was, however, restricted. No damage was encountered in the shaft barrel and the floating tower operated as designed. The relatively minor damage to infrastructure within the underground mining areas is a testament to the effectiveness of the pseudo-pack support system being deployed. The mine's TSFs were not impacted by the seismic event.

Ventilation constraints, as a result of dewatering of the 25 Level workings and maintenance on the 18 Level booster fan, have delayed some development on 24 Level required for the commencement of large-scale stoping. This delay does not impact the 24 Level mine plan for the coming financial year. Blasting of the development ends at 25 Level will commence in the 2023 financial year with mining of the first stope planned for the 2025 financial year.

Increasing unemployment and poor economic conditions have given rise to more frequent incidents of illegal mining, community unrest and protest action and opportunistic theft of infrastructure, especially at shafts which are no longer in operation.

The improved integrated security strategy and law enforcement collaboration implemented at the Group's operations has, however, been increasingly effective in limiting the unauthorised access of illegal miners to underground mining areas and preventing theft of surface infrastructure.

### FOCUS FOR 2023

Our goal for the year ahead is to achieve optimal performance at our underground operations. We are focused on gaining maximum value from our current assets through reprioritisation of capital expenditure, operational optimisation and organic growth.

Our focus areas for the year ahead include:

- sustaining steady-state production levels at the 8 Shaft pillar
- installing the underground refrigeration plant on 24 Level
- commencing stoping on 24 Level
- continuing dewatering for the Egoli project
- developing towards the 25 Level Mineral Reserves
- commencing with brownfield exploration programmes to delineate additional organic growth opportunities within the existing Evander Mines mining right.