



## Mine visit

23 - 24 July 2012







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# Agenda







# Agenda

## Monday 23 July 2012

- 18h30 Welcoming drinks
- 19h00 Welcome and introduction from Chief Operating Officer (COO)
- 19h15 Dinner and presentations on Phakisa and Target
- 22h00 Closing and departure to various guesthouses

## Tuesday 24 July 2012

- 06h00 Breakfast at the various guesthouses
- 06h45 Departure from guesthouses to Phakisa
- 07h15 Arrival at Phakisa (Coffee and scones)
- 07h30 Welcome and induction training
- 07h45 Split Groups A, B and C and proceed to change houses via SIC Operational Control rooms
- 08h30 Proceed to Lamp house and Bank area
- 09h00 Descend underground
- 11h30 Ascend to surface
- 11h45 Shower and change
- 12h45 Lunch at Phakisa
- 13h30 Closing and departure from Phakisa Mine
- 14h00 Visit the Masimong housing project
- 14h30 Departure back to Silverstar Casino





# Overview of Target and Phakisa



# Historical overview

## Phakisa

Harmony's Phakisa operation is located in the Free State Goldfield, which is on the south western edge of the Witwatersrand basin. The Goldfield is divided into two sections, cut by the north-south striking De Bron Fault. The Phakisa mine is located to the west of the De Bron Fault. Mining is conducted in the Basal Reef. The reefs generally dip towards the east.

Exploration, development and production history in the area of the Freegold assets dates from the early 1900's, leading to commercial production by 1932. Subsequent consolidation and restructuring led to the formation of Free State Consolidated Gold Mine (Operations) Limited, which became a wholly-owned subsidiary of AngloGold in June 1998.

Harmony acquired Phakisa in January 2002, when it acquired the Freegold operations from AngloGold through a 50% joint venture with ARMgold. In September 2003, Harmony acquired 100% of these operations when ARMgold became a wholly-owned subsidiary. The operation is located in the Free State province. Phakisa includes the Nyala shaft, some five kilometres away, which is used to hoist rock and as a second escape route. Production from the operations is processed through Harmony 1 Plant.

*Further information on Phakisa will be shared at the dinner presentation.*

## Target operation

Target is situated 20 kilometres north of Welkom, near the town of Allanridge in the Free State Province. Located on the northern limit of the Welkom Goldfields, the site is accessed via the R30 motorway situated between the towns of Bothaville and Welkom.

The Target operation consists of the Target 1 and Target 3 operations. Harmony acquired Target 1 when Avgold became a wholly-owned subsidiary in fiscal 2004. Target 3, previously Loraine 3, was acquired from Pamodzi in February 2010.

Ore is processed at the Target plant adjacent to 1 shaft. Both mechanised and conventional mining occur on the geologically complex Elsburg and Dreyerskraal reefs, with mining operations extending to a depth of some 2 350 metres.

Target 1 was initially explored through surface drilling in the late 1980s with further exploration being undertaken from a 5.6 kilometers long decline, commenced in 1995, driven from 203L at Loraine No. 1 Shaft. A positive feasibility study into the development of a 105 ktpm operation was produced in May 1998 resulting in the decision to develop Target 1.

*Further information on Phakisa will be shared at the dinner presentation.*



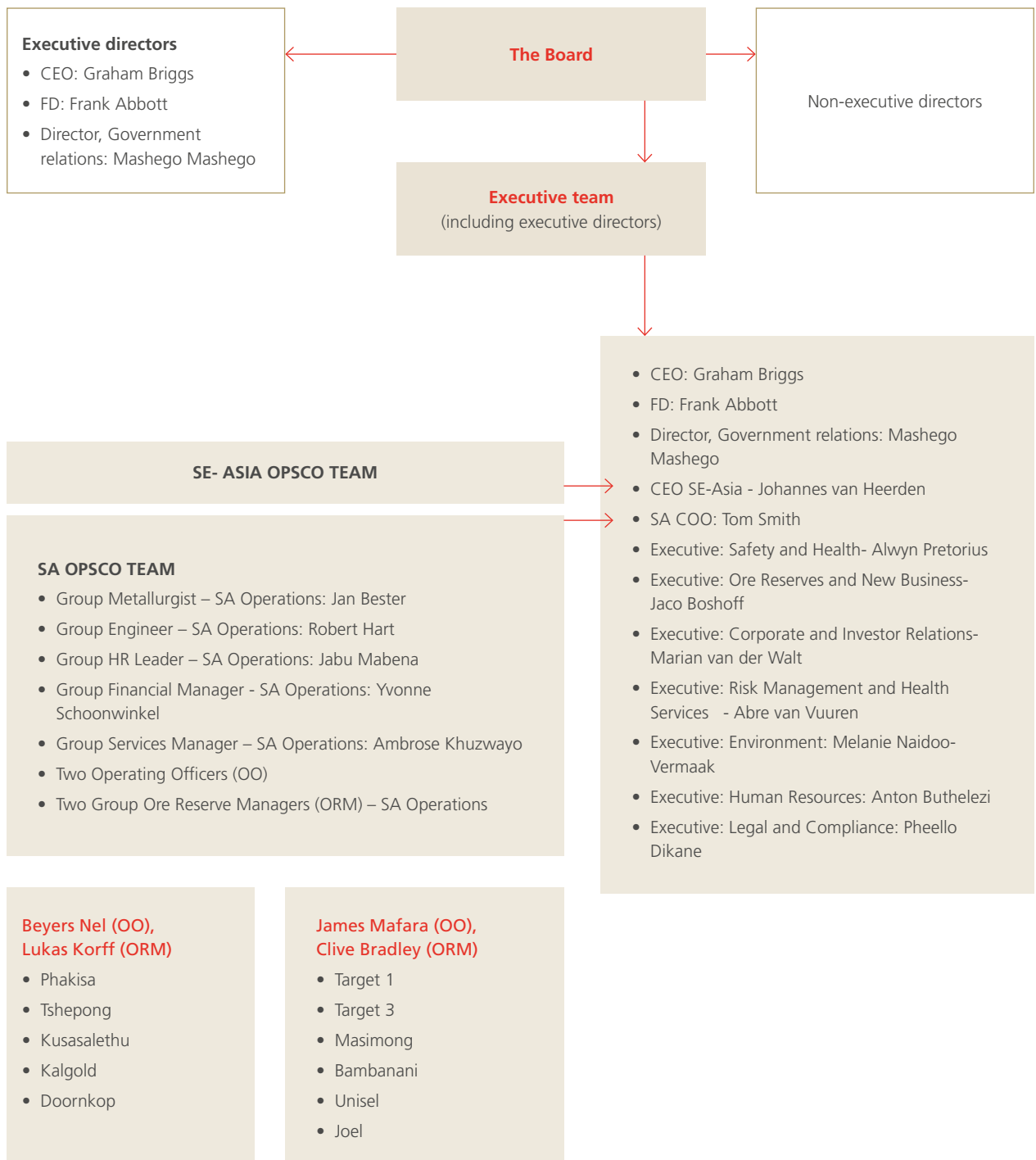
# Harmony management







# Organogram: Executive team



# Harmony management

## EXCO



### **Graham Briggs (58)**

*Chief executive officer*

*BSc (Hons) (Geology), PrSciNat*

Graham was appointed as chief executive officer in January 2008, after his appointment to the board in 2007. Having joined Harmony as new business manager in 1995, Graham's previous positions include that of chief executive of Harmony Australia. A geologist by training, Graham has more than 36 years' experience in the field and in an operational capacity at a number of South African gold mines.

Graham serves as a director on Harmony's subsidiary companies.



### **Frank Abbott (57)**

*Non-executive non-independent director*

*BCom, CA (SA), MBL*

Frank joined the Harmony board as non-executive director in 1994, after which he was appointed financial director in 1997. In 2004 Frank was appointed financial director of ARM, while remaining on the Harmony board as non-executive director. In August 2007, Frank was seconded to Harmony as interim financial director, a position he held until handing over to Hannes Meyer in November 2009. He was appointed executive director of Harmony during November 2011 and has been serving as financial director on the board of Harmony since February 2012.



### **Harry Ephraim "Mashego" Mashego (48)**

*Executive director*

*BA Ed, BA (Hons), GEDP, JMDP*

Mashego joined Harmony in July 2005 as group human resources development manager. Mashego, who has more than 21 years' experience in human resources, began his career as human resources manager at Eskom. He then progressed in the field at JCI, Atlantis Diesel Engines and Foskor Limited. He was promoted to general manager at Harmony's Evander operations in November 2005 and appointed executive: human resources in August 2007. Mashego was appointed executive director: organisational development and transformation in February 2010. He accepted his new role as executive director: government relations in August 2011.



### **Tom Smith (55)**

*Chief operating officer: South Africa*

Tom joined Harmony in 2002. He began his career in the industry in 1975 as a sampler at Vaal Reefs mine, becoming chief surveyor in 1988. He changed his career to mining in 1991, working as a section manager on the Great Nologwa, Elandsrand and Mponeng mines. He was also involved in projects at Tau Lekoa and Moab Khotsong, acquiring experience in conventional, trackless, pillar and deep-level mining. He was promoted to production manager at AngloGold's Mponeng in 1998. Tom was appointed General Manager of Tshepong in 2000. Following the merger with ARMgold, he was involved in the restructuring of the Free State operations. He joined the executive team in September 2007 and is the Chief operating officer: South Africa.



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**Alwyn Pretorius (41)**

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*Executive: safety and health*

*BSc Mining Engineering, BSc Industrial Engineering*

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Alwyn joined Harmony on its merger with ARMgold in 2003. He began his career at Vaal Reefs as a mining graduate in training in 1993 and was appointed shift boss in 1995, gaining experience in remnant mining. Alwyn obtained his BSc in industrial engineering in 1998 and joined ARMgold in 1999 at its Orkney operations, progressing to become mine manager in 2003. Alwyn was appointed executive, South African operations at Harmony in March 2007, and then as chief operating officer: North region. He was appointed executive: safety and health in August 2011.

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**Jaco Boshoff (43)**

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*Executive: mineral resources development and growth*

*BSc (Hons), MSc (Geology), MBA, PrSciNat, MSAIMM*

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Jaco joined Harmony in April 1996. He has served as the executive: reserves and resources and competent person since 2004. In 2010, projects and new business were added to his portfolio and he was the acting chief operating officer for Harmony's North region during FY2012. From 1998 to 2004 he was an ore reserve manager at various Harmony operations and before that a geologist at Harmony and Gengold mines. Jaco is registered as a professional geological scientist with the South African Council for Natural Scientific Professions and is a member of the South African Institute of Mining and Metallurgy.

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**Anton Buthelezi (48)**

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*Executive: human resources*

*National Diploma (Human Resources Management), BTech (Labour Relations Management), Advanced Diploma in Labour Law*

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Anton rejoined Harmony in 2005 as human resources manager at Evander. He has over 23 years' experience in human resources management in the mining industry. Previous positions include senior HR officer at AngloGold Ashanti, and mid and senior managerial positions in the same field at ARMgold, Samancor Chrome and Harmony. He has a proven track record in the full spectrum of HR functions as a generalist. Anton joined the executive committee in October 2011.

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**Matthews Pheello Dikane (46)**

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*Executive: legal, governance and ethics*

*LLB, LLM (Labour Law), Postgraduate Diploma in Management Practice, Postgraduate Diploma in Corporate Law*

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Pheello joined Harmony in 2009. He has 21 years' experience in the mining industry, working his way up from learner official to production mine overseer at AngloGold Ashanti Limited. During this time, he studied for his law degree and served his articles at Perrott Van Niekerk Woodhouse Incorporated. He also completed his master's degree in labour law and postgraduate studies in management practice and corporate law. He returned to AngloGold Ashanti's corporate office as a legal counsel, later joining Brink Cohen Le Roux as a senior associate where he became a director.

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## Harmony management continued



**Melanie Naidoo-Vermaak (37)**

*Executive: environment*

*BSc, BSC(Hon), MSc and MBA*

Melanie joined Harmony in 2009. She is an experienced sustainable development specialist who has worked for both the private sector in the mining industry, and the public sector in the Departments of Water Affairs and Forestry and Minerals and Energy. She has spent more than 13 years in this discipline and has international environmental management exposure gained in the UK, Australia, Papua New Guinea, Fiji and Africa. She has held various positions at some of the world's leading mining companies, including BHP Billiton, Anglo American plc and De Beers Consolidated Mines Limited.



**Marian van der Walt (39)**

*Executive: corporate and investor relations*

*BCom (Law), LLB, Higher Diploma in Tax, Diploma in Corporate Governance, Diploma in Insolvency Law, certificates in business leadership*

Marian was appointed company secretary in 2003 and joined Harmony's executive committee in 2005 as executive: legal and compliance. This also included taking responsibility for company secretarial, risk management, internal audit and Sarbanes-Oxley-compliance. In 2008, she resigned as company secretary, enabling her to accept her current position as executive: corporate and investor relations. Staff engagement was added to her portfolio in February 2012. Marian began her career as attorney and conveyancer in 1998 and held positions at Routledge Modise Attorneys, Deloitte and Touche and the Standard Bank of South Africa Limited prior to joining Harmony.



**Johannes van Heerden (40)**

*Chief executive officer: South East Asia*

*BCompt (Hons), CA(SA)*

Johannes was appointed chief executive officer of south-east Asia in January 2008. He is responsible for Harmony's Papua New Guinean assets. In this role he also serves on the Morobe Mining Joint Ventures (MMJV) Committee which is responsible for providing oversight and direction to the MMJV assets consisting of the Hidden Valley mine, Wafi-Golpu project and Morobe exploration, held in 50/50 partnership with Newcrest Mining Limited. He joined Harmony in July 1998 as financial manager of the Free State operations with operational and group reporting responsibility for the region. He was appointed group financial manager in 2001, before being relocated to Harmony South-east Asia as chief financial officer in 2003, responsible for Harmony's Australian and Papua New Guinean portfolio. In this capacity, he served as non-executive director of Abelle Limited, the ASX-listed Australian company that held the PNG assets before Harmony's subsequent takeover. He was appointed to the Harmony executive committee in 2005.



**Abre van Vuuren (52)**

*Executive: risk management and services improvement*

*BCom, MDP, DPLR*

Abre was appointed human resources manager at Grootvlei Gold Mining Company, when Harmony acquired the operation in 1997. He joined Harmony's executive committee in 2000, responsible for industrial relations. Since then he has held various positions in services and human resources until accepting his current position as executive: risk management and service improvement. Abre started his career in the mining industry in 1982, holding positions in finance and mainly human resources, on various gold mines and collieries in the Rand Mines Group.

## Operating officers

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### James Mufara

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Operating officer: Target 1, Target 3, Masimong, Bambanani, Unisel, Joel and Kalgold

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James Mufara (BSc (hons min eng), MBA) is one of Harmony's operating officers for South Africa, with specific responsibility for underground operations and the metallurgical plants of Bambanani East and West, Joel, Masimong, Target 1 and 3, Unisel and Steyn 2 in the Free State. The former general manager of Tshepong, James has built a solid base of experience in mechanised and conventional mining methods for open-pit and underground operations across gold, asbestos, platinum and copper, complemented by specific expertise in strategic mine planning, design and execution.

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### Beyers Nel

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Operating officer: Tshepong, Kusasaletu, Phakisa and Doornkop

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Beyers Nel (BSc (min eng), MBA (cum laude)) is one of Harmony's operating officers for South Africa, with specific responsibility for the key growth assets of Phakisa, Tshepong, Doornkop and Kusasaletu as well as Kalgold. He has been with the group for over a decade, building on his technical mining experience in opencast and underground applications, and moving steadily through the ranks from production foreman to his current management role for the South African operations. Under his leadership as general manager, the teams at Phakisa and Kalgold received internal and external awards for performance and safety. In addition to his operational responsibilities, he has completed several management development programmes with honours, including an international exchange programme to the University of Chicago's Graduate School of Business (Booth).

# Harmony management continued

## Acting general managers

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**Carel Joubert**

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Carel Joubert (BSc min) holds mine manager and overseer's certificates in metalliferous and coal, and has completed several management development programmes. As general manager of Harmony's Target mine since January 2009, Carel and his team have turned this into a safe and profitable operation, reflected in the 2011 awards for profitability, efficiency and productivity, as well as the CEO's special award.

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**Rudy Phillis**

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Dr Rudy Phillis (BSc (min eng), MSc Eng (business management, PrEng) earned his doctorates (both cum laude) in postmodernism in mining engineering and research methodology. A fellow of the Institute of Directors and the South African Institute for Mining and Metallurgy, he also holds mine manager's certificates in metalliferous and coal. Prior to his recent appointment as acting general manager of Harmony's Phakisa mine, as mine manager Rudy was responsible for all capital projects during the build-up phase and championed industry (MOSH) initiatives to develop leading practices in noise, dust, falls of ground, Railbound equipment and Trackless mechanical mobile machinery (TMMM). The success of these initiatives is reflected in Phakisa reaching the commendable milestone of 1.5 million fatality-free shifts in June 2012.

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**Seromo Mofokeng**

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Seromo Mofokeng (NHDip metalliferous mining, BTech min eng) has completed several management and leadership development programmes. He has been mine manager of Harmony's Target 3 since November 2010, and has managed several other group operations in a mining career spanning 17 years. At Target 3, Seromo and his team have successfully re-opened a mine that was neglected by its previous owners for almost two years, while making commendable progress in improving safety performance.

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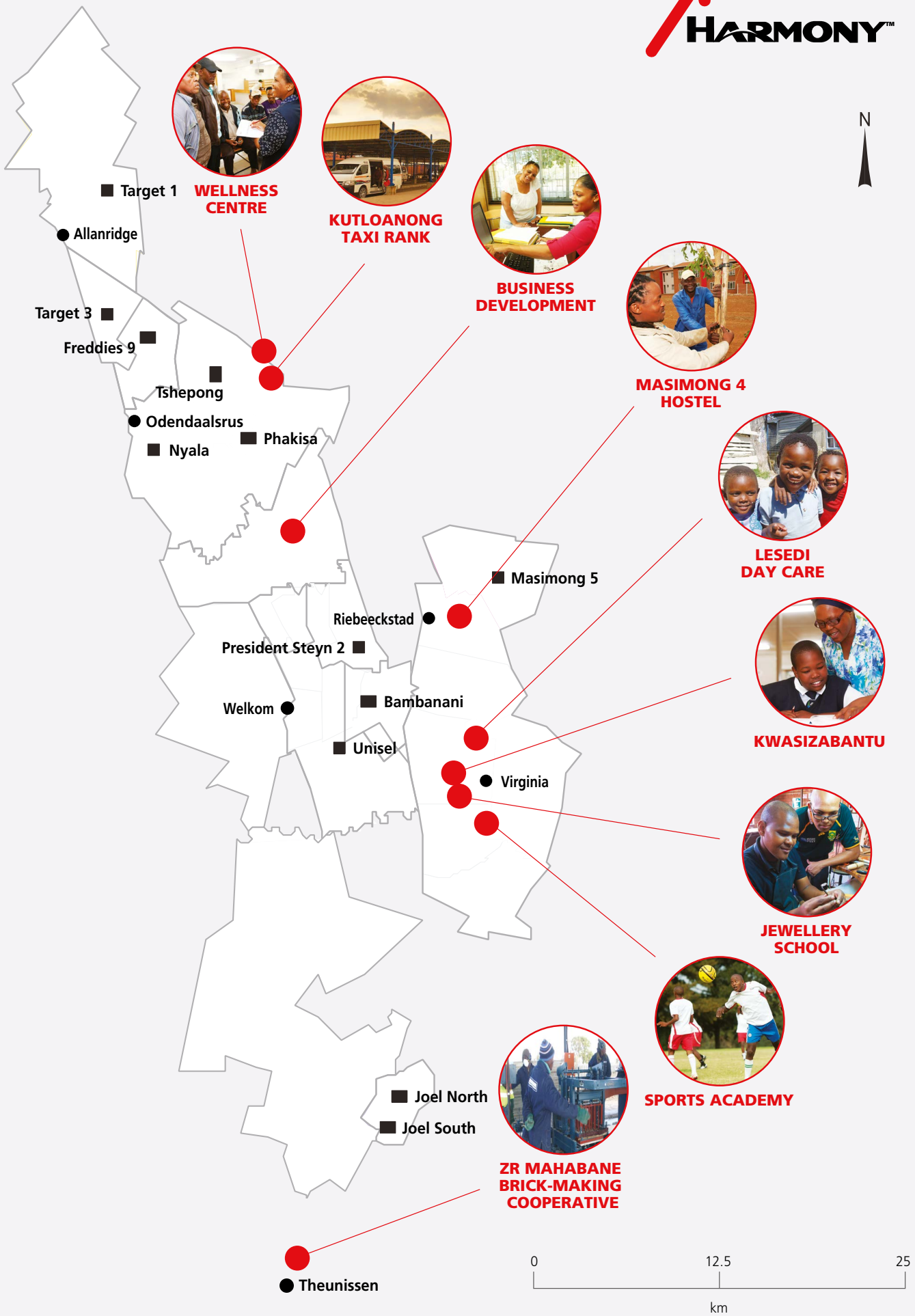




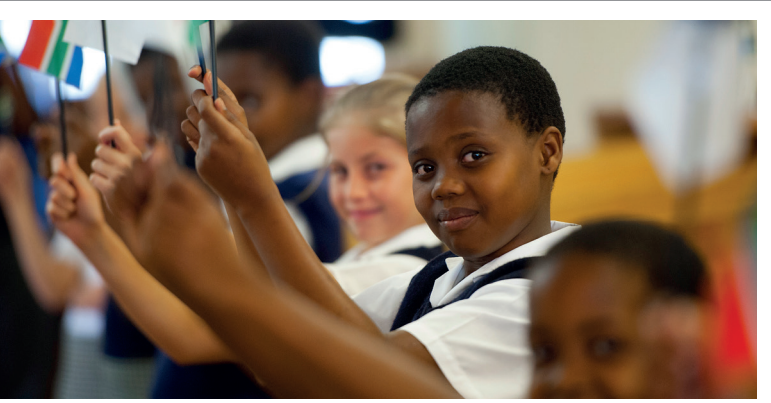
Map











# Securing the future



# Securing the future

Harmony Gold Mining Company Limited ('Harmony' or 'the Company') recognises its role as part of the communities in which we operate and from which we draw our employees. We are committed to the sustainable socio-economic development and well-being of these communities.

Harmony's key priorities include the identification and implementation of sustainable local economic development initiatives, such as enterprise and community skills development. Harmony is also committed to developing and applying Corporate Social Responsibility (CSR) and Local Economic Development (LED) strategies that form part of its role as a responsible corporate citizen and continues to implement these programmes in line with its policy and in compliance with the Mining Charter.

Harmony undertakes CSR/LED in four key areas in its mining and labour-sending communities – education; socio-economic development; sports, arts and culture; and broad-based black economic empowerment (BBBEE) support. Harmony receives recognition for the following projects below, in terms of the Mining Charter.

## Developing skills and launching careers

### Harmony Sports Academy

The Harmony Sports Academy was established to identify and recruit talented young soccer and rugby players from previously disadvantaged backgrounds and provide them with opportunities to realise their potential.

With a scientific approach to sport, a well-trained management team and professional coaches, the Virginia-based academy has produced more than 500 students and a significant number of successful sportsmen, since opening in January 2003.

The academy accommodates 70 young players annually, from various parts of the Free State as well as other areas in South Africa where Harmony is active. Boys are recruited at the end of Grade 9 or in the under-16 age group and attend the last three years of their schooling (that is Grade 10, 11 and 12) at the academy. Every year several bursaries are awarded to graduates of the academy to enable them to further their studies.

Apart from sport and subjects centred on sports management, youngsters learn life skills and creative problem

solving. The aim is for students to leave the academy not only as competent sportsmen but also as well rounded individuals, ready for university, for participation in professional sports or for positions in the sports industry.

### Making a difference

The contribution that Harmony Sports Academy has made to youngsters with sporting potential is illustrated by the records of its students - Cecil Afrika and Tumelo Nhlapo.

#### Rugby

Identified at the age of 15 in Port Elizabeth, rugby player Afrika joined the academy in 2005. A year later he was selected for the South African Schools' team and was named Craven Week Player of the Year. He is a regular member of the South African Sevens team.

There are many other rugby success stories. The academy has produced a second national level rugby player in Branco du Preez, who plays for the Springbok Sevens team. In total, 12 sportsmen who attended the academy play rugby at provincial level.



#### Soccer

From Botshabelo in Gauteng province, Nhlapo was identified and recruited in 2005. The following year he was selected for the South African under 17 and under 20 soccer teams. He transferred to Bloemfontein Celtic in 2007 and towards the

## Securing the future continued



end of that year earned his first cap for Bafana Bafana, the South African national team. Apart from Tumelo Nhlapo, no fewer than six soccer players from the academy participate in Premier Soccer League teams.

### *Not confined to sport*

Students' accomplishments are not confined to sport. Two former academy pupils are in their final year of study for a university degree, one in law and the other in medicine. Another two are in their second year of tertiary education, one for a Bachelor of Commerce degree and the second for a degree in Sports Management.

### *Job creation*

By establishing the academy Harmony has created three management and 13 other jobs, with a commensurate beneficial effect on the Virginia-business community.

### **Looking ahead**

Harmony has been the sole sponsor of the academy since its inception, meeting all the costs of transport, accommodation, food, clothing and dietary supplements to the 70 learners attending the academy and paying their tuition fees. This annual cost to the company is R5.5 million.

Going forward, this will change because the Harmony Sports Academy is now functioning as a Section 21 company. It held its first annual general meeting in 2011 and should soon become self-sustaining.

### **Virginia Jewellery School**

The first such facility in the Free State, Harmony's Jewellery School was inaugurated in Virginia in November 2000 as an initiative to regenerate declining economic activities in the province's goldfields. The project centres on training previously disadvantaged people in jewellery design and

manufacturing, while also developing marketing and entrepreneurial skills.

Equipped with some of the best training laboratories in southern Africa, the school, which is situated in premises provided by Harmony, offers courses at National Qualification Framework Levels 2 and 3 in terms of the development programme of the Mining Qualifications Authority (MQA). Learners then have the option to complete Level 4 or to enrol for a three-year National Diploma in Jewellery Design and Manufacturing, offered at this facility by the Central University of Technology (CUT).

In addition to providing training in jewellery manufacturing and design, the course prepares students to seek work in existing jewellery manufacture or to start their own businesses. Students also receive training in rapid prototyping systems, in association with the university's Faculty of Engineering, Information and Communication Technology.

Each year Harmony makes bursaries available to committed students who want to work in the jewellery industry but cannot afford the necessary courses. Currently there are eight students on bursaries who are studying for the CUT diploma.



### **Next phase of development**

The Virginia Jewellery School has a number of exciting initiatives in the pipeline. Its first gold jewellery range has been designed and manufactured by the school's first post-graduate students, Nkosi Mbita and Lawrence Maswanganyi, who are completing their training at Pneuma Jewellers in Midrand near Johannesburg. The school will use this range as a tool in market research being undertaken for its shop.

The school now has two qualified goldsmiths (Roger Sash and Velile Jonas) on its staff. They have completed their MQA 'train the trainer' programme and can supervise postgraduates completing their training at the Virginia Jewellery School, while products can be developed and manufactured on site.

## Achievements

Since it was established, the School has enabled some 80 youngsters from neighbouring and other communities from which the company draws its labour to pursue careers in jewellery manufacturing and design.

To date, 44 students have obtained a National Diploma in Jewellery Design and Manufacturing with five going on to study for a B-Tech degree in Jewellery Design and Manufacturing at the University of Johannesburg.

The school is involved with the annual Miss Goldfields Pageant and supplies the crown and some showpiece jewellery for the event. The Design Indaba (in Cape Town) and Jewellery International and SA Fashion Week (both in Sandton), are among the annual trade shows in which the school participates.

In 2008, Velile Jonas was one of the winners in the Diamond Trading Company's Shining Light Awards, and the only winner to be given the opportunity to visit Uni-Design Jewellery in India for further training.

## Harmony's involvement

Apart from providing the premises and its bursary programme, Harmony's support includes transport and accommodation for staff as well as assistance in meeting financial shortfalls. The company contributed R2.5 million to the school in FY2011. Looking ahead staff members have developed a five-year plan, which sees the school being registered as a Section 21 company and to become self-sustainable within one year.

One of the proposals is to obtain grants in order to offer Adult Basic Education and Training (ABET) to youngsters at the school who show promise but need a matriculation exemption certificate before they can take up further study.

Not all students are equipped to become goldsmiths, so it is the school's intention to offer various skills development courses (for example in polishing and assembly) to enable those students to leave the school with sufficient skills to make a decent living in the industry. A course in engraving will also be offered.

Also in the pipeline is a broadening of the student intake to include those with qualifications in computer aided design (CAD). Jewellery can be designed using CAD (after which a wax model is made and cast) and is extremely cost-effective for mass-produced pieces.

The establishment of an 'incubator' at the school is being planned. Newly qualified jewellery designers will be able to develop and manufacture new products with the advantage

of having trainers close at hand to support and mentor them.

Instead of relying solely on sales of new jewellery, the shop will start taking in items of jewellery for repair to supplement its income stream.

*For more information on the Virginia Jewellery School please visit: [www.vjsjewellers.co.za](http://www.vjsjewellers.co.za)*

## Community support

### Kutloanong Taxi Rank Project

The idea of establishing a formal taxi rank in Kutloanong was first discussed by Harmony with the Matjhabeng Council and the Department of Mineral Resources in June 2009. With hundreds of taxis scattered across a wide, open area, commuters found it difficult to ascertain taxi routes. Moreover they had no protected shelters while they waited. It was agreed that there was an urgent need for a proper taxi rank in the area.



Harmony and the council investigated several models and various stakeholders were consulted, in particular the taxi organisations operating in Kutloanong area and their regional and provincial bodies. Five plans were drafted before a final plan was approved by all parties and the project was launched at a sod-turning ceremony in March 2011.



## Securing the future continued

The main contractor is a company majority-owned by a black female. A local sub-contractor has been appointed and unskilled workers from the community employed. Harmony and the Matjhabeng Municipality have formed a private-public partnership specifically for the project and are sharing funding equally. In addition to enjoying the ease and convenience of waiting under a shelter and queuing for the right taxi in a designated spot, commuters will be able to buy provisions at hawkers' stalls erected as part of the development.

### Mission Kwasizabantu Goldfields

Through a long-term lease contract providing an option to buy, Harmony has made available 10 houses, an old training school, a hostel and a disused hospital, between 2009 and 2010, to an organisation called Mission Kwasizabantu Goldfields. Kwasizabantu is Zulu for 'the place where people are helped' in Virginia.

The mission is part of an independent, inter-denominational missionary organisation founded in KwaZulu-Natal 42 years ago. Today Kwasizabantu comprises six full mission stations in South Africa and 29 in other countries, as well as 130 outposts.

Kwasizabantu Goldfields concentrates on providing:

- education, health and social welfare programmes for disadvantaged communities;
- care and facilities for patients and those affected by HIV/ Aids;
- jobs for the unemployed; and
- life skills training.

It is a central tenet of Kwasizabantu that its stations pay their own way. Business operations are developed to generate funds and assets are acquired so that care can be provided to the needy and under-privileged. The mission station in Virginia has established a number of income-generating ventures that provide jobs for local people.



A flour mill has created three permanent jobs while the station's bakery employs 29 people. The bakery meets all the bread (called "Daily Bread") and confectionary needs of Kwasizabantu Goldfields and sells its products to shops and households in Virginia and neighbouring towns.

A carpentry workshop was started in 2011 to manufacture furniture for Hanrel Hostel to enable the mission station to hold youth camps and conferences, accommodating up to 5 000 people at a time. Several local people have been trained and employed by the workshop. Once the station's own needs have been met it will be able to accept orders from the local community, thereby ensuring that the business becomes viable in its own right.

A small roofing factory was also established in 2011 to generate funds for the station. The roofing uses a new fastening process that minimises leaks and also renders roofing material difficult to steal. Four people have been trained and employed at the factory.

Kwasizabantu Goldfields has established a pecan nut plantation. Some 400 trees have been planted and an irrigation system installed that uses water from the station's borehole. A further 800 trees are scheduled to be planted over the next three years. The first trees will start producing nuts in five years' time, after which the project will not only provide all the nuts required by the bakery, but also create a further income stream for the station and provide more local jobs.

The mission station is considering several new ventures. These include breeding chickens for meat and eggs, starting a frozen vegetable project, opening a butchery and establishing a larger shop on the premises as an outlet for products sold to the public. It is envisaged that around 15 people will be trained and employed to work on these projects.

Kwasizabantu Goldfields' school takes pre-primary, primary and high school learners. Full board and lodging is provided and a foster care centre forms part of the complex. Ten orphans receive free accommodation and tuition. The total



enrolment is 60 and the aim is to increase this to 200 over the next five years. Currently 29 local people are employed in the school, 13 as teachers and the remainder are cooks, cleaners and hostel superintendents.



Computer training is offered to all learners and Harmony plans to use these facilities to train unemployed adults from the community. Apart from those working in the school and hostel and on the projects mentioned above, the mission station employs four permanent and five temporary workers for maintenance work, fencing, mowing grass and other such activities.

In total, Kwasizabantu Goldfields has created 70 jobs for local people. The mission station has paid for all renovations to the buildings and settles all the power, water and service charges. Kwasizabantu Goldfields has put in offers to buy the properties and negotiations are underway.



### Wellness Centre

Harmony completed renovations to a building belonging to the municipality in Kutloanong to create a wellness and multi-purpose facility in June 2011 at a cost of R 40 000. The centre is already being used for the benefit of the surrounding community. Support services are being provided in the discussion rooms and offices for people affected, and infected, by HIV/Aids.

The centre can accommodate youth organisations such as Kutloanong Unemployed Youth (KUYI) and offices have been set aside for ward councillors. Illiterate elderly people can learn to read and write at the centre while career guidance will be offered to youngsters. The centre will be run by a non-profit organisation, Mosamaria, and the Matjhabeng Municipality. Harmony's total cost between October 2010 and June 2011 was R521 000.



### Lesedi Day Care Centre

In 2007 Harmony donated a property (at the time worth R50 000) to a non-governmental organisation, the Lesedi Day Care Centre, for a crèche in the area of Saaiplaas in Virginia. Harmony carried out extensive renovations to the building at a cost of R427 000. During the 18-month project, which was completed in October 2010, 13 jobs were created for local people.

The day care currently cares for around 160 children from the local community. Parents of most of these children are employed in the mining industry, particularly by Harmony.

### Encouraging entrepreneurship

#### Business Development Centre

Local small, medium and micro-enterprises (SMMEs) run by historically disadvantaged South Africans (HDSAs) are finding it difficult to provide goods and services to Harmony. In October 2009, therefore, the company set up a Business Development Centre South to offer them advice and guidance and to facilitate procurement opportunities for them.

The centre, situated at the old Welkom 1 Shaft and workshop complex, has created six permanent jobs for local people. As part of Phase 1 a supplier database was compiled, with local SMMEs, which are 100% black-owned, invited to forward their details to the centre. These companies are then approached to submit tenders for contracts related to their specialised area.

## Securing the future continued



As part of its commitment to increasing the volume of work directed to HDSA businesses, Harmony has set aside certain services that may be procured only from those enterprises. These services include maintenance work on buildings (such as, painting, plumbing, tiling, fencing and other construction-related activities). To date 370 SMMEs have been listed and Harmony has placed 564 orders with them.

The purpose of the centre is to be a 'one-stop shop', to provide all necessary services to encourage small players to do business with Harmony. The staff at the centre guide suppliers through tender submission and vendor application processes. They support HDSA entities in fulfilling orders, facilitate access to finance through the Free State Development Corporation when required, and help set up mentorships and technical skills development opportunities with large corporations.

In Phase 2 of this project Harmony will facilitate training and development of SMME suppliers from local communities. A service provider has been identified and training will be given in marketing, financial management, tender processes, productivity and strategic planning. The centre will also assist in establishing joint ventures, facilitating bridging finance with financial institutions, providing facilities for setting up a business hive in the complex and offer administration services to start-up businesses.

Harmony spent approximately R2 million in the calendar year 2011 on the Business Development Centre in Welkom and will be seeking partners – the local municipality, the Small

Enterprise Development Agency, local business chambers, participating financial institutions, community interest groups and other mining houses in the area – as stakeholders to co-own and co-manage the centre.

### Converting hostels into rental units

Harmony's hostel conversion project is aimed at converting existing hostel buildings into family or single occupancy units, which can then be rented by tenants unable to buy their own homes (predominantly people earning less than R3 500 per month). The Free State Province Department of Human Settlements, the Matjhabeng Municipality and Harmony have signed a memorandum of understanding, agreeing to work together in a private-public partnership to develop vacant mine hostels into state-owned housing units.



### Masimong 4 hostel conversion

A major project to convert the Masimong 4 Hostel into 464 housing units was launched in January 2011, following the signing of the tripartite agreement and a deed of donation with the Matjhabeng Council to transfer ownership of the hostel (land and buildings) to the municipality. The total cost of the project after completion was R300 million with Harmony contributing land, facilities and cash worth R149 million.

Construction began early in 2011 and was undertaken by eight local black economic empowerment companies, including electrical, civil and solar hearing contractors. In appropriate cases joint ventures were formed to ensure that the contractors acquired the necessary skills and expertise. Roughly 78% of materials purchased during construction have been sourced locally. The project created 3 100 jobs for local residents and 50 permanent positions as administrators, gardeners, security guards etc.

The hostel was converted into a housing complex consisting of six clusters, with 76 units to each cluster, ranging from one

and two-bedroom flats to three-bedroom apartments. The units on the ground floor of one cluster have been designed for occupation by paraplegics. Water and electricity usage for each unit is separately metered and invoiced. The project has been structured to be as environmentally friendly as possible. Geysers use solar power, domestic waste will be separated so that usable products can be recycled, and boreholes will supply water for the gardens.

A fingerprint recognition security system was installed to control access to the complex.

The complex has the following facilities:

- a crèche with a playground;
- a church;
- a soccer field, netball court and running and cycling tracks;
- a maintenance workshop; and
- an administration block.

Two hostel kitchens have been renovated to house community projects. One is a paraplegic centre, for training and for manufacture of products to generate a source of income for paraplegics. The other will serve for food storage and as a soup kitchen for those in need. Various training programmes will also be offered in this space.

The following facilities are being established close to the complex:

- a clinic;
- a waste recycling area;
- a taxi rank and bus stop;
- a bank;
- a nursery;
- a sports bar and bottle store; motor vehicle workshops; and
- a shopping centre with a grocery store, a butchery, a takeaway, a clothing outlet and a hairdresser as well as postal and telephone services.

In conformity with the agreement one unit out of four has been reserved for Harmony employees and the remainder of the units have been placed on the open market. The first tenants have moved in and it is expected that the residence will be fully occupied by December 2012.

Management of the property and facilities has been contracted to a newly formed property management company, Amohela Property Management NPC for the first two years. Harmony and Welkom-based CSM Consulting Services will be fully involved during this stage and personnel will be trained on site to provide maintenance and social management services. A body corporate has been set up in the first year.



## ZR Mahabane brick-making cooperative

The Masilonyana Local Municipality, under which Harmony's Joel Mine in the Free State falls, has identified the Brick Manufacturing Plant as a possible driver of economic activity in the area. The project is aimed at enhancing job creation opportunities and skills for the citizens of Masilo in Theunissen the Free State province, where there is a high level of unemployment. The project received full approval from the provincial government to serve as a legacy project for the municipality and is jointly funded by Harmony, Goldfields (Beatrix) and Star Diamond, with the total contribution by Harmony to date, estimated to be R1 million. This comprises financial support and expertise from the mines and the donation of a plot by the municipality.

The plant will produce both paving and building bricks, concrete slabs and kerbs for the local market and the Lejweleputswa District. The main focus will be the production of paving bricks, which will be used to pave the entrance of the town as well as identified streets. It is envisaged that those towns that have budgets approved for low-cost road infrastructure development, such as paving of streets, will procure bricks from the plant and the municipality will seek concessions from relevant provincial government departments in this regard.

In line with the provincial and national government strategy of encouraging the establishment and development cooperatives, a cooperative was registered comprising of members of the community of Masilo. The cooperative will have 45 beneficiaries including women, youth and people with disabilities. At the initial stages of the project an experienced project manager will lead the project while transferring skills to the beneficiaries and 13 on-site jobs have already been created.

The project is overseen by the steering committee that comprises all relevant stakeholders, including the municipality, Harmony, Goldfields, Star Diamond and representatives of the beneficiaries. This committee approves budgets and expenditure related to the project, ensuring that there is proper governance and accountability.

## Notes

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**Harmony Gold Mining  
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