

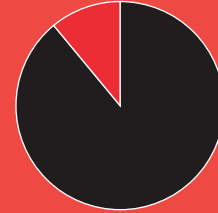
# Review of operations cont.

# 2009



## Masimong

Masimong's contribution to production in FY09



Masimong 11%  
Other Harmony operations 89%

### Description

Located in the Free State, near Riebeeckstad, Masimong consists of an operating shaft – 5 shaft – and 4 shaft which, although closed, is used for ventilation, pumping and as a second outlet. Ore mined at Masimong is processed at the Harmony 1 Plant some 23 kilometres away. Masimong (formerly Saaiplaas) was purchased in September 1998 from AngloGold Ashanti Limited.

Conventional drill, blast and scraping mining operations are focussed on the Basal and B-Reef at Masimong. The shafts are intermediate in depth, extending to around 2 300m.

In FY09, Masimong employed 3 046 people – 2 949 employees and 117 contractors.

### Mineral resources and ore reserves

At the end of June 2009, Masimong reported ore reserves of 0.984 million ounces of gold and mineral resources of 28.105 million ounces. The operation's expected life-of-mine is 12 years. See pages 118 to 125 for further details.

Masimong	Mineral resources				Ore reserves		
	Measured	Indicated	Inferred	Total	Proven	Probable	Total
Oz (000)	3 401	3 128	21 576	28 105	751	233	984
Tonnes (Mt)	14.0	14.9	100.3	129.2	4.5	1.4	5.9
Grade (G/t)	7.55	6.51	6.69	6.76	5.20	5.27	5.22

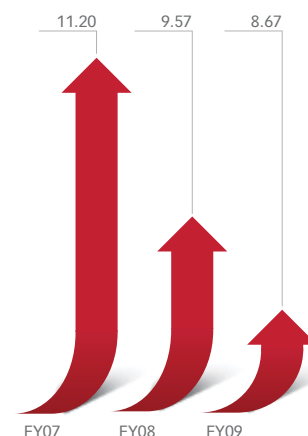
### Safety

Regrettably there were two fatalities at Masimong during the year (FY08: one). The FIFR, at 0.27 per million hours worked, reflected this disappointing performance (FY08: 0.12). The LTIFR, however, declined by 9% to 8.67 per million hours worked (FY08: 9.57).

Masimong FIFR (per million hours worked)



Masimong LTIFR (per million hours worked)

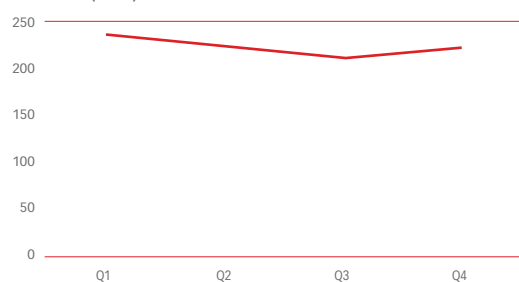


**Masimong key statistics:**

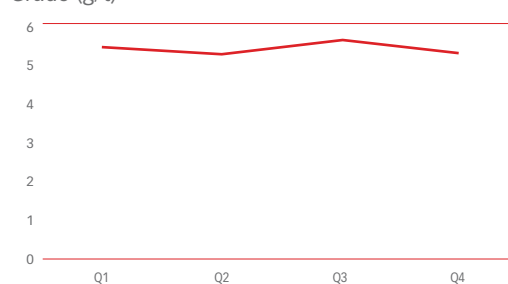
		Unit	FY09	FY08	FY07
<b>Production</b>					
Volumes milled	000 t (metric)		890	809	974
	000 t (imperial)		981	892	1 074
Gold produced	kg		4 791	3 621	4 559
	oz		154 034	116 424	146 575
Average grade	g/t		5.38	4.48	4.68
	oz/t		0.157	0.131	0.136
<b>Financial</b>					
Revenue	R million		1 215	698	681
	US\$ million		135	96	95
Cash costs	R/kg		137 598	175 593	125 689
	US\$/oz		476	756	543
Cash operating profit	R million		554	61	85
	US\$ million		62	8	13
Capital expenditure	R million		130	114	109
	US\$ million		14	16	15

**Masimong key quarterly indicators: FY09**

Tonnes (000)



Grade (g/t)



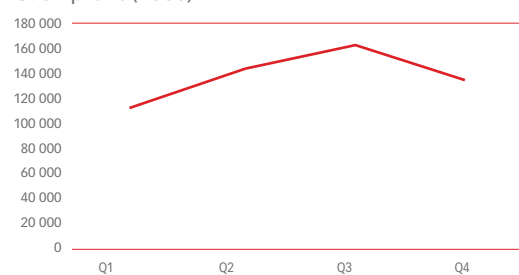
Gold produced (kg)



Cash cost (R/kg)



Cash profit (R000)



Review of operations cont. **2009**



## The year in review

The restructuring programme which began in FY08 at Masimong has taken this operation from the brink of closure to being among the lowest-cost-per-kilogram-producers in the Harmony stable. This restructuring included management positions, as well as the termination of continuous operations. Masimong is now a steady-state operation, although further improvements in efficiencies are envisaged.

Volumes improved by 10% to 890 000 tonnes in FY09. This was despite a fire in the B reef area and ventilation incidents relating to illegal mining activities. Damaged ventilation seals in the disused 4 shaft area caused major airflow problems at 5 shaft, particularly in the third and fourth quarters, and repairs are likely to be effected by December 2009. A booster fan will be installed between 4 and 5 shafts to partially address this ventilation issue.

A focus on training (People Transformation Project), in which all production crews received training on safety and health, business awareness, productivity improvement and team-building, presented positive results. Productivity improved noticeably, by 24% from 21 t/TEC/month to 26 t/TEC/month, and by 48% from 94 to 139 g/TEC/month.

Supervisory training, specifically aimed at front line supervisors, was also completed during the year.

An infrastructural upgrade involving tracks, locomotives, refrigeration, ventilation and compressors was recently begun and will continue in FY10.

Steps were also taken to improve ore reserve management and quality mining on the Basal Reef stopes. Good grades achieved from the B reef further contributed to the overall improvement in grade from 4.48 g/t to 5.38 g/t.

Cash costs declined by 22% year-on-year to R137 598/kg (US\$476/oz). This is a remarkable achievement, given the increases in electricity prices, and labour and consumable costs.

Cash operating profit rose to R554 million from R61 million (US\$62 million from US\$8 million). Capital expenditure, mainly spent on refrigeration infrastructure, was R130 million (US\$14 million).

## Outlook\*

The restructuring currently under way is scheduled to be completed in FY10 and the benefits in terms of further increases in productivity, greater output and improved efficiencies/performance will be seen. Tonnes milled are expected to rise to 1 million tonnes per annum, although the grade is expected to decline to around 5 g/t. Grade will recover in FY11 and FY12. Cash costs\*\* are expected to be in the region of R134 000/kg (US\$540/oz). Gold production is expected to be in the order of 4 900 kilograms (158 000 ounces).

Capital expenditure\*\* of R238 million (US\$31 million) is planned for FY10 – R110 million (US\$14 million) on on-going development, R24 million (US\$3 million) on major equipment maintenance and R104 million (US\$13 million) on other shaft capital.

\* 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.

