

Three drilling rigs work to increase our gold resource yet again

Drilling has been our focus so far in 2018 and it's paying off.

We felt last year that the potential high-grade open-cut target areas in the Project Bentley ground near our existing TGME gold processing plant would be worth investigating, and that has proven to be a successful hunch.

Our initial drilling program at two of these targets – Theta Hill and Columbia Hill – made contact with near surface high-grade gold-bearing reefs with subsequent bottle roll metallurgical testing confirming that these reefs when near to surface were also oxidised. This means we could proceed with a project development strategy incorporating development firstly on oxide gold resources to restart the TGME oxide CIL plant and then build our production targeting 100,000ozpa with both open cut and underground mines.

After this we looked at the old Vaalhoek mining centre, reviewed the historical information that indicated that part of the high-grade underground seams were also likely to be near surface, and collected some samples confirming high grades and oxide metallurgy. Drilling at Vaalhoek is planned soon.

The first phase of drilling at Theta Hill targeted the first two of five shallow, high-grade gold reefs, which had not had any drilling work done on them for several decades. We've been drilling from surface down to depths of 50-150 metres, testing for open-cut mining potential.

Most of the drilling work has been done on the Theta Hill target, where a third drilling rig recently went into action. We've found significant gold mineralisation at the Theta North and DG4 areas: the two diamond drilling rigs working at Theta Hill were complemented from mid-May by a reverse circulation (RC) rig at Theta Hill.

With three drilling rigs in place, the thrust of work now is to delineate a maiden open-cut resource in the DG4 area, which is only 700 metres from the plant. We think there is an easily accessible, relatively low-grade orebody at DG4 that will be large enough to potentially provide early feed to the plant once it is refurbished and upgraded next year.

Setting out this resource, and ultimately deriving a reserve, will help to underpin the funding for the plant upgrade.

It's important to realise that the Theta Hill work was not part of the annual resource review, which we announced in May. That resulted in a 39% increase in the total JORC (Joint Ore Reserves Committee)-compliant gold resource to 5.15 million ounces. Once we complete the current work program at Theta Hill, which we expect to do in July, we'll incorporate the indicated resource we estimate at Theta Hill into an upgraded JORC-compliant resource estimate for our entire holdings.

We also expect to establish high-grade open-cut reserves at Theta Hill by the end of this year.

Then we will move the drilling focus to Vaalhoek and then Columbia Hill (to investigate further open-cut potential following its high-grade drilling results in January, which included a one-metre intercept at 20.4 grams a tonne of gold).

At the same time as this drilling work, we've continued the refurbishment program on our Rietfontein underground gold mine. We've been dewatering Rietfontein to allow access for drill rigs into the deeper parts of the mine, both for metallurgical sampling work and also to help determine potential locations for underground resource drilling.

As South Africa's new president promotes mining to increase economic activity. The country's Mining Charter, of which a new version has just been released with updated Black Economic Empowerment (BEE) requirements, will improve mining conditions in country with clarity for the mining investment decisions.

We already have fully functional compliant BEE structures and operating arrangements in place from the mines' previous operations phase in the 2012-2017 period. Our strong history in the country with a manned mine site and operating presence on the ground means we don't expect many changes to our operations and how we do business.