



# RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

2 February 2017

**Driven by excellence**

JSE (HAR)  
NYSE (HMY)



## AGENDA

1

Key features of H1FY17

2

Safety

3

Operational results

4

Financial results

5

Hidden Valley

6

Conclusion

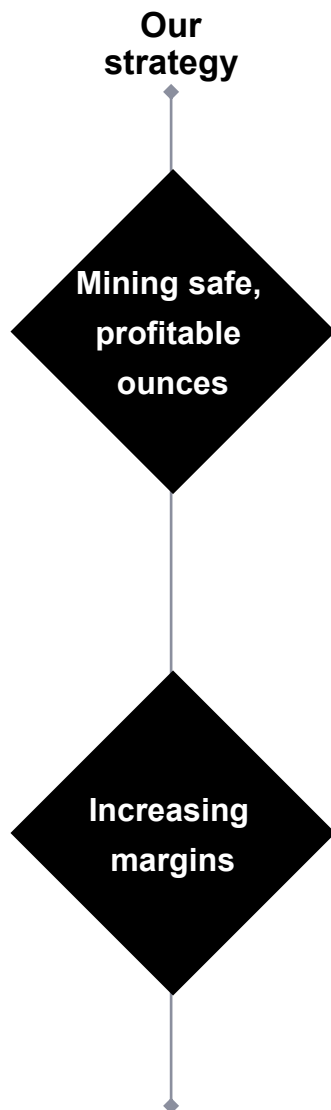


# KEY FEATURES H1FY17

**Peter Steenkamp, CEO**



## DRIVEN BY EXCELLENCE



- ◆ Safe mines are profitable mines – fatality rates improved ✓
- ◆ Majority of mines achieving or exceeding their plans ✓
- ◆ Grade management – no mining below cut off ✓
- ◆ Growth – organic, exploration, acquisitions ✓

- ◆ Remaining free cash flow positive ✓
- ◆ Hedging to protect our margins ✓
- ◆ Repaying debt ✓
- ◆ Strong balance sheet – creating flexibility ✓
- ◆ Prudent financial management ✓

# DRIVEN BY EXCELLENCE

# CONTINUED



- ◆ Safety rates improving – lower than combined rate for main gold producers
- ◆ 8% increase in gold production
- ◆ Grade continues upward trend – 3% increase to 5.04g/t
- ◆ Only a 4% increase in all-in sustaining costs at R510 506/kg (14% to US\$1 136/oz)
- ◆ R627 million (US\$45 million) cash inflows from hedging
- ◆ Headline earnings of 150 SA cents (11 US cents)
- ◆ On track to meet production guidance
- ◆ Interim dividend of 50 SA cents (4 US cents)

LTI: Lost time injury  
FIFR: Fatal injury frequency rate

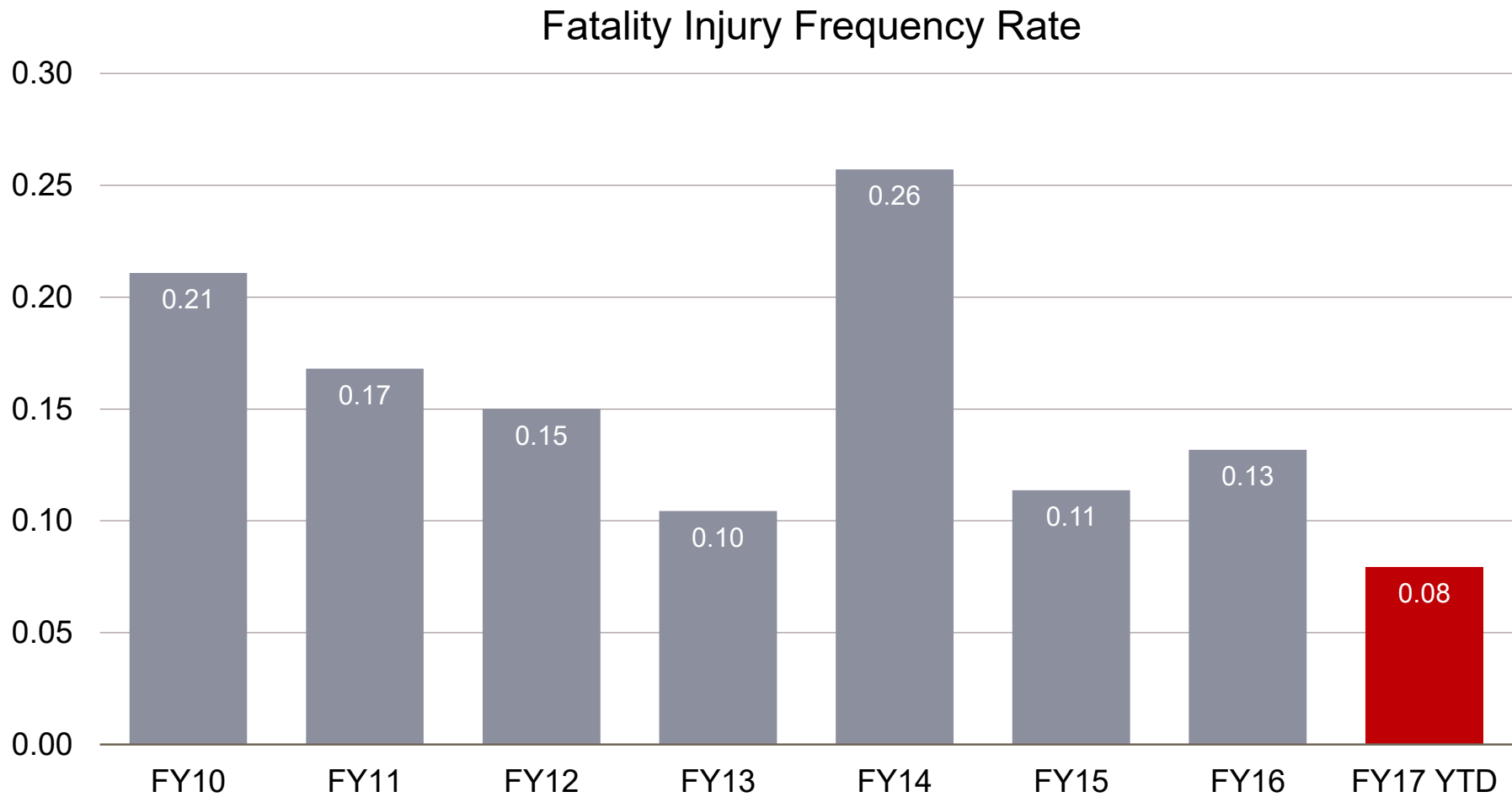


# SAFETY

**Peter Steenkamp, CEO**



# WORKING TOWARDS ZERO HARM



## SAFETY ACHIEVEMENTS

- ◆ No underground fatality during the December 2016 quarter
- ◆ Tshepong achieved its first ever 2 500 000 Fatality Free Shifts (FFS) on 27 October 2016, a total of 794 days fatal free
- ◆ Doornkop achieved its first ever 2 000 000 FFS on 17 December 2016, a total of 872 days fatal free
- ◆ The Free State Surface Sources reported 3 500 000 FFS on 16 November 2016 (159 months fatal free – just more than 13 years)
- ◆ Injury free (white flag) months at
  - Unisel (December 2016)
  - Bambanani (September, November and December 2016)
  - Joel (October 2016)





# OPERATIONAL RESULTS

**Peter Steenkamp, CEO**

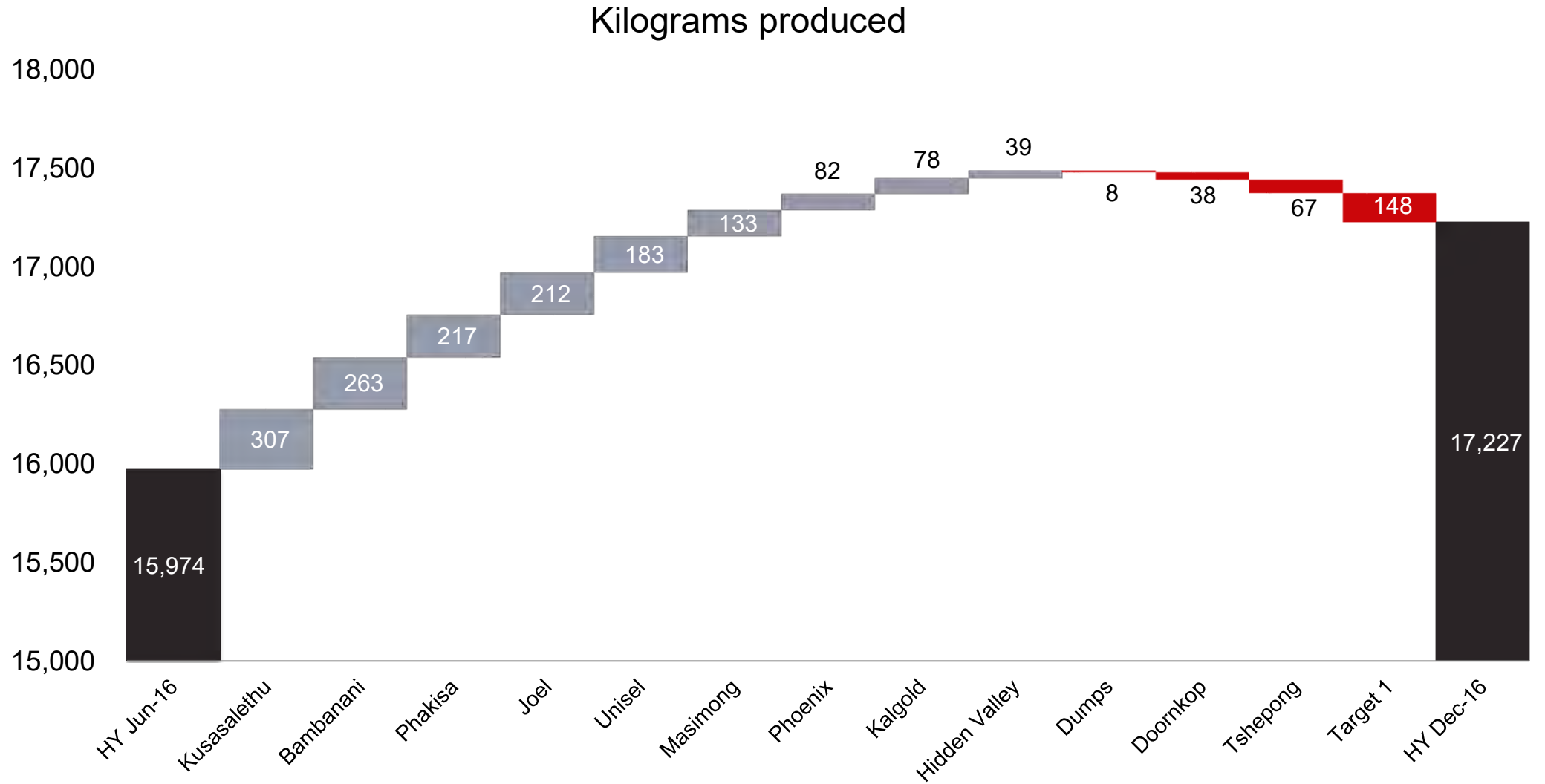


## 6 MONTHS ON 6 MONTHS OPERATIONAL RESULTS

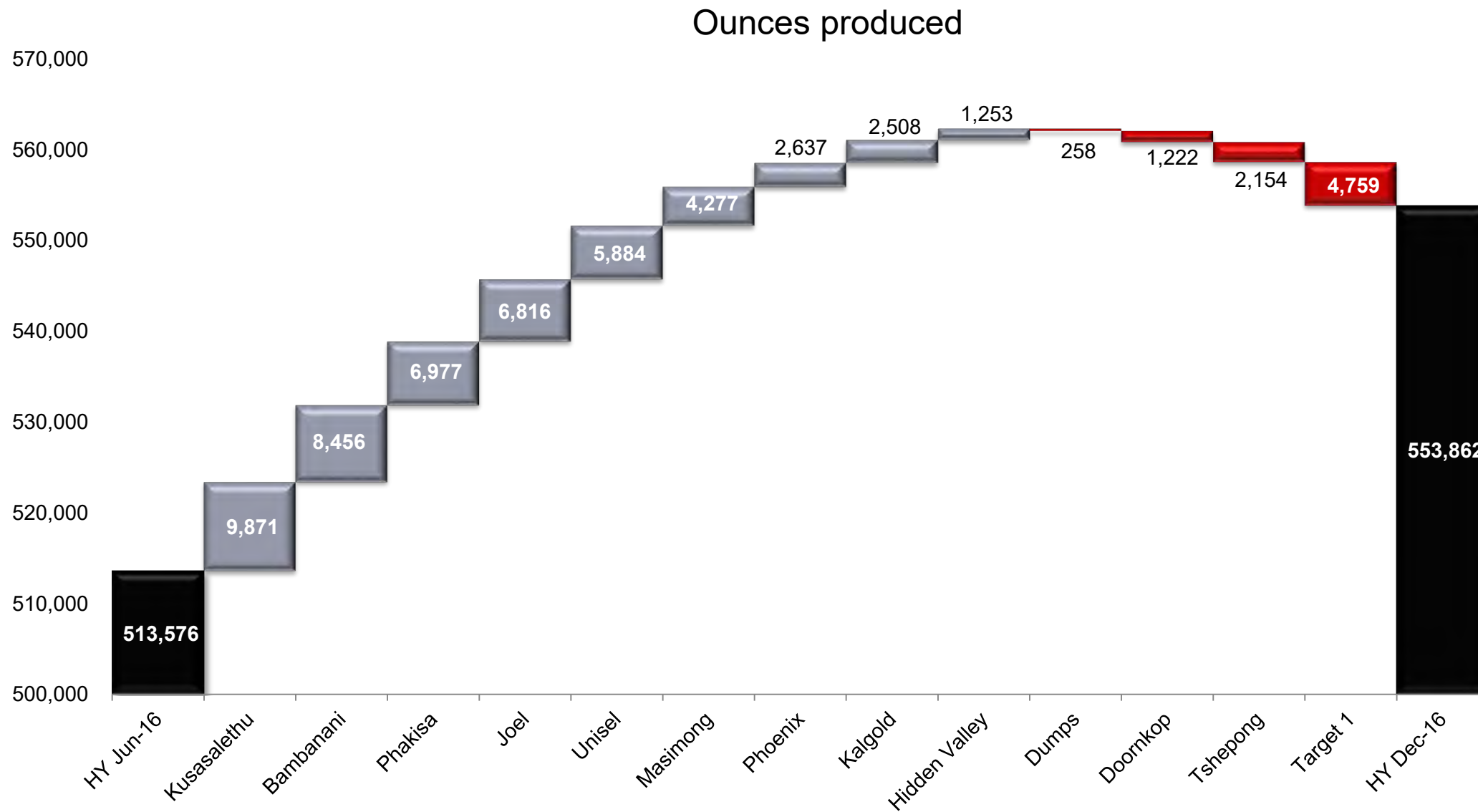
		December 2016 Six months	June 2016 Six months	% change
Gold produced	kg	17 227	15 974	8
	oz	553 862	513 576	8
Gold price	R/kg	585 908	605 476	(3)
	US\$/oz	1 303	1 223	7
Cash operating costs	R/kg	437 996	413 796	(6)
	US\$/oz	974	836	(17)
Underground recovered grade	g/t	5.04	4.88	3
Production profit	Rm	2 474	3 092	(20)
	US\$m	177	201	(12)
All-in sustaining costs <sup>1</sup>	R/kg	510 506	492 898	(4)
	US\$/oz	1 136	996	(14)
Average exchange rate	R/US\$	13.98	15.39	(9)

<sup>1</sup>Six months ended June 2016 re-stated to include capitalised stripping for Kalgold

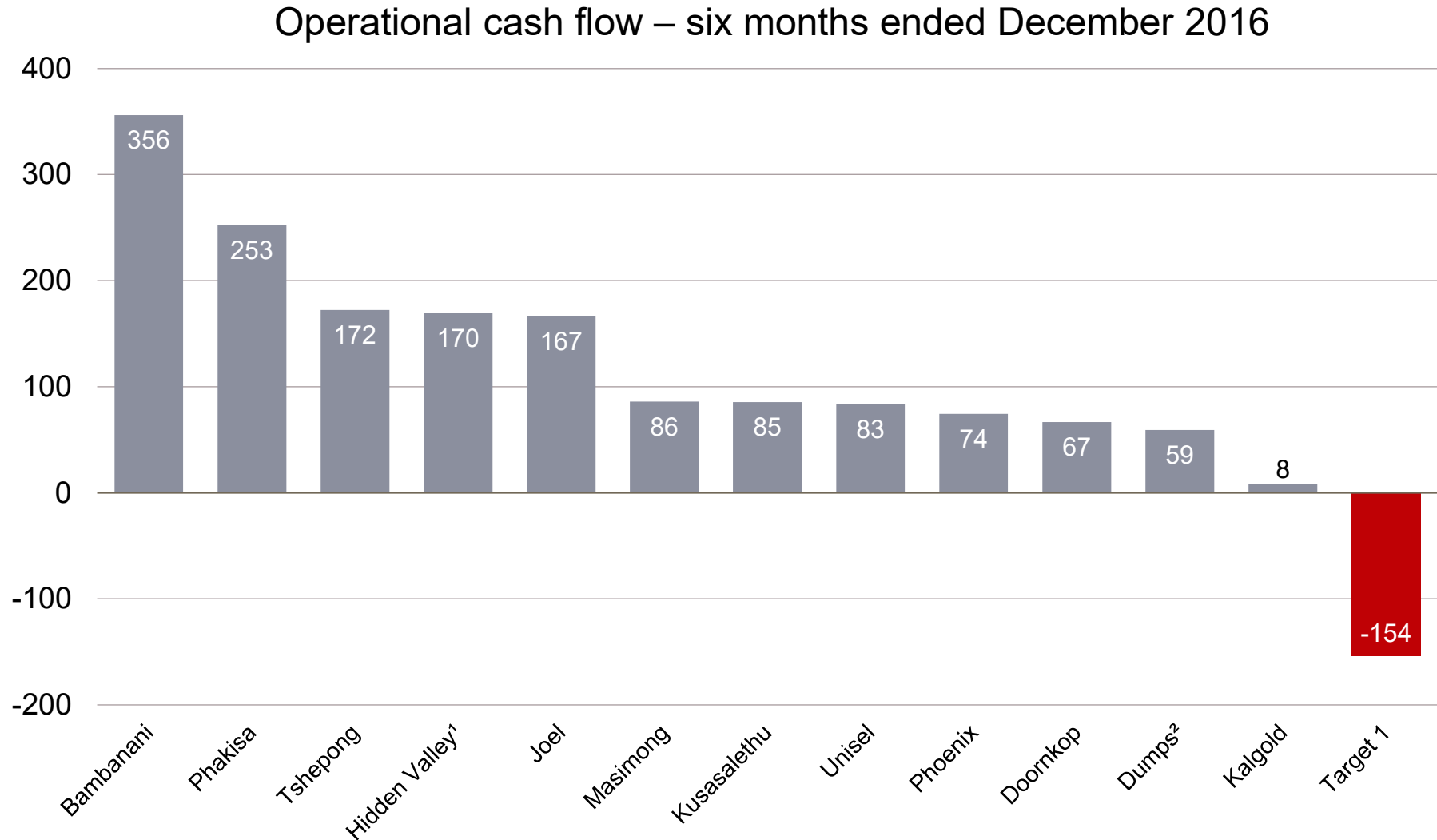
## MAJORITY OF OPERATIONS INCREASED GOLD PRODUCTION (6 months on 6 months)



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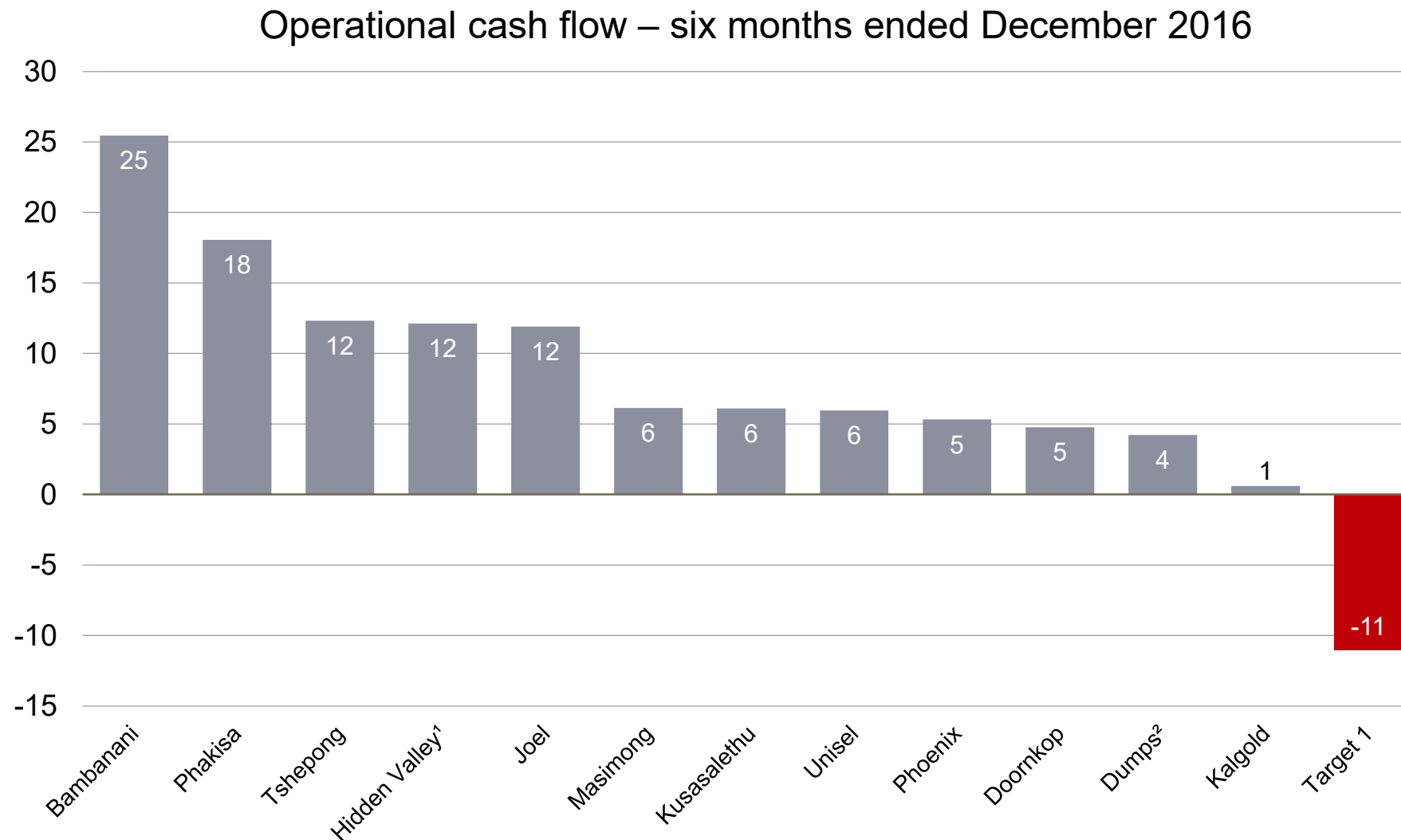
## SOLID OPERATIONAL CASH FLOW (R million)



<sup>1</sup> Hidden Valley excludes the amount received from Newcrest Mining Limited and a total of R306 million re-investment capital towards stages 5 and 6

<sup>2</sup> Dumps exclude capital expenditure of R93 million relating to the Central Plant reclamation project

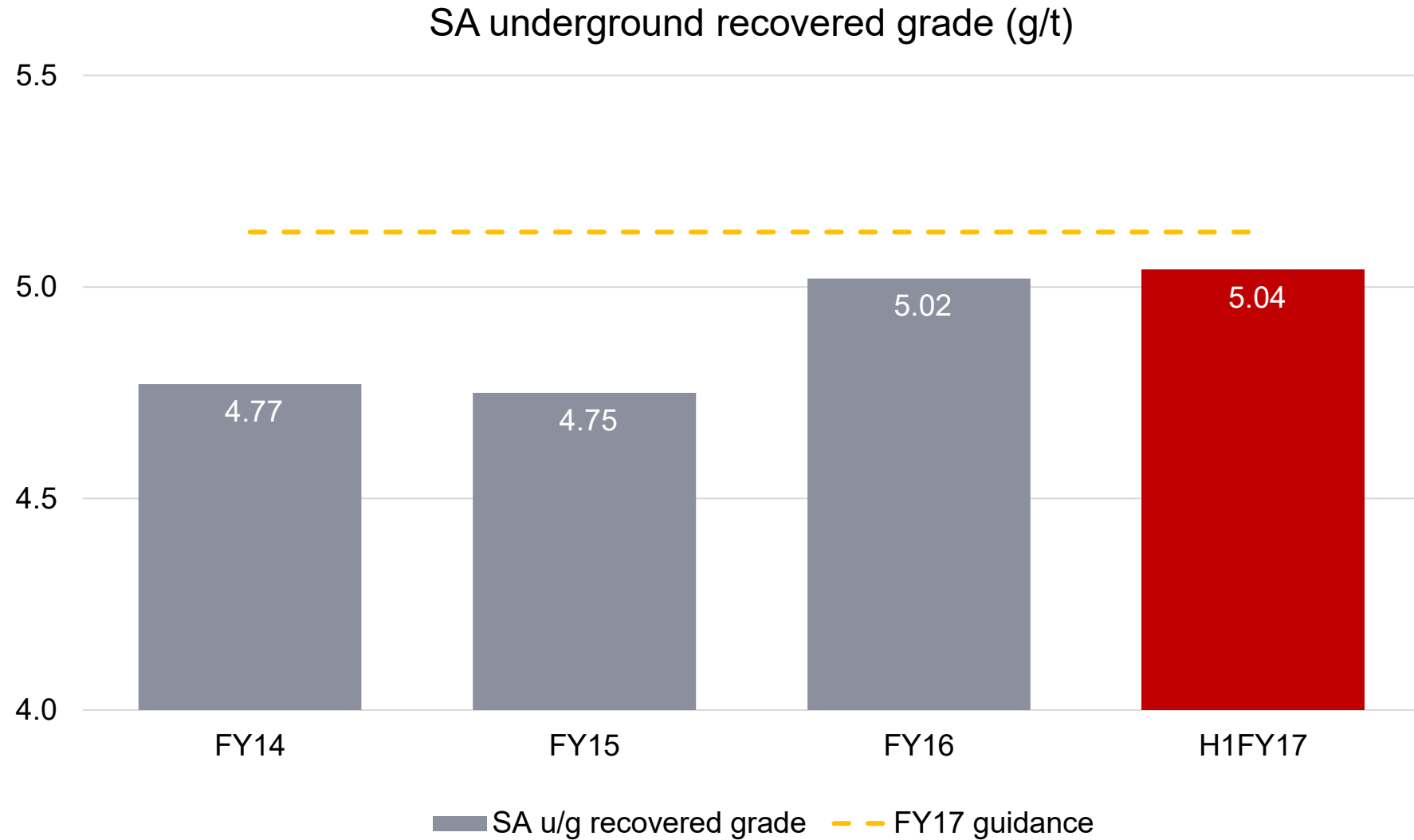
## SOLID OPERATIONAL CASH FLOW (US\$ million)



<sup>1</sup> Hidden Valley excludes the amount received from Newcrest Mining Limited and a total of US\$22 million re-investment capital towards stages 5 and 6

<sup>2</sup> Dumps exclude capital expenditure of US\$7 million relating to the Central Plant reclamation project

## GRADE CONTINUES UPWARD TREND





# FINANCIAL RESULTS

**Frank Abbott, FD**





## EXTRACT FROM INCOME STATEMENT H1FY17 vs H2FY16 – RAND

Extracts from income statement and operating results	December 2016 Six months (Rm)	June 2016 Six months (Rm)	% change
Revenue	<b>9 868</b>	9 627	3
Production costs	<b>(7 394)</b>	(6 535)	(13)
Excl. additional 50% of Hidden Valley	<b>(7 230)</b>	(6 535)	(11)
Additional 50% of Hidden Valley	<b>(164)</b>	-	>(100)
Production profit as per operating results	<b>2 474</b>	3 092	(20)
Amortisation and depreciation	<b>(1 274)</b>	(1 084)	(18)
Exploration expenditure	<b>(144)</b>	(88)	(64)
Foreign exchange gain	<b>713</b>	606	18
Gain on purchase (on Hidden Valley transaction)	<b>848</b>	-	>100
Taxation	<b>(474)</b>	(610)	22
<b>Net profit</b>	<b>1 539</b>	1 394	10
<b>Headline earnings</b>	<b>657</b>	1 412	(53)

## EXTRACT FROM INCOME STATEMENT H1FY17 vs H2FY16 – US\$

Extracts from income statement and operating results	December 2016 Six months (US\$m)	June 2016 Six months (US\$m)	% change
Revenue	<b>706</b>	625	13
Production costs	<b>(529)</b>	(424)	(25)
Excl. additional 50% of Hidden Valley	<b>(517)</b>	(424)	(22)
Additional 50% of Hidden Valley	<b>(12)</b>	-	>(100)
Production profit as per operating results	<b>177</b>	201	(12)
Amortisation and depreciation	<b>(91)</b>	(70)	(30)
Exploration expenditure	<b>(10)</b>	(6)	(67)
Foreign exchange gain	<b>51</b>	39	31
Gain on bargain purchase (on Hidden Valley transaction)	<b>61</b>	-	>100
Taxation	<b>(34)</b>	(40)	15
<b>Net profit</b>	<b>111</b>	89	25
<b>Headline earnings</b>	<b>47</b>	92	(49)
Average exchange rate	<b>13.98</b>	15.39	(9)

## GAIN ON PURCHASE

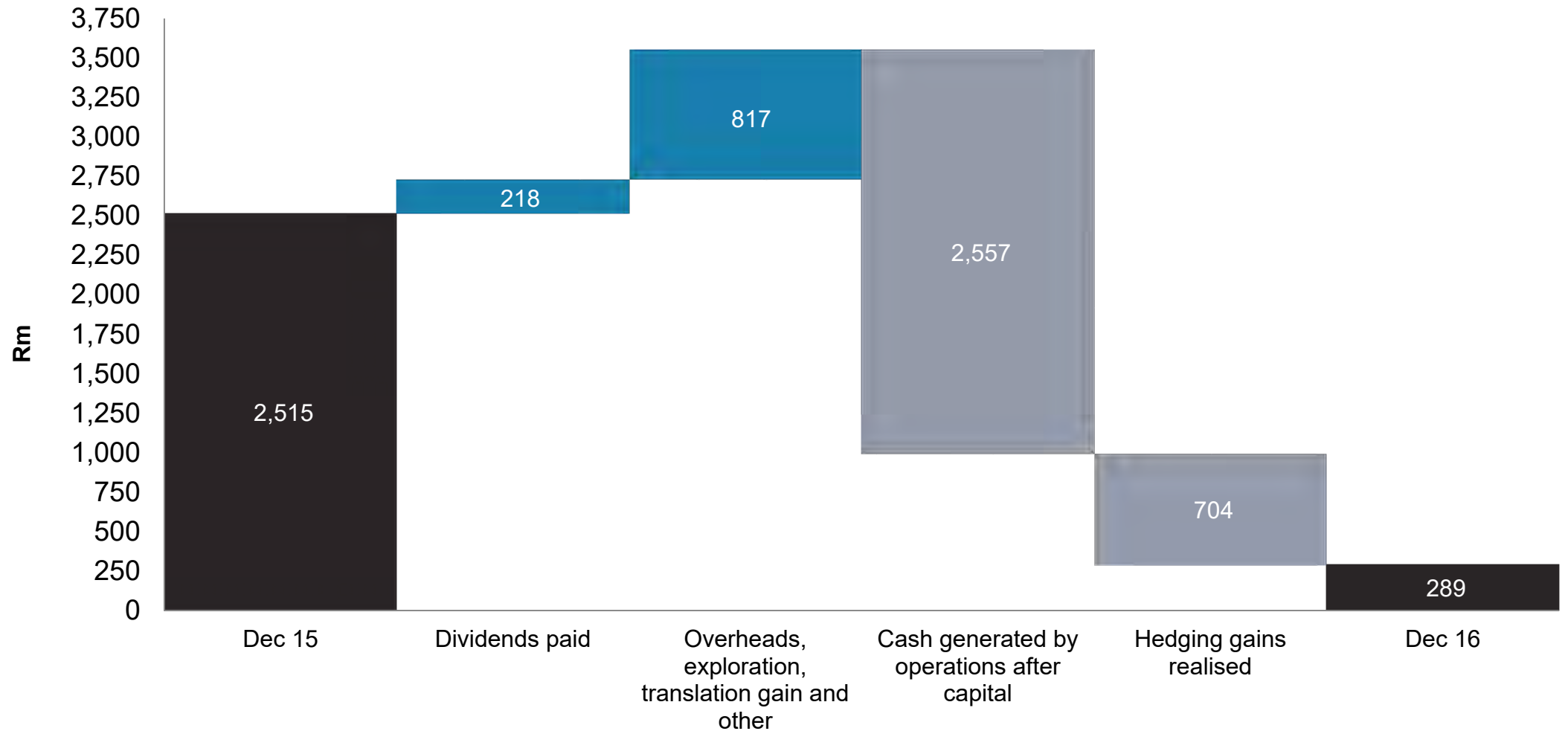
### Accounting standard IFRS3

- ◆ Business combinations require that the acquired assets be recorded at fair value on the effective date of control
- ◆ The fair value has been determined using discounted cash flow as primary method, based on the life of mine model for the Hidden Valley operation

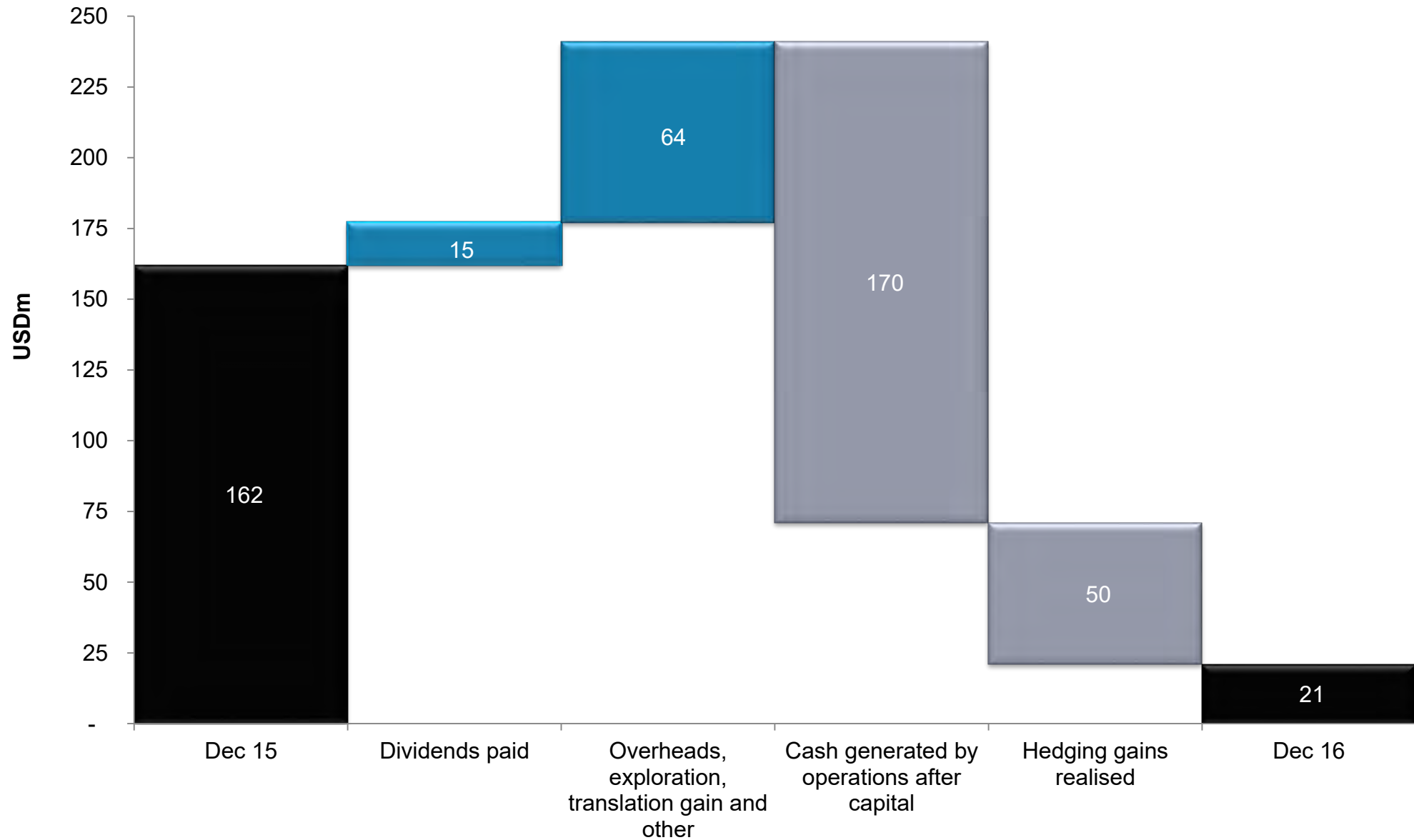
	US\$m	Rm
Fair value of assets acquired	39.0	539
Cash received	22.5	309
<b>Gain on purchase</b>	<b>61.5</b>	<b>848</b>

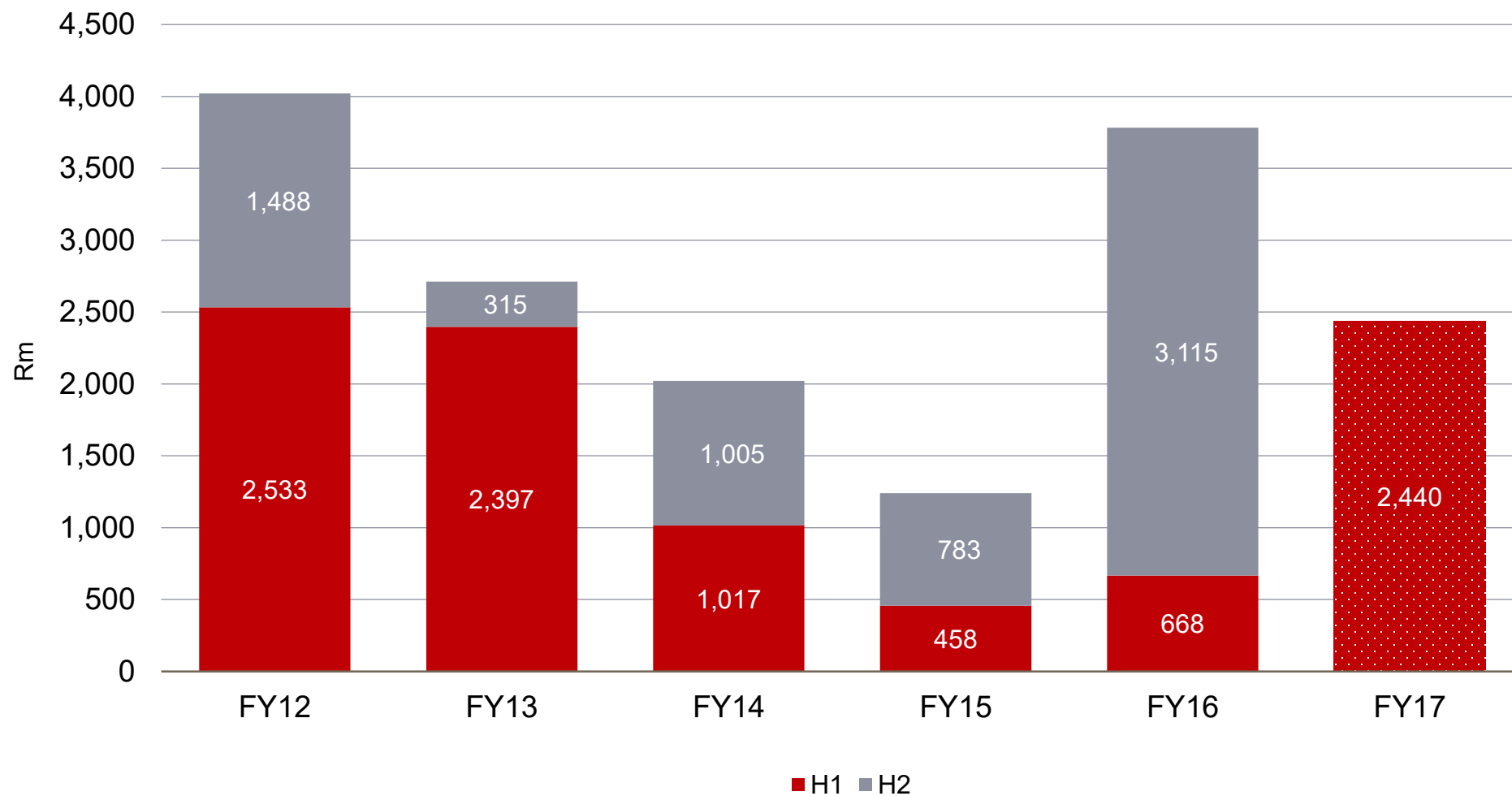
R/US\$ exchange rate of R13.74 on 25 October 2016

## REDUCTION IN NET DEBT DURING THE PAST 12 MONTHS (RAND)

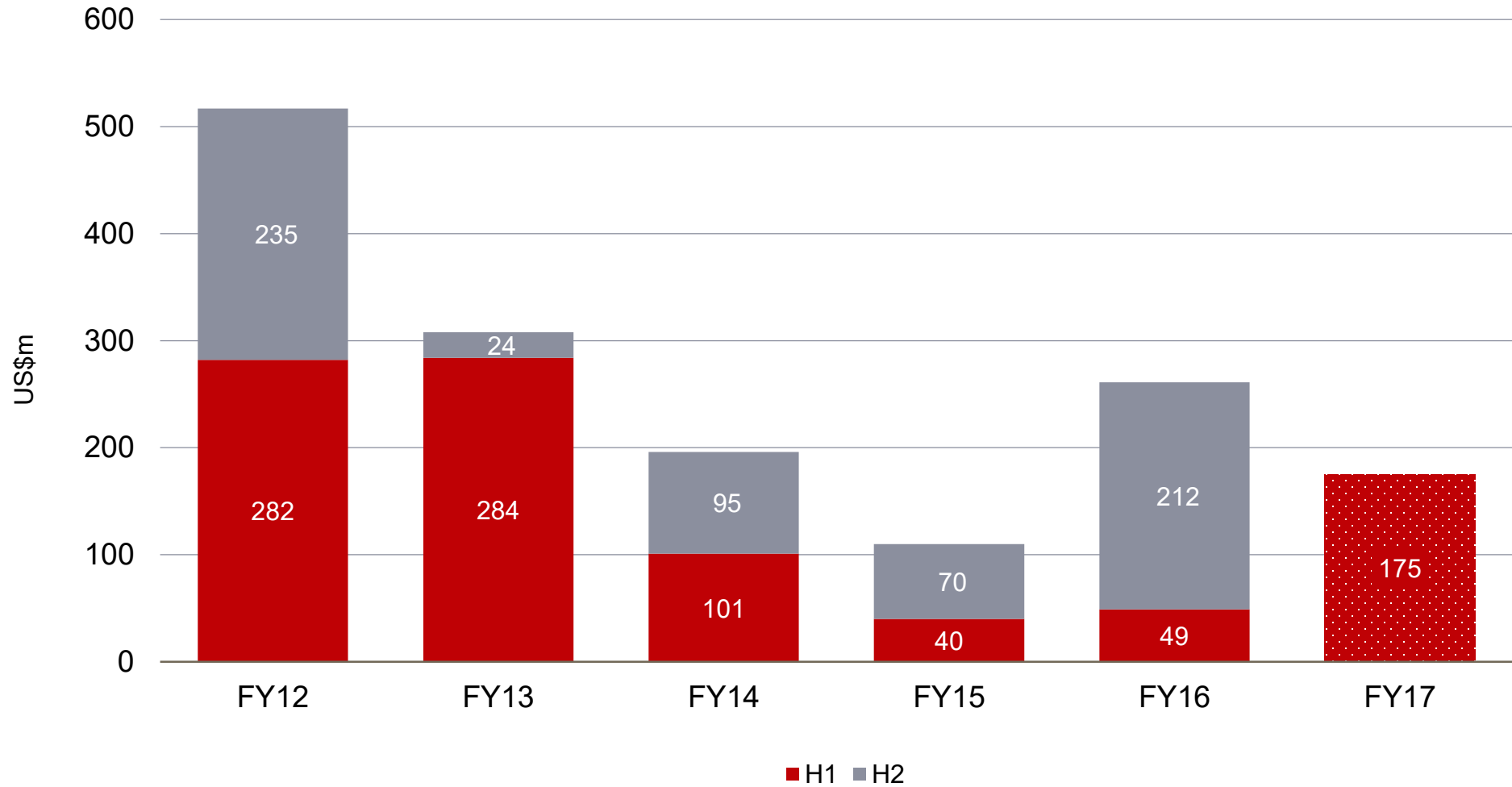


## REDUCTION IN NET DEBT DURING THE PAST 12 MONTHS (US\$)



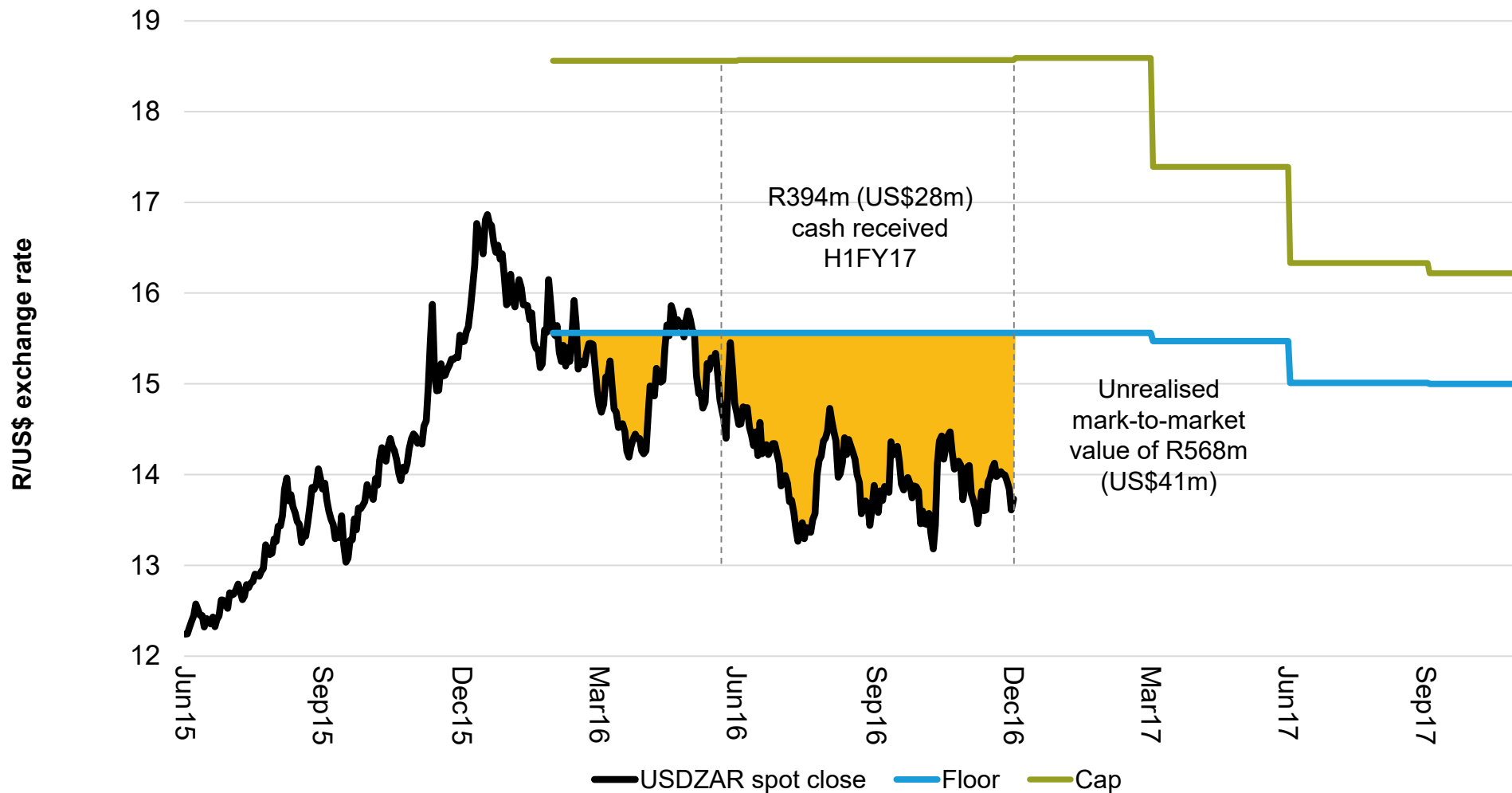
**EBITDA\* (RAND)**

EBITDA: excludes impairment and loss on scrapping of property, plant and equipment

**EBITDA\* (US\$)**

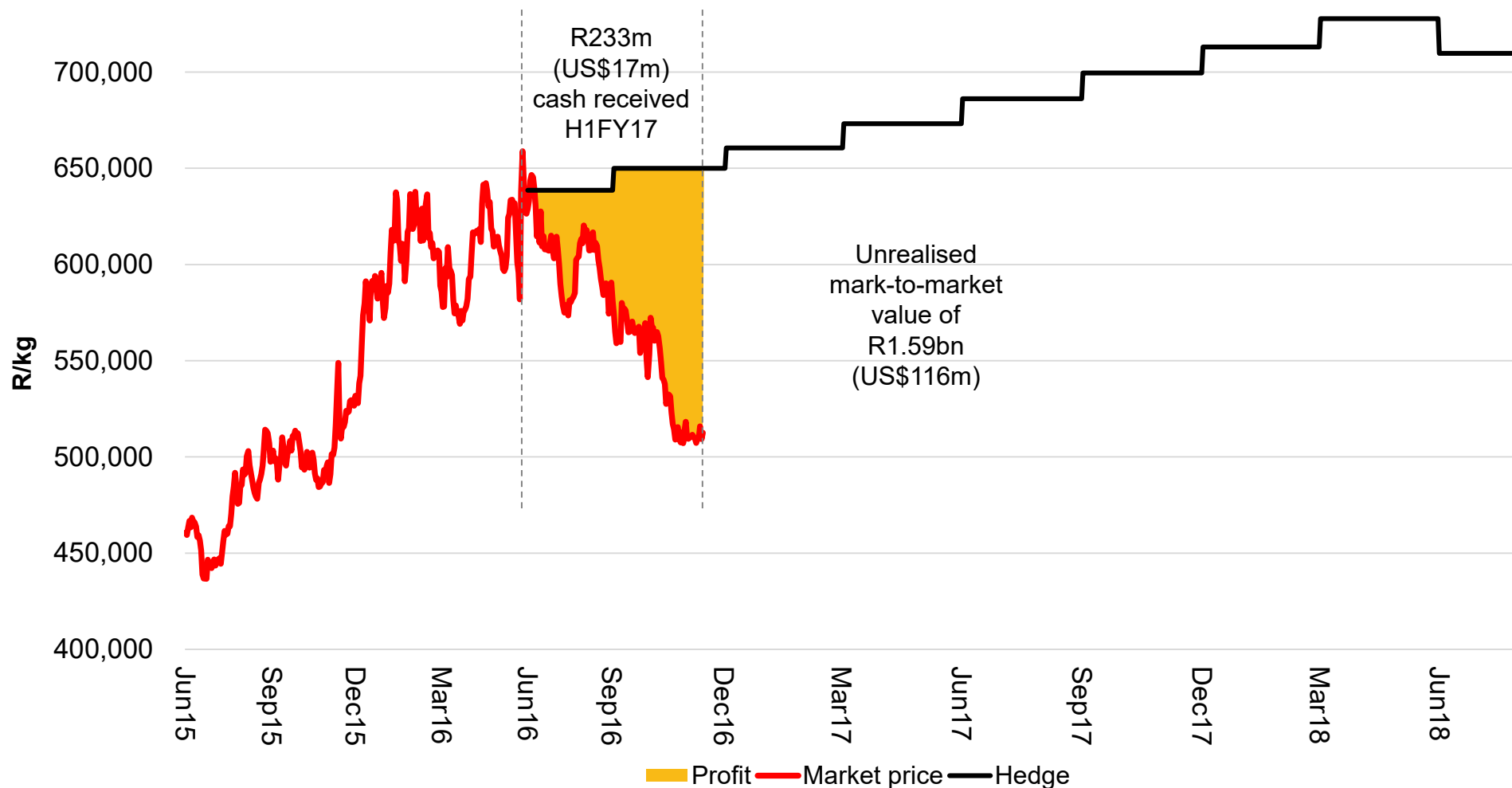
EBITDA: excludes impairment and loss on scrapping of property, plant and equipment

## CURRENCY HEDGE (SPOT vs FLOOR and CAP)

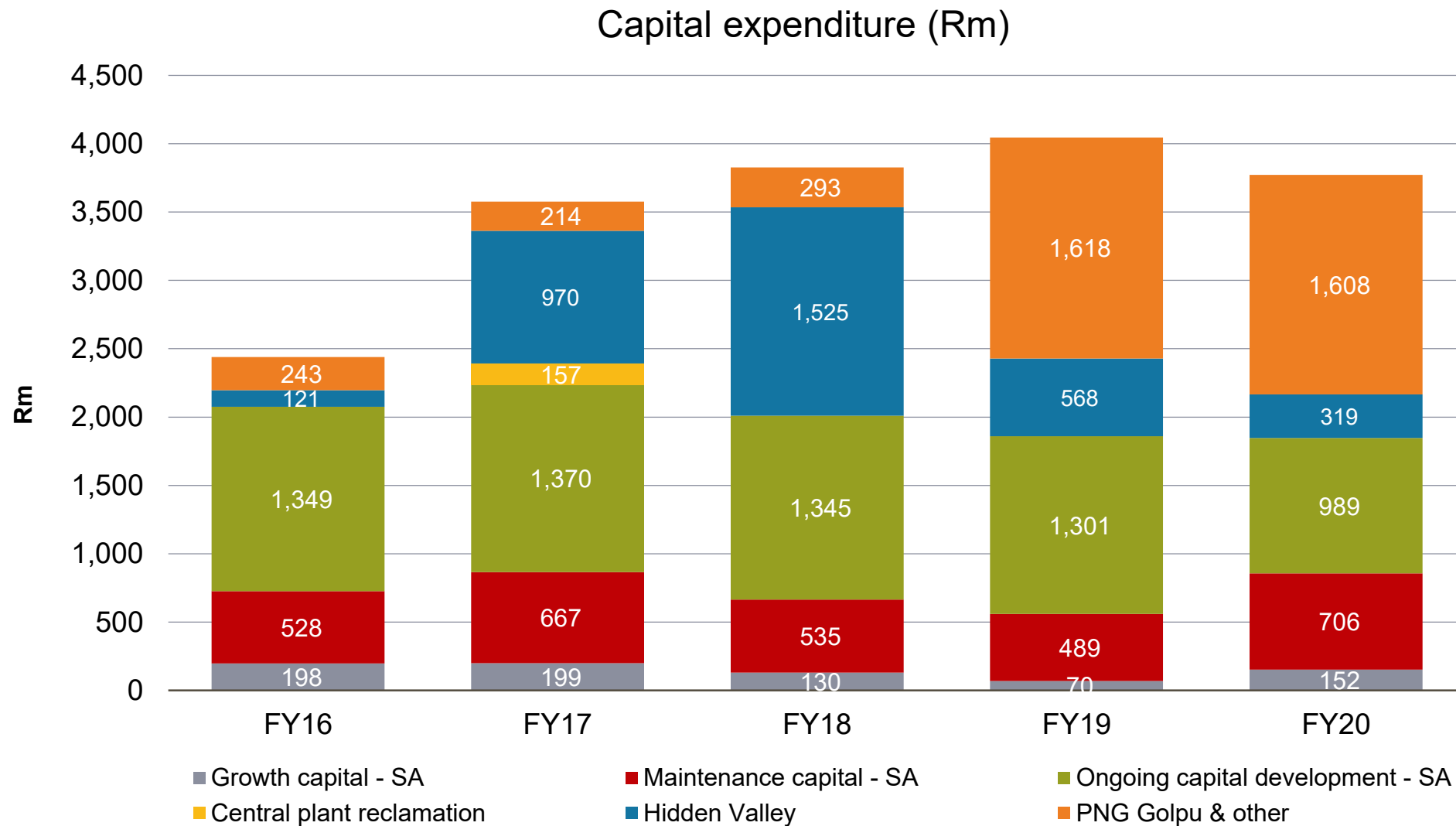




# GOLD HEDGE (AVERAGE HEDGE PRICE vs SPOT GOLD PRICE)

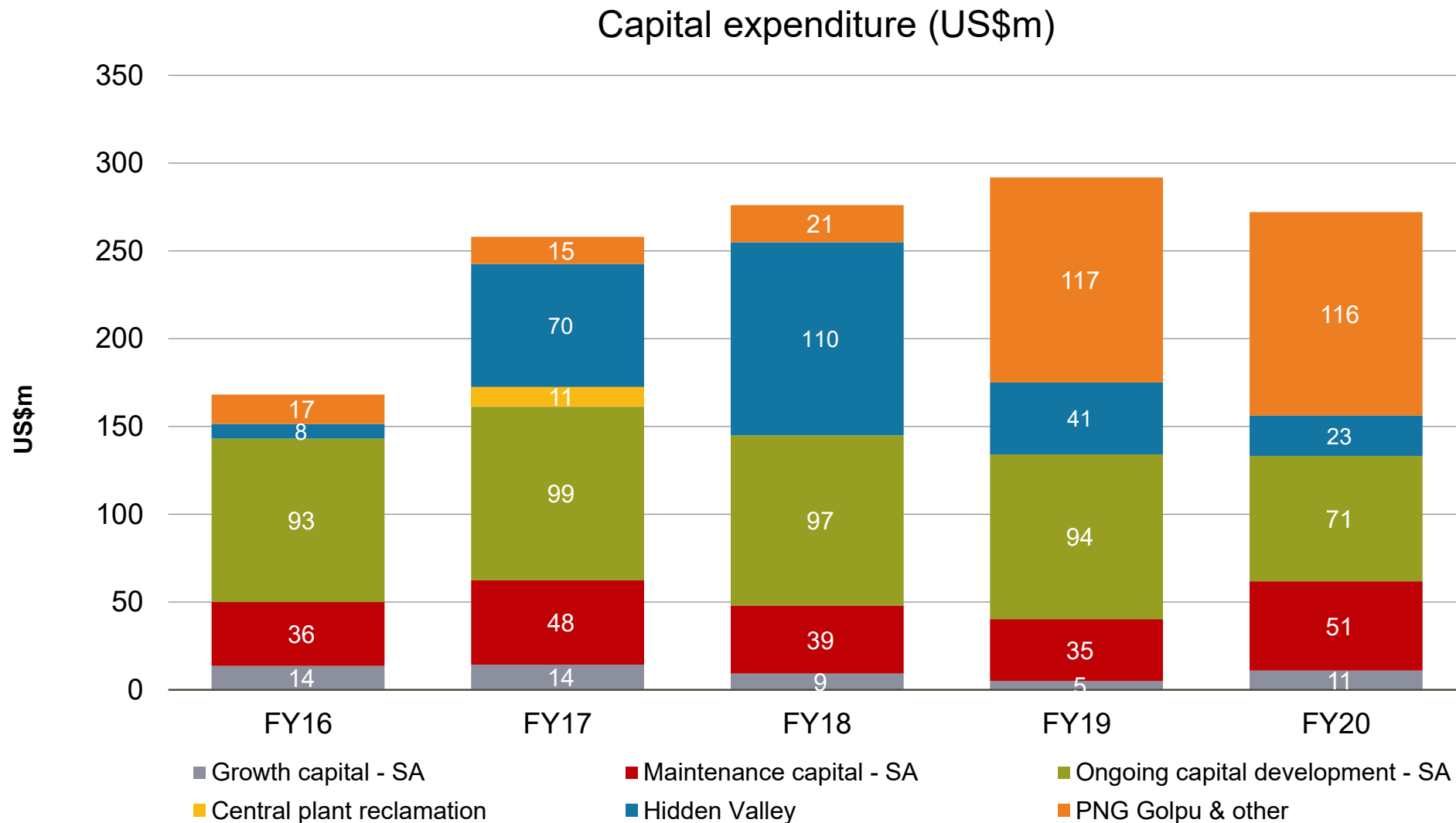


## INVESTING IN OUR ORE BODIES (RAND)



Capital expenditure in FY19 and FY20 excludes capitalised stripping for Hidden Valley

## INVESTING IN OUR ORE BODIES (US\$)



- Capital expenditure in FY19 and FY20 excludes capitalised stripping for Hidden Valley
- FY17-20 converted at an exchange rate of US\$/R13.86



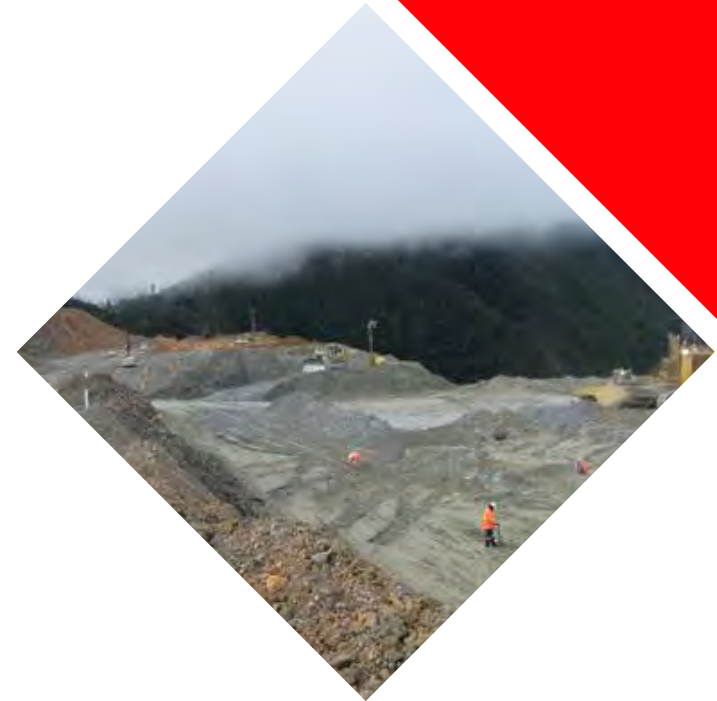
# HIDDEN VALLEY

**Johannes van Heerden, CEO South East Asia**



## POSITIONED TO GROW

- ◆ Progress in line with plan
- ◆ Waste stripping at Stage 5 has commenced
- ◆ Investment in additional and replacement mobile fleet
  - 9 additional mining trucks ordered
- ◆ Stockpile processing with Hamata ore to June 2017 followed by a five-month mill shut down
- ◆ Plant maintenance and upgrade projects planned during the shut down
- ◆ Additional 200 personnel recruited to operate and maintain additional mining equipment
- ◆ Near mine exploration programme commenced



## ACHIEVABLE PLAN

- ◆ Re-investment of net \$70m in FY17, \$110m in FY18 for net \$180m in total
- ◆ Commercial levels of production post pre-strip will be achieved in June quarter 2018
  - steady state production of about 180 000oz of gold and 3Moz of silver
- ◆ Life of mine production of 1.2Moz of gold (after re-investment 1Moz gold) and 18Moz of silver (after re-investment 16Moz silver)
- ◆ Recovered gold grade of between 1.4g/t to 1.5g/t and silver at approximately 20g/t to 23g/t
- ◆ Milling rate of approximately 4Mt per annum
- ◆ Mining rate ramps up to 28Mt per annum
- ◆ Life of mine all-in sustaining cash cost post re-investment (real) ranging from US\$850/oz to US\$950/oz on average



# POTENTIAL TO EXTEND LIFE OF MINE THROUGH SUCCESSIVE CUTBACKS

## Hidden Valley





# CONCLUSION

**Peter Steenkamp, CEO**



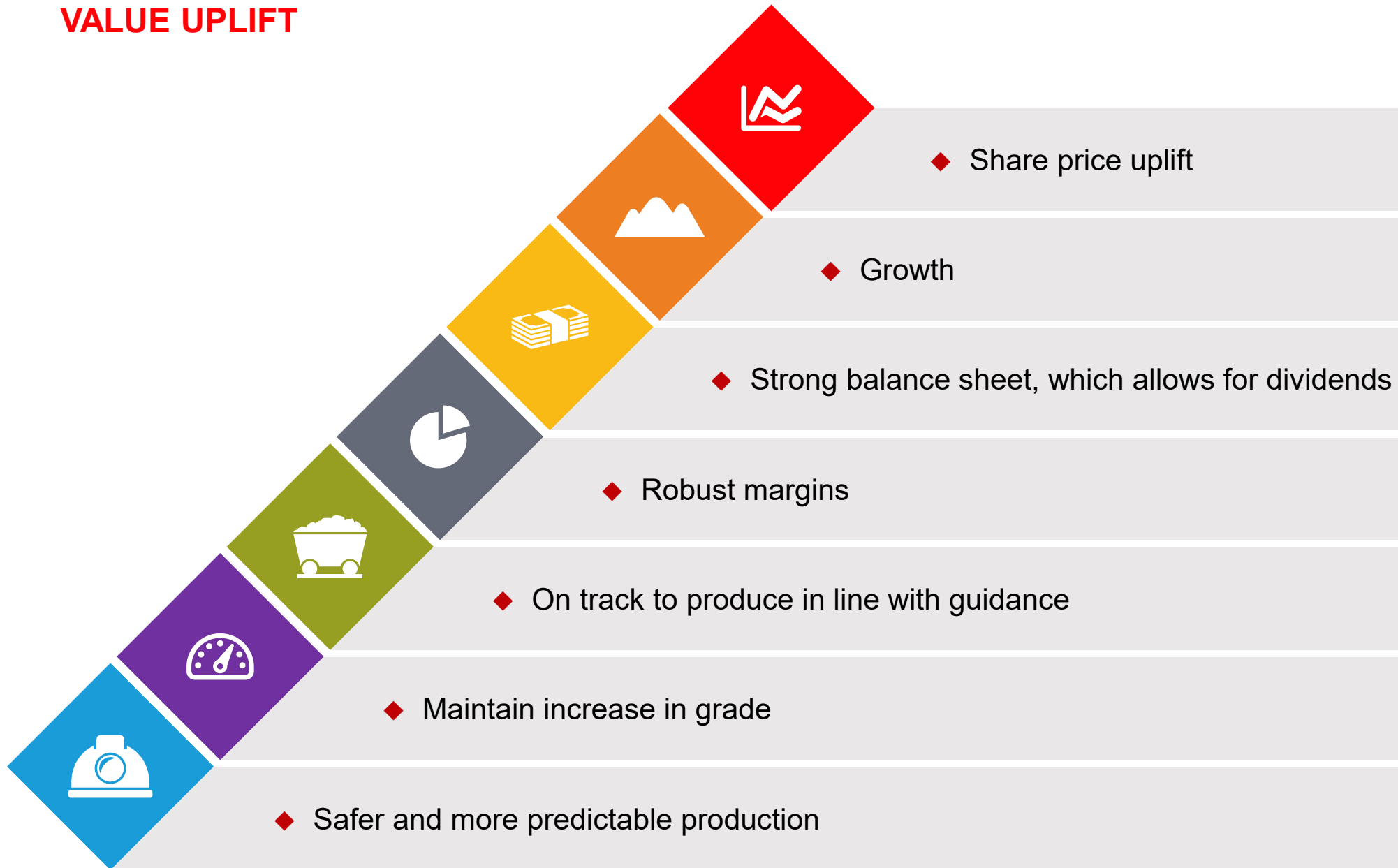


## DELIVERING ON OUR STRATEGY

- ◆ Safety improving
- ◆ Repaid most of our debt
- ◆ Shareholder returns
  - two dividends of 50 SA cents (4 US cents) each in past 12 months
- ◆ Growth opportunities
  - Hidden Valley acquisition adds 180 000 ounces by FY19
  - Brownfields exploration
  - Golpu progressing
- ◆ Pursuing acquisition assets



## VALUE UPLIFT





# QUESTIONS

Contact us at: [HarmonyIR@harmony.co.za](mailto:HarmonyIR@harmony.co.za)





# APPENDIX

Contact us at: [HarmonyIR@harmony.co.za](mailto:HarmonyIR@harmony.co.za)



## HIDDEN VALLEY PLANNING ASSUMPTIONS

<b>Mining method</b>	Open pit; owner operated and maintained conventional trucks and diggers
<b>Mining rate (steady state)</b>	35 trucks for 28Mt Total Material Mined
<b>Ore transportation</b>	5.5km overland conveyor from Hidden Valley Kaveroi pit to processing plant
<b>Processing (steady state)</b>	4 Mtpa, SAG milling; gravity recovery; flotation; carbon-in-pulp cyanide leaching and Merrill-Crowe
<b>Product</b>	Gold-silver doré
<b>Production (average)</b>	Gold: 180koz Silver: 3Moz
<b>Reserves<sup>(1)</sup></b>	1.4Moz Au (1.8g/t Au) 27Moz Ag (32g/t Ag)
<b>Resources<sup>(1)</sup></b>	4Moz Au (1.6g/t Au) 73Moz Ag (29.2g/t Ag)
<b>Mine life</b>	7 years (Reserve Case)
<b>Exploration</b>	Pipeline of exploration prospects from grassroots targets to advanced exploration prospects Potential additional 5 years mine life if HVK Stage 7 prefeasibility study successful

<sup>2</sup> As at June 2016 declaration

## HIDDEN VALLEY SUMMARY OF REINVESTMENT PLAN

Planning parameters and costs		
Total material mined	t'000	145 280
Strip ratio	waste/ore	4.5
Tonnes milled	t'000	25 091
Gold produced	oz'000	1 172
Silver produced	oz'000	17 988
Gold price	US\$/oz	1 250
Silver price	US\$/oz	18
Average mining costs*	US\$/t	3.25
Average processing costs*	US\$/t	3.00
Average G&A costs*	US\$/t	3.00
Average all in sustaining cash cost per ounce post pre-strip (real)	US\$/oz	850 - 950

\* Costs excluding all capital per tonne mined

## 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 VALUES

