

OPERATIONS 2018 CONTINUED

Kusasaletu

		FY18	FY17	FY16
Number of employees				
– Permanent		3 980	4 050	3 944
– Contractors		692	538	539
Total		4 672	4 588	4 483
Operational				
Volumes milled	(000t) (metric)	670	607	668
	(000t) (imperial)	738	670	736
Gold produced	(kg)	4 429	4 394	3 863
	(oz)	142 395	141 270	124 198
Gold sold	(kg)	4 301	4 498	3 822
	(oz)	138 281	144 614	122 880
Grade	(g/t)	6.61	7.24	5.78
	(oz/t)	0.193	0.211	0.169
Productivity	(g/TEC)	91.54	89.05	77.80
Development results				
Total metres		4 016	5 101	7 183
Reef metres		776	1 185	1 517
Capital metres		0	0	0
Financial				
Revenue	(Rm)	2 483	2 575	2 078
	(US\$m)	193	189	143
Average gold price received	(R/kg)	577 313	572 376	543 633
	(US\$/oz)	1 397	1 309	1 166
Cash operating cost	(Rm)	2 091	2 019	1 848
	(US\$m)	163	148	127
Production profit	(Rm)	457	494	262
	(US\$m)	35	36	18
Capital expenditure	(Rm)	289	289	360
	(US\$m)	22	21	25
Cash operating cost	(R/kg)	472 177	459 422	478 277
	(US\$/oz)	1 143	1 051	1 026
All-in sustaining cost	(R/kg)	554 302	541 247	584 498
	(US\$/oz)	1 342	1 238	1 254
Safety				
Number of fatalities		5	0	2
Lost-time injury frequency rate per million hours worked		6.25	10.29	7.06
Environment				
Electricity consumption	(GWh)	595	616	611
Water consumption – primary activities	(ML)	2 609	613	1 671
Greenhouse gas emissions	(000t CO ₂ e)	577	610	620
Intensity data per tonne treated				
– energy		0.9	1.01	0.91
– water		3.89	1.00	2.50
– greenhouse gas emissions		0.3	0.10	0.91
Number of reportable environmental incidents		2	3	1
Community				
Local economic development*	(Rm)	6	5	5
Training and development	(Rm)	33	45	26

Kusasaletu *continued*

Other salient features

Status of operation	Positioned for profitability
Life of mine	5 years
Nameplate hoisting capacity (per month)	172 000 tonnes (190 000 tons)
Compliance and certification	New order mining right – December 2007 ISO 14001 ISO 9001 Cyanide Code

Mineral reserves as at 30 June 2018

Reserves (metric)	Proved reserves			Probable reserves			Total mineral reserves		
	Tonnes (Mt)	Grade (g/t)	Gold (000kg)	Tonnes (Mt)	Grade (g/t)	Gold (000kg)	Tonnes (Mt)	Grade (g/t)	Gold (000kg)
	3.7	7.26	27	0.6	5.34	3	4.3	7.00	30
Reserves (imperial)	Tons (Mt)	Grade (oz/t)	Gold (000oz)	Tons (Mt)	Grade (oz/t)	Gold (000oz)	Tons (Mt)	Grade (oz/t)	Gold (000oz)
	4.0	0.212	857	0.7	0.156	101	4.7	0.204	959

Kusasaletu is located about 90km from Johannesburg, near the provincial border of Gauteng and North West Province, in the West Witwatersrand Basin where it mines the Ventersdorp Contact Reef as its main ore body. The mine comprises twin vertical and twin sub-vertical shaft systems, and uses conventional mining methods in a sequential grid layout. Mining is conducted to a depth of 3 388m, making it Harmony's deepest mine. Ore mined is treated at the Kusasaletu plant.

A seismic event triggered a fall-of-ground accident which led to five fatalities in August 2017. Management are still deeply saddened by this event. Safety standards and controls have been reviewed and new procedures and controls enforced to prevent such an event from recurring.

The recovered gold grade decreased by 9% to 6.61g/t (0.193oz/t) due to the unavailability of higher grade areas. The decrease in grade was offset by a 10% increase in the volume of ore milled to 670 000 tonnes (738 000 tons), resulting in the flat gold production performance year on year, increasing by 1% to 4 429kg (142 395oz).

The operation was impacted by illegal industrial action during November 2017. Management instituted disciplinary measures against the instigators and the AMCU branch leadership was dismissed. Employee and union relations after the illegal industrial action have been stable and calm has been restored.

Revenue decreased by 4% to R2 483 million in FY18 (increased by 2% to US\$193 million) as a result of the 4% decrease in gold sold to 4 301kg (138 281oz).

Cash operating costs increased by 4% to R2 091 million (10% to US\$163 million) mainly due to wage increases and higher electricity tariffs.

Capital expenditure of R289 million recorded in FY18 and FY17 (5% increase to US\$22 million due to the strengthening of the rand against the dollar by 6% to R12.85/US\$ in FY18).

Safety, disciplined mining and improved grades are key to Kusasaletu's successful performance in the future.