

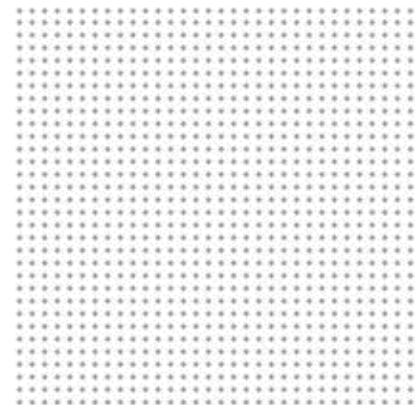
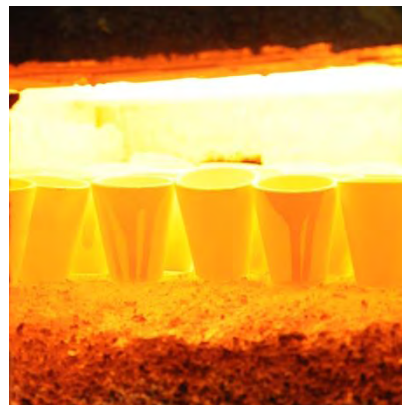
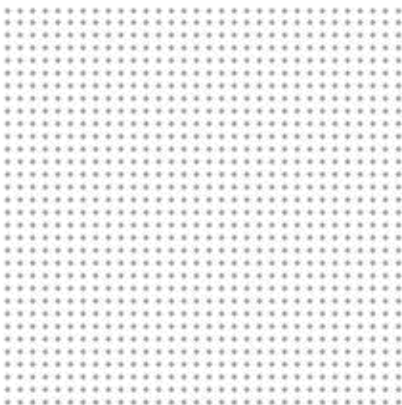
# Quarter 2 FY16

ended 31 December 2015

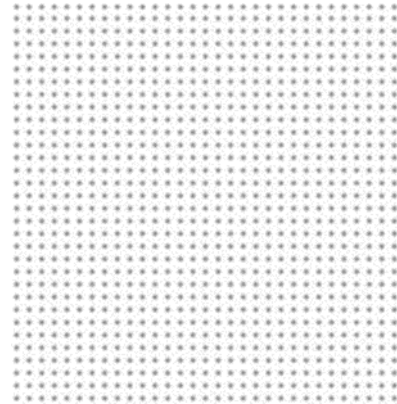
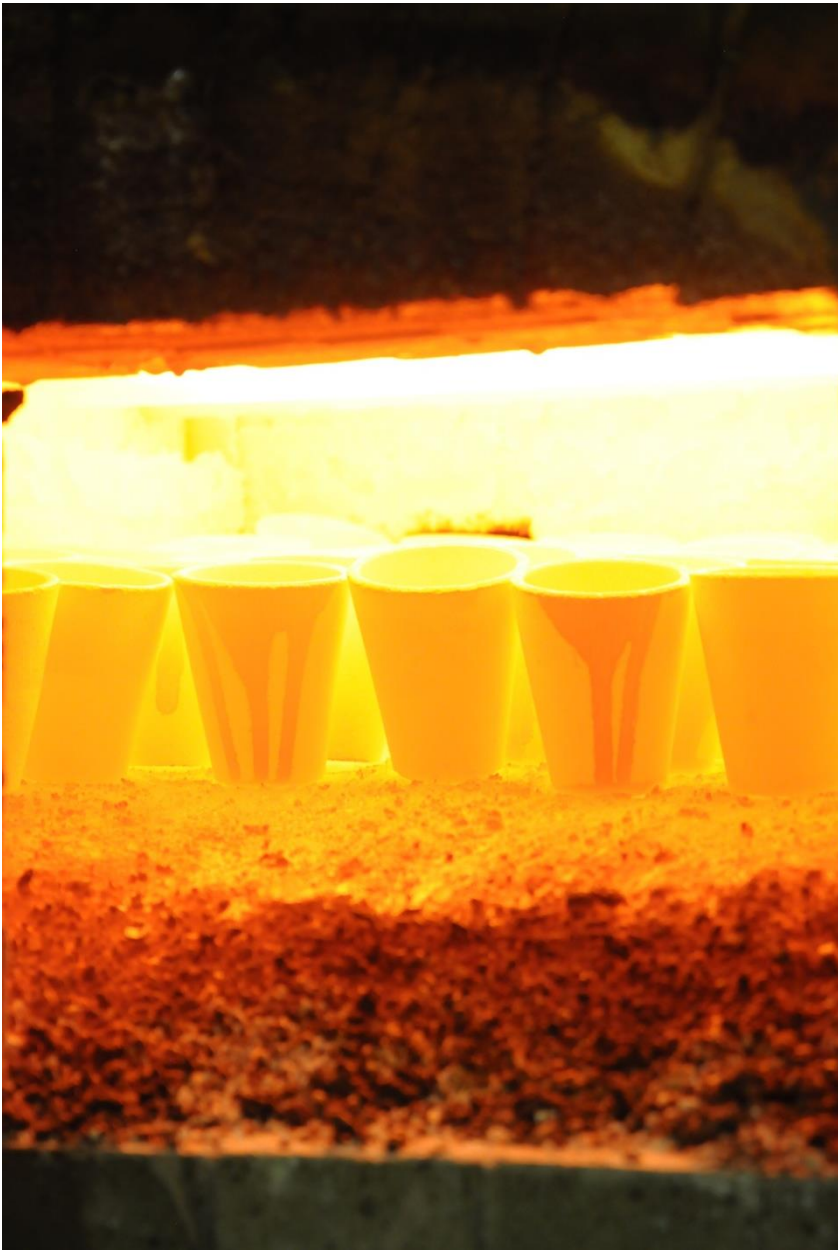
Peter Steenkamp

Frank Abbott

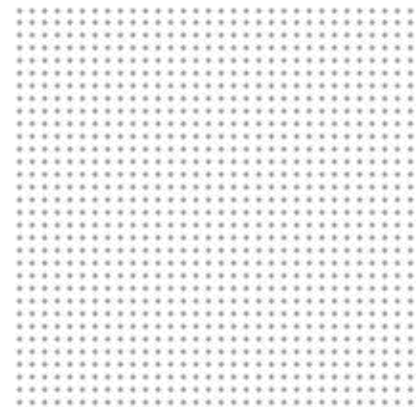
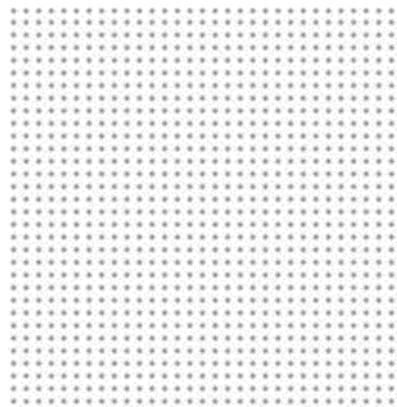
4 February 2016



- 1 Growing our margins
- 2 Solid financial results
- 3 Creating future value through exploration
- 4 Conclusion



# **GROWING MARGINS**



# Ticking all the boxes...



**GRADE**

**UP**  
**7%**  
Quarter on quarter



**PRODUCTION**

**UP**  
**2%**  
Quarter on quarter



**ALL-IN SUSTAINING COSTS**

**DOWN**  
**7%**  
Quarter on quarter

**PRODUCTION PROFIT**

**84%**  
Quarter on quarter

**HEADLINE EARNINGS**

**R74m**

**NET DEBT REDUCED**

**AISC MARGIN**

**17%**

## ...delivering results q-on-q

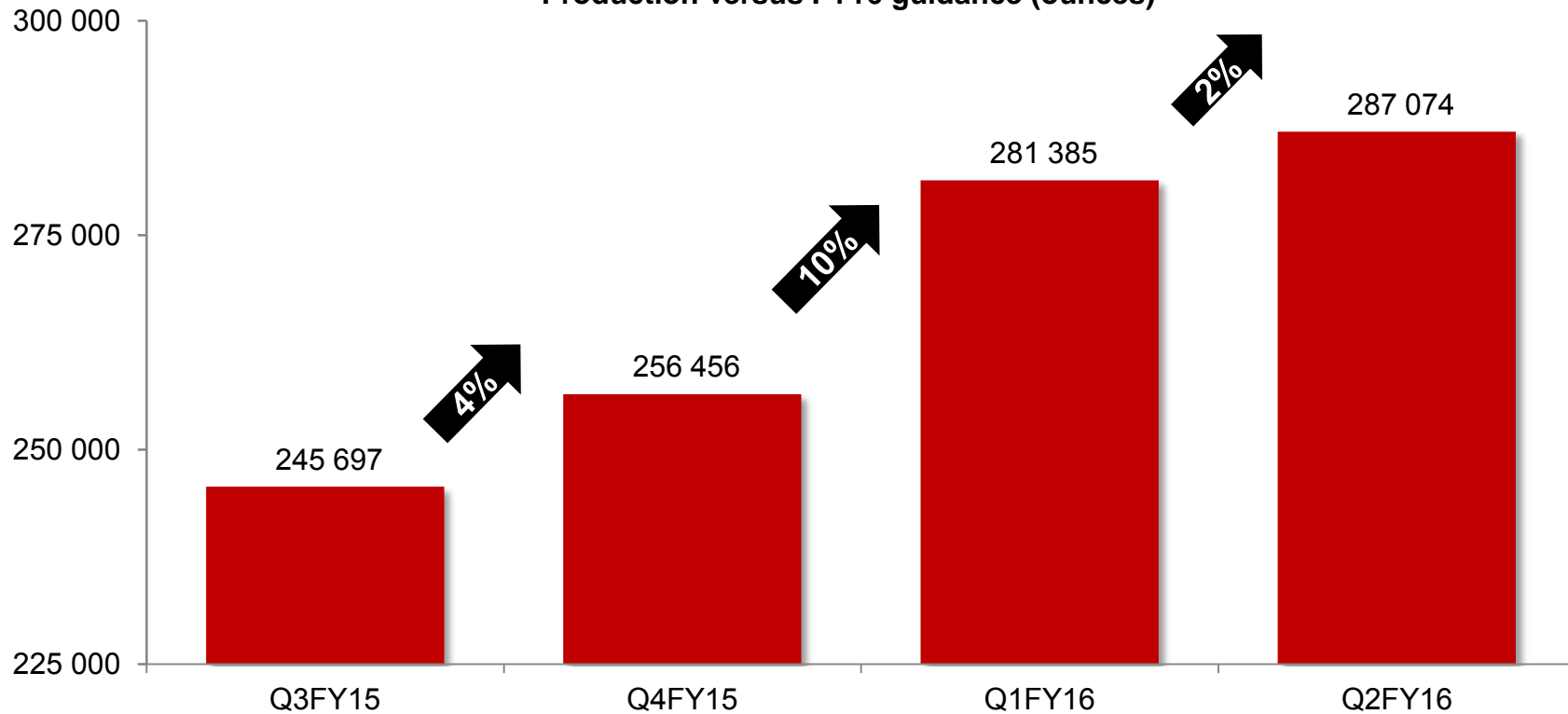


- Safety parameters improving; working towards zero harm
- 7% increase in underground recovered grade
- 2% increase in production
- AISC down by 7% at R434 834/kg (down 15% to US\$950/oz)
- 84% increase in production profit to R1.29 billion (up 68% to US\$91 million)
- Headline earnings of R74 million (US\$5 million)
- Net debt reduction of R127 million (US\$29 million)

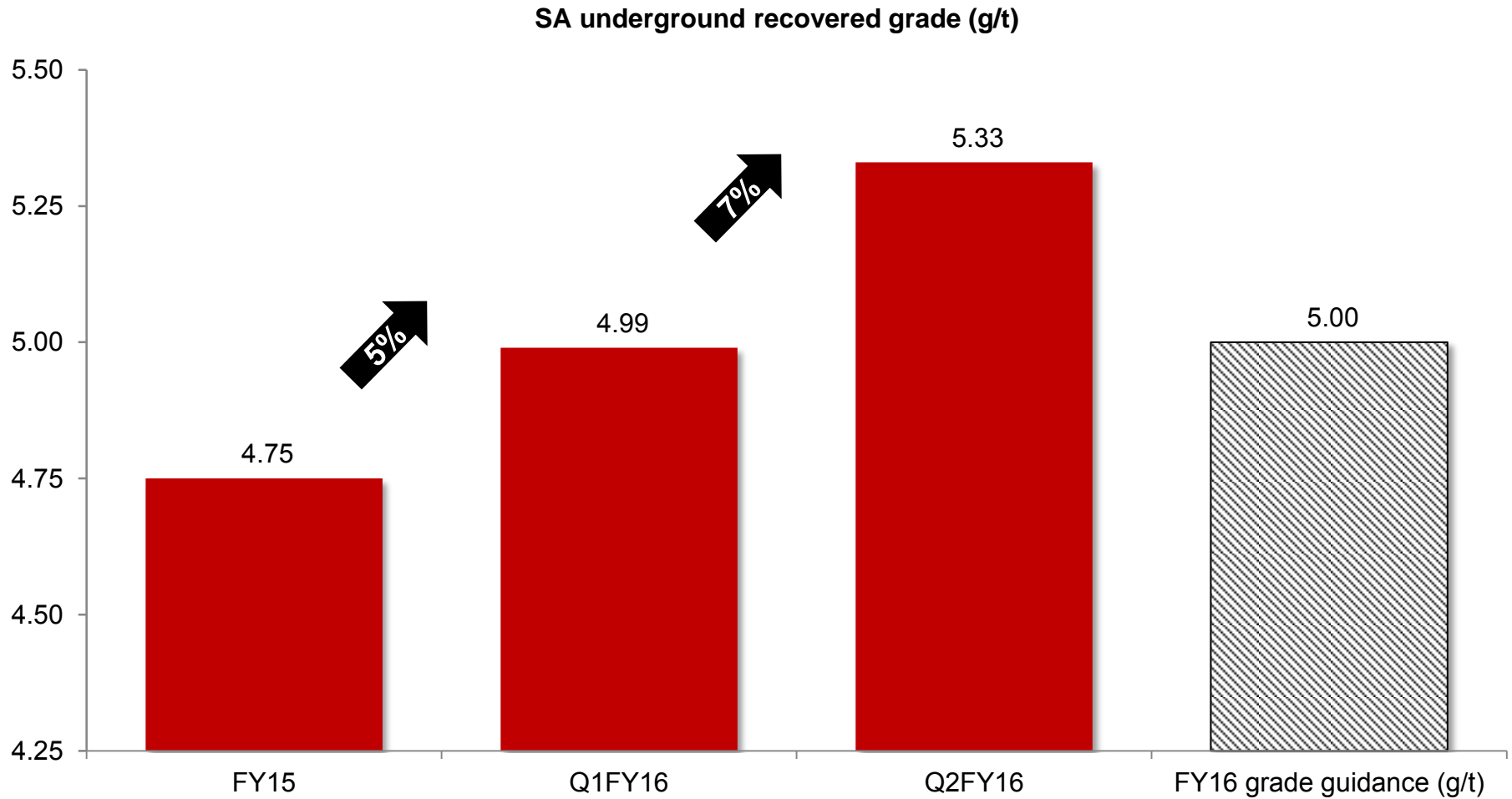
# Production increased q-on-q

- Three consecutive quarters of increased production
- Exceeding annual guidance year to date

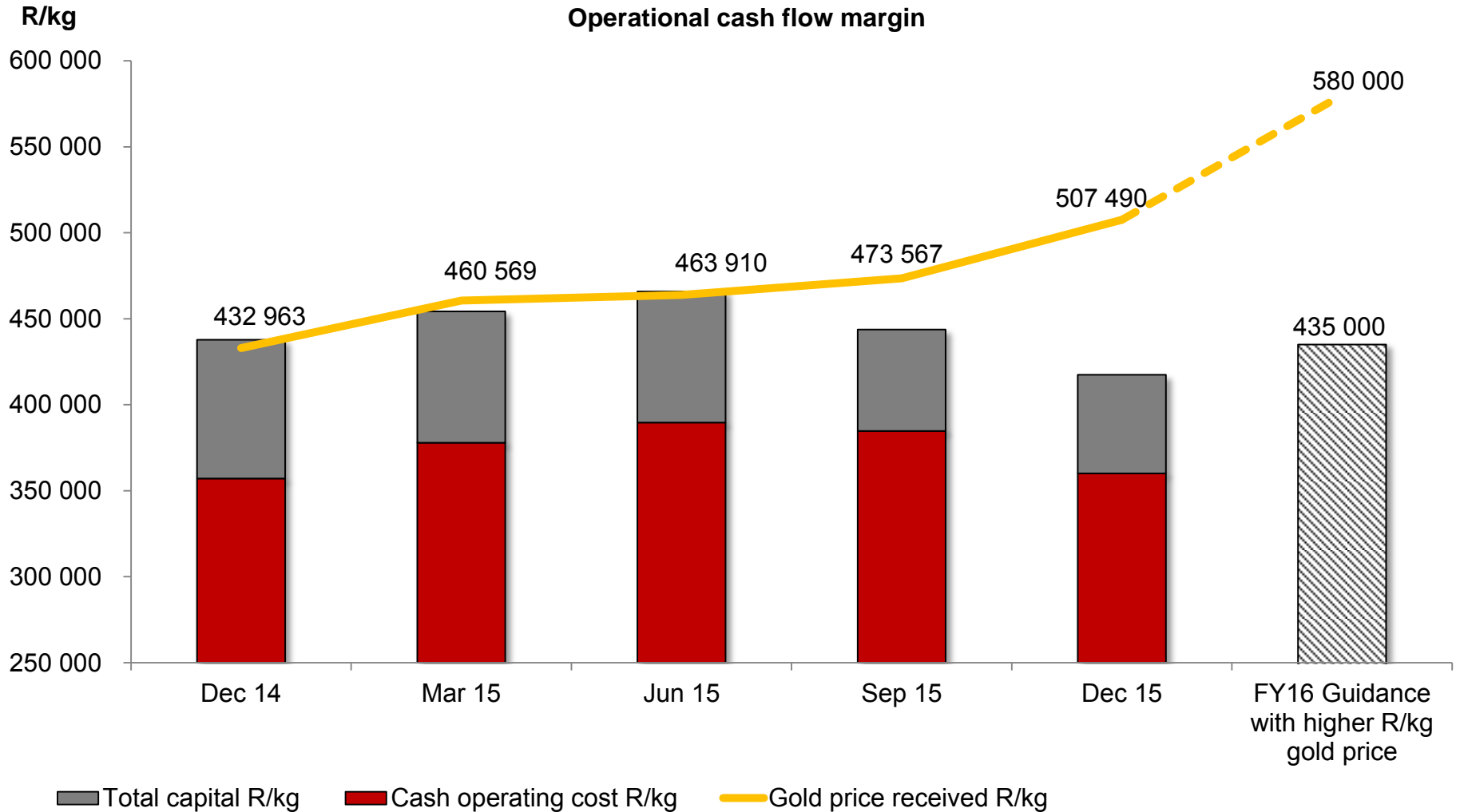
Production versus FY16 guidance (ounces)



# Exceeding guided grade

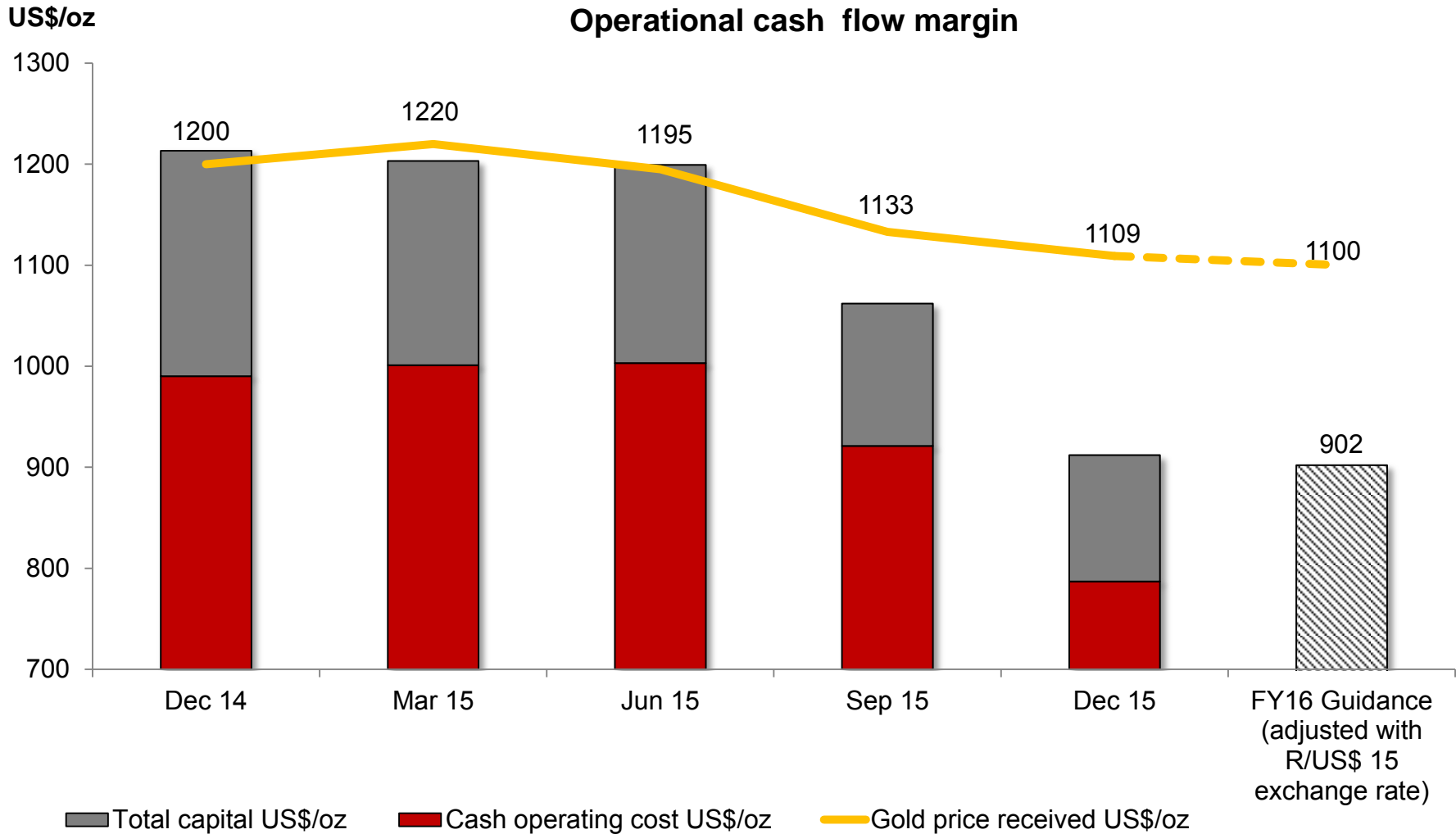


# Leveraged to benefit from higher R/kg gold price

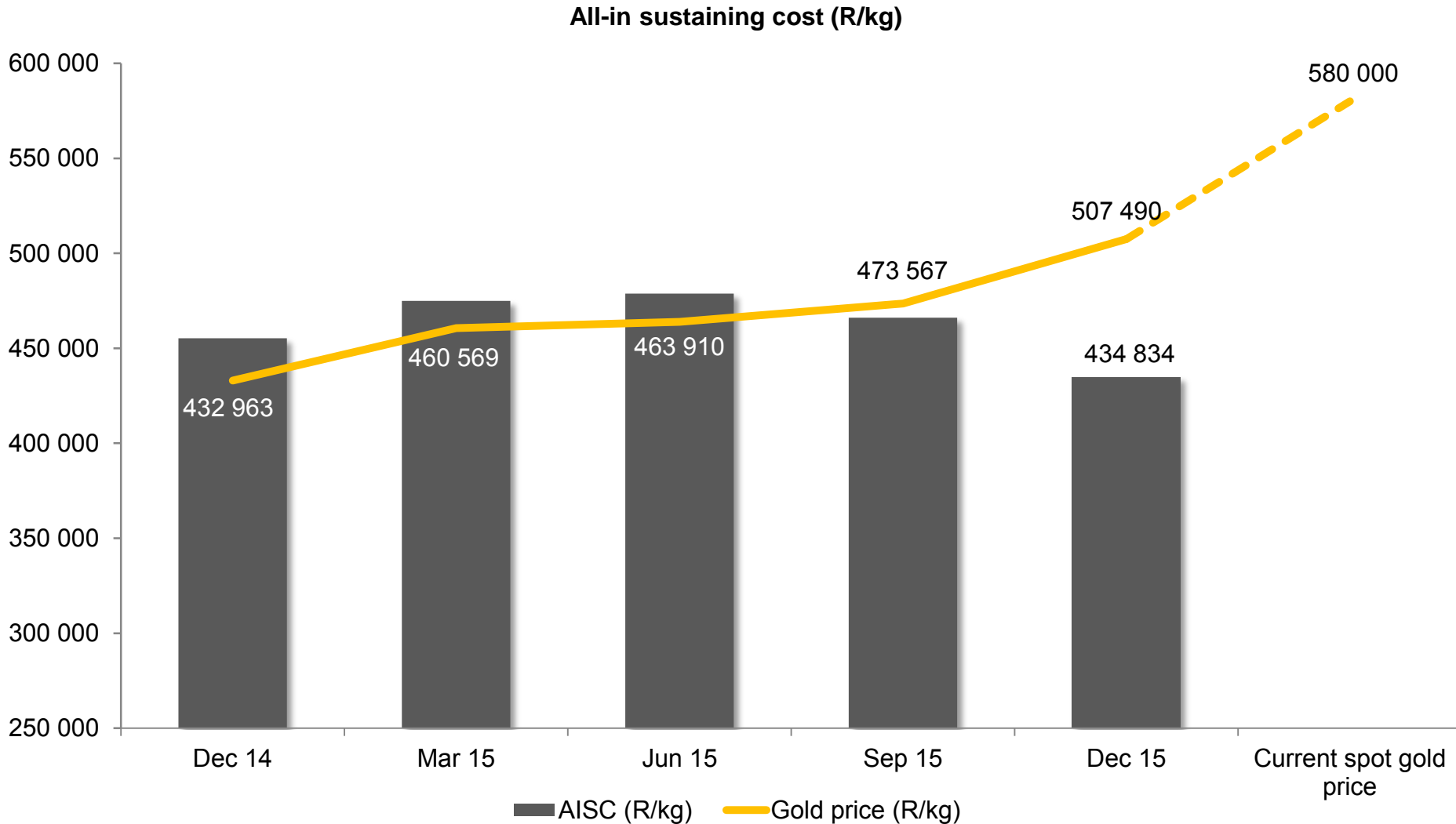




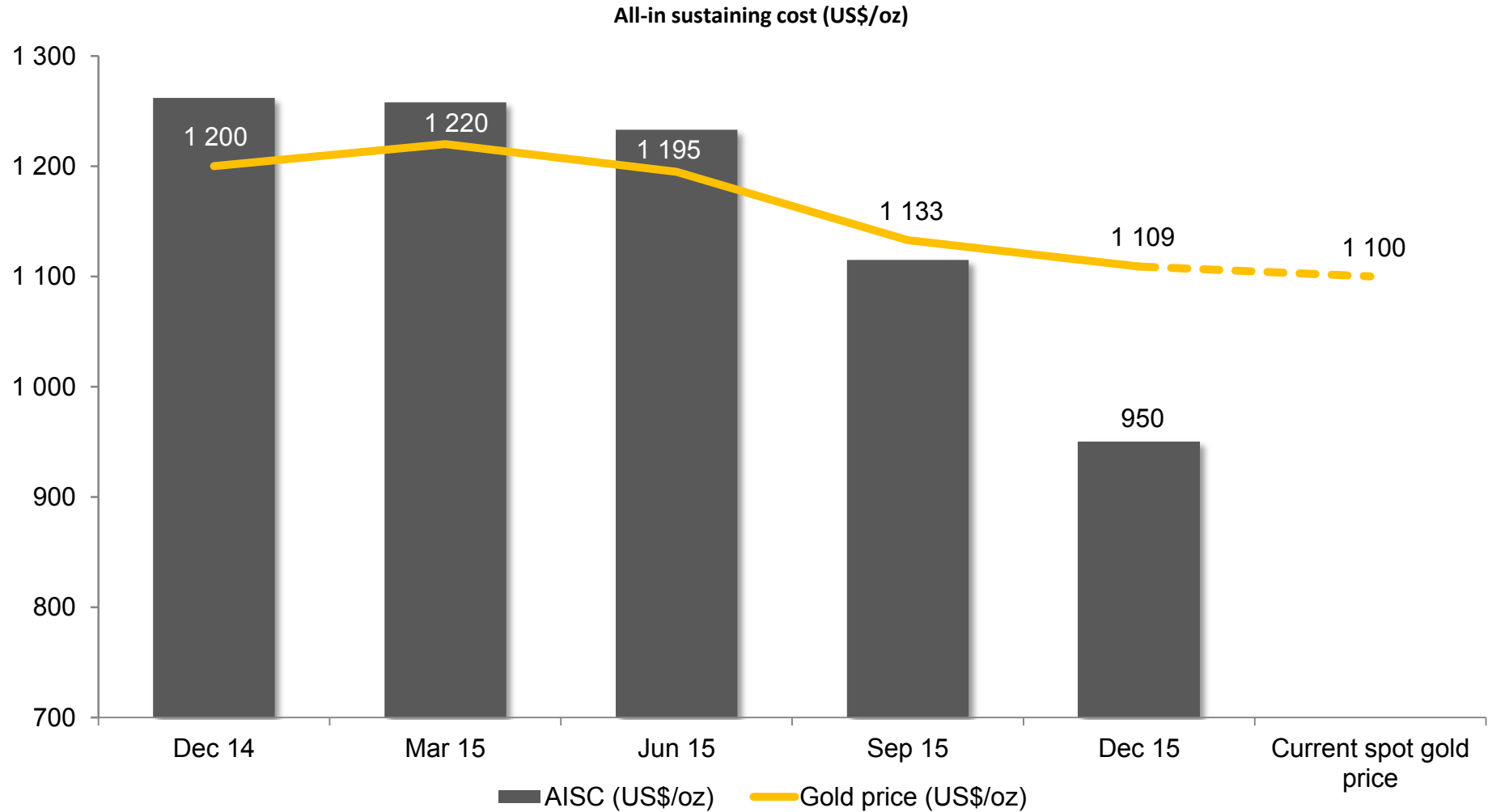
# Created a margin at current US\$/oz gold price



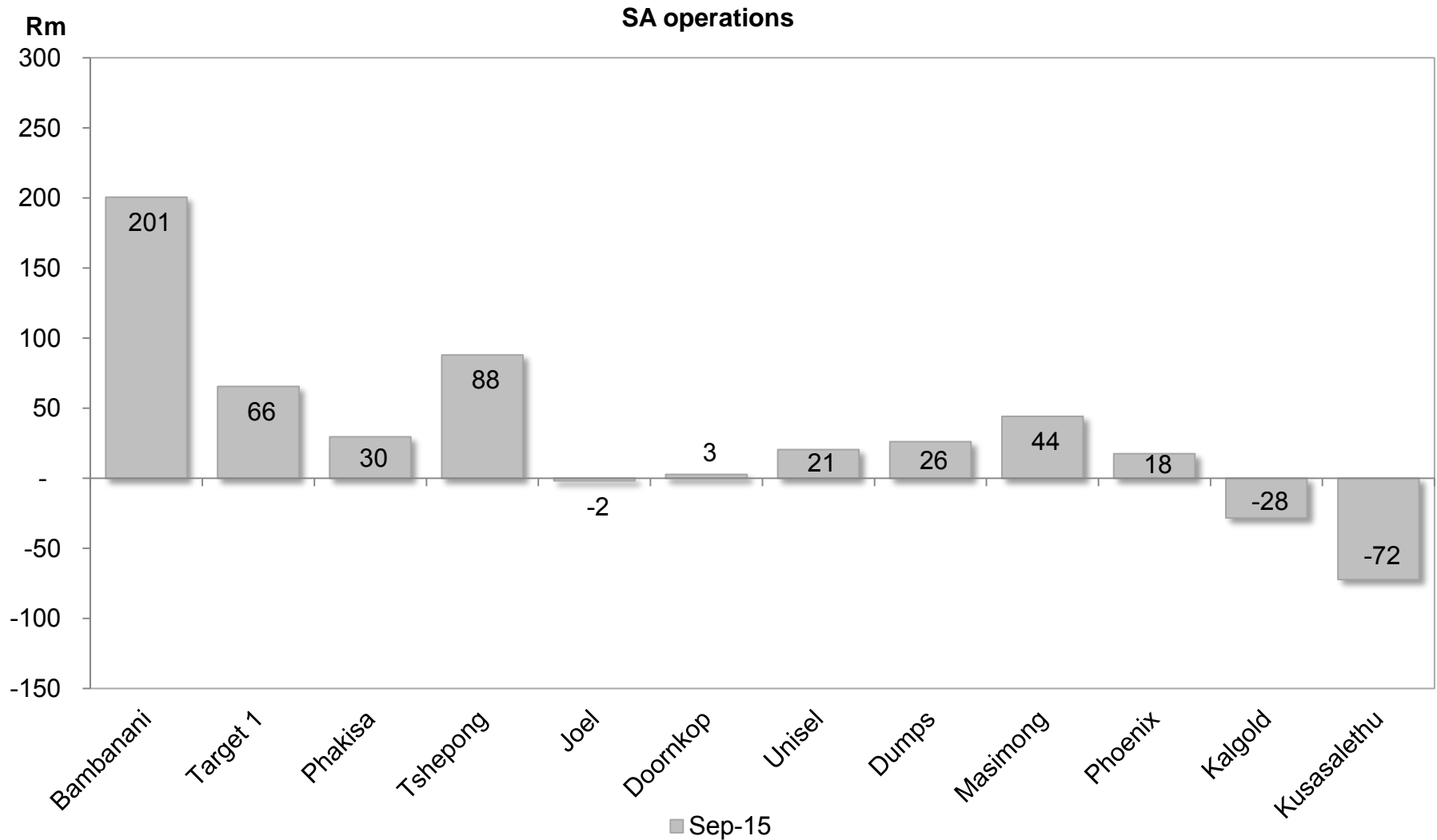
# Increase in all-in sustaining cost margin (R/kg)



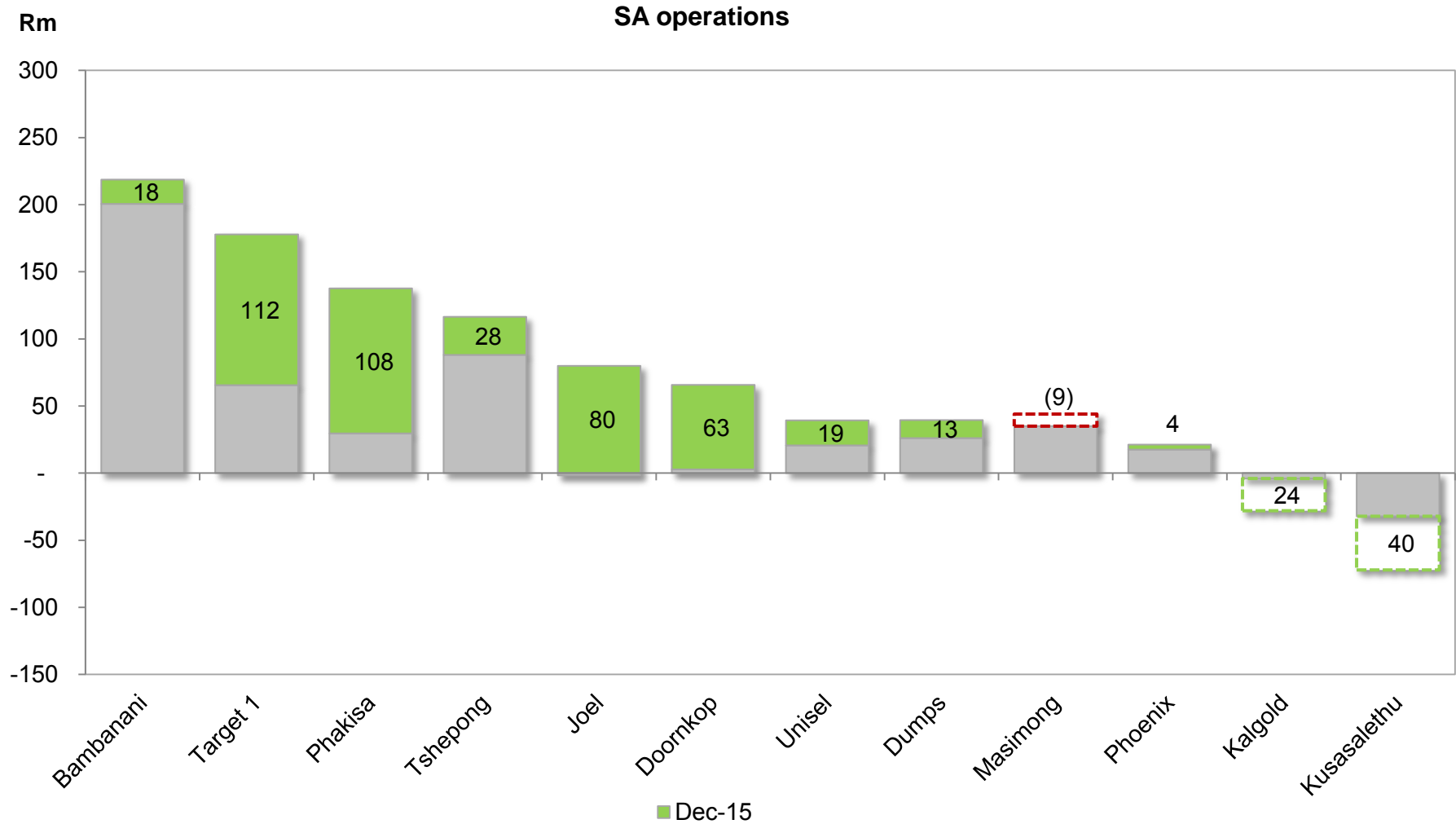
# Increase in all-in sustaining cost margin (US\$/oz)



# Net free cash flow – Q1FY16



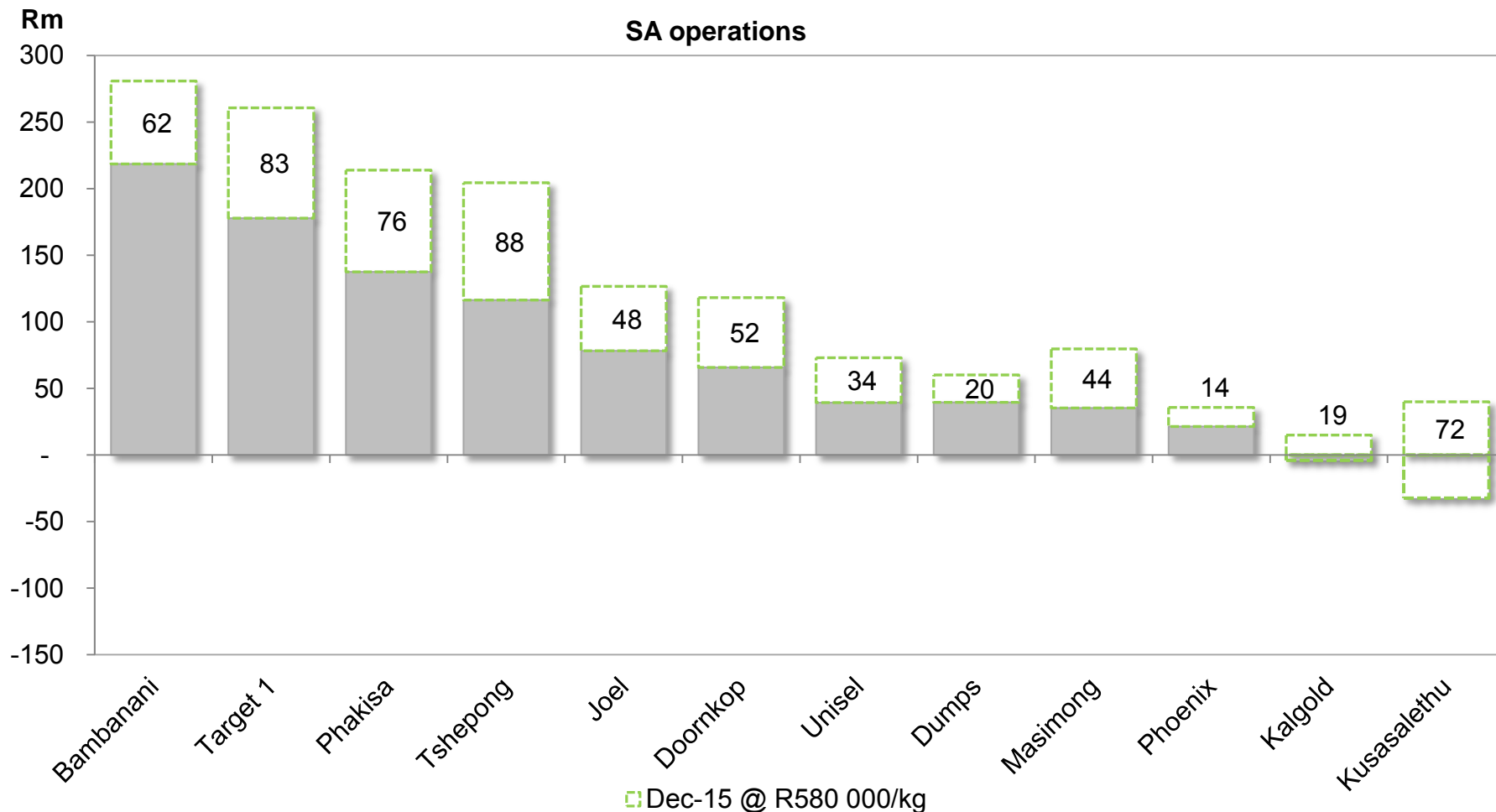
# Net free cash flow – Q2FY16



# Net free cash flow at current gold prices



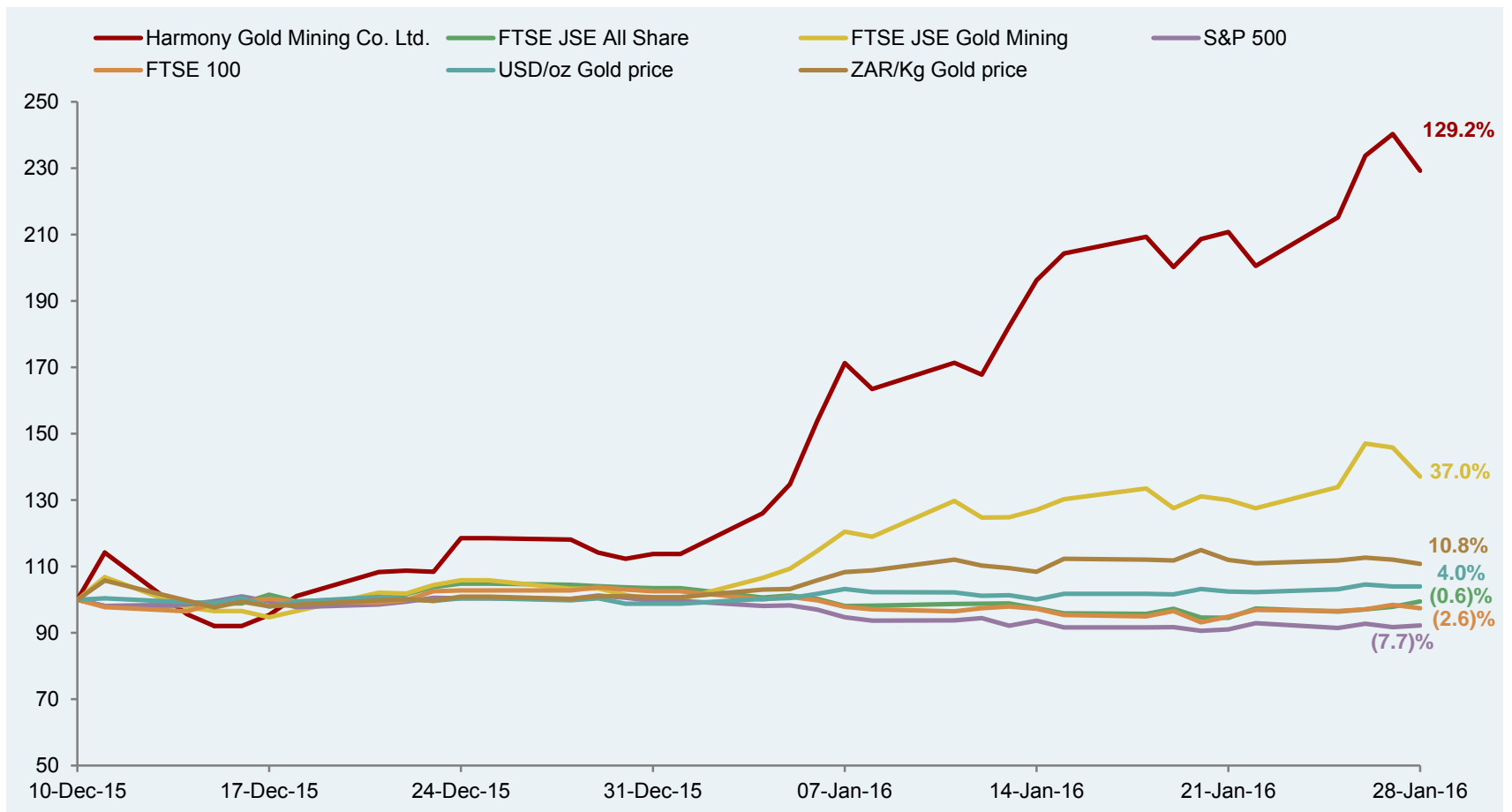
## December 2015 at R580 000/kg gold price



# Harmony share price outperforming indices



Harmony share price performance since 10 December 2015 (rebased to 100)



Source: Factset as on 28 January 2016



# SOLID FINANCIAL RESULTS





# Extract from income statement (q-on-q) – Rand



	Dec 2015 quarter (Rm)	Sep 2015 quarter (Rm)	% change
Extracts from income statement and operating results			
Revenue	4 567	4 140	10
Production costs	(3 275)	(3 439)	5
Cash operating costs	(3 216)	(3 368)	5
Inventory movements	(59)	(71)	17
Production profit as per operating results	1 292	701	84
Amortisation and depreciation	(531)	(555)	4
Exploration expenditure	(60)	(43)	(40)
Foreign exchange translation loss <sup>1</sup> #	(370)	(428)	14
Taxation	(56)	33	>(100)
<b>Net profit/(loss)</b>	<b>76</b>	<b>(521)</b>	<b>&gt;100</b>
<b>Headline earnings/(loss)</b>	<b>74</b>	<b>(523)</b>	<b>&gt;100</b>

<sup>1</sup> The Rand/US dollar closing exchange rate weakened from R13.87 to R15.62 in Q2FY16 and from R12.16 to R13.87 during Q1FY16

# Included as part of the "Other expenses (net)" line in the income statement

# Extract from income statement (q-on-q) – US\$



	Dec 2015 quarter (US\$m)	Sep 2015 quarter (US\$m)	% Change
Extracts from income statement and operating results			
Revenue	321	319	-
Production costs	(230)	(265)	13
Cash operating costs	(226)	(259)	13
Inventory movements	(4)	(6)	33
Production profit as per operating results	91	54	68
Amortisation and depreciation	(37)	(43)	14
Exploration expenditure	(4)	(3)	(33)
Foreign exchange translation loss <sup>1</sup> #	(26)	(33)	21
Taxation	(4)	3	>(100)
<b>Net profit/(loss)</b>	<b>5</b>	<b>(40)</b>	<b>&gt;100</b>
<b>Headline earnings/(loss)</b>	<b>5</b>	<b>(40)</b>	<b>&gt;100</b>
Average exchange rate (R/US\$)	14.24	13.00	10

<sup>1</sup> The Rand/US dollar closing exchange rate weakened from R13.87 to R15.62 in Q2FY16 and from R12.16 to R13.87 during Q1FY16

# Included as part of the "Other expenses (net)" line in the income statement

# Reduction in net debt (q-on-q) – Rand



Extracts from cash flow statement and balance sheet	Debt (Rm)	Cash (Rm)	Net debt (Rm)
<b>Opening balance 30 Sep 2015</b>	<b>(4 129)</b>	<b>1 487</b>	<b>(2 642)</b>
Net cash generated	(5)	506	<b>501</b>
Cash generated by operating activities	-	1 043	1 043
Cash utilised by investing activities	-	(568)	(568)
Foreign currency translation and other adjustments	(5)	31	26
Translation loss on US dollar loan <sup>1</sup>	(374)	-	<b>(374)</b>
Debt repaid <sup>2</sup>	1 117	(1 117)	-
<b>Closing balance 31 Dec 2015</b>	<b>(3 391)</b>	<b>876</b>	<b>(2 515)</b>
<b>Net change</b>	<b>738</b>	<b>(611)</b>	<b>127</b>

<sup>1</sup> The Rand/US dollar closing exchange rate weakened from R13.87 in Q1FY16 to R15.62 in Q2FY16

<sup>2</sup> Repayments consisted of US\$50 million on the US\$250 million Revolving Credit Facility and R400 million on the R1.3 billion Rand facility

# Reduction in net debt (q-on-q) – US\$



Extracts from cash flow statement and balance sheet	Debt (US\$m)	Cash (US\$m)	Net debt (US\$m)
<b>Opening balance 30 Sep 2015</b>	<b>(298)</b>	<b>107</b>	<b>(191)</b>
Net cash generated	-	33	33
Cash generated by operating activities	-	73	73
Cash utilised by investing activities	-	(40)	(40)
Translation adjustments	2	(6)	(4)
Debt repaid <sup>1</sup>	78	(78)	-
<b>Closing balance 31 Dec 2015</b>	<b>(218)</b>	<b>56</b>	<b>(162)</b>
<b>Net change</b>	<b>80</b>	<b>(51)</b>	<b>29</b>

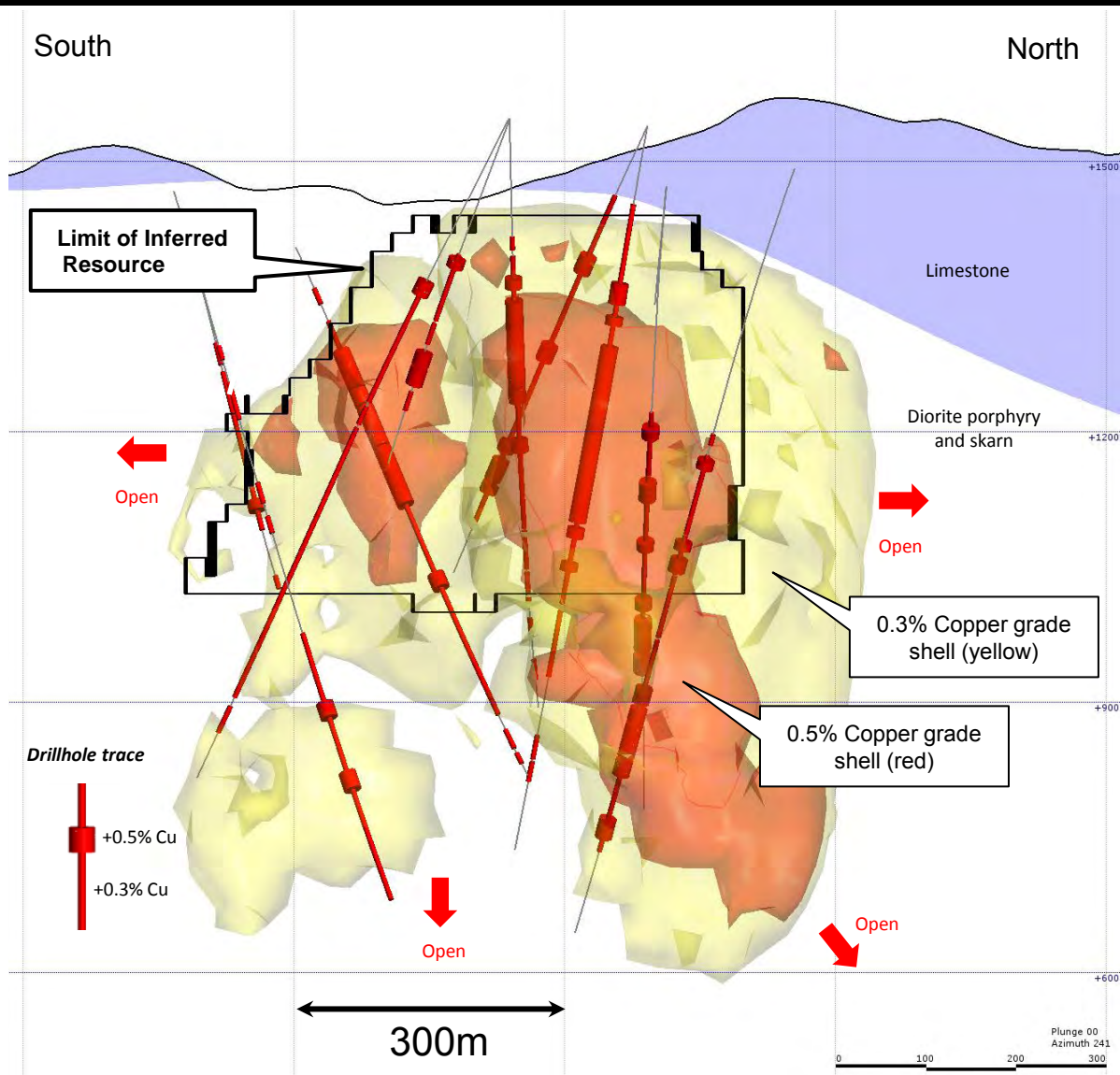
<sup>1</sup> Repayments consisted of US\$50 million on the US\$250 million Revolving Credit Facility and R 400 million on the R1.3 billion Rand facility. Average exchange rate for Q2FY16: R14.24. Closing exchange rate for Q2FY16: R15.62.



# CREATING FUTURE VALUE THROUGH EXPLORATION



# Kili Teke - right address and geological setting



- **Maiden 4 Moz Au equivalent<sup>1</sup> Resource declared**

- 128 Mt @ 0.4% Cu, 0.3 g/t Au, 170 ppm Mo
- 506 Kt Cu, 1.2 Moz Au

- **Excellent upside:**

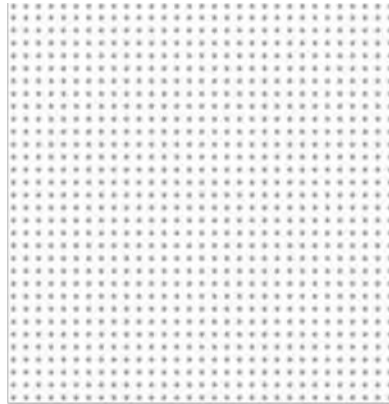
- Only a portion of the overall mineralised envelope defined to date
- Constrained at the 1000RL but intercepts remain open at depth
- Mineralisation remains open along strike to the north and south

- **Drilling accelerated for Q3**

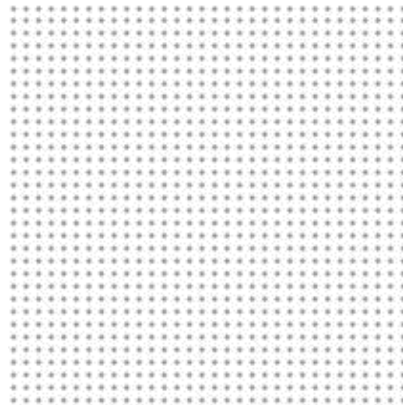
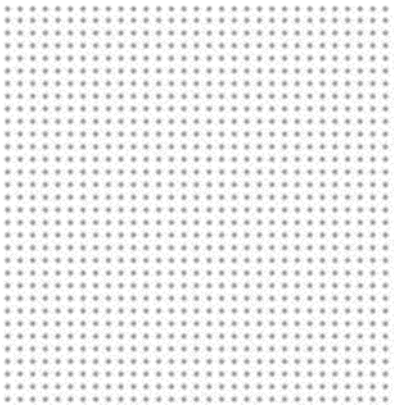
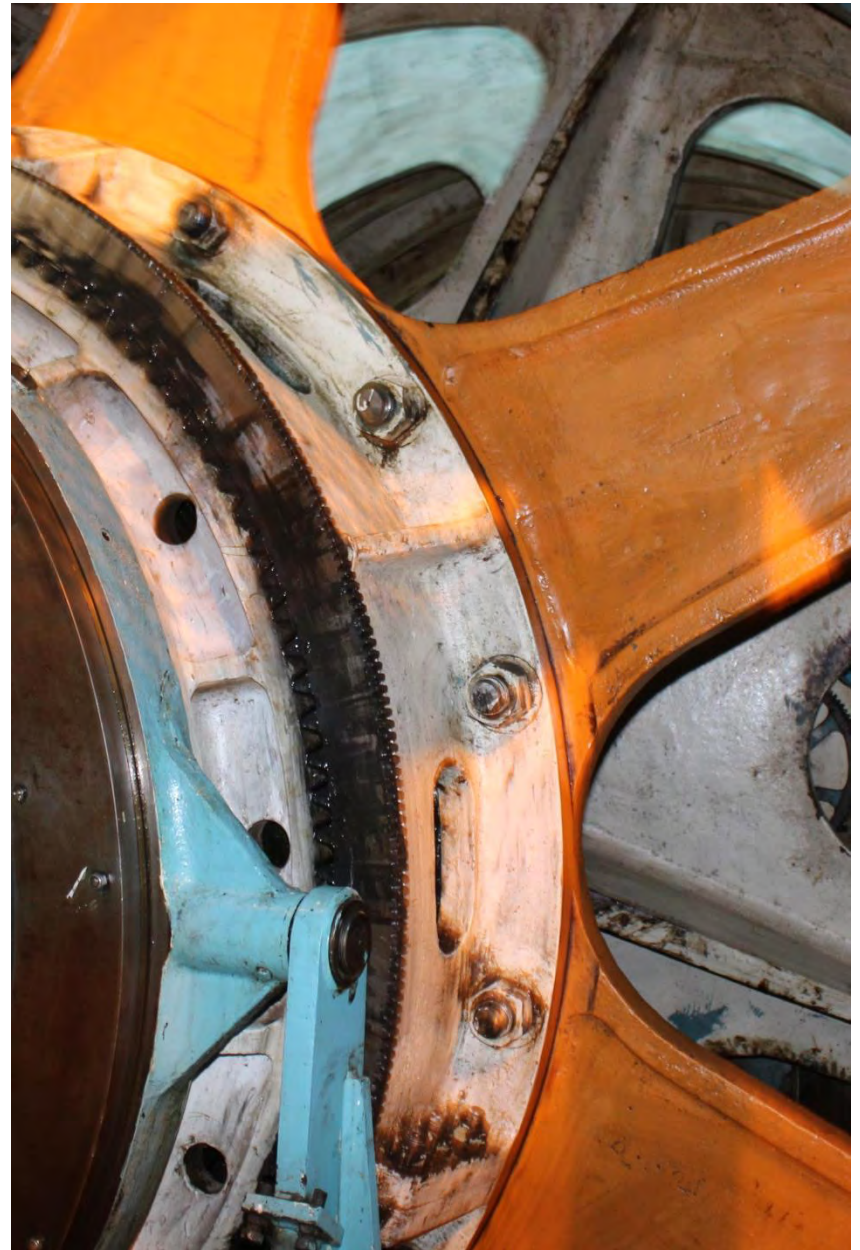
- Additional rig commissioned

<sup>1</sup> Copper equivalent based on US\$1200/oz Au, US\$3.00/lb Cu, with 100% recovery for all metals.

- Feasibility study for Golpu stage 1 and the prefeasibility study for stage 2 completed in December 2015, as planned
  - subject to approval from the Harmony and Newcrest boards
  - planned release mid-February 2016
- Discussions continue on finalising the pre-mining development agreement (PMDA) with PNG government
  - the PMDA aims to secure mining area and fiscal certainty during early exploration works

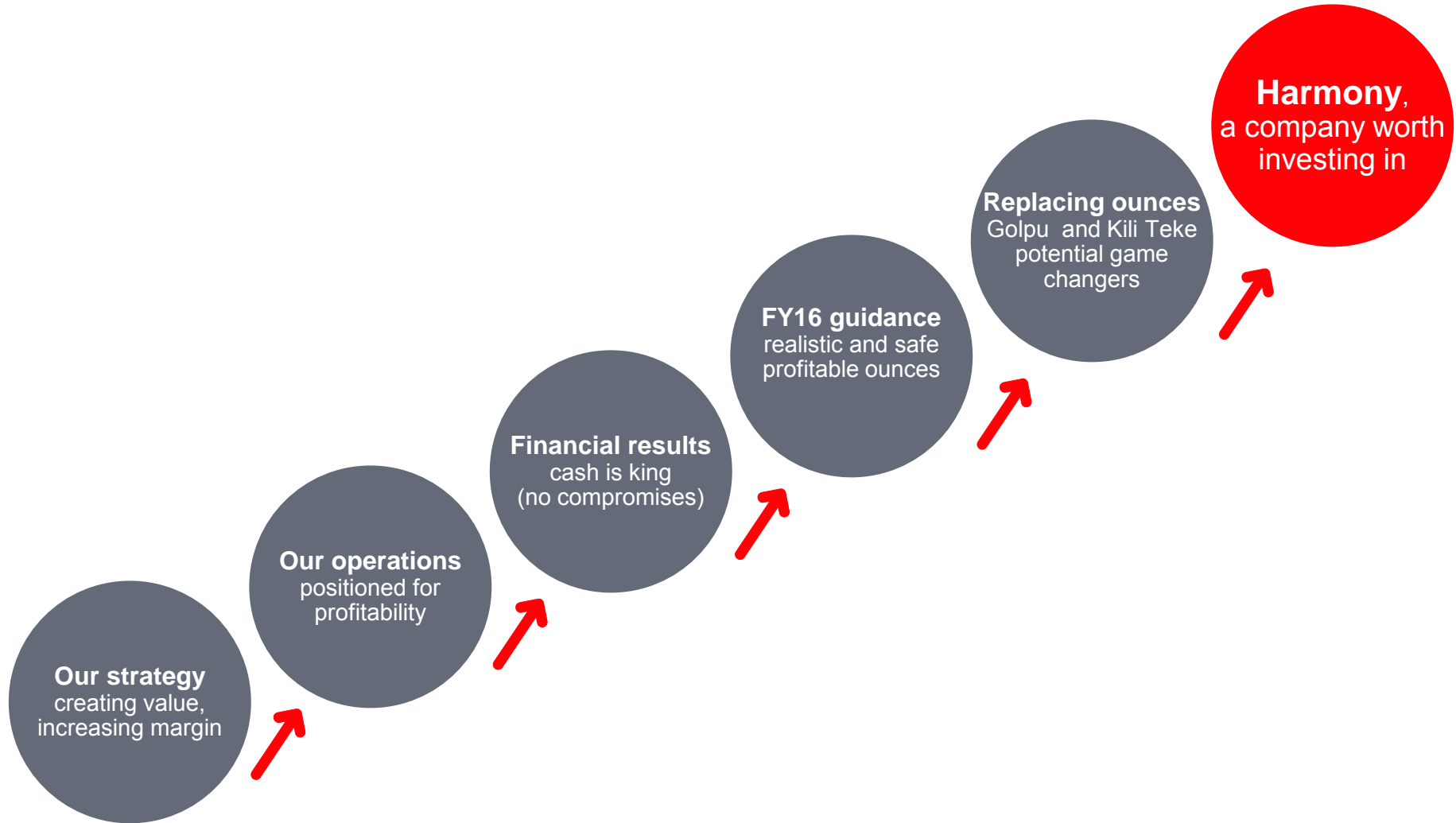


# CONCLUSION





- Competent teams
- Excellent ore bodies
- In support of strategy to create value and increase margins
- Majority of operations produce safe, profitable ounces
  - teams to focus on basics of mining
  - effect of March quarter already taken into account in annual guidance
- Investment case very strong



# Private Securities Litigation Reform Act Safe Harbour Statement



This presentation contains forward-looking statements within the meaning of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended, with respect to our financial condition, results of operations, business strategies, operating efficiencies, competitive positions, growth opportunities for existing services, plans and objectives of management, markets for stock and other matters. These include all statements other than statements of historical fact, including, without limitation, any statements preceded by, followed by, or that include the words “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “would”, “should”, “could”, “estimates”, “forecast”, “predict”, “continue” or similar expressions or the negative thereof.

These forward-looking statements, including, among others, those relating to our future business prospects, revenues and income, wherever they may occur in this report and the exhibits to this report, are essentially estimates reflecting the best judgment of our senior management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set forth in this presentation. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation: overall economic and business conditions in South Africa, Papua New Guinea, Australia and elsewhere, estimates of future earnings, and the sensitivity of earnings to the gold and other metals prices, estimates of future gold and other metals production and sales, estimates of future cash costs, estimates of future cash flows, and the sensitivity of cash flows to the gold and other metals prices, statements regarding future debt repayments, estimates of future capital expenditures, the success of our business strategy, development activities and other initiatives, estimates of reserves statements regarding future exploration results and the replacement of reserves, the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions, fluctuations in the market price of gold, the occurrence of hazards associated with underground and surface gold mining, the occurrence of labor disruptions, power cost increases as well as power stoppages, fluctuations and usage constraints, supply chain shortages and increases in the prices of production imports, availability, terms and deployment of capital, changes in government regulation, particularly mining rights and environmental regulation, fluctuations in exchange rates, the adequacy of the Group’s insurance coverage and socio-economic or political instability in South Africa and Papua New Guinea and other countries in which we operate.

For a more detailed discussion of such risks and other factors (such as availability of credit or other sources of financing), see the Company’s latest Integrated Annual Report and Form 20-F which is on file with the Securities and Exchange Commission, as well as the Company’s other Securities and Exchange Commission filings. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events, except as required by law.

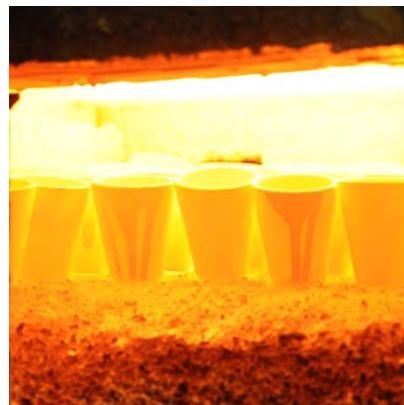
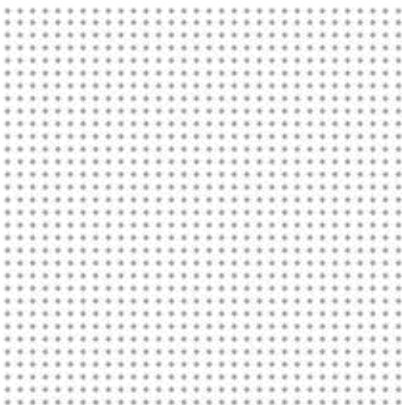


## OUR KEY VALUE DRIVERS

- 1 We are efficient miners
- 2 We are positioned for future growth and profitability
- 3 We are experienced explorers, mine developers and operators in emerging economies
- 4 Golpu will develop into a world-class copper-gold mine

## CONTACT US

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JSE (HAR)  
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