

OPERATIONAL PERFORMANCE

Masimong

		FY17	FY16	FY15
Number of employees				
– Permanent		2 437	2 478	2 470
– Contractors		107	112	99
Total		2 544	2 590	2 569
Operational				
Volumes milled	(000t) (metric)	640	650	670
	(000t) (imperial)	706	716	739
Gold produced	(kg)	2 538	2 432	2 463
	(oz)	81 599	78 190	79 187
Gold sold	(kg)	2 539	2 432	2 491
	(oz)	81 631	78 191	80 087
Grade	(g/t)	3.97	3.74	3.68
	(oz/t)	0.116	0.109	0.107
Productivity	(g/TEC)	89.73	83.85	75.27
Development results				
Total metres		4 754	4 755	9 855
Reef metres		1 054	1 549	2 376
Financial				
Revenue	(Rm)	1 452	1 318	1 118
	(US\$m)	107	91	98
Average gold price received	(R/kg)	571 870	541 806	448 867
	(US\$/oz)	1 308	1 162	1 220
Cash operating cost	(Rm)	1 115	1 038	979
	(US\$m)	82	72	86
Production profit/(loss)	(Rm)	339	280	127
	(US\$m)	25	19	11
Capital expenditure	(Rm)	119	110	166
	(US\$m)	9	8	15
Cash operating cost	(R/kg)	439 457	426 904	397 380
	(US\$/oz)	1 005	916	1 080
All-in sustaining cost	(R/kg)	500 938	493 527	479 096
	(US\$/oz)	1 146	1 059	1 302
Safety				
Number of fatalities		1	2	1
Lost-time injury frequency rate per million hours worked		10.54	10.05	12.09
Environment				
Electricity consumption	(GWh)	170	172	184
Water consumption – primary activities	(ML)	825	715	859
Greenhouse gas emissions	(000t CO ₂ e)	169	175	190
Intensity data per tonne treated				
– energy		0.27	0.26	0.28
– water		1.29	1.10	1.28
– greenhouse gas emissions		0.27	0.26	0.29
Number of reportable environmental incidents		0	0	0
Community				
Local economic development	(Rm)	7	6	6
Training and development	(Rm)	23	22	25

Masimong *continued*

Other salient features

Status of operation	Mature, single shaft operation nearing the end of its life of mine
Life of mine	4 years
Nameplate hoisting capacity (per month)	112 000 tonnes (124 000 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)
	2.1	4.19	9	0.3	3.23	1	2.4	4.07	10
Reserves (imperial)	Tons (Mt)	Grade (oz/t)	Gold (000oz)	Tons (Mt)	Grade (oz/t)	Gold (000oz)	Tons (Mt)	Grade (oz/t)	Gold (000oz)
	2.3	0.122	281	0.3	0.094	31	2.6	0.119	312

Masimong is located in the Free State Province, near Welkom, about 260km from Johannesburg. The Masimong complex comprises an operating shaft (5 shaft) and 4 shaft, which, although closed for mining, is used for ventilation, pumping and as a second escape outlet. Masimong exploits the Basal Reef and the secondary B Reef. Mining is conducted to a depth of 2 050m. Ore mined is processed at the Harmony One plant.

Sadly, there was one fatality at Masimong in FY17. Management is committed to improving the safety at this operation.

Masimong delivered an improved performance in FY17 as a result of accessing higher grade B-reef areas and improved mining discipline. The recovered gold grade increased by 6% to 3.97g/t (0.116oz/t). Ore milled decreased by 2% to 640 000 tonnes (706 000 tons). Gold produced increased by 4% to 2 538kg (81 599oz).

The increase in gold production and 6% increase in the average rand gold price received in FY17 (to R571 870/kg) contributed to a 10% increase in revenue to R1 452 million (18% increase to US\$107 million, due to increased production and the strengthening of the average rand/US dollar exchange rate by 6% from R14.50 in FY16 to R13.60 in FY17).

Cash operating costs increased by 7% to R1 115 million (14% increase to US\$82 million) mainly due to wage and electricity tariff increases.

Capital expenditure increased by 8% to R119 million (increased by 13% to US\$9 million). Capital was spent mainly on ongoing development.