

OPERATIONAL PERFORMANCE CONTINUED

SOUTH AFRICA – UNDERGROUND OPERATIONS

Masimong

		FY20	FY19	FY18
Number of employees				
– Permanent		2 083	2 247	2 432
– Contractors		135	120	108
Total		2 218	2 367	2 540
Operational				
Volumes milled	(000t) (metric)	489	602	647
	(000t) (imperial)	539	664	714
Gold produced	(kg)	1 999	2 309	2 623
	(oz)	64 269	74 237	84 332
Gold sold	(kg)	2 027	2 291	2 609
	(oz)	65 169	73 657	83 882
Grade	(g/t)	4.09	3.84	4.05
	(oz/t)	0.119	0.112	0.118
Productivity	(g/TEC)	79.22	82.48	92.82
Development results				
– Total metres		2 246	3 167	5 287
– Reef metres		759	765	2 067
Financial				
Revenue	(Rm)	1 401	1 359	1 505
	(US\$m)	89	96	117
Average gold price received	(R/kg)	691 282	593 003	576 729
	(US\$/oz)	1 373	1 301	1 396
Cash operating cost	(Rm)	1 241	1 214	1 161
	(US\$m)	79	86	90
Production profit	(Rm)	143	154	351
	(US\$m)	9	11	27
Capital expenditure	(Rm)	24	109	129
	(US\$m)	2	8	10
Operating free cash flow ¹	(Rm)	136	36	215
	(US\$m)	8	2	17
Cash operating cost	(R/kg)	620 804	525 703	442 586
	(US\$/oz)	1 233	1 153	1 071
All-in sustaining cost	(R/kg)	655 888	593 408	513 197
	(US\$/oz)	1 302	1 302	1 242
Average exchange rate	(R/US\$)	15.66	14.18	12.85
Safety				
Number of fatalities		0	0	1
Lost-time injury frequency rate	per million hours worked	7.51	5.88	8.61
Environment				
Electricity consumption	(GWh)	138	161	173
Water consumption – primary activities	(ML)	510	721	824
Greenhouse gas emissions	(000t CO ₂ e)	146	147	167
Intensity data per tonne treated				
– energy		0.28	0.27	0.27
– water		1.04	1.20	1.27
– greenhouse gas emissions		0.3	0.24	0.27
Number of reportable environmental incidents		0	0	2
Community				
Local economic development ²	(Rm)	11	6	6
Training and development	(Rm)	23	26	27

¹ Operating free cash flow = revenue – cash operating cost – capital expenditure ± impact of run of mine (ROM) costs as per operating results

² Figures include R10 million spent on the local economic development

Masimong CONTINUED

Other salient features

Status of operation	Mature, single shaft operation nearing the end of its life of mine
Life of mine	1.5 years
Nameplate hoisting capacity (per month)	112 000 tonnes (124 000 tons)
Compliance and certification	<ul style="list-style-type: none">• New order mining right – December 2007• ISO 14001• ISO 9001• OHSAS 18001

Mineral Reserve estimates at 30 June 2020

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)
	0.8	4.26	3	0.02	2.95	0.1	0.8	4.23	3
Reserves (imperial)	Tons (Mt)	Grade (oz/t)	Gold (000oz)	Tons (Mt)	Grade (oz/t)	Gold (000oz)	Tons (Mt)	Grade (oz/t)	Gold (000oz)
	0.9	0.124	108	0.03	0.086	2	0.9	0.123	110

Overview of operations

Masimong is a deep-level mine located in the Free State, near Welkom, some 260km from Johannesburg. The operation is close to the end of its mine life, with approximately 18 months of mining left. Masimong – together with Unisel – is a mine that is testimony to the effectiveness of Harmony's business model.

The Masimong complex comprises two shafts with the 5 shaft being used as the operating shaft and 4 shaft used for ventilation, pumping and as a second escape outlet. Masimong exploits the Basal Reef and the B-Reef by means of conventional tabular narrow reef stoping method. Mining is conducted at a depth of between 1 650m and 2 010m below collar. The ore mined is processed at the nearby Harmony One plant.

Operating performance FY20

The Covid-19 lockdown and associated restrictions were reflected in Masimong's operating performance in FY20. Gold production decreased by 13% to 1 999kg (64 269oz), due to a 19% decrease in tonnes milled to 489 000 tonnes in FY20. However, the decline in production was somewhat arrested by the 6.5% rise in recovered grade to 4.09g/t.

The significantly higher increase in the gold price contributed to the 3% increase in revenue to R1 401 million despite the drop in production. This performance was underpinned by a good safety record with no loss of life incidents being recorded in FY20.

Cash operating costs increased by 2% to R1 241 million mainly due to annual wage increases. Capital expenditure decreased by 78% to R24 million (decreased by 75% to US\$2 million) mainly due to a planned decrease in development as well as the effects of the national lockdown in April 2020.

Outlook for FY21

The Masimong management team will focus their efforts on maintaining its current safety and production performance.