



# WHY INVEST IN HARMONY



Large, profitable producer



Balance sheet strength



Quality growth prospects



Share price uplift

# OUR INVESTMENT PROPOSITION



## Large, profitable producer

- >1 Moz annual production
- 36.7 Moz reserve
  - 5.3bn pounds copper
- Operating for more than 65 years
- Grades increasing
- Achieving operational plans, generating free cash flow



## Balance sheet strength

- Low net debt
- Successful hedging strategy protects margins



## Quality growth prospects

- Hidden Valley investment plan on budget and schedule
- Golpu – world class project
- Organic and exploration pipeline
- Evaluating value accretive acquisitions



## Share price uplift

- Highly geared to gold price and Rand/US\$ exchange rate
- Emerging market exposure
- Undervalued

# ESTABLISHED OPERATIONS, GROWTH OPPORTUNITIES

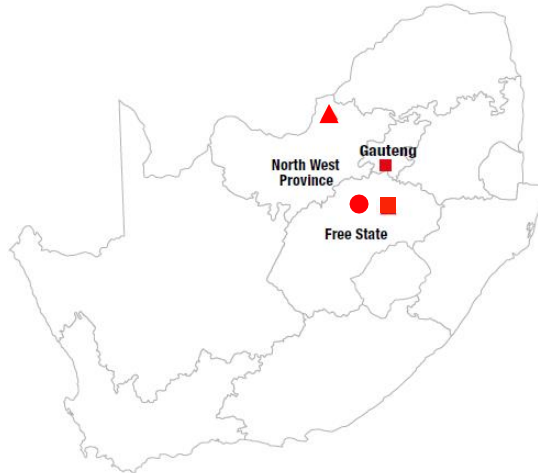


## SOUTH AFRICA

Production split

FY17	91%
FY19E	85%

- 9 underground operations
- ▲ 1 open pit mine
- Tailings retreatment operations



## PAPUA NEW GUINEA



Production split

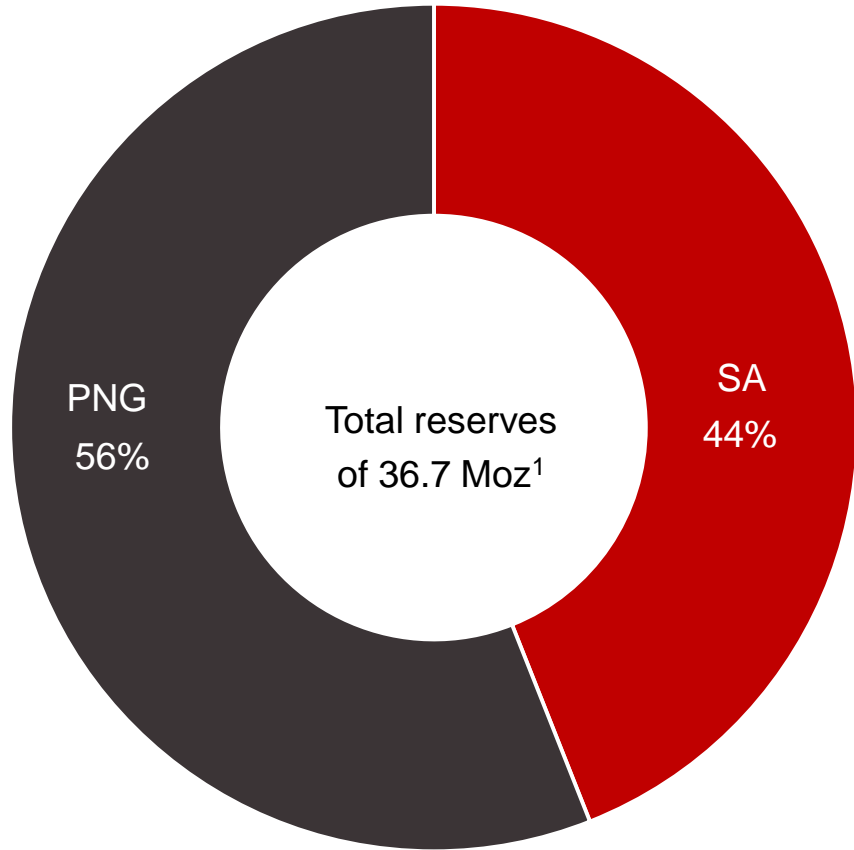
FY17	9%
FY19E	15%

- ▲ Hidden Valley (open pit mine)
- Golpu copper-gold project (50:50 JV)

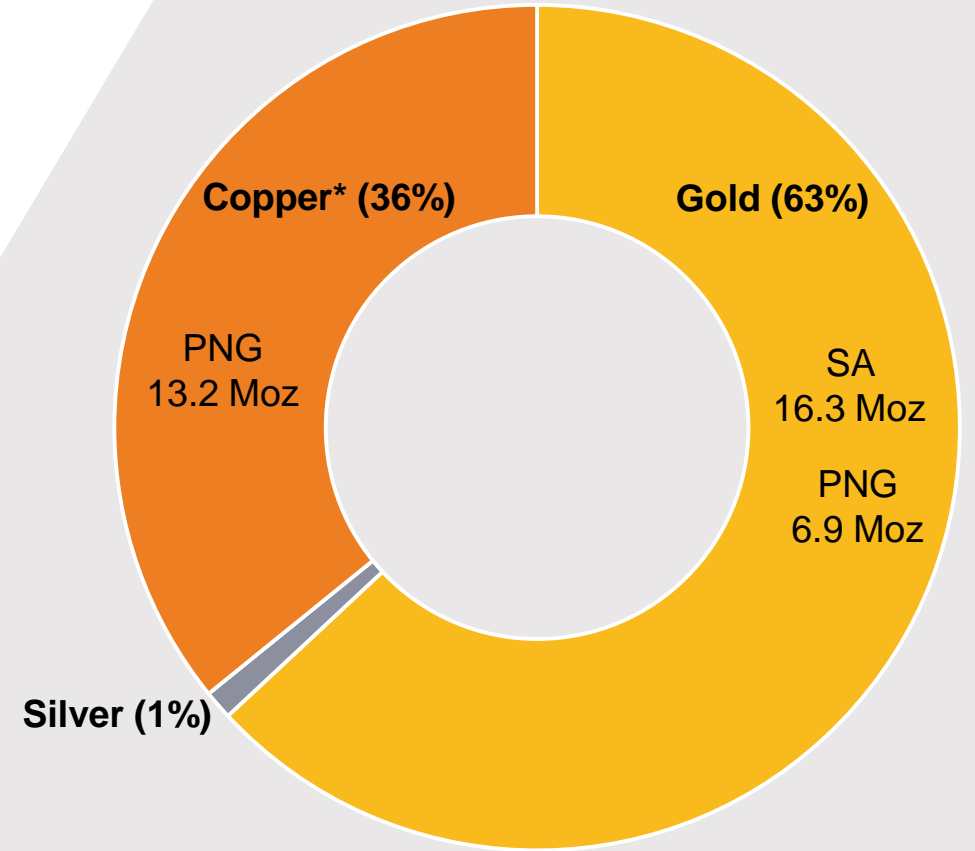
Multiple exploration areas (50% and 100%)

# QUALITY RESERVES – GOLD AND COPPER

Geographic diversification



Mineral diversification<sup>1</sup>



<sup>1</sup> Copper and silver as gold equivalents based on US\$1 200/oz Au, US\$3.0/lb Cu, US\$18.00/oz Ag  
 \* Represents Harmony's equity portion of 50%  
 Refer to [www.harmony.co.za](http://www.harmony.co.za) for detail.

Golpu gold and copper reserves\*

Tonnes (Mt)	Grade %	Cu 'Bn lb	Grade g/t	Au Moz
189.6	1.26	5.26	0.91	5.5

# DELIVERED ON STRATEGIC OBJECTIVES IN FY17

## Strategy

Safe, profitable ounces and increasing margins

## Strategic pillars



Operational  
excellence



Cash  
certainty



Effective capital  
allocation

## Delivered

- Safety performance improved
- Achieved FY17 production guidance - 2<sup>nd</sup> consecutive year
- Increase in underground recovery grade continued

- Reduced net debt – strong balance sheet leads to flexibility
- Hedging strategy – secures cash flow margins

- Hidden Valley investment plan on budget and schedule (180koz)
- Golpu study updates underway
- Dividends declared out of profits

# SOLID INVESTMENT CASE



## Large, profitable producer

- safe, predictable production
- maintain increase in grade



## Balance sheet strength

- low net debt allows for growth
- hedging strategy protects margins



## Quality growth prospects

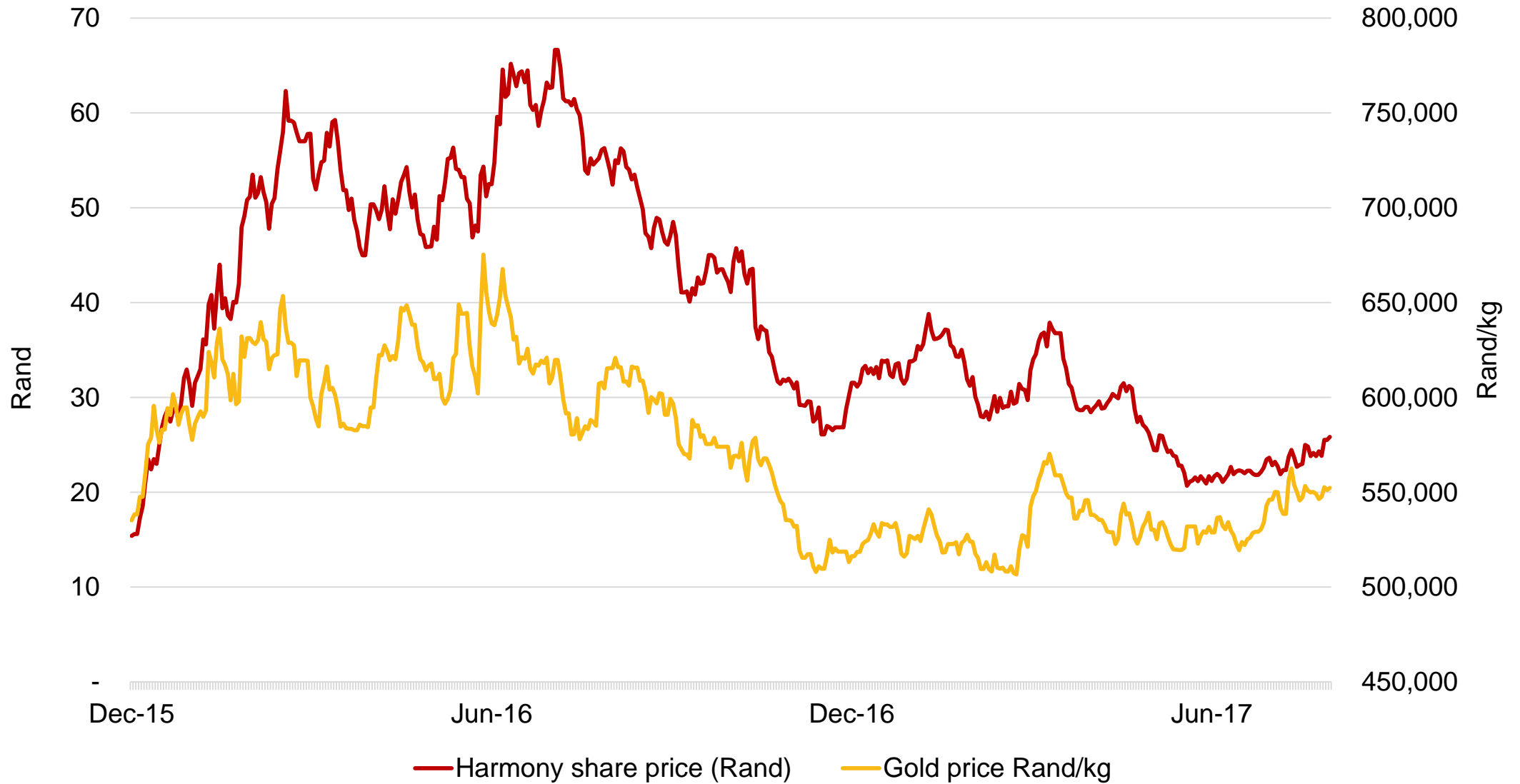
- Golpu – world class project
- organic, exploration, value accretive acquisitions



## Share price uplift

- Rand hedge gearing
- emerging market exposure, undervalued

# SHARE PRICE GEARED TO RAND GOLD PRICE



Source: Factset,





# OPERATIONAL EXCELLENCE



# SAFETY, FLEXIBILITY AND PREDICTABILITY



Operational excellence - creating an enabling environment



## Safety and health

Proactive, risk-based approach:

- improved safety performance
- fatality rates improved



## Infrastructure management

Optimising asset management:

- reduced unplanned stoppages
- improved equipment utilisation and efficiencies



## Grade management

No mining below cut-off and mining to average reserve grade:

- increase in underground recovery grade
- development grades encouraging



## Capital allocation; reducing costs

Focused capital allocation and prioritization:

- Hidden Valley investment on track
- cost structure to fit the plan

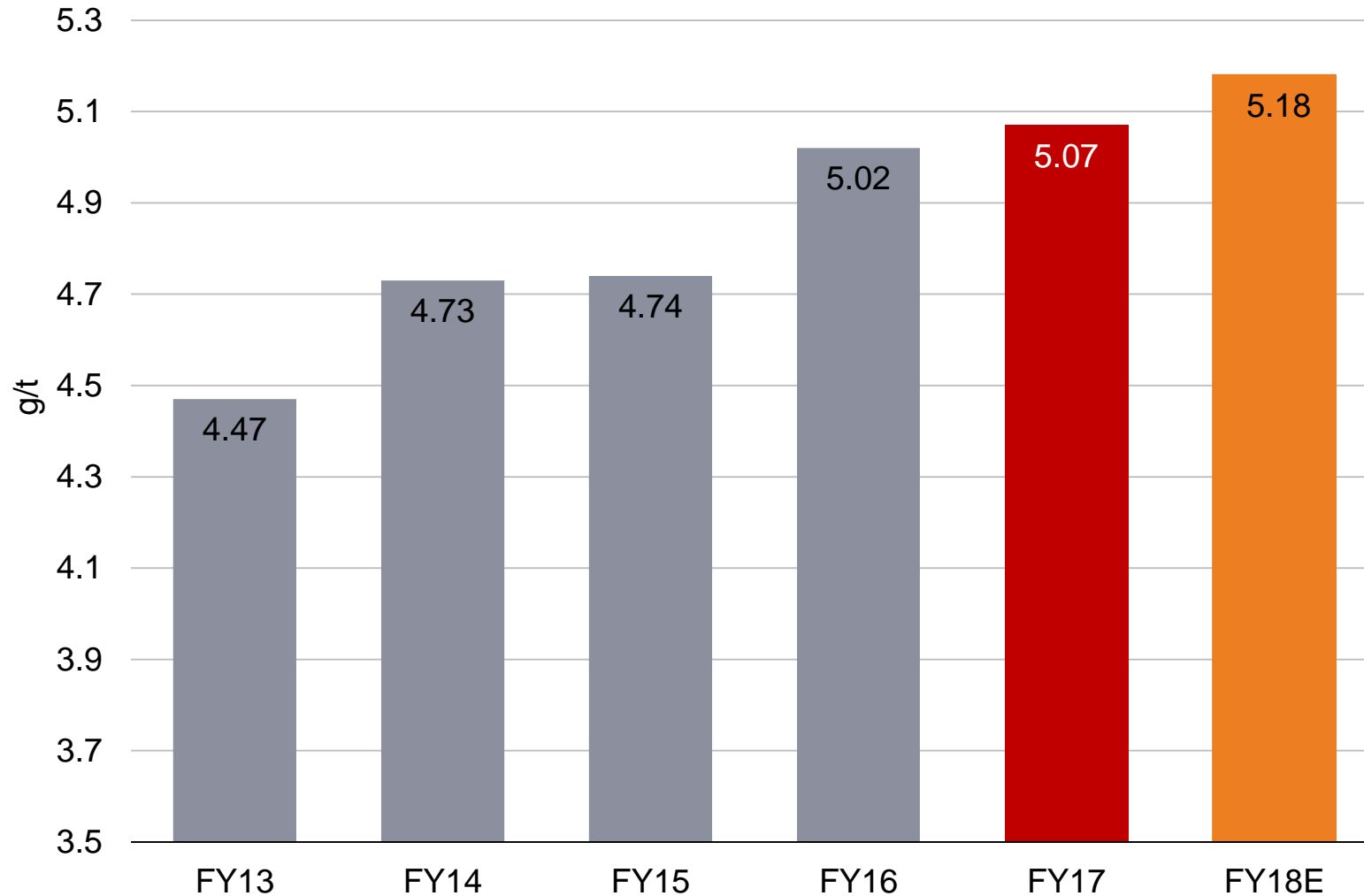


## Realistic production plans

Consistent, predictable production

- production guidance met
- planned flexibility

# CONSISTENTLY IMPROVING UNDERGROUND GRADE



## Grade performance

- Only South African gold miner with improved underground grade profile
- Grade discipline is key
  - no mining below cut-off
  - mining to average reserve grade
- Projects deliver increased grade:
  - Phakisa, Tshepong decline deliver higher grades
  - mining the Bambanani high grade shaft pillar
  - Kusasaletu's shorter life-of-mine focuses on higher grade areas

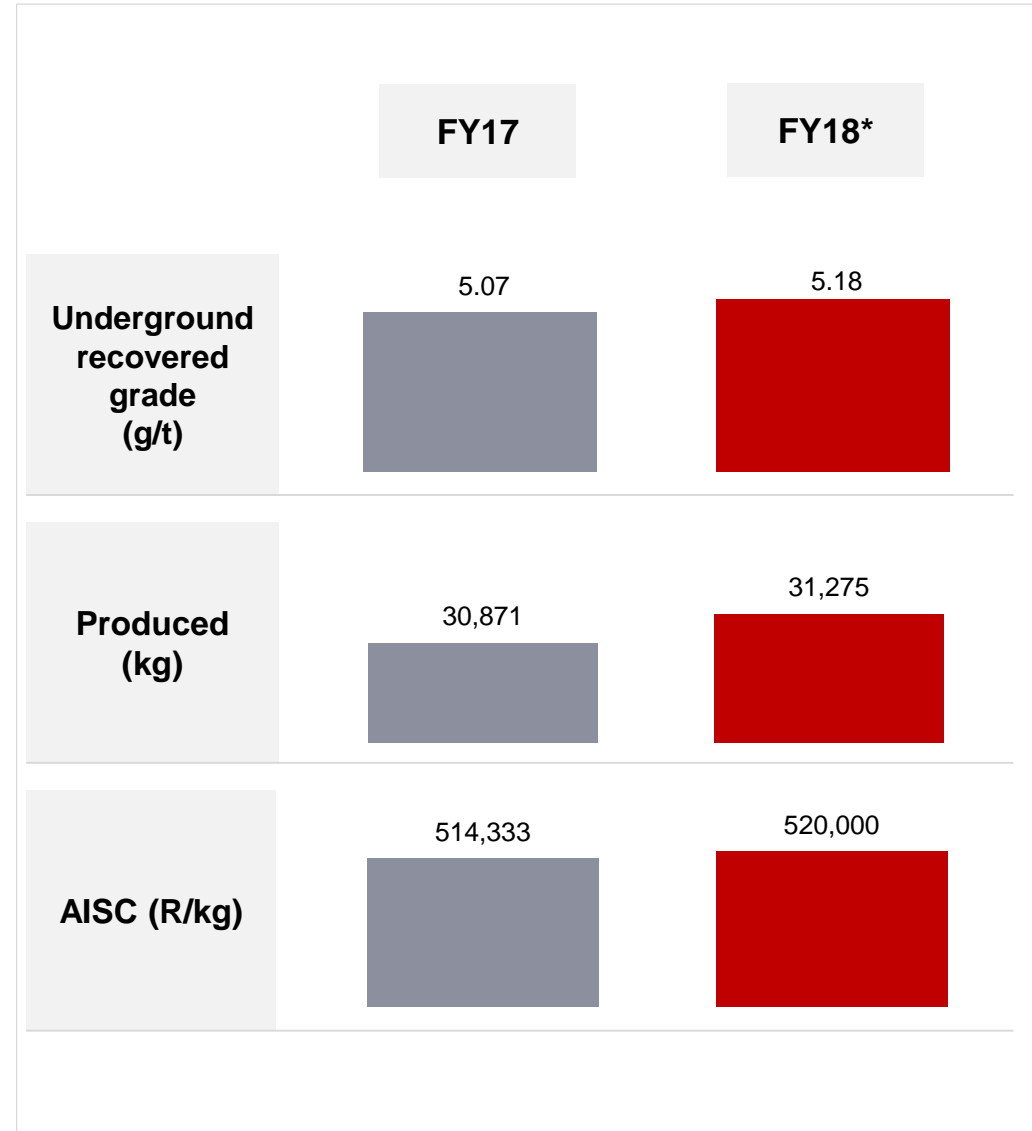
# SOUTH AFRICAN ASSET PORTFOLIO

South Africa	Nature	Operation	FY17 production split	Asset priority
<b>Underground</b>	Growth	Tshepong operations Joel	36%	Growth capital allocated
	High margin	Bambanani (AISC <US\$850)	9%	Short life - improve productivity to maximise cash flow
	Longer life	Doornkop, Target 1	17%	Growth opportunities to be explored
	Short life	Kusasaletu Masimong Unisel	28%	Operational excellence key in generating free cash flow
<b>Surface</b>	Open-pit	Kalgold	4%	Exploration programme
	Tailings retreatment	Phoenix Central plant/dumps	6%	Low risk, high volume, cost management

# SA FORECAST (FY18)



<p><b>Opportunities</b></p>	<p>Operational excellence will extend life of mines Tshepong/Phakisa integration Joel decline – increase grade</p>
<p><b>Key risks</b></p>	<p>Cost containment Safety</p>



\*FY18 guidance

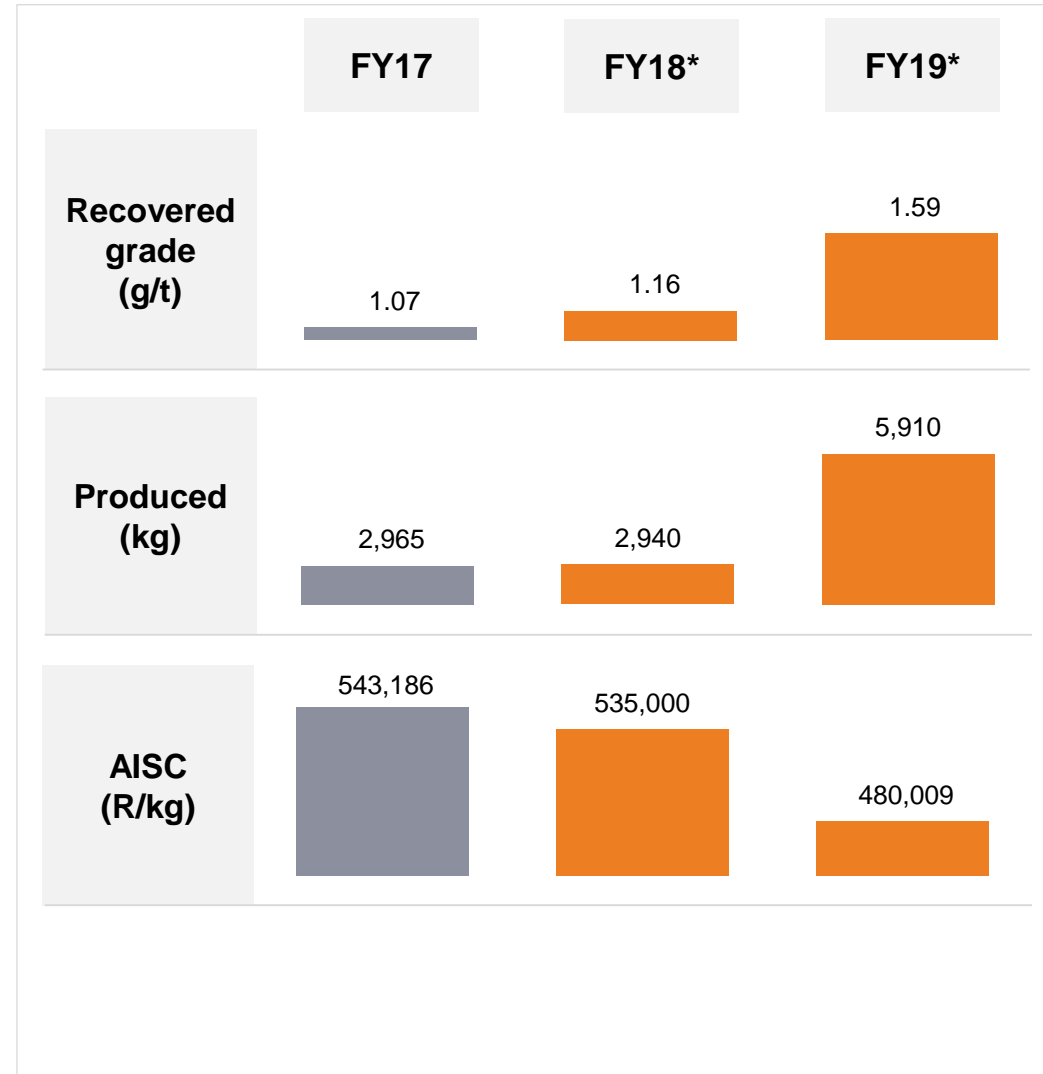
# PAPUA NEW GUINEA ASSET PORTFOLIO

PNG	Nature	Operation	Asset priority
<b>Operation</b>	Open-pit	Hidden Valley	Stage 5 and 6 investment
<b>Exploration</b>	Definitive feasibility	Golpu – Stage 1	Optimise study outcomes
	Prefeasibility/ feasibility	Golpu - Stage 2	Study work to optimise Golpu value
		Hidden Valley – Stage 7	Exploration to extend 7 year mine life
	Conceptual scoping	Kili Teke	To consider strategic options
	Exploration	PNG exploration	Identify high grade Wau satellite deposits to be process at Hidden Valley plant

# HIDDEN VALLEY FORECAST (FY18 AND FY19)



<b>Opportunities</b>	<ul style="list-style-type: none"> <li>▪ Exploration – satellite deposits</li> <li>▪ Stage 7 cutback to extend life-of-mine</li> </ul>
<b>Key risks</b>	<ul style="list-style-type: none"> <li>▪ Safety</li> </ul>



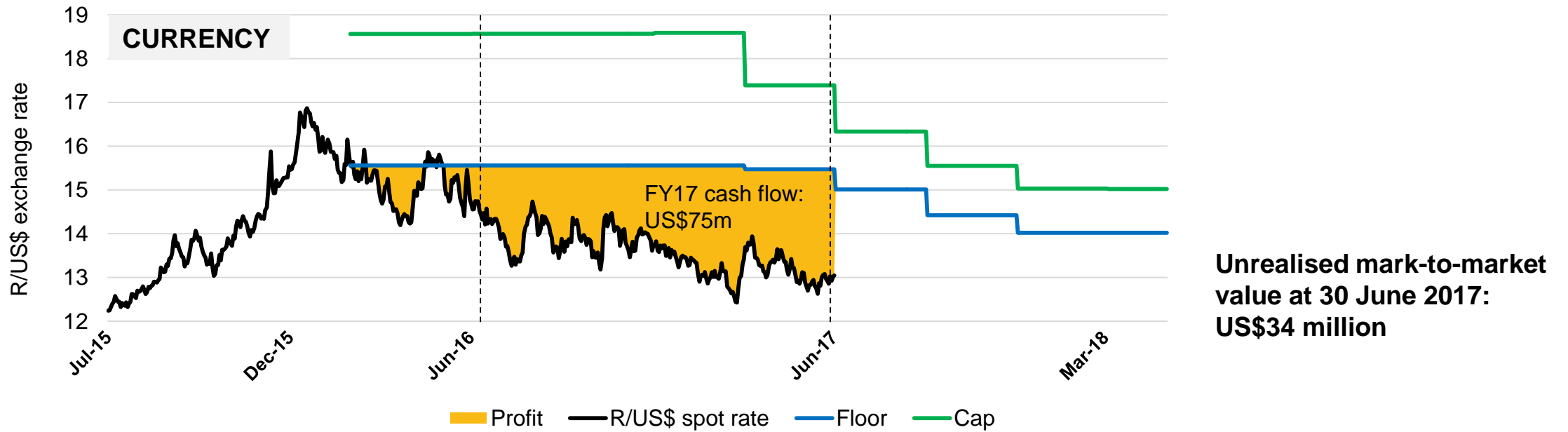
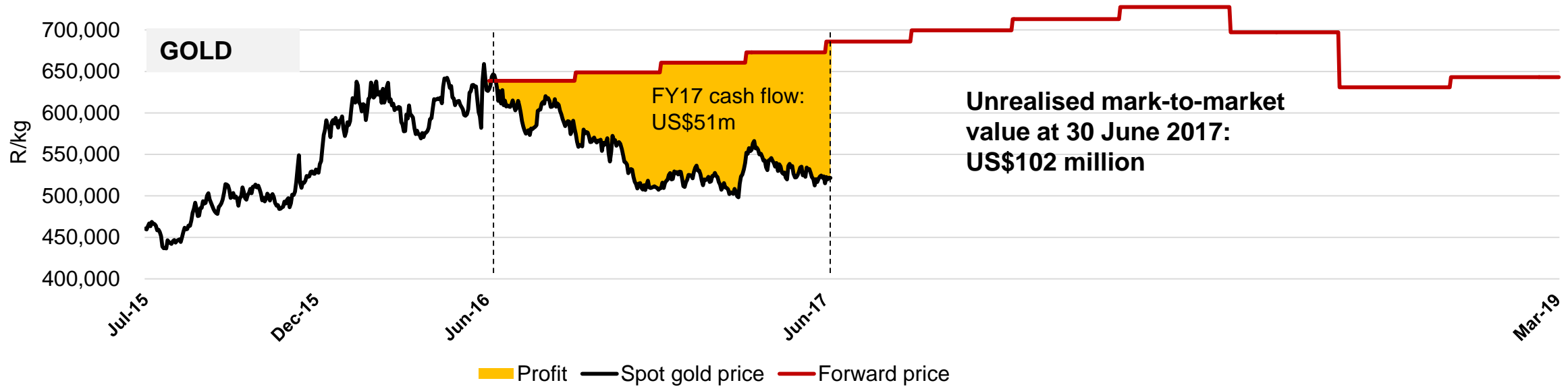


# CASH CERTAINTY

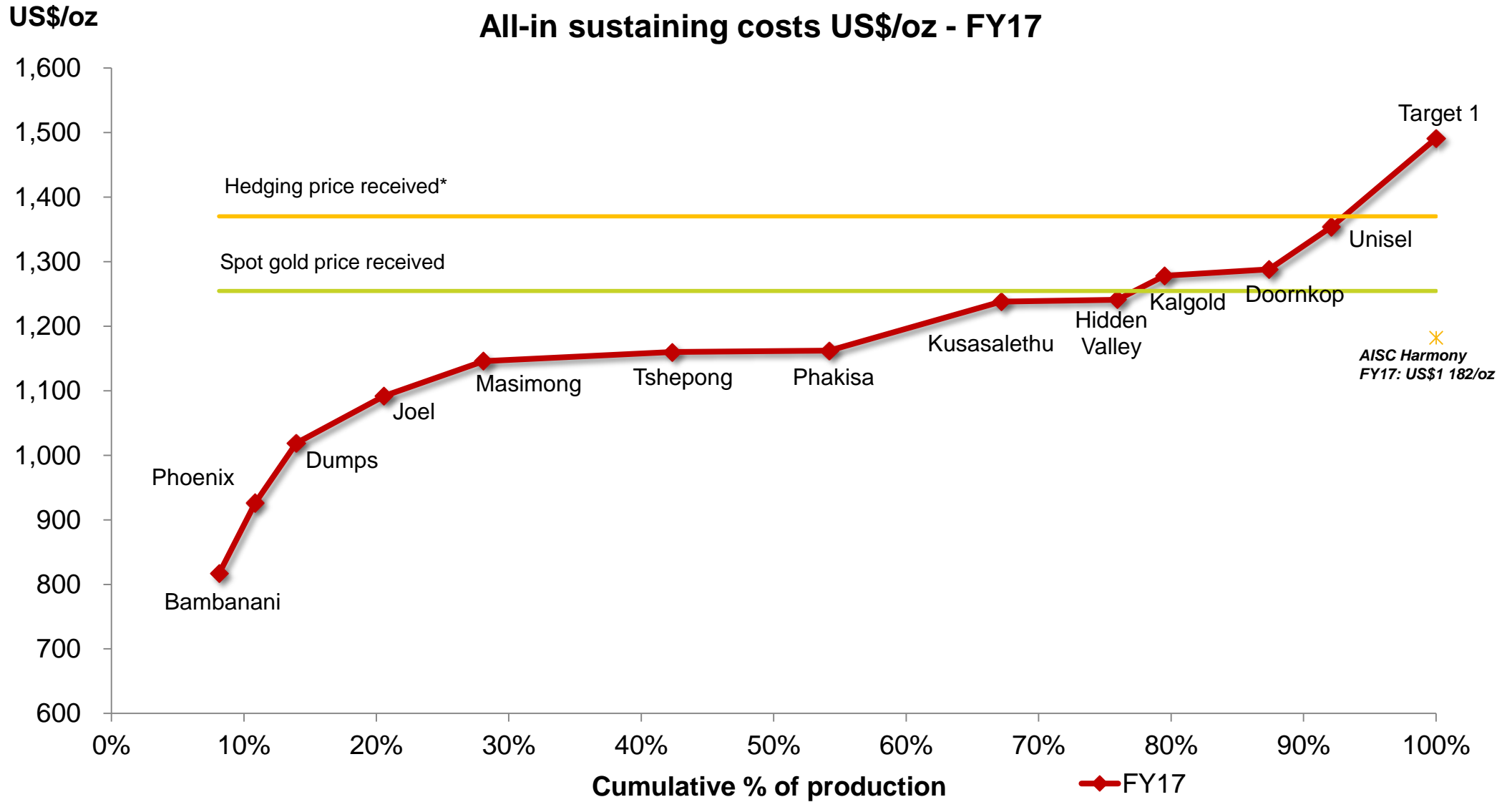




# SUCCESSFUL HEDGING PROGRAMMES REALISE US\$126 MILLION



# HEDGING STRENGTHENS MARGINS (US\$)



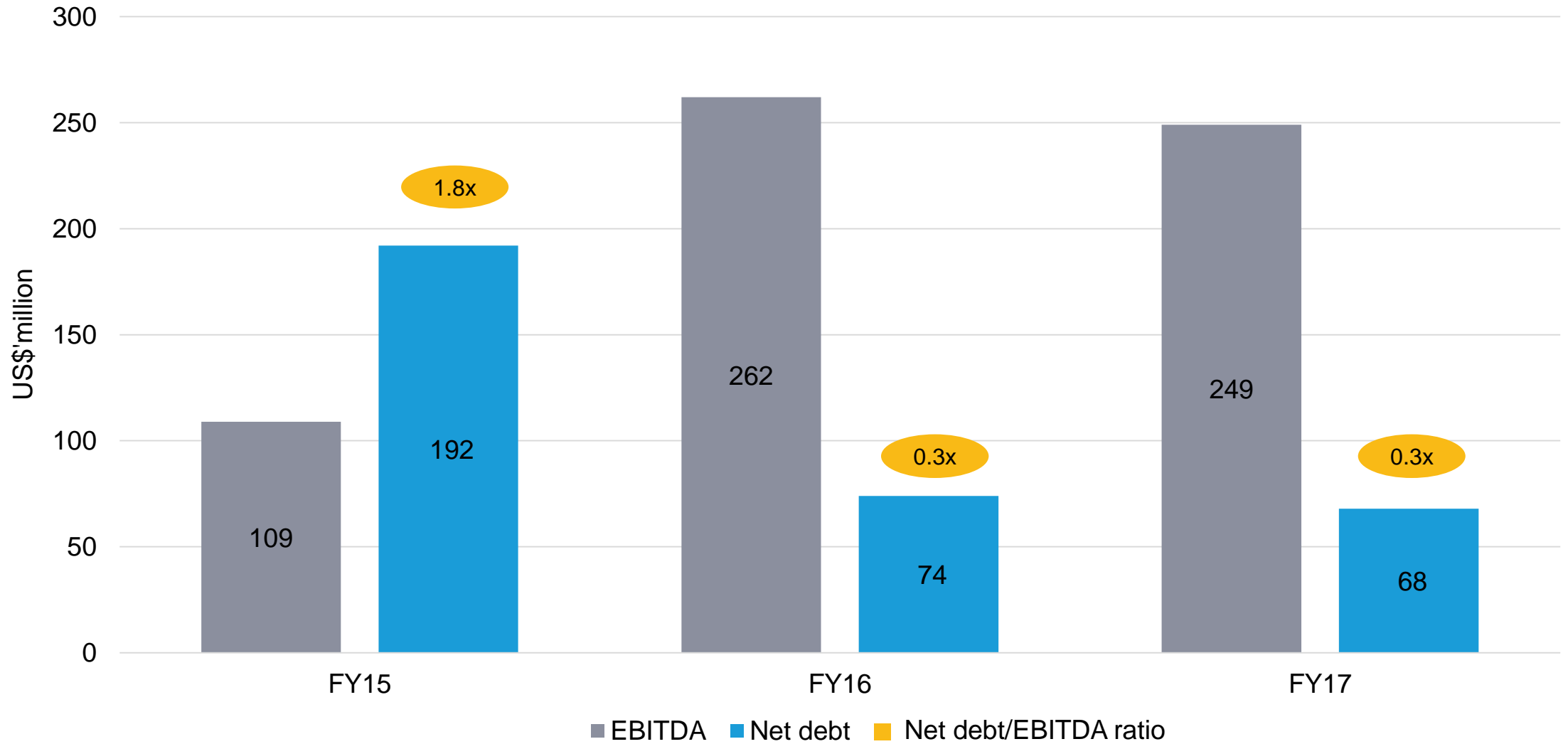
\*  
 AISC Harmony  
 FY17: US\$1 182/oz

# HEDGING PROGRAMME SUMMARY AT 30 JUNE 2017

		FY18				FY19				TOTAL		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Currency	US\$m	111	132	120	59					422	Approx. 35% of annual revenue, at weighted average floor:R14.39/US\$, cap:R15.50/US\$	
	US\$/ZAR collars	Floor	15.00	14.40	14.00	14.00						
	Cap	16.30	15.50	15.00	15.00							
Commodity	ZAR/Gold forward sale contracts	'000 oz	54	54	54	54	54	27	27		324	Approx. 20% of production over next two years, at average of R693 473/kg
		R'000/kg	686	700	713	728	697	630	643			
	US\$/gold forward sale contracts	'000 oz	4	3	12	15	15	15			64	Approx. 20% of Hidden Valley production over next two years, at average of US\$1 276/oz
		US\$/oz	1 265	1 270	1 272	1 275	1 278	1 281				
	Total gold	'000 oz	58	57	66	69	69	42	27		388	
US\$/Silver collars	'000 oz	40	60	180	210	240	240			970	Approx. 16% of Hidden Valley silver production spread over 18 months	
	Floor	17.10	17.10	17.10	17.10	17.10	17.10					
	Cap	18.10	18.10	18.10	18.10	18.10	18.10					

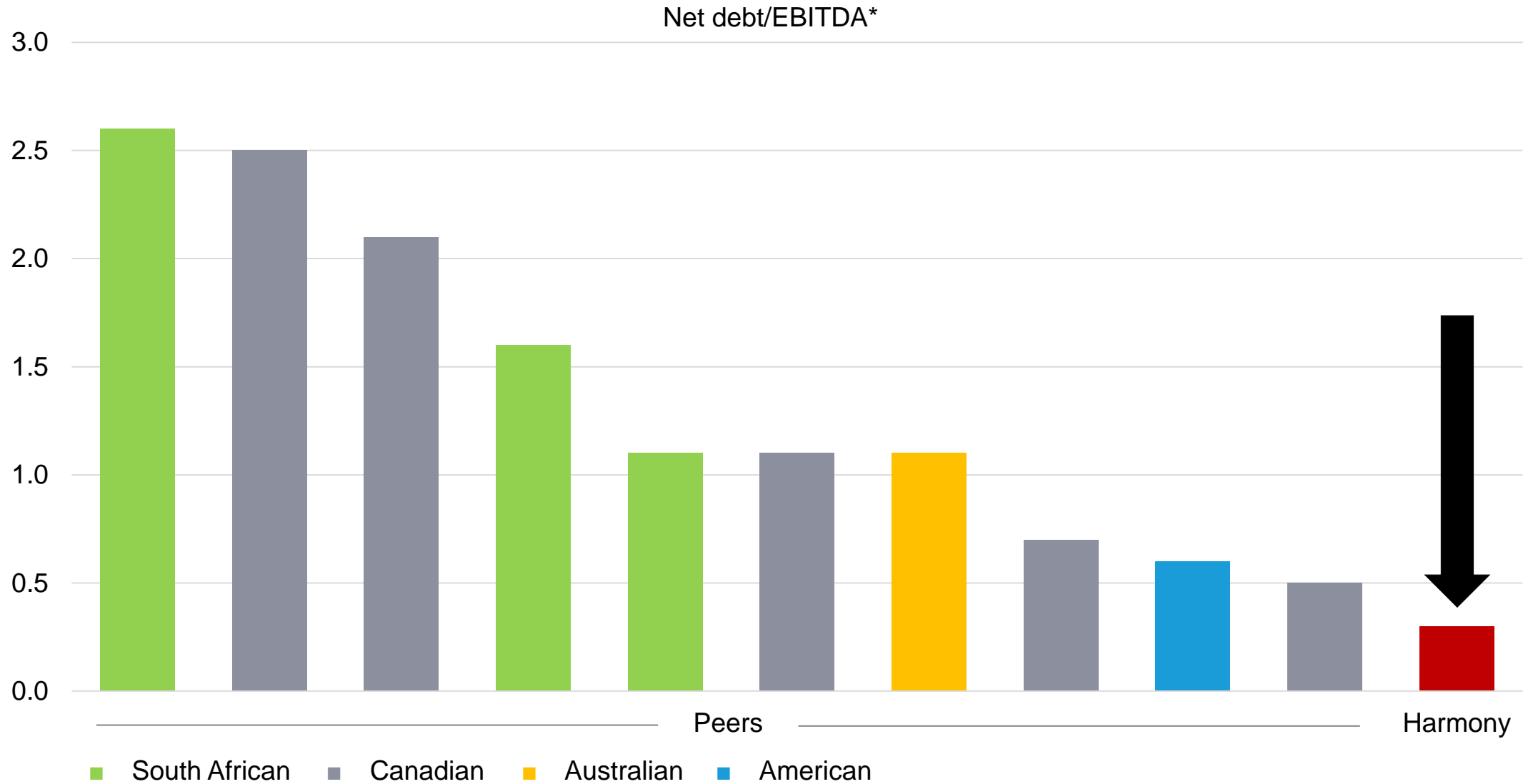
Hedging programmes topped-up as and when opportunities arise to lock in attractive margins for the business.

# LOW NET DEBT LEADS TO FLEXIBILITY



EBITDA: operating profit, excluding amortization and depreciation, impairment and loss on scrapping of property, plant and equipment

# NET DEBT COMPARED TO MAJOR PEERS



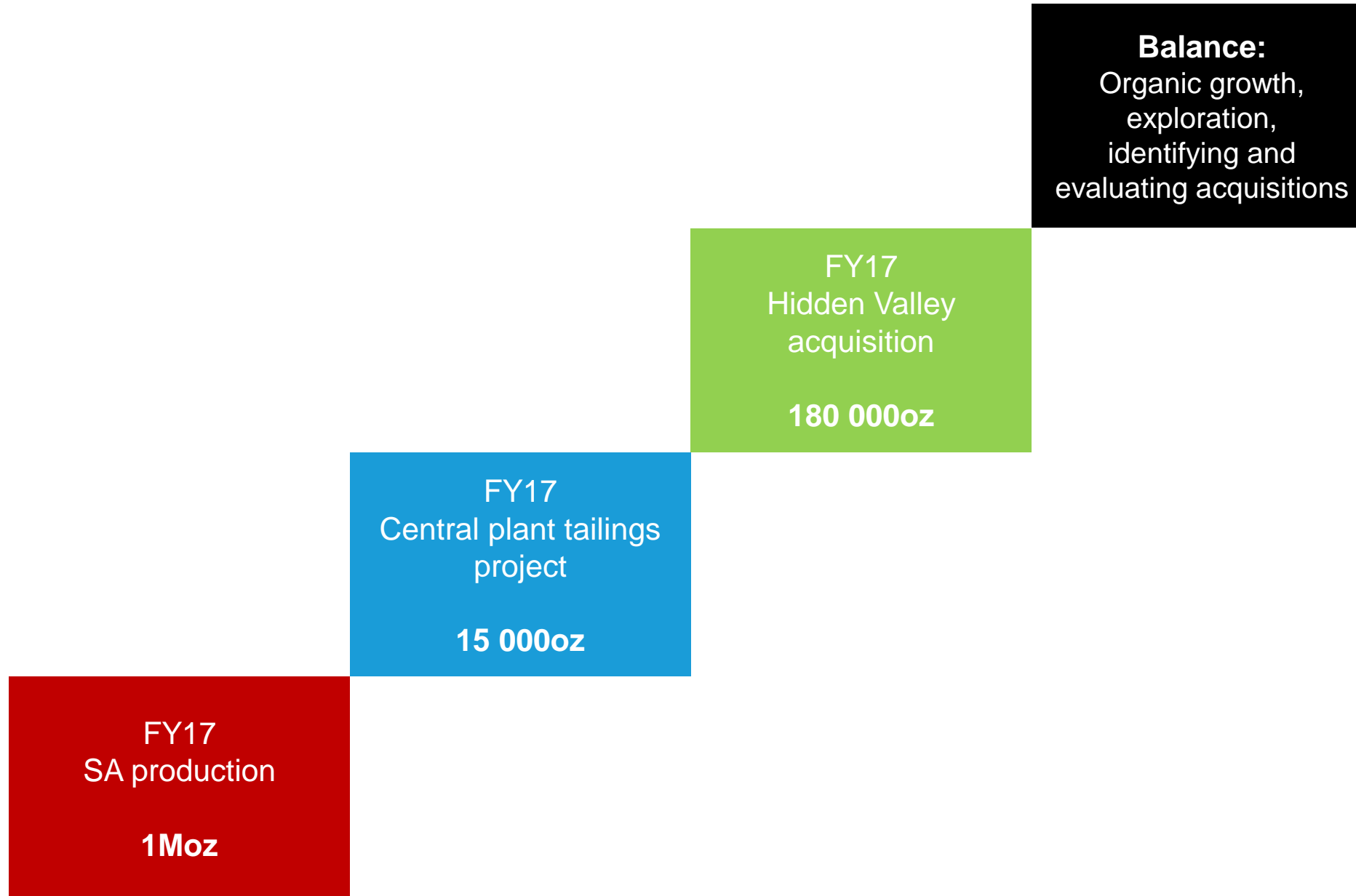
\* Net debt to last twelve months EBITDA.  
Source: Company filings for 30 June 2017.



# EFFECTIVE CAPITAL ALLOCATION



# PROGRESS MADE TOWARDS ASPIRATION OF 1.5MOZ BY FY19



# GROWING OUR OUNCES THROUGH ACQUISITION

## Acquisition criteria

- ◆ Gold mines
- ◆ 1 - 2 Moz reserves
- ◆ More than 100 000 oz per annum
- ◆ Life of mine of 10 years or more
- ◆ Producing or late stage development near producing
- ◆ Low cost, cash generative asset (all-in sustaining cost of less than US\$950/oz)
- ◆ South Africa, the rest of Africa, PNG



# HIDDEN VALLEY INVESTMENT – 180 000OZ BY FY19

## Strong fundamentals

- ✓ Project economics – support FCF
  - IRR well exceeding 20%
  - LOM 6 years, AISC average US\$850/oz to US\$950/oz
  - Steady state production:  
Au:180 000oz; Ag: 3Moz
- ✓ Targeted commercial levels of production in June 2018 quarter
- ✓ Sizeable gold and silver reserve
- ✓ Potential mine life extension through stage 7 (in study phase, 25Mt, Au: 1.3 Moz; Ag: 25Moz)
- ✓ Further exploration opportunities



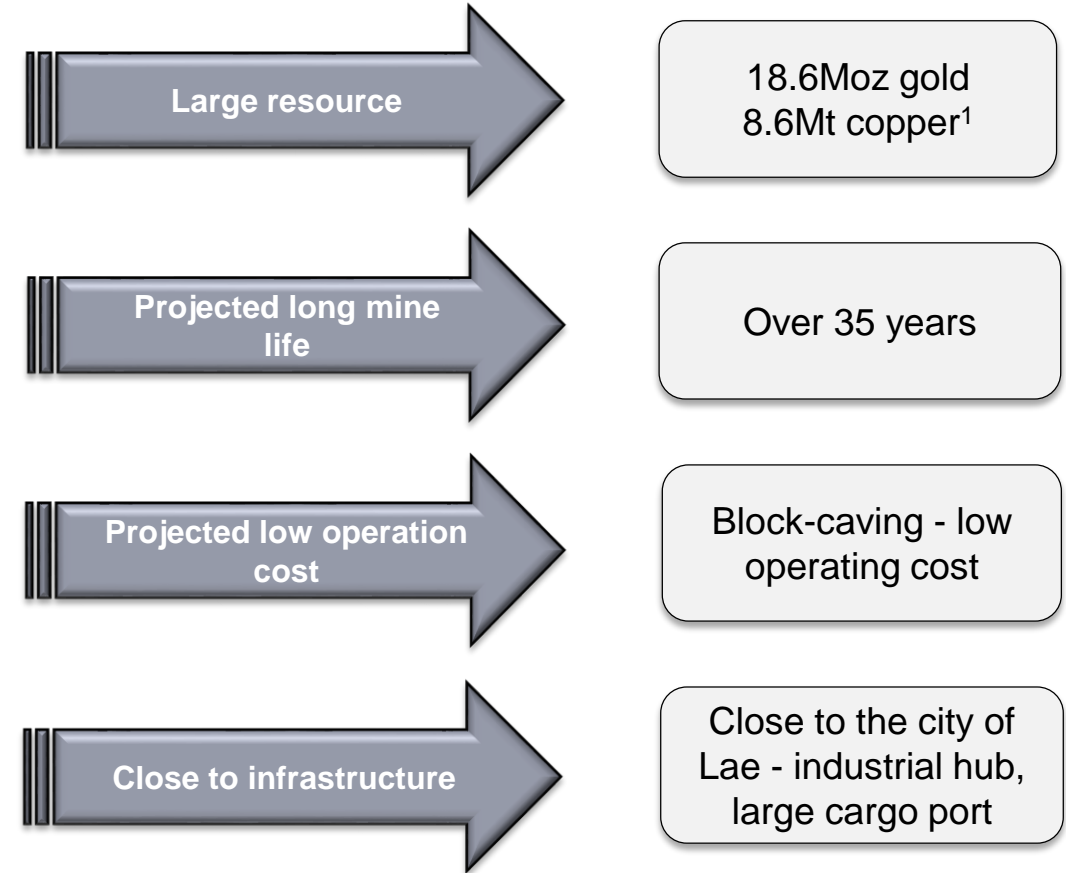
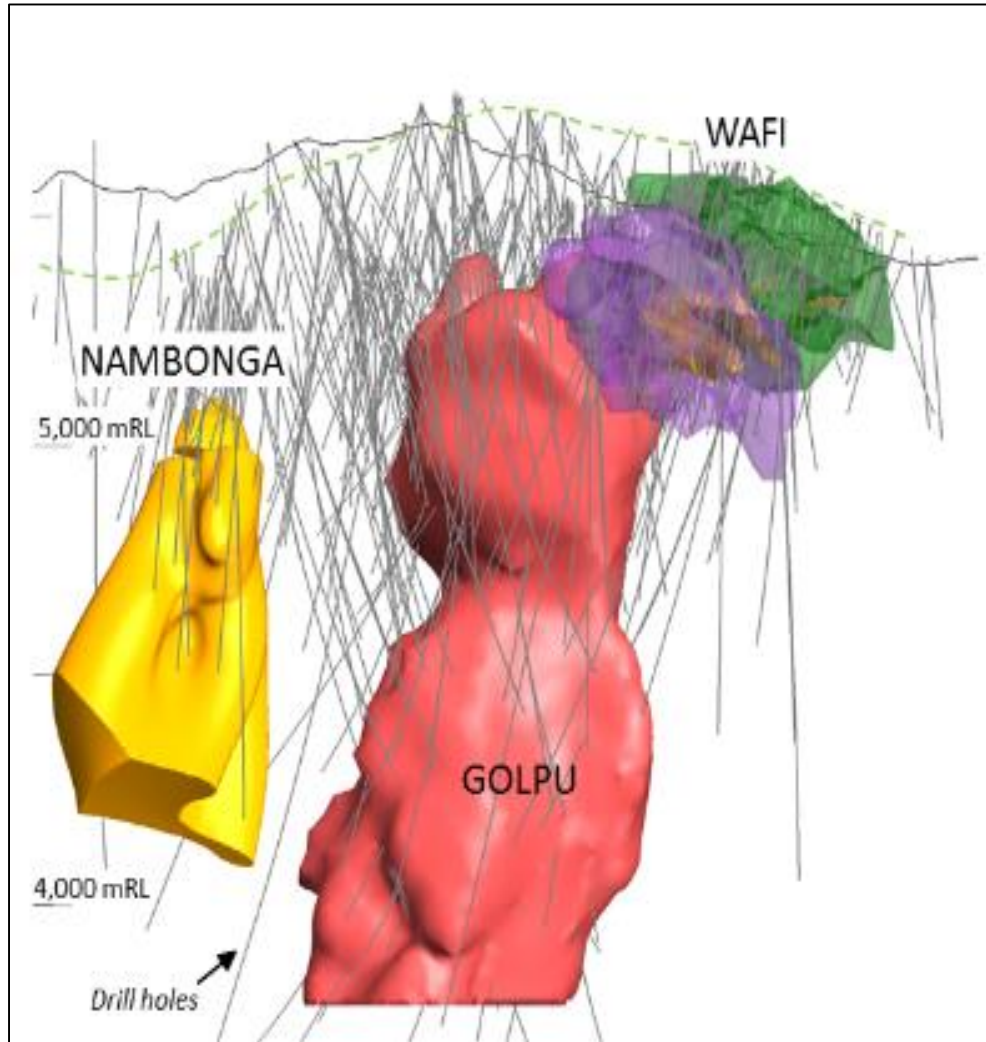
# INVESTMENT PLAN ON BUDGET AND SCHEDULE

- ✓ Ahead of schedule and operational performance in line with budget

Milestones	FY17 achievements
<b>Safety</b>	<ul style="list-style-type: none"> <li>▪ No safety related work stoppages</li> <li>▪ Industry benchmark LTIFR achieved</li> </ul>
<b>Production performance</b>	<ul style="list-style-type: none"> <li>▪ Operational ounces exceeded plan</li> <li>▪ Waste stripping ahead of plan</li> </ul>
<b>Process plant shutdown, upgrade and major maintenance projects</b>	<ul style="list-style-type: none"> <li>▪ Reduced from 5 months to 4 months (commenced August 2017)</li> </ul>
<b>Budget</b>	<ul style="list-style-type: none"> <li>▪ Net investment spend in line with market guidance of US\$70 million (FY17 actual: US\$68 million)</li> </ul>

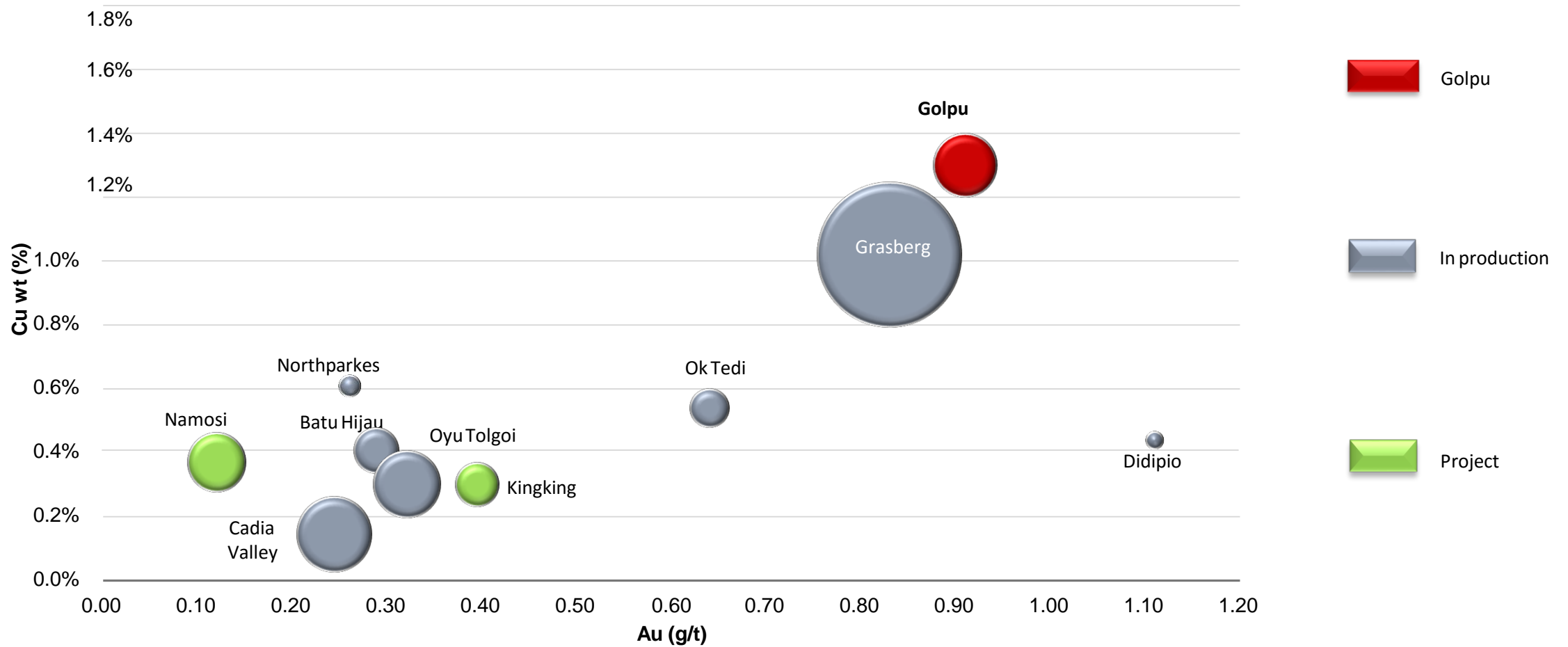


# WAFI-GOLPU IS A WORLD CLASS OREBODY



1. Wafi:Golpu is held in a 50:50 JV with Newcrest Mining Limited (Newcrest). For full Resource and Reserve declarations please refer to either [www.harmony.co.za](http://www.harmony.co.za) or to Newcrest's Annual Statement of Mineral Resources and Ore Reserves as at 30 June 2017 at [www.newcrest.com.au](http://www.newcrest.com.au). Resource figures quoted on 100% basis.

# GOLPU – A QUALITY HIGH GRADE RESERVE (SE ASIA)



	Cu '000t	Au '000oz	Au equivalent Moz
Peak annual production (100%)*	150	320	+ 1

Source: Rothschild  
 Reserve grade depicted in graph with bubble size represents equivalent resource  
 Refer to Harmony's resources and reserves statement at [www.harmony.co.za](http://www.harmony.co.za)  
 \*Wafi: Golpu is held in a 50:50 JV with Newcrest.

# WAFI-GOLPU STUDY ONGOING

## Work program

### Progressing work plan

- Deep sea tailings placement (DSTP) study
- Hydrogeological drilling to inform updated model

## Current study focus

- Current study work focused on:
  - DSTP options
  - self-generation power supply options
  - reassessment of block cave levels and increased mining rates
- Business case to be updated and optimised
  - updated study expected to be completed end Q3FY18
- Timing of first production subject to obtaining necessary approvals

## Amendment to proposal for development

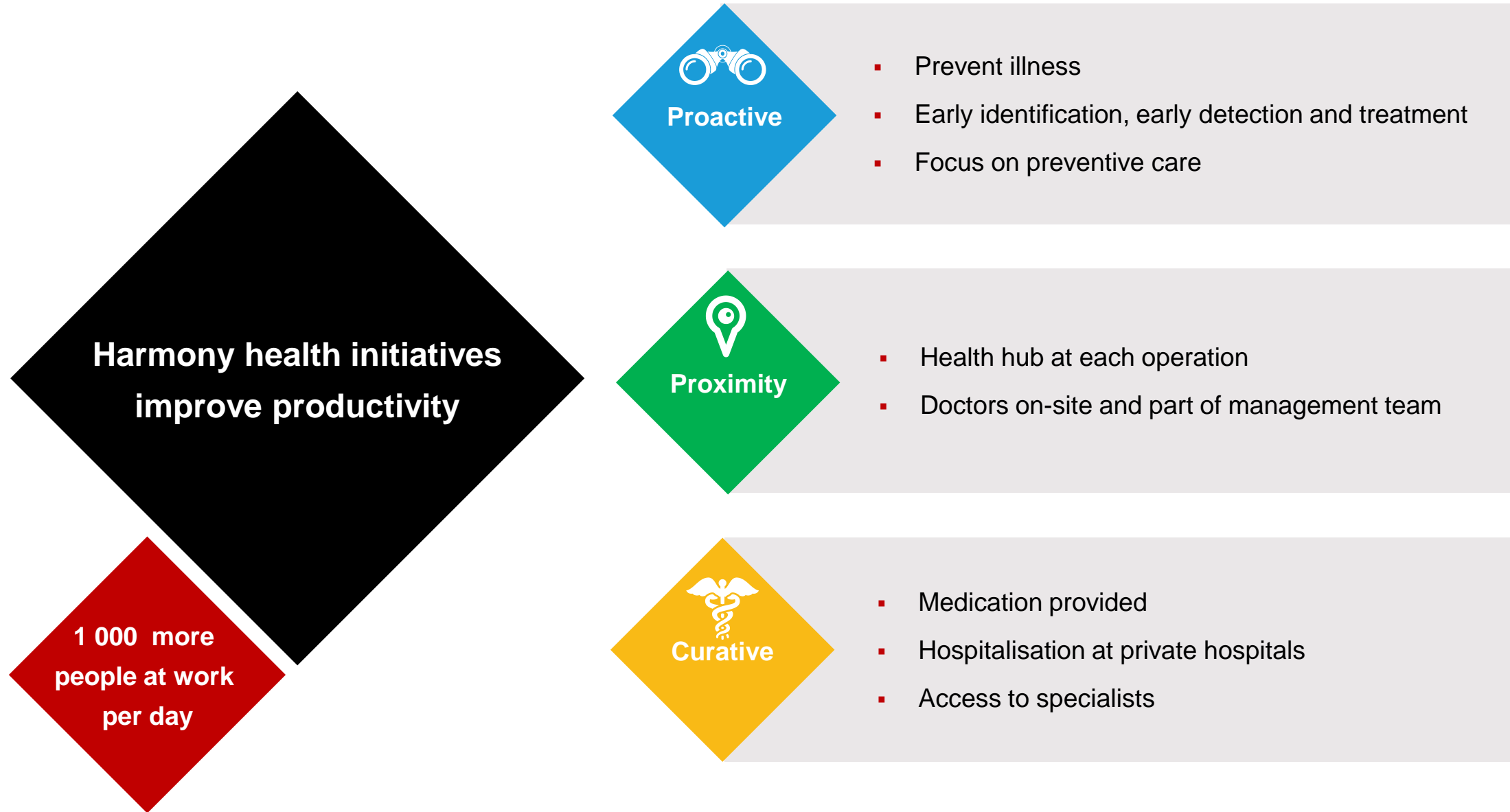
- Any changes to prior studies likely to require amendment to the supporting documents for the special mining lease application



# MAKING A LASTING IMPACT



# HOLISTIC APPROACH TO HEALTH



# UPLIFTING OUR COMMUNITIES



## ENTERPRISE DEVELOPMENT

Promoting SMMEs, innovation and entrepreneurship



*Developing business management, IT and other skills is vital in operating a sustainable business*



## EDUCATION

Promoting skills development and education



*Enhancing academic performance by means of bridging programmes*



## ENVIRONMENT

Restoring the land for alternative economic uses



*Olive trees are cultivated to establish plantations as an alternative land use*



## COMMUNITIES

Planning and developing projects in consultation with communities



*Community projects focus on women and young people*



# LEADER IN ENVIRONMENTAL RESPONSIBILITY

## Rehabilitation programme

- 38 shafts closed to date
- created >200 jobs and local procurement through mine rehabilitation



*Water conservation is conducted in tandem with agricultural projects*

## Going beyond restoration - leaving a positive legacy

- commercial agricultural projects implemented
- commercial vegetable production
- growing, producing cocoa in PNG



*Rehabilitated land used for cultivation of crops to generate bio-energy*

## Resource efficiency, reducing carbon footprint

- successful implementation of water treatment plant
- bioenergy plant commissioned from mine impacted land

## Recognition

- global CDP Water A list and global CDP Climate A list
- FTSE4Good Emerging Index constituent



# OUR VALUES



No matter the circumstances, **safety** is our main priority



We are all **accountable** for delivering on our commitments



**Achievement** is core to our success



We are all **connected** as one team



We uphold **honesty** in all our business dealings and communicate openly with stakeholders



# **FY17 PERFORMANCE AND FY18 GUIDANCE**



# YEAR ON YEAR RESULTS

		Year ended June 2017	Year ended June 2016	% change
Gold produced	kg	33 836	33 655	1
	oz	1 087 852	1 082 035	1
Gold price	R/kg	570 164	544 984	5
	US\$/oz	1 304	1 169	12
Cash operating costs	R/kg	436 917	392 026	(11)
	US\$/oz	1 000	841	(19)
Underground recovered grade	g/t	5.07	5.02	1
Production profit	Rm	4 452	5 084	(12)
	US\$m	327	350	(7)
All-in sustaining costs	R/kg	516 687	467 611	(10)
	US\$/oz	1 182	1 003	(18)
Operational free cash flow margin	%	6	16	
Average exchange rate	R/US\$	13.60	14.50	(6)

# EXTRACT FROM INCOME STATEMENT Y-ON-Y (US\$)

Extracts from income statement and operating results	June 2017 (US\$m)	June 2016 (US\$m)	% change
Revenue	1 417	1 264	12
Production costs	(1 090)	(914)	(19)
Cash operating costs	(1 076)	(910)	(18)
Inventory movements	(14)	(4)	(>100)
Production profit as per operating results	327	350	(7)
Amortisation and depreciation	(185)	(149)	(24)
(Impairment)/reversal of impairment	(131)	3	(>100)
Exploration expenditure	(18)	(13)	(38)
Gains on derivatives	75	31	>100
Silicosis liability provision	(70)	-	(>100)
Gain on purchase (on HV transaction)	61	-	>100
Taxation	37	(43)	>100
<b>Net profit</b>	<b>20</b>	<b>66</b>	<b>(70)</b>
<b>Exchange rate (average)</b>	<b>13.60</b>	<b>14.50</b>	<b>(6)</b>

# FY18 PRODUCTION GUIDANCE

Plan to produce ~1.1 Moz in FY18, at

- an average underground recovered grade of ~5.18g/t, and
- an all-in sustaining cost of ~\$1 180/oz (~R520 000/kg at an exchange rate of R13.74/US\$)

## FY18 GRADE GUIDANCE

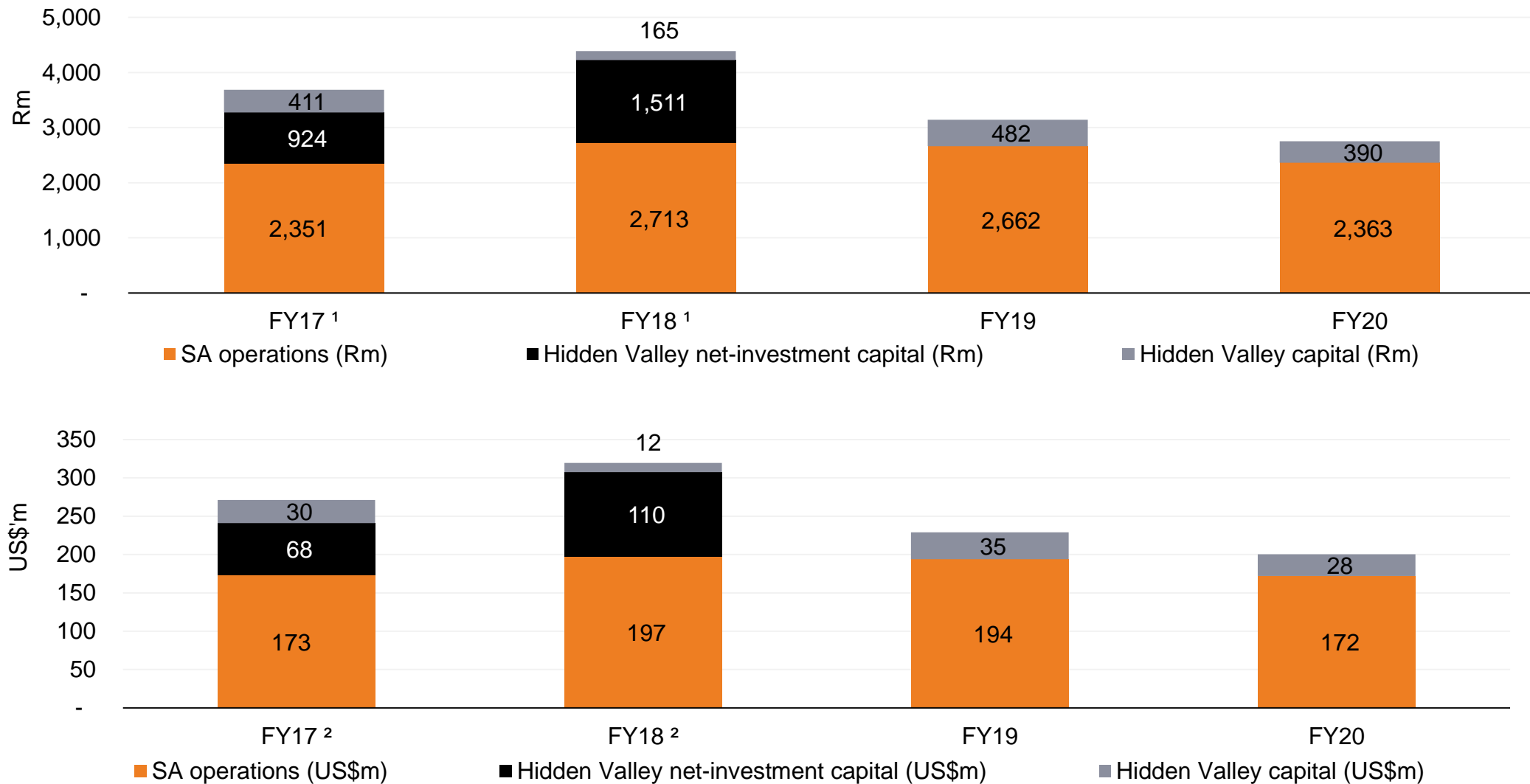
Operation	Reserve grade (g/t)	Adjusted reserve grade (-5%)	Actual grade (g/t) achieved in FY17	FY18 grade guidance (g/t)
Tshepong operations	5.82	5.53	5.21	5.38
Bambanani	11.54	10.96	11.90	10.88
Target 1	4.22	4.01	3.58	4.17
Doornkop	4.96	4.71	4.17	4.64
Joel	5.19	4.93	4.37	4.32
Kusasaletu	6.85	6.51	7.24	6.85
Masimong	4.07	3.87	3.97	3.83
Unisel	4.58	4.35	4.05	3.89
<b>Underground operations</b>	<b>5.61</b>	<b>5.33</b>	<b>5.07</b>	<b>~5.18</b>

# FY18 PRODUCTION GUIDANCE (per operation)

Operation	FY17 production (oz)	FY18 guidance (oz)	Life of mine (years)
Tshepong operations	283 827	303 000	17
Bambanani	88 415	83 000	5
Target 1	85 809	92 000	7
Doornkop	85 939	94 500	18
Joel	72 211	66 500	9
Kusasaletu	141 270	143 000	5
Masimong	81 599	72 000	4
Unisel	51 280	55 000	5
<b>Underground operations</b>	<b>890 350</b>	<b>909 000</b>	
SA surface	102 175	96 500	14+
Hidden Valley*	95 327	94 500	6
<b>Total</b>	<b>1 087 852</b>	<b>~1.1Moz</b>	

\* Ounces recovered as part of the pre-stripping of stages 5 & 6 to be capitalised.

# INVESTING IN OUR GROWTH (CAPEX)\*



\*Excluding Golpu (subject to study outcomes)

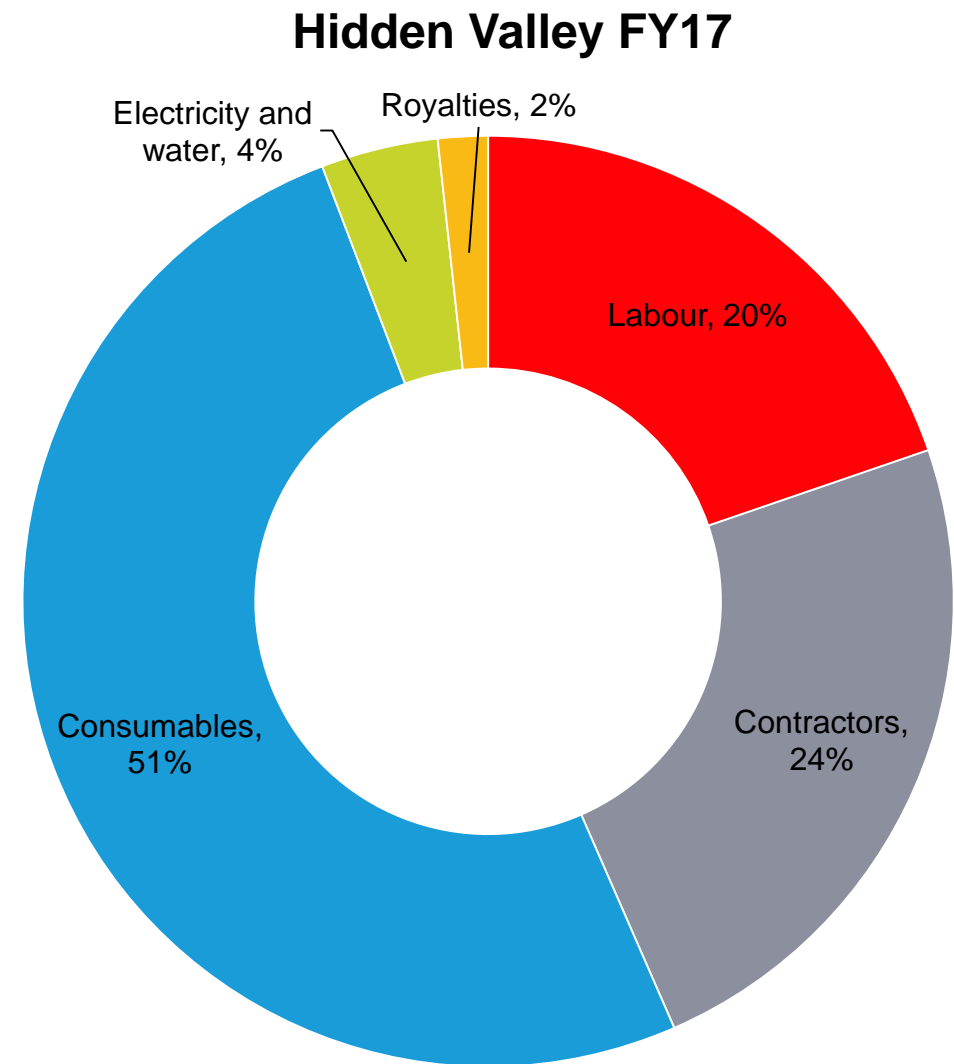
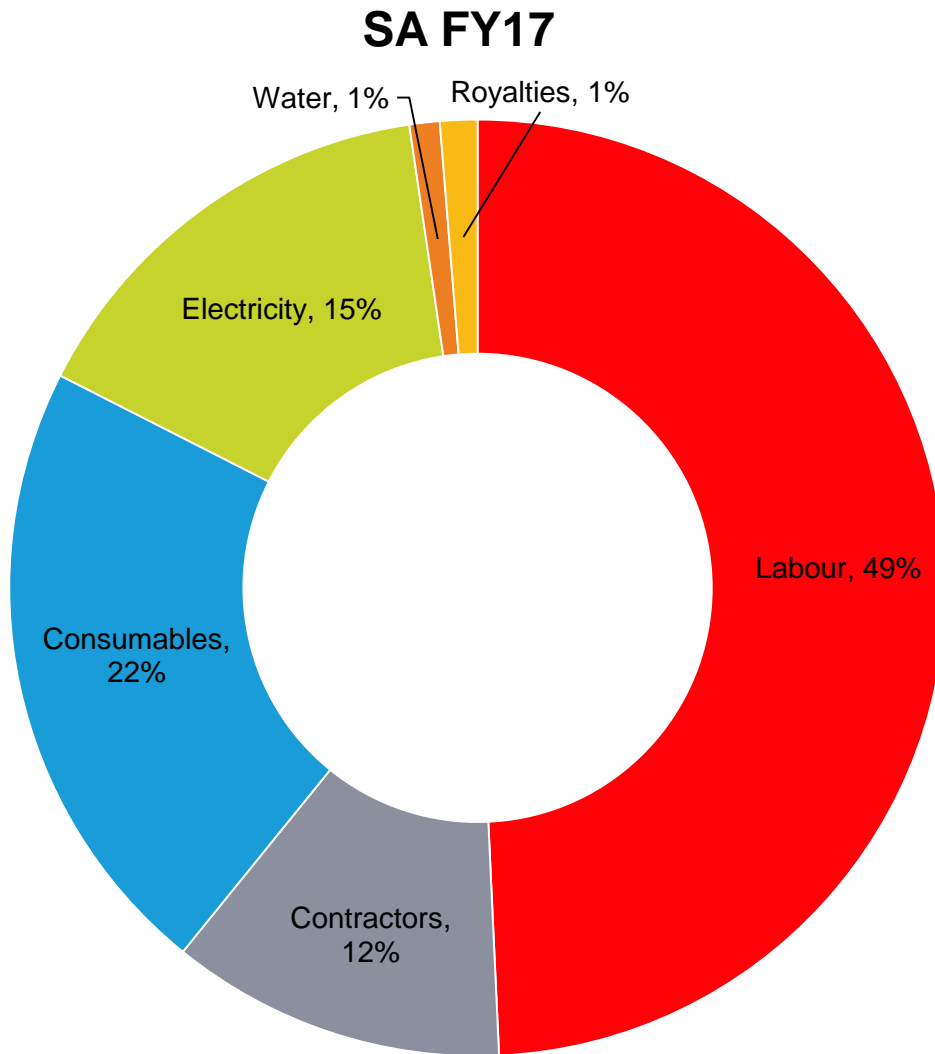
<sup>1</sup> - FY17 includes R156m (FY18: R3m) for the Central plant retreatment

<sup>2</sup> - FY17 includes US\$11m (FY18: US\$0.2m) for the Central plant retreatment

The exchange rate used for the US\$ graphs is R13.74/US\$; FY19 and FY20 excludes deferred stripping for Hidden Valley



# CLASSIFICATION OF CASH OPERATING COSTS EXCLUDING CAPITAL



Note: In South Africa our costs are mostly Rand based, while in PNG the costs are equally based in PNG Kina, Australian dollar and the US dollar

# 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.



## **CONTACT US**

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