

GOLD HARMONY

OVERVIEW

		F2016	F2015
Gold produced	kg	33 655	33 513
	000oz	1 082	1 077
Cash operating costs	R/kg	392 026	369 203
	US\$/oz	841	1 003
Financial performance			
Revenue	R million	18 334	15 435
Cost of sales	R million	(15 786)	(19 053)
Gross profit/(loss)	R million	2 548	(3 618)
Net profit/(loss) for the year	R million	949	(4 536)
Total headline earnings/(loss) per share	cents per share	221	(189)
Total capital expenditure	R million	2 393	2 593
Market performance			
Average gold price received	R/kg	544 984	449 570
	US\$/oz	1 169	1 222
Market capitalisation	R billion	22.9	6.8

HARMONY GOLD MINING COMPANY LIMITED (HARMONY)

Harmony operates and develops world-class gold assets in South Africa and Papua New Guinea (PNG). It has nine underground mines, one open pit operation and several surface sources in South Africa. Harmony also has a 50% joint venture in PNG with Newcrest Mining Limited, which includes the Hidden Valley open pit mine, the Golpu Exploration Project as well as other exploration properties. Harmony has additional, 100%-owned, PNG exploration areas. Harmony currently employs approximately 30 547 people (including contractors).

Harmony reported a net profit of R949 million for F2016 compared to a net loss of R4.5 billion in F2015. Headline earnings amounted to 221 cents per share compared to a headline loss of 189 cents per share for F2015.

In the financial year under review, Harmony's realised average Rand gold price increased by 21% to R544 984/kg (R449 570/kg in F2015) due to a 27% weakening of the Rand against the US Dollar which offset the 4% decrease in the average gold price received to US\$1 169/oz.

Overall unit cost increases were lower than inflation, with all-in sustaining cost (AISC) for operations increasing by only 3% to R467 526/kg compared to R453 044/kg in F2015. In US Dollar terms the AISC decreased by 19% to US\$1 003/oz compared to US\$1 231/oz in F2015.

Having turned around the previous year's headline loss to headline earnings, Harmony reduced its net debt by 54% to R1.08 billion and declared a dividend of 50 cents per share after ARM's year-end. The gold and currency hedge put in place by Harmony secures the margins at some of the company's higher-cost operations, creates certainty for a portion of its future cash flows and enables Harmony to further reduce its debt and strengthen its financial position.

Harmony remains well positioned to continue benefiting from the improved Rand gold price.

The ARM Statement of Financial Position as at 30 June 2016 reflects a mark-to-market valuation of ARM's investment in Harmony of R3 339 million (F2015: R992 million) at a share price of R52.47 per share (F2015: R15.59 per share). Changes in the value of the investment in Harmony, to the extent that they represent a significant or prolonged decline below the cost of the investment, are adjusted through the Income Statement, net of tax. Gains are accounted for, net of deferred capital gains tax, through the Statement of Comprehensive Income. Dividends from Harmony are recognised in the ARM Income Statement on the last day of registration following dividend declaration.

Harmony's results for the year ended 30 June 2016 can be viewed on Harmony's website at www.harmony.co.za.



Headgear at Unisel Gold Mine