

OPERATIONAL PERFORMANCE CONTINUED

SOUTH AFRICA – SURFACE OPERATIONS

Kalgold

		FY20	FY19	FY18
Number of employees				
– Permanent		253	238	237
– Contractors		361	346	334
Total		614	584	571
Operational				
Volumes milled	(000t) (metric)	1 541	1 619	1 550
	(000t) (imperial)	1 700	1 785	1 709
Gold produced	(kg)	1 153	1 249	1 250
	(oz)	37 070	40 156	40 189
Gold sold	(kg)	1 151	1 263	1 231
	(oz)	37 006	40 605	39 577
Grade	(g/t)	0.75	0.77	0.81
	(oz/t)	0.022	0.022	0.024
Productivity	(g/TEC)	128.80	150.85	147.96
Financial				
Revenue	(Rm)	855	750	710
	(US\$m)	55	53	55
Average gold price received	(R/kg)	742 533	593 482	576 630
	(US\$/oz)	1 474	1 302	1 396
Cash operating cost	(Rm)	674	695	565
	(US\$m)	43	49	44
Production profit	(Rm)	183	50	157
	(US\$m)	12	3	12
Capital expenditure	(Rm)	99	61	108
	(US\$m)	6	4	8
Operating free cash flow ¹	(Rm)	84	(4)	34
	(US\$m)	6	0	3
Cash operating cost	(R/kg)	584 218	556 283	452 365
	(US\$/oz)	1 160	1 220	1 095
All-in sustaining cost	(R/kg)	690 239	624 147	552 032
	(US\$/oz)	1 371	1 369	1 336
Average exchange rate	(R/US\$)	15.66	14.18	12.85
Safety				
Number of fatalities		0	0	0
Lost-time injury frequency rate	per million hours worked	1.65	0.88	0
Environment				
Electricity consumption	(GWh)	54	54	53
Water consumption – primary activities	(ML)	307	583	324
Greenhouse gas emissions	(000t CO ₂ e)	72	66	51
Intensity data per tonne treated				
– energy		0.04	0.03	0.03
– water		0.2	0.36	0.21
– greenhouse gas emissions		0.05	0.04	0.03
Number of reportable environmental incidents		0	1	0
Community				
Local economic development ²	(Rm)	8	9	3
Training and development	(Rm)	9	5	6

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 R3 million spent on the local economic development projects

Kalgold CONTINUED

Other salient features

Status of operation	Open-pit mining operation
Life of mine	13 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 – August 2008• ISO 14001• ISO 9001

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)
	6.7	0.93	6	13.2	1.14	15	19.9	1.07	21

Reserves (imperial)	Proved			Probable			Total		
	Tons (Mt)	Grade (oz/t)	Gold (000oz)	Tons (Mt)	Grade (oz/t)	Gold (000oz)	Tons (Mt)	Grade (oz/t)	Gold (000oz)
	7.4	0.027	201	14.5	0.033	482	21.9	0.031	683

Overview of operations

Kalgold is a long-life open-pit gold mine situated on the Kraaipan Greenstone Belt, 55km southwest of Mahikeng in North West Province.

Mining takes place from the A-Zone pit, where mining is ramping up at the pillar between the A-Zone and Watertank pit. The mined ore is processed at the carbon-in-leach Kalgold plant.

Operating performance FY20

Kalgold maintained its fatality-free record in FY20.

Gold production decreased by 8% to 1 153kg (37 070oz), due to a drop in ore milled by 5% to 1 541 000t and a 3% decrease in recovered grade to 0.748g/t. Heavy rainfall in the fourth quarter resulted in the operation losing 18 mining days in the pit, and affecting stockpile levels. While Kalgold was not compelled to suspend operations during the Covid-19 lockdown, it was indirectly impacted by associated restrictions imposed from the end of March.

Owing to the rise in the gold price over the period under review, however, revenue increased by 14% to R855 million. Cash operating costs decreased by 3% to R674 million (12% decrease to US\$43 million) due to an increase in deferred stripping cost being capitalised.

Capital expenditure increased by 62% to R99 million, mainly due to an increase in deferred stripping costs.

Outlook for FY21

With a 13-year life of mine left, the key focus areas in FY21 will be to optimise the pit design so as to produce safe, profitable ounces by mining the A zone and Watertank pits. Feasibility studies are underway to potentially expand the milling capacity of the operation – there are two options being considered, one to expand milling capacity by 300 000t a month, the other by 450 000t a month. The results from the exploration drilling at Kalgold outline an expanded, robust mineralised system that extends beyond the current resource limits. Resource development drilling underway has outlined a mineralised zone that now comprises over 2.1km of strike and extends to in excess of 300m below surface. The intersections show good continuity of geology and mineralisation and presents an exciting organic growth opportunity for Harmony.