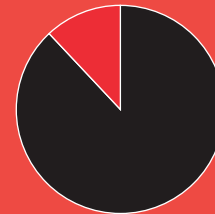


## Elandsrand

Elandsrand's contribution to production in FY09



▶ Elandsrand 12%  
▶ Other Harmony operations 88%

### Description

The Elandsrand mine, which is located on the Gauteng-North West Province border, near Carletonville, comprises twin vertical and twin sub-vertical shaft systems. The sub-vertical shafts, which access the deeper parts of the Ventersdorp Contact Reef, have been extended to a depth of 3 600 metres by the Elandsrand deepening project.

Elandsrand, which came into operation in 1978, was purchased from AngloGold Ashanti Limited in FY01.

Mining at Elandsrand is undertaken using conventional mining methods in a sequential grid layout. Work on the project is currently focussed on accessing and opening up areas of the new mine and the development and construction of the necessary support infrastructure. Ore mined at Elandsrand is treated at the Elandsrand Plant.

In FY09, Elandsrand employed 5 283 people – 4 691 employees and 547 contractors.

### Mineral resources and ore reserves

At the end of June 2009, Elandsrand reported ore reserves of 7.541 million ounces and mineral resources of 11.556 million ounces. Elandsrand currently has an expected life-of-mine of 28 years. See pages 128 to 130 for more details.

Elandsrand	Mineral resources				Ore reserves		
	Measured	Indicated	Inferred	Total	Proven	Probable	Total
Oz (000)	3 313	7 812	431	11 556	2 395	5 146	7 541
Tonnes (Mt)	11.6	28.2	1.4	41.2	11.5	26.2	37.7
Grade (G/t)	8.87	8.63	9.28	8.72	6.50	6.11	6.23



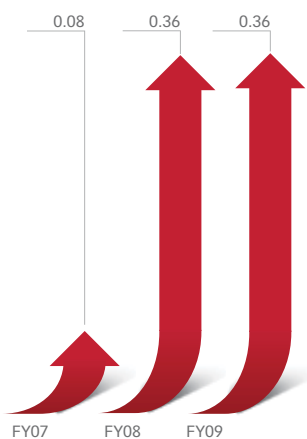
# Review of operations cont.

## Safety

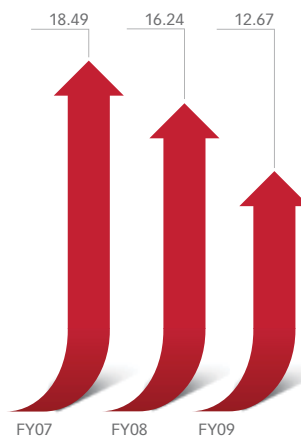
Safety received particular attention at Elandsrand in FY09. Three fatal accidents in the first quarter of the year prompted a major senior management intervention. Chief Operating Officer Alwyn Pretorius was seconded to the mine in October 2009 for a period of six months to deal specifically with the issue of safety. As part of this process, operations in working places not regarded as being safe or production-worthy were immediately stopped and made safe, resulting in production losses of 300 kilograms (9 645 ounces) of gold. All stoping production crews underwent safety training on the mine's Qaphelangozi programme, a behaviour-based safety initiative. This intervention yielded substantial and immediate results, with a progressive improvement in safety performance, workplace conditions and production build-up having been achieved by year-end.

In total there were five fatal accidents in FY09, as compared to four fatalities in three accidents in FY08. No fatal accidents were experienced in the fourth quarter. While the FIFR for the year was unchanged at 0.36 per million hours worked, the LTIFR continued to improve to 12.67 per million hours worked, and from 20.01 in the first quarter to 5.84 in the fourth quarter.

Elandsrand FIFR  
(per million hours worked)



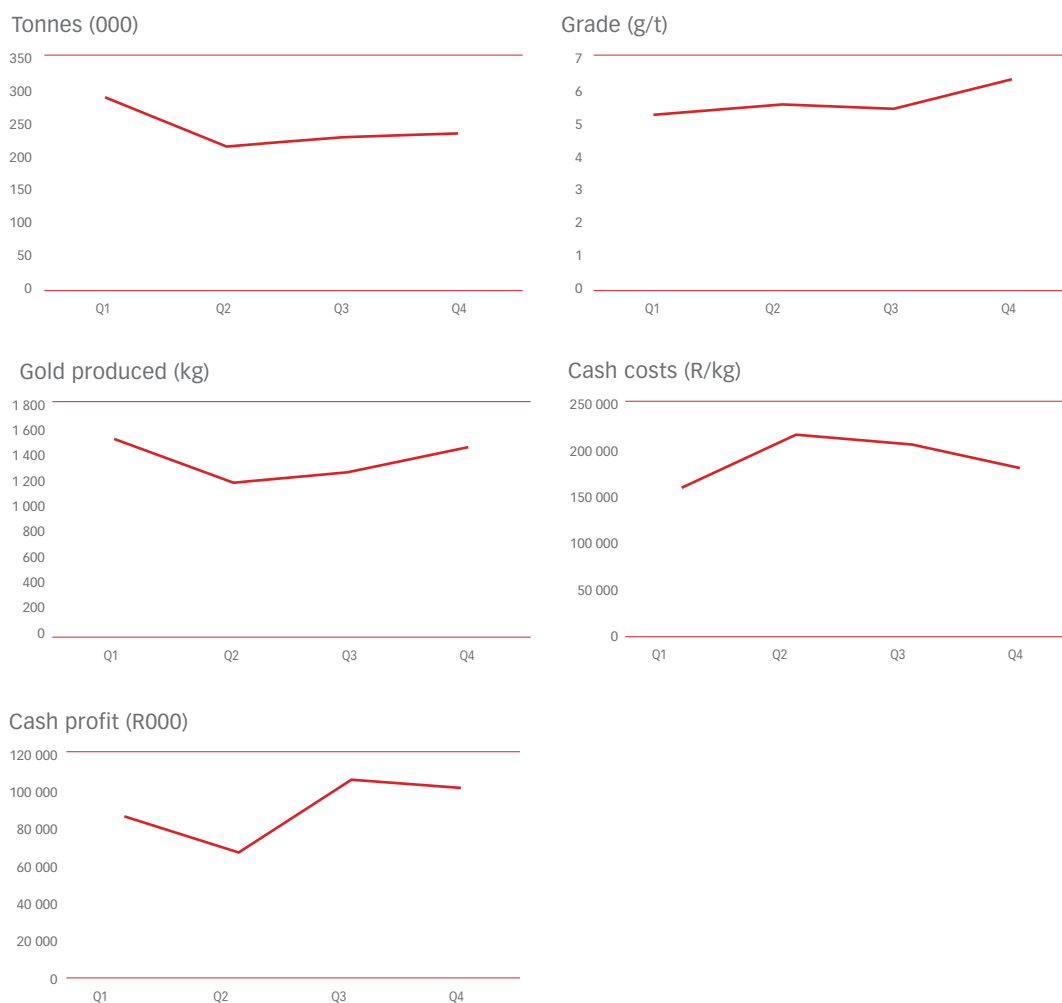
Elandsrand LTIFR  
(per million hours worked)



### Elandsrand key statistics:

Unit		FY09	FY08	FY07
<b>Production</b>				
Volumes milled	000 t (metric)	962	890	1 013
	000 t (imperial)	1 061	981	1 117
Gold produced	kg	5 422	5 108	6 078
	oz	174 321	164 215	195 412
Average grade	g/t	5.64	5.74	6.00
	oz/t	0.164	0.167	0.175
<b>Financial</b>				
Revenue	R million	1 422	964	895
	US\$ million	158	133	124
Cash costs	R/kg	191 097	152 611	123 705
	US\$/oz	660	652	535
Cash operating profit	R million	366	213	157
	US\$ million	41	30	21
Capital expenditure	R million	422	318	238
	US\$ million	47	44	33

## Elandsrand key quarterly indicators: FY09



## The year in review

Elandsrand's poor safety performance in the first half of FY09 (see above) marred the ramp-up profile of the new mine. Although volumes were higher than in FY08 at 962 000 tonnes, they were significantly lower than planned as a result of accidents, section 54 notices issued by the DMR following these accidents and revisions to mine plans undertaken so as to improve safety performance in a sustainable manner (see above). A steady improvement was achieved in the third and fourth quarters in both volumes and grade.

The average grade achieved was marginally lower year-on-year, declining from 5.74 g/t in FY08 to 5.64 g/t in FY09, as a result of the lower face grade mined. The disciplined approach to mining resulted in a much improved Mine Call Factor (MCF) – above 90% in the fourth quarter.

Gold production was higher, up by 6% at 5 422 kilograms (174 321 ounces), than in FY08, but again far lower than planned.

Cash costs too were higher than anticipated as a result of lower-than-planned production, higher electricity tariffs, labour costs and consumables. Cash costs were 191 097/kg, or US\$660/oz. Elandsrand's cash operating profit was significantly higher, at R366 million (US\$41 million) on the back of a higher revenue of R1 422 million (US\$158 million).

# Review of operations cont.

# 2009

## Outlook\*

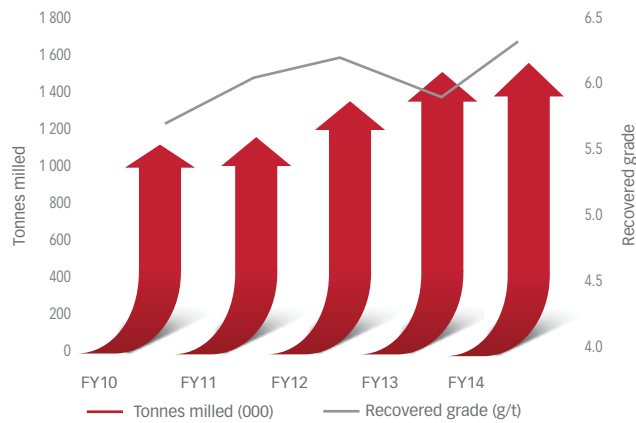
A conservative build-up in production is expected at Elandsrand in line with the life-of-mine plan. Tonnes milled should rise to 1 100 000 tonnes in FY10, at an average grade of 6 g/t. Grade should progressively increase as the mine reaches full production and progressively more mining takes place in the western high-grade facies where the Elsburg Reef sub-outcrops against the Ventersdorp Contact Reef, causing localised enrichment.

Total capital expenditure\*\* planned for FY10 is R513 million (US\$66 million) – R263 million (US\$34 million) on on-going development, R40 million (US\$5 million) on major equipment maintenance and R93 million (US\$12 million) on other shaft capital. The balance of R117 million (US\$15 million) is planned for the Elandsrand New Mine project.

\* Please refer to the forward-looking statement on the inside front cover of this report

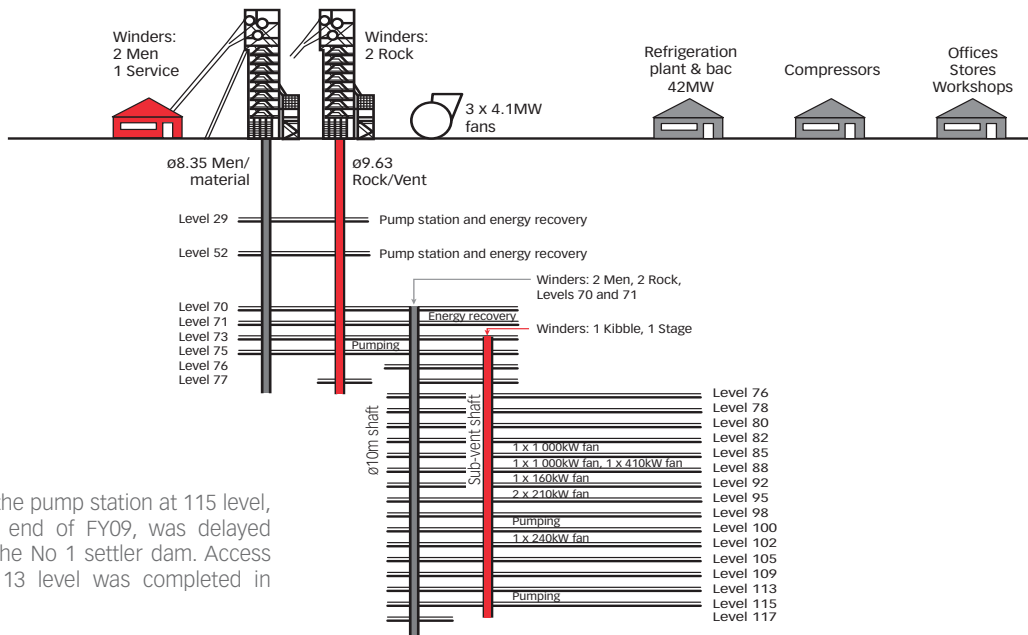
\*\* June 2009 money terms. The exchange rate as at 30 June 2009 of R7.72/US\$ has been used for all forward-looking conversions.

Elandsrand: Five-year production profile



## Elandsrand New Mine Project

Good progress continued to be made with the development and the build-up of production on the Elandsrand new mine project. The winder and headgear for the No 3 backfill shaft were installed and commissioned in May 2009 and sinking started. This shaft will supply feed and return chilled water to 109 and 113 levels. By year-end both 22 kV transformers had been installed and commissioned at 100 level, as had two of eight bulk air coolers. Commissioning of the second settler dam will begin once the dam wall and suction piping on 115 level has been completed. Progress was also made with the installation of the refrigeration plant pipes and the ventilation system.



Commissioning of the pump station at 115 level, scheduled for the end of FY09, was delayed owing to leaks in the No 1 settler dam. Access development on 113 level was completed in February 2009.

### Future milestones include:

- ◆ completion of first raise on 109 level in September 2009;
- ◆ commencement of ledging on 109 level in October 2009;
- ◆ 113 level reaches reef in July 2009;
- ◆ first raise on 113 level in March 2011; and
- ◆ ledging commences on 113 level in June 2011.

### Key statistics

First production	October 2003
Full production	July 2013
Forecast annual peak production (FY13 to FY21)	9 651 kg; 310 000 oz
Capital expenditure	R1 098 million (US\$140 million)
	R940 million spent to date
Expected life-of-mine	28 years to 2037
Average reserve head grade	6.27 g/t
Life-of-mine ounces	7.39 million

Elandsrand New Mine Project capex (R million)

