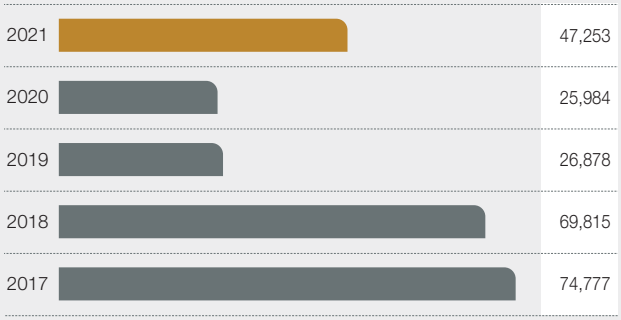
Evander Mines

- Elikhulu
- Underground mining operations

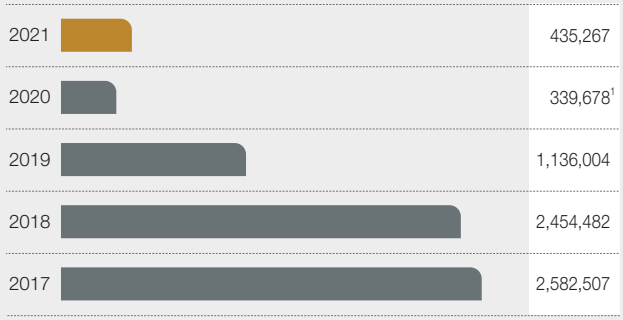
ELIKHULU TAILINGS RETREATMENT PLANT	2021	2020
Employees	**142**	104
Contractors	**274**	314
Life-of-mine	**12 years**	12 years
Elikhulu exploits historically generated gold tailings deposited in the Kinross, Leslie/Bracken and Winkelhaak TSFs. Construction commenced in July 2017. Located at Evander Mines. Inaugural gold pour in August 2018.		
Production (tonnes)	**13,054,767**	13,093,574
Produced (oz/annum)	**51,459**	59,616
Capacity (oz/annum)	**75,000**	75,000
Tonnage (capacity per annum)	**14,400,000**	14,400,000
Sustaining capital	**US$0.5 million**	US$0.6 million
Mineral Resources	**178.2Mt at 0.28g/t (1.6Moz)**	183.1Mt at 0.28g/t (1.7Moz)
Mineral Reserves	**162.0Mt at 0.28g/t (1.45Moz)**	156.5Mt at 0.28g/t (1.4Moz)
Recovered grade	**0.1g/t**	0.1g/t
Cash cost	**US$744/oz**	US$554/oz

*Refer to APMs on **pages 222** to **229**.*

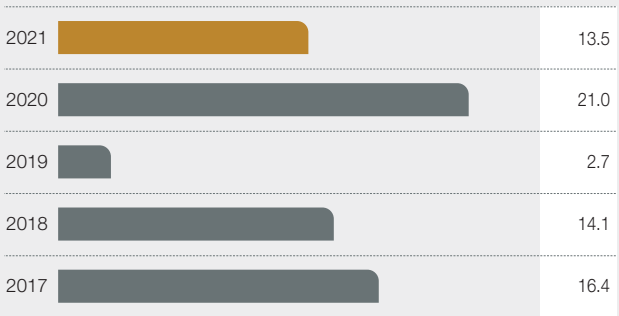
Gold sold – mining and surface source operations (oz)



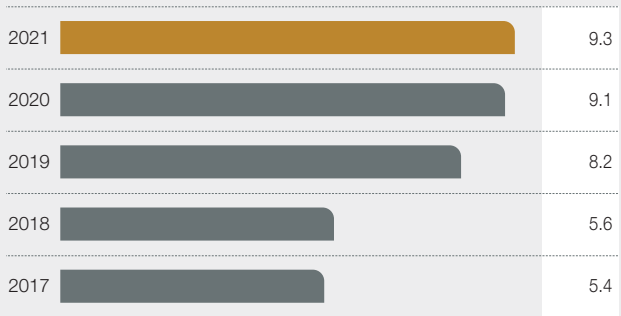
Tonnes milled and processed – mining and surface source operations



Capital expenditure[2] – mining and surface source operations (US$ million)



Recovered grade – mining operations (g/t)



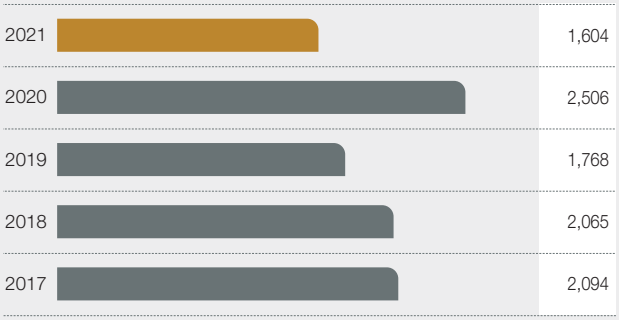
[1] *In January 2019, throughput from ETRP was incorporated into Elikhulu resulting in the tonnes milled and processed decreasing to 339,678t (2019: 1,136,004t).*

[2] *Converted to US$ at the average exchange rate prevailing for the respective period.*

UNDERGROUND OPERATIONS	2021	2020
Employees	**99**	100
Contractors	**1,071**	863
Life-of-mine	**5 years**	3 years
Construction commenced in April 2012. Inaugural gold pour and steady-state production from June 2013. Located at Evander Mines.		
Production (tonnes milled)	**120,446**	51,436
Produced (oz/annum)	**36,016**	20,670
Capacity (oz/annum)	**40,000**	40,000
Tonnage (capacity per annum)	**138,000**	138,000
Sustaining capital	**US$0.8 million**	US$1.9 million
Mineral Resources 8 Shaft pillar	**26.7Mt at 9.82g/t (8.4Moz)**	22.6Mt at 10.51g/t (7.6Moz)
Mineral Reserves 8 Shaft pillar	**0.6Mt at 10.58g/t (0.19Moz)**	0.3Mt at 9.83g/t (0.1Moz)
Recovered grade	**9.3g/t**	9.1g/t
Cash cost	**US$1,225/oz**	US$1,328/oz

*Refer to APMs on **pages 222** to **229**.*

AISC – mining operations
(US$/oz)



ACHIEVEMENT OF STEADY-STATE PRODUCTION AT THE 8 SHAFT PILLAR AND RE-EVALUATION OF EXISTING UNDERGROUND MINING OPPORTUNITIES AT EVANDER MINES' 24 LEVEL HAS DELINEATED AN APPROXIMATE 100,000oz RECOVERABLE GOLD RESOURCE, ACCESSIBLE THROUGH THE 8 SHAFT 2 DECLINE. THE 24 LEVEL PROJECT HAS EXTENDED THE LIFE-OF-MINE OF EVANDER MINES BY TWO YEARS.

LAZARUS MOTSHWAIWA
General manager

Evander Mines' 7 Shaft headgear and winder

Underground mining and surface source operations

HIGHLIGHTS

Safety

- TRIFR and LTIFR (per million man hours) for underground operations improved to 13.20 (2020: 16.42) and 2.64 (2020: 4.62), respectively
- No fatalities were reported for the year under review
- 58 COVID-19 cases were reported for the year under review

Sales and production[1]

- Gold sales increased by 81.9% to 47,253oz (2020: 25,984oz)

[1] *Amounts include Evander Mines' surface sources.*

Cost of production

- AISC per ounce for mining operations decreased by 36.0% to US$1,604/oz (2020: US$2,506/oz)
- AISC per ounce for surface source operations increased to US$1,681/oz (2020: US$1,412/oz)
- Cost of production for mining and surface source operations increased by 83.5% to US$62.4 million (2020: US$34.0 million) including:
  - Salaries and wages increased by 90.9% to US$4.2 million (2020: US$2.2 million)
  - Mining and processing costs increased by 89.3% to US$35.4 million (2020: US$18.7 million)
  - Electricity costs increased by 82.1% to US$12.2 million (2020: US$6.7 million)
  - Engineering and technical service costs increased by 32.6% to US$6.5 million (2020: US$4.9 million)

Capital expenditure

- Total capital expenditure for mining and surface source operations was US$13.5 million (2020: US$21.0 million) comprising:
  - sustaining capital expenditure of US$1.5 million (2020: US$3.3 million)
  - expansion capital expenditure of US$12.0 million (2020: US$17.7 million)

Organic growth projects

- As part of its continuous evaluation of the respective merits of its growth opportunities and capital expenditure priorities, the Group completed an internal technical and economic study into the extensive gold resources at 24 Level at Evander Mines' underground operations (24 Level project), with approximately 100,000oz recoverable and accessible through the 8 Shaft 2 Decline. The 24 Level project has extended the life-of-mine of Evander Mines by two years
- The Egoli project, where a feasibility study was completed, has an initial expected life-of-mine of nine years with average expected production of 72,000oz per annum. The Egoli project will use refurbished and existing underground and plant infrastructure

Financial capital | Manufactured capital | Human capital

Rock drill operator at Fairview Mine

Electromining at Fairview metallurgical plant

OVERVIEW OF OPERATIONS

Mining of the 8 Shaft pillar commenced in the second quarter of the 2020 financial year. The operation was originally scheduled to reach steady-state production of some 30,000oz per annum in March 2020, however, as a result of the restrictions imposed by the COVID-19 regulations, steady-state production was only achieved during June 2020. The ramp up in production of the 8 Shaft pillar was 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. Further production delays were caused by fracturing of the shaft lining while establishing the pillar mining in the vicinity of the shaft.

PRODUCTION FROM EVANDER MINES' 8 SHAFT PILLAR SIGNIFICANTLY IMPROVED, WITH AVERAGE PRODUCTION OF APPROXIMATELY 3,400oz PER MONTH FOR THE LAST THREE MONTHS OF THE 2021 FINANCIAL YEAR.

The 8 Shaft pillar has a remaining life in excess of two years and is expected to produce approximately 80,000oz of gold during its remaining life-of-mine at approximately 34,000oz per 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 reduced travelling times to the workplace.

The Group reassesses the respective merits of its growth opportunities and its capital expenditure priorities on an ongoing basis. This process has resulted in the reappraisal of the current Egoli project development plan as well as a re-evaluation of existing underground mining opportunities at Evander Mines' 24 Level. This capital expenditure reprioritisation is expected to result in improved cash returns and will require a substantially reduced capital outlay and commensurate reduced debt levels, when compared to the previous Egoli project development plan.

As part of this strategy, an internal technical and economic study to assess the merits of mining the 2 Decline on 24 Level project (phase 1) was undertaken. This study will be followed by a phase 2 study that will assess the merits of extending mining to 25 and 26 Levels. Phase 2 will also be designed to utilise a proven on-reef mining layout, minimising waste and significantly reducing the time for orebody access development.

Phase 1 mining will extend Evander Mines' 8 Shaft production profile, post cessation of the 8 Shaft pillar mining, for an additional two and a half years and maintain annual production of approximately 34,000oz per year. The 24 Level project will result in a five-year life for the 8 Shaft complex. An integral component of the phase 1 study was the identification of risk mitigating measures to address the major challenges previously encountered during the mining of the Kinross orebody and to ensure economical extraction. For further details, including economic parameters, please refer to the abridged Mineral Resources and Mineral Reserves report on **page 49**.

Following the reprioritisation of the Group's capital expenditure programmes, a more phased approach for the development of the Egoli project will be followed, concurrent with the 8 Shaft phase 1 and possible phase 2 developments at 24, 25 and 26 Levels, as described above.

The Egoli project's first phase development will entail the dewatering of 3 Decline infrastructure to 19 Level, where a drilling platform will be established to enable infill drilling in order to finalise short-term mine planning. The Egoli project's phased development approach and production profile will coincide with the depletion of the 24 Level Mineral Resources.

The mining feasibility study for the underground Egoli project has been completed and the results demonstrate a viable and value-enhancing project, surpassing the findings of previous technical and financial assessments. The Egoli project has an expected initial life-of-mine of approximately nine years and is expected to contribute

between 60,000oz and 80,000oz of gold per annum, on average, over the life-of-mine, based on the current Proved and Probable Mineral Reserves. Production will commence in year four of Egoli's project plan, post the dewatering of 3 Decline at the 7 Shaft system and continue for a nine-year life-of-mine. The feasibility study estimates steady-state annual production of 72,000oz in the second year following commencement of production, at an AISC of under US$1,000/oz. This life-of-mine excludes the Inferred Mineral Resources of 6.26Mt at 9.68g/t (1.95Moz), which will be accessed once underground development is in place, and provides additional geological and operational upside as these Inferred Resources are upgraded and converted to Mineral Reserves, potentially increasing the life-of-mine of the Egoli project to 14 years.

The mining method to be employed at the Egoli project will be conventional breast mining with on-reef access development done with trackless mobile machinery. Egoli is a brownfield project with low execution risk and only requires 560m of underground development from the current 3 Decline for access, and is located approximately 1.5km from the fully operational 7 Shaft. Existing infrastructure will be refurbished and utilised, including 7 Shaft hoisting infrastructure and the Kinross processing plant.

THE EGOLI PROJECT REMAINS COMPELLING AS IT REQUIRES MATERIALLY LOWER CAPITAL INVESTMENT WHEN BENCHMARKED AGAINST OTHER DEVELOPMENT PROJECTS OF SIMILAR SCALE AND HAS ACCESS TO AN EXPERIENCED MANAGEMENT AND UNDERGROUND MINING TEAM.

Ore from the Egoli project will be treated at the Kinross plant, which is 300m away from 7 Shaft and has the required ore-handling capacity, while the current Elikhulu TSFs have sufficient capacity for the tailings. This phased approach to mining Egoli will enable the Group to reduce its reliance on debt funding for the project's development.

The Egoli project is situated within Evander Mines' existing mining right, which is valid until 2038. Please refer to the abridged Mineral Resources and Mineral Reserves report on **page 49** for further information.

CHALLENGES

Remedial work required to support portions of the 8 Shaft brattice wall and fracture of the shaft lining in proximity to the 8 Shaft pillar core placed mining operations at risk and negatively impacted production during the first quarter of the 2021 financial year. During this time, only panels above the 15 Level main line travelling between 7 Shaft and 8 Shaft could be mined. Post the support of the at-risk areas, the core around the 8 Shaft barrel could be completely extracted and mining could progress below 15 Level.

The newly built backfill plant initially experienced inconsistent material supply density that caused leakages through the cement bags underground and resulted in production delays. Difficulties were encountered with the initial installation of underground support pseudo-packs. This was resolved by introducing dry tailings and additional grout ranges for filler use. Design changes to the bags and sourcing of homogeneous material from the Kinross and Leslie/Bracken TSFs have successfully stabilised the operation, enabling production to ramp up to levels as indicated in the feasibility study.

Increased unemployment in the host communities has given rise to more frequent incidents of illegal mining, theft of infrastructure, especially at shafts that are no longer in operation, and an attempted heist from the gold plant. The improved integrated security strategy implemented at the Group's operations has, however, been effective in limiting the unauthorised access of illegal miners to underground mining areas and theft from surface infrastructure. The closure of the old workings and ongoing rehabilitation of the shaft areas have also contributed to mitigating these risks.

FOCUS FOR 2022

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
- detailed scheduling and planning for the 24 Level project
- initiating dewatering for the Egoli project
- commencing with exploration programmes to delineate additional organic growth opportunities within the existing Evander Mines mining right.

Travelling ways at Sheba Mine, 23 Level


Inspection of mechanised equipment – Fairview adit