

OPERATIONAL PERFORMANCE CONTINUED

SOUTH AFRICA – UNDERGROUND OPERATIONS

Moab Khotsong

		FY20	FY19	FY18*
Number of employees				
– Permanent		5 343	5 421	5 804
– Contractors		1 086	1 036	1 014
Total		6 551	6 457	6 818
Operational				
Volumes milled	(000t) (metric)	746	970	327
	(000t) (imperial)	822	1 069	360
Gold produced	(kg)	6 592	7 928	3 296
	(oz)	211 938	254 891	105 969
Gold sold	(kg)	6 799	7 794	3 165
	(oz)	218 592	250 583	101 757
Grade	(g/t)	8.84	8.17	10.08
	(oz/t)	0.258	0.238	0.294
Productivity	(g/TEC)	102.76	120.67	135.17
Development results				
– Total metres		8 815	10 472	9 527
– Reef metres		1 173	1 202	1 328
– Capital metres		1 363	1 432	380
Financial				
Revenue	(Rm)	5 008	4 470	1 672
	(US\$m)	320	315	130
Average gold price received	(R/kg)	736 533	573 522	528 387
	(US\$/oz)	1 463	1 258	1 279
Cash operating cost	(Rm)	3 283	3 167	1 037
	(US\$m)	210	223	81
Production profit	(Rm)	1 664	1 369	720
	(US\$m)	106	96	56
Capital expenditure	(Rm)	498	559	173
	(US\$m)	32	39	13
Operating free cash flow ¹	(Rm)	1 228	745	462
	(US\$m)	78	53	36
Cash operating cost	(R/kg)	497 953	399 414	314 526
	(US\$/oz)	989	876	761
All-in sustaining cost	(R/kg)	566 942	477 581	420 286
	(US\$/oz)	1 126	1 048	1 017
Average exchange rate	(R/US\$)	15.66	14.18	12.85
Safety				
Number of fatalities		1	1	1
Lost-time injury frequency rate	per million hours worked	7.95	9.75	11.18
Environment ²				
Electricity consumption	(GWh)	738	766	114
Water consumption – primary activities	(ML)	5 975	6 898	1 702
Greenhouse gas emissions	(000t CO ₂ e)	784	700	110
Intensity data per tonne treated				
– energy		0.99	0.79	0.35
– water		8.01	7.11	5.20
– greenhouse gas emissions		0.81	0.72	0.35
Number of reportable environmental incidents		0	0	0
Community				
Local economic development ³	(Rm)	22	19	7
Training and development	(Rm)	56	48	13

* Incorporated into Harmony's portfolio from 1 March 2018. The figures reported for FY19 are for the four months from March 2018 to June 2018

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

² Note: figures include Nufcor

³ Figures include R5 million spent on the local economic development projects

Moab Khotsong CONTINUED

Other salient features

Status of operation	Steady state operation: development continues
Life of mine	8 years
Nameplate hoisting capacity (per month)	160 000 tonnes (176 000 tons)
Compliance and certification	<ul style="list-style-type: none">• New order mining right• ISO 14001

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)
	3.2	7.93	25	3.3	8.57	28	6.5	8.26	53
Reserves (imperial)	Tons (Mt)	Grade (oz/t)	Gold (000oz)	Tons (Mt)	Grade (oz/t)	Gold (000oz)	Tons (Mt)	Grade (oz/t)	Gold (000oz)
	3.5	0.317	808	3.6	0.343	909	7.2	0.330	1 718

Overview of operations

Moab Khotsong is a deep-level mine situated near the towns of Orkney and Klerksdorp, approximately 180km south-west of Johannesburg. The mine, which began producing in 2003, was acquired from AngloGold Ashanti Limited in March 2018.

Mining is based on a scattered mining method together with an integrated backfill support system that incorporates bracket pillars. The geology at Moab Khotsong is structurally complex with large fault-loss areas between the three mining areas (top mine (Great Nologwa), middle mine and lower mine (growth project and Zaaiplaats project in prefeasibility study phase). The mine exploits the Vaal Reef as its primary orebody. The economic reef horizons are mined between 1 791m and 3 052m below surface. Ore mined is processed at the Great Nologwa gold plant. The plant uses the reverse gold leach method, with gold and uranium being recovered through gold cyanide and acid uranium leaching.

Operating performance FY20

We deeply regret to report that one employee lost his life in a mining-related incident in FY20. World best practice standards have been implemented, a risk management approach is being embedded, and learnings from the incident are being applied to improve the safety performance at Moab Khotsong.

The volume of ore milled and gold output was negatively impacted by damage caused by seismic activity in the operation's highest-grade section during the third quarter. Only once the affected areas had been rehabilitated and declared safe were mining crews allowed to re-access them. Production was further affected by the Covid-19 pandemic in the fourth quarter. A 24% year on year reduction in ore milled to 746 000t resulted in the 17% decrease in gold production to 6 592kg (211 938oz). This was, however, offset by the 8% increase in recovered grade, which increased to 8.84g/t.

The mine is the group's second largest gold operation (contributing 17% of total group production) and the largest contributor to operating free cash flow. The operation recorded revenue of R5 008 million (US\$320 million) and incurred cash operating costs of R3 283 million (US\$210 million) and capital expenditure of R498 million (US\$32 million), resulting in the operation generating operating free cash flow of R1 228 million (US\$78 million) in FY20.

A notable outcome of FY20 was the board's approval of the Great Nologwa pillar extraction feasibility study. Safety was a key aspect of the feasibility study process. Harmony has extensive pillar mining expertise which will be used in developing the infrastructure for extraction and mining of the pillar. The project has extended Moab Khotsong's life of mine by approximately two years.

Outlook for FY21

With eight years of life of mine left, the priority focus in FY21 will be to improve our safety performance; increase mining face lengths and achieve the reserve grade.