

Gold outlook

Presentation to the Free State Goldfields Chamber of Business

Graham Briggs, CEO
3 September 2009



Private securities litigation reform act safe harbour statement

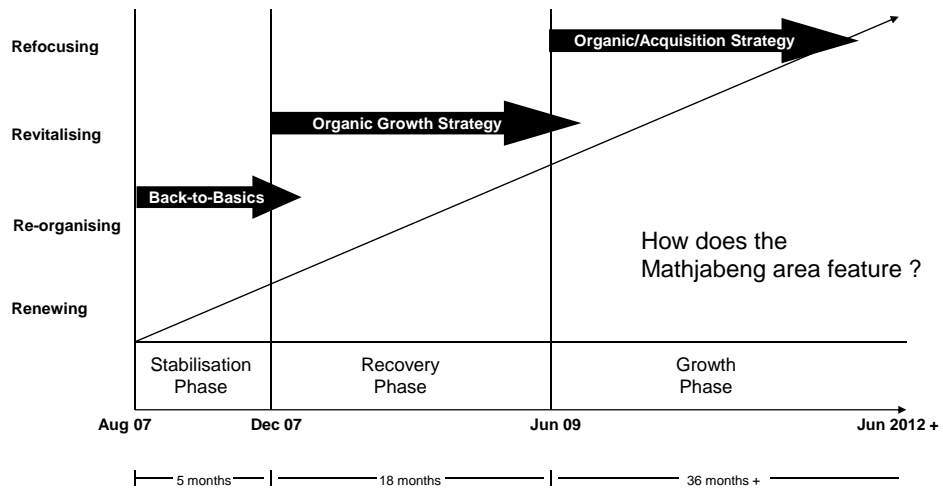
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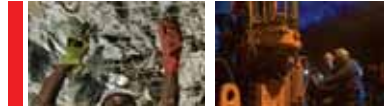
Strategy implementation and delivery



Strategy



What we said	What we have delivered
<p>We are creating an outstanding company...</p> <ul style="list-style-type: none"> • safety first • unhedged • focused management • responsible corporate citizen 	<ul style="list-style-type: none"> - Behaviour-based safety programmes - Stakeholder buy-in - Improved safety - Executive management strengthened - Empowered managers, close to the detail - Triple bottom line delivery a line responsibility
<p>...generating sustainable earnings...</p> <ul style="list-style-type: none"> • strong cash flow • healthy balance sheet 	<ul style="list-style-type: none"> - Debt cleared - Two successful cash-generative transactions - Two successful capital-raising
<p>...that fund dividends and growth</p>	<ul style="list-style-type: none"> - Dividend of 50 SA cents per share declared - 4 growth projects under way; 4 under consideration
<p>Through sound asset portfolio management, we will create the necessary platform to grow organically</p>	<ul style="list-style-type: none"> - Non-profitable operations placed on care and maintenance - Close monitoring of operating shafts' performance - Good operational improvement overall • but more to be done
<p>We will exploit opportunities to conclude strategic partnerships and acquisitions as market conditions allow</p>	<ul style="list-style-type: none"> - Several due diligences conducted - Pamodzi Free State Assets acquired - Newcrest earns-in 50% of Hidden Valley - Rand Uranium deal concluded



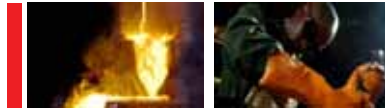
Safety

- Action plans and strategies in place:
 1. Management **leads by example**
 2. Improved **communication**
 3. Strong visible awareness
 4. Reward and recognise safety achievements
 5. Involvement of all stakeholders
 6. Brand safety for the company
- continuous improvement to achieve 2013 milestones



- Codes of Practice and regulations audited by dedicated teams consisting of accredited auditors
- Reward and recognise safety achievements
- Involvement of all stakeholders
- Plans in place to combat criminal mining
 - we do everything reasonably practicable to ensure that access to restricted areas is barred





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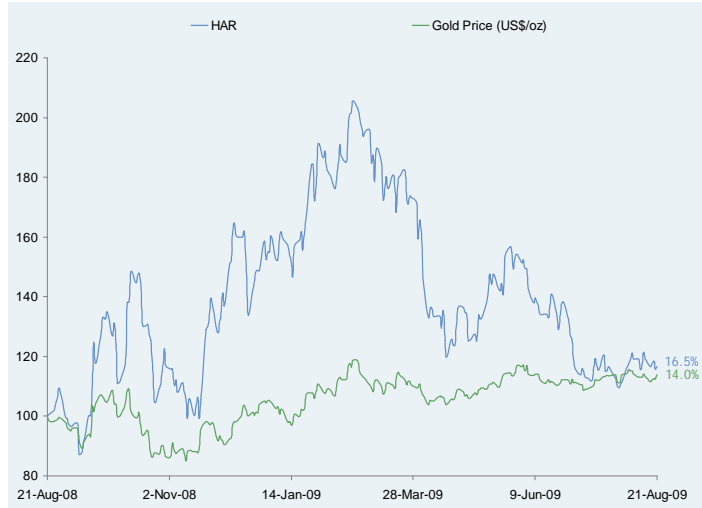
Gold price performance



Source: Bloomberg



Harmony share price vs gold price (US\$/oz)



Source: Bloomberg



Gold prices in selected currencies



Source: Bloomberg

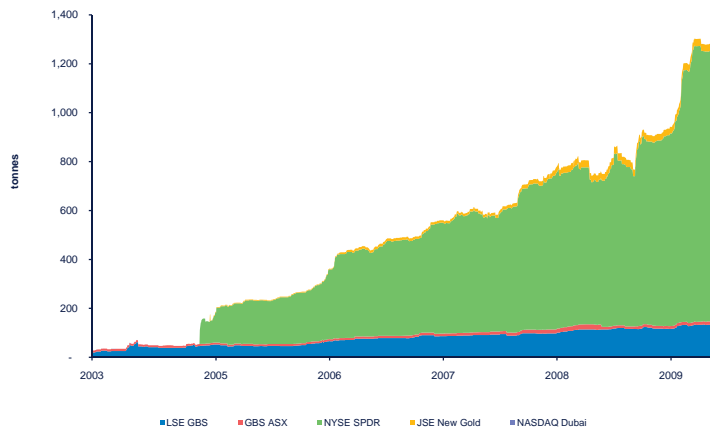


Source: Bloomberg

Supply	2002	2003	2004	2005	2006	2007	2008	2009E	2010E
Mine Production	2,618	2,621	2,493	2,548	2,486	2,476	2,377	2,400	2,317
% change	-1.2%	0.1%	-4.9%	2.2%	-2.4%	-0.4%	-4.0%	1.0%	-3.5%
Central Bank Sales	547	620	479	663	370	481	400	300	450
Scrap	872	985	878	897	1,126	956	1,050	1,150	1,000
Net producer Hedging	-	-	-	-	-	-	-	-	-
Implied Disinvestment	-	-	35	-	-	-	-	-	-
Total Supply	4,037	4,226	3,886	4,108	3,982	3,913	3,827	3,850	3,767

Demand	2002	2003	2004	2005	2006	2007	2008A	2009E	2010E
Jewellery	2,660	2,482	2,613	2,708	2,284	2,401	2,180	2,300	2,420
% change	-11.6%	-6.7%	5.3%	3.6%	-15.7%	5.1%	-9.2%	5.5%	5.2%
Other fabrication	481	515	555	579	648	671	642	575	625
% change	1.3%	7.0%	7.8%	4.3%	11.9%	3.5%	-4.3%	-10.4%	8.7%
Bar Hoarding	264	180	257	264	235	236	250	500	300
Net Producer de-hedging	412	289	438	92	410	446	390	75	25
ETFs and other	220	760	-	465	405	159	365	400	397
Total Demand	4,037	4,226	3,863	4,108	3,982	3,913	3,827	3,850	3,767

Source: Industry research

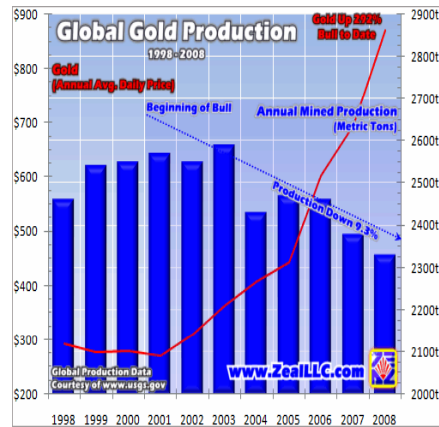


Source: Bloomberg

Why has gold not rocketed to \$1000/oz?

- Global financial uncertainty
- Gold demand has fallen 9% y-o-y
- Jewellery demand has softened
- Scrap gold is a big role player - more people selling "Grandma's" jewellery
- ETF demand increasing and becoming an investment portfolio - but ETF holders could sell
- Investors invest in various currencies and may vary their portfolio in the short term
- Are reserve banks sellers or buyers?

One of the many reasons why gold is precious is its rarity. And when it is found, economically extracting it from the earth presents its challenges. There are two strategic reasons why production is down. First are the growing challenges that gold miners are faced with today. And second is that prices are *not high enough* for gold companies to make the structural changes necessary to ramp up production. Gold prices need to be high enough for long enough, to give mining companies the incentive to perform gold exploration and development. It can take up to 10 years and billions of Rands to build a large-scale gold mine.



- Strong R/kg and \$/oz price view
- Organic growth opportunities
- Planning at R225 000/kg
- World gold production decreasing
- ETFs continue to increase their gold stockpiles
- China increasing gold stock
- Exploration has failed to produce significant results

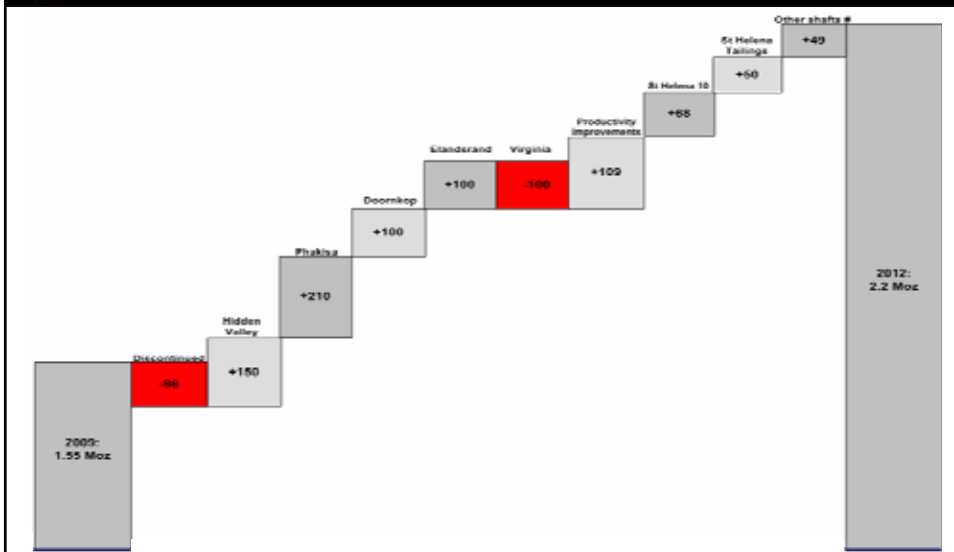
**We remain bullish on fundamentals
for medium and longer term**



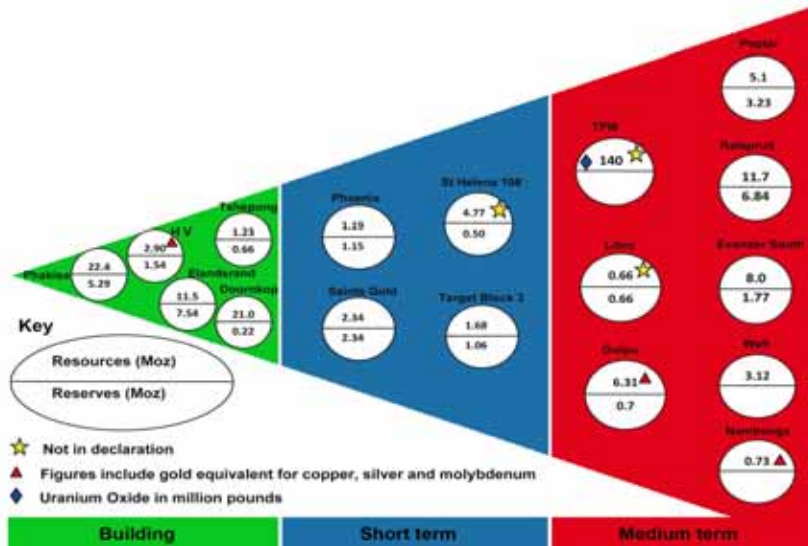


Tomorrow's gold

Production build-up



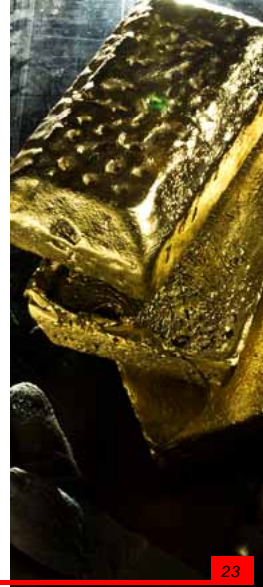
#Other shafts: Production from Tshepong, Target, Masimong, Evander, Bambanani, Joel



- Negotiations suspended
- Purchase price: R405 million (US\$43.3m at R9.33/\$)
- 1.82 Moz of reserves (as declared by PZG)
- 18.6 Moz of resources
- Price per reserve ounce: US\$24/oz
- Price per resource ounce: US\$2.33/oz
- Offer subject signing of agreements, **if** impediments are cleared
- Transaction subject to:
 - fulfillment of all conditions precedent in agreements
 - obtaining mining rights



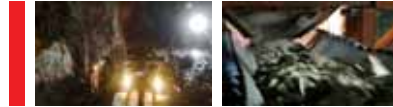
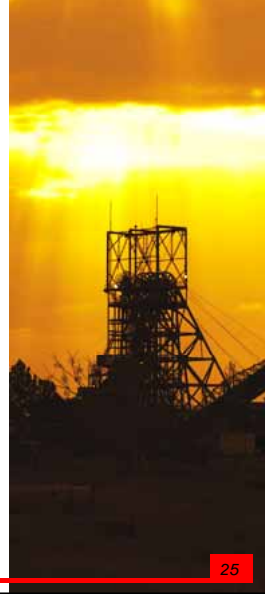
- Independent
- Partnership working well
- 220 000 oz of gold pa
- Cash cost of R185 000/kg
- Underground ore resource being assessed for:
 - gold/uranium potential
 - joint cut-off
- Uranium plant feasibility study completion by end of calendar 2009
 - 450 000tpm
 - +2mlb uranium pa
 - primary ore feed: Cooke Dump
 - secondary feed: underground



The way forward

- Throughput, grade, ounces set to increase
 - from existing assets
 - from 5 new projects under way
- Development achieved in line with plan
- Several new projects under consideration
- Continues to invest in growth projects, funded through cash flows
- Restructuring for profitability or for value adding
- Healthy balance sheet
 - strong cash flow
 - net debt-free
- Unhedged
- Strong, cohesive management team

But high cost pressures are dominating the South African industry



Questions
www.harmony.co.za