



INTEGRATED ANNUAL REPORT 2014

HARMONY'S VALUES

Our values

are at the core of all we do – they are part of our everyday actions and are built into the design of our business.

“We measure ourselves against these in everything we do and aim for.”



SAFETY

No matter the circumstances, safety is our main priority



ACCOUNTABLE

We are all accountable for delivering on our commitments



ACHIEVEMENT

Achievement is core to our success



CONNECTED

We are all connected as one team



HONESTY

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

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* For printing purposes, the annual financial statements are available as a separate report, the Financial Report 2014.

ABOUT THIS REPORT

This integrated report tells the story of Harmony Gold Mining Company Limited (Harmony) for our 2014 financial year (FY14), from 1 July 2013 to 30 June 2014. This report is not limited to this time period only, as it also addresses some comparative historical information where this is relevant and provides some insight into how we envisage our future.

In this report we aim to show readers what Harmony has done and achieved, what we plan to do and what we plan to achieve in the future and how we intend to get there. The report reflects on our journey in FY14 – in it we explain external and internal environments, our strategy and business model, and the objectives we have set. For the purpose of integrated reporting we have defined our readers as the primary providers of financial capital – that is shareholders. But, we understand that other stakeholders have a deep and vested interest in our company, and we have tried to address their interests and concerns where it has been possible and appropriate to do so.

Our company, however, is about more than strategy and material risks – it is built on the strengths of our actions. This report examines the way in which we act on our strategy, and the effects this has on our business, our relationships and our prospects.

This report has been compiled through conversations with a range of stakeholders so that it addresses and captures our full story. We included extensive feedback from stakeholders as well as case studies, and have highlighted key actions by Harmony during the year that showcase our commitment to both our values and strategy, as well as how we are mitigating key risks. The use of case studies also allows us to bring our reporting alive, by providing insight into the Harmony story. A consistent thread throughout this report is the way in which we address our most material risks and issues.

This report comprises a full online report and a summary report which covers all of Harmony's wholly-owned operations in South Africa as well as its joint venture and own exploration activities in Papua New Guinea (PNG). They exclude discontinued operations, unless otherwise stated. In addition, this report details the environmental, socio-economic and governance aspects of these operations, and Harmony as a whole.

For the purposes of this report we define short, medium and long term as follows:

Short term – six months to a year

Medium term – one year to three years

Long-term – longer than three years

In addition to this report, Harmony produces an annual report prepared on a Form 20-F, filed with the United States Securities and Exchange Commission, in compliance with the listing requirements of the New York Stock Exchange. Copies of this will be available from the end of October 2014, free of charge on the Electronic Data Gathering, Analysis and Retrieval system at www.sec.gov and on our corporate website. Any additional information can be found on our website www.harmony.co.za.

This integrated report has been developed in line with the International Integrated Reporting Council Framework, the Global Reporting Initiative G4 guidelines, and the King III Report on Governance for South Africa.

In addition, our annual financial statements, including the summarised consolidated statements (which have been sent to shareholders), have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guideline as issued by the Accounting Practice Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the South African Companies Act 71 of 2008, as amended (Companies Act) and the Listing Requirements of the Johannesburg Stock Exchange.

Harmony's audited annual financial statements are available in a separate report, the Financial Report 2014, which is also available online at www.har.co.za/14/HAR-FR14.pdf.

This year we chose not to produce a separate sustainable development report, deciding rather to make our online integrated report a fully integrated document that gives insight into both our financial and non-financial performance. We decided on this approach as we felt it highlighted our integrated approach to our business: everything we do, from risk assessment and decision making to reporting, is informed by our understanding of how various elements of the business fit together. Our online report has been prepared in line with Global Reporting Initiative G4 requirements, the first year we have met these new reporting guidelines. The full Global Reporting Initiative index is available from pages 178 to 187.

Summarised information on mineral resources and reserves appears on page 135, with comprehensive information in the report entitled Mineral Resources and Mineral Reserves 2014, which is available online at www.har.co.za/14/HAR-RR14.pdf. The resource and reserve statements have been compiled in accordance with the South African Code for Reporting of Exploration Results, Mineral Reserves and Mineral Resources, the Australian Code for Reporting of Mineral Resources and Mineral Reserves and Industry Guide 7 of the United States' Securities and Exchange Commission. This information was gathered, reviewed and confirmed by the relevant competent persons.

ABOUT THIS REPORT CONTINUED

The following restatements were made:

- The comparative financial figures for 2012 and 2013 have been restated following the adoption of IFRIC20 *Stripping Activities in the Production Phase of a Surface Mine*. Refer to note 2 of the group financial statements at www.har.co.za/14/numbers/financials
- There has also been a restatement of the Scope 3 emissions for FY13 – please refer to page 90 of the environmental section
- The local economic development expenditure for FY13 has been restated due to the change in definition. Refer to the *How we performed* section on pages 6 and 7 for more information

At Harmony we acknowledge that this report is made meaningful by ensuring that the information contained in it is accurate and appropriate. As per previous years, this report has had its most material key performance indicators assured by PricewaterhouseCoopers Inc. A copy of their assurance report is available on page 142.

FEEDBACK

Our reporting, and the activities that it discusses, can be improved through feedback. As a result, if you have any comments or suggestions on this report send them to our Investor Relations team: HarmonyIR@harmony.co.za

DIRECTORS' RESPONSIBILITY FOR THE INTEGRATED REPORT 2014

Our board of directors have read and considered this report, and signed it off on 23 October 2014.

A full glossary of terms and acronyms is available on page 191.

Throughout this report, "\$" or "dollar" refers to US dollar, unless otherwise stated.

"K" refers to kina, the currency of Papua New Guinea.

"Moz" refers to million ounces.

All production volumes are in metric tonnes (t) unless specifically stated as imperial tons.

WHO HARMONY IS

Harmony is a gold-mining and exploration company, with over six decades of experience, with operations in South Africa and Papua New Guinea (PNG), one of the world's most well-known gold mining regions and one of the world's premier new gold regions respectively. In 2014, Harmony was the third largest producer of gold in South Africa and the eleventh largest gold producer in the world.

At Harmony, we understand the significant impact that our company has on the lives of people, the environment and the communities that surround our mines, and the economic strength of the countries we operate in. We measure, we measure up and we deliver.

OUR OPERATIONS AND PROJECTS

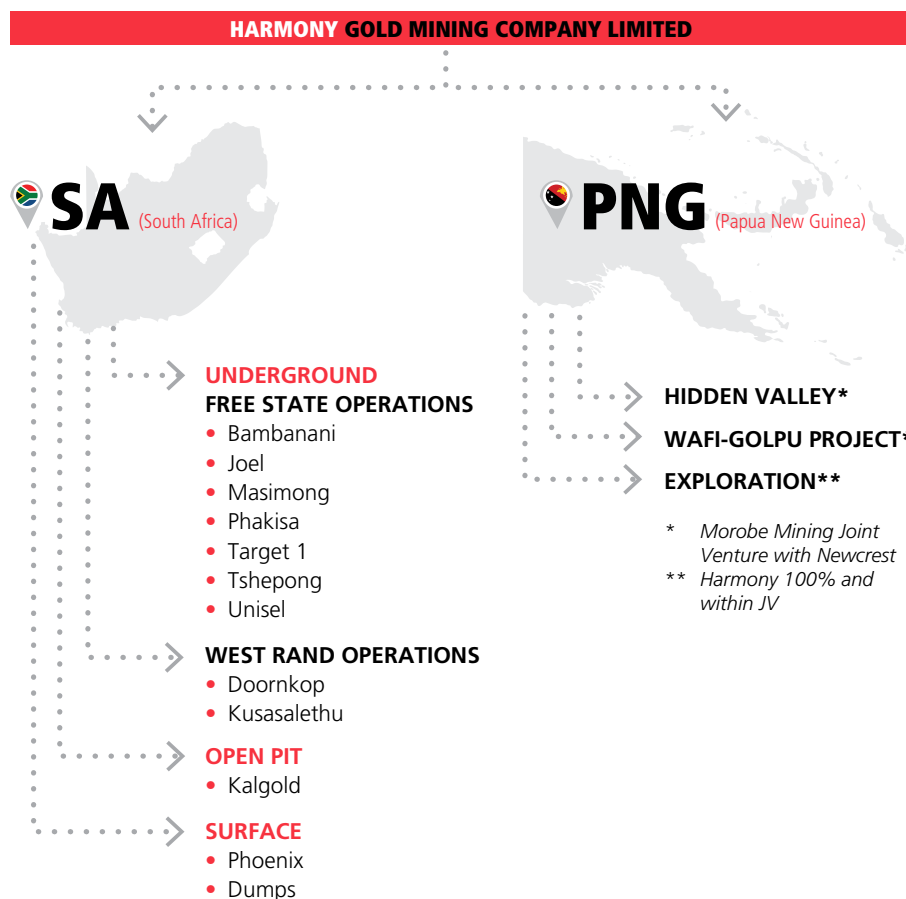
In South Africa our operations are focused on the world-renowned Witwatersrand Basin, as well as the Kraaipan Greenstone Belt. We operate nine underground mines, one open-pit mine and several surface operations.

Our operations in Papua New Guinea form part of a 50% joint venture with Newcrest Mining Limited. These operations include the Hidden Valley open-pit gold and silver mine, the Wafi-Golpu project and significant exploration tenements. In addition to our joint venture work, Harmony also has a 100%-owned exploration portfolio that focuses on highly prospective areas in Papua New Guinea.

In FY14, our South African operations accounted for 91% of our total production of 1.17Moz, with 9% coming from Papua New Guinea. At the same time, our South African holdings represent 70% of our mineral resource base, while those in Papua New Guinea represent 30%.

Looking ahead, the Golpu project is a differentiating feature for Harmony. This project is one of the best gold copper porphyries in South East Asia with an expected life-span of 40 years. It has a diameter of 600 metres and a proven depth of 1 700 metres so far, and is an asset that will contribute to the growth of Harmony for years to come.

WHERE WE OPERATE



WHO HARMONY IS CONTINUED

OUR PEOPLE

Our strategy is to be a globally competitive gold mining company that delivers true long-term benefits to a broad range of stakeholders. We rely on experienced, skilled teams who live our values and play their role in maintaining stakeholder relationships, growing profits, and maintaining a sustainable company.

At the end of FY14, Harmony employed 34 686 people (28 991 employees and 5 695 contractors) in South Africa as well as 60 employees in Papua New Guinea (excluding employees from the Morobe Mining Joint Venture). Our employees are drawn from communities around our operations, and from other provinces in South Africa and other southern African countries.

Our corporate offices are located in Randfontein, South Africa, close to some of our South African operations, while our South-East Asia office is located in Brisbane, Queensland, Australia.

The company is governed by a board of directors comprising diverse skills and experience, which is committed to maintaining the highest levels of corporate governance. In turn, they entrust the management of Harmony to skilled management teams who work to ensure the company remains sustainable by creating healthy margins and earnings, while preserving low debt levels. For more on our board and management see page 20.

OUR VALUES AND THEIR ROLE IN CREATING VALUE

Harmony lives its values – see inside front cover. These are the compass for our actions, ensuring that in addition to achieving strategic goals we seek to make the right decisions and support the members of our teams in doing so. These values are ingrained in training initiatives and decision-making processes, ensuring that they are at the forefront of employees' minds and actions. Our values extend beyond our gates. They guide how we interact with external stakeholders, from shareholders and the media to local communities and those from which our employees are drawn. Our hope is that through a commitment to these values we can build a company which people want to be associated with, and which will generate shared value into the future.

As a company Harmony understands that long-term value is about more than the gold we produce and the profits we make. These are fundamental to our ability to create value in the broadest sense, but our value is better reflected in the impact we make on the lives of people, now and in the future.

Our actions are guided by this understanding as well as our values, which are part of everyday behaviour at Harmony, and used as stepping stones on our path to achieving strategic goals.

OUR SHAREHOLDERS

Harmony is listed on the Johannesburg Stock Exchange and New York Stock Exchange. The company's shares are quoted in the form of American Depositary Receipts on the New York Stock Exchange and as International Depositary Receipts on the Berlin exchange.

OUR AWARDS

In FY14, Harmony was once again admitted to the Johannesburg Stock Exchange's Socially Responsible Investment Index, as we have been since the inception of that index. We were also awarded platinum status in the Johannesburg Stock Exchange top 100 companies for the Carbon Disclosure Project with a score of 98% for disclosure.

In addition, we were ranked eighth on the Nedbank BGreen Exchange Traded Fund and were given the Govan Mbeki National Award for best housing development project for the Masimong housing development in 2013, as well as the Govan Mbeki National Award for Best Community Residential Units project in 2014.

Our FY13 Integrated Report was awarded an excellent rating by Ernst&Young (EY), and we were one of 22 companies to receive an "A" rating, as well as joint tenth place in the Top 100 Integrated Reporting Awards by Nkonki Inc.

These awards all speak to our ongoing commitment to building a sustainable business, and we are proud to have been recognised.

Harmony in 2014

Produced: 1.17Moz of gold (FY13: 1.14Moz)

Employed: 34 746 people (FY13: 36 579)

Mineral reserves*: 49.5Moz (FY13: 51.5Moz)

Mineral resources*: 133.8Moz (FY13: 147.7Moz)

Revenue: R15 682 million (FY13: R15 902 million); US\$ 1 515 million (FY13: US\$1 803 million)

No dividends were declared in FY14

* Gold and gold equivalents.

HOW WE PERFORMED

Relative Global Reporting Initiatives indicators: G4-EC1

		FY14	FY13	FY12	FY11
Operating performance					
Ore milled	000t	18 784	18 373	18 154	18 449
Gold produced ¹	kg	36 453	35 374	36 273	37 801
	000oz	1 172	1 137	1 166	1 215
Operating costs ²	R/kg	328 931	324 979	275 058	225 652
	US\$/oz	988	1 146	1 101	1 004
All-in sustaining costs	R/kg	413 433	431 745	357 390	¹⁰
	US\$/oz	1 242	1 522	1 431	¹⁰
Underground grade	g/t	4.77	4.54	4.26	4.63
Financial performance					
Revenue	R million	15 682	15 902	15 169	11 596
Production costs ²	R million	11 888	11 321	9 873	8 504
Production profit ²	R million	3 794	4 581	5 296	3 092
Operating margin	%	24	29	35	27
Net (loss)/profit for the year ^{2, 11}	R million	(1 270)	(2 349)	2 599	617
Total headline earnings per share ^{2, 11}	SA cents	26	52	603	223
Capital expenditure ⁵	R million	2 528	3 649	3 049	2 948
Exploration spend	R million	458	673	500	324
Dividend spend	R million	–	435	431	214
Net debt	R million	(1 031)	(449)	(43)	(866)
Market performance					
Average gold price received ¹	R/kg	432 165	454 725	419 668	307 853
	US\$/oz	1 299	1 603	1 681	1 370
Total market capitalisation	R billion	13.6	15.6	33.0	38.7
	US\$ billion	1.3	1.6	4.0	5.7
Exchange rate	R/US\$	10.35	8.82	7.77	6.99
Reserves					
Gold and gold equivalents	Moz	49.5	51.5	52.9	41.6
Geographical distribution of gold reserves					
– South Africa	%	57	58	58	89
– Papua New Guinea	%	43	42	42	11
Safety					
FIFR – fatal injury frequency rate	per million	0.26	0.10	0.11	0.18
LTIFR – lost-time injury frequency rate	per million	7.54⁸	5.46 ⁷	6.86 ⁷	8.25
Health (South africa)					
– Shifts lost due to occupational illness and injury		25 338	20 236	23 497	26 492
– Noise-induced hearing loss (NIHL) compensated cases		57	52	101	365
– Silicosis cases certified ⁴		175⁸	185 ⁷	872	731

HOW WE PERFORMED CONTINUED

		FY14	FY13	FY12	FY11
People					
Number of employees and contractors		34 746	36 579	36 915	36 296
Employment equity (historically disadvantaged South Africans in management)	%	46⁸	46 ⁷	44 ⁷	42 ⁷
Number of people in single rooms in 100% completed hostels ⁶		1 678⁸	1 102 ⁷	555 ⁷	2 673
Number of people sharing		6 841⁸	8 629 ⁷	10 237 ⁷	7 322
Number of people in critical skill positions trained (We invested R1.2million in FY14 (FY13: R5.1 million))		56⁸	124 ⁷	74 ⁷	¹⁰
Community – group local economic development¹³	R million	77.1^{8,14}	87.5	61.6	81.6
Meaningful economic participation ⁹	%	28	28	28	36
Preferential procurement	R million	3 442⁸	2 459 ⁷	2 138 ⁷	2 151
Environment					
Mineral waste (volume disposed)	000t	33 498⁸	32 807 ⁷	20 252 ⁷	¹⁰
Total electricity use	000MWh	2 798⁸	2 704 ⁷	3 058 ⁷	3 254
CO2 emissions ¹²					
- Scope 1	000t CO ₂ e	75⁸	94	¹⁰	¹⁰
- Scope 2	000t CO ₂ e	2 745⁸	2 648	3 047	3 425
- Scope 3	000t CO ₂ e	661⁸	617	¹⁰	¹⁰
Water used for primary activities ³	000m ³	16 495⁸	18 556 ⁷	32 979 ⁷	33 164
Funding/guarantees for rehabilitation and closure	R million	2 200	2 330	2 386	2 466

¹ Zero gold production capitalised in FY14 and FY13 (FY12: 36kg/1 157oz) (FY11:621kg/19 967oz)

² Prior year figures restated for IFRIC20

³ Definition changed for FY13 to exclude fissure water from the reported figure

⁴ The number of cases of pure silicosis confirmed by the South Africa's Medical Bureau of Occupational Diseases in FY13 and FY14. Previously we assured silicosis cases submitted to the Medical Bureau of Occupational Diseases

⁵ Prior year figures re-presented to exclude discontinued operations

⁶ The number of single rooms only represent hostels which are 100% converted. The total amount of single rooms (including single rooms in incomplete hostels) are 5 027 for FY14 (FY13: 3 214)

⁷ Assured by independent auditors in the prior years – refer to www.harmony.co.za/investors/reporting/annual-reports

⁸ Assured by independent auditors in the current year. Please refer to the assurance report on page 142 and glossary of terms for definitions applied on page 191

⁹ Percentage of production attributed to historically disadvantaged South Africans interests

¹⁰ Not previously reported

¹¹ Includes discontinued operations

¹² FY13 figures have been revised due to the alignment with the carbon disclosure project and Harmony's financial year end, as well as a restatement of the Scope 3 emission figure as a result of an anomaly picked up during the assurance process

¹³ Restatement of the FY13 local economic development due to a change in the definition. Kindly refer to key performance indicators definition presented in the glossary (page 191)

¹⁴ In addition, capital of R106 million (US\$10 million) was spent in FY14 on the upgrading of hostel accommodation at various operations

CHAIRMAN'S LETTER

DEAR SHAREHOLDER

The past financial year has been challenging for the gold industry. The average United States dollar gold price received decreased by 19% to US\$1 299/oz. Gold producers' response to the lower gold price was to reduce costs, delay projects, dispose of non-core assets and close loss-making operations.

Despite the weakening in the United States dollar gold price over the year, the rand price received per kilogram of gold only declined by 5% to R432 165/kg. Harmony adapted to the lower gold price by focusing on cost control measures which included a significant reduction of 31% in capital expenditure for FY14. Operating costs were well maintained below mining inflation and capital expenditure was carefully managed resulting in a 4% (18% in United States dollar terms) reduction in all-in-sustaining costs to R413 433/kg (US\$1 242/oz).

SAFETY

Safety remains a central priority for Harmony and we continue to be dedicated to mining safely and improving our lost-time injuries. The number of fatalities at our operations has reduced significantly over the past 10 years.

Tragically, 22 people lost their lives at our operations during FY14, including nine people at Doornkop in February 2014. The board, management and all Harmony employees join me again in extending our condolences to the families, friends and colleagues of those who died. While nothing can replace the loved ones who lost their lives at our operations, we acknowledge our duty to those left behind. The Harmony Education Benefit Fund has been established to support the educational needs of the dependents of all Harmony employees who lost their lives in the workplace. The benefits of the fund include school fees, books, uniforms and stationary for each child up to the age of 21. The beneficiaries of the fund are also eligible to apply for Harmony's learnership programmes and bursaries.

Our aim is to eliminate all work-related injuries and illnesses. We are guided by our occupational health and safety policy, which we have developed over the years and is based on leading safety practices, at all our operations. Our inclusive and co-operative health and safety management framework involves the active participation of management, unions and the government.

Over and above regulatory compliance, the company has its own safety audits in place, led by the chief executive officer. We continually improve our safety performances, and each operation is monitored monthly, using a formal review system. Safety is a key performance indicator and a key component of performance reward for our people.

FINANCIAL PERFORMANCE

Harmony's strategy of investing in new projects with higher-grade orebodies and longer-life operations has proven to be very successful. We had a year-on-year improvement of 5% in underground recovered grade and an increase in gold production of 3%. This was the second consecutive year of increases in underground grade. Further improvement in gold production is expected in the coming year.

During FY14, there was a significant increase in gold produced from Kusasaletu, Bambanani, Target 1, Phakisa and Hidden Valley. The increase in production from the above operations was unfortunately offset by decreases in production at Doornkop, Joel and Masimong.

We have decided not to pursue the development of Target 3 and the shaft decline project at Phakisa as these projects would place an unnecessary financial burden on our cash flow in the current gold price environment. The capital for the decline has been excluded from the life-of-mine plan resulting in an impairment of the Phakisa assets in the amount of R1.4 billion (US\$133 million). This impairment resulted in a net loss after tax of R1.27 billion (US\$118 million) for the financial year, but adjusting for the impairment and other non-recurring items leaves positive headline earnings of R114 million (US\$12 million) for the year.

The company had net debt of R1 billion (US\$98 million), placing the company in a financially robust and competitive position.

The company's financial performance is detailed on pages 48 to 51, while its operational performance appears on pages 101 to 128.

PAPUA NEW GUINEA

During the past 12 years we have gained extensive project development and operational experience in Papua New Guinea, building and operating the Hidden Valley mine and exploring for copper-gold porphyries.

We are pleased to report that Hidden Valley had an excellent year compared to the previous year by producing 25% more gold and making a production profit of R344 million (US\$33 million) for the year.

Wafi-Golpu ranks among the highest-grade copper-gold porphyries in South-East Asia. We are confident that this orebody has the attributes in terms of size, grade and location that will underpin the development of a major mine in Papua New Guinea. We expect this mine to become a significant contributor to our revenues once built.

CHAIRMAN'S LETTER CONTINUED

Harmony, together with its joint venture partner, Newcrest Mining Limited, is currently in the process of completing a pre-feasibility study of the Golpu project. We have the project development experience and support services in Papua New Guinea to successfully build and operate Golpu.

PARTNERING WITH OUR STAKEHOLDERS

Our contribution to the development and growth of the South African economy includes ensuring that our employees are appropriately remunerated and that their living conditions and standards of living continue to improve. We also contribute to the upliftment of our host communities by inter alia contributing to the provision of social infrastructure, initiating and participating in local economic development and investment projects.

We are converting the shared accommodation of our older single-sex hostels into single or family accommodation and providing housing to those of our employees who choose not to live on mine property. Our objective is to facilitate and assist our employees to acquire ownership of their own homes, in housing of their own choice and where health, education and other social services are available. Our Govan Mbeki award-winning Masimong housing project is one such example and we are in the process of completing a similar project at Merriespruit 3. These two housing projects will together accommodate more than 900 families.

CARING FOR THE ENVIRONMENT

The protection and conservation of the environment is an integral part of Harmony's culture.

South Africa's National Development Plan supports the development of environmentally sustainable renewable energy initiatives to contribute to the creation of jobs and to this end, Harmony has commissioned its bioenergy project which is designed to reduce our carbon footprint, rehabilitate our land and create approximately 200 jobs for women and youth from our host communities.

The bioenergy project involves the construction of a bioenergy plant and the planting of energy crops on mine-impacted land in the Free State to generate natural gas as a substitute for fossil fuels.

OUR VIEW OF THE GOLD MARKET

Gold has been an investment, a store of value and an adornment for many centuries, and its fundamental value persists to this day.

Globally gold mine supply continued to increase as a number of large new mines ramped up their production. The investments in these mines were made before the dramatic fall in the gold price. The lower gold price has slashed the profit margins of the industry, forcing them to close loss-making operations and suspend exploration and the development of new mines. This is expected to result in a plateauing of gold mine supply in the following year, after which gold mine supply will be declining.

The physical demand for gold was exceptionally high in 2011, 2012 and 2013 and despite the demand being lower in 2014, it is still higher than the years before 2011. The main demand for gold jewellery and gold investments (bars and coins) continues to be from China and India.

Gold has regained its importance as a monetary reserve. The official sector (Central banks) have been net buyers of gold for a number of years. European Central banks have halted gold sales and Central banks from emerging market countries have been accumulating gold in an effort to support their currency.

The continued increase in physical demand for gold and the decrease in future gold production, will underpin the gold price in future.

The recent strengthening of the United States dollar has resulted in gold trading lower in United States dollar per ounce terms. The simultaneous weakening of other currencies against the United States dollar has however resulted in the gold price expressed in other currencies – such as the rand – remaining fairly stable.

Harmony is well positioned with our increased production to benefit from a higher gold price.

THANKS

I would like to express my gratitude to all the directors, the management and all the employees of Harmony for their commitment, sacrifices and contributions to the development and growth of the company. Our people are the cornerstone of our business.

I am confident that Harmony will continue to create value for our shareholders and also benefit our diverse range of stakeholders.

Patrice Motsepe

Chairman

23 October 2014

CHIEF EXECUTIVE OFFICER DISCUSSES THE MAJOR ISSUES OF FY14 AND BEYOND

THE ACCIDENT AT DOORKOP

The Doornkop accident, in which nine men lost their lives attempting to flee an underground fire and associated falls of ground, was a great tragedy. We are particularly grateful to the proto teams who worked tirelessly to reach their colleagues. I think we frequently overlook the fact that the proto teams are made up of volunteers who conduct their rescue work in addition to their full-time mining jobs, and so I'd like to thank them for their efforts during that difficult time.

This tragedy had a devastating impact on the company – a loss such as this takes its toll on everyone and we are doing all we can to prevent a similar incident in the future. I would like to again send my condolences to the families of the deceased. Our investigations, impacts and learning processes still continue. In the wake of the incident at Doornkop we suspended all South African operations for a period of 24 hours to refocus the attention of each and every Harmony manager and employee on safety. Our entire management team undertook site visits, inspections and training on the ground. I am pleased to say that we have seen a significant improvement in awareness and attitude since then.

As part of our introspection in the wake of this tragedy, we contracted an independent expert to undertake a thorough audit of our safety and health systems, our training and equipment, and behaviour. The outcomes were generally pleasing, indicating that the correct systems and procedures are in place. However, it also indicated that we need to be more proactive in some areas, and that we must continue being intolerant of non-adherence to safety standards.

SUCCESSSES AND CHALLENGES IN FY14

Remaining South Africa's lowest-cost gold producer, measured in terms of rands per tonne of ore, has been among our main successes. We succeeded in this by right-sizing our work force and by carefully managing input costs, such as electricity, where tariffs are beyond our control. The same goes for our projects in Papua New Guinea where we have right-sized and restructured our Hidden Valley mine to bring the cost of producing each ounce of gold well below the metal's current price.

On the operational front, our main challenge, and one we hope we have risen to, has been to continue running our mines safely and profitably at a time when dollar gold prices had fallen by around 20%.

Our profitability has been achieved through a series of successes – year on year we increased gold production by 3%, reduced all-in sustaining costs by 4% to R413 433/kg (US\$1 242/oz), improved underground recovered grade by 5% and cut capital expenditure by 31% to R2 528 million (US\$241 million). The combined effort of this allowed us to remain profitable in difficult market circumstances, which is a key component of our strategy and, as such, our sustainability.

Post year end, we decided not to pursue the shaft decline at Phakisa in order to improve our cash flow. After careful consideration we decided that a portion of the Phakisa project area would be more efficiently mined from Tshepong and this has been included in its business plan. We will reconsider the Phakisa decline in future, but for now the amount of capital required to sink that decline shaft would have resulted in negative cash flows in the short to medium term. Although we manage our capital expenditure in a conservative manner, it is not done at the expense of safety.

Post year end we also placed Target 3 on care-and-maintenance. This operation has a five million ounce orebody but would require R500 million to develop over a period of two years. This decision can be reconsidered at a future date when market conditions improve.

We have made great strides in safety over the last few years but there is always more to do, particularly after a year that's been as difficult as this one. We regret the increase in fatalities in 2014 and are committed to rectifying this. Apart from the safety audit and investigation at Doornkop, we have made a number of 'daily' adjustments to improve safety performance at our mines. These include regular underground visits by executive management, clearly defining leading safety practices at all operations, holding regular safety meetings at all levels, increasing safety messaging and training and doing a baseline risk assessment. Our people are the cornerstone of our business, making their safety central to what we do, is one of our company values and we will continue to work towards zero harm.

CHIEF EXECUTIVE OFFICER DISCUSSES THE MAJOR ISSUES OF FY14 AND BEYOND CONTINUED

THE INVESTMENT CASE FOR HARMONY

Firstly, we are the most efficient South African gold miner, by focusing on ways to improve our safety, production and cash operating costs. In addition, we are a company that's focused on the future. An investment in us is not just for short-term gain – we aim to provide increasing long-term benefits. We are able to do this primarily by funding our own capital, which puts us in control of our business and enables us to make decisions that have a real impact on our profitability.

Secondly, we produce more than one million ounces of gold and being a leveraged gold company means that should the gold price rise our margins would improve dramatically in percentage terms. Management clearly understands this and we continue to make tough decisions in loss-making operations when the gold price softens. However, Harmony has a huge potential upside when the gold price strengthens, as we believe it will in the medium to long term.

One of our key strengths at Harmony is our understanding of where we operate – on both an economic and a social level. The countries in which we operate and have experience, South Africa and Papua New Guinea, are both emerging economies. They are developing countries and we are able to contribute to local communities in a way that can make a lasting difference. For this reason, we wholeheartedly embrace our social licences to mine and endeavour to go beyond compliance.

The final reason to invest in Harmony is Golpu. It's a resource that we're sure will develop into a world-class copper gold mine, and will allow us to sustain our business well into the future.

HARMONY'S PROFITABILITY, PRIMARY COST DRIVERS AND COST-SAVING INITIATIVES

There is no doubt that labour and electricity are the main cost drivers in South Africa, particularly as our operations are relatively deep, aging and labour intensive. Having said that, our conservative financing and close attention to mining profitably and to containing costs have paid off in a year during which gold prices have been falling.

Increasing our production year on year has also had an impact on our cost profile. Our approach has been to treat every cost as a variable cost and therefore see every cost as something that can be controlled. We have spent a great deal of time working with our major suppliers to understand their business models, to determine how we can jointly save costs.

Management also has to look at producing more gold, either by improving the grade or improving productivity, and not only by saving on costs. We focus on labour productivity (including unique 'keep healthy' programmes) and on an ore resource management programme that aims to improve our grade as it has done over the last year.

PLANS FOR GOLPU

Golpu is a fantastic deposit – cylindrical and almost vertical with a diameter of 600 metres and, so far, a proven depth of 1 700 metres. Both copper and gold grades confirm that Golpu is one of the best copper gold porphyries in the world. In Golpu we have a gold and copper deposit that is open at depth, that has a life expectancy of at least 40 years and that will take five years to build.

We have accordingly revised our planning around Golpu in Papua New Guinea, which will now be developed as a high-grade, smaller, modular and profitable operation. This will require lower capital expenditure and will enable us to start development of this project, despite current market conditions. In addition, the scalability of the planned operation means that it could be scaled up to a much larger operation should the global market warrant such a step-change.

CHIEF EXECUTIVE OFFICER DISCUSSES THE MAJOR ISSUES OF FY14 AND BEYOND CONTINUED

THE GOLD PRICE AND ITS EFFECTS ON HARMONY IN THE LONG TERM

We have planned using a gold price of R425 000/kg (US\$ 1 300/oz). Our business plans for FY15 were designed to ensure that the company is profitable and cash generative at a gold price of R425 000/kg. Investors should certainly keep the rand exchange rate in mind in making any financial decisions as 91% of our gold is produced in South Africa.

We are gold miners; we are optimistic about the gold price. Gold has, for thousands of years, been an investment and a store of wealth, it is a beautiful metal and it is rare. We are gold bulls and therefore believe that the company must continue to be relevant in times of low gold prices so that when the gold price strengthens we will reap the benefits for all our stakeholders.

HARMONY'S APPROACH TO PRODUCTIVITY IN SOUTH AFRICA

There are many ways to address productivity, and one of them is to ensure we have a safe, healthy and motivated workforce. On page 59 of this report you will read more about the success we are having with our wellness programme in improving the health of our workforce in an effort to address the high levels of absenteeism.

We have, in the last two years, managed to stop the declining trend on productivity (measured in ounces per employee). We are now seeing improvements in this trend. By its nature a productivity programme is long-term and requires dedication and persistence, both of which we will continue to demonstrate.

FUTURE EXPANSION OPPORTUNITIES

We are already engaged in the Golpu project in Papua New Guinea – a world-class orebody – in partnership with Newcrest. As such, our main focus is on converting resources into reserves, and bringing them to fruition. Presently, this is taking precedence over greenfields exploration which we have reduced while we concentrate on developing mines.

We also intend identifying acquisition opportunities, most likely in countries in which we are comfortable operating in - starting with South Africa and Papua New Guinea. However, an acquisition of this kind will not be made at the expense of Golpu.

HARMONY'S CONTRIBUTION TO THE TRANSFORMATION OF THE SOUTH AFRICAN AND PAPUA NEW GUINEAN ECONOMIES

Our contribution to host countries is a vitally important issue. Something we aim to do at Harmony is to give back more than we take out, and we see our contribution to socio-economic development as part of this. We invest substantial amounts in the fiscus, our employees, local economic development and corporate social investment.

Our business is not just about making a profit, though this has to be the primary focus. Working with and in the communities and countries in which we operate enables us to perform as we do. It is basically a business transformation imperative. Transformation is therefore about more than the economy; it is also about making our employees' lives better. In developing nations, like the ones we operate in, having people in stable jobs stabilises the economy.

2014 MINING CHARTER TARGETS

The South African Mining Charter targets come to an end in December 2014, so we have spent time this year reflecting our progress towards these. While it is important to meet the Mining Charter targets we also want to ensure that any contribution we make is meaningful and lasting. For example, we have developed community housing projects that can be integrated into local municipalities. This type of project requires immense planning to ensure we sufficiently meet the needs of both our employees and the municipality, and so its development is slower and more costly than a straightforward hostel conversion. That said, we've seen great success – particularly the award winning Masimong 4 Housing Estate, which recently received the 2014 Govan Mbeki Award for commercial rental units – and we will continue to take this approach as we believe it is the right one. The similar Merriespruit 3 housing project is currently underway and due for completion by December 2014.

Apart from housing, we have achieved the Mining Charter targets. Our historically disadvantaged South African ownership is at 38%, above the recommended 26%. Our employment equity ranges from 45% to 55%, and we are above target for consumer and capital goods procurement.

CHIEF EXECUTIVE OFFICER DISCUSSES THE MAJOR ISSUES OF FY14 AND BEYOND CONTINUED

THE CHANGING LABOUR ENVIRONMENT IN SOUTH AFRICA

Our approach to labour unions and employees is this: our employees are, first and foremost, employees of Harmony and so they have a relationship with and duty to Harmony while we, as employers, have a relationship with and duty to them, our employees. This relationship is our primary focus.

We understand and respect the right of employees to be represented by a union or unions. Any union that represents a significant number of employees is important to us and we seek to engage readily, openly and honestly with them. However, we must also ensure that the rules of the game – the law, recognition agreements, and rules of civil society – are followed.

I also believe that our employees recognise that our industry and business cannot survive further disruptive industrial action.

OUTLOOK FOR FY15

Our strategy will continue to focus on operating safely and profitably and ensuring that all our stakeholders benefit equitably in the value created by Harmony. Obviously much of the longer-term success of the company depends on the gold price but management has to continue to keep costs in check and improve productivity. Tough decisions may still have to be taken should operations not be successful at turning a profit.

In conclusion I would like to express my gratitude for the efforts and contribution of all our colleagues throughout the company. Without them we would not be the efficient company that we strive to be.

Graham Briggs

Chief executive officer

23 October 2014

APPROACH TO SUSTAINABILITY

I am again honoured to write this report as the chairman of the Harmony social and ethics committee. Sustainability is the crux of Harmony's objective to leave lasting legacies for our employees, for our operations' host communities and for the countries in which we operate.

As a committee we assist the board in ensuring that Harmony remains a committed, responsible corporate citizen that creates lasting value for its stakeholders. This is done by overseeing the company's policies and activities in social and economic development, in partnership with the many teams who work with and within Harmony. This includes the management teams responsible for the safety, health, social investment and environmental portfolios. The terms of reference of this committee and a summary of its responsibilities are available at www.harmony.co.za/sustainability/governance#policies, and I can confidently report that the members of this committee discharged these vigorously and responsibly.

Harmony does not work in isolation but, rather, is part of a larger community that encompasses our employees, our community members and the countries in which we work. We can only operate effectively by understanding the legitimate expectations of our stakeholders, and how we are able to meet these. We also understand the synergies of these relationships – our stakeholders have as much of an impact on our business as our business has on them. As long as these relationships remain mutually beneficial our business and our stakeholders can thrive, together.

With this in mind the social and ethics committee annually reviews our Stakeholder Engagement Policy. We approved improvements to it in August 2013 and have again seen the benefits of its implementation over the past year.

ACTIONS IN FY14

SAFETY

As ever, safety has remained a critical concern for the committee. We were deeply saddened by the Doornkop accident in which nine of our colleagues lost their lives. On behalf of the committee I would like to extend my condolences to their friends and family and those affected by other accidents during the year, and I can assure you, we have invested considerable time in learning from this tragic incident. As a mining company we prioritise this and seek the most effective ways of keeping our employees safe at work. We are in the process of embedding proactive management with particular focuses on:

- **Empowering our leaders** to speak of safety as the first priority at Harmony. Coupled with this we embedded the 'Safety First' culture that established shared values throughout our organisational structure, as well as systems to support safety conscious behaviour. We emphasised the implementation of safety management systems and standards that align our policies and procedures with internal and external best practice. In our operations we made sure that physical barriers are in place to eliminate risk and exposure to harm. Fatal risk control protocols are being developed and implemented, especially for rail-bound equipment and falls of ground, with many mining industry occupational safety and health initiatives being put in place at our operations
- **Audits and controls are central to our safety processes.** We have set up a central audit team that evaluates compliance and opportunities to improve safety throughout the group. This allows us to standardise safety practices across the organisation. Harmony's chief executive officer and senior management themselves inspect underground working areas regularly
- We use the opportunity of being **part of a safety community** to learn from others and have employed the services of an external party to further strengthen our strategy and operational controls. From this we introduced external best practices and adapted them to suit the needs of our operations

MINING CHARTER TARGETS

The Mining Charter was developed to assist in transforming the South African mining industry, and 2014 sees the compliance deadline of its initial targets. At Harmony we always strive to do more than simply comply; an approach we have applied to the Mining Charter as well. This is an appropriate time to reflect on our successes as well as the areas on which we will be focusing more closely in the future.

When it comes to transforming our workforce we have met all the group-wide targets, with the appropriate number of historically disadvantaged South Africans in all levels of management as well as of women in mining. Now we are doing additional work to ensure that we are fully transformed at operational level too. For more on this see page 73.

We have achieved or exceeded our targets for empowerment spending on capital goods and consumables. Rather than relying on individual suppliers to inform us of their broad-based black economic empowerment credentials, we have put in place our own checking system. As a result, we are confident that we have truly met these targets. However, the picture is slightly different with purchases of services, where we have fallen slightly below target. Nevertheless, we remain committed to accelerating the development of empowered service providers through our Enterprise Development Centres.

To formalise our commitment to the Mining Charter we have produced and adhered to Social and Labour Plans for each of our operations. In the financial year under review we continued to deliver projects in line with our commitments and in line with the expectations of the regulators and our host communities. For more on our Social and Labour Plan projects see page 75.

We value the human dignity of our employees and have prioritised improving their housing and living conditions by promoting home ownership, integrating mining communities into local structures and converting hostels to single-unit accommodation. Some of Masimong's redundant accommodation infrastructure has been converted into family units – a project awarded a coveted National Govan Mbeki Housing Award in both 2013 and 2014. This integrated approach, we believe, will help to ensure that the housing we provide is sustainable and remains useful even after we have left an area.

APPROACH TO SUSTAINABILITY CONTINUED

Five other hostels are being evaluated for development along the lines of Masimong, while a further 1 000 family units are currently being built at the Merriespruit 3 project. For more details on our Mining Charter disclosure, please refer to page 145.

BUILDING RELATIONSHIPS WITH OUR EMPLOYEES AND STAKEHOLDERS

We endeavour to have lasting relationships with our employees, the members of the Harmony family. Our first priority is to ensure that they are safe while at work and to keep them informed as to the health of the company, the industry and the role each of them plays. We are building a company for which people want to work and are stabilising our workforce from the inside out. For more on our employee relations see page 67.

In South Africa the five-month strike of platinum miners underscored the potential fragility of labour relations on South African mines. Harmony's mines were peaceful in the past year aside from some industrial activity that was quickly settled at Hidden Valley in PNG. We are not complacent about this aspect of our operations – it is something we consider to be a key risk and material issue. Our approach to labour relations is proactive and, in the year under review, we undertook an extensive communications campaign while biennial wage negotiations were underway. For more information see page 68.

We appreciate that our employees are not our only key stakeholders, and we dedicate ourselves, as a company, to engaging honestly and appropriately with all relevant stakeholders. For more on our stakeholder engagement see page 43. During FY14 we were pleased to be part of an initiative in conjunction with other gold producers – This is Gold – which aims to provide balanced information about the South African gold industry to a wider audience. For more on this see the website: www.thisisgold.co.za.

ENVIRONMENTAL MANAGEMENT

Environmental management, particularly our rehabilitation plans, remains central to sustainability. Our resources, much like the life span of our business, are not infinite. As a result, we're working now to leave a positive legacy when our mines close.

The Free State rehabilitation project began in 2010 and, to date, we have:

- Reduced the environmental footprint through land reclamation, waste recycling, metal reclamation and recycling
- Restored the affected area to support alternative land use
- Advanced socio-economic development, job creation, community skills development and local procurement
- Transformed the land to create value for society through local enterprises

During FY14 we were awarded platinum status in the Johannesburg Stock Exchange top 100 companies for the Carbon Disclosure Project, with a score of 98% for disclosure, and were ranked 8th on the Nedbank BGreen Exchange Traded Fund.

The production of bioenergy in the Free State is something we find really exciting. Our aim is to develop environmentally sustainable green products and services, as well as renewable energy technology. This environmentally friendly project has the potential to create jobs, to help rehabilitate impacted land and to contribute towards lowering operational costs in the area – outcomes that speak to so many sustainability issues we care about. We are currently in phase one of the project and will report back on our progress next year.

ASSURANCE AND REPORTING

Each year we review issues across the group to establish how relevant they are to the reporting period. This assists in identifying our material issues and our sustainability-related key performance indicators which, in turn, affect our level of assurance. The current review indicated that our assurance levels are more than adequate, and we have kept the same process in place. Papua New Guinea is included in the Sustainability Assurance scope annually, except where explicitly excluded. For FY14, Papua New Guinea was only excluded for the assurance of the housing and living, procurement spend and employment equity key performance indicators.

This year we have chosen to produce a single report – a sign of our progress along the journey of integrated reporting. We decided to continue with the disclosure guidelines of the Global Reporting Initiative as we believe, particularly in areas relating to sustainability, this adds value to our reporting. Consequently, our online integrated report is produced in line with G4 recommendations.

THANKS

Our business is built on the strength of our people. Their commitment to safety, health, governance and environmental issues makes our job on the social and ethics committee much easier. Thank you to each of our loyal employees – you are what keeps Harmony going. In addition, thank you to members of the social and ethics committee and the board for their guidance and inputs. I look forward to another year of working together successfully.

Modise Motloba

Chairman: social and ethics committee

23 October 2014

OUR STRATEGY

We revisit our strategy throughout the year to ensure that it remains relevant and appropriate, while being responsive and adaptive to both internal and external changes.

Our aim is to be safe, highly profitable and generate the cash necessary to underpin the development of Golpu, be a sought-after investment, be robust at any gold or copper price, have a diverse risk portfolio (with exposure to South Africa, PNG, gold and copper) and to continue growing our quality ounces. Our strategy for 2015 to 2020 is to improve our margins through safely delivering on our plans and increase free cash flow through higher grades and cost control, retain a flexible balance sheet, grow our value per share of our Papua New Guinea assets and complete the Golpu studies as it is our intention to build the Golpu mine. We also intend identifying acquisition opportunities of open pit mines and bulk projects.

Below is a graphic illustration of our pathway to delivering on our strategy – and a scorecard against which our performance can be measured in future.



Our strategy forms the basis of all our actions at Harmony. One of the ways in which we achieve our strategy is through having the right people in the right jobs, who understand our objectives and strive to achieve our strategy. We do this by highlighting our strategy in all training and communication between management and employees. For example, when general managers and the chief executive officer present to employees, they will relate the topic back to our Harmony strategy. This means our strategy underpins our actions, allowing everyday decisions to move the company towards our goals.

UNPACKING OUR STRATEGY

1. IMPROVING OUR MARGINS

Safely delivering on plans

- A continuous improvement in safety and health is a primary overriding imperative, and crucial to our ability to care for our people and optimise our operations. For more on safety and health see page 52

Increase free cash flow through higher grades and cost control

- Harmony's underground grade has improved for two consecutive years. We have invested in higher grade orebodies, improved grade control and closed lower grade mines. To avert the consequences of the lower gold price we further improved on our cost control by reducing corporate and overhead costs and managing our capital expenditure. We expect to see a further increase in gold production and grades and this will reduce our unit costs going forward

OUR STRATEGY CONTINUED

Retain flexible balance sheet

- We are highly geared to the gold price and therefore we retain low debt levels to reduce our exposure to liquidity and interest charges. Please refer to the balance sheet included in our financial statements at www.har.co.za/14/numbers/financials

2. GROWING THE VALUE OF OUR PAPUA NEW GUINEA ASSETS TO REFLECT IN OUR SHARE PRICE

Complete Golpu studies

- We plan to release our Golpu pre-feasibility study by the end of 2014, and the Golpu feasibility study by the end of 2015

Build a mine at Golpu

- We plan to build the Golpu mine following the completion of a successful feasibility study

3. IDENTIFYING ACQUISITION OPPORTUNITIES

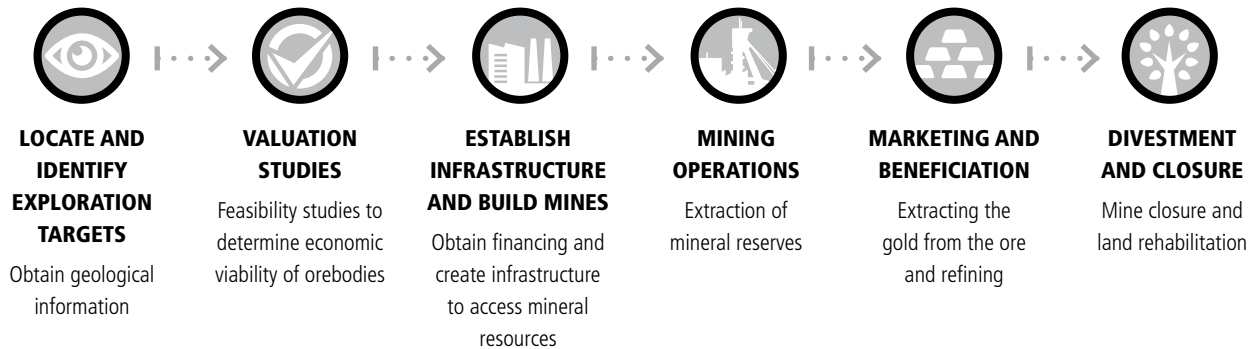
Assess and evaluate open pit mines or bulk mining projects

- We are exploring greenfield and brownfield gold and gold copper opportunities and available assets which we can mine more efficiently
- We will not acquire assets at the expense of building Golpu

HOW WE CREATE VALUE

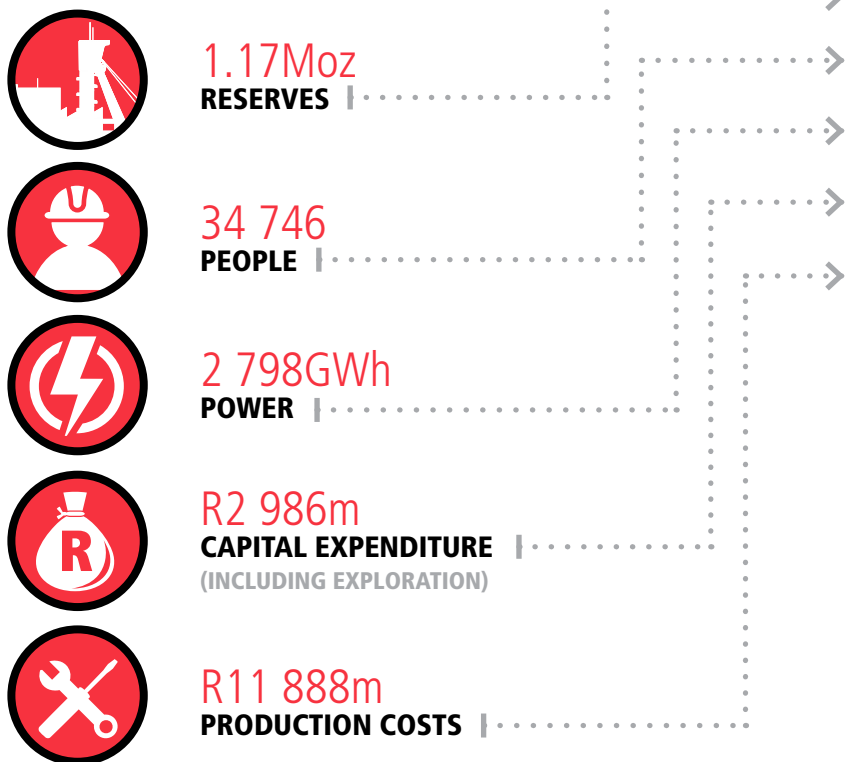
Our business model and value chain

HARMONY'S PROCESS



Harmony creates value through more channels than just monetary spend. We continue to help improve education, build infrastructure, provide healthcare, stimulate local economies and rehabilitate the environment. Examples of this work can be found throughout this report.

WE INVESTED



VALUE CREATED

GENERATED:

R15 682m

Revenue

R3 794m

Production profit



PRODUCED:



1.17Moz Gold



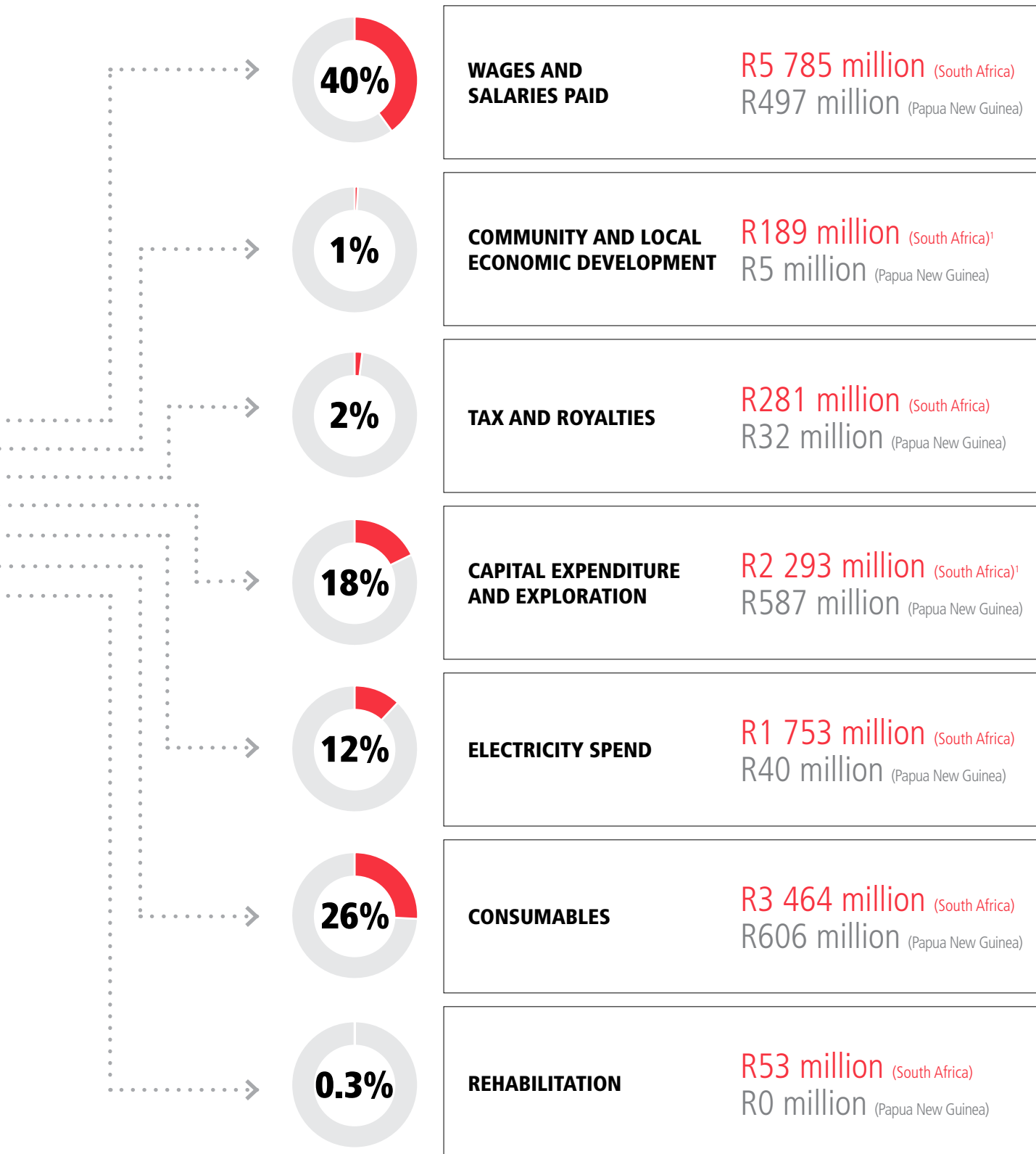
974 846oz Silver

Everything we do at Harmony is underpinned by our values:



HOW WE CREATE VALUE CONTINUED

DISTRIBUTED



¹ Capital of R106 million was spent in South Africa on upgrading hostel accommodation. In this table we included the figure in communities and local economic development and excluded same from capital

BOARD AND MANAGEMENT

BOARD

Non-independent non-executive chairman



Patrice Motsepe (52)

BA (Legal), LLB

Appointed to the board in 2004, Patrice became non-executive chairman during 2004. He was a partner in one of the largest law firms in South Africa, Bowman Gilfillan Inc. He was a visiting attorney in the USA with the law firm, McGuire Woods Battle and Boothe. In 1994 he founded Future Mining, which grew rapidly to become a successful contract mining company. He then formed ARMgold in 1997, which listed on the Johannesburg Stock Exchange in 2002. ARMgold merged with Harmony in 2003 and this ultimately led to the takeover of Anglovaal Mining (Avmin).

In 2002 he was voted South Africa's Business Leader of the Year by the chief executive officers of the top 100 companies in South Africa. In the same year, he was the winner of the Ernst & Young Best Entrepreneur of the Year award. Patrice is a recipient of numerous other business and leadership awards, including;

- World Economic Forum (WEF) Global Leader of Tomorrow, 1999
- Afrikaanse Handelsinstituut (AHI), MS Louw Award for Exceptional Business Achievement, 2003
- Jewish Achievers Awards, Chivas Humanitarian Award, 2013
- BRICS (Brazil, Russia, India, China, South Africa) Business Council, Outstanding Leadership Award, 2014

He is the executive chairman of African Rainbow Minerals Limited (ARM) and the deputy chairman of Sanlam Life Insurance Limited. He is also a member of the International Business Council (IBC) of the World Economic Forum (WEF), which is made up of 100 of the most highly respected and influential chief executives from all industries. He is a member of the JP Morgan International Council.

His past business responsibilities include being the chairman of the BRICS Business Council for 2013 and President of Business Unity South Africa (BUSA) from January 2004 to May 2008 (BUSA is the representative voice of organised business in South Africa). He is also president of Mamelodi Sundowns Football Club.

Member of the nomination committee.

Independent non-executive deputy chairman



Modise Motloba (48)

BSc, Diploma in Strategic Management

Modise joined the board in 2004. He is currently chief executive officer of Quartile Capital (Proprietary) Limited. His 21 years' experience in investment banking, treasury and fund management includes appointments at Rand Merchant Bank, African Merchant Bank, African Harvest Fund Managers and Goldman Sachs. Modise is a former president of the Association of Black Securities and Investment Professionals where he was instrumental in formulating and negotiating the historic financial services charter in 2003.

Chairman of the social and ethics committee and a member of the nomination committee and the audit and risk committee.

BOARD AND MANAGEMENT CONTINUED

Lead independent non-executive director



Fikile De Buck (53)

BA (Economics), FCCA (UK)

Fikile joined the board in 2006. A Chartered Certified Accountant, she was only the second person to obtain this qualification in Botswana. She was awarded the Stuart Crystal Prize for Best Accounting Student at Birmingham Polytechnic (UK), now Birmingham University, being the first black overseas student to be awarded this prize. Fikile is a fellow of the Association of Chartered Certified Accountants (ACCA) UK. From 2000 to 2008, she worked in various capacities at the Council for Medical Schemes in South Africa, including as chief financial officer and chief operations officer. Prior to that she worked in various capacities at the Botswana Development Corporation and was the first treasurer of the Corporation. She also served on various boards representing the Corporation's interests, and was the founding chairman of the Credit Guarantee Insurance Co. She has 23 years' experience in financial reporting at executive level. Fikile is a non-executive director and chairman of the audit committee of Atlatsa Resources Corporation, and a member of various other committees. She is included in "South Africa's Most Inspirational Women" coffee table book (2011). Fikile mentors a number of young people, mostly women.

Chairman of the nomination committee and a member of the social and ethics committee, remuneration committee and audit and risk committee.

EXECUTIVE DIRECTORS

Chief executive officer



Graham Briggs (61)

BSc (Hons) (Geology)

Graham joined Harmony in 1995 as new business manager and has been chief executive officer since 2008. He has been in the mining industry for 38 years, initially as a geologist. His operational and managerial experience was developed at a number of South African gold mines, as well as his role as chief executive of Harmony Australia. Graham is currently vice president of the Chamber of Mines of South Africa.

Financial director



Frank Abbott (59)

BCom, CA (SA), MBL

Frank joined the Harmony board as non-executive director in 1994, and was appointed financial director in 1997. In 2004 he was appointed financial director of African Rainbow Minerals Limited, and resigned as such during 2009. He was reappointed financial director of Harmony in February 2012.

Frank joined the Rand Mines Group in 1981, where he obtained broad financial management experience at an operational level. He was a director of various listed mining companies and currently serves as a non-executive director on the board of African Rainbow Minerals Limited.

BOARD AND MANAGEMENT CONTINUED

Executive director



Harry Ephraim "Mashego" Mashego (50)

BA (Education), BA (Hons), (Human Resources Management) Joint Management Development Programme, Global Executive Development Programme

Mashego joined Harmony in 2005, and has been responsible for group human resources development, transformation and, most recently, government relations. He has over 20 years' experience in human resources, developed largely in the industrial sector.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive director



Joaquim Chissano (75)

PhD

Joaquim was appointed to the Harmony board in 2005. The former president of Mozambique (1986-2004), he also served as chairman of the African Union for 2003/2004. On leaving the presidency, he established the Joaquim Chissano Foundation for Peace Development and Culture, and has led various international peace initiatives on behalf of the United Nations, African Union and Southern African Development Community to Guinea-Bissau, Democratic Republic of the Congo, Uganda and Madagascar. In 2006 he was awarded the annual Chatham House prize for significant contributions to improving international relations and received the inaugural Molbrahim prize for Achievement in African Leadership in 2007. Joaquim was appointed to the global development program advisory panel of the Bill and Melinda Gates Foundation in December 2009.

Member of the nomination committee and social and ethics committee.

Independent non-executive director



Ken Dicks (75)

Mine Managers Certificate (Metalliferous Mines), Mine Managers Certificate (Fiery Coal Mines), Management diplomas (Unisa) and (INSEAD)

Ken joined the Harmony board in 2008. He has a mining engineering background with 39 years' experience in the formal mining industry. He worked for Anglo American Plc gold and uranium divisions for 37 years in various senior positions. He also serves on the Board of Bauba Platinum Limited.

Member of the technical committee and the investment committee.

Independent non-executive director



Dr Simo Lushaba (48)

BSc (Hons), MBA (Wales), DBA (University of KwaZulu-Natal), CD (SA)

Simo joined the Harmony board in 2002. As an entrepreneur and executive business coach, Simo previously held senior management positions at Spoornet (Rail and Terminal Services division), was vice president of Lonmin Plc and chief executive of Rand Water. He is a non-executive director on the Board of Cashbuild Limited and facilitates programmes on corporate governance for the Institute of Directors (SA), where he is also a member.

Chairman of the investment committee and member of the audit and risk committee and remuneration committee.

BOARD AND MANAGEMENT CONTINUED

Independent non-executive director



Cathie Markus (57)

BA, LLB

Cathie joined the board in 2007. After graduating from the University of the Witwatersrand, Cathie served articles qualifying as an attorney, notary and conveyancer. She then joined the legal department of Dorbyl Limited before spending 16 years at Impala Platinum Holdings Limited, initially as legal advisor and, from 1998 to 2007, as executive director responsible for legal, investor and community affairs. She is currently a trustee of the Impala Bafokeng Trust and chairs the St Mary's School Waverley Foundation.

Chairman of the remuneration committee and member of investment committee, social and ethics committee and technical committee.

Independent non-executive director



Mavuso Msimang (72)

MBA (Project Management), United States International University, San Diego California, BSc (University of Zambia)

Mavuso joined the board in 2011. He has 27 years' experience in management at executive level, and was involved in the successful transformation and restructuring of various state owned entities over a period of 16 years, until 2010. Mavuso was director-general of the South African Department of Home Affairs and previously served successively as chief executive officer of the State Information Technology Agency, South African National Parks and SA Tourism. He was country representative of the international development organisations World University Service/Canada and CARE-International in Ethiopia and Kenya, respectively. He also held senior management positions with UNICEF and the World Food Program.

Member of the nomination committee and social and ethics committee. Successor to the lead independent non-executive director.

Independent non-executive director



Karabo Nondumo (36)

BAcc, HDip (Acc), CA (SA)

Karabo joined the board in 2013. She is an executive director of Igagu Communications. She held various roles at Vodacom Group Limited including executive head of Vodacom Business as well as Mergers and Acquisitions. She was inaugural chief executive officer of AWCA Investment Holdings Limited and former head of Global Markets Operations at Rand Refinery Limited. She is a former associate and executive assistant to the former executive chairman at Shanduka Group. She was seconded to Shanduka Coal, where she was a shareholder representative, and also served on various boards representing Shanduka's interests. She is a qualified Chartered Accountant, a member of the South African Institute of Chartered Accountants and African Women Chartered Accountants. She is an independent non-executive director of Merafe Resources Limited, Richards Bay Coal Terminal (Pty) Ltd, South African Express SOC Limited and Rolfes Holdings Limited. She is on the advisory board of Senatla Capital and Trustee of Innovator Trust. She is a patron of Women In Mining South Africa.

Member of the audit and risk committee, technical committee and remuneration committee.

BOARD AND MANAGEMENT CONTINUED

Independent non-executive director



Vishnu Pillay (57)

BSc (Hon), MSc

Vishnu joined the Harmony board in 2013 and is currently executive head of Anglo American Platinum Limited's (Amplats) joint venture operations. Before joining Amplats in 2011, he was executive vice-president and head of South African operations for Gold Fields Limited and, prior to that, vice-president and head of operations at Driefontein Gold Mine. His 25 years at Gold Fields Limited were interrupted by a two-year period with the Council for Scientific and Industrial Research, where he was director of mining technology and group executive for institutional planning and operations.

Member of the technical committee and investment committee.

Independent non-executive director



John Wetton (65)

CA (SA), FCA

John joined the Harmony board in 2011. He was with Ernst & Young from 1967 to 2010. Corporate audit was his main focus, but for the final 11 years he played a business development role across Africa. He led Ernst & Young's mining group for a number of years and continued to act as senior partner for some of the firm's major mining and construction clients. He was a member of Ernst & Young's executive management committee and was, until retirement, a member of the Ernst & Young Africa governance board.

Chairman of the audit and risk committee and member of the social and ethics committee, remuneration committee and investment committee.

Non-independent non-executive director



André Wilkens (65)

Mine Manager's Certificate of Competency, MDPA, RMIIA

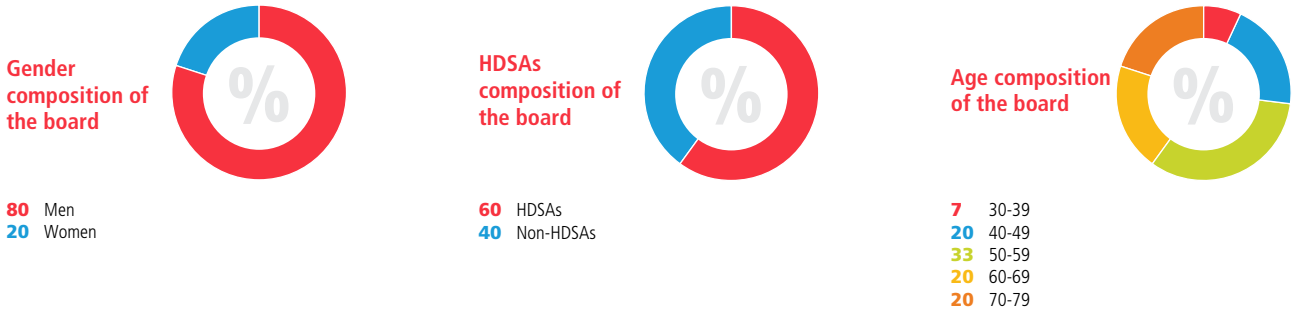
André joined the Harmony board in 2007. He was appointed to the board of African Rainbow Minerals Limited in 2004 and was chief executive officer of African Rainbow Minerals until March 2012. He is currently executive director growth and strategic development (based in the office of the African Rainbow Minerals executive chairman). He headed ARMgold Limited for five years and African Rainbow Minerals Platinum for a year before being appointed chief operating officer of Harmony after its merger with African Rainbow Minerals Gold in 2003. André has over 43 years' experience in the mining industry, particularly gold, platinum group metals, iron ore, manganese, coal, chrome, nickel and copper.

Chairman of technical committee and member of investment committee and remuneration committee.

BOARD AND MANAGEMENT CONTINUED

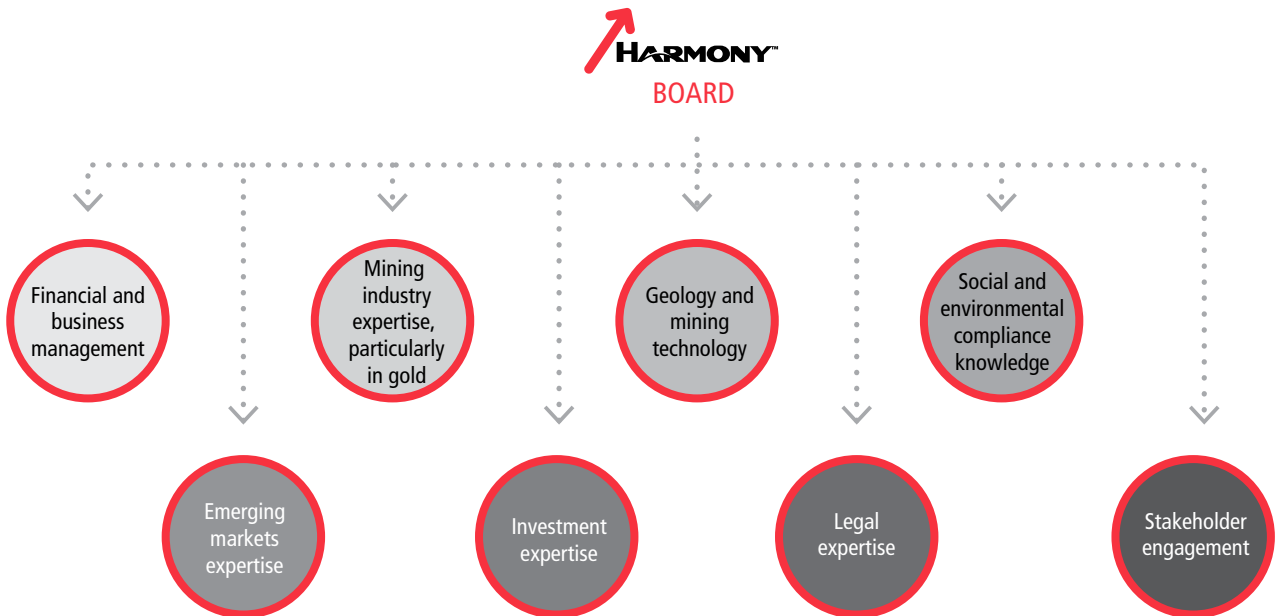
BOARD COMPOSITION AND SKILLS

We have paid specific attention to the composition of our board to ensure it reflects our objectives and is therefore sustainable. Harmony has a unitary board comprising a majority of independent non-executive directors. We exceed the 2014 Mining Charter requirement that 40% of the board be drawn from historically disadvantaged South African groups. At year end, that representation was 60%. Three of Harmony's non-executive directors are women and, in total, nine directors are drawn from groups considered to be historically disadvantaged South Africans (HDSAs).



A critical part of achieving our strategy is ensuring the company consists of teams with the necessary skills and vision to reach strategic targets. The board is no exception – it is made up of individuals who understand our industry, our sector and our strategy. The diagram below explains what skills our board members have that are integral to our strategic development.

HARMONY BOARD: SKILLS



BOARD AND MANAGEMENT CONTINUED

MANAGEMENT

Executive: mineral resources development and growth



Jaco Boshoff (45)

BSc (Hons), MSc, MBA, Pr Sci Nat

Jaco joined Harmony in April 1996. He has been in the mining industry for 18 years, initially as a geologist. Most of his career has been spent with Harmony, progressing from ore reserve manager at various operations to the executive responsible for reserves and resources. He has been Harmony's designated competent person for statutory reserves and resources reporting since 2004.

Executive: human resources



Anton Buthelezi (50)

National diploma (Human Resources Management), BTech (Labour Relations Management), advanced diploma in labour law

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 human resources officer at AngloGold Ashanti, and mid and senior managerial positions in the same field at African Rainbow Minerals Gold, Samancor Chrome and Harmony. He has a proven track record in the full spectrum of human resources functions as a generalist. Anton has an outstanding record in managing labour matters especially conducting and guiding negotiations with organised labour. He participates in the Chamber of Mines' Gold Sector Caucus.

Executive: legal, governance and ethics



Matthews Pheello Dikane (48)

LLB, LLM (Labour Law), postgraduate diplomas in management practice and corporate law, MBL

Pheello joined Harmony in 2009. He has 21 years' experience in the mining industry. He started his career as a learner official (mining) and progressed to production mine overseer at AngloGold Ashanti Limited. During this time, he studied for his law degrees and then served articles at Perrott Van Niekerk Woodhouse Inc. After being admitted as an attorney, 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. He is also a board member of Highway Hospice.

BOARD AND MANAGEMENT CONTINUED

Executive: environmental management



Melanie Naidoo-Vermaak (39)

BSc (Hons) (Industrial Microbiology) (UKZN), MSc (Sustainable development) (UJ) and MBA (University of Southern Queensland, Australia)

Melanie joined Harmony in 2009. Her expertise in sustainable development was built over 15 years in the private mining sector and public sector in South Africa as well as international environmental management exposure gained in the United Kingdom, Australia, Papua New Guinea, Fiji and Africa. She has worked at leading international mining companies, including De Beers, BHP Billiton Limited and Anglo American. She currently holds directorships at Western Basin Environmental Corporation (Pty) Ltd, Harambe Mineral Resources (Pty) Ltd and Phoenix Corporation (Business Ventures Investment No 1 692 (Pty) Ltd), is Chair of both Harmony's environmental trust and community ownership trust and is a member of Harmony's social trust. In addition she is a member of Chambers Environmental Policy Committee, Far West Rand Dolomitic Water Association and Mining Industries Group. She is also a board member of CareSA.

Chief operating officer: South Africa



Alwyn Pretorius (43)

BEng (Mining Engineering), BEng (Industrial Engineering), Mine Manager's Certificate of Competence

Alwyn joined Harmony on its merger with ARMgold Limited in 2003. He has 20 years of underground deep-level gold mining experience in different supervisory and management positions. Before assuming his current role, he was the executive responsible for Health and Safety. He also serves as a member of the Gold Producers' Committee of the chamber of mines and as the chairman of the board of directors of Mine Rescue Services.

Executive: corporate and investor relations



Marian van der Walt (41)

BCom (Law), LLB BCom (Law), Higher Diploma in Tax, Diplomas in Corporate Governance and Insolvency Law, Certificates in Business Leadership (Wits and UJ)

Marian, an admitted attorney and conveyancer, has been employed by Harmony since February 2003. She was appointed company secretary of Harmony in 2003 and joined its executive committee in 2005 as executive: legal and compliance (which 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 at Harmony as executive: corporate and investor relations. 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. Marian also serves on the board of Rand Refinery (Pty) Ltd as non-executive director, is a member of the Johannesburg Stock Exchange Social Responsibility Index Advisory Committee and the Chamber of Mines Communications Committee.

BOARD AND MANAGEMENT CONTINUED

Chief executive officer: south east Asia



Johannes van Heerden (42)

BCompt, CA (SA) (Hons)

Johannes joined Harmony in 1998 and was appointed chief executive officer of Harmony's south-east Asia operations in 2008. He is responsible for Harmony's Papua New Guinea assets including an extensive exploration portfolio and the Morobe Mining Joint Ventures' assets (Hidden Valley mine, Wafi-Golpu project and Morobe exploration, held in equal partnership with Newcrest Mining Limited). He joined Harmony as financial manager with operational and group reporting responsibility for the Free State region. He was appointed group financial manager in 2001, and relocated to Harmony south east Asia as chief financial officer two years later.

Executive: risk management and services improvement



Abre van Vuuren (54)

BCom, Development Programme in Labour Relations (Unisa), Management Development Programme (Unisa), Advanced Labour Law Programme (Unisa), Board Leadership Programme (Gordon Institute of Business Science)

Abre joined Harmony in 1997. He has over 30 years' experience in the mining industry, specifically finance and human resources, on various gold mines and collieries in the Rand Mines Group. As a member of Harmony's executive committee, he was initially responsible for industrial relations. He has held various positions in services and human resources prior to accepting his current position.

REGIONAL GENERAL MANAGERS

Regional general manager (responsible for Masimong, Joel, Unisel and Bambanani mines)



James Mufara (40)

B.Sc. (Hons) (Mining), MBA

James joined Harmony in 2011 as a General Manager. He has been a Regional General Manager since 2012, a title previously known as Operating Officer. James has gained extensive operational and management experience in mining asbestos, nickel and gold, with 17 years of experience in the mining industry altogether. He has worked in Zimbabwe and South Africa. He was previously a council member of the prestigious Association of Mine Managers of South Africa.

BOARD AND MANAGEMENT CONTINUED



Regional general manager (responsible for Target, Phakisa and Tshepong mines)

Beyers Nel (37)

B. Eng (Mining Engineering), MBA, Mine Manager's Certificate of Competency, Professional Engineer (Pr. Eng)

Beyers joined Harmony with the merger with ARMgold in 2003. He has 14 years' experience in gold mining on a variety of opencast, deep and ultra-deep level gold mines in different supervisory and management positions. Before assuming his current role, he was general manager of Harmony's Phakisa mine. Beyers is currently serving on the Council of the Association of Mine Managers of South Africa.



Regional general manager (responsible for Kusasalethu, Doornkop and Kalgold mines)

Phillip Tobias (44)

B.Sc (Mining Engineering Degree), Wits International Executive Development Programme and GIBS Advanced Management Programme

Phillip Tobias joined Harmony on 1 July 2014 as the regional general manager for Kusasalethu, Doornkop and Kalgold. He has been in the mining industry for about 20 years, initially as postgraduate mining engineer with Gold Fields Limited at their various operations. His operational and managerial experience was developed at a number of both gold and platinum mines. Prior to joining Harmony he was consulting mining engineer for Anglo American Platinum Joint Venture Operations. He was named the first black President of the Association of the Mine Managers of South Africa in 2008.

OUR BUSINESS CONTEXT

Relative Global Reporting Initiatives indicators: G4-EC5

We understand that, as a business, we operate in a complex and ever-changing external environment that encompasses social, economic and environmental change, and indeed perceptions about change, in the short and medium term. At the same time, the climate and context within our company is both dynamic and complex and, in many respects, affected by the external environment. We need to understand both the external environment and internal environment, and the relationships between the two to understand how we position Harmony for success, now and in the future.

Identifying and understanding the factors that drive our internal and external business context requires regular and consistent engagement with our stakeholders (see page 43). This section should be read in conjunction with the section on risk management on page 33.

UNDERSTANDING OUR EXTERNAL ENVIRONMENT

The mining environment in South Africa has been challenging in recent years. Most notable has been the public debate on mining's contribution to society and, since 2012, the nature of the labour relations environment. The industry and, in many cases, stakeholders, have sought to minimise negative impacts as far as possible.

Our context is a period which saw a gold price in decline for the first time since 2001, and rising prices of the most important inputs in real terms. Whether this is seen as the beginning of a new bear market for gold, or a correction to be followed by a resumption of an upward trend, depends on expectations of global economic prospects.

Over the past year, the average US\$/oz gold price decreased by 19.2%, while the average R/kg gold price decreased by 4.9% due to the average R/US\$ exchange rate for the year, weakening by 17.4%. The US\$/oz price for the year ranged between US\$1,188 - US\$1,418 per ounce. The year was characterised by outflows from global gold exchange traded funds as a result of the US Federal Reserve's decision to reduce the pace of its bond repurchase programme (quantitative easing). However, these were largely absorbed by the strong physical demand from China and initially India, as ounces moved from west to east in response to lower gold prices in the first half of 2013. From August 2013 to the end of the financial year, consumer demand from India has been weaker due to government-imposed import restrictions.

However, soft physical demand in India and China, combined with a low inflation environment globally, suggests limited potential for higher gold prices in the short term. Currently, Indian gold demand remains constrained by import restrictions. Chinese demand has high price elasticity and has seen a significant reduction in demand since March 2014, when the gold price rose over US\$1 300/oz for the first time since November 2013. Continued geopolitical risk, amongst others, as a result of the Ukraine/Russia conflict, a relaxation of the Indian import restrictions and a stronger-than-expected pick-up in global inflation, could be catalysts for higher gold prices in the near term. Physically-backed gold exchange traded funds do not appear to have as large an impact on the gold market today as they have had in recent years, especially in setting a price floor. Scrap supply is seen as a leading indicator of price and, as gold prices fall below US\$1 300/oz, scrap supply diminishes, contributing to the setting of a price floor.

The current annual global gold production of 97 Moz is rapidly depleting the world's orebodies and needs to be replaced. Over the past few years the discovery of new profitable and competitive orebodies has decreased significantly. A slower pace of gold mine growth in calendar years 2014 and 2015 is likely, as lower prices delay new projects and reduced sustaining capital expenditure. Long-term fundamentals remain in place for continued growth in commodity demand. Unlike other precious metals, such as platinum, gold is not an industrial metal; its attraction lies in its historic role as a store of value, as a currency or as adornment. Since the financial crash of 2008, increased investment demand, particularly from Exchange Traded Funds, Central Banks, India and China, has been among the gold market's principal drivers. While demand for all other metals is subject to changing technologies and economic developments, there is always a market for every ounce of the world's newly-mined gold.

Harmony remains bullish about gold in the long run. Gold has a long history as an investment tool and a store of value. It remains a fairly secure investment. And, while the price may fluctuate, gold is always in demand in some form.

Our external environment is also important as it influences the way in which shareholders perceive investing in South Africa and PNG, in gold and, ultimately, in Harmony. While investors are generally bearish about the outlook for gold, some feel there are opportunities to trade stocks at certain levels. Over the past year investor confidence in South Africa has been muted. While most appreciate that there are assets worth investing in, they have raised concerns about production losses due to industrial action. Closely linked to this is the concern that higher wage demands will exacerbate the cost challenges most South African mining companies are already facing. Many investors are also apprehensive about the potential changes to legislation in both South Africa and PNG, which could leave mining companies in an unstable regulatory environment. We, at Harmony, have earmarked these as some of our material risks and address these concerns on page 33.

OUR BUSINESS CONTEXT CONTINUED

On the policy and regulatory side, the ruling African National Congress (ANC) has repeatedly ruled out nationalisation as a policy option. However, the Economic Freedom Fighters (EFF) has shown itself to be a strong proponent of nationalisation. The EFF won 6.3% of the vote in the May 2014 election which is likely to entrench it as a vocal but small minority party over the next five years. The emergence of a possible workerist party, announced by the largest union in the country – the National Union of Metalworkers of South Africa (NUMSA), reflects an interesting development of a re-engagement of the working class with politics. The growth in support for the Association of Mineworkers and Construction Union (AMCU) has been a portent of this shift and will also have an impact on labour relations in South Africa.

A more material challenge arose in amendments proposed to the Mineral and Petroleum Resources Development Act, particularly a proposal that would empower the Minister of Mineral Resources to declare a mineral to be strategic and determine local prices for these. There was never a suggestion that gold might be targeted, but such a law would have had a dampening effect on mining industry sentiment generally. A period of constructive discussion between the industry, led by the Chamber of Mines, and the Minister, led to a mutually satisfactory outcome. The amendments have not yet been promulgated though, as incoming Minister of Minerals, Minister Ngoako Ramatlhodi, has suspended its passing into law pending further review. Of importance going forward is the planned review of the Mining Charter and, in particular, the question of ownership and other proposed amendments that might make the administrative and cost burden on the industry even more onerous than it already is.

On the labour relations front, following the labour upheavals experienced in the gold mining sector in 2012 due to strike action by the then new union AMCU, there were signs of a more stable environment in the period under review, though by no means unchallenging.

A gold sector wage settlement was reached with the National Union of Mineworkers and two smaller unions, being UASA and Solidarity after a four-day strike. Notably, AMCU, which represented 17% of the workforce in the bargaining units represented in the central level negotiations at that time, did not sign the agreement. The question of whether its members, as members of a minority union, are permitted to strike was contested in the Labour Court with the producers winning a final interdict to prevent Association of Mineworkers and Construction Union members from embarking on a protected strike. AMCU's counter-application regarding the constitutionality of these outcomes was rejected by the Labour Court on 23 June 2014, preventing Association of Mineworkers and Construction Union from striking in the gold industry. The union has since sought leave to appeal.

The second year increase in respect of the 2013 wage agreement in the gold sector came into effect on 1 July 2014, and negotiations for the next agreement period will begin again in 2015 (see the section on labour relations on page 67). The experience of the AMCU-led platinum sector's five-month lengthy wage strike in the first half of 2014 suggests that there is no room for complacency.

While the platinum strike was marred by high levels of intimidation and some violence, the violence experienced in the gold sector in 2012 was not repeated in the year under review. While Association of Mineworkers and Construction Union has still not signed the peace and stability agreement developed under the auspices of the then Deputy President of the country, there has been a greater degree of respect for the law. Both mining companies and the authorities have put in place improved measures for monitoring and mitigating workplace and public acts of violence, and indeed the communication between the two.

The appointment of Advocate Ramatlhodi as Minister of Mineral Resources in May 2014 was widely welcomed. Advocate Ramatlhodi is a former premier of Limpopo and played a strong leadership role in the resolution of the platinum sector strike. It remains the responsibility of all role players in the industry to work with the minister in creating an industry that will attract investment and we, at Harmony, are fully committed to provide our support.

A further feature of the external environment are the increasing expectations and indeed demands of external parties – communities, local governments, non-governmental organisations and others – on the mining sector. As a company, we recognise that Harmony has an important role to play as a corporate citizen. As a result, our relationships with all of our stakeholders are important – we engage and listen, before agreeing on mutually beneficial actions for us to take. We have sponsored a number of youth development programmes, created job opportunities, built housing for local communities and provided bursaries, to name just a few of our community investment projects. See page 75 for more details.

OUR BUSINESS CONTEXT CONTINUED

UNDERSTANDING OUR INTERNAL ENVIRONMENT

The most important aspects of our internal environment remain the safety and well-being of our employees, and the integrity and sustainability of our assets. Our internal environment is therefore shaped largely by factors which have an impact on our employees or on which our employees have an impact. The environment and processes of mining, combined with the behaviour of people, brings with them certain risks to our employees, which we aim to avoid, mitigate or manage. While we have seen significant improvements in recent years, we remain committed to further improvement, which is why keeping our employees safe and healthy is highlighted in our risks and is one of our material issues. (See page 41).

Occupational health risks are not the only health risks we work to mitigate – in South Africa our employees are at risk of contracting human immunodeficiency virus and tuberculosis, both of which are highly prevalent in our society, and we have put in place various initiatives to treat and prevent these illnesses. For more on this see page 58.

In both South Africa and in Papua New Guinea, the level of skills amongst employees and prospective employees remains of great concern. High levels of illiteracy, often combined with relatively low levels of skills, limits the opportunity for growth and development amongst employees and their progression within the company. At Harmony we believe that our employees should be able to improve their lives through their work. As a result we offer extensive training and development programmes, including adult basic education training, portable skills training and on-the-job training. In addition, we invest in community education programmes to ensure that quality education is available at a young age and that promising students are given the tools to thrive. For more on these initiatives see page 71.

We acknowledge the imbalance caused by historical systems in South Africa and work to this through a recruitment policy that focuses on employing historically disadvantaged South Africans at all levels of the company, from the board through to entry-level employees. We understand the need to transform our workforce, and the impact this has on our human resources. Harmony is committed to black economic empowerment in South Africa through both direct equity ownership and our employee share ownership scheme, which allows employees to share in the success of the company. We have also put considerable time and effort into developing a successful women-in-mining project, which has seen many women find fulfilment in their underground roles.

By understanding what we need to do to help our employees feel safe and satisfied at work and implementing various initiatives to achieve this and maintain open communication with them, we manage many of the factors that have an impact on our internal environment. Our emphasis on open communication also allows us to understand any emerging issues that may influence our efforts and gives us time to deal with them before they escalate.

MANAGING OUR RISKS AND OPPORTUNITIES

WHY THIS IS MATERIAL TO HARMONY

By identifying and understanding the risks and opportunities facing our business, we are able to mitigate them or manage them to the best of our ability and prepare the company for future challenges and growth prospects.

OUR APPROACH TO RISK MANAGEMENT

At Harmony, our approach to risk relies on continuous monitoring and the adaption of our mitigation approach where this is required. Our risk management strategy aims to be practical and effective, rather than focusing only on compliance. For this reason, risk management is embedded within the day-to-day actions in the business, rather than something that is dealt with once a year.

OUR RISK MANAGEMENT PROCESS

Our risk management process is guided by the requirements of various regulations and legislation and is championed internally by our chief executive officer. The audit and risk committee plays an oversight role, while management is responsible for implementation and compliance. Because relationships are part of everything we do, our risk management process is built to accommodate engagement, from conversations between management and the board regarding risk to discussions with various stakeholders to ensure that we are addressing the right risks.

The process has its starting point in the group strategy. We need to understand what can affect our ability to meet our strategy, as well as what opportunities we can identify that will help us to achieve our goals. In addition to this we also benchmark our identified risks and opportunities against our peers, to ensure that our risks also cover industry challenges.

On a quarterly basis the executive committee and the audit risk committee examine the risks and discuss any changes in their importance or mitigation for formal reporting to the board. Input is based on experiences at operations, feedback from key stakeholders, external factors and management meetings. In addition, various teams within the company address risk on a regular basis in their day-to-day roles. This creates a constant conversation about risk at different levels, allowing any changes to be captured on an on-going basis.

THE ROLE OF THE BOARD AND AUDIT AND RISK COMMITTEE

Risk is a standard item on the agenda of the audit and risk committee meeting and the role that it plays in our risk management process is a multi-dimensional one.

Primarily the audit and risk committee oversees the identification, prioritisation, management and monitoring of risk at Harmony. Our risk management process is an integrated one, which reflects our integrated approach to business, and thus the committee looks at all risks affecting our strategy.

In order to do this, the committee spends considerable time reviewing the processes in place to identify, monitor and manage risk, such as our risk management policy and process, our methodology and planning, our formal risk assessment, our internal controls and assurance process, our risk appetite and tolerance and our responses to risks. Once the audit and risk committee is satisfied with these, the responsibility falls with executive management and their teams to ensure that these are constantly applied in the day-to-day management actions.

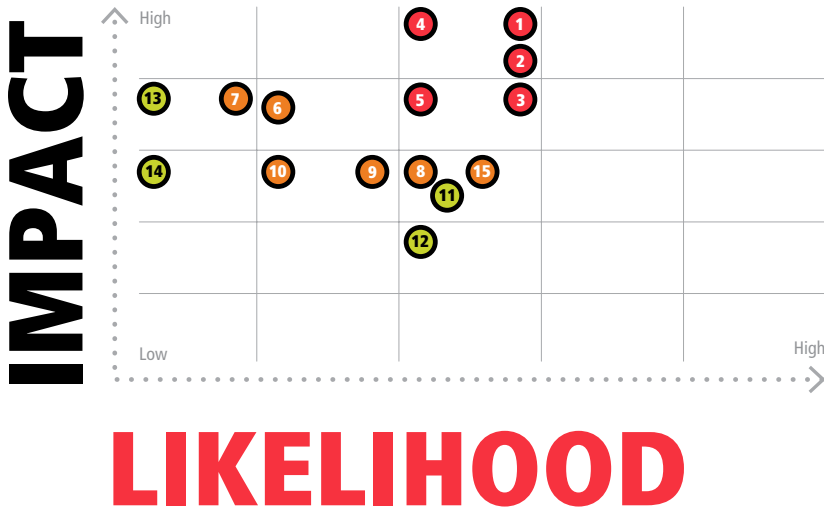
The audit and risk committee takes its findings from these reviews to the board. The top ten risks and mitigating factors are reported to the board on a quarterly basis.

OUR ACTIONS IN 2014

During the year under review we monitored our risks to identify and manage the most material risks facing the company. The following table shows the top strategic risks and opportunities. Various risk factors contain an element of volatility, for example commodity prices and exchange rates, labour dynamics, and the regulatory environment. As a result our risk profile emulates the dynamics of industry and Harmony-specific issues at a point in time – a risk can change its ranking and relevance every few months, once we perform our formal quarterly reviews.

MANAGING OUR RISKS AND OPPORTUNITIES CONTINUED

RESIDUAL RISK HEATMAP 2014



- 1: Safety
- 2: Labour disputes / labour unrest
- 3: Not achieving operational objectives
- 4: Gold price and foreign exchange fluctuation
- 5: Socio-economic, political and regulatory changes
- 6: Major infrastructure incidents
- 7: Major environmental incidents
- 8: Potential liability for occupational health diseases
- 9: Funding of capital expenditure / projects
- 10: Large capital projects
- 11: Discovery / acquisition of quality mineral reserves
- 12: New technology
- 13: Diversification of metal base
- 14: Compliance with corporate governance and public disclosure requirement
- 15: Productivity

Our risk profile contains potential events and/or factors which pose both a threat as well as an opportunity. These downside and upside risk factors are all duly considered in our day-to-day business activities, and play an integral role in the formation and management of our group strategy.

Risk / Opportunity	Context	Mitigation	Link to strategy
Safety	Deep level mining brings with it inherent safety risks. We prioritise safety primarily to protect our people, who are at the centre of all we do here at Harmony. Apart from the effect safety has on our employees' mindsets and productivity, it also has the potential to impact our reputation, stop production, lead to litigation and decrease the overall value of Harmony. We view safety as an opportunity to engage with many key stakeholders, particularly our employees, and to entrench our values.	<p>Safety is one of our five values at Harmony, making it the basis of all we do. Apart from the everyday safety procedures we have in place we also engage with employees regularly on the topic through training sessions and open discussions.</p> <p>During FY14 we had external professionals review the Harmony Health and Safety strategy to ensure we were on the right track.</p> <p>We also believe that if an incident happens it is best to learn from it. As a result our safety department has begun verifying and evaluating every injury on an ongoing basis. In addition, we have also standardised auditing and reporting of physical conditions at workplaces. For more on this see page 52.</p>	Safety is integral to the sustainability of our business – it helps foster our relationship with our employees, maintain stable production and retain our licence to operate. It is a feature in our values, our material issues and underlies our strategy.

MANAGING OUR RISKS AND OPPORTUNITIES CONTINUED

Risk / Opportunity	Context	Mitigation	Link to strategy
<p>Labour disputes/ labour unrest</p>	<p>In South Africa unstable labour relations is one of the largest risks facing the mining industry as a whole. In recent years there has been an increase in inter-union rivalry and prolonged strikes for higher wages. If unmanaged this could result in industrial action, as well as work stoppages and increased indebtedness for our employees, which could further aggravate the problem. In Papua New Guinea we face both labour and landowner unrest.</p> <p>Apart from the effect this has on our relationships with our employees and communities, it also has the potential to decrease our production, cause damage to our assets and increase the need for security because of increased safety risks.</p> <p>In addition, prolonged strikes can have adverse financial impacts on employees, Harmony and the surrounding communities – something that undermines our work to bring economic stability to the environments where we work.</p>	<p>This is another risk where we believe that the key to effective mitigation lies in relationships.</p> <p>In South Africa we have ongoing engagement with organised labour at both mine and company level and take a proactive approach to address employees’ concerns. During FY14 a financial literacy intervention to address employee indebtedness was rolled out and we embarked on a consultation process on the Employee Relations Policy Framework which will be finalised during FY15.</p> <p>In Papua New Guinea we continuously engage with all stakeholders, including employees, provincial and local government, landowners and regulators.</p> <p>For more on this see page 67.</p>	<p>There is no question about the centrality of this risk to our strategy – we cannot achieve any of our objectives without the support of the people of Harmony. By maintaining a stable workforce we are able to provide our employees with decent working conditions, while also being able to work consistently to achieve our strategy.</p>
<p>Not achieving our operational objectives</p>	<p>While the risk always exists that we may not meet our operational objectives it is something we monitor closely, as each objective is a step closer to achieving our strategy. In particular, unplanned events, operational results, cash flows and gold price fluctuations can all affect our ability to meet our strategic objectives, and so are factors that we watch carefully. Apart from the long-term impact of not meeting objectives on our strategy and sustainability, it can also affect our financial results and investor confidence, and could eventually lead to mine closures.</p>	<p>Apart from monitoring our performance against targets and making adjustments on an ongoing basis we have put in place a number of mitigation measures during the year under review. These include the engagement of independent consultants at Kusasalethu and Hidden Valley, and the re-design of the planning process to focus on de-bottlenecking and optimisation, as well as an increased focus on mining and engineering risks through smaller regional general manager sections and additional senior capacity in the engineering section. For more on this see page 101.</p>	<p>Ultimately, Harmony needs to be a successful, resilient business before it can be a responsible corporate citizen and employer of choice. As a result, achieving our operational objectives are the crux of our strategy, as they allow us to strengthen and grow our business and to ultimately share the rewards with our stakeholders.</p>

MANAGING OUR RISKS AND OPPORTUNITIES CONTINUED

Risk / Opportunity	Context	Mitigation	Link to strategy
Gold price and foreign exchange fluctuations (varying from planned levels)	As a gold mining company we are a price taker, with the gold price being affected by various factors outside of our control. A variation of gold price from planned levels can cause margin squeeze and impact our ability to deliver production and growth targets which, in turn, affects the daily running of our business. Fluctuations in the gold price can also impact our financial results and investor confidence. If the gold price remains at an unexpected low it could cause job losses or mine closures.	<p>We work consistently to adapt our business in order to make it more resilient to changes in prices. In FY14 we specifically took a fresh look at our planning process in order to decrease bottlenecks and improve optimisation. In addition we also made our planning parameters more conservative, improved Hidden Valley's profitability, rescheduled our capital expenditure and ensured we had sufficient funding facilities. This focus on cash flows allows us flexibility when the price dips below expected levels.</p> <p>However, the gold price also presents an opportunity for us – if it rises above planned levels it can stimulate growth within our business. For more on this see page 30.</p>	The resilience we create to adapt to the changing gold price is an integral part of our strategy, as it is this resilience that will allow us long-term sustainability.
Socio-economic, political and regulatory changes	<p>It is imperative to our business that we maintain our licence to operate. This means that we need to stay up to date and comply with all necessary socio-economic, political and regulatory changes in both South Africa and Papua New Guinea. In South Africa these regulations include existing and new labour legislation, political and regulatory changes, and Mineral and Petroleum Resources Development Act amendments, among other regulatory requirements. In Papua New Guinea, we adhere to local legal and fiscal framework changes, while also addressing increased socio-economic investment expectations.</p> <p>Not meeting these requirements could impact both our reputation and investor confidence in our business. It could also mean that we need to pay fines for non-compliance or that we could lose our license to operate.</p>	<p>We believe that the key to mitigating this risk is to develop and maintain healthy relationships with the involved parties, so as to always understand what is expected from us. For more on our stakeholder engagement during the year see page 43.</p> <p>In South Africa, we have regular interaction with the regulator to influence legislation as well as regular meetings with community leaders to address community concerns. In addition we align our Social and Labour Plans with municipal Economic Development Plans, and we keep organised labour abreast of developments in labour legislation. In the year under review we worked with the Chamber of Mines on input towards the Mineral and Petroleum Resources Development Act amendments.</p> <p>In Papua New Guinea, the Morobe Mining Joint Venture, Harmony and the Chamber of Mines collectively participate in industry consultation.</p>	Maintaining our licence to operate is a material issue for us, as we recognise the requirements of both South Africa and Papua New Guinea, and work to be a socially responsible company. More than that though, maintaining our right to mine is at the heart of our strategy, as it allows us to keep working and building a sustainable business that shares benefits.

MANAGING OUR RISKS AND OPPORTUNITIES CONTINUED

Risk / Opportunity	Context	Mitigation	Link to strategy
Major infrastructure incidents	As a mining company we rely on large infrastructure in order to maintain the work at our operations. If there are any breakdowns or infrastructure failures these have the potential to cause production losses, to cause expensive damage that could take time to repair as well as threaten the safety of our employees.	We spend a considerable amount of time on the maintenance of our infrastructure to proactively address any potential problems. During FY14 we had third party engineering audits at Kusasaletu and other selected mines. We also improved operational risk management through focused weekly risk reviews and appointed two additional senior engineering managers at a regional level. For more on this see page 104.	Much like achieving our operational objectives, avoiding major infrastructure incidents relates to the everyday business side of our strategy – the only way to ensure a sustainable business is to be able to continue mining daily, and we require functional, safe infrastructure for this.
Major environmental incidents	<p>Part of our commitment to be a responsible miner is to effectively manage our environmental impact. Apart from actively managing our impact on the environment and preventing environmental incidents, this also includes using appropriate amounts of these resources and ultimately reduce our carbon footprint.</p> <p>The impacts associated with environmental incidents and non-compliance are varied. Primarily we are concerned with the health of our employees and communities, as well as protecting the environment in which we work. Non-compliance brings with it the risk of liability and the penalty of fines, as well as the potential for litigation. All of this can negatively impact our reputation.</p>	<p>In South Africa, we manage our environmental issues in a variety of ways. Our energy efficiency strategy is achieved through concerted efficiency programmes and a drive to include renewable energy into our consumption.</p> <p>We also focus on groundwater modelling, regional closure plans and compliance to slimes dams code of practice. In order to assure our compliance to environmental standards we have legal compliance audits against company standards and ISO 14001 as well as third party tailings management and audit.</p> <p>In Papua New Guinea, our focus is on the effective management of engineered waste rock dumps and all surface water on site. Here we have an External Stakeholder Advisory Panel that independently reviews our progress. For more on this see page 81.</p>	Our natural resources need to be managed effectively in order for our business to thrive. By mitigating the risk of environmental incidents we are able to focus on using resources correctly, while planning sufficiently for our eventual closure.
Potential liability for occupational health diseases	This is another issue that we as well as our South African peers face with regard to work-related illness, such as silicosis. This is an industry-wide issue. The risk is two-fold. Firstly, we need to address what has happened in the past. Secondly, we work now to mitigate the risk of occupational health risks to ensure this risk does not continue into the future.	<p>We mitigate our health risks through a pro-active health strategy as well as an at-work management programme.</p> <p>For more on this see page 58.</p>	Much like the nature of this risk the impact it could have on our strategy is two-fold. Firstly, our people are at the heart of our business and we want to do all we can to ensure they remain healthy. Secondly, the potential liability could decrease our cash flow and make us less resilient in the future.

MANAGING OUR RISKS AND OPPORTUNITIES CONTINUED

Risk / Opportunity	Context	Mitigation	Link to strategy
Funding of capital expenditure/ projects	In order to grow our business we need to be able to fund projects and capital expenditure. This funding can be affected by commodity price volatility, operational results and cash flow, market capitalisation or funding constraints and investor return expectations, which can, in turn, interrupt our plans for the future. All of this can lead to financial difficulties and stunt our ability to create value.	In order to keep our cash flow healthy we have a variety of mitigating actions, including a strong low-leveraged balance sheet, monitoring capital market for opportunities and focusing on a decent operational performance. As with many of our risks we also turn to our relationships to try mitigate this through solid relationships with financial institutions. For more on this see page 47.	Part of our strategy is to grow our business and ensure we can continue well into the future and ensure that we are able to fund our growth.
Large capital projects	In connection to the previous risk, once projects are funded it is important that they then prove successful to cement our future plans. If projects are not delivering or not showing return on investment we will have to manage investor needs and / or expectation while protecting our cash flow.	<p>We mitigate this risk in three steps. Firstly, we apply a project-management gate-review process to define and approve projects to be implemented to ensure that the correct projects are chosen. Secondly, we appoint the right project management team to implement and manage each project. Finally, formal project reviews are used to track progress and implement corrective actions if required.</p> <p>In Papua New Guinea specifically, we design our projects with payback and financial hurdles in mind. Here we also focus on improving project management maturity in the organisation and ensuring compliance to the governance processes stipulated in our project management system. For more on this see page 129.</p>	One of our strategic deliverables is to safely deliver on plans. This risk is directly related to that deliverable – we need to work smartly from the start of any project to ensure we can bring it into production safely and effectively in order to secure future success.

MANAGING OUR RISKS AND OPPORTUNITIES CONTINUED

Risk / Opportunity	Context	Mitigation	Link to strategy
Discovery / acquisition of quality mineral reserves	<p>A risk facing any mining company is that of sustainable production and maintaining reserves and resources. At Harmony we are no different, and we use exploration as an opportunity to improve our future production. However, we are aware of the opportunity loss associated with not increasing our ore reserves sufficiently that we need to manage. Also, we face the risk that exploration may not realise a reserve base increase. All of this can impact our investor confidence and growth strategy.</p>	<p>We face this from various sides. In order to maintain a competitive advantage we aim to be a lowest cost producer (R/tonne). In regards to ensuring exploration leads to sufficient resources we have a new business team to review and recommend opportunities to the board as well as scientific targeting of exploration targets and professional exploration teams. For more on this see our projects section on page 129 and our reserves and resources section on page 135.</p>	<p>In order to remain a globally competitive mining company (our ultimate strategic goal), we need to continue having profitable reserves and resources to mine. By focusing on exploring and securing quality tonnages we are able to do this.</p>
New technology	<p>New technology provides us with an opportunity to increase our competitive advantage and make our business model more resilient as we move into the future. For example, we can use new technology to respond to cost pressures such as electricity tariff increases and labour, which will allow us to make our production and costs more efficient. This, in turn, can help us increase revenue and share more benefits.</p>	<p>Ways in which we are working on capitalising from new technology include safety improvements, energy efficiency, alternative energy mix, water conservation technology, nuclear radiation rehabilitation and we also continue to evaluate new mining methods. For more on this see Safety and Health (page 52), Environmental Performance (page 82) and Operations (page 101).</p>	<p>Every one of our strategic objectives can be enhanced by embracing innovation through new technology which will increase efficiencies, productivity and safety.</p>
Diversification of metal base	<p>The gold market is cyclical by nature, so investigating mining of other metals provides us with an opportunity to gain exposure to potentially countercyclical gold price movements. This could help us sustain profits when there is a downward movement in the gold price and supports our growth strategy.</p>	<p>In Papua New Guinea, we are actively pursuing the development of the Golpu project in order to gain exposure to copper. In South Africa we are evaluating opportunities where we can exploit our existing operating strengths while diversifying. For more on this see page 129.</p>	<p>By exposing ourselves to a more diverse metal base we will make our business model more resilient and, as a result, more sustainable in the long term.</p>

MANAGING OUR RISKS AND OPPORTUNITIES CONTINUED

Risk / Opportunity	Context	Mitigation	Link to strategy
Compliance with corporate governance and public disclosure requirements	<p>Across our business, and particularly in South Africa, our corporate governance must meet and surpass requirements. This requires us to stay abreast of changes in the regulatory framework in order to proactively gear ourselves for such changes and to manage our cost of compliance. It provides us with an opportunity for transparency, which increases investor confidence and improves our reputation.</p>	<p>Obviously the most apparent mitigation of this risk is compliance to the relevant legislation and standards, such as King III Code of Governing Principles. For more on this see our corporate governance section on page 146.</p> <p>In addition, we manage this risk through transparent communication, consistent messaging and on-going engagement with all our stakeholders, to ensure that we are meeting expectations and that people understand our actions. For more on this see page 43.</p>	<p>Effective corporate governance is central to our strategy. As a result, we ensure that the business is run ethically, and that this feeds into our strategy and everyday actions.</p>
Productivity	<p>In order to be a successful business we need to produce enough gold to be profitable. This all relates back to productivity which is affected, in simple terms, by labour. If we have enough skilled, healthy, motivated and safe working labour, we are able to produce our targeted gold production. In addition we focus on infrastructure, technical efficiencies and safe working areas.</p> <p>Productivity is both a risk and an opportunity for Harmony. If well-mitigated it means we are able to produce volumes that are either in line with or above expectations. This, in turn, strengthens our business. However, if we produce below target it can destabilise our business, and make it harder for us to reach other business targets. As a result it is essential that we are producing enough tonnes or ounces per person working.</p>	<p>This is a complex risk, and we therefore mitigate it in various ways. These include a pro-active health strategy and at-work management programme. See the employment section on page 67 for more on this.</p> <p>As with many of our risks we recognise how important relationships are in managing productivity and we work with both organised labour and our employees to prevent absenteeism.</p>	<p>A stable workforce enables sustainable productivity which is imperative for achieving our business goals.</p>

For more detailed information pertaining to risk factors and their potential impact see the Form 20-F as filed with the United States' Securities Exchange Commission. (www.harmony.co.za/investors/reporting/20f)

MANAGING OUR RISKS AND OPPORTUNITIES CONTINUED

MATERIAL ISSUES

Our process of determining material issues is emanates from our risk management process. We combine this with our Global Reporting Initiative materiality assessment, in which we perform a gap analysis and benchmark against our peers to determine our key indicators. In addition we look at which indicators are most closely related to our values and strategy. From this process we have derived the following five material issues, which encompass most of our key risks while also addressing our values.

1. KEEPING OUR PEOPLE SAFE AND HEALTHY

People are at the centre of our business. While we have made significant progress in recent years in improving safety and health underground, safety remains a priority for us. We will continue with a pro-active people-focused approach, placing attention in the areas of training and communication to entrench safe behaviours in the workplace. We understand the need to make further safety advances such as through new technology or advancing protection equipment. We realise that physical threats are not the only dangers to our employees who also face occupational health risks from working underground. We address all operational health risks and offer treatment for a variety of other health problems. We believe that prevention is better than cure and our pro-active health strategy and programmes are integrated and holistic. Our aim is to ensure our employees return home healthy and safely. For more on health and safety see page 52.

Relevant Global Reporting Initiative indicators: Occupational health and safety (G4-LA6, G4-LA7)

Related values: Safety, Accountable, Connected

Related key risks: Safety, potential liability for occupational health diseases, achieving our operational objectives, productivity

2. ACHIEVING OUR BUSINESS OBJECTIVES

The success of our core business drives what we do, and are able to do. This does not mean that we are focused only on short-term success. As explained in our strategy (see page 16) our aim is to create a viable business for years to come. As a result, we also consider our future objectives, such as using technology and innovation, diversifying our resource base, and ensuring we have projects in place to sustain and grow our production.

Relevant Global Reporting Initiative indicators: Economic performance (G4-EC1, G4-EC7, G4-EC8)

Related values: Accountable, Achievement

Related key risks/opportunities: Safety, achieving our operational objectives, diversification, discovery/ acquisition of quality ore reserves, funding of capital expenditure/projects, new technology, productivity

3. MAINTAINING STABILITY IN OUR WORKFORCE

Amid a potentially fractious industrial relations background in the South African mining industry, we focus on having positive and open relationships with our employees and the trade unions that represent them. By fostering conversation we understand and address grievances before industrial action. The benefits of a stable industrial relations climate are extensive. We want to create workplaces where employees feel safe, respected and valued. A stable workforce furthers our aim of meeting business objectives, because it lowers turnover and stabilises production. The benefits of this are shared with employees through production bonuses, reward and recognition programmes and the employee share ownership scheme. For more on these see page 67.

Relevant Global Reporting Initiative indicators: Labour/management relations (MM4), Employment (G4-LA1)

Related values: Honesty, Connected and Accountable

Related key risks: Labour disputes/ labour unrest, safety, achieving our operational objectives

4. PROTECTING OUR LICENCE TO OPERATE

To be a successful company, we need to earn our right to mine. This requires a clear understanding of local legislation and regulations, as well as solid relations with government, communities, industry bodies and local business partners. We seek more than compliance: we will transform our workforce, ensure good corporate governance, and be a responsible corporate citizen. For more on our compliance see page 146.

Relevant Global Reporting Initiative indicators: Diversity and equal opportunity (G4-LA12), Local communities (G4-S01), Environmental compliance (G4-EN29)

Related values: Accountable, Honesty

Related key risks: Socio-economic, political and regulatory changes, compliance with corporate governance and public disclosure requirements

MANAGING OUR RISKS AND OPPORTUNITIES CONTINUED

5. MANAGING OUR IMPACT

The resources available to our business each have a limit, and we respect this. We are environmentally responsible through careful monitoring of our consumption, emissions and impact. Our commitment to improving health and safety speaks to our need to protect human resources, while our training and development programmes highlight how we encourage each employee to learn and grow their skills. Responsible resource management is also crucial to our socio-environmental rehabilitation planning. While our mines exist we want to do what we can to improve the living conditions of employees and community members, and to bolster both socio-economic and ecological developments, so we know that when mines close we need to leave viable communities that can support their economies and are not plagued with environmental or health issues. This takes planning from now, and is something we are constructively working towards. For more on our skills training and rehabilitation initiatives see pages 71 and 80 respectively.

Relevant Global Reporting Initiative indicators: Energy (G4-EN5), Effluents and Waste (G4-EN22, G4-EN23, G4-EN24, MM3), Local communities (G4-S02, MM6, MM7)

Related values: Safety, Accountable, Honesty

Related key risks: Major environmental incidents, major infrastructure incidents, socio-economic, political and regulatory changes

STAKEHOLDER ENGAGEMENT

WHY THIS IS MATERIAL TO HARMONY

To be a profitable, responsible and sustainable business we must have mutually beneficial and sustainable relationships with our various stakeholders, and understand and meet their needs where possible.

Relevant material issues: Maintaining stability in our workforce.
Protecting our licence to operate.

OUR APPROACH TO STAKEHOLDER ENGAGEMENT

To Harmony, stakeholder engagement is not just about policies and guidelines. Effective stakeholder relations are about building lasting relationships, and making a meaningful contribution to the communities and countries in which we work.

The primary aim of communicating with stakeholders is, simply, to share and gather information and implement actions. This communication is guided by both our values and our strategic intent. The actions that follow stakeholder engagement should:

- **Improve the lives** of host communities/stakeholders through participation in appropriate programmes or projects
- **Find solutions** to the various challenges facing our society and host communities, including unemployment and lack of economic activity, by collaborating with stakeholders and forming meaningful partnerships
- **Find a balance** between the expectations of stakeholders and shareholders

Our communication with stakeholders is inclusive, so that this communication is:

- **Meaningful**, and addresses what is material to stakeholders
- **Complete** so that we understand the views, needs, perceptions and expectations linked to issues that stakeholders view as material
- **Responsive** so that we respond to material issues in a timely, coherent and appropriate manner

Our communication approach, with both internal and external stakeholders, is integrated into the way we do business. Stakeholder relations are an integral part of our business, and shape our actions in addressing problems, determining strategy and allocating resources.

What we hope to achieve from this comes back to sustainability. If stakeholders can help us identify problems before they become impediments, then it is more likely that we can manage them and avert any crisis. If we can remain accountable to stakeholders we can maintain open and honest relationships to ensure information sharing, mutual learning and understanding. Effective stakeholder engagement helps us manage risks and enhances the company's reputation, which is essential to the long-term sustainability of Harmony.

Every member of Harmony is involved in the function of stakeholder relations, as we are all involved in both internal and external relationship management. A government and other stakeholder relations team, reporting to the executive director, Mashego Mashego, guides the process of stakeholder engagement at Harmony. The social and ethics committee of the board oversees stakeholder relations and, in August 2013, approved our Stakeholder Engagement Policy, which had been signed by the chief executive officer. In addition to the work done by the social and ethics committee, the board monitors stakeholder relations.

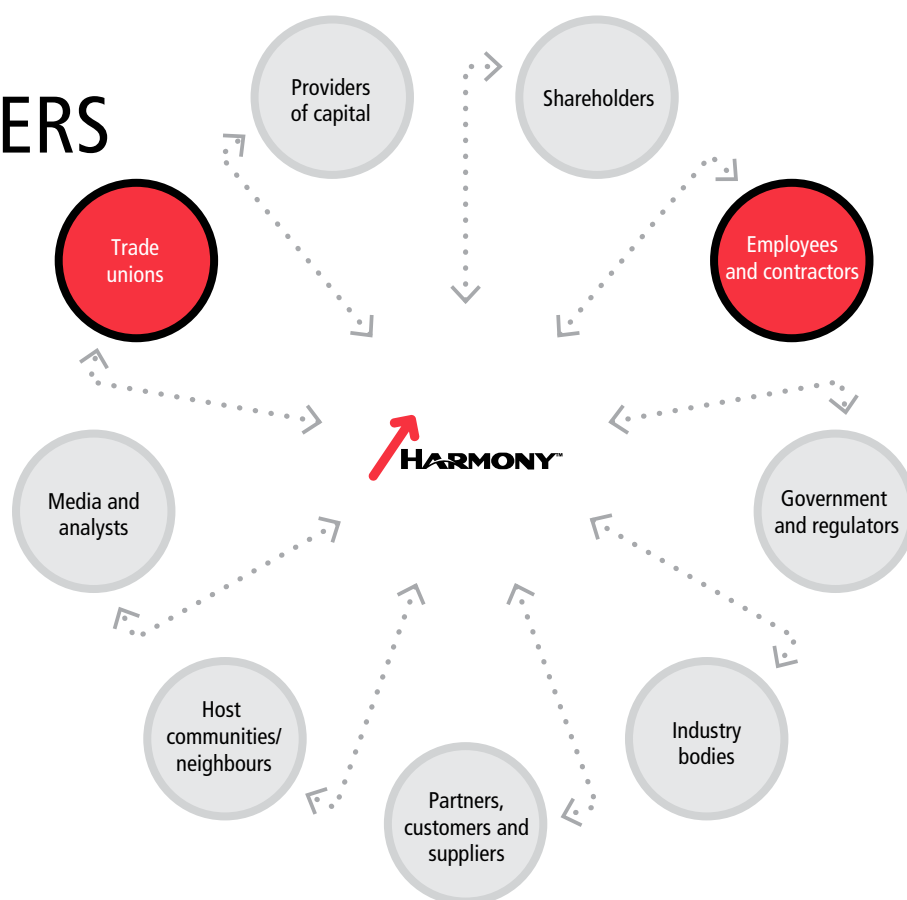
OUR STAKEHOLDERS

Our engagement complies with relevant legislation and standards, including ISO 14001, OSHAS 18001 and ISO 9000. Using our stakeholder engagement policy and strategy we identify various stakeholders, both internal and external, across our business process. In conjunction with this, and in line with ISO 14001 implementation, a formal stakeholder analysis was conducted using experienced, external social consultants. From these two processes we derived the following stakeholder map.

STAKEHOLDER ENGAGEMENT CONTINUED

OUR STAKEHOLDERS

“Our stakeholder engagement is about more than policies and guidelines, it is about building lasting relationships and making meaningful contributions.”



- Internal stakeholders
- External stakeholders

OUR ENGAGEMENT IN 2014

We have detailed our communication with key stakeholders below, highlighting their expectations from communications with us, what benefits can be found in communicating effectively and information on our interaction with each stakeholder during the year. We strive for communication that is regular, consistent, relevant, transparent and open in all these engagements.

SHAREHOLDERS

Expectations: Consistent returns and growth on investment directly and relative to peers, timely and transparent disclosure on objectives, performance and expectations.

Benefits of engagement: Share price resilience, continued investment, creating an understanding of the company’s short and long term objectives, open, on-going conversation allows us to deal with any worries or queries before they become serious.

Discussions during the year: Shareholders asked questions pertaining to clarity on grade improvements, production, safety, Harmony’s strategy, our ability to fund Golpu, and sustained cash flows.

How we engage	How often
Information and compliance releases via the Stock Exchange News Service of the Johannesburg Stock Exchange and via the Electronic Data-Gathering, Analysis and Retrieval system of the United States Securities and Exchange Commission	As required and ongoing
Harmony website (www.harmony.co.za)	Ongoing
Releases and information sent to the shareholder database	Ongoing
Results presentations and webcasts	Quarterly
Ad hoc presentations on specific issues	As required

STAKEHOLDER ENGAGEMENT CONTINUED

How we engage	How often
Conferences	Throughout the year, the chief executive officer and senior executives present at key investor conferences globally
Investor roadshows	Throughout the year, in South Africa and internationally
Documents and correspondence sent via post and e-mail	Quarterly and as required
Conference calls	Ongoing
One-on-one meetings	Ongoing
Integrated report	Annually

EMPLOYEES AND CONTRACTORS

Expectations: A safe, stimulating and rewarding work environment that offers opportunities for personal and career development.

Benefit of engagement: Fewer strikes, high levels of productivity, low turnover.

Discussions during the year: In our engagements with employees the following issues have been raised and discussed - wage negotiation demands, cultural alignment surveys and opportunities at other Harmony mines.

How we engage	How often
Employee engagement surveys	Annual
Regular meetings with organised labour	As required
General manager presentations to all employees at mine	Quarterly
Chief executive officer roadshows to all our operations	Every six months
Future forums, mass meetings, work groups	Ongoing
Workshops	As required
Newsletters, mine TV, podcasts, SMS, posters	Ongoing
Harmony website (www.harmony.co.za)	Ongoing
Intranet (local, internal Harmony internet)	Ongoing
Company emails	Weekly
Sport at shafts (such as cricket, soccer, netball and rugby) is used to share information and build relationships	Ongoing
Cultural events	When required
Briefs or memos	When required
Communication campaigns	When required

GOVERNMENT AND REGULATORS

Expectations: Compliance to the letter and spirit of the law, cooperation and continual improvement.

Benefit of engagement: Easier to maintain social license to operate.

Discussions during the year: During engagement with the government and regulators this year they brought certain regulatory matters to our attention and encouraged our participation in joint initiatives, such as the Deputy President's Framework Agreement for a Sustainable Mining Industry. We were also closely involved in influencing legislative changes such as the Mineral and Petroleum Resources Development Act, environmental management plans, National Environmental Management Act, etc.

How we engage	How often
Industry bodies	As an active member of the Chamber of Mines, Harmony contributes to policy formulation
Personal interaction	Dedicated senior executive responsible for government relations
Harmony website (www.harmony.co.za)	Ongoing

STAKEHOLDER ENGAGEMENT CONTINUED

INDUSTRY BODIES

Expectations: Mutually beneficial relationships founded on integrity, constructive engagement and mutually beneficial outcomes.

Benefit of engagement: Firm understanding of our industry and our place in it.

Discussions during the year: During the year under review we worked closely with the Chamber of Mines regarding changes to the Mineral and Petroleum Resources Development Act, and partnered with them and other gold mining companies for a joint communication campaign during the wage negotiations.

How we engage	How often
Conferences	Quarterly
Presentations	Ongoing
Workshops	As required
Meetings, for special interests such as wage negotiations	As required
Harmony website (www.harmony.co.za)	Ongoing

SUPPLIERS OF GOODS AND SERVICES

Expectations: Mutually beneficial relationships founded on equal opportunity and integrity.

Benefit of engagement: Reliable supply chain, assuring the sale of our product. Sustaining solid working relations cements current partnerships and paves the way for future work.

Discussions during the year: We have engaged with suppliers this year to ensure that their processes are in line with our human rights and environmental standards, our code of ethics and our empowerment requirements.

How we engage	How often
Presentations	Ongoing
Workshops	As required
Harmony website (www.harmony.co.za)	Ongoing
Harmony Enterprise Development Centres	Ongoing
Written communication	As required
Contractual negotiations	As required
Face to face interaction	Ongoing

HOST COMMUNITIES, LABOUR-SENDING AREAS AND NEIGHBOURS

Expectations: Mutually beneficial relationships founded on shared goals, constructive engagement and long-term commitment.

Benefit of engagement: Stable community relations, increased opportunity to make a meaningful difference through appropriate corporate social investment projects.

Discussions during the year: The most important issues raised by our communities and local government are those regarding their expectations, such as questions relating to our corporate social investment projects, social and labour plans, job creation, training and the like. In addition, issues/concerns raised regarding our mining activities were discussed and addressed. Major environmental changes or operational changes that will have an impact on the environment were also discussed with surrounding communities. We use all of this to inform our planning for the future. For more on our community relations see page 75.

How we engage	How often
Conferences	Quarterly
Presentations	Ongoing
Workshops	As required
Community radio and billboards	As required
Harmony website (www.harmony.co.za)	Ongoing

STAKEHOLDER ENGAGEMENT CONTINUED

MEDIA AND ANALYSTS

Expectations: Mutually beneficial relationships founded on mutual respect, open conversation and constructive engagement.

Benefit of engagement: Allows outsiders to understand Harmony's story.

Discussions during the year: Most questions related to results announcements, labour, wages, costs, grade, and environmental issues.

How we engage	How often
Information and compliance releases via Stock Exchange News Service of the Johannesburg Stock Exchange and via the Electronic Data-Gathering, Analysis and Retrieval system of the United States Securities and Exchange Commission	Ongoing and as required
Company website (www.harmony.co.za)	Ongoing
Presentations	Quarterly and as required
Conference calls	Ongoing
One-on-one meetings	Ongoing
E-mail	Ongoing

TRADE UNIONS

Expectations: Mutually beneficial relationships founded on openness and integrity.

Benefit of engagement: Constructive engagement to understand issues raised by both the employer and the unions and a willingness to resolve these issues.

Discussions during the year: Our engagement with various unions during the year encompassed the topics of recognition of AMCU, de-recognition of National Union of Mineworkers at Kusasalethu, and outstanding labour issues such as transport at some mines where employees were moved from mines that were closed to mines in build-up.

How we engage	How often
Wage negotiations	Every second year
Operational negotiations or consultations	As required, but at least monthly
Presentations	Quarterly
Meetings	Ongoing
Committees, dealing with issues such as health, safety and employment equity	Ongoing, but at least monthly
Harmony website (www.harmony.co.za)	Ongoing

BANKS/FINANCIAL INSTITUTIONS

Expectations: Debt investors expect to be rewarded with interest and that debt covenants are met.

Benefit of engagement: Access to affordable funding, healthy relationships allowing on-going, open conversation that provides stability.

Discussions during the year: The issues that dominate our discussions with banks/financial institutions tend to be sustained cash flows, possible corporate action, future strategy, management structures, as well as our future business plans, including the Golpu project.

How we engage	How often
Financial reporting	Quarterly
Presentations, press releases and Stock Exchange News Service	As required
Meetings and discussions	As required
Harmony website (www.harmony.co.za)	Ongoing

FINANCIAL DIRECTOR'S REVIEW

PERFORMANCE OVERVIEW FOR 2014

Relative Global Reporting Initiatives indicators: G4-EC1

The year under review saw Harmony adapting to a lower gold price. Increased focus was placed on cost control measures which included the significant reduction in capital expenditure for FY14, positive operational results obtained from the improvements and restructuring implemented at the Hidden Valley operation in Papua New Guinea and voluntary retrenchment packages offered in South Africa, amongst other operational and cost efficiencies implemented.

The Harmony group recorded a 3% increase in production for the year. Underground grade improved by 5% in FY14. Our market guidance sees this trend continuing despite the closure of Target 3.

The Harmony group's revised business plans for FY15 resulted in an impairment of R1.38 billion (US\$130.3 million) for the Phakisa operation.

The labour relations climate in Harmony remained relatively stable with a new two year wage agreement signed in September 2013. The effect of labour stability is highlighted by the improved performance of Kusasaletu in FY14, as the operation begins to return to normal production levels following the closure and phased start-up process in FY13.

Harmony continued to reward employees by way of its employee share ownership plan and uplifting employees and communities through its social investment expenditure including the hostel conversion and improvements in FY14.

Harmony maintains a solid balance sheet. Low net debt and strong cash flows generated from operations enables Harmony to fund its own capital.

KEY DRIVERS OF FINANCIAL PERFORMANCE IN 2014

	2014	2013	Change %
Gold produced (kg)	36 453	35 374	3
Gold produced (oz)	1 171 987	1 137 297	3
• Underground recovered grade	4.77	4.54	5
Gold price received (R/kg)	432 165	454 725	(5)
• Gold price received (\$/oz)	1 299	1 603	(19)
• Exchange rate (R/US\$)	10.35	8.82	17
Cash operating costs (R/kg)	328 931	324 979 ¹	(1)
Cash operating costs (US\$/oz)	988	1 146	14
All-in sustaining costs (R/kg)	413 433	431 745	4
All-in sustaining costs (US\$/oz)	1 242	1 522	18

¹ Prior year figures restated for IFRIC 20

Production during FY14 was affected as follows:

- Increase in production (+1 954kg) and gold recovery grade (7%) at Kusasaletu. The operation was significantly impacted by strikes in FY13
- The restructuring and operational improvements, including the commissioning of the new crusher, aided the turn-around at Hidden Valley (+648kg)
- Increases in production at Phakisa (+542kg), Target 1 (+526kg) and Bambanani (+970kg) due to improved volumes and gold recovery grade
- The underground fire at Doornkop resulted in the shaft being closed for a month. When mining resumed, it was on the lower grade levels as access to higher grade areas were temporarily blocked. Kilograms produced were 1 028kg less than FY13, with grade being 2% lower at 3.53g/t
- Decreases in production were recorded at Masimong (-898kg), Joel (-893kg) and Target 3 (-213kg)

The average **gold price received** in rand terms decreased by 5% following the continued decrease in the US\$ gold price. This was partially offset by the weakening of the rand against the US\$.

All-in sustaining costs reduced by 4% to R413 433/kg (18% to US\$1 242/oz). The decrease is attributable to reduced capital expenditure, cost containment and the increase in gold sales.

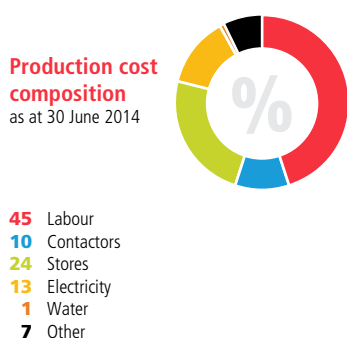
FINANCIAL DIRECTOR'S REVIEW CONTINUED

EXTRACT FROM THE INCOME STATEMENT

	2014	2013	Change
	Rm	Rm	%
Revenue	15 682	15 902	(1)
Production costs	11 888	11 321	(5)
Impairment of assets	1 439	2 733	47
Gross loss	406	546	26
Exploration expenditure	458	673	32
Other expenses (net)	208	350	41
Loss from associates	109	–	(100)
Taxation credit/(expense)	279	(655)	>100
Net loss for the year	1 270	2 349	46

The **revenue** for FY14 of R15 682 million (US\$1 515 million) is 1% lower than FY13 as a result of the lower rand gold price received, offset by the 4% increase in gold sold.

Production costs were well contained and only increased by 5% to R11 888 million, despite higher-than-inflation increases in electricity (8%) and labour costs (between 6% and 8%). The cost of consumables increased by 7%. Total production costs at Hidden Valley reduced by 6% due to the restructuring and operating improvements implemented.



An **impairment** of R1.44 billion (US\$135 million) was recognised. The impairment at Phakisa, totalling R1.38 billion (US\$130 million), was recorded following the decision to exclude the decline project from the life-of-mine plan, of which R1.31 billion (US\$123 million) relates to goodwill.

The **exploration expenditure** of R458 million (US\$44 million) for FY14 relates mainly to the various projects in Papua New Guinea, mostly Golpu. The rate of spend has decreased from the prior year as the drilling program reached completion and a site optimisation initiative was implemented.

Other expenses (net) includes R155 million (US\$15 million) (2013: R351 million (US\$40 million)) for the foreign exchange translation loss on the US\$-denominated syndicated loan facility.

The **loss from associates** includes our estimate of the loss for Rand Refinery's inventory discrepancy following the implementation of a new enterprise resource planning system.

The **taxation credit** in FY14 results from the reduction in the average deferred tax rates at the South African operations.

The **net loss** for the year was mainly due to the impairment of Phakisa and the recognition of the loss at Rand Refinery.

FINANCIAL DIRECTOR'S REVIEW CONTINUED

NET DEBT

	2014	2013
	Rm	Rm
Long term borrowings	(2 860)	(2 252)
Short term borrowings	–	(286)
Total borrowings	(2 860)	(2 538)
Cash and cash equivalents	1 829	2 089
Net debt	(1 031)	(449)

During the period, the syndicated US\$ loan facility increased from US\$210 million (R2 076 million) to US\$270 million (R2 863 million). The total facility is US\$300 million.

Cash and cash equivalents reduced to R1 829 million (US\$172 million) from R2 089 million (US\$209 million).

The decrease in the Nedbank term facility reflects the repayment of the term loan. The facility was refinanced by a new R1.3 billion (US\$126 million) revolving credit facility with a three-year term to maturity.

An amended set of debt covenants were also agreed at the same time the term loan was refinanced and are as follows:

- The group's interest cover ratio shall not be less than five (EBITDA ¹/Total interest).
- Current ratio shall not be less than one (current assets/current liabilities).
- Cash flow from operating activities shall be above R100 million for the six months prior to the evaluation date.
- Total net debt shall not exceed R3 billion plus the rand equivalent of US\$300 million.
- Tangible Net Worth ² to facilities outstanding ratio shall not be less than six times.

¹ EBITDA as defined in the agreement excludes unusual items such as impairment and restructuring cost.

² Tangible Net Worth is defined as total equity less intangible assets.

EXTRACT FROM THE CASH FLOW STATEMENT

	2014	2013
	Rm	Rm
Cash generated by operating activities	2 268	3 167
Additions to property, plant and equipment	(2 648)	(4 096)
Proceeds on disposal of Evander	–	1 264
Dividends paid	–	(435)
Net borrowings raised	144	345
Net (decrease)/increase in cash and cash equivalents	(260)	316

FINANCIAL DIRECTOR'S REVIEW CONTINUED

Cash generated by operations decreased by 28% to R2 268 million (40% to US\$219 million) mainly due to the decrease in revenue and increased production costs.

Capital expenditure reduced by 35% to R2 648 million (41% to US\$256 million) in FY14 from R4 096 million (US\$464 million) in FY13. Harmony's focus is on capital expenditure that supports safe production and a sustainable future.

Net borrowings raised: During the year, we raised borrowings of R612 million, representing two drawdowns of US\$30 million each from the US\$-denominated syndicated loan facility. Borrowings of R467 million (US\$44 million) was repaid on the Nedbank term facilities.

For more on this refer to the consolidated financial statements (www.har.co.za/14/numbers/financials).

OUTLOOK

Harmony operates from reserves of 49.5Moz of gold and gold equivalents, good growth projects, and a flexible balance sheet with low net debt.

Our business plans were approved based on a gold price of R425 000/kg (US\$1 300/oz). We expect to produce 1.2Moz of gold in the next financial year at an all-in sustaining cost of between R410 000/kg and R430 000/kg (US\$1 150/oz to US\$1 300/oz)¹. We believe that our plans will improve operating margins, generate free cash flow through higher grades and cost control to ensure future growth and profitability.

¹ Exchange rate of US\$/10.50 was used

SAFETY AND HEALTH

Achievements	Challenges
<ul style="list-style-type: none"> Harmony received three MINESAFE awards The health hub concept, initially established at Target, has been rolled out to the rest of the group and has shown significant benefits, including decreased absenteeism, hospitalisation and medical mortality. tuberculosis rates have also dramatically decreased, while human immunodeficiency virus awareness is above the national average. See page 58 for more 	<ul style="list-style-type: none"> Behavioural aspects that continue to result in non-compliance to standards.

WHY SAFETY AND HEALTH ARE MATERIAL TO HARMONY

Relevant material issues: Keeping our people safe and healthy.
Protecting our licence to operate.

At Harmony the safety and health of our employees and contractors is not only a moral imperative but essential for creating a sustainable, responsible business. Safety is our key priority and one of our five values. Without a safe and healthy workforce we cannot be productive and profitable. We aim to eliminate and prevent all fatalities and work-related injuries and illnesses by promoting a culture that gives priority to health and safety.

LINKS TO RISK

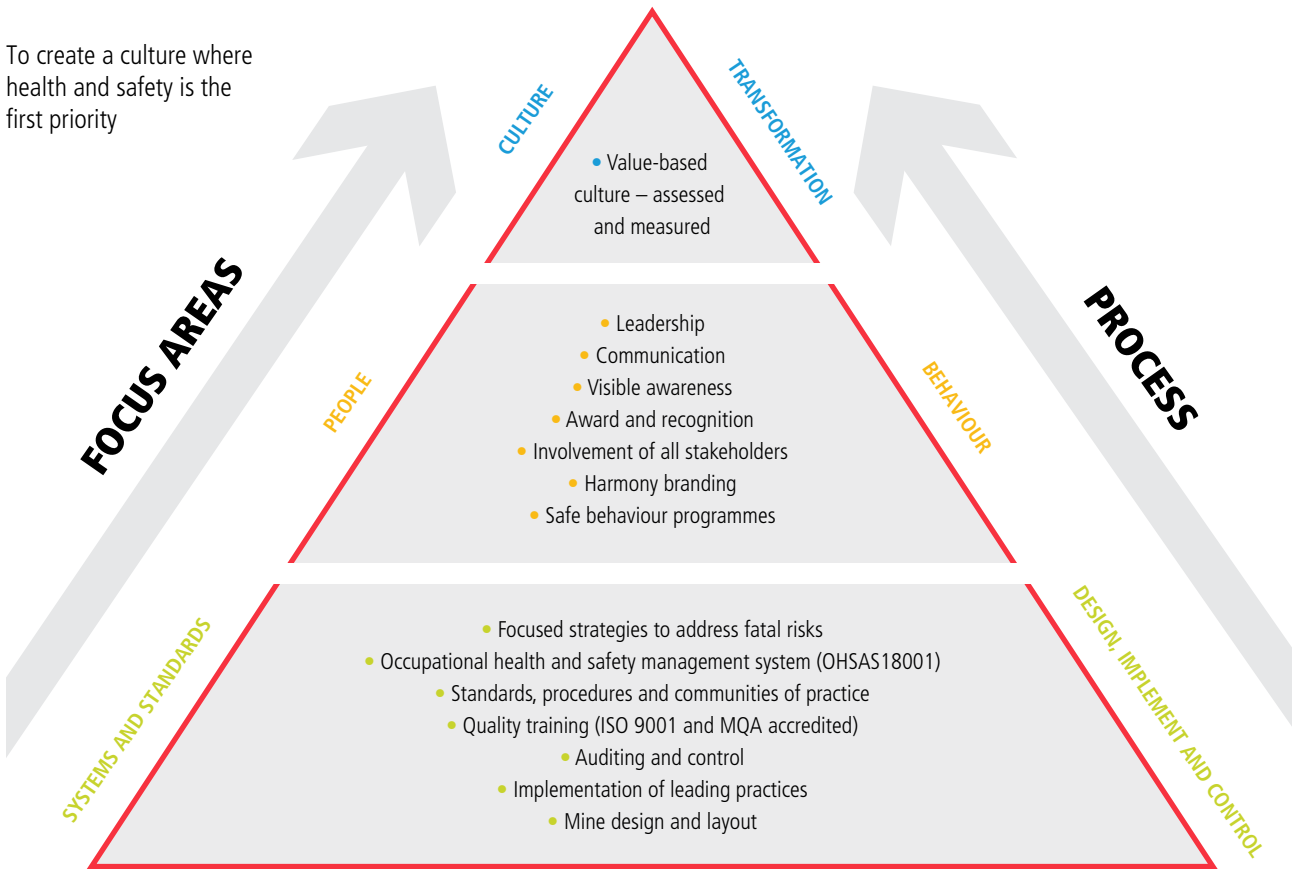


Our approach

Both our occupational health and safety policy and health and safety management framework are aligned with the Mine Health and Safety Act (MHSA) in South Africa and the mine health and safety legislation in Papua New Guinea. Representatives from all levels of management, union and government are encouraged to actively participate in the health and safety framework.

SAFETY AND HEALTH CONTINUED

OUR HEALTH AND SAFETY STRATEGY MODEL



Health and safety committees are in place at all operations, to ensure the active participation of all employees in safety management. Safety and health are agenda items at all union and management engagements. There are currently 42 full-time health and safety stewards at our South African operations (FY13: 48). (The FY13 figure has been restated as one operation mistakenly reported both full time stewards and their alternates). Two operations did cut back on one steward each during the year but still have enough full-time stewards to deal appropriately with their health and safety needs. The technical committee and board are responsible for monitoring safety and health strategy.

SAFETY

SAFETY STRATEGY – SOUTH AFRICA AND PAPUA NEW GUINEA

We are committed to our goal of zero harm – to achieve this goal, continuous improvement in our safety performance is required. At Harmony we have a co-operative approach to safety to ensure that the necessary infrastructure and systems are in place; from safety systems and planning, to communication and training. While management holds legal responsibility for safety, in reality it is up to both management and employees to take joint responsibility for their actions and to stop work when they believe that a workplace is unsafe, or prevent others from acting in an unsafe manner. Continual reinforcement of safe behaviour in the workplace is overseen by line managers and supervisors. Operations have introduced site specific safe behaviour initiatives as well as behaviour re-enforcement programmes.

Formal safety reviews are conducted monthly at the South African operations by the senior management team, and all major safety risks highlighted are assessed. The operation provides information on controls introduced and action plans to address the risks identified.

Safety performances at the Papua New Guinea operations are monitored by Harmony's south east Asian team. Safety managers at the Papua New Guinea operations report through the appropriate channels, including email notifications and formal monthly reports, to Harmony's executive committee, which in turn reports to the technical committee and the technical committee reports to the board. Safety is a standard item on the agenda at the weekly executive committee meetings, while reports on safety and health are submitted to the technical committee for reporting to the board on a quarterly basis. The strategy is guided by Harmony's health and safety policy.

SAFETY AND HEALTH CONTINUED

SAFETY PERFORMANCE

Relative Global Reporting Initiative indicators: G4-LA5, G4-LA6 and G4-LA8

Regrettably there were 22 fatalities during the year at our South African operations (FY13: 9), while we recorded zero fatalities in Papua New Guinea (FY13: 0). Tragically, a fire incident at our Doornkop mine in February 2014 resulted in nine fatalities. We again extend our condolences to the families, friends and colleagues of employees who lost their lives in FY14, and reiterate our commitment to our goal of zero fatalities.

IN MEMORIAM

Date	Operation	Name	Occupation	Cause
10 Jul 2013	Doornkop	Mr Tiodosio Munguambe	Team Leader	Trucks, tramping and transport
06 Aug 2013	Kusasaletu	Mr Thembekile Mapeyi	Team Leader	Tools, machinery and equipment
12 Aug 2013	Doornkop	Mr Carlitos Uetela Chilongue	Underground Assistant	Trucks, tramping and transport
10 Sep 2013	Kusasaletu	Mr Oscar Madosi	Engineering Assistant	Heat
05 Oct 2013	Phakisa	Mr Gcinokuhle Vincent Ngqulunga	Driller	Fall of ground (Gravity)
22 Nov 2013	Tshepong	Mr Sehla Mchithakau	Driller	Fall of ground (Gravity)
23 Oct 2013	Joel	Mr Vincent Tsoeute	Driller	Scraper winches
21 Jan 2014	Masimong	Mr Simon Khahleli	Locomotive Guard	Trucks, tramping and transport
04 Feb 2014	Doornkop	Mr Sibusiso Sambo	Generalist	Gasses, fumes and smoke (On 06 February 2014 the bodies of eight employees were recovered by rescue teams and on 07 February 2014 the body of Mr Simon Twala was recovered)
04 Feb 2014	Doornkop	Mr Tebello Maketela	Team Leader	
04 Feb 2014	Doornkop	Mr Lungisani Gwadiso	Store Assistant	
04 Feb 2014	Doornkop	Mr Simon Twala	Crew Supervisor	
04 Feb 2014	Doornkop	Mr Amos Simelane	Locomotive Operator	
04 Feb 2014	Doornkop	Mr Siyabulela Mnenso	Load Haul Dumper Operator	
04 Feb 2014	Doornkop	Mr Francisco Sambo	Team Leader	
04 Feb 2014	Doornkop	Mr Shadrack Mkhabela	Engineering Assistant	
04 Feb 2014	Doornkop	Mr Matlalepula Kubutu	Load Haul Dumper Operator	
06 Feb 2014	Joel	Mr Johannes Mopalami	Team Leader	Explosives / Explosion
06 Feb 2014	Kusasaletu	Mr Telang Makolojane	Driller	Mudrush / Inundation
07 April 2014	Tshepong	Moji Augustinus Matela	Team Leader	Mudrush / Inundation
20 May 2014	Bambanani	Amos Twala	Team Leader	Fall of ground (Seismic) (Mr Amos Twala succumbed to his injuries on 22 May 2014, two days after he was injured)
12 Jun 2014	Masimong	Soba Mbonyan	Scraper Winch Operator	Fall of ground (Gravity)

SAFETY AND HEALTH CONTINUED

THE DOORKOP ACCIDENT

On 4 February 2014, an underground fire broke out at the Doornkop mine in a stope adjacent to the 192 level haulage, trapping 17 Harmony employees underground. Rescue teams were immediately dispatched underground, but access to the affected area was hampered by smoke and a subsequent fall of ground.

Working around the clock, rescuers managed to reach eight employees located in an underground refuge bay, bringing them to the surface unharmed. These eight employees were kept under medical observation for the night as a precautionary measure. On 6 February, rescue workers located the bodies of another eight employees who had been unaccounted for; and on 7 February they recovered the body of the ninth mineworker, bringing the total number of deceased employees to nine.

Operations at Doornkop were stopped by the company on 4 February 2014 – and subsequently in terms of the Mine Health and Safety Act (MHSA), Section 54 notices were issued by the Department of Mineral Resources (DMR).

We again wish to extend our gratitude to everyone for their support, in particular the then Minister of Mineral Resources, Susan Shabangu; David Msiza, the Chief Inspector of Mines; Mike Teke, President of the Chamber of Mines; Piet Mathosa, Deputy President of the NUM; Patrice Motsepe, Chairman of Harmony; and Graham Briggs, chief executive officer of Harmony who met at Harmony's Doornkop mine on 6 February 2014 to address family and media concerns.

The company also made contact with the families of all the departed men, providing counselling and other assistance (including financial assistance) to them during that difficult time.

A memorial service was held at Doornkop mine on Wednesday, 12 February 2014.

Following the Doornkop accident, Harmony embarked on dedicated safety shifts during which, general managers lead their senior teams underground, re-enforcing safety messages and procedures, particularly in respect of critical safety areas. Regular visible leadership visits are taking place on all operations whereby the focus is on safety coaching. The re-enforcing of safety messages, compliance to standards, working to procedures and the wearing of personal protection equipment (PPE) are some of the focus points.

An extensive investigation into the fire was conducted under the direction of the Department of Mineral Resources, in collaboration with Harmony management and the NUM, and an external safety audit team was also voluntarily appointed by Harmony to assess and report on safety at all of the company's South African operations.

SAFETY IN ACTION

Harmony prioritises safety, and has a number of measures in place to ensure that it remains a priority at all levels of the company:

- Management spends a great deal of time in the work place coaching employees on ways to work safely. These conversations are shaped by messages agreed on by management with union involvement
- External safety initiatives, or leading practices, are reviewed and implemented. An internal process has been established to manage internal safety improvement ideas
- Comprehensive safety reporting allows us to track incidents, measure safety performance, and report back to mines on performance
- Safety roles and accountabilities are clearly defined in job descriptions, and used to measure the performance of teams. This ensures that every person at Harmony understands how they can work safely
- Risk assessments are performed before any work is done

Fatalities					
	FY14*	FY13	FY12	FY11	FY10
South Africa	22	9	10	15	19
PNG	–	–	–	1	1
Group total	22	9	10	16	20

*All 2014 figures exclude Evander post its sale, while figures for the past four years include this.

The fatal injury frequency rate (FIFR) for South African operations increased to 0.28 per million hours worked (FY13: 0.11) mainly as a result of the Doornkop accident. The fatal injury frequency rate for Papua New Guinea remained at 0.00 per million hours worked for the third consecutive year. The lost-time injury frequency rate (LTIFR) for South African operations was 8.09 per million hours worked (FY13: 6.03), an increase of around 34%, again mainly as a result of the Doornkop accident. For the first time ever, the lost-time injury frequency rate in Papua New Guinea was 0. A total of 25 338 shifts were lost due to occupational injury in South Africa (FY13: 20 236), and 0 in Papua New Guinea (FY13: 12).

SAFETY AND HEALTH CONTINUED

Fatal injury frequency rate (per million hours worked)					
	FY14	FY13	FY12	FY11	FY10
South Africa	0.28	0.11	0.12	0.18	0.21
Papua New Guinea	0.00	0.00	0.00	0.22	0.20
Group total	0.26	0.10	0.11	0.18	0.21

Lost-time injury frequency rate (per million hours worked)					
	FY14	FY13	FY12	FY11	FY10
South Africa	8.09	6.03	7.54	8.67	7.68
Papua New Guinea	0.00	0.12	0.45	0.45	0.70
Group total	7.54	5.46	6.86	8.25	7.68

The second phase of our electronic safety management system (called PIVOT), has been rolled out at the first pilot site at Target 1. The roll out on the other operations will follow during the course of the new financial year.

Harmony employed an external company to conduct risk assessments, and to undertake baseline risk assessment revisions on seven mines and seven plants in South Africa during the course of the year. Our objective is to determine the major risks to which each operation is exposed, as well as to identify critical tasks in order to appropriately address the associated risks. The remaining two mines are scheduled to be assessed by the end of the 2014 calendar year.

The number of Section 54/55 instructions increased to 204 (FY13: 78), mainly as a result of increased Department of Mineral Resources group audits. Except for the operations where fatalities occurred, no operation was completely stopped as a result of these audits. All other instructions were issued to rectify deviations from mine standards and affected specific sections of the relevant operation.

SOUTH AFRICA

The fall-of-ground injury frequency rate increased by 19% to 1.53 (FY13: 1.29). There were four fall-of-ground fatalities in FY14 (three gravity and one seismic related).

Fall-of-ground injury frequency rate					
Per million hours worked	FY14	FY13	FY12	FY11	FY10
South Africa	1.53	1.29	2.22	1.90	2.02

Several safety achievements were recorded during the year. The most significant achievements are as follows:

Operation	Achievement
Doornkop	7 million fall of ground fatality-free shifts
Ernest Oppenheimer Hospital	5 million fatality-free shifts
Free State Surface	3 million fatality-free shifts
Phakisa	3 million rail bound equipment fatality-free shifts
Tshepong	3 million rail bound equipment fatality-free shifts
Kusasaletu	3 million fall of ground fatality-free shifts
Kalgold	2.8 million fatality-free shifts
Papua New Guinea Total	2.5 million fatality-free shifts
Hidden Valley	2.25 million fatality-free shifts
Free State Metallurgy	2 million fatality-free shifts
Tshepong	2 million fall of ground fatality-free shifts
Unisel	2 million fall of ground fatality-free shifts
Masimong	1 million fall of ground fatality-free shifts
Joel	1 million fall of ground fatality-free shifts
Tshepong	1 million fatality-free shifts
Bambanani	1 million fatality-free shifts

SAFETY AND HEALTH CONTINUED

NOTEWORTHY ACTION

HARMONY AWARDED THREE MINESAFE AWARDS

The MINESAFE conference is designed to help South African mines reach the goal of zero harm and to encourage real change in the South African safety field. The awards recognise an improvement in year-on-year total injury frequency rate.

At the awards held on 24 October 2013, in Johannesburg, three of our Harmony mines were recognised for their safety improvements:

- Tshepong was placed second in the Gold Sector
- Kusasaletu was placed fourth in the Gold Sector
- Joel was placed fifth in the Gold Sector

These awards recognise the achievements of Harmony employees who commit to working safely every day.

PAPUA NEW GUINEA

The safety performance in Papua New Guinea was generally very pleasing. No serious injuries were recorded during the year, and the operation was fatality-free for the third consecutive year. However, there were several near-miss incidents during the year that are a major concern.

The mountainous terrain, high rainfall and quickly changing weather conditions in Papua New Guinea are major contributing risk factors to aviation (fixed and rotary wing), vehicle use and landslides or slope failures. During FY14, the audit standards (maintenance, operation and safety management) for aviation contractors were updated and implemented. Internal operating procedures were also reviewed and updated during the year. External aviation consultants were commissioned to assist with the review and update of aviation related procedures and standards. There were no injuries related to aviation operations during the year.

Vehicle use in Papua New Guinea remains a high risk activity both on site, which is within our control, and off-site, on public roads, and where contractors and employees come into contact with the public and their vehicles. In addition to natural environmental factors contributing to the risk of vehicle operations, driver skills and competency, the ability to adapt driver behaviour in accordance with changing conditions, the enforcement of standards and procedures through supervision are contributing factors that exacerbate the exposure to risk in vehicle operations within our control.

There were several near-miss vehicle use incidents during the year and several resulted in minor injuries (dressing cases). Further work undertaken during the year to mitigate the risk of vehicle-related incidents included:

- Updating traffic management plans on each site
- Increased focus on driver fatigue management
- Reviewing road signage and conditions, and making improvements
- Improved escort control for delivery convoys
- Updating site operator licence requirements and retraining of all operators
- Increased number of communication and education sessions

Natural landslides are a relatively common occurrence in Papua New Guinea and together with potential man-made landslides (slope failures associated with open pit mining) pose a significant safety risk to our operations in Papua New Guinea. During the year a significant crack appeared in the eastern wall of the Hidden Valley Kaverio open pit. After internal and external geotechnical risk assessments and input from the Chief Inspector of Mines' office, work plans to mitigate the risk were implemented to allow work to continue safely. The work plans included:

- Installation of additional prisms to measure movement
- Real-time measurement and alarms based on the survey prism readings
- Limiting and strict control of access to the area below the potential failure
- Ceasing work after heavy rainfall events and excessive movement over a short period of time
- Cessation of nightshift work

All work sites in Papua New Guinea have specific geotechnical risk assessments and associated mitigation plans which are updated at least once a year.

SAFETY AND HEALTH CONTINUED

SAFETY OBJECTIVES FOR 2015

Safety remains our key priority and, as always, our focus will continue to be on drastically reducing our fatal accident rate with our ultimate aim of zero. We know that safety must be approached holistically. We are aiming for a 20% year-on-year improvement in the total accident and injury frequency rate, as well as to implement an electronic safety management system at all our operations.

At a behavioural level, our targets include continuing the leadership behaviour improvement strategy and having a renewed focus on safety messaging. While safety is always driven by law and standards, we would like to see our safety systems be driven more by business systems, leading indicators and a continuous safety improvement model in order to affect a long-term shift in thinking and behaviour.

HEALTH

HEALTH STRATEGY

Relative Global Reporting Initiative indicators: G4-LA7 and G4-LA2

South Africa

Harmony's proactive health strategy is focused on employee wellbeing, and improving work attendance and individual capabilities. This strategy aims to prevent illness and/or identify disease early through medical surveillance, active case finding, early detection and treatment as part of an integrated management healthcare system.

Harmony participated in the World TB day on 24 March 2014 in Carletonville, hosted by the then Deputy President and the Minister of Health. Harmony also participated in the Regional (Southern African Development Community) Ministerial Meeting on tuberculosis in the Mines which was held on 25 March 2014. This interaction influenced Harmony Health Care's decision to adopt the HATS (human immunodeficiency virus/acquired immunodeficiency syndrome, tuberculosis and silicosis) policy as per the Mining Charter and the HATS guidelines, as per the Department of Health.

Our proactive approach to healthcare over the past five years has started delivering the expected benefits. The Harmony healthcare programme provides primary, secondary and tertiary healthcare as well as occupational health services to all employees, through company-managed healthcare facilities and medical aid membership, as well as the use of external providers. Medical surveillance is on-going at dedicated centres where 49 214 examinations were conducted during the year (FY13: 44 321).

Harmony has moved away from the historic mine hospital-centric, health service delivery model which is curative in nature, to a more pro-active, preventative health service delivery model. This decentralised service brings primary care-based services as close as possible to the operations, and will be delivered through seven new health hubs and two medical stations.

Harmony invested around R74 million during phase 1 of the rollout of the strategy on the establishment of the seven health hubs, medical surveillance systems (PIVOT), clinical systems (HEALTHONE & ME+), data warehousing, predictive analytics, research, and service transformation initiatives. Further focus on people-skills development, transformation and service delivery, is expected to have a positive impact on team effectiveness and alignment with the strategy. It is estimated that a further R28 million will be invested during phase 2 of the rollout strategy to enhance the effectiveness of the investment. These health hubs provide an integrated, proactive healthcare service to employees and contractors in close proximity to the mine, improving the quality of health care and decreasing the costs of centralised healthcare services. The benefits of these health hubs include:

- Alignment with proposed national health insurance processes and requirements
- Compliance with the Department of Mineral Resources' requirements
- Facilitation of individual risk profiling, proactively managed by a significantly enlarged, multi-disciplinary team
- Active case-finding
- Continued surveillance
- A holistic approach to providing healthcare
- Providing a proactive employee assistance programme
- Improved health insurance cover for most employees, which was extended to contractors from FY13
- Improved quality assurance
- A decrease in the fixed costs of healthcare delivery through expensive and under-utilised old mine hospitals
- A decrease in the number of shifts lost per medical visit or time spent at the central medical facilities

SAFETY AND HEALTH CONTINUED

This new approach has shown a dramatic decline in levels of sick leave since its implementation in 2010. Over this five year period the following was achieved:

- Sick absenteeism decreased by 17%
- Hospitalisation decreased by 25%
- Medical mortality in service decreased by 35%
- Tuberculosis incidence rate decreased by 44%
- On average 46% of our employees confirmed their human immunodeficiency virus status; this is 6% higher than the National Average of 40%
- The number of employees counselled in terms of Voluntary Counselling and Testing (VCT) increased by 61%
- The contact rate for acute cases at the hubs and medical stations decreased by 80%

The lag in the certification process of occupational lung diseases by the Medical Bureau of Occupational Diseases is a major challenge in the mining industry and for the Department of Health. The tuberculosis incidence rate in South Africa and Harmony, remains alarmingly high, as per the World Health Organization benchmark. Motivating employees to confirm their status, despite the perceived stigma and confidentiality issues, remain one of the biggest challenges.

In FY13 we set the acceptable sick absenteeism rate within Harmony at 3.5%, based on benchmarking against industry peers. Our sick absenteeism rate remains above the 3.5% benchmark. During FY14 the number of employees being permanently incapacitated increased by 50%, when compared to FY13. This had a negative impact on the number of sick shifts while pending separation, and resulted in an increase of 6.5% across the company (FY13: 4.6% decrease).

Having proved to be a success, the Target Health hub concept was extended, and six new health hubs were established during FY14, with the Phakisa Health Hub due for commissioning in October 2014. All these hubs are staffed by multi-disciplinary teams that have a holistic approach to health. This includes doctors, occupational healthcare practitioners, case managers, social workers and health educators. A very successful at-work-management programme has been introduced at the hubs in collaboration with other services departments, such as human resources.

This new, preventative, decentralised focus has reduced the fixed costs of healthcare delivery. The Health hub concept of a “one-stop shop” has furthermore decreased the number of shifts lost per acute visit. The examination rate per employee per month, in terms of acute care, has decreased from 1.84%, when primary healthcare was mostly nurse-driven, to 0.38%, with a doctor leading a multi-functional team.

PAPUA NEW GUINEA

In Papua New Guinea, the provision of full-time primary healthcare and occupational health surveillance to employees, dependants and the local community is provided by medical centres at Hidden Valley, Wafi and Wau. The Wau centre is only available to dependants and community members for emergencies, while four community health facilities provide services at Babuaf (near Wafi) and Nauti, Kwembu and Winima (near Hidden Valley).

Upper respiratory tract infections remain one of Harmony’s main medical issues in Papua New Guinea with nearly 3 000 presentations to the medical centres. In FY14 an occupational hygiene assessment, including respirable dust, respirable crystalline silica and noise monitoring, was conducted at Hidden Valley, and indicated that our activities did not exceed regulatory standards. The assessment was conducted in accordance with the occupational hygiene practice and Australian standards for noise and dust monitoring (AS 2985-2004 and AS 1269.1-1998).

An integrated business information system provides administrative functions for health, safety, risk management and human resources. Medical registers are used to track and review each patient’s progress from the first visit through to the final treatment.

A total of 15 726 health examinations took place at the Morobe Mining Joint Venture medical centres during FY14, of which 3 584 were random drug and alcohol tests.

SAFETY AND HEALTH CONTINUED

HEALTH PERFORMANCE

Healthcare delivery

In South Africa membership of a medical scheme is compulsory for all Category 9(+) employees and is voluntary for Category 4 – 8 employees. Around 6 400 employees participated in medical schemes in FY14, with Harmony subsidising these costs by an amount of R10 million per month.

Around 22 000 Category 4 – 8 employees have so far elected not to join a medical scheme. Instead they receive comprehensive health services from mine medical facilities and associated preferred providers at no cost to themselves.

Harmony undertakes active case-finding and screening for employees not on a medical scheme, as well as active disease management in respect of chronic conditions. Around 10 202 employees are on chronic medication, with around one third of these employees being treated for two or more chronic conditions. Chronic conditions include hypertension, HIV/Aids, diabetes, asthma and tuberculosis.

Tuberculosis

Tuberculosis is recognised as one of the most pressing health concerns in South Africa and the gold mining industry. Harmony's tuberculosis control programme is in line with the relevant guidelines and prescriptions of the World Health Organization. It is also in line with the national tuberculosis strategic plan in South Africa, which focuses on an integrated approach in addressing HIV/Aids, tuberculosis and sexually transmitted diseases, and the Mining Charter which covers silicosis as part of the HIV/Aids, tuberculosis and silicosis programme in the management approach.

Harmony's tuberculosis programme focuses on early case findings, directly observed therapy short-course, chemotherapy, radiological tuberculosis screening and hospitalisation until sputum conversion. In addition, various measures are implemented over and above the national tuberculosis strategic plan, such as identifying early tuberculosis resistance through specialised generic and biochemical tests and analysis, and investigative diagnostic tests for early detection.

A total of 1 022 ultraviolet lights for infection control have been installed in areas of high risk for tuberculosis infection, inclusive of the newly established health hubs. Ultraviolet lights sterilise the air and reduce the risks of inhaling micro-organisms, including the tuberculosis germ called mycobacterium tuberculosis that is spread from person to person through the air. Through medical surveillance, employees exposed to dusty work environments are screened annually by means of a chest X-ray in order to detect tuberculosis infection.

Continuous monitoring and education are done at the hubs as well as major campaigns as per the national health calendar. The annual completion of an individual tuberculosis questionnaire has become standard practice in recent years.

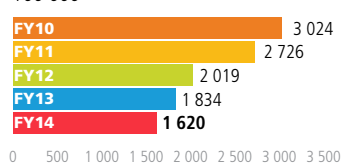
Among employees, a total of 353 cases of tuberculosis were certified (FY13: 629) in South Africa. This figure does include contractors, who have been included in the full tuberculosis programme since 1 August 2013. The aim of this inclusion is to proactively contain and prevent any further spreading of tuberculosis, therefore achieving a higher cure rate and lower tuberculosis incidence rate.

Cases of tuberculosis					
	FY14	FY13*	FY12*	FY11*	FY10*
South Africa					
Certified	353	629	568	973	1 054
New cases	568	678	906	1 201	1 302

* Evander has been excluded from the FY10 – FY13 figures for comparison

There has been a significant decrease in the number of new tuberculosis cases since the inception of the proactive healthcare strategy in FY10. The downward trend is depicted in the following graph:

Tuberculosis incidence 100 000



SAFETY AND HEALTH CONTINUED

HARMONY TUBERCULOSIS RESEARCH

In March 2013, Harmony commissioned the Human Services Research Council to assess tuberculosis management practices and outcomes in Harmony's Free State operations, where a high tuberculosis incidence was observed, and also to identify and prioritise key attributable factors.

Although tuberculosis is a curable disease the external research confirmed that the exceptionally high levels of tuberculosis at some of our operations are the result of:

- The deep-rooted perceptions, behaviour and beliefs of employees delayed voluntary reporting of tuberculosis symptoms and slow uptake of treatment plans
- Substandard personal hygiene, infection control and cross infections at residences and surrounding communities
- The underlying fear for loss of income if tuberculosis symptoms are reported
- Continued risky behaviour despite employee's good knowledge of human immunodeficiency virus

The research confirmed that testing for human immunodeficiency virus/acquired immunodeficiency syndrome is the best proactive strategy to combat tuberculosis effectively.

These findings above influenced an improved human immunodeficiency virus/acquired immunodeficiency syndrome, tuberculosis and silicosis policy and tuberculosis management programme for Harmony supported by an integrated health data system and a new tuberculosis management structure.

One new tuberculosis case was reported during the year in Papua New Guinea. During the quarter Hard Hat Health (on behalf of the Morobe Mining Joint Venture) had consultations with other companies operating in Papua New Guinea to ensure their learnings with regards to tuberculosis management in Papua New Guinea can be incorporated into the Morobe Mining Joint Venture tuberculosis management plan. (Refer to page 65 for more detail).

Multidrug-resistant tuberculosis remains of increasing concern to the gold industry and South African population; treatments are expensive and protracted as employees affected are unlikely to return to work. Multidrug-resistant tuberculosis can be identified through sophisticated technology at multidrug-resistant tuberculosis hospitals. Given multidrug-resistant tuberculosis' close association with HIV, Harmony has developed an human immunodeficiency virus and tuberculosis treatment which will be integrated into the company's healthcare management programme.

A total of 25 new cases of multidrug-resistant tuberculosis were diagnosed in FY14 (FY13: 36) and 29 employees are currently on multidrug-resistant tuberculosis treatment (FY13: 68). Employees who are on multidrug-resistant tuberculosis treatment are removed from all risk work as a preventative measure.

HUMAN IMMUNODEFICIENCY VIRUS/ACQUIRED IMMUNODEFICIENCY SYNDROME

The human immunodeficiency virus/acquired immunodeficiency syndrome pandemic in South Africa continues to have a significant impact on employees, their dependants, as well as local and labour-sending communities. Illness as a result of human immunodeficiency virus/acquired immunodeficiency syndrome can result in higher levels of co-infections with other diseases, increased absenteeism and reduced performance levels, loss of skills, increased economic burden, and sometimes death.

At the South African operations, human immunodeficiency virus prevalence, as per our actuarial model, is estimated at 22% of the labour force (FY13: 24%). Harmony manages human immunodeficiency virus/acquired immunodeficiency syndrome through its clinics, human immunodeficiency virus/acquired immunodeficiency syndrome committees and healthcare specialists. Our human immunodeficiency virus/acquired immunodeficiency syndrome strategy is based on promoting health through education and awareness programmes, preventative strategies to reduce the number of new cases, evidence-based curative interventions to ensure treatment, and on-going monitoring of compliance.

During the year, 4 640 employees were registered on the antiretroviral therapy programme (FY13: 4 460) at an average monthly cost of R549 per person. Harmony encourages all HIV-positive employees to participate in the wellness programme, which includes counselling, treatment of infections and antiretroviral therapy, to which all employees have access.

In Papua New Guinea we drafted tuberculosis and human immunodeficiency virus/acquired immunodeficiency syndrome management plans during FY14. These will be reviewed in the next year before being implemented.

Voluntary counselling and testing for human immunodeficiency virus/acquired immunodeficiency syndrome

Pre-counselling and voluntary counselling and testing are offered to all employees through on-going interventions at all Harmony healthcare centres. A total of 33 531 (FY13: 17 849) employees received voluntary counselling and testing during the year and of these, 14 060 employees confirmed their status. This is an increase of 87% in the number of employees counselled and the percentage uptake increased from 36% in FY10 to 42% in FY14.

SAFETY AND HEALTH CONTINUED

NUMBER OF EMPLOYEES TESTED PER MINE

Mines	FY14	FY13	FY12	FY11
Target	1 475	1 842	3 575	1 841
Tshepong	4 609	2 103	964	1 310
Masimong	6 906	853	574	1 016
Bambanani	1 436	589	1 722	911
Unisel	920	317	662	1 015
Joel	4 656	806	601	443
Phakisa	1 319	2 893	2 063	1 302
Doornkop	3 318	2 531	1 101	808
Kusasaletu	1 605	2 916	2 265	546
Kalgold	427	231	111	97
Other*	6 860	2 768	4 445	3 759

* Other – includes contractors, service departments and shafts that closed or were sold.

Preventative healthcare

Health promotions and education: Each month Harmony carries out awareness campaigns on various health related topics such as reducing the human immunodeficiency virus infection rate to zero, voluntary counselling and testing, the human immune system, means of infection with a focus on unsafe sex, taking care of your body through a healthy diet and lifestyle, risk factors associated with diabetes and the warning signs of chronic diseases.

Flu vaccines: A total of 5 563 employees consented to receive flu vaccinations during the year. This is a proactive measure to prevent employees from falling ill during the winter season. These employees will be monitored in terms of sick absenteeism to measure the effectiveness of this intervention.

OCCUPATIONAL DISEASES

Silicosis

Silicosis is caused by long-term exposure to high quartz silica dust and can cause increased susceptibility to tuberculosis incidences. Silicosis in South Africa, as well as at Harmony, remains a material concern. The integrated Harmony human immunodeficiency virus/acquired immunodeficiency syndrome, tuberculosis and Silicosis Policy and Programme was developed to manage the debilitating disease responsibly to minimise the risk and to prevent further deterioration proactively. The trend for silicosis indicates a decline in incidence.

During FY14, 437 cases of silicosis were reported to the Medical Bureau of Occupational Diseases and, of these, 175 cases were certified (FY13: reported 772, certified 185).

Harmony is a member of the Chamber of Mines and is participating in the processes to address issues relating to historical silicosis cases. The legal action against the gold mining companies is in an early stage and it is too early to estimate what the extent of a possible claim would be.

Dust control

In order to decrease exposure to silica dust Harmony uses a range of engineering controls to minimise dust. Mining Industry Occupational Safety and Health leading practices such as the fogger system at strategic underground areas and the implementation of foot- and side-wall treatment in identified intake airways to allay dust have been adopted.

In addition, multi-stage dust filtration systems have been installed. We are also in the process of installing winch covers for all of our winches.

The silica quartz content of dust is highly variable; this can pose a challenge when measuring the effectiveness of the engineering controls. Harmony therefore concentrates on controlling the total respirable dust load, in order to reduce the amount of silica quartz exposure. Training and awareness programmes address the concerns of dust control in stoping workplaces and all development ends are equipped with water blasts to settle dust directly after a blast.

SAFETY AND HEALTH CONTINUED

Milestone: Harmony's industry milestones required that: "by December 2008, 95% of all exposure measurement results would be below the occupational exposure limit for respirable crystalline silica of 0.1 mg/m³". This milestone has been continuously met for FY13 and FY14.

The following measures were implemented at our operations during the year to combat silicosis:

- Revision of the airborne pollutant baselines to identify hotspots and to assess the effectiveness of engineering controls is in progress at all operations of which 67% of total samples have been completed. The revision process will come to completion in November 2014. All Harmony operations have received their spot PDR (portable dose rate meter) 1 500 measurement instruments and are being used to identify high dust load areas
- Evaluation of suitable/improved respirators have been completed, of which five different units meet the South African National Standards homologation standard for men. Currently only one meets the standard for women, due to the relatively new standards that have been published on this. A second supplier submitted their two models for homologation testing and it is envisaged that these respirators will become available soon
- Improved training material on dust and the prevention of silicosis has been uploaded onto the e-learning system
- Community of Practice for Adoption meetings to monitor the progress of Mining Industry Occupational Safety and Health initiatives

Milestone: Harmony's industrial milestone required that: "After December 2013, using present diagnostic techniques, no new cases of silicosis would occur amongst previously unexposed individuals. (Previously unexposed individual = individuals unexposed prior to 2008, i.e. equivalent to a new person entering the industry at 2008)". This milestone is monitored by Harmony's Compensation Department, Rand Mutual Assurance and the Pivot system also caters for this functionality. There have been no new cases reported, in terms of the milestones set.

In Papua New Guinea we experience around 3-4m of rain a year, which is a good dust suppression measure. In addition to this standard, dust suppression methods are also used in the open pits and at the crushers and conveyors. Papua New Guinea also has a low respirable silica risk. The combination of these factors means that dust is generally well-controlled in Papua New Guinea.

Noise-induced hearing loss

Harmony embarked on an Oto-Acoustic-Emissions initiative as a measure for early hearing loss detection through the noise clipper technology. The Council for Scientific and Industrial Research has collaborated and analysed this data and confirmed that an Oto-Acoustic-Emissions detects damage two years earlier than the audiogram. We have received a proposal from the researchers at the University of Pretoria to continue with further technical developments that could help prevent noise-induced hearing loss and also to develop leading indicators for the industry.

All Harmony employees who are exposed to high noise levels are issued with personalised hearing protection devices, which reduce the noise level by 25 decibels.

During the year 93.8% of occupationally exposed employees, including contractor employees (62%), were issued personalised hearing protection devices (FY13: 92% and 60%), with a progressive total of 27 238 personalised devices issued in FY14 (FY13: 27 329). Sound attenuators were also fitted on all equipment, resulting in no noise level exceeding 110 A-weighted decibels from any machine, which indicate compliance to the noise milestone.

Audiometric testing during annual medical examinations tests for hearing loss. The early detection of hearing loss is part of Harmony's hearing conservation programme and this is done at least annually at occupational health hubs by an appointed audiometrist.

Harmony has placed an increased emphasis on the monitoring of employee compliance regarding the use of personalised hearing protection devices in the workplace. An awareness drive was initiated at all operations by supervisors, assistant occupational hygienists and health and safety representatives to ensure employees are aware of the benefits of wearing personalised hearing protection. A monitoring programme was also implemented to measure the actual compliance at the workplace in the use of personalised hearing protection.

Compliance monitoring is done during occupational hygiene routine inspections and was audited ad hoc by the high-level audit team during the year. Workshops with employees exposed to noise have been initiated to create a better understanding of the reasons why people are not wearing noise clippers underground and the benefits of using personalised hearing protection devices are described in the e-learning training material used in employee training courses.

SAFETY AND HEALTH CONTINUED

During the year under review an audiometric screening/testing system was acquired in Papua New Guinea to ensure that hearing loss can be measured against a baseline.

Radiation protection

All our operations in South Africa comply with the dose limit of 50 millisievert in a year and 100 millisievert in five years. Operational controls have been established to ensure that elevated monitoring results are investigated and corrected where required.

The radiation quality management system has matured to the extent that Harmony maintained its 100% compliance rating on the radiation quality management system for the third consecutive year.

During FY14, external audits were carried out quarterly by the National Nuclear Regulator and regularly by the Department of Mineral Resources. The Council for Scientific and Industrial Research conducted heat tolerance screening during the year. Other audits took place as arranged by management with external specialists. An in-house function for objective auditing has also been established to assist with standardisation and documentation.

Radiological clearances are conducted at decommissioning sites to ensure the future declassification of these areas. A closure report for the area surrounding Eland shaft has been submitted to the National Nuclear Regulator. The regulator conducted a confirmatory survey at the site during March 2014.

Heat stress

The number of heat illness cases at Masimong remains a concern. It has been identified that ventilation conditions underground deteriorated owing to poor ventilation controls. To improve ventilation at the mine, old worked-out areas are being sealed and compliance with mine standards on in-stope ventilation controls enforced.

Managing chronic diseases

As part of Harmony's integrated approach to healthcare, specific initiatives have been implemented to manage chronic diseases, with our focus mainly on human immunodeficiency virus, tuberculosis, diabetes, hypertension and silicosis, as well as asthma and epilepsy. In FY14, 42% of our category 4 – 8 employees in South Africa were receiving treatment for chronic conditions (FY13: 40%).

Harmony's health initiatives focus on the most common diseases and the e-learning module covers these diseases in the induction programme. Other initiatives that have been used are pamphlets, management healthcare memorandums that focus on mine-based health and safety topics, health-worker training to recognise the most prevalent diseases, screening at all medical centres, disease management interventions and quality assurance. In addition, branding on Harmony buses is used to help educate employees on human immunodeficiency virus matters and promote voluntary counselling and testing, as are podcasts and liquid-crystal display monitors.

Upper respiratory tract infections

In Papua New Guinea, Hidden Valley is located approximately 3km above sea level and most employees reside in the lower, warmer areas; the regular change in altitude contributes to various respiratory ailments, mostly viral infections. Additional contributing factors include the pollen in the air during peak flowering times (thick rain forest and montane forest) affecting air quality. The heavy rainfall all year round maintains high moisture (around 80-90%) content in the air which creates favourable conditions for fungus (spores), bacteria and viruses to proliferate.

In South Africa, a total of 2 921 employees were treated for respiratory ailments in FY14 (FY13: 5 083). There has been a decreasing trend in the cases of upper respiratory tract infections presentations since FY12, with a decrease of 43% recorded for FY14. Harmony has successfully rolled out a programme to educate employees in the area on respiratory ailments and gastro-intestinal hygiene.

Upper respiratory tract infections					
	FY14	FY13	FY12	FY11	FY10
Number of employees treated	2 921	5 083	5 428	4 605	3 936

SAFETY AND HEALTH CONTINUED

Malaria

Malaria is endemic to many parts of Papua New Guinea, which includes work sites such as Wafi-Golpu and Lae but excludes Hidden Valley. Importantly many employees and contractors working at Hidden Valley reside in areas where malaria is endemic, and this is where our community health projects play a vital role in combatting the disease.

There has been an 80% decrease (when compared to FY13) in the presentation of patients with malaria-like symptoms to the clinics in Papua New Guinea in FY14. This is primarily as a result of the following:

- Continued support for provincial programmes to eradicate the disease by the use of residual spraying and fogging
- Standardised testing, that allows a more consistent testing of malaria. The turnaround time of the blood tests have been increased, meaning that patients are tested twice before receiving treatment, allowing the treatment provided to be appropriate
- The distribution of treated mosquito nets and treatment regimes
- On-going malaria awareness education is provided to employees, contractors and communities
- Morobe Mining Joint Venture has been issuing treated mosquito nets as standard personal protective equipment to all employees and contractors on site, as part of the malaria awareness campaign. In addition, work clothes issued at sites like Wafi-Golpu are impregnated with insecticides, and insect repellents are issued to all employees and contractors

The Morobe Mining Joint Venture malaria programme is under the new management of the General Manager: Health and Safety. An action plan was implemented in consultation with Hard Hat Health (see below), with a focus on the following:

- Review and update of the Morobe Mining Joint Venture malaria policy and guidelines
- Establishing a single-point accountability for public health issues within Morobe Mining Joint Venture in line with the restructuring of the business
- Establishing regular malaria surveillance reporting from each site to a central location for monitoring purposes
- Ensuring that diagnosis for malaria includes both the rapid detection test (RDT) and blood slides for microscopy
- Standardising treatment across Morobe Mining Joint Venture
- Ensuring that vector-control activities are consistent across sites and documented for audit purposes – this includes fogging, residual spraying, the issue of treated protective equipment and treated mosquito nets
- Establishing a day clinic at Valley View Estate (9 Mile) to treat Lae-based staff and families
- Institute a comprehensive treatment reporting regime including treatment failures or relapses, rock drilling tools, microscopy results and type of malaria

Hard Hat Health

During the year under review, in Papua New Guinea, the Morobe Mining Joint Venture contract with the International Organisation for Standardisation expired and a new contract with Hard Hat Health became effective. Hard Hat Health, an Australian-owned company based in Sydney, is owned and managed by three senior executives in the medical services industry. Hard Hat Health provides the following services to Morobe Mining Joint Venture:

- Supply of qualified staff – paramedic at Hidden Valley (1 position)
- Co-ordination of both international and domestic medical evacuations
- Restructuring of the medical staff in the Morobe Explorations, Hidden Valley and Wafi-Golpu joint ventures which will include updating of job descriptions, integration of standards and procedures, among others
- Staff training
- Reviewing and updating the clinical governance framework for the joint ventures
- General corporate medical support

SAFETY AND HEALTH CONTINUED

Once the emergency protocols and governance structures are updated and embedded in the organisation, the scope of work of the contractor and the joint venture medical staff will change to focus on the pro-active health care management of our employees.

Hard Hat Health's progress during FY14	
Scope element	Status
Supply of qualified staff	Complete
Coordination of medical evacuations	Commenced and on-going
Restructuring of the medical staff which will include updating of job descriptions	Complete
Integration of standards and procedures	Commenced
Staff training	Commenced
24/7 medical support (phone) from a doctor for all serious injuries, repatriations and other issues as per agreed guidelines	Commenced and on-going
Standardisation of medical reporting	Commenced – changes to information management system required
Overseeing regular internal audits	Commenced
Review of emergency equipment on site and recommendation for potential changes	Complete – additional equipment delivered to site
Review of site formulary, inventory, supply line and storage of medications and consumables	Completed
Consultancy on local vector control programmes at sites including specialist entomologist advice and oversight where required	Commenced
Review current policies and procedures for pre-employment, pre-deployment, regular and post-deployment physical assessments	Updated procedures approved
Review malaria programme and provide recommendations or if required formalise an implementation plan	Review commenced

MANAGEMENT INFORMATION

With regard to having an Individual Risk Profile per employee, we have made significant progress since FY10. During the past year Harmony Healthcare successfully implemented a new clinical and billing system at all the health hubs, medical stations and Ernest Oppenheimer Hospital and Pharmacy. In collaboration with the Harmony Business Intelligence Team, the healthcare team successfully managed to deposit data into the Harmony Data Warehouse that will assist to holistically determine individual risk, through predictive analytics. This will form the base for individual treatment plans and health risk assessments for future health and safety decision making.

HEALTH OBJECTIVES FOR 2015

Harmony's healthcare strategy is aimed at improving the wellbeing of every employee. Targets for FY15 include:

- Continued improvements in sick absenteeism rates; specifically a target of 3.50%
- Continued improvement of PIVOT data availability. In the long-term, data from sources such as PIVOT and clinical data will be combined in an integrated approach that will assist doctors and healthcare workers in making holistic, informed decisions about a person's health; on-going regulatory and legislative compliance
- Standardisation of medical surveillance processes to continue with a revamp of the written procedures scheduled for FY14

EMPLOYEES AND COMMUNITIES

EMPLOYEES

Relative Global Reporting Initiatives indicators: G4-LA1, G4-LA9 and G4-LA12

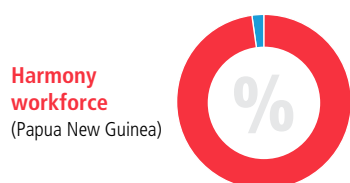
Noteworthy actions	
Total number of people employed, including contractors	South Africa: 34 686 (FY13: 36 424) Papua New Guinea – Harmony employees (excluding Morobe Mining Joint Venture): 60 (FY13: 155)
Employee turnover	South Africa: 11.7% (FY13: 9.1%) Papua New Guinea: 33.6% (FY13: 31%)
Hours of training and development for our own employees	2 084 469 hours
Training and development group aggregate	Human resources development expenditure at 4% of payroll
Employment equity in South Africa (HDSAs in management)	46% (FY13: 46%) <ul style="list-style-type: none"> • Executive: 50% • Senior management: 49% • Middle management: 41% • Junior management: 46%
Women in mining	17%, excluding foreigners (FY13:12%)

WHY THIS IS MATERIAL TO HARMONY

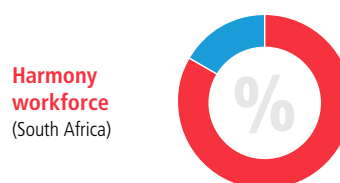
Employees are the most valuable asset we have at Harmony – without them we would not be able to continue operating. Our employees contribute to the growth and development of our company and we, in turn, contribute to the growth and development of our people. Our aim is to provide the means for our employees to achieve a good quality of life for themselves and their families, and to provide the opportunity for each individual to develop to his or her full potential.

In a similar way, we could not do what we do without the support of our host communities, and we aim to go leave a meaningful legacy in these areas.

Relevant material issues: Maintaining stability in our workforce.
Protecting our license to operate.
Managing our impact.



60
employees
(Excluding Morobe Mining Joint Venture)



34 686
employees

At the end of FY14, in South Africa, our employee complement was 34 686 (FY13: 36 424) - 83.6% permanent employees and 16.4% contractors. In PNG, the staff complement of 60 exclude Morobe Mining Joint Venture employees (FY13: 155). Of these, 98% were permanent employees and 2% were contractors working on specific construction projects. Our recruitment initiatives focus on local communities, with over 76% of the South African workforce derived locally, and in Papua New Guinea 88% is derived locally.

EMPLOYEES AND COMMUNITIES CONTINUED

Objectives	Progress in FY14
909 family units by 2014 by converting hostels to community rental units	The award winning Masimong 4 housing estate project, which accommodates 461 families, is 100% completed. Merriespruit 3 housing project was 60% completed by June 2014 and we are on track to complete this project by December 2014. Merriespruit 3 will provide another 448 family units, bringing our total family units to 909.
Productivity improvement initiatives	Ongoing
Standardisation of human resources policies and processes	Completed June 2014
Completion of adult basic education and training programme by 2015, with literate workforce by 2024	We will not complete adult basic training and education in 2015 but still aim to have a fully literate workforce by 2024. During FY14, 880 employees attended our adult education and training programme (FY13: 912).

Given our objective to have motivated and competent employees, our human resources initiatives focus on four underlying goals, to:

- Entrench a single organisational culture
- Attract and retain employees with high potential
- Develop employees to address skills shortages and improve efficiency
- Maintain an effective employee performance management system

The first phase of our culture alignment programme was completed in FY14. The programme is aimed at achieving cohesion throughout the company through three steps: leadership shaping; empowerment; and employee engagement.

Leadership shaping encourages our senior leadership to set Harmony's cultural direction and devise tactics to help achieve this. This includes a well-defined set of values, which were an outcome of the 2011 culture survey, as well as a Harmony leadership brand that is cascaded from senior leaders to leaders below them through a coaching leadership approach. This process is assisted by a suite of BreakThrough programmes, enabling our leaders to drive our preferred company culture down the various layers of Harmony. This step of the programme leads to the next - an empowered leadership team who continually shape the Harmony culture of safety and accountability. Finally, the employee engagement phase consists of our company-wide culture surveys as well as our bottom-up employee engagement initiatives, such as business improvement sessions or workgroups.

Our culture alignment programme aims to achieve a culture of high performance, the progress against which is measured every second year as part of the broader company culture survey. In 2013, a sample of 12.5% of Harmony's total workforce participated in the second culture survey, which indicated a 5% drop in culture entropy from 2011 (23%) to 2013 (18%). This is a significant improvement and is a strong indicator that there is less frustration and misalignment in the Harmony culture. To improve our score even further we have monitored problem areas and implemented initiatives to improve our culture. The Connect value, in particular, is one area on which we focused to ensure that our employees feel part of the Harmony family.

Early indications show that those leaders who have embraced and driven a single culture are outperforming their peers in terms of production and safety. The lower incidence and decreased impact of industrial action also points to a more aligned culture where people are more engaged and are able to contribute.

NOTEWORTHY ACTION

COMMUNICATION CAMPAIGN

Our recent communications campaign was built on our Connect value and designed to bring our employees on the Harmony journey by keeping them informed with company news at all times. This, we hope, will continue to grow our employees' pride in Harmony and encourage them to become Harmony Brand Ambassadors.

The look and feel of all our communication is friendly and easily understandable, and is available in English, Xhosa and Sotho. Given the varying levels of literacy within Harmony, written communication is not enough and so we have also embarked on a campaign to make all our employees feel that their voice is being heard. Our connect officers, in partnership with our leadership teams, engage with employees and their union representatives, and make sure to respond to the feedback we receive.

As part of the campaign, we held a workshop in May 2014 that trained our Connect Officers in the art of improving staff engagement at their mines. Our two speakers, Steven Green (general manager of Bambanani/Unisel) and James Mafura (regional general manager), shared their experiences of how to connect with people and the value this held.

The response from this campaign has been positive, with mines that have embraced the Connect value showing excellent team work and improved performance.

EMPLOYEES AND COMMUNITIES CONTINUED

EMPLOYMENT STANDARDS

Relative Global Reporting Initiatives indicators: G4-LA2

In South Africa, employment policies and practices are governed by the Labour Relations Act 66 of 1995, the Basic Conditions of Employment Act 75 of 1997, by company and operation-based recognition agreements and by other collective bargaining agreements.

The company provides a wide range of benefits to employees which include sick, annual and maternity/paternity leave; production and performance-based bonuses; housing and housing allowances; home ownership benefits; funeral fund; medical aid; disability cover; and provident and pension funds.

In PNG, efforts to reduce the reliance on contractors within the Morobe Mining Joint Venture and Harmony operations continued in FY14, resulting in further reductions in the contractor workforce by the end of the year under review. A review of all human resource procedures and policies is ongoing, including remuneration and incentive schemes.

REMUNERATION POLICY

Our remuneration policy is aligned to Harmony's strategic direction, business-specific value drivers and operational results at all levels across the company. (See page 166 for our full remuneration policy).

SHARE OWNERSHIP: SOUTH AFRICA

In FY12, Harmony launched the Tlhakanelo Employee Share Ownership Plan which resulted in over 33 000 employees becoming eligible to be shareholders with a potential stake of 2.9% in Harmony. This gives employees the opportunity to share in Harmony and see the fruit of their hard work, in line with our values of achievement and connectedness.

All non-managerial employees have access to the scheme. The rules of the scheme are communicated through offer, vesting and allocation letters. In addition, human resources leaders receive frequent training to ensure that employees have a point of contact should they have any questions. We also use the mine-based audio-visual facilities to communicate some of the scheme information. For more information please refer to the remuneration report on page 166.

LABOUR DISPUTES AND STRIKES

Relative Global Reporting Initiatives indicators: MM4, G4-LA16, G4-HR11

Labour disputes and strikes are considered one of our material issues because, in addition to loss of production, disputes affect morale and reputation, and present a risk to non-striking employees, to communities and to company assets. (See page 41 for the full details of material issues).

To mitigate the risk of labour disputes in South Africa we constantly engage with organised labour at mine and company level. We adopt a proactive human resources approach to address employees' queries.

Harmony has embarked on various initiatives to address the scourge of employee over-indebtedness. These include, among other things, financial literacy training, discontinuation of non-statutory payroll deductions, and notification of employees about emolument attachment orders against their pay. A total of 5 593 employees have attended the financial literacy programme since its launch in September 2013. A multi-stakeholder workshop was held in March 2014 to consider various ways to address the issue of emolument attachment and garnishee orders against employees' wages. The Harmony Employee Relations Framework Agreement will be finalised in the course of FY15.

Below are some of the key themes being gathered from the feedback of those who have been on the programme:

- The devastating effect that debt has had on their family's lives
- A desire to be in control of their own spending, and imagining a life without debt
- Recognition that they do not have power over their spending
- Strong awareness of the need to budget

Other initiatives still being rolled out include the verification of emolument attachment orders by the National Debt Mediation Association and the launch of a helpline for financially troubled employees.

In PNG, we participate in ongoing engagement with all stakeholders, including employees, provincial and local government, landowners and regulators.

During FY14, despite some sporadic site specific strike action within the company, the general climate was stable. Harmony was also not affected by the strike action which affected the platinum sector in South Africa's Rustenburg area.

In Papua New Guinea in September 2013, two days were lost due to illegal strike action at Hidden Valley when a wage increase was below employees' expectations. Further illegal strike activity occurred in March 2014, when six days were lost due to grievances, which were tabled and addressed by the Employee Representative Council and employees.

EMPLOYEES AND COMMUNITIES CONTINUED

NOTEWORTHY ACTION

MAINTAINING PEACE AND STABILITY IN OUR WORKFORCE

Maintaining peace and stability in our workforce is something we always endeavour to do and the prolonged strike in the platinum sector has prompted us to do even more. We want our employees to feel safe at work and safe to work, a satisfaction that is a direct result of stability. For more on this issue see page 41.

Our multi-union environment promotes co-existence, inclusion and collaboration. Our value of accountability extends to our unions, with all labour relations structures and processes being bound by national legislation, agreement and best practice. In addition to quarterly regional meetings with our unions, we also encourage proactive and robust engagement to address issues, which we follow up with prompt action. Because communication needs to be ongoing at all levels we also have daily contact with full-time stewards, while our general managers/human resources leaders have regular interactions with both the branch levels and shaft committees. The Harmony council also engages with the unions on a wide range of employee-related issues, such as housing and employment equity.

Since we value the instrumental role our employees play in our business, we think it is important to share the news of the business with the unions. We do this through monthly communication of operational performance to the union structures.

We also work directly with our employees to address a number of issues that are key to our relationship with them. These include reviewing productive incentives, introducing financial literacy to address the problem of indebtedness and replacing payroll deductions with a new system to manage emolument attachment orders and garnishee orders.

We will continue this work in FY15 and hope to keep improving both our relations with employees and their daily experiences at Harmony.

FREEDOM OF ASSOCIATION

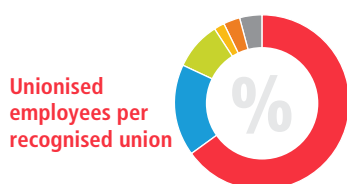
Relative Global Reporting Initiatives indicators: G4-HR4

We recognise the right of employees and contractors to freedom of association and adhere to collective bargaining agreements in each country. Honesty is one of our values and we strive for honest, two-way discussions through collective bargaining.

In South Africa, Harmony recognises four labour unions, namely the Association of Mineworkers and Construction Union (AMCU); the National Union of Mineworkers (NUM); Solidarity and UASA. About 93% of our South African workforce is unionised, with a further 3% covered by agency shop agreements. The balance of 4% is non-unionised.

In FY14, a recognition agreement with Association of Mineworkers and Construction Union was signed at Kusasaletu. We are pursuing a number of initiatives to reinstate a multi-union environment at Kusasaletu.

There are no active unions at our Papua New Guinea sites. Industrial relations at Hidden Valley are currently managed by the employee representative committee.



65	NUM
17	AMCU
9	UASA
2	Solidarity
3	Agency shop agreements
4	Non-unionised

RESTRUCTURING OF SOUTH AFRICA'S DOORKOP OPERATIONS

In November 2013, AMCU, NUM, Solidarity and UASA were given notice in terms of Section 189A of the Labour Relations Act of the intention to restructure Doornkop operations, as a result of the closure of the Kimberley section which had reached the end of its mining life. This closure plan potentially affected a total of 519 employees. Voluntary and compulsory retrenchments were limited to 267 employees, with the remainder of jobs affected being dealt with through transfers and reskilling.

EMPLOYEES AND COMMUNITIES CONTINUED

TARGET 3 OPERATION PLACED ON CARE AND MAINTENANCE POST YEAR-END

In August 2014, the company announced that Target 3 commenced with a Section 189A of the Labour Relations Act and will subsequently be placed on care and maintenance by November 2014.

SOUTH AFRICAN GOLD WAGE NEGOTIATIONS

Relative Global Reporting Initiatives indicators: G4-EC5

Harmony negotiates changes to wages and other conditions of employment through recognised collective bargaining structures, including a centralised industry forum under the Chamber of Mines. Negotiations began in July 2013 and the gold sector wage agreement was signed on 10 September 2013 with the National Union of Mineworkers, UASA and Solidarity, after National Union of Mineworkers' four days of strike action. Recent rulings by the Labour Court have upheld the validity of the extension of the agreement to all employees, despite efforts by Association of Mineworkers and Construction Union to pursue protected strike action.

SOCIO-ECONOMIC, POLITICAL AND REGULATORY CHANGES

Our company, employees and communities are affected by socio-economic, political and regulatory changes and our efforts to keep abreast of these. Changes include amendments to labour legislation and political and regulatory changes. Our compliance efforts directly impact on our social license to operate and thus our sustainability. We endeavour not just to comply with laws and regulations but to go the extra mile. We conduct regular meetings with community leaders to address community concerns and perceptions.

TRAINING AND DEVELOPMENT IN SOUTH AFRICA

Relative Global Reporting Initiatives indicators: G4-LA9

We are in competition for key human resources and critical skills. Upskilling in core and critical areas increases the skills pool and lends stability to continued operations.

Employee development is pivotal to Harmony's strategic and operational delivery. All training and development programmes are carried out in line with the company's strategic and operational needs through a wide range of programmes. These include skills development, Adult Education and Training, the bridging school, learnerships, bursaries, graduate development, talent management and supervisory and leadership development. Some 4% of payroll is spent on human resources development.

In addition to upskilling our own employees we recognise that community members could benefit from our programmes. We also spend considerable effort on programmes such as bursaries and the bridging school – that allow young learners from local communities to improve and continue their studies. This has the potential to benefit Harmony in the long run too, as it encourages promising students to take on careers in fields in the mining industry.

In FY14, 62% of our workforce received some form of training, at a cost of R283 million (US\$27 million) (FY13: 74%, R242 million/US\$27 million). In FY14, a total of 56 people were trained in critical skills at a cost of R1.1 million (US\$0.1 million), compared with 124 people in FY13 at a cost of R5.1 million (US\$0.6 million). To facilitate transformation in South Africa, 67% of employees trained in FY14 were HDSAs and 12% were women.

ADULT EDUCATION AND TRAINING

Relative Global Reporting Initiatives indicators: G4-LA10

Adult education and training centres at Harmony's South African operations run full-time classes to address the level of basic education in our workforce. In FY14, 1 099 employees and community members were enrolled for classes, at a cost of R52 million (US\$5 million).

The overall results in 2014 remained disappointing, with a 41% overall pass rate. However we have noticed improvement in the pass rate on first attempt to 63% of people who wrote exams. The introduction of the adult education and training incentive for people who pass on first attempt and adult education and training award ceremonies will assist in improving the overall pass rate over a period.

Our Papua New Guinea operations are in their early stages and currently only offer part-time adult education and training courses. However, work commenced on an adult literacy and numeracy programme in Wafi-Golpu and Hidden Valley communities. In FY14, Morobe Mining Joint Venture trained 15 teachers for this programme in the region around Wafi-Golpu and a class of 42 people enrolled in the Hekeng Village, with classes starting on a part-time basis. The total expenditure on the programme was R0.6 million (US\$0.058 million).

EMPLOYEES AND COMMUNITIES CONTINUED

BURSARY PROGRAMME

Harmony offers a bursary programme and a subsequent graduate development programme. Harmony awarded a total of 38 bursaries for university studies during 2014, with 24 (63%) of these students coming from our local communities.

Discipline	Total	4th Year		3rd Year		2nd Year		1st Year		Total Gender	
Gender		M	F	M	F	M	F	M	F	M	F
Mining	16	5	0	2	1	3	2	1	2	11	5
Engineering	7	2	0	1	0	2	0	2	0	7	0
Survey	2	0	0	0	1	0	0	1	0	1	1
Other – Services	13	0	0	0	1	0	0	7	5	7	6
Total	38	7	0	3	3	5	2	11	7	26	12

Each year Harmony endeavours to hire its graduating bursars to meet needs in our company. Below is a table indicating how many individuals were hired from this programme each year:

	2014	2013	2012	2011	2010
Number of bursars hired at Harmony	6	13	5	4	4

BRIDGING SCHOOL

Harmony's bridging school supports mathematics and science at grade 12 level to assist school leavers in improving their final results to gain admission to tertiary studies. Upon successful completion of their grade 12, some get awarded bursaries while others follow the learnership route, increasing the number of learnerships intake for the company.

In January 2014, we selected 20 learners for our bridging school programme, including 12 who are interested in furthering their careers in mining and eight in engineering. These learners are predominantly from our mining communities. Of the total learners, nine (45%) have parents and/or close family members working at Harmony.

To date, we have registered a total of 355 students from local communities at the bridging school, of which 34 (10%) were awarded bursaries and most of them have been appointed into management positions, 160 (45%) went through learnerships and the rest have been employed in various positions.

LEARNERSHIPS

Three formal learnership programmes are in place at Harmony: rock breaker, artisan and service persons. In FY14, Harmony had 283 active learners at different levels in their respective learnership programmes, of whom 81 completed their learnerships and most of them have been appointed to pertinent positions.

INTERNSHIP AND EXPERIENTIAL PROGRAMMES

In support of our Social and Labour Plans (SLPs), Harmony hosted 31 students (20 internships and 11 experiential trainees) during FY14. Ten of these students have completed their exposure programmes during the year and we currently have a total of 21 students, made up of 17 interns and 4 experiential trainees.

TRAINING AND DEVELOPMENT IN PNG

In PNG, a three-year training plan to 2015 is in place for our three joint ventures. To address operational requirements and retain employees at our Papua New Guinea operations, mentoring and skills development programmes are undertaken. We continue to train and mentor locally-recruited employees from the landowner areas of Hidden Valley. Specific initiatives in FY14 included:

- Personal development courses for 518 people
- Development of level 2 of supervisor development programme for mining supervisors
- Integration of level 1 programme for drill and blast supervisors and coordinators
- Information and technology training for trainer supervisors
- Tier 1 and 2 induction and training for 2 115 and 1 177 participants respectively
- Operator efficiency training

EMPLOYEES AND COMMUNITIES CONTINUED

Hidden Valley has recently developed its lines of progression training and skills matrix. This gives employees a clear understanding of the skills required to perform their current function and those levels above them, a first step in providing a career path programme. Implementation began in May 2014.

EMPLOYMENT EQUITY

Relative Global Reporting Initiatives indicators: G4-EC6, G4-HR3

Giving each and every one of our employees a fair chance in the workplace is a moral imperative for Harmony. As a result, employment equity is something that we give weight to; taking into consideration the historical context of the areas we work in to ensure equality wherever possible.

Our policy is to recruit locally as far as possible. However, our policies and procedures ensure there is no discrimination against foreign migrant labour, which constituted about 35% of the workforce in FY14 (FY13: 35%).

We understand the legacy of the migrant worker system and have various initiatives in place to address the different elements of this. We ensure that our employees are able to return home regularly. We also aim to make it easier for employees to have their families visit them by having spouse quarters for visiting family members. Our hostel de-densification programme ensures that employees have access to private living space. To make it possible for employees to move their families closer to our operations, our hostel conversion programme is making family units available; we also seek to make provision for family accommodation in local towns. Harmony is aware that our corporate social responsibility extends beyond the surrounding communities and so we also have a number of local economic development projects in labour-sending areas, such as Mozambique and Lesotho, as well as an agreement to provide home-based care to medically incapacitated employees from all areas.

A representative workforce is both a legislative and moral imperative in South Africa, one which ensures economic growth benefits all stakeholders. The company reports its employment equity plan and progress to the social and ethics committee quarterly and to the departments of labour and mineral resources annually.

In FY14, 46% of all Harmony's management staff were historically disadvantaged South Africans (HDSAs), meeting the Mining Charter targets for company level compliance. Women employed at management level stood at 20% (FY13: 20%). There is no difference between salary scales for men and women at Harmony.

Employment equity plan 2013 – 2017						
Occupational categories	Targets (historically disadvantaged South Africans)					
	%	2013	2014	2015	2016	2017
Top management (board)		35	40	45	50	55
Executive management		35	40	45	50	50
Senior management		35	40	45	50	55
Middle management		40	40	50	55	60
Junior management		40	40	50	55	60
Core and critical		30	40	45	50	55

In Papua New Guinea, we are focused on attracting and retaining both externally and locally recruited employees, particularly landowners and local citizens. Operations are governed by a three-year training plan lodged with the Department of Labour. Under this plan, the joint ventures must ensure locally sourced employees are continuously trained and succession is managed. The succession target of under 8% permanent externally-sourced employees has been reached, with our actual rate at 7% across the three joint ventures. Morobe Mining Joint Venture is currently operating Hidden Valley with 7.8% non-citizens; Morobe Exploration with 7.5%; and Golpu with 6%.

At Hidden Valley, women in the workforce stood at 13% in FY14, below the national average of 15%. All efforts are focused on achieving a target of 15% by the end of FY15.

EMPLOYEES AND COMMUNITIES CONTINUED

HOUSING AND LIVING CONDITIONS: SOUTH AFRICA

In South Africa, housing and living conditions has long been a critical issue in the mining industry as we work to address the systems of the past. Our housing strategy is focused on promoting home ownership, rental options and integrating mining communities into local structures. We make land available and facilitate affordable housing development on our redundant mine land – for all new developments we fund construction of infrastructure such as power and water, manage the project and monitor quality. We also proclaim mine villages to become part of municipal areas. In line with our focus on promoting home ownership, employees who do not live in company hostels received living-out or housing allowance.

Progress towards Mining Charter targets – housing								
	Mining Charter target 2014	Harmony target 2015	2013		2014		Planned 2015*	
	%		Achieved	%	Progress	%	Planned	%
Hostel (operational) conversion to single rooms by 2014	100	8 658	1 102**	13	1 678**	19	8 658	100
Hostel (non-operational) conversion to family units	100	1 100	561	61.7	761	69	1 100	100
Facilitation of home ownership***		4 719	2 496	53	2 800	59	4 719	100
Total				42		49		100

* Certain elements are outside Harmony's control, such as employees being granted bonds or receiving state subsidies

** The number reported for 2013 and 2014 only represents units in 100% converted hostels. The number of single rooms, including those in uncompleted hostels, totals 5 027 in FY14 (FY13: 3 214)

*** Houses sold to employees and other housing development programmes (actual achieved will depend on employee affordability profile and ability to obtain finance)

Our housing programme is specifically aimed at converting and upgrading hostels to attain the occupancy rate of one person per room and converting and upgrading hostels into family units. Improving the living conditions of our employees is directly linked to employee well-being and productivity. Our housing programme also creates jobs and supports local business.

In FY14, the number of hostel dwellers sharing declined from 8 629 (FY13) to 6 841, with single occupants moving to 19% from 13% in FY13, in 100% completed hostels. Although we only show 19% compliance, this is based on a very conservative definition for the indicators. However, as a group we have already completed 5 027 rooms against a target of 8 658 rooms. Harmony is scheduled to meet its target of one person per room by December 2014. Rooms in all hostels (including incomplete hostels) amount to 58% progress in FY14 (FY13: 44%). We aim to build 1 100 family units over four years. Some 761 units have been built to date, 69% of the total planned. Merriespruit 3 is in progress while Deelkraal is in feasibility stages.

In order to further facilitate home ownership, Harmony subscribes to and supports the pension-backed home loan scheme as negotiated at Chamber of Mines level, and over 1 100 of our employees have already made use of this facility. During the previous financial year a further 480 of our houses were purchased by our employees by way of a 'rent-to-own scheme'.

HUMAN RIGHTS

Relative Global Reporting Initiatives indicators: G4-LA14, G4-HR3, G4-HR10 and G4-HR12

Respect for human rights is entrenched within the company's values and specifically catered for in human resources policies, charters and contracts of engagement. This is closely monitored by human resources and community engagement managers at operational level.

We abide by the human rights conventions of the International Labour Organization, as supported by the South African constitution. Our adherence is monitored by the social and ethics committee. In addition, certain human rights requirements are built into contracts with new suppliers.

No incidents of discrimination were reported in South Africa or Papua New Guinea in FY14.

The South African constitution also prohibits forced, compulsory or child labour. None of Harmony's operations are at risk and no contraventions of these principles were alleged or reported in FY14.

EMPLOYEES AND COMMUNITIES CONTINUED

COMMUNITIES

Relative Global Reporting Initiatives indicators: G4-SO1

Key statistics: local economic development spend (FY14)

Group local economic development spend	R77.1 million (US\$7.4 million)
– South Africa	R71.7 million* (US\$6.9 million)
– Papua New Guinea	R5.4 million (US\$0.5 million)

* In addition, capital of R106 million (US\$10 million) was spent in FY14 on hostel upgrades.

As a socially-responsible company, we are committed to the sustainable socio-economic development and well-being of the communities where we operate. We recognise that these communities are also the areas from which we draw our employees and healthy, flourishing communities can provide us with the quality of employees we need to run our business. Their well-being and development underpins our own sustainability. Apart from being a statutory requirement, our strategic objective is to contribute to the sustainable development of our communities long after mining has ceased.

In South Africa, Harmony's operations are governed by the allocation of mining rights, with each mining right area bound by a social and labour plan. In Papua New Guinea, regulatory control vests in a memorandum of agreement with similar social commitments.

SOCIO-ECONOMIC INVESTMENT

Relative Global Reporting Initiatives indicators: G4-SO2

Our corporate social responsibility policy recognises the need for socio-economic investment in South Africa and Papua New Guinea, starting with the broader communities in which we operate. This policy includes local economic development initiatives executed in terms of the Mining Charter, the Mineral and Petroleum Resources Development Act and codes of good practice for the minerals and mining industry. In Papua New Guinea, we comply with local legislation, licence conditions and agreements with associated communities and landowners.

Our corporate social responsibility programme activities are monitored by the social and ethics committee at board level. In South Africa, projects and programmes are considered, approved and monitored by a corporate social responsibility committee at management level. In Papua New Guinea, this responsibility lies with the head of our South East Asian operations. In South Africa, we identify suitable programmes through stakeholder engagement and partnerships with the Chamber of Mines' community development forum or NGOs, communities, government departments, municipalities, educational institutions and the governments of Lesotho, Mozambique and Swaziland.

Expenditure on local economic development (LED) projects in South Africa decreased from R74.4 million (US\$8.4 million) in FY13 to R71.7 million (US\$6.9 million) in FY14. This decrease was due to delays in various projects, which we are addressing and trying to resolve timeously.

SOCIAL AND LABOUR PLANS

Relative Global Reporting Initiatives indicators: G4-EC4

For the five-year cycle ending 2017, Harmony's social and labour plans constitute an investment of some R261 million (US\$25 million, using an exchange rate of US\$/R10.50) in local economic development projects.

To make a relevant and thus sustainable contribution to local communities, we align our social and labour plans with municipal integrated development plans. Social and labour plans are currently in place for each mining right for the period 2013 to 2017. A Harmony-led forum meets regularly, bringing together stakeholders to discuss and agree on key projects for the Free State goldfields region, with the aim of identifying and developing industries lacking in the local economy and enterprises to service those industries.

NOTEWORTHY ACTIONS

LOCAL ECONOMIC DEVELOPMENT PROJECTS: MAKING A DIFFERENCE

Key South African local economic development projects include:

- **Masimong 4 Estate** (hostel conversion to family units): Construction has been completed and all the family units are currently occupied. This project was handed over to Matjhabeng Municipality
- **Merriespruit 3** (hostel conversion to family units): We have completed 60% of the construction; the project is expected to be completed by end of 2014
- **Solar geysers Slovoville**: This is the third year of a five-year project that entails the installation of 110 solar geysers. The beneficiaries – nominated by their local municipal councillor – are elderly people with disabilities and households that are headed up by children. A local youth co-operative, Solar Waves, have been sub-contracted to install the geysers to empower them through skills transfer

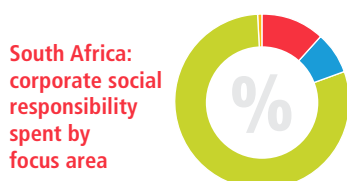
EMPLOYEES AND COMMUNITIES CONTINUED

- **New Venture Creation Skills Training Slovoville and Tshepisoong:** This intervention allows potential and existing entrepreneurs to capitalise on opportunities to start and grow sustainable businesses that form part of the mainstream economy. This, we hope, will enable the participants to tender for business opportunities within both the public and private sectors. Twenty-five local small, medium and micro-sized enterprises from Slovoville and Tshepisoong enrolled for New Venture Creation Training, which is a services Sector Education and Training Authority (SETA) accredited course. They have all completed the course and received their certificates
- **Merafong Community Digital Hub:** This is a collaborative project between Harmony and AngloGold Ashanti limited. Each company has contributed R500 000 to establish a Community Digital Hub. The hub houses the Khutsong Business Centre and aims to provide the community with services such as curriculum vitae typing, printing, copying, binding and faxing, which they will normally have to travel far to obtain at a much higher price. The centre also offers computer literacy courses to members of the community, with 30 people who completed their training in June 2014
- **Merafong Waste Recycle project:** This is a collaborative project between Harmony, AngloGold Ashanti Limited and Sibanye Gold Limited, as well as the Merafong Municipality and Khulisa Social Solutions, which is the implementing agent. Each company is contributing R1 million over three years to the project, located in Fochville within the Merafong City Local Municipality. We aim to empower the community, create jobs and address environmental issues through the recycling of waste within the Merafong community
- **Small, medium and micro-sized enterprises development – branding of stalls:** Merafong Local Municipality asked Harmony to assist with the branding of the small, medium and micro-sized enterprises stalls they have built as part of their formalisation of small business. This branding will contribute towards the visibility of the stalls and hopefully help to attract customers, which will save the stall owners marketing costs. This project, in particular, highlights how the communities will recognise that Harmony is part and parcel of their everyday lives
- **Nooitgedacht Farm:** We have completed the installation of a windmill and the building of the restoration reservoir

CORPORATE SOCIAL RESPONSIBILITY

South Africa

In FY14, Harmony spent R8.5 million on corporate social responsibility projects in South Africa, with key projects focused on educational support, social development, community support, sports and recreation development.



11.8	Sports development and culture
7.9	Mining community corporate social investment – per regional area/ non-governmental organisation
79.7	Education support
0.6	Other

Harmony's corporate social responsibility priorities in FY14 concentrated on implementing programmes in mathematics, science, and technology advancement; community project-based entrepreneurial skills development; sports and recreation development. Our programmes also address key social issues such as building and supporting education systems and processes, including sports infrastructure, and social and enterprise development initiatives.

Advancing science and mathematics

The South African Agency for Science and Technology Advancement, a business unit of the National Research Foundation, in collaboration with Harmony has a responsibility to grow the pool of learners today who will become the scientists and innovators of tomorrow. Amongst many other strategies, the South African Agency for Science and Technology has initiated the National Science Olympiad in order to increase learner participation and performance in Mathematics, Physical and Life Sciences and thus ultimately increase the Science, Engineering and Technology human capital in South Africa and South African Development Community countries. Since September 2009, Harmony has been the main sponsor for the South African Agency for Science and Technology National Science Olympiad.

EMPLOYEES AND COMMUNITIES CONTINUED

Harmony has been in partnership with the South African Mathematics Foundation since 2005 to improve mathematics performance through learner and teacher development in its mining communities. The South African Mathematics Foundation, in consultation with the Department of Basic Education, identify high schools situated in and around Harmony's mining operations to roll out the programme.

The South African Mathematics Foundation is registered as a non-profit organisation aiming to advance the mathematics development and education of South African children and young people through improved quality teaching and learning of mathematics, as well as through public awareness activities.

The South African Mathematics Foundation held the annual Mathematics Olympiad Awards Ceremony in 2013 in the Gauteng Province (Benoni), attended by 100 qualifying senior and junior learners. The best 30 national medallists received their awards at this function.

NOTEWORTHY ACTION

HARMONY SUPPORTS ENACTUS

Harmony has been in partnership with Enactus since 2006, to motivate and give young people in South Africa and Swaziland an educational, developmental and real life experience of social innovation and entrepreneurship through leadership training and development.

Enactus is a community of student, academic and business leaders committed to enabling human progress through the transformative power of entrepreneurial action. It is an international organisation that brings together student, academic and business leaders who are committed to using the power of entrepreneurial action to shape a better, more sustainable world. With our focus on job creation to eliminate poverty, Enactus is a reputable partner and public benefit organisation that is placing a high premium on business skills development.

During the Enactus National Competitions held in 2013, South Africa's University of Pretoria and the University of Swaziland (Kwaluseni Campus) teams were crowned the national champions for the development and implementation of outstanding sustainable community outreach projects, and represented South Africa and Swaziland at the 2014 Enactus World Cup held in Cancun, Mexico in September 2014.

Sports and recreation development

Harmony's continued support of The Sports Trust, as its implementation partner in terms of the sponsorship agreement entered into between the two organisations for the development of the multi-purpose sport courts infrastructure in Harmony's mining communities, is changing lives and enhancing education through sport.

The sports facilities are installed in schools in communities identified by Harmony in partnership with the Sports Trust and the Provincial Departments of Sport and Recreation which feeds into the National Sports Plan, in particular the School Sport Programme.

NOTEWORTHY ACTION

HARMONY INVESTS IN THEUNISSEN MULTI-PURPOSE SPORT FACILITY

On 17 April 2014, Harmony handed over a multi-purpose sport facility to the community of Theunissen in the Masilo Township next to Joel, as part of our corporate social responsibility programme.

The facility makes provision for five sporting codes, including five-a-side soccer, netball, basketball, volleyball and tennis. This will allow the school to participate in league structures including tournaments, from May 2014 and will encourage the development of sports and healthy activities in the area. The Masilo multi-purpose sport facility is the fifth that Harmony has built through the sport infrastructure development programme, and cost about R1 million (US\$0.1 million). The other four facilities were built in:

- Carletonville (Khutsong Township)
- Virginia (Meloding Township)
- Roodepoort (Doornkop)
- Allanridge (Nyakallong Township)

Chief executive officer, Graham Briggs, who was at the opening, said, "These facilities have come about owing to the excellent partnerships and collaboration among various stakeholders ... we understand that corporate citizenship goes beyond securing a social licence to operate – and that involvement and commitment in our neighbouring communities is a moral responsibility which we take very seriously indeed."

EMPLOYEES AND COMMUNITIES CONTINUED

Papua New Guinea

In line with our goal of generating sustainable benefits for our communities, in FY14 the focus in Papua New Guinea remained on health, education, agriculture and infrastructure.

Hidden Valley's infrastructure programme focuses on constructing, repairing and upgrading roads, bridges, educational facilities, health facilities and water supply in the three landowner villages of Nauti, Kuembu and Winima and impacted communities along the Watut River corridor.

In the area of agriculture, the Primary Industry team focused on the Lower Watut cocoa programme and the preparation of strategic plans for agriculture and aquaculture programmes under the Community Participation Agreement for the Wafi-Golpu communities. Farming tools and equipment were delivered and demonstrated to 36 cocoa cluster groups.

Community health and education projects undertaken in FY14 include:

- The completion of a community feedback workshop on health matters during which community health surveys were reviewed. Results will be used to enhance community awareness and training aspects of the community and employee health programme and to enhance treatment and monitoring of the more prevalent diseases
- The opening of one new community health post and three renovated aid posts
- The Morobe Mining Joint Venture community affairs team in partnership with Mumeng and Wampar Health Centres fielded medical visits to Wafi villages, focusing on immunisation of community members and health talks. Some 4 022 outpatients were treated and 906 children were immunised against water-borne diseases
- 41 water supply and sanitation projects have now been completed, servicing 15 000 people
- Blood donation by Morobe Mining Joint Venture staff to the Angau Memorial Hospital
- Morobe Mining Joint Venture community affairs team completed emergency obstetrics care training to help drive the capacity building of health workers in Bulolo district
- Work commenced on an adult literacy and numeracy programme in the Wafi-Golpu and Hidden Valley communities
- Matriculation, vocational and university sponsorships for 46 students from Hidden Valley and Wafi-Golpu landowning communities, totalling R0.4 million (US\$ 38 815), were granted during FY14
- Entrepreneurial skills training was held during January for 25 members of the Wafi-Golpu community
- Further expansion of the Women's Development Programme, which is aimed at ensuring women's issues and needs are heard and addressed with assistance from Harmony, government, donors and non-governmental organisations
- The Harvey Hall Memorial Library was officially opened in August 2013, a joint venture between Morobe Mining Joint Venture, the local Wau community and local government
- Distribution of teaching and learning materials to classrooms and presentation of excellence awards to 18 students

PROCUREMENT

G4-LA15, G4-SO10

Harmony recognises that extending our supplier network to include emerging businesses makes possible more equitable distribution of economic benefits. Our preferential procurement strategy in South Africa complies with the country's legislation. Harmony's procurement processes and expenditure are governed by our group strategy and policy. We support this approach by helping to develop the business management skills required for these emerging enterprises to succeed.

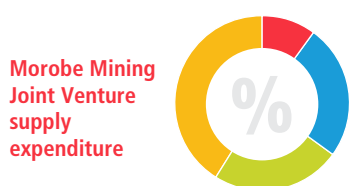
Our preferential procurement strategy encompasses:

- Regional enterprise development centres which make it easier for qualifying suppliers to do business with our company
- Amending tender policies to help Harmony meet charter requirements
- Measuring each mine's procurement with historically disadvantaged South African entities against targets in the charter scorecard
- SMME/HDSA-compliant vendor development aimed at maintaining acceptable standards

EMPLOYEES AND COMMUNITIES CONTINUED

Harmony's preferential procurement strategy promotes expenditure with companies recognised as Black Economic Empowerment entities under the Mining Charter. In South Africa in FY14 procurement expenditure with Black Economic Empowerment entities stood at R3.4 billion (US\$333 million) or 63% of total discretionary spend (FY13: R2.5 billion (US\$283.4 million) or 44%).

In Papua New Guinea, under agreements with local authorities, landowners and communities, we issue contracts to local citizens wherever possible. During the year, contracts valued at R598.9 million (US\$57.9 million) were awarded to local companies. Supply expenditure by Morobe Mining Joint Venture in FY14 amounted to R3.5 billion (US\$339.9 million), R2.1 billion (US\$200.4 million) of which was expended in Papua New Guinea or 59%. Of the amount expended in PNG, R1.2 billion (US\$118.1 million) was expended in the Morobe Province on goods and services.



- 10** NKW / landowner
- 25** Morobe
- 24** Papua New Guinea
- 41** Offshore

Contracts awarded by Morobe Mining Joint Venture to landowner companies include catering, fuel haulage, general freight, plant hire, security, labour hire and bus services. Landowner companies billed R347.5 million (US\$33.6 million) during FY14, or 10% of Morobe Mining Joint Venture's total expenditure. In line with the current memorandum of agreement on the Hidden Valley project, Morobe Mining Joint Venture continues to comply by offering business development opportunities to landowners. These opportunities will increase as the mine moves towards full production.

Objectives for FY14	
FY14	Progress
South African black economic empowerment spend	
Capital goods 40%	72%
Services 70%	57%
Consumables 50%	63%

ENVIRONMENTAL PERFORMANCE

Achievements	Challenges
<ul style="list-style-type: none">• Energy optimisation initiatives result in savings of 61 158MWh – total savings of 201 000MWh from all electrical energy initiatives implemented• Harmony is the only gold mining company in the top 8 in the Carbon Disclosure Project's Leadership Performance Index on the Johannesburg Stock Exchange<ul style="list-style-type: none">• in the 'A' performance band on the Johannesburg Stock Exchange 100 Climate Performance Leadership Index• Bioenergy project has advanced to implementation phase• Undiscounted rehabilitation liability down by R46.4 million• Papua New Guinea – engagement with the external stakeholder advisory panel	<ul style="list-style-type: none">• Three level 3 environmental incidents in South Africa and one level 4 incident in Papua New Guinea• Advancing a zero-discharge target• Regulatory delays in water use licences• Changing environmental legislative framework

WHY THE ENVIRONMENT IS MATERIAL TO HARMONY

We recognise that our business and business processes have, and can have, a negative effect on surrounding communities and the natural environment, and that it is our responsibility to avoid, mitigate, manage and limit these impacts. At the same time, what we do and how we do it can have a positive effect on our natural environment and communities; for example, by ensuring beneficial land use post-mining. We need to identify appropriate, sustainable opportunities for this to occur and ensure that we maximise these opportunities. In so doing, we will reduce our operating costs and exposure to risk while ensuring we leave a lasting, positive legacy.

Relevant material issues: Protecting our licence to operate.
Managing our impact.

OUR APPROACH

In FY13, our environmental strategy was revised following environmental assessments conducted across the company. Our strategy aims to optimise our environmental performance by managing the environmental impacts, by focusing on effective risk controls, reducing environmental liabilities, ensuring responsible stewardship of our products within our scope of influence, complying with environmental legislation and regulations and by creating a learning, sharing environmental culture that replicates experience from inside and outside the organisation and that shares knowledge and expertise within the group.

The board-approved environmental policy – <http://www.harmony.co.za/sustainability/governance#policies> – supports the revised strategy. Further, we have developed technical and performance standards and guidelines to ensure consistency at all our operations, and these are incorporated into operational environmental management systems and implemented in line with the ISO 14001 standardisation process in terms of which all new and long-life assets will be certified by FY15.

The environmental policy sets out our commitment to ensure that mine closure is undertaken to ensure long-term environmental stability and beneficial land use post-mining that promotes sustainable livelihoods in our communities. This policy underpins our understanding of the entire life cycle of our product.

PERFORMANCE IN FY14

By year end, eight (70%) of our long-life mining operations (accounting for 67% of FY14 production) were ISO 14001 certified, while five (63%) of our processing facilities were certified. Our focus in FY15 will be to achieve certification of the Bambanani and Joel mines in South Africa and of the Hidden Valley operation in Papua New Guinea.

As required by law, all our South African operations have approved environmental management programmes in place, and include outlines for broad closure plans. These environmental management plans have been approved by the Department of Mineral Resources. An amendment to Kusasaletu's environmental management plan, relating to the inclusion of aggregate production from waste rock, was submitted and approved during the year. Amendments to the environmental management plans for Kalgold, Kusasaletu and two mining rights in the Free State are currently being worked on.

While closure principles are included in their environmental management programmes, detailed closure plans are being developed for Steyn 2 shaft and Unisel. Such plans are developed once operations are within five years of planned closure. At Kalgold, we are re-evaluating our rehabilitation strategy and final land-use proposed for the D-zone pit. We remain in discussion with the departments of mineral resources and of water affairs in reaching an agreed socio-economic solution.

ENVIRONMENTAL PERFORMANCE CONTINUED

In line with revised legislative requirements, integrated water-use licence applications were submitted to the authorities for each operation in 2006. The integrated water-use licence applications for Kalgold and Kusasaletu have been presented to the licensing committee for consideration and approval, which has been delayed owing to government backlogs.

Implementation and execution of our environmental strategy is directed by an environmental leadership committee at each operation, supported by a group-level environmental manager. General managers retain legal responsibility for our operational environmental performance as well as for compliance with our environmental management plans.

In PNG, we seek to reduce our environmental footprint, largely through accelerated rehabilitation. Hidden Valley's environmental management plan is aligned with the ISO 14001 management standard. An important aspect of environmental management in Papua New Guinea is the environmental awareness training provided to all new employees during induction. This is reinforced through leadership training courses and publication of monthly environmental awareness initiatives aimed at the workforce as a whole.

An independent environmental audit of the Hidden Valley operations was undertaken by the joint venture partners in October 2013. A final report was submitted to the Hidden Valley management team in November 2013 and corrective action taken to address concerns identified. These actions were to:

- improve waste management, closure and decommissioning procedures for waste and fuel oil storage areas
- provide a more specific sediment reduction plan to the Department of Environment and Conservation that focuses less on sediment traps and more on source control (for example, better drainage around waste dumps and the stabilisation of exposed slopes)
- provide a specific plan to the Department of Environment and Conservation on how alternative and more site-specific discharge criteria for cobalt and sediment can be developed. These will be included as two additional actions in the environmental improvement plan
- provide training to the sewage treatment plant operators to ensure that consistent treatment dosing procedures are followed, and also that operators are trained on proper sampling procedures

In FY10, the Papua New Guinea Department of Environment and Conservation commissioned a third-party compliance audit of the Hidden Valley mine to address stakeholder concerns about the sedimentation impacts of mining on the Watut River. This compliance audit led to the development and implementation of a Department of Environment and Conservation-approved environmental improvement plan and, in FY11, the appointment of an external stakeholder advisory panel. For additional information on this panel, please refer to the Sustainable Development Report 2012 at http://www.financialresults.co.za/2012/harmony_ar2012/sustainability-report/op-environment.php

By the end of December 2013, 38 of the 40 actions identified in the environmental improvement plan had been addressed to the satisfaction of the Department of Environment and Conservation and local landowners. The deadline for completion of the final two has been extended to December 2014. Work continues on the two remaining actions which had been delayed by a landslide and the unavailability of the necessary construction equipment. Efforts are being made to source the required equipment for which funds have been made available. Good progress was made with upgrades to and automation of the sewerage treatment plants and operator training. This has reduced operator errors and improved overall performance.

The Department of Environment and Conservation met with the Morobe Mining Joint Venture environmental team in May 2014 to discuss outstanding environmental issues and, post year-end, visited, Hidden Valley and Wafi to evaluate overall environmental performance and progress made.

ENVIRONMENTAL INCIDENTS

Relative Global Reporting Initiative indicators: G4-EN24, G4-EN29, G4-EN34

Our environmental management plans provide for the monitoring, reporting and remediation of environmental incidents, including direct or indirect discharge of water beyond our mining area.

Our environmental classification system categorises incidents on a scale of 1 to 5. A level 5 incident has mitigation costs in excess of R3 million and a very significant impact on highly valued species, habitat or eco-system, potentially resulting in international condemnation and possible director liability. A level 1 incident represents a low-level non-conformance, where mitigation costs are less than R100 000, where there is limited damage to a minimal area of low impact and where any complaints are localised.

During FY14, there was one level 4 incident (FY13: 0) at Hidden Valley. A total of three level 3 environmental incidents were reported, all at Kusasaletu. A level 3 incident results in mitigation costs of between R250 000 and R500 000, has serious medium-term environmental effects and may result in serious adverse media attention. No environmental directives were received from the authorities as control and mitigation of the incidents were adequate.

ENVIRONMENTAL PERFORMANCE CONTINUED

Environmental incidents (Level 3 and 4) in FY14

Relative Global Reporting Initiative indicators: G4-EN8, G4-SO8

Date	Operation	Cause
11 December 2013	Kusasaletu (level 3)	Following a heavy rainfall, the return water dam overflowed. Although the impact was limited as a result of dilution, the permit conditions were breached. The incident was reported to the Department of Water Affairs and a comprehensive action plan to prevent similar incidents occurring was submitted for approval by 30 January 2014. This plan was subsequently implemented.
10 March 2014	Kusasaletu (level 3)	A third-party company operating a waste water treatment works adjacent to Harmony's pollution control dam inadvertently discharged raw sewage into the dam resulting in the death of fish. There was no impact on downstream dam users as the incident was swiftly localised and contained. The incident was reported to the Department of Water Affairs and the regulators during their site visit. A Section 55 instruction was issued by the Department of Water Affairs, instructing Harmony to improve access control measures. Fencing is to be installed to ensure that community members have no access to the treatment works as these are located within the operational mining area.
19 June 2014	Kusasaletu (level 3)	The motor on the vertical spindle pump returning water emanating from the main surface fans, failed, resulting in water overflowing at the pump sump into the storm water system. Approximately 2.8l/s (0.24Ml/day) flowed into the storm water stream for a period of 72 hours. Given the results of the basic tests conducted on 25 June 2014, the preliminary impact on the water resources was deemed to be low.
11 June 2014	Hidden Valley (level 4)	This incident involved the sewage treatment plant at the Ridgeline Camp site. Sewerage sludge from the digester was discharged into two underground septic tanks to reduce build-up in the digester. These septic tanks overflowed resulting in approximately 20 000-25 000 litres of sewerage being discharged from the overflow pipe directly into the environment. Affected areas were inspected to ensure no further overflow. Action was taken immediately to check the area for contamination and to implement clean up and containment procedures if required. A report has been submitted to the Department of Environment and Conservation as required in terms of our permit.

No fines or sanctions were received during FY14 for non-compliance with environmental laws and regulations at any of its operations in either South Africa or Papua New Guinea.

Furthermore, mechanisms are in place to enable stakeholders to report any grievances they might have concerning environmental impacts caused by Harmony's operation in South Africa and Papua New Guinea.

ENVIRONMENTAL PERFORMANCE CONTINUED

LIMITING AND OPTIMISING THE RESOURCES WE USE

Relative Global Reporting Initiative indicators: G4-EN1

The primary materials used by Harmony are: the rock we mine, the ore we process and the liquefied petroleum gas, grease, cyanide, fuels and lubricating and hydraulic oils we use.

Materials used					
	FY14	FY13*	FY12	FY11	FY10
Rock mined (ore and waste) (000t)	39 133	38 668	34 868	30 250	31 037
Ore mined (000t)	14 798	13 312	14 010	12 063	12 336
Waste rock recycled (000t)	7 058	8 008	8 191	3 200	1 763
Slimes recycled (000t)	5 933	5 358	6 955	5 236	7 306
Liquefied petroleum gas (t)	1.21	1.08	0.55	0.62	0.60
Grease (t)	87	61	51	22	182
Cyanide (000t)	14.7	8.0	11.1	8.0	8.0
Petrol and diesel (000l)	27 148***	61 354**	30 135	44 788	51 826
Lubricating and hydraulic oil (000l)	3 011	3 860	2 457	2 206	3 986

* 2013 excludes Evander. Previous years not restated

** Increase was predominantly due to increased usage at Hidden Valley for the period during which the overland conveyor malfunctioned

*** Reduction in petrol and diesel consumption a result of closure of Kimberley reef area at Doornkop and the decline in the consumption at Hidden Valley with the increased use of hydropower

Cyanide

Harmony is a signatory to the International Cyanide Management Code for the manufacture, transport and use of cyanide in producing gold (the Cyanide Code). This voluntary industry programme was developed by the United Nations Environment Programme (UNEP) and the International Council on Mining and Metals (ICMM). All of our major gold mining operations and most of our metallurgical plants are certified as being compliant.

- Six in all of our plants are certified in terms of the Cyanide Code – the Harmony One, Central, Target, Joel, Kusasaletu and Doornkop plants
- At Kalgold, a cyanide decontamination plant is being planned and studies are under way to overcome technical challenges and optimise the consumption and disposal of cyanide. We continue to implement controls to move closer to compliance, following which the plant's application for certification will be reviewed
- The Phoenix retreatment operation (Saaiplaas plant) was voluntarily deregistered following an external audit which confirmed that there was a problem with weak acid dissociable cyanide concentrations in the tailings. External experts have been commissioned to investigate potential solutions
- The Hidden Valley plant received its Cyanide Code compliance certificate in FY14. Both Harmony and Newcrest are signatories of the Cyanide Code and, since the commissioning of the process plant at Hidden Valley in FY10, monitoring has shown that cyanide concentrations at the Nauti Village compliance point (as stipulated in the permit) are in line with environmental permit limits

Harmony used 14.7 kilotonnes of cyanide during FY14 (FY13: 8 kilotonnes). The increase in cyanide consumption was largely due to the processing of increased volumes of low-grade ore from surface sources and the Phoenix reclamation project.

ENVIRONMENTAL PERFORMANCE CONTINUED

OPTIMISING OUR ENERGY USAGE, REDUCING CARBON EMISSIONS

Relative Global Reporting Initiative indicators: G4-EN3, G4-EN5 and G4-EN6

Reducing and managing the energy we consume are fundamental business considerations and, at the same time, environmental imperatives. Optimising our energy use will mean our carbon emissions will be optimised too.

Harmony's operations consume a significant amount of electricity in the production of gold. We account for our product to the point at which it is sent for refining (by Rand Refinery in South Africa and by Perth Refinery in Western Australia for PNG). Rand Refinery consumed 31MWh of electricity, of which an estimated 10% can be attributed indirectly to Harmony.

In South Africa, almost all of the energy we consume is indirect energy, in the form of electricity purchased from the national power utility, Eskom. Eskom's electricity is largely derived from coal-fired power stations, and there is very little scope for the large-scale purchase of energy from renewable sources.

In PNG, we aim to maximise our use of alternative energy sources. In 2011, Hidden Valley was connected to a new hydropower transmission line, part of the Papua New Guinea electricity grid, and the operation is now predominantly driven by a hydropower electricity grid. In this reporting year, 70% of Hidden Valley's power consumption was generated by hydropower, the same as in the previous year.

Energy consumption is a significant portion of our operating costs in South Africa (16.1%) but less so in Papua New Guinea (8.3%).

Direct and indirect energy consumption in FY14 (MWh)		% of total energy used	
South Africa			
Direct ⁽¹⁾		–	–
Indirect ⁽³⁾		2 756 029	100
Total		2 756 029	100
Papua New Guinea			
Direct ⁽¹⁾		18 354	30
Indirect ⁽²⁾		42 060	70
Total		60 414	100
Harmony total			
Direct		18 354	1
Indirect		2 798 089	99
Total		2 816 443	100

⁽¹⁾ Diesel

⁽²⁾ Renewable energy – hydropower generated electricity

⁽³⁾ Non-renewable – coal-fired power stations (Eskom)

Energy consumption					
	FY14	FY13	FY12	FY11	FY10
Intensity consumption (MWh/tonne treated)	0.15	0.14	0.19	0.19	0.22
Absolute consumption (MWh)	2 816 443	2 704 220	3 058 219	3 534 000	3 659 376

Energy consumption					
MWh	FY14	FY13	FY12	FY11	FY10
South Africa	2 756 029	2 664 111	3 013 150	3 429 000	3 659 376
PNG	60 414	51 414	50 312	52 508	–
Total	2 816 443	2 704 220	3 058 219	3 534 000	3 659 376

ENVIRONMENTAL PERFORMANCE CONTINUED

ENERGY MANAGEMENT

Harmony is building a strategic and reputational advantage over competitors by optimising energy use, while also managing rising energy costs and reducing emission intensity. Harmony's revised energy efficiency and climate change policy and strategy articulate our commitment to improving energy efficiency.

Our primary focus has been on making mine cooling, compressed air, water management and ventilation more efficient. In addition, we improved the solar generation capacity within the group.

All of these projects saw a decrease in consumption and an associated decrease in our intensity factors.

By the end of FY14, 13 projects had been implemented and six were ongoing. Once completed, these will result in a total annual energy saving of 101.2MWh. The energy-efficient fans installed underground at Kusasalethu as well as Tshepong's optimisation of compressed air projects are exceeding expectations in terms of energy savings. Most of the other projects are on target or slightly below target.

While we are still driving efficiencies within the group, our strategy is to move to enhancing our energy with solar, hydropower and bio-energy in the short term.

In FY14, total energy use was 2 816 443MWh (FY13: 2 704 220MWh), up by 4% with corresponding energy intensity levels of 0.15MWh/tonne treated (FY13: 0.14MWh/tonne). Absolute energy consumption in FY14 relative to that in FY13 was higher owing to the four-month suspension of operations at Kusasalethu in FY13 as a result of labour unrest. In all, our energy consumption has declined by 23% in the past five years and our intensity usage by 32%.

Harmony South Africa's electricity consumption increased by 92GWh and emissions by 96 879t CO₂e (FY13: 186.6GWh and 184 767t CO₂e respectively). The electricity generated from diesel at Papua New Guinea was 18 354MWh (FY13: 20 767MWh).

Harmony's business strategy has been influenced by the company's drive to reduce energy consumption and greenhouse gas emissions, as well as by the need to adapt to climate change and diversify its energy mix. Our energy management strategy is thus aligned with that of our business strategy, particularly regarding effective carbon management. Our responsible stewardship of the environment encompasses:

- Promotion of energy efficiency at our deep-level operations in South Africa
- Design and development of renewable-energy driven operations in Papua New Guinea
- Optimisation and rebalancing of our asset portfolio through the decommissioning of operations where the marginal returns of mining payable reserves are outweighed by the rising cost of the energy to mine those reserves
- Promotion of an alternative energy mix
- Alignment of our rehabilitation programme with the green energy agenda

Harmony emits a certain quantity of carbon given the fossil fuel (petrol/diesel) consumed in transporting people and material in the course of our business. We have embarked on a drive to optimise our fleet that includes reducing the number of vehicles in the supply chain fleet as well as their average age. This has resulted in less fuel being used by transportation services to all operations, which has in turn led to lower carbon emissions. We monitor our fuel consumption monthly, as part of a standard set of key performance indicator measurements. Reducing the average fleet age also leads to reduced emissions as there is a direct correlation between the fleet age, kilometres travelled and oil consumption, not to mention the maintenance costs involved in running an ageing fleet. In 2006, our average vehicle age was 24 years. The current average age of our fleet is 20 years with the lowest average of 18 years recorded in July 2013.

ENVIRONMENTAL PERFORMANCE CONTINUED

Addressing climate change by optimising our energy usage

Relative Global Reporting Initiative indicators: G4-EC2

The company is well-placed to capitalise on climate change opportunities that involve land rehabilitation, biodiversity, energy management, carbon sequestration and solar power.

Climate change risks have influenced both the design of new assets and the operation of current assets (in terms of energy efficiency and alternative energy use). Opportunities presented by climate change have been included in mine closure plans regarding post-mining land use. The climate change risks and opportunities affecting Harmony's business strategy are monitored continuously at an asset level and are communicated to the board throughout the year. The overall strategy is reviewed annually.

Those climate change aspects that have had the greatest influence on Harmony's business strategy are:

Regulatory risks: The major regulatory risk facing Harmony's South African operations is the proposed carbon tax. We have adjusted our strategy to ensure that this tax forms part of our long-term planning. To take advantage of the tax relief associated with carbon tax offsets, Harmony has completed feasibility studies for bioenergy and solar initiatives.

Energy pricing: Deep-level mining is inherently energy intensive. Given the impact of climate change on energy pricing, Harmony's strategy is to rebalance its portfolio towards shallower/open-cast mining operations. Harmony's portfolio in Papua New Guinea includes Hidden Valley, an open-cast mine, and the Golpu project, which is a bulk deposit, and therefore less emissions-intensive. Harmony also closed two shafts at its South African operations in the reporting year (Steyn 2 and the Kimberly-reef section at Doornkop) as the reserves were not meeting rising energy costs.

Physical risks: Significant climate-related physical risks facing Harmony include a change in rainfall patterns and the consequential risk of water supply. Intermittent water supply poses a threat to the operational continuity of Harmony's mines and thus has the highest impact on the profitability of the business. As such, Harmony's strategy is to ensure that no mine is affected by water constraints through the implementation of a holistic water management plan.

Harmony's short-term strategy for next five years is driven by adaptation, conservation and a move toward achieving an alternative energy mix to supply its operations. In terms of conservation, Harmony is reducing its grid-electricity consumption and greenhouse gas emissions through targeted year-on-year and multi-year reductions. The most recent reductions have been achieved by the implementation of a suite of energy efficiency initiatives and the closure of carbon-intensive shafts. Harmony is to increase its use of green energy derived from hydropower, solar power and biomass.

Harmony's long-term strategy is based on two elements to mitigate the risk of climate change:

- **Rebalancing of our asset portfolio:** In the rebalancing of our portfolio, energy intensive operations are being closed and the focus in the long term will be on the development of lower-carbon intensity assets. This will minimise the impact of increased energy costs and our potential exposure to carbon taxes. In FY14, Steyn 2 shaft and the Doornkop Kimberley section were closed. Shafts decommissioned in recent years have been rehabilitated; their shaft cavities have been filled with inert material and capped to prevent, among other things, potential fugitive methane emissions. This process is now underway at Steyn 2. Our operation in Papua New Guinea has significantly lower emission intensities than its South African counterparts and has been designed for energy efficiency with a predominantly renewable energy base
- **Post-mining land use:** Several options are being considered for post-mine life land use, such as the creation of carbon sinks (see below) and the conversion of rehabilitated land for the cultivation of non-edible crops for renewable bioenergy production (the land is not suitable for food production). This will reduce the demand for coal-based electricity, thereby mitigating the effects of climate change. Non-edible crops will be planted on Harmony-owned land for the production of energy such as biogas and biochar. (Biochar is charcoal made from the conversion of biomass, using heat by means of pyrolysis, into carbon in the form of a final product that is used in agriculture to improve land quality)

Harmony is implementing six energy efficiency projects that will lead to a reduction in annual greenhouse gas emissions of 66,489t CO₂e. We have also begun engagements with our major suppliers to reduce climate change risks across the value chain. New, group-level absolute and intensity-based greenhouse gas emission reduction targets have been set for the five years to FY18 (see Outlook).

ENVIRONMENTAL PERFORMANCE CONTINUED

NOTEWORTHY ACTION

SOUTH AFRICA: OPTIMISING ENERGY CONSUMPTION, REDUCING COSTS – SUPPORTING NATIONAL TARGETS

We continue to support the South African government's energy efficiency strategy, announced in 2005, which set a national improvement target of 12% by 2015. After the electricity crisis of 2008 when structural failures in the national grid led to a significant decrease in electricity capacity, Eskom imposed a 10% reduction in energy supply to the mining industry. We have worked closely with Eskom to manage electricity usage as part of our commitment to reduce energy consumption.

Electricity tariffs have risen steadily in South Africa since 2010 and, given electricity's relatively significant contribution to operating costs, tariff increases exceeding 8% will have an impact on the sustainability of several of our operations. Our work with Eskom to manage electricity usage, includes the use of demand-side management strategies to reduce electricity consumption during peak periods. Demand-side management involves the reduction of energy usage during periods of high demand. This involves, for example, the scheduling of pumping to coincide with cheaper off-peak periods, making more efficient use of Eskom tariffs that reward load-shifting, and improving the efficiency of pumping operations.

Electricity tariffs (c/MWh)				
FY14	FY13	FY12	FY11	FY10
0.0624	0.0587	0.0507	0.0411	0.0326

By the end of FY14, 13 projects had been implemented and six were ongoing. Together these projects, once completed, will result in a total annual energy saving of 101.2MWh. The energy efficient fans installed underground at Kusasaletu and Tshepong optimisation of compressed air projects are exceeding expectations in terms of energy savings. Most of the other projects are on target or slightly below target. Certain 'old' completed projects that are being reimplemented as part of a maintenance programme, have had limited success given operational challenges such as excessive water consumption. This will be rectified with the implementation of a project to reduce the wastage of water and compressed air being used underground in mines.

A further 15 energy efficiency projects are planned for FY15, and for which approval for Eskom funding is pending. These 15 projects will contribute to annual savings of 82.3MWh and, together with the six projects being carried over, will be prioritised for completion in FY15.

The energy-saving initiatives planned for FY15 include:

- Installation of energy efficient light-emitting diode lighting in mine haulages and of underground ventilation fans
- Optimisation of ore transport and reduce wastage of compressed air through effective management at all our production shafts
- Implementation of online energy monitoring, analysis and management of all our electricity consumers (shafts, plants, workshops, etc) to identify potential efficiency improvements and savings
- At Kusasaletu, bulk air cooler peak-load clipping to minimise power usage during national peak hours
- At Bambanani, the installation of peak-loading clipping fridge plant which will reduce power usage during national peak hours
- At the Phakisa and Nyala shafts, the installation of pumps for load shifting so that pumping will take place during off-peak periods when tariffs are cheaper
- At Masimong, the relocation of the compressor closer to the Masimong 5 shaft will improve its operational efficiency and thus its energy usage too
- At Masimong, optimising cooling and reducing the use of compressed air for cooling purposes, which is not energy efficient
- Installation of solar hot-water geysers or heat pumps at all mines. This includes the change houses, hostels and company housing

Harmony remains committed to the challenge of creating an enabling environment as well as to the adequate allocation of resources to achieve our environmental goals and commitments. Dedicated staff have been appointed to manage our energy efficiency programme to which Harmony has allocated R12 million. Most of the demand-side management projects have a 50:50 match funding arrangement.

ENVIRONMENTAL PERFORMANCE CONTINUED

Our aim is to maximise the use of alternative energy sources. While opportunities in South Africa are currently limited, government-led initiatives have increased the scope for alternative energy generation in the future, and Harmony wishes to be at the forefront of this process. (See discussion on 'Committed to renewable energy in South Africa'.)

The situation in Papua New Guinea is a little different where a greenhouse gas management strategy has been developed for Harmony's Papua New Guinea operations. Here, greenhouse gas emissions are direct (scope 1) emissions only since the main source of power is hydropower (scope 2) which generates no greenhouse gas emissions.

Our aim is to reduce our reliance on diesel-generated power at Hidden Valley and the amount of fuel that needs to be trucked to this remote site. Management has set a target that hydropower should make up 75 – 80% of energy used at Hidden Valley by FY15. The Hidden Valley plant, which accounts for the vast majority (about 85%) of the power consumed at this operation, is equipped with the latest technology to ensure optimal use of energy.

The Wafi-Golpu project will be designed to meet environmental best practice. Environmental design criteria incorporate both Papua New Guinea statutory requirements and, where applicable, Australia, World Health and International Finance Corporation (World Bank) standards or guidelines. Pre-feasibility infrastructure designs have been scoped with energy efficiency and water conservation in mind. The use of natural gas for power generation is also being considered as part of the pre-feasibility study, which is scheduled for completion by the end of the first half of FY15.

NOTEWORTHY ACTION

COMMITTED TO RENEWABLE ENERGY IN SOUTH AFRICA

The National Energy Regulator of South Africa (Nersa) approved a renewable energy feed-in tariff (REFIT) guideline in 2009. These guidelines have stimulated the development of renewable energy projects as they become a more feasible investment option.

ALTERNATIVE ENERGY SOURCES

Harmony is currently assessing various energy-generating initiatives for the land it owns in South Africa. The generation of additional power will help to alleviate current supply concerns and the cost of energy.

Bioenergy

Harmony is also implementing a bioenergy project involving the propagation of biocrops on mine-impacted land in the Free State to generate natural gas as a substitute for fossil fuels in the company's Harmony 1 Gold Plant elution and carbon regeneration circuits. Phase 1 of the project aims to deliver 71 000GJ of energy within 18 months with production being ramped up to generate 187GJ within 36 months. This project aims to turn mine-impacted land to account by creating a value-adding use for it and, in so doing, to promote skills development and job creation for communities and ensure a sustainable legacy in the Free State.

Following a feasibility study for the development of biomass capability in the Free State, implementation began in September 2014. The aim of the project is to use mine impacted land as part of the provincial rehabilitation initiative for to create economic opportunities for local communities. As part of this process, we will convert electrical and polyfuel heating of elution water at our gold plants to biogas heating.

Bioenergy will be produced in the Free State from Giant King Grass, Sweet Sorghum or Sugar Beet to supplement fossil energy.

Solar power

Harmony is building expertise in renewable energy and participating in a group that is to develop an 18MW solar park at Kalgold in terms of the government's renewable energy power programme. The solar energy to be generated will be fed into the Eskom electricity grid. The proposal for this project is to be submitted in the next round of public bidding.

Another two solar parks involving photovoltaic plants (2 X 10MW) are planned for the Free State and are currently in the environmental impact assessment stage. A third initiative, a 40MW plant at the African Rainbow Minerals 1 shaft, is also being investigated. All three projects will be implemented on Harmony-owned land.

ENVIRONMENTAL PERFORMANCE CONTINUED

Carbon sink

In FY14, Harmony undertook a pre-feasibility study on establishing a reforestation plantation of a biocrop on rehabilitated land, in Virginia, in the Free State. The aim is to utilise the biocrop to generate biochar for community consumption and to conduct trials to ascertain whether this crop could be planted and used on tailings dams for dust suppression and final rehabilitation as a carbon sink. With recent advances in the cultivation of Giant King Grass on affected land, and the ability of this grass to sequester carbon where it remains in the biomass of the grass, the project has developed into an opportunity for a carbon sink. Given the success of this project, it will be implemented as part of the rehabilitation strategy for Harmony's tailings dams.

Power generating turbines

At Kusasalethu, a project involving the recommissioning of four underground power generating turbines has begun. By year-end, three 3.1MW turbines had been commissioned at a cost of R21 million (US\$2 million). These turbines will be used to generate power from mine water being transported underground from surface. The fourth turbine, which is brand new, has been installed and will be commissioned in FY15.

These four turbines are expected to generate 17 520MWh annually. This energy will be fed directly into the mine grid and hence reduce our Eskom consumption. The annual cost saving is estimated at R11.3 million (US\$1.1 million).

Solar geysers

Harmony aims to replace electrical geysers with solar ones at Harmony-owned villages. This is for 1 254 Harmony-owned low-cost houses. The project, which has been approved by Harmony, is part of Eskom's domestic solar geyser rollout and Eskom still needs to finalise the supplier of the solar geysers to include more local content in the product.

Collectively, these projects could reduce CO₂ emissions by 635 000t by FY15, but many of them require supplementary funding to be executed timeously. Accordingly, Harmony and Nedbank are to register three projects (the bioenergy and carbon sink projects) under the Clean Development Mechanism for carbon trading. This mechanism allows a country with an emission-reduction or emission-limitation commitment under the Kyoto Protocol to implement an emission-reduction project in developing countries. The purpose of carbon trading is to maximise the financial gain from energy-saving initiatives while building our reputation as a responsible corporate citizen and environmental steward. Private sector experts are working closely with National Treasury in South Africa to develop a carbon offsets/trading scheme. Harmony is monitoring the debate on the subject so as to identify opportunities for trading. No carbon projects have been registered as yet.

ENVIRONMENTAL PERFORMANCE CONTINUED

Climate change and greenhouse gas emissions

Relative Global Reporting Initiative indicators: G4-EC4, G4-EN15, G4-EN16, G4-EN17, G4-EN18 and G4-EN19

Harmony's total emissions (scope 1 and 2) in FY14 were 2 819 762t CO₂e (FY13: 2 742 440t CO₂e) with a corresponding intensity of 0.15t CO₂e/ton milled (FY13: 0.15t CO₂e/ton milled.) Indirect emissions, stemming largely from electricity purchased from Eskom, accounted for 97% of emissions.

In FY14, we increased our carbon emissions by 2.8% as a consequence of a full-year operation at Kusasulethu as compared to a decrease of 8.1% in FY13.

GROUP CARBON EMISSIONS

Scope 1 emissions breakdown by source (CO ₂ e tonnes)		
	FY14	FY13*
Diesel	71 728	90 951
Explosives	2 079	2 026
Petrol	950	1 337
Total scope 1	74 757	94 314
Scope 1 emissions breakdown by source (%)		
Diesel	96	96
Explosives	3	3
Petrol	1	1
Total scope 1	100	100
Total scope 1, 2 and 3 emissions (CO ₂ e tonnes)		
Scope 1	74 757	94 314
Scope 2	2 745 005	2 648 126
Scope 3	661 515	616 978
Total	3 481 277	3 359 418
Total scope 1, 2 and 3 emissions (%)		
Scope 1	2	3
Scope 2	80	79
Scope 3	18	18
Total	100	100

CARBON EMISSIONS INTENSITY

Scope 1 emissions intensity by source (CO ₂ e tonnes/tonne treated)		
	FY14	FY13
Diesel	0.0038	0.0051
Explosives	0.0001	0.0002
Petrol	0.0001	0.0001
Total scope 1, 2 and 3 emissions intensity (CO ₂ e tonnes/tonne treated)		
Scope 1	0.0040	0.0051
Scope 2	0.1458	0.1441
Scope 3	0.0332	0.0336
Total	0.1830	0.1828

While total carbon emissions increased by 2.8% in FY14; our emission intensity remains steady at 0.15t CO₂e / tonne milled.

* FY13 figures have been revised due to the alignment with Harmony's financial year end as well as a restatement of the Scope 3 emission figure as a result of an anomaly picked up during the assurance process.

ENVIRONMENTAL PERFORMANCE CONTINUED

Carbon-related legislation

Following the release for public comment in FY13 of a policy paper on South Africa's proposed carbon tax, Harmony raised concerns about the potential impacts of this tax on the gold industry's competitiveness. Harmony's view was that the proposed method of taxation posed a significant risk to the business as the company would be unable to benefit from any tax relief given to the largest contributor (Eskom) to our carbon footprint. Eskom, as the source of the pollution, may apply for offset credits but Harmony, as the consumer, may be faced with the tax as a pass through from Eskom but would not be able to claim the credits or offsets for scope 2 emissions.

Through Harmony's participation in the South African National Treasury's working group and Chamber of Mines' initiatives, we have proposed that companies should be eligible for tax relief on both scope 1 and scope 2 emissions. We submitted written commentary in this regard. Our recommendation was that the carbon tax should be made a deductible cost for corporate income taxes and that levels of support for early mover status (ie incentives for compliance versus penalties) are raised in line with global practice.

The South African government's initial plan to implement a carbon tax from 2015 has now been delayed to 2016. Following extensive public consultation on the proposed tax in 2013, several adjustments to the policy proposal are expected, including the use of part of the revenue generated by the carbon tax to fund energy efficiency tax incentive schemes.

A Climate Change Office was established in Papua New Guinea in 2010 but is a small and under-resourced government office. In FY13, the Papua New Guinea government called for comment on its proposed climate change policy, which remains under review. The Climate Change Office requested assistance from the Mineral Resources Authority in 2013 to help it develop a greenhouse gas data collection process/format for Papua New Guinea but government is reluctant to spend money on infrastructure and resources for monitoring greenhouse gas emissions given the insignificant level of emissions and limited availability of appropriate manpower resources in Papua New Guinea.

In FY14, Papua New Guinea became a member of the Global Green Growth Institute, which is aimed at providing support and funding for capacity-building, research and related programmes. This institute is an interdisciplinary, multi-stakeholder organisation, driven by the needs of emerging and developing countries. Its aim is to maximise the opportunity for country- and business-led progress on climate change and other environmental challenges within core economic policy and business strategies.

Carbon reporting

Just prior to year-end, we submitted our eighth annual response to the Carbon Disclosure Project (CDP). Results from our previous submission were released in November 2013 indicated that we had successively improved, both our reporting on and our performance regarding carbon emissions. We were one of eight companies – and the only gold mining company – in the A performance band of the Johannesburg Stock Exchange 100 Climate Performance Leadership Index and we were among the top 11 companies in the Johannesburg Stock Exchange 100 Climate Disclosure Leadership Index.

ENVIRONMENTAL PERFORMANCE CONTINUED

NOTEWORTHY ACTION

ENGAGEMENT WITH SUPPLIERS AND THEIR ENVIRONMENTAL IMPACTS

Relative Global Reporting Initiative indicators: G4-EN32, G4-EN33, G4-HR11

Harmony has an average annual supply chain spend of close to R1.5 billion (US\$145 million) and our business continuity is heavily dependent on the timely arrival of goods and services purchased. We manage our supply chain risk by engaging continually with our top fifty suppliers regarding their greenhouse gas emissions and climate change strategies. In FY14 specifically, for the first time we encouraged our timber supplier to calculate their product carbon footprint. This was done and the findings shared with us.

While environmental management and compliance with various environmental legislation and regulations, among others, have been included in the general conditions of contract for our suppliers, no such screening of suppliers has yet been conducted. Should any suppliers be found to have contravened the legal requirements specified or to be non-compliant, we would suspend our contract with them. To date, there have been no such suspensions; nor have there been any reports of grievances against suppliers regarding adverse impacts on the environment.

Engaging with our suppliers on greenhouse gas emissions is a key component of our overall sustainability goals. While the company already has an environmental clause in its existing supplier contracts, we will be including a more specific greenhouse gas -related clause in future supplier contracts. This clause will state that all suppliers must agree to introduce a greenhouse gas reporting system for the products we purchase and to send information of their carbon footprint to Harmony each year. Working with suppliers to improve their greenhouse gas performances will help to reduce our Scope 3 emissions over time.



We are engaging with top suppliers on greenhouse gas emissions to reduce climate change risks across the value chain. Supply chain has made great strides in managing its own footprint and through its initiatives has managed to reduce its footprint by reducing the fuel consumed by our supply chain by approximately 40% against historical levels of consumption.

In addition, Harmony is managing the risk of having only one polyfuel supplier by investigating the potential of producing renewable energy in the form of biogas. The feedstock for this biogas will be energy crops (biocrops) planted on Harmony-owned impacted land. These management methods and specific activities carried out in this reporting year put Harmony in a good place to manage the risk from the supply chain. The biogas project forms part of our risk management strategy to reduce our energy consumption and our dependency on energy generated by non-renewable sources. A contract has also been signed with an additional supplier (Sasol).

ENVIRONMENTAL PERFORMANCE CONTINUED

OPTIMISING WATER USAGE, LIMITING OUR IMPACTS

Relative Global Reporting Initiative indicators: G4-EN8, G4-EN9 and G4-EN10

Significant amounts of water are used in the development and growth of our assets. Access to this resource is crucial and in South Africa water is becoming a scarce resource. The risks associated with the limited availability of water in the country are high and intermittent water supplies pose a significant threat to the operational continuity of our mines and the profitability of our business. In FY13, a strategy to reduce dependency on existing ground water infrastructure was implemented and a group-wide campaign to reuse processed water initiated.

The holding capacities of the water dams at Kusasalethu have been upgraded. This involved desilting of these dams and enhanced pumping capabilities, both on surface and underground, to enable them to cope with the greater volumes.

At Kalgold, a comprehensive geohydrological assessment informed a revision of the water balance. Technical changes were implemented at the plant and tailings storage facilities to ensure maximum recovery of water for re-use. Similar work regarding capacity management as well as water efficiency has been completed at Doornkop.

Our South African operations do not draw water directly from surface sources, except for Kalgold which draws water from an aquifer. Our other operations source water from bulk water service providers and municipalities; surface water run off; water that enters into underground mining operations and is pumped to the surface; recycled water and boreholes.

Water used for primary activities					
(000m ³)	FY14	FY13*	FY12	FY11	FY10
Water used for primary activities	16 495	18 556	38 011	36 671	48 057
Potable water from external sources	13 139	15 610	15 519	14 509	14 840
Non-potable water from external sources	3 355	2 946	22 492	22 163	10 570
Surface water used	1 805	1 230	1 023	1 601	2 978
Groundwater used	1 550	1 716	21 469	22 096	25 665
Total water consumption	41 451	46 149	76 348	44 897	73 164
Water recycled in process	24 955	27 593	38 337	8 266	25 107
Percentage of water recycled	60	60	50	18	34

* FY13 excludes Evander and therefore some reductions occurred from the previous year

Water consumption					
	FY14	FY13	FY12	FY11	FY10
Intensity consumption (000m ³ /tonne treated)	2.13	2.51	4.20	2.43	4.07
Absolute consumption (000m ³)	41 451	46 149	76 348	44 897	73 164

Both our absolute water consumption and intensity usage declined in FY14. Over the past five years, absolute water consumption has declined by 45%, and water use intensity by 48%. The reasons include the closure of operations, efficiency drivers and change in definitions.

The following drought-risk mitigation initiatives continued in FY14:

- Installation of additional boreholes to supplement the water supply and ensure no mine stands idle owing to lack of water
- Implementation of process changes to improve water efficiency
- Optimisation of water separation and recycling systems
- Construction of larger return-water dams and the installation of large covered tanks to reduce evaporation

The total amount of water used for primary activities in FY14 16 495 284m³ (2013: 18 556 000m³). Harmony has adopted a group-wide campaign to re-use processed water so as to reduce our dependency on existing ground water. In particular, our long-term targets are to reduce the amount of water used for primary activities by 4.5%, while increasing the amount of water recycled by 5% and improving our water-use efficiency as measured by the volume of water used per tonne treated. These targets are set to be reached in 2018.

ENVIRONMENTAL PERFORMANCE CONTINUED

At Hidden Valley in PNG, the topography together with the high levels of rainfall and low levels of evaporation pose significant water management challenges. Two water management techniques in use are:

- controlled run-off of rainfall to prevent erosion and sediment entering the river system
- conservation of site-water used to limit the volumes of contaminated waste water discharged into the river system

Water discharged at Hidden Valley is treated first to remove cyanide. Water is discharged to maintain a small ponded area on the tailings storage facility as is required to maintain the integrity of the dam. The raw water drawn from the Pihema Creek is used for key processes in the processing plant and related ore processing activities. When combined with high rainfall and low evaporation, this draw creates a high positive water balance, which requires a high rate of discharge from the tailings storage facility and limits opportunities to recycle process water. Minimising raw-water use is also essential to protect the mine during occasional droughts when the river water available is greatly reduced.

The Hidden Valley operation treats all water to prescribed standards before it is discharged into the environment and the joint venture partners continuously monitor and manage the environmental impact of the mine on the Watut River system. All river impact studies have been integrated into Hidden Valley's overall environmental monitoring programme. The overall sampling regime was revised to reduce the numbers of both sites monitored and samples taken, especially where there was replication. This has led to good cost reductions which continue.

The environment and mine operational teams at Hidden Valley meet on a quarterly basis, together with relevant representatives from Harmony and Newcrest, to review efforts to improve waste dump design and the compliance status of the tailings storage facility. Quality assurance/quality control programmes have been implemented to monitor construction of the waste dump and tailings storage facility. This programme included an assessment of the adequacy of sediment and run-off control measures. A significant improvement in waste dump design/build and tailings management is being achieved.

Furthermore, progress was made in reducing the discharge of mine-related sediment into the Watut River. There is scheduled monitoring of water quality, water extraction and discharges to ensure compliance with permit parameters, particularly regarding cobalt and turbidity. Lime dosing has continued at the Watut River so as to control acidity and dissolved metal levels. At the sewage treatment plant, new blowers and more frequent operator training have contributed to improved compliance with permitted discharge criteria. The outcomes and recommendations of the various monitoring reports have been used to inform management's environmental management plans.

Acid mine drainage

Acid mine drainage is the occurrence of highly acidic water, usually containing high concentrations of metals, sulphides, and salts as a consequence of mining activity. Major sources of acid mine drainage are drainage from underground mine shafts, run-off and discharge from open pits and mine waste dumps, tailings and ore stockpiles. Tailings and ore stockpiles make up nearly 88% of all waste produced in South Africa.

We manage fissure water at all our operations. When there is a risk that rising water levels underground have the potential to hinder access to our own ore reserves or those of other operations or to harm the environment, water is pumped to surface. Our water management strategy includes intercepting this water before it is polluted underground. When brought to surface, it is consumed as plant intake. As the mines in the Witwatersrand Basin are so interconnected, any tactical response to acid mine drainage on mine closure must be considered from a regional perspective. Harmony continues to work closely with our regional partners to identify the long-term risks of acid mine drainage and to establish sustainable solutions (See KOSH below.)

NOTEWORTHY ACTION

KLERKSDORP, ORKNEY, STILFONTEIN AND HARTBEEFONTEIN (KOSH) BASIN AND ACID MINE DRAINAGE

Though we, AngloGold Ashanti and Simmer & Jack (Simmers) are continuing with efforts to find a mutually agreeable outcome to the KOSH pumping issue. On 13 February 2014, Harmony received an unfavourable ruling from the Constitutional Court on our 15 January 2014 appeal on the constitutionality of an earlier ruling by the Supreme Court of Appeal that the company was obliged to participate in the KOSH pumping in accordance with the directive issued in terms of the Act.

We argue that in terms of the National Water Act 36 of 1998, responsibility for addressing pollution lies with the owner, occupier, controller or user of the land on which the pollution takes place. Harmony is none of these things and we therefore contend that we are not liable for the cost of pumping.

ENVIRONMENTAL PERFORMANCE CONTINUED

In PNG, the issue is with acid rock drainage (which is the same as acid mine drainage) as a result of waste rock dumps. Environmental impacts are mitigated by adding lime to the water to maintain natural levels of alkalinity at the compliance point. Water sampling and studies continue to improve our understanding of acid rock drainage impacts and enable us to formulate plans for longer-term reduction and mitigation.

LAND MANAGEMENT AND ENVIRONMENTAL CONSERVATION

We recognise that we are custodians of the land we affect and manage. While some aspects of our operations – particularly open-pit mining, waste and tailings deposition and the construction of physical structures – entail altering the physical landscape permanently, we believe that once mining has come to an end it is important to rehabilitate the land to effective and appropriate post-mining land use. Rehabilitation and closure are therefore incorporated in overall planning from concept stage for new operations and during the life-of-mine for existing operations. This includes ensuring that the necessary funding mechanisms are in place. Continuous efforts are made to identify land for rehabilitation and, where feasible, we refurbish infrastructure for use by local communities.

Biodiversity, land management and conservation

Relative Global Reporting Initiative indicators: G4-EN12, G4-EN14, G4-EN31, MM1, MM2

Harmony has in place strategies to manage the impacts of our operations on biodiversity. Environmental rehabilitation activities to restore the habitat for native species are ongoing.

Biodiversity management plans are implemented at all sites, either through their respective mine closure plans, environmental management plans or specific biodiversity action plans – whichever is the most appropriate. Biodiversity action plans involve the protection and conservation of indigenous plants as well as the planned, progressive removal of alien and invasive plant species. In addition, in the Free State, a nursery has been established on rehabilitated ground to cultivate indigenous species to be used to repopulate affected or remediated land.

Harmony has approximately 65 000ha of land under management in mining rights and disturbed areas that are under rehabilitation. None of our producing operations are in areas of high biodiversity value, inside or outside protected areas, and only one of our operational areas affects listed International Union for Conservation of Nature Red Data species (see below).

The following conservation projects are underway in the Free State:

- **The Avianator Programme:** This is a partnership with BirdLife South Africa; we provided the financial resources to design the curriculum and the funds for its implementation while Birdlife Africa rolled out delivery of the course. Harmony's donation enabled BirdLife South Africa to work with 10 underprivileged schools during FY14 in the development and implementation of an environmental curriculum, related teacher training and adoption of bird-friendly areas on school premises to create environmental awareness. Workshops were held to review progress made and a prize-giving function was held in July 2014, post year-end, for the best performing school for environmental education
- **The Endangered Wildlife Trust:** In August 2013, Harmony signed a memorandum of agreement with and made a donation to the Endangered Wildlife Trust aimed at conservation of the vulnerable Sungazer Lizard (*Smaug giganteus*), which is endemic to the Highveld grasslands of the northern eastern Free State and south western Mpumalanga. The Sungazer Lizard's habitat is found close to Harmony's operations near Welkom. The Endangered Wildlife Trust's conservation efforts focus on the lizard's habitat and biology and it is in the process of trying to have this lizard proclaimed as South Africa's national lizard. The Endangered Wildlife Trust's Conservation Stewardship Programme, a key tool in habitat protection, seeks to formally proclaim suitable habitats and relevant levels of commitment from stakeholders ranging from biodiversity agreements to the proclamation of official nature reserves. Harmony seeks to identify areas in which it can assist with the Stewardship Programme on some of its properties
- **Flamingo conservation project:** Initial steps have been made regarding the conservation of the Lesser Flamingo in the Free State as their breeding sites are diminishing as a result of human encroachment and water pollution. We collaborated with BirdLife South Africa to host a workshop, held in October 2013, for all relevant parties, which identified the most suitable location for conservation of the Lesser Flamingo in the Welkom district. In addition this workshop marked the start of a partnership involving government, Harmony, non-government organisations and other private entities that will work towards a unified solution to flamingo conservation and protection in the Free State

Although Hidden Valley is not located in a biodiversity-protected area, five International Union for Conservation of Nature Red List species occur in the vicinity of the mine. There is no evidence that the mine has affected this critical habitat. These five species are the vulnerable tree kangaroo (*Dendrolagus dorianus*); an endangered species of tree kangaroo (*Dendrolagus goodfellowi*); the vulnerable nectar bat (*Syconycteris hobbit*); the vulnerable Harpy Eagle (*Harpyopsis novaeguineae*) and the critically endangered Long-Beaked Echidna (*Zaglossus bruijnii*).

ENVIRONMENTAL PERFORMANCE CONTINUED

NOTEWORTHY ACTION

LAND MANAGEMENT AND RADIATION

Radiation has a health impact – a result of ingestion or prolonged exposure – and an environmental impact, given its extreme longevity and ability to sterilise affected areas. Licencing demonstrating responsibility from health, safety and environmental perspectives, is required from the National Nuclear Regulator for each site. Site-specific gamma energy surveys are conducted regularly and public safety assessments every five years in accordance with the National Nuclear Regulator. These assessments are based on specialist studies of human behaviour and air and ground water quality. The latest reports submitted to the National Nuclear Regulator were for Kusasalethu and Doornkop (2011) and for the Free State operations (2012).

Although radiation presents a lower level risk at our mining operations, it is nevertheless effectively planned for and managed. Spills are reported to the regulators and cleaned up after which close-out reports are submitted to the National Nuclear Regulator. Access control and signage is in place around process water dams and tailings dams to warn members of the public not to enter these areas.

In 2009, Harmony implemented a radiation quality management system which complies fully with the requirements of the National Nuclear Regulator and because it is ISO 9001-based, it requires continuous inspection. The quality systems audit conducted in May 2014 confirmed that Harmony was 100% compliant regarding its management system for the third consecutive year.

Surface radiation is managed by reducing the extent of affected areas, especially at legacy sites, in line with legal compliance, and by reducing our environmental liabilities. Radiological clearance surveys are conducted at decommissioned sites. Radiological clearance reports are compiled and submitted to the National Nuclear Regulator to ensure the future declassification of these areas. A closure report for the area surrounding Eland shaft has been submitted to the National Nuclear Regulator.

Rehabilitation has been prioritised at the joint metallurgical services site in the Free State. Rehabilitation is also paramount at the decommissioned shafts in the Free State and at Deelkraal in Gauteng, where high levels of radioactivity occur as it is an old uranium plant.

Harmony's proposed rehabilitation methodology – which includes the use of phytoremediation – is supported by the Department of Mineral Resources and the National Nuclear Regulator. Phytoremediation involves the use of certain plants (these have been tested) to absorb radioactivity and our pollution sources from the ground into the plant structure. The harvested plants are disposed of at the tailings dam where the uranium and pollutants are consolidated. In this way, the pollution is removed without harm to or wasting of the topsoil. Phytoremediation is more environmentally friendly than traditional radiation rehabilitation methodologies which require the removal of large volumes of topsoil and sub-soils which creates huge cavities and further environmental deterioration. Phytoremediation has been successfully used in the Chernobyl area in Ukraine.

ENVIRONMENTAL PERFORMANCE CONTINUED

Rehabilitation and closure			
Land management (ha)	Mining right area	Land disturbed to date	Land rehabilitated in FY14
Kalgold	991.0	425.81	0.21
Kusasaletu and Deelkraal	5 604.5	307.37	4.58
Doornkop	905.4	295.25	0.00
ARM shafts (1, 2, 3, 4, 6 and 7)	5 980.2	354.20	7.23
Joel (1 and 2)	2 161.9	252.48	0.00
Target (1, 2 and 3)	4 327.0	256.91	0.00
President Steyn South (Steyn 1, 2 and plant)	1 846.8	61.96	0.00
President Steyn North (Steyn 7 and 9)	1 650.5	192.91	0.00
Virginia, Masimong, Saaiplaas, Unisel, Merriespruit, Harmony and Brand	22 583.0	3 348.62	11.22
Bambanani, JMS, Harmony 1 plant	2 355.8	1 411.60	0.00
Eland, Kudu, Sable, Nyala, Tshepong, Phakisa, Western Holdings 5	10 798.7	1 579.53	5.67
St. Helena 2, 4, and 8	4 912.4	445.78	0.00
St. Helena 10	944.0	8.26	0.00
PNG	4 098	475.1	18.84
Total	69 159	9 416	47.76

Only a small proportion of the land (15%) we manage has been disturbed by mining. Given that much of the affected land is in use, the opportunities for progressive and concurrent rehabilitation are limited. In FY14, the total rehabilitation liability for our South African operations was R2.20 billion (FY13: R2.11 billion). Harmony's rehabilitation liabilities are fully funded in advance by means of trust funds and bank guarantees.

Rehabilitation of our decommissioned operations in the Free State and at Kusasaletu's Deelkraal section in Gauteng started in FY12 with the aim of reducing our environmental liabilities, eliminating potential safety and health exposures, and working with provincial authorities to meet socio-economic imperatives. Demolition and rehabilitation have been finalised at five shafts in all – African Rainbow Minerals 2 and 3 shafts, and the Sable, Kudu and Harmony 3 shafts – and at the Brand 2 hostel. The waste rock dumps have also been reclaimed. This rehabilitation programme reduced our closure liability by R50 million in FY14 and provided employment for 200 local residents in FY14.

In PNG, land clearing for mining and processing operations is closely managed by permits issued by the environment and community affairs departments. The high altitude and extremely rugged terrain and heavy rainfall result in very high levels of surface water runoff which makes it very challenging to rehabilitate cleared surfaces. In addition, Hidden Valley and Wafi are in a geologically active zone and experience frequent earthquakes and landslides. Steep surface rehabilitation is a dangerous and high risk activity. Staff are specifically trained and use special equipment to rehabilitate steep slopes.

The joint venture partners are preparing a template and guide for the preparation of a closure plan and the associated costs, which was completed in the fourth quarter. Site personnel will prepare a revised closure cost, using this guide, and submit the closure plan and costs to the owners and a third party auditor for review and agreement. Operational staff will play a greater role in the preparation of the revised closure plan and associated cost estimate.

ENVIRONMENTAL PERFORMANCE CONTINUED

MANAGING OUR EFFLUENTS AND WASTE

Relative Global Reporting Initiative indicators: G4-EN22, G4-EN23, G4-EN24 and MM3

Harmony's mining and processing operations generate mineral and non-mineral waste. The effective management of waste is a priority as this can reduce our environmental impacts and mitigate our environmental liabilities. We understand the actual cost of waste management, and this assists us in planning for new projects and mine closure. As part of this process, we maximise recycling and waste reduction during the life of a mine, while design for waste minimisation and planning to reclaim mineral waste such as waste rock dump as aggregate.

Internally developed mineral, non-mineral and hazardous waste materials guidelines are included in the environmental management systems which are implemented at all Harmony operations. At Harmony, we understand that waste management begins with waste's initial generation and encompasses its handling, storage and transport as well as its recycling, treatment and/or disposal.

Our primary sources of mineral and non-mineral waste are:

- The tailings accumulated in tailings storage facilities, which may be active or dormant. These facilities are large areas usually located in a natural hollow, valley or an embankment used to provide safe, permanent storage of tailings material. In the tailings storage facilities, the finely ground rock and water that together make up tailings will separate. About 35% of tailings are solids that will settle. The balance is water that accumulates on the surface to form a tailings pond. Tailings ponds provide an important water source for mine operations. Tailings water is usually pumped back to the mill to be re-used in the milling process. Tailings consist of overburden rock which is made up of soil, gravel and other loose materials that cover the surface of a mine site, ore which is rock that contains high concentrations of minerals such as gold, molybdenum and silver and mine rock which is solid material removed from an open pit. The design and management of tailings storage facilities is subject to rigorous regulation and is factored into our environmental management plans. A large number of our dormant tailings storage facilities were acquired as part of various transactions by Harmony over many years, and were not necessarily established by Harmony
- Material accumulated in waste rock dumps. Overburden or waste rocks are a product of drilling and blasting, and are transported to these dumps. The waste rock dumps are man-made surface dumps located near a mine, where no-value development rock which had to be removed from the mine has been deposited. Waste rock dumps may be re-used as construction material, subject to the approval of the National Nuclear Regulator – this approval is necessary specifically for road construction
- Scrap steel – this steel has been reclaimed in the rehabilitation exercise being undertaken at the shafts which have been decommissioned in the Free State and at Deelkraal. Decontaminated steel is sold for recycling to scrap dealers authorised by the National Nuclear Regulator and in accordance with its procedures regarding decontamination, the monitoring of radioactivity and the final release of the material
- Scrap timber – this originates from timber that has been in use as support in the underground stopes. All timber supplied to Harmony is certified by the FSC (Forest Stewardship Council) which assures forest rotation in South Africa. As part of our bioenergy programme, we will be looking into introducing the timber and wood chips into our bioenergy plant

Mineral and non-mineral waste					
(000t)	FY14	FY13	FY12	FY11 ⁽¹⁾	FY10 ⁽¹⁾
Accumulated tailings in tailings storage facilities (active and dormant)	1 382 178	1 359 770	1 433 760	6 039	4 635
Accumulated waste rock dumps	190 128	169 115	165 085 ⁽²⁾	82 751	4 635
Scrap steel	4.919	5.583	10.355 ⁽²⁾	8.973	0.12

⁽¹⁾ Data for FY11 and FY10 for Papua New Guinea only

⁽²⁾ New reporting indicator for South Africa from FY12, FY13 onwards with consolidated group data being reported

ENVIRONMENTAL PERFORMANCE CONTINUED

Mineral waste

Tailings are made up of crushed rock and process water emitted from the gold elution process in the form of a slurry once the gold has been extracted. The composition, size and consistency of tailings vary by operation, with the open-cast operations producing greater volumes of tailings in general than the underground operations. Tailings and waste rock are usually inert, but rock close to the orebody may be associated with radiation or salts if these are characteristic of the orebody.

Since tailings do contain impurities or pollutants, in terms of our water management programme, they are placed on an engineered tailings dam to contain the slime. The fines are also collected and deposited on the tailings. Water is collected from the toe drains and penstocks and channelled to the return water dam where it is available to be re-used by the plant.

In the process, the cyanide present is destroyed – it self-destructs on the tailings when exposed to light – but salts and heavy metals can enter into ground water and create a pollution plume. We monitor our groundwater to ensure that such pollution plumes are contained. The public safety assessments have illustrated that such plumes (radionuclide contaminant plumes) will in all likelihood be contained in the tailings storage or water management facilities for hundreds to thousands of years and that the potential polluted plumes originating from the tailings storage facilities will only travel between 10m and 100m from these facilities in a 10 000-year period.

Effective mineral waste management not only reduces the aesthetic and land use challenges of mining, particularly during closure, but also reduces the potential for water and air pollution as well as maximising the recovery of ore, minerals and metals. Improved mineral waste management can result in significant savings and a reduction in energy consumption. Residual economic value can be generated from projects such as our Phoenix reclamation initiative.

Mineral waste has a significant impact on land. At Harmony, all chemically reactive or radioactive waste is appropriately handled so as to protect employees, communities and the environment.

Harmony manages the environmental impacts of mineral waste by:

- Minimising the quantity of material stored so as to limit the extent of the footprint of land disturbed
- Ensuring storage sites are physically and chemically safe, and well-engineered
- Undertaking progressive rehabilitation – returning affected land to productive use after mining.

A waste rock management plan was submitted to the Department of Environment and Conservation in Papua New Guinea for review and approval. This plan includes acid rock drainage management strategies. This plan was to be reviewed and discussed at the Morobe Mining Joint Venture's meeting with the Department of Environment and Conservation in July 2014.

Hidden Valley's advanced waste management systems have generated positive feedback from stakeholders particularly the tailings storage facility which is the first large tailings storage facility to be successfully operated in PNG. While there has been no further progress made regarding the review of mining laws on the management and disposal of tailings, once finalised, it is expected to have minimal impact on our processes at Hidden Valley.

In FY14, 33.5Mt of mineral waste were generated from gold production (FY13: 32.8Mt), comprising 12.8Mt of waste rock and 20.7Mt of tailings.

Non-mineral waste

Non-mineral waste, such as plastics, steel, paper and timber is generated by processing operations and is produced in smaller volumes than mineral waste. This waste is managed by recycling, off-site treatments, disposal or on-site landfills. The impacts of non-mineral waste can be reduced by recycling and reusing where possible. Harmony ensures the responsible storage, treatment and disposal of non-mineral waste.

Group environmental standards for non-mineral waste management have been rolled out throughout the group and are currently being integrated into existing ISO 14001 systems.

In FY14, 7 892 tonnes of waste (plastic, steel, wood and paper) were recycled (FY13: 7 677 tonnes), generating R8.3 million (FY13: R2.6 million).

ENVIRONMENTAL PERFORMANCE CONTINUED

ENVIRONMENTAL PROTECTION EXPENDITURE AND INVESTMENT

Relative Global Reporting Initiative indicators: G4-EN22

Total expenditure by Harmony on its environmental portfolio in FY14 was R68 millions of which R34 million was spent in South Africa and R34 million in Papua New Guinea (FY13: R76million; R42 million in South Africa and R34 million in PNG). In addition, R45 million has been committed to the implementation of the bioenergy initiative over the next two years.

OUTLOOK

We continue to pursue our five-year environmental objectives:

Group aggregate targets FY14 – FY18	Baseline
Baseline FY13	
<ul style="list-style-type: none"> Reduce amount of water used for primary activities (intensity and absolute) by 4.5% 	Absolute: 18 556m ³ Intensity: 1.01m ³ /t
<ul style="list-style-type: none"> Total environmental legal compliance 	0 fines
<ul style="list-style-type: none"> Improve on percentage of water recycled (intensity and absolute) by 5% 	60%
<ul style="list-style-type: none"> Implementation 80% of biodiversity action plans 	All operations have biodiversity action plans
<ul style="list-style-type: none"> Reduce land available for rehabilitation by 2% 	9.9ha
Baseline FY08	
<ul style="list-style-type: none"> Reduce absolute electricity consumption by 3% 	4 422 000MWh
<ul style="list-style-type: none"> Reduce intensity of electricity consumption (MWh/t treated) by 2% 	0.35MWh/t
<ul style="list-style-type: none"> Reduce total carbon emissions by 3% 	5 343 000t CO ₂ e
<ul style="list-style-type: none"> Reduce carbon emission intensity (CO₂/t treated) by 2% 	0.3t CO ₂ e/t

OPERATIONS

Relative Global Reporting Initiative indicators: G4-EC1, G4-EC6, G4-E7

Achievements*	Challenges*
<ul style="list-style-type: none"> Year-on-year production levels maintained despite some operational challenges Improved grade control with emphasis on higher-grade mining Excellent performance at Hidden Valley Productivity enhanced with improved management of absenteeism and talent Greater cost and capital control – all-in sustaining costs decline, beating inflationary costs Capital expenditure reprioritised and reduced 	<ul style="list-style-type: none"> Ensuring the safety of our employees Increasing margins in a lower gold price environment Unforeseen infrastructural failure Improving delivery in line with operational targets Decline in the dollar gold price – and rand-dollar exchange rate movements Inter-labour union rivalry To further improve productivity Keeping pace with an inflationary environment

* Please see below for a more detailed discussion of these achievements and challenges

WHY OUR OPERATIONAL PERFORMANCE IS MATERIAL

Gold mining and the production of gold are central to Harmony's existence. Maintaining and growing our gold production as efficiently as we can is essential to sustaining our business and meeting our strategic objectives. This includes delivering safely on our operational plans, reducing costs and improving productivity, maximising revenue and growing our margins. This will result in increased profits and cash flow, enabling us to pay salaries and wages to the people we employ, taxes to the national fiscus and dividends to our shareholders, to be an effective and responsible custodian of the environment and to give back to the communities within which we operate.

The revenue we generate and ultimately the profit we make are determined by the price received for the gold we sell, and this is determined principally by the prevailing gold price in US dollars on world markets. Furthermore, the prices received in our operational and functional currencies – the South Africa rand and the Papua New Guinea kina which affect 91% and 9% of our production respectively – are governed by the prevailing exchange rates in terms of the US dollar. (The kina is our functional currency in Papua New Guinea and these values are in turn converted into rands, Harmony's presentation currency).

Regarding the gold price and these exchange rates, we are price takers since we have no influence on these. However, in most cases the effect of a lower US dollar price is mitigated by a decline in the exchange rate of the rand and/or kina versus the US dollar, which increases the rand price and/or kina price received per ounce of gold. The contra-cyclical behaviour of the US dollar price of gold and the rand-US dollar and kina-US dollar exchange rate often work to our advantage.

Relevant Material Issues: Achieving our business objectives

PERFORMANCE 2014

Safety-related production stoppages at several mines, and at Doornkop in particular following the fire and multiple fatalities, shaft flooding at Kusasaletu, and Joel, and the slower-than-expected turnaround and technical problems encountered at Kusasaletu – all presented significant operational challenges. By year-end, many of these challenges had been addressed and largely overcome and, as a whole, Harmony had begun making progress towards delivering on our operational targets and towards ensuring our sustainability and profitability. Gold production was 3% higher year on year at 1.17Moz. Positive contributors to improved production were Bambanani, Phakisa, Target 1 and Hidden Valley. Hidden Valley had a significant turnaround during the year and produced 25% more gold when compared with FY13. Production also increased at Kusasaletu following the slump experienced in the previous year owing to the extended three-month strike at this operation. These increases in production helped to offset declines at other operations.

The maintenance of good employee relations is essential to the sustainability of our company and has an impact on productivity. Given the volatile state of labour relations and violent industrial action in FY13, various initiatives were implemented to restore good relations between management and employees. This momentum was maintained in FY14 and our industrial relations are much improved. With the emergence of new labour union, Association of Mineworkers and Construction Union, in addition to National Union of Mineworkers, UASA and Solidarity, the challenge for us now is to promote co-existence, inclusion and collaboration in a multi-union environment. Our strategy remains to keep open the lines of communication with employees at all levels.

For more detailed information on our performance regarding employees, please refer to the Employees and Communities section in this report on page 67.

OPERATIONS CONTINUED

FINANCIAL PERFORMANCE

There was much emphasis during the year on cost control and cut backs in the capital expenditure programme. Cost cutting and containment were priorities and as a result all-in sustaining costs declined by 4% to R413 433/kg (US\$1 242/oz). This is largely in line with average production costs internationally in the sector. Allied to this cost saving programme was an initiative to improve productivity (see below for more details).

Harmony's planning is done at a gold prime of US\$1 300/oz (R425 000/kg). The focus is on producing profitable ounces, safely. At year-end, Target 1, Phoenix, Bambanani and Steyn 2 had an all-in sustaining cost of less than US\$1 000/oz, while Tshepong, Hidden Valley, Kalgold, Surface dumps, Joel and Unisel were all below the target of US\$1 250/oz (on which near-term strategic planning is based).

The average US dollar gold price received in FY14 was US\$1 299/oz compared with US\$1 603/oz in FY13, a decline of 19%, while the rand gold price received only declined by 5% from R454 725/kg to R432 165/kg.

As part of the initiative to cut costs, our capital expenditure was subject to a detailed review as a result of which expenditure was reduced by R1.1bn in FY14, mostly in Papua New Guinea – Hidden Valley and Golpu – and certain smaller projects in South Africa. Actual capital expenditure for the year was R2.5 billion. Priority was given to those capital projects which would contribute to sustaining our business and making us more efficient. The bulk of the capital expenditure retained was on mine development. A third was sustaining capital, and included maintenance, with the balance being spent on community investment.

MAJOR CHALLENGES

The major challenges faced during the year and their respective mitigation plans were:

- **Safety:** Safety is Harmony's foremost priority. The 22 fatalities, together with the Section 54 notices issued by the Department of Mineral Resources to stop operations until declared safe, resulted in 71 days of lost production equivalent; to an estimated 1 230kg (39 600oz). An external review of our safety strategy was completed - the intent of which was to identify how our safety performance could be improved. For more detailed information on our safety performance as well as feedback on this review, please refer to the section on Health and Safety in this report.
- **Infrastructure and equipment failure:** This included the resultant flooding of shaft bottoms; water reticulation problems; and failure of major equipment such as winders, compressors and fridge plants. To address this, external and internal reviews of our engineering risks were conducted. In tandem with this, our senior engineering capacity was enhanced and our operational risk management improved.
- **Insufficient mining flexibility:** This was largely a result of the failure to meet development targets, in turn a result of equipment failure and inadequate flexibility in mitigating geological risks and grade variability. Priority is being given to the management of high-risk areas regarding geology, grade variability and seismicity.
- **Productivity:** Enhancing productivity is a priority and has involved a multipronged approach – improving the grade mined and the amount of gold produced by each employee.
 - Increasing the grades mined entailed shifting the focus of mining to the higher grade reserves (at Masimong, Bambanani, Phakisa, Target 3 and Target 1) and the closure of loss-making mining sections such as that of the Kimberley Reef at Doornkop. The average grade mined increased during the course of FY14. The average underground grade recovered for the year was 4.77g/t compared to 4.54g/t in FY13.

OPERATIONS CONTINUED

- Improving productivity of our workforce has involved the restructuring and streamlining of our workforce. To address this problem, an at-work management programme has been initiated which is a joint effort between our health and human resources portfolios. This involved firstly a low key voluntary retrenchment programme aimed at those in 'non-mining' occupations such as services, support and administrative staff. Since many of our older employees have taken advantage of this programme, the average age of our workforce has declined, and as a result is relatively healthier and stronger.

Secondly, to combat the high levels of absenteeism and sick leave taken, a more proactive approach to health care has been adopted. Healthcare has been decentralised and more easily accessible primary healthcare services are now available to employees on site (health hubs). Since our most serious healthcare concerns are high blood pressure and hypertension, these localised health hubs enable us to better monitor employee health and treatment programmes. This too has contributed to improved health levels and less absenteeism. For more information, please refer to the section on Safety and Health on page 52.

The benefits of this were reflected in improved productivity rates at year-end with overall productivity per employee of 91.49g/TEC for FY14 (FY13: 85.72g/TEC) for Harmony's underground operations.

- In addition to various other bonuses, annual production incentives such as the chief executive officer's bonus for category 4 – 8 employees have been implemented to encourage increased production. The chief executive officer's bonus is tonnes driven and is triggered when 90% and 100% of the operations' planned tonnes are achieved.

OUTLOOK FOR 2015

HOW WE WILL IMPROVE PERFORMANCE AND DELIVERY IN FY15 – ADDRESSING OUR CHALLENGES

Relative Global Reporting Initiative indicators: G4-EC7 and G4-EC8

Our annual production target for FY15 is 1.2Moz at an all-in sustaining cost of R410 000 – R430 000/kg (~US\$1 150 – US\$1 300oz¹). This supports our medium and long-term aim to position Harmony as a competitive, value-focused gold mining company. Whether we achieve our targets will depend on the performance of our growth operations – Kusasaletu, Phakisa and Doornkop. The planned decline extension to the north of the Joel mine has the potential to yield additional reserves, as does the swop of ground with Sibanye Gold Limited. Improving the performance of our existing resources, increasing productivity, removing bottlenecks and managing constraints, addressing typical issues – including safety, logistics, services, environmental conditions, labour productivity and capacity constraints – will assist our operations in achieving their projected operational targets.

The focus on reducing absenteeism by means of a pro-active health programme (mine-based medical hubs) and improved infrastructure has contributed to a more motivated workforce and thus improved productivity. The benefits of this are expected to continue to be felt in FY15.

Improved planning: Our planning is aimed at increased mining flexibility so that development can be optimised by ensuring it is undertaken when and where needed. Short-term bottlenecks and constraints are being addressed.

Our planning process has been redesigned to take into account more realistic production parameters. This will ensure that the achievement of planned targets will become the norm rather than the exception. In addition, various steps have been taken to better understand and more effectively manage our operational risks. Emphasis is being given to the structured and controlled identification and management of operational risks. Planned improvements include the elimination of bottlenecks, better equipping and the optimising of development.

It is vital that unforeseen events be limited and we have therefore applied a far more realistic planning process for FY15, which will ensure stronger margins by allowing regular and frequent strategic reviews during the planning cycle to closely monitor the performance of low-margin and loss-making operations.

Management: With the appointment of a new chief operating officer in South Africa in March 2014, Harmony has continued to be committed to improving its performance across the board. At the same time, there is a greater emphasis on accountability, one of our five key values, so as to make Harmony more profitable.

Our planning process supports our strategy to optimise assets – our orebodies, our infrastructure and our people. This will ensure safer, more profitable production.

¹ An exchange rate of R10.50/US\$ was used

OPERATIONS CONTINUED

In line with this, senior management has been strengthened and restructured to focus on critical areas. Changes have been made to the organisational structure with the South African mining operations now grouped into three regions, each headed by a regional general manager. These three regional general managers have responsibility for operational improvement and optimisation; integration and alignment; business support and problem solving and for improving stakeholder relationships. These regional managers, and the operations they oversee, are as follows:

- James Mufara, regional general manager responsible for Joel, Unisel, Bambanani and Masimong
- Beyers Nel, regional general manager responsible for Tshepong, Phakisa and Target 1
- Phillip Tobias, regional general manager responsible for Kusasaletu, Doornkop and Kalgold

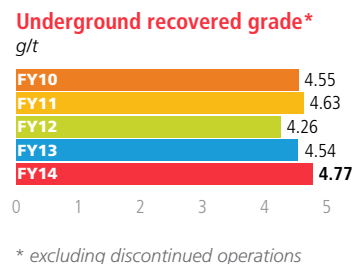
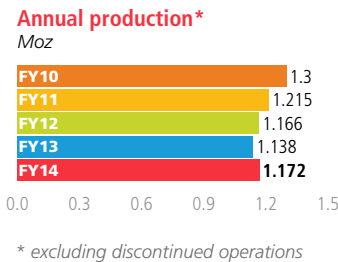
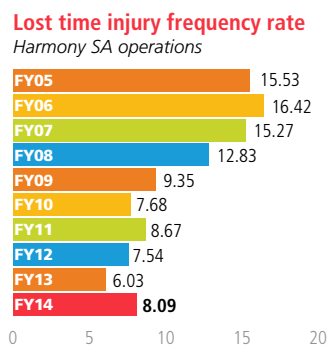
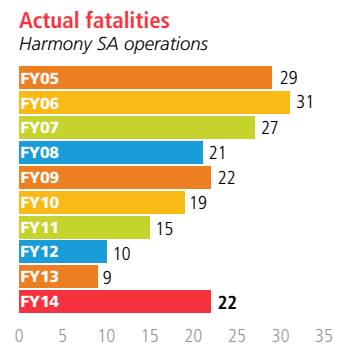
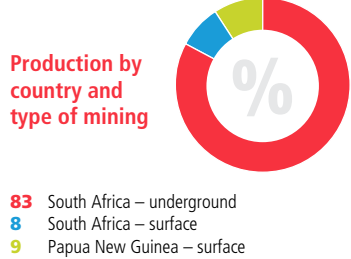
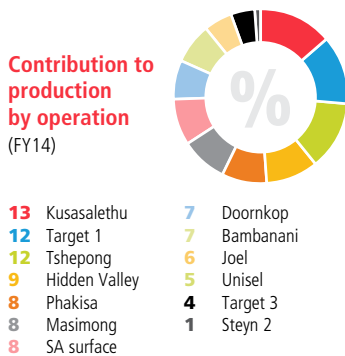
In addition, three senior engineering managers have been appointed to support the group engineer and regional general managers, to guide and mentor inexperienced engineers and to assess and manage engineering and infrastructure risks.

Operational risk management: Gold mining is a value chain that can only be optimised if a risk management plan is in place and all supporting systems are functioning efficiently. This requires that from an infrastructure perspective all logistical constraints must be identified and resolved. Improved planning requires an understanding of where each operation is at and the identifying of those which are performing below par as well as the factors inhibiting their performance.

While management of operational risk is integral to the management of our business, we need to improve and fine tune its execution. Increased attention will be given to the identification of more specific operational risks and the weekly review of mitigating action plans. Greater attention will be given to a bottom-up approach and to mitigation plans that are simple and practical.

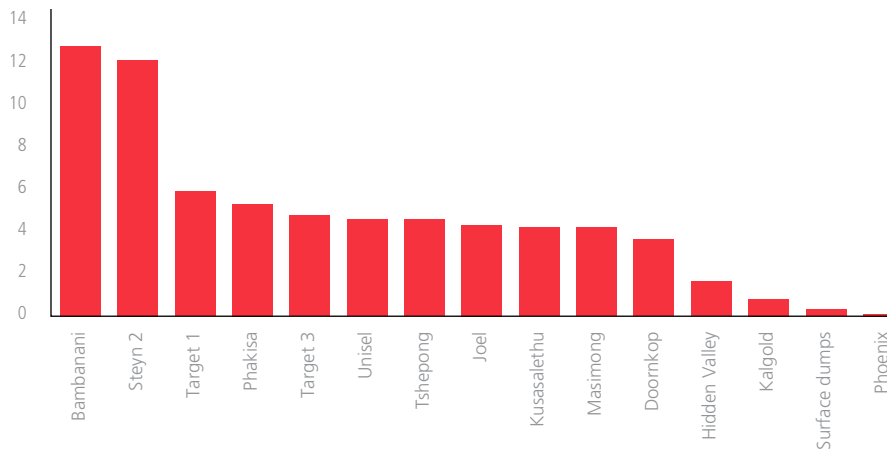
Kusasaletu – asking for help: An external diagnostic review of Kusasaletu has been conducted by the same agency which advised on the successful turnaround at Hidden Valley. The Kusasaletu review identified various improvement initiatives to increase throughput more cost efficiently. More needs to be done to identify cost-reduction opportunities.

PERFORMANCE BY OPERATION 2014

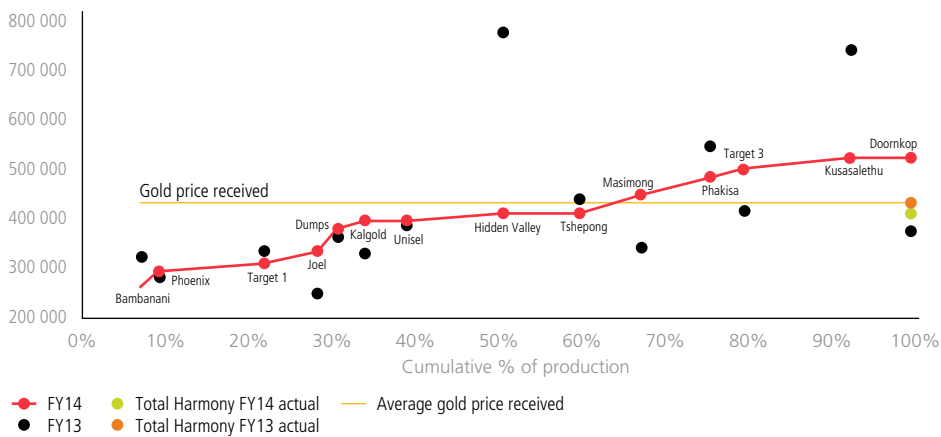


OPERATIONS CONTINUED

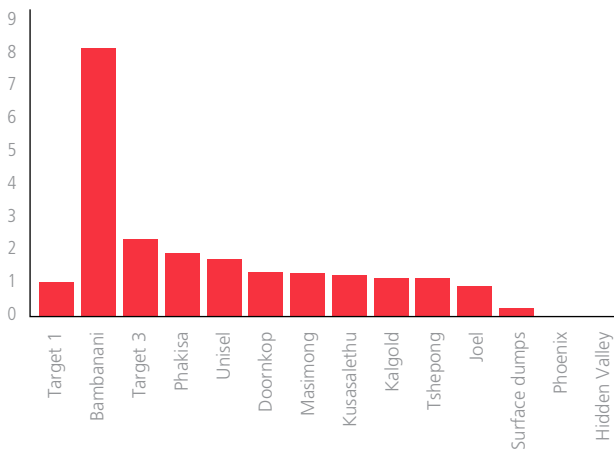
Recovered grade by operation
g/t



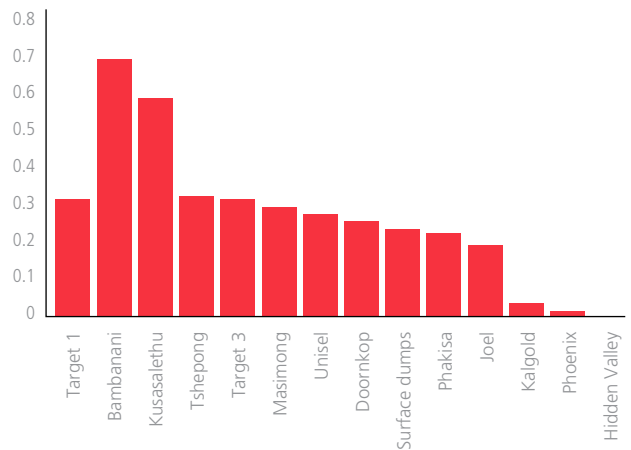
All-in sustaining costs
R/kg



Water use intensity by operation
ML/tonne treated



GHG emissions intensity
000t CO₂/tonne treated



* Note that as the Bambanani hostel accommodates employees from other operations as well as its own, its water usage per tonne treated exceeds that of other operations

GHG = greenhouse gases (CO₂)
CO₂e = emissions of CO₂

OPERATIONS CONTINUED

SOUTH AFRICA – DEEP-LEVEL MINING

Doornkop

	Doornkop		
	FY14	FY13	FY12
Number of employees			
– Permanent	2 836	3 238	3 294
– Contractors	736	842	685
Total	3 572	4 080	3 979
Operational			
Volumes milled (000t)	737	1 008	928
Gold produced (kg)	2 603	3 631	3 075
(oz)	83 687	116 738	98 863
Grade (g/t)	3.53	3.60	3.31
Productivity (g/TEC)	63.57	87.71	82.00
Development results			
Total metres (excl. capital metres)	8 322	12 501	9 451
Reef metres	1 475	1 625	2 034
Capital metres	0	0	1 640
Financial			
Revenue (Rm)	1 126	1 615	1 284
Average gold price received (R/kg)	427 728	454 937	421 026
Production profit/(loss) (Rm)	28	573	421
Capital expenditure (Rm)	238	285	294
Cash operating cost (R/kg)	420 617	296 714	285 269
All-in sustaining cost (R/kg)	523 839	380 935	356 917
Safety			
Number of fatalities	11	0	2
Lost-time injury frequency rate per million hours worked	9.06	5.30	6.28
Environment			
Electricity consumption (GWh)	187	216	195
Water consumption – primary activities (ML)	1 010	760	1 370
Greenhouse gas emissions (000t CO ₂ e)	186	214	193
Intensity data per tonne treated			
– energy	0.25	0.21	0.21
– water	1.37	0.75	1.45
– greenhouse gas emissions	0.25	0.21	0.21
Number of reportable environmental incidents	0	0	0
Community			
Local economic development (Rm)*	25	7	3
Training and development (Rm)	23	17.1	13.0
Other salient features			
Status of operation	Production being built up from the South Reef at this single-shaft operation – full production expected in FY16		
Compliance and certification	New order mining right – Oct 2008 ISO 14001		

* Included in the total for FY14 is an amount of R10 million that was capitalised as part of the hostel upgrades

OPERATIONS CONTINUED

Doornkop's operational difficulties during the reporting period were exacerbated by safety-related stoppages following two fatalities earlier in the financial year and by the underground fire in February 2014 which resulted in nine fatalities. The fire necessitated a cessation of underground operations for four weeks while we ensured that working conditions were safe. We also conducted additional safety training to reinforce the importance of safe behaviour.

The scheduled production build-up was delayed and volumes for the year were adversely affected. Work on rehabilitating the area affected and providing alternative access, so as to restore production, continued into the June quarter while alternative lower-grade stoping panels were opened up. In the fourth quarter, more mining took place from the lower grade areas on 202 level which adversely influenced the recovered grade. This work was completed by year-end and the area is fully operational. Mining of the lower-grade Kimberley Reef was suspended during the year, resulting in improved and more consistent recovered grade. The focus now is on ramping up production from the higher-grade South Reef.

OPERATIONS CONTINUED

Kusasaletu

	Kusasaletu		
	FY14	FY13	FY12
Number of employees			
– Permanent	5 139	5 023	5 237
– Contractors	1 302	909	979
Total	6 441	5 932	6 216
Operational			
Volumes milled (000t)	1 143	711	1 197
Gold produced (kg)	4 694	2 740	5 633
(oz)	150 916	88 093	181 105
Grade (g/t)	4.11	3.85	4.71
Productivity (g/TEC)	73.60	42.86	90.20
Development results			
Total metres	15 077	9 361	15 224
Reef metres	3 107	1 487	2 723
Financial			
Revenue (Rm)	1 959	1 213	2 320
Average gold price received (R/kg)	432 358	449 531	417 317
Production profit/(loss) (Rm)	206	(271)	881
Capital expenditure (Rm)	509	420	415
Cash operating cost (R/kg)	389 762	553 358	261 167
All-in sustaining cost (R/kg)	522 347	742 033	336 977
Safety			
Number of fatalities	3	2	4
Lost-time injury frequency rate per million hours worked	9.56	4.25	5.57
Environmental			
Electricity consumption (MWh)	664	580	683
Water consumption – primary activities (ML)	1 418	2 591	4 193
Greenhouse gas emissions (000t CO ₂ e)	660	574	676
Intensity data per tonne treated			
– energy	0.58	0.82	0.57
– water	1.23	3.64	3.5
– greenhouse gas emissions	0.58	0.81	0.56
Number of reportable environmental incidents	2	2	1
Community			
Local economic development (Rm)*	65	21	2
Training and development (Rm)	37.1	34.5	41.0
Other salient features			
Status of operation	Twin-shaft operation with sub-vertical twin shaft system. Minimising costs and increasing volumes are a priority. Production continues to ramp up with full production expected in FY16.		
Compliance and certification	New order mining right – Dec 2007 ISO 14001 Cyanide Code		

* Included in the total for FY14 is an amount of R52 million that was capitalised as part of the hostel upgrades

OPERATIONS CONTINUED

Despite its erratic performance during 2013, Kusasaletu ranked among the most-improved of the South African operations as the mine's continued production build-up resulted in it becoming the largest individual gold producer in the Harmony group. Gold production was up 71% on the year, a function of an increase in volumes milled and higher grades.

Following the industrial action in FY13, as a result of which the mine was closed for around three months, every effort was made to resume steady state production. Despite challenges encountered during the year such as safety stoppages, and a spillage and flooding of the bottom of the return ventilation shaft and sub-shafts that restricted hoisting, production in FY14 was almost back to normal. Production was also affected by three fatalities, one of which followed the failure of a backfill paddock and bag in the third quarter, and the resultant halt to production.

Water availability was reduced given excessive levels of mud in the underground storage dams and poor efficiency of the settler dams continued to affect stoping and development. This problem had been resolved by year-end. Engineering capacity at Kusasaletu has been increased to help ensure that potential infrastructural risks are identified and addressed.

A comprehensive plan was implemented to reduce the widening gap between delivered and recovered grades, the positive results of which were seen from April onwards.

Union rivalry was challenging and hindered performance and efficiency. In October 2013, the mine recognised Association of Mineworkers and Construction Union as the employees' main representative union after 75% of the unionised workforce had joined Association of Mineworkers and Construction Union. This was followed early in the third quarter by a threatened wage strike as Association of Mineworkers and Construction Union had not participated in or agreed to the two-year wage agreement reached in collective bargaining during 2013. The Labour Court ruled, however, that such a strike would be unprotected and the union complied with the court's ruling.

There is much potential to increase volumes mined at Kusasaletu. The grade dilution resulting from the ore pass rehabilitation continues and the magnitude of repairs required to rehabilitate the ore pass was more severe than expected. The date for completion is now set for the end of the 2019 calendar year.

OPERATIONS CONTINUED

Bambanani

	Bambanani		
	FY14	FY13	FY12
Number of employees			
– Permanent	1 584	1 190	1 138
– Contractors	444	452	315
Total	2 028	1 642	1 453
Operational			
Volumes milled (000t)	206	164	159
Gold produced (kg)	2 576	1 606	1 044
(oz)	82 821	51 635	33 565
Grade (g/t)	12.50	9.79	6.57
Development results			
Total metres	1 092	734	382
Reef metres	0	0	25
Capital metres	0	21	1 073
Productivity (g/TEC)	157.73	113.80	54.92
Financial			
Revenue (Rm)	1 111	717	424
Average gold price received (R/kg)	432 706	450 933	408 186
Production profit/(loss) (Rm)	537	262	(69)
Capital expenditure (Rm)	125	115	186
Cash operating cost (R/kg)	222 764	292 136	470 696
All-in sustaining cost (R/kg)	263 867	325 497	528 155
Safety			
Number of fatalities	1	0	1
Lost-time injury frequency rate per million hours worked	7.46	6.56	8.45
Environment			
Electricity consumption (GWh)	143	143	253
Water consumption – primary activities (ML)	1 665	1 431	1 794
Greenhouse gas emissions (000t CO ₂ e)	142	142	250
Intensity data per tonne treated			
– energy	0.69	0.87	1.59
– water	8.08	8.72	11.28
– greenhouse gas emissions	0.69	0.87	1.57
Number of reportable environmental incidents	0	0	0
Community			
Local economic development (Rm)	3	6	4
Training and development* (Rm)	13.1	13.2	15.0
Other salient features			
Status of operation	Mature operation with significant upside potential as it now focuses on mining of the shaft pillar for the next few years after which it will reach the end of its operating life		
Compliance and certification	New order mining right – Dec 2007 ISO 14001 ISO 9000 – scheduled for FY15 OHSAS 18001		

* Expenditure on training and development at Bambanani includes that at Steyn 2 for the three-year period

OPERATIONS CONTINUED

Significant year on year grade increases were reported at Bambanani with the last of the high-grade reserves situated in the shaft pillar being mined. Both volumes milled and the higher grade contributed to this increase. While Bambanani's production is small relative to that of other mines in the group, its all-in sustaining costs are less than US\$1 000/oz, and it is currently our most profitable mine.

Development to service the longwall stoping layout continues and improved equipping, reduced undercutting of stope panels and increased blasting frequency will improve stoping efficiencies.

Given the high risk of seismicity at Bambanani, efforts are focused on better management of mining flexibility and the rehabilitation of areas with challenging ground conditions.

OPERATIONS CONTINUED

Joel

	Joel		
	FY14	FY13	FY12
Number of employees			
– Permanent	1 594	1 570	1 582
– Contractors	189	182	137
Total	1 783	1 752	1 719
Operational			
Volumes milled (000t)	548	611	557
Gold produced (kg)	2 335	3 228	2 663
(oz)	75 072	103 782	85 618
Grade (g/t)	4.26	5.28	4.78
Productivity (g/TEC)	125.78	173.77	146.19
Development results			
Total metres (excl. capital metres)	2 881	3 303	2 861
Reef metres	1 079	947	1 252
Capital metres	993	1 271	195
Financial			
Revenue (Rm)	995	1 452	1 124
Average gold price received (R/kg)	430 929	454 880	419 677
Production profit/(loss) (Rm)	327	798	559
Capital expenditure (Rm)	145	160	84
Cash operating cost (R/kg)	294 493	206 737	208 807
All-in sustaining cost (R/kg)	338 957	252 342	247 814
Safety			
Number of fatalities	2	2	0
Lost-time injury frequency rate per million hours worked	3.25	2.42	1.77
Environment			
Electricity consumption (GWh)	103	105	103
Water consumption – primary activities (ML)	498	654	1 007
Greenhouse gas emissions (000t CO ₂ e)	102	104	102
Intensity data per tonne treated			
– energy	0.19	0.17	0.18
– water	0.91	1.07	1.81
– greenhouse gas emissions	0.19	0.17	0.18
Number of reportable environmental incidents	0	0	0
Community			
Local economic development (Rm)	3	7	3
Training and development (Rm)	10.6	7.8	6.6
Other salient features			
Status of operation	Twin-shaft operation – technically challenging		
Compliance and certification	New order mining right – Dec 2007 ISO 14001 ISO 9000 – scheduled for FY15 OHSAS 18001		

OPERATIONS CONTINUED

A trying year resulted in production declining by more than a quarter. Occasional work stoppages, a blasting fatality and various infrastructural malfunctions including flooding of the shaft bottom negatively affected production and development. Remedial action was taken to address these and normal operations have resumed.

The focus of operations is on maintaining mining grades. During the third quarter an agreement was reached with Sibanye Gold Limited (Sibanye) to exchange two sections of Joel for two sections of Sibanye's Beatrix mine. The sections involved are best and more-profitably owned by their new managers and will provide additional reserves in the short term. In addition, Joel has acquired a further two sections from Beatrix and, in exchange, will pay Beatrix a royalty of 3% of the value of gold extracted.

Joel's future operating life will be determined by the successful completion of the decline shaft system.

Despite operating at its optimum, the limited capacity of the North shaft, used for hoisting ore, remains a bottleneck for Joel in terms of throughput.

OPERATIONS CONTINUED

Masimong

	Masimong		
	FY14	FY13	FY12
Number of employees			
– Permanent	2 868	3 098	3 087
– Contractors	118	233	140
Total	2 986	3 331	3 218
Operational			
Volumes milled (000t)	670	868	933
Gold produced (kg)	2 718	3 616	3 220
(oz)	87 385	116 256	103 526
Grade (g/t)	4.06	4.17	3.45
Productivity (g/TEC)	78.00	99.88	93.66
Development results			
Total metres	10 079	10 600	10 081
Reef metres	1 547	1 574	1 602
Financial			
Revenue (Rm)	1 171	1 640	1 349
Average gold price received (R/kg)	432 416	455 782	421 106
Production profit/(loss) (Rm)	188	665	505
Capital expenditure (Rm)	168	171	208
Cash operating cost (R/kg)	360 006	272 403	263 900
All-in sustaining cost (R/kg)	450 210	346 557	351 665
Safety			
Number of fatalities	2	1	0
Lost-time injury frequency rate per million hours worked	15.80	7.31	13.52
Environmental			
Electricity consumption (GWh)	196	208	208
Water consumption – primary activities (ML)	874	891	1 577
Greenhouse gas emissions (000t CO ₂ e)	195	206	206
Intensity data per tonne treated			
– energy	0.29	0.24	0.22
– water	1.30	1.03	1.69
– greenhouse gas emissions	0.29	0.23	0.22
Number of reportable environmental incidents	0	0	0
Community			
Local economic development (Rm)*	17	15	8
Training and development (Rm)	20.3	13.4	17.0
Other salient features			
Status of operation	Mature, single shaft operation		
Compliance and certification	New order mining right – Dec 2007 ISO 14001 ISO 9000 OHSAS 18001		

* Included in the total for FY14 is an amount of R11 million that was capitalised as part of the hostel upgrades

OPERATIONS CONTINUED

Production fell below expectations due to a shortage of accessible stope face length, while the available high-grade B reef block has been depleted. Efforts have continued to address these issues and the need for cleaner mining. Operating and profitability improvements include the investigation into mining the remaining high-grade reef pillars on the B and Basal reef horizons to increase the face grade, and into reducing maintenance capital spending to levels commensurate with a mature mine's needs.

Restructuring in terms of labour was completed. Face length availability increased during the year and this together with the reduced number of stoping crews resulted in greater mining flexibility.

Both delivered and recovered grade declined during the year and various steps were taken to improve these, including mining of the Basal reef pillars and known high-grade B reef areas. This will assist in increasing gold production in the short term.

Illegal mining poses a challenge to the safety of our employees and our operation at Masimong. A project to ensure the security of this operation was conducted and illegal miners were apprehended and arrested. Steps were taken to prevent them from accessing the mine.

OPERATIONS CONTINUED

Phakisa

	Phakisa		
	FY14	FY13	FY12
Number of employees			
– Permanent	3 460	3 708	3 603
– Contractors	325	332	373
Total	3 785	4 040	3 976
Operational			
Volumes milled (000t)	577	512	521
Gold produced (kg)	2 976	2 434	2 541
(oz)	95 680	78 255	81 695
Grade (g/t)	5.16	4.75	4.88
Productivity (g/TEC)	70.72	53.87	61.84
Development results			
Total metres (excl. capital metres)	11 298	10 684	12 434
Reef metres	1 364	1 191	1 908
Capital metres	101	184	75
Financial			
Revenue (Rm)	1 284	1 103	1 064
Average gold price received (R/kg)	433 199	455 063	420 788
Production profit/(loss) (Rm)	223	121	261
Capital expenditure (Rm)	360	337	302
Cash operating cost (R/kg)	358 995	405 077	319 317
All-in sustaining cost (R/kg)	486 710	549 340	432 529
Safety			
Number of fatalities	1	1	0
Lost-time injury frequency rate per million hours worked	7.73	8.80	8.87
Environmental			
Electricity consumption (GWh)	126	113	109
Water consumption – primary activities (ML)	1 090	880	4 167
Greenhouse gas emissions (000t CO ₂ e)	125	112	108
Intensity data per tonne treated			
– energy	0.22	0.22	0.21
– water	1.89	1.72	7.99
– greenhouse gas emissions	0.22	0.22	0.21
Number of reportable environmental incidents	0	0	0
Community			
Local economic development (Rm)*	11	8	3
Training and development (Rm)	30.1	26.0	24.0
Other salient features			
Status of operation	Production ramp up continues		
Compliance and certification	New order mining right – Dec 2007 ISO 14001 ISO 9000 OHSAS 18001		

* Included in the total for FY14 is an amount of R4 million that was capitalised as part of the hostel upgrades

OPERATIONS CONTINUED

The production strategy at Phakisa to concentrate on grade maintenance and increase ore tonnages yielded positive results. Completion of the ventilation shaft rehabilitation will contribute to improved underground working conditions and have a beneficial effect on production – ventilation constraints had been delaying development. Ventilation and cooling (refrigeration) are critical to delivery on the production plan and are being addressed.

The future focus of production will be on the reserves to the north of the shaft where the high-grade distribution is less erratic. This poses several challenges, not least with regard to hoisting, and several projects have been implemented to decrease the hoisting cycle of the rock winder.

Major project capital expenditure is nearing completion with most of the infrastructure at the mine having been completed.

However, all-in sustaining cash costs remained the highest in the group and need to be reduced. This is expected to be achieved in 2015-16. Although Phakisa is currently not profitable, the build-up in production is on track. A revised production plan is being compiled. Development will focus on achieving greater mining flexibility with regard to face length.

A revised feasibility study on the Phakisa decline project indicated that a large amount of capital was required to complete development of the decline project. To ensure that Phakisa meets the planning factors in terms of Harmony's overall strategy, it has been decided to discontinue development of the decline. An impairment of R1.38 billion has been recorded in Harmony's financial results for the year.

A portion of the Phakisa project area will be more efficiently mined from Tshepong's mining infrastructure and has been included in Tshepong's business plan. We will re-consider the Phakisa decline project in future, as the project as a whole is worth investing in.

Steyn 2

	Steyn 2		
	FY14	FY13	FY12
Number of employees			
– Permanent	0	328	329
– Contractors	30	54	91
Total	30	382	420
Operational			
Volumes milled (000t)	33	47	38
Gold produced (kg)	392	477	330
(oz)	12 603	15 335	10 609
Grade (g/t)	11.88	10.15	7.74
Productivity (g/TEC)	132.25	117.95	63.64
Financial			
Revenue (Rm)	168	215	125
Average gold price received (R/kg)	427 323	454 767	428 038
Production profit/(loss) (Rm)	61	80	21
Capital expenditure (Rm)	2	4	80
Cash operating cost (R/kg)	263 893	286 067	359 415
All-in sustaining cost (R/kg)	272 956	321 340	648 661
Safety			
Number of fatalities	0	0	0
Lost-time injury frequency rate per million hours worked	19.54	8.37	8.73
Other salient features			
Status of operation	Mining terminated in March 2014, six months earlier than the planned, due to the increased risk of seismicity.		

Operations were terminated in the third quarter as seismicity threatened the safety of underground workers and caused major damage to mining infrastructure. The mine's closure came six months earlier than originally planned and was finalised by year-end.

OPERATIONS CONTINUED

Target 1

	Target 1		
	FY14	FY13	FY12
Number of employees			
– Permanent	1 624	1 629	1 639
– Contractors	270	250	294
Total	1 894	1 879	1 933
Operational			
Volumes milled (000t)	771	717	788
Gold produced (kg)	4 493	3 967	3 630
(oz)	144 453	127 542	116 708
Grade (g/t)	5.83	5.53	4.61
Productivity (g/TEC)	206.06	184.79	175.97
Development results			
Total metres (excl. capital metres)	4 292	3 732	3 804
Reef metres	436	691	721
Capital metres	0	490	773
Financial			
Revenue (Rm)	1 948	1 794	1 525
Average gold price received (R/kg)	432 031	457 149	418 512
Production profit/(loss) (Rm)	897	857	671
Capital expenditure (Rm)	289	331	259
Cash operating cost (R/kg)	233 487	238 840	234 625
All-in sustaining cost (R/kg)	312 436	338 405	315 227
Safety			
Number of fatalities	0	0	0
Lost-time injury frequency rate per million hours worked	1.30	3.66	2.06
Environmental			
Electricity consumption (GWh)	242	243	328
Water consumption – primary activities (ML)	790	759	1 093
Greenhouse gas emissions (000t CO ₂ e)	251	240	325
Intensity data per tonne treated			
– energy	0.31	0.33	0.42
– water	1.02	1.06	1.39
– greenhouse gas emissions	0.31	0.33	0.41
Number of reportable environmental incidents	0	0	0
Community			
Local economic development (Rm)	4	6	4
Training and development (Rm)	20.0	18.9	17.9
Other salient features			
Status of operation	Single, cost efficient shaft operation		
Compliance and certification	New order mining right – Nov 2007 ISO 14001 ISO 9000 OHSAS 18001		

OPERATIONS CONTINUED

The mine has maintained operations at an all-in sustaining cost of less than US\$1 000/oz with gold production increases achieved through a combination of grade and ore tonnage improvements. Challenges relating to the loading process (a function of coarse ore fragmentation) and the availability of trackless equipment were addressed. Large rocks scaling in the massive stopes situated in pillar areas resulted in bottlenecks at the loading areas.

Management's priorities are development of the trackless section and improved maintenance of the load-hall dumper, dump trucks and drill rigs.

Mining of the high-grade crown pillar areas is challenging but profitable. Narrow-reef mining to de-stress the rock was successfully moved to the high-grade reef horizon.

OPERATIONS CONTINUED

Target 3

	Target 3		
	FY14	FY13	FY12
Number of employees			
– Permanent	1 352	1 478	1 415
– Contractors	169	268	241
Total	1 521	1 746	1 656
Operational			
Volumes milled (000t)	301	323	316
Gold produced (kg)	1 413	1 626	1 123
(oz)	45 429	52 277	36 106
Grade (g/t)	4.69	5.03	3.55
Productivity (g/TEC)	79.24	91.80	67.37
Development results			
Total metres (excl. capital metres)	4 876	4 021	4 637
Reef metres	2 254	1 283	1 975
Capital metres	468	731	0
Financial			
Revenue (Rm)	609	737	472
Average gold price received (R/kg)	431 872	457 089	418 286
Production profit/(loss) (Rm)	52	229	44
Capital expenditure (Rm)	128	145	90
Cash operating cost (R/kg)	394 522	316 547	380 267
All-in sustaining cost (R/kg)	503 810	419 004	468 480
Safety			
Number of fatalities	0	0	0
Lost-time injury frequency rate per million hours worked	11.03	8.75	7.57
Environment			
Electricity consumption (GWh)	94	93	-
Water consumption – primary activities (ML)	688	576	-
Greenhouse gas emissions (000t CO ₂ e)	93	92	-
Intensity data per tonne treated			
– energy	0.31	0.29	-
– water	2.29	1.78	-
– greenhouse gas emissions	0.31	0.28	-
Number of reportable environmental incidents	0	0	-
Community			
Local economic development (Rm)	5	1	-
Training and development (Rm)	8.4	6.6	3.1
Other salient features			
Status of operation	Target 3 will be placed on care and maintenance by November 2014		
Compliance and certification	New order mining right – Feb 2010 ISO 14001 OHSAS 18001		

OPERATIONS CONTINUED

Grade and tonnage slippages throughout the year posed a challenge and although addressed, this nevertheless resulted in decreased production. Environmental conditions and unplanned crew re-allocations away from the low-grade stope panels on the secondary reefs affected production negatively, as did the impaired functioning of the compressor and fridge plant.

Despite numerous initiatives by both management and organised labour to return Target 3 to profitability, this operation continued to record cash flow losses. Given the current gold price environment and the significant capital investment required to sustain operations at this shaft, Target 3 made a cumulative loss of approximately R260 million in the past four and a half years and is predicted to continue to make a loss in the foreseeable future.

Additional development and equipping is required to access the South Block to sustain operations at Target 3 and, in particular the build-up of stoping on the Basal reef. While the South Block remains a valuable resource, Target 3 will be placed on care and maintenance, from end November 2014 once the requirements of a section 189 process have been fulfilled.

OPERATIONS CONTINUED

Tshepong

	Tshepong		
	FY14	FY13	FY12
Number of employees			
– Permanent	4 132	4 758	4 887
– Contractors	216	258	205
Total	4 348	5 016	5 092
Operational			
Volumes milled (000t)	947	1 040	1 233
Gold produced (kg)	4 223	4 154	5 287
(oz)	135 772	133 554	169 980
Grade (g/t)	4.46	3.99	4.29
Productivity (g/TEC)	84.33	72.80	93.56
Development results			
Total metres (excl. capital metres)	12 762	13 125	15 159
Reef metres	2 209	2 541	2 237
Capital metres	79	352	570
Financial			
Revenue (Rm)	1 822	1 887	2 219
Average gold price received (R/kg)	433 425	456 294	421 643
Production profit/(loss) (Rm)	457	460	943
Capital expenditure (Rm)	301	310	288
Cash operating cost (R/kg)	326 498	343 895	243 087
All-in sustaining cost (R/kg)	415 061	441 108	312 106
Safety			
Number of fatalities	2	1	2
Lost-time injury frequency rate per million hours worked	8.33	8.67	12.54
Environmental			
Electricity consumption (GWh)	301	310	298
Water consumption – primary activities (ML)	1 090	1 088	9 199
Greenhouse gas emissions (000t CO ₂ e)	299	307	295
Intensity data per tonne treated			
– energy	0.32	0.30	0.24
– water	1.15	1.05	7.46
– greenhouse gas emissions	0.32	0.30	0.24
Number of reportable environmental incidents	1	1	1
Community			
Local economic development (Rm)*	30	9	5
Training and development (Rm)	24.1	22.7	24
Other salient features			
Status of operation	Steady state operation. Development continues. Full production scheduled for FY20.		
Compliance and certification	New order mining right – Dec 2007 ISO 14001 ISO 9000 OHSAS 18001		

* Included in the total for FY14 is an amount of R22 million that was capitalised as part of the hostel upgrades

OPERATIONS CONTINUED

Both mill throughput and gold produced declined year-on-year, despite the increase in the grade recovered. Production from the decline project and mining of the B reef helped to stabilise production. More consistent performance is expected from Tshepong at current production levels in FY15. Delivery and commissioning of the fourth refrigeration plant contributed to improved working conditions. As the year progressed, the mine's focus remained on increasing the number of stope faces in the higher-grade areas and maintaining reef development. Development of the major decline project continued within budget although there were delays following flooding in the decline, with steps being taken to prevent this in future. Construction of the 75 level continued. The chairlift to this level is expected to be commissioned in FY15.

OPERATIONS CONTINUED

Unisel

	Unisel		
	FY14	FY13	FY12
Number of employees			
– Permanent	1 809	1 845	1 823
– Contractors	148	143	100
Total	1 957	1 988	1 923
Operational			
Volumes milled (000t)	408	446	394
Gold produced (kg)	1 838	1 813	1 593
(oz)	59 093	58 289	51 216
Grade (g/t)	4.50	4.07	4.04
Productivity (g/TEC)	85.33	82.24	74.70
Development results			
Total metres	5 641	6 380	5 522
Reef metres	3 462	3 514	2 584
Financial			
Revenue (Rm)	792	825	672
Average gold price received (R/kg)	432 072	457 160	422 867
Production profit/(loss) (Rm)	192	258	177
Capital expenditure (Rm)	85	78	71
Cash operating cost (R/kg)	326 466	315 136	312 957
All-in sustaining cost (R/kg)	397 993	388 617	374 519
Safety			
Number of fatalities	0	1	1
Lost-time injury frequency rate per million hours worked	11.66	12.27	15.83
Environmental			
Electricity consumption (GWh)	110	111	110
Water consumption – primary activities (ML)	711	1 431	2 146
Greenhouse gas emissions (000t CO ₂ e)	109	110	109
Intensity data per tonne treated			
– energy	0.27	0.25	0.28
– water	1.74	3.21	5.45
– greenhouse gas emissions	0.27	0.25	0.28
Number of reportable environmental incidents	0	0	0
Community			
Local economic development (Rm)*	12	16	3
Training and development (Rm)	14.7	13.1	12
Other salient features			
Status of operation	Approaching end of life of mine		
Compliance and certification	New order mining right – Dec 2007		

* Included in the total for FY14 is an amount of R8 million that was capitalised as part of the hostel upgrades

A consistent and profitable mine, Unisel is nearing the end of its operating life. An emphasis on clean mining practice and the mining of high-grade panels contributed to improved grade recoveries and an increase in production year-on-year. This production increase occurred despite the challenges posed by a reduction in face length per panel and in crew availability. A recent increase in seismicity in one section of the mine necessitated a change to the regional support layout, resulting in reduced face length.

OPERATIONS CONTINUED

SOUTH AFRICA – SURFACE OPERATIONS

Surface dumps

	Dumps		
	FY14	FY13	FY12
Number of employees			
– Permanent	13	39	141
– Contractors	129	240	291
Total	142	279	432
Operational			
Volumes milled (000t)	2 897	3 326	2 986
Gold produced (kg)	903	1 279	1 509
(oz)	29 032	41 121	48 515
Grade (g/t)	0.31	0.38	0.51
Financial			
Revenue (Rm)	386	579	637
Average gold price received (R/kg)	431 172	452 899	419 997
Production profit/(loss) (Rm)	62	152	252
Capital expenditure (Rm)	9	15	24
Cash operating cost (R/kg)	363 568	337 428	247 510
All-in sustaining cost (R/kg)	383 701	365 401	277 189
Safety			
Number of fatalities	0	0	0
Lost-time injury frequency rate per million hours worked	0.83	0.71	2.58
Environmental			
Electricity consumption (GWh)	677	677	
Water consumption – primary activities (ML)	816	763	
Greenhouse gas emissions (000t CO ₂ e)	673	673	
Intensity data per tonne treated			
– energy	0.23	0.20	
– water	0.28	0.23	
– greenhouse gas emissions	0.23	0.23	
Number of reportable environmental incidents	0	0	0
Community			
Local economic development (Rm)	0	1	-
Other salient features			
Status of operation	Future of this operation is being reconsidered		
Compliance and certification	Certification depends on future of this operation		

Production from the processing of surface rock dumps depends entirely on the availability of spare mill capacity, which in turn depends on the availability of underground ore delivered for milling. Improved mine ore feeds throughout the year resulted in steadily lower gold production from the generally lower grade dump material, and remained profitable.

OPERATIONS CONTINUED

Phoenix (Tailings retreatment)

	Phoenix		
	FY14	FY13	FY12
Number of employees			
– Permanent	83	87	83
– Contractors	293	286	327
Total	376	373	410
Operational			
Volumes milled (000t)	6 073	5 358	4 996
Gold produced (kg)	835	827	822
(oz)	26 846	26 588	26 428
Grade (g/t)	0.14	0.15	0.16
Productivity (g/TEC)	201.11	220.89	245.52
Financial			
Revenue (Rm)	357	365	349
Average gold price received (R/kg)	433 293	453 680	419 536
Production profit/(loss) (Rm)	117	140	147
Capital expenditure (Rm)	2	156	30
Cash operating cost (R/kg)	294 408	279 615	241 309
All-in sustaining cost (R/kg)	294 615	284 911	254 556
Safety			
Number of fatalities	0	0	0
Lost-time injury frequency rate per million hours worked	0.00	0.00	2.54
Environmental			
Electricity consumption (GWh)	67.5	71	
Water consumption – primary activities (ML)	228	271	
Greenhouse gas emissions (000t CO ₂ e)	67.1	70	
Intensity data per tonne treated			
– energy	0.011	0.013	
– water	0.04	0.051	
– greenhouse gas emissions	0.011	0.013	
Number of reportable environmental incidents	0	0	
Other salient features			
Status of operation	Retreatment of tailings using spare processing capacity		
Compliance and certification	New order mining right – Dec 2007 ISO14001 certification is under consideration – interim focus is on compliance		

The reprocessing of slimes dump material remained subject to the vagaries of grades and availability of material.

OPERATIONS CONTINUED

Kalgold

	Kalgold		
	FY14	FY13	FY12
Number of employees			
– Permanent	230	246	258
– Contractors	471	390	454
Total	701	636	712
Operational			
Volumes milled (000t)	1 472	1 398	1 342
Gold produced (kg)	1 162	1 332	1 041
(oz)	37 358	42 825	33 469
Grade (g/t)	0.79	0.95	0.78
Productivity (g/TEC)	185.15	202.19	162.45
Financial			
Revenue (Rm)	522	571	442
Average gold price received (R/kg)	433 759	451 856	422 756
Production profit/(loss) (Rm)	103	215	134
Capital expenditure (Rm)	33	52	76
Cash operating cost (R/kg)	351 670	288 147	291 328
All-in sustaining cost (R/kg)	397 889	329 652	381 744
Safety			
Number of fatalities	0	0	0
Lost-time injury frequency rate per million hours worked	0.90	3.87	1.27
Environmental			
Electricity consumption (GWh)	41	46	43
Water consumption – primary activities (ML)	1 707	1 571	1 324
Greenhouse gas emissions (000t CO ₂ e)	41	46	43
Intensity data per tonne treated			
– energy	0.03	0.033	0.032
– water	1.16	1.12	0.99
– greenhouse gas emissions	0.03	0.033	0.32
Number of reportable environmental incidents	0	0	0
Community			
Local economic development (Rm)	7	5	3
Training and development (Rm)	3.7	2.7	1.0
Other salient features			
Status of operation	Open-pit mining operation		
Compliance and certification	New order mining right – Aug 2008 ISO 14001		

Kalgold experienced a series of challenges throughout the year with concomitant falls in gold production. In the first quarter, crusher system operations were affected. However, in the interests of maintaining cash-flow positive operations, capital spending on new mills was deferred. This proved to be the correct strategy during the third quarter when mill grades fell following heavy rains which resulted in delayed blasting of higher-grade ore blocks. Plans to improve production include a focus on maintenance of the crusher so as to enhance mill throughput and an upgrade of the elution plant.

The Kalgold plant upgrade is starting to yield improved throughput results. The plant struggled with poor gold recovery during the last two months of the year. The A zone pit is changing from oxide ore to sulphide ore.

OPERATIONS CONTINUED

PAPUA NEW GUINEA

Hidden Valley (50%)

	Hidden Valley		
	FY14	FY13	FY12
Number of employees			
– Permanent (100%)	1 213	1 107	1 035
– Contractors (100%)	767	996	1 690
Total	1 980	2 013	2 725
Operational			
Volumes milled (000t)	2 001	1 844	1 766
Gold produced (kg)	3 292	2 644	2 762
(oz)	105 840	85 007	88 800
Grade (g/t)	1.65	1.43	1.56
Productivity (g/TEC)	277	219	169
Financial			
Revenue (Rm)	1 434	1 189	1 163
Average gold price received (R/kg)	433 488	453 482	418 806
Production profit/(loss) (Rm)	344	44	299
Capital expenditure (Rm)	122	506	296
Cash operating cost (R/kg)	329 943	434 796	313 930
All-in sustaining cost (R/kg)	415 068	775 866	491 843
Safety			
Number of fatalities	0	0	0
Lost-time injury frequency rate per million hours worked	0.00	0.19	0.62
Environment			
Electricity consumption (GWh)	42	40	45
Water consumption – primary activities (ML)	768	699	505
Greenhouse gas emissions (000t CO ₂ e)	0	0	0
Intensity data per tonne treated			
– energy	0.02	0.02	0.03
– water	0.38	0.38	0.28
– greenhouse gas emissions	0	0	0
Number of reportable environmental incidents	1	0	0
Community			
Local economic development (Rm)	5	14	14.1
Training and development (Rm)	19	11	1.7
Other salient features			
Status of operation	Open-pit mining operation producing gold and silver. A joint venture with Newcrest Mining Limited.		
Compliance and certification	Mining lease approved by Papua New Guinea authorities Cyanide Code		

Restructuring and rationalisation of the Hidden Valley operation resulted in an increase in production along with the desired reduction in all-in sustaining costs to less than US\$1 200/oz.

The overland conveyor's performance improved significantly during the year. Commissioning of the upgraded crusher system was completed by the end of the year's first half with a consequent further improvement in throughput and mill-feed reliability, all of which contributed to improved production for the year. Cash operating costs and all-in sustaining costs remain within group targets and were reduced progressively through the year. Management's focus remains on sustaining ore mining and processing, increasing waste mining and reducing costs.

PROJECTS AND EXPLORATION

WHY THIS IS MATERIAL TO HARMONY

Sustaining and growing production is key to our long-term strategy. Our current resources are finite and it is essential to have a project pipeline that balances early-stage and more immediate prospects so as to meet our future targets. In addition to production we need to diversify our resource base in order to give us exposure to the counter-cyclical nature of the gold industry.

Relevant Material Issues: Achieving our business objectives

OUR APPROACH

Our exploration programme, like our operations, is focused in South Africa and Papua New Guinea. As we already have knowledge of the local geology, government, infrastructure and regulations, it makes sense to take advantage of this as we expand our pipeline.

Our exploration strategy targets significant prospective geological regions in these countries to discover large long-life gold and copper-gold orebodies that will allow us to create value for years to come. An aim of this strategy is to create a balanced exploration portfolio that includes both brownfields and greenfields exploration. Brownfields exploration allows us to maximise value from existing infrastructure by developing mineral districts that sustain our operations. Greenfields exploration, on the other hand, allows us to create new opportunities in highly prospective under-explored mineral provinces and emerging gold districts.

We take a flexible approach to potential projects that includes looking at joint ventures, acquisitions and other arrangements. However, all projects undergo a robust assessment to determine whether they meet our exploration standards. The criteria include project- and country-related risk profiles, and minimum requirements on the potential size, production profile and investment targets. In addition, we seek out projects that align with our operational imperatives of prioritising safety, maximising in-ground expenditure and drill testing high-priority targets. In this way we can ensure that future projects, once operational, will enable us to meet our long-term strategic objectives.

KEY GEOLOGICAL FEATURES OF EXPLORATION AREAS

Papua New Guinea: Hidden Valley, Hamata, Kerimenge, Wau and Wafi have epithermal gold deposits that are shallow, or close to the earth's surface. Golpu is a porphyry system which is deeper and contains copper. A number of other gold and copper-gold prospects are at various stages of exploration and evaluation across Harmony's lease areas.

South Africa: All of our underground mines are in the Witwatersrand Supergroup. Most of these can be found in the south-western corner of the Witwatersrand Basin or Free State goldfields, which comprise sedimentary rocks that are deep and extend for hundreds of kilometres into the West Rand goldfields and West Wits Basin. The Kraaipan Greenstone Belt can be found further north-west where we have an open pit operation.

ACTIONS IN 2014

In FY14, we spent R458 million (US\$44 million) (FY13: R673 million, US\$76 million) on exploration, both brownfields and greenfields. Of this, 99% was spent in Papua New Guinea, which represents a net reduction of R215 million (US\$32m) (32%) year on year. Accordingly, in balancing the need to replace reserves and resource depletion in an environment where profit margin is being eroded by the gold price, the exploration programme has also been restructured. Key principles underpinning the FY14 programme include:

- Reduced exploration spend
- Focus on high-grade near mine (brownfields) opportunities with potential to convert to reserves in the short to medium term
- Rationalisation of the greenfields tenement package

The low gold price environment has also resulted in opening-up of available tenure over highly prospective target areas in Papua New Guinea. In line with our core operating capability in the region, Harmony is monitoring this closely for opportunities that would enhance the project portfolio.

PROJECTS AND EXPLORATION CONTINUED

NOTEWORTHY ACTIONS

FY14 has seen some significant developments across Harmony's pipeline of projects in Papua New Guinea. Although there have been some material changes at the grass roots end of the pipeline, in terms of project turnover and prospect development, over 76% of exploration expenditure was at the Golpu project, directed at development of a low capital execution strategy to turn the project to account.

Prefeasibility study optimisation studies at Golpu:

- Exploration shaft for early underground access and data acquisition
- Refined Golpu geological model based on improved orebody understanding
- Study development of a low cost, high-grade start-up mine option

Focus on brownfields exploration:

- Brownfields drilling 13 365m (predominantly Golpu) vs greenfields drilling 2 175m
- Hidden Valley near mine prospect development; new high-grade gold targets discovered between Wau and Edie Creek

Greenfield tenement rationalisation:

- Harmony (100%) tenement holding reduced 73% to 1 125.5km²
- Joint Venture (Harmony 50%) tenement holding reduced 50% to 2 057km²

Project turnover and development:

- Southern Highlands Province tenement EL2310 pegged. Contains widespread copper-gold porphyry and skarn mineralisation with alteration styles similar to Ok Tedi
- Milne Bay Province tenement ELA2316 pegged. Contains catchment area in excess of 10km² with highly anomalous gold stream sediment anomalism and localised artisanal workings; represents potential new gold province
- Mt Hagen, Amanab, Tari and Lake Kapiago (Hirane) projects closed out and relinquished

EXPLORATIONS PROJECTS

We began actively exploring in Papua New Guinea in 2003. Currently, we have a project portfolio in both established mineral provinces and emerging gold and copper districts covering an area of 3 182km².

The Morobe Mining Joint Ventures or Harmony/Newcrest tenement package is a strategic holding. During FY14, we spent R83 million (US\$8 million) on exploration in the area, of which Harmony's share was 50% of the total. Drill programmes at Garawarria and around the old Wau mine were completed with limited significant intersections. Community permission, which had delayed access to some of the Wau area in recent years, was gained and mapping and soil geochemistry surveys of this area has revealed potential high-grade satellite resources that could supplement the mill-feed at Hidden Valley, approximately 10km to the northeast.

A budget of R68 million (US\$6 million) (50% to Harmony) has been allocated for FY15. This year's primary objective is to discover a new orebody to compliment Hidden Valley operations and the Golpu project. This will be achieved through focused, cost-effective and safe exploration.

• Hidden Valley operations

Brownfields exploration to discover significant new high-grade deposits to replace ore depletion and to displace low-grade mill feed for Hidden Valley. Drilling to occur in the Wau area at Upper Namie and 11 Peg.

• Golpu area

Drill campaign in H2 for Golpu style deposits. These discoveries will utilise Golpu infrastructure and increase the capital utilisation and efficiency. Continue low cost mapping and sampling areas to generate drill targets for evaluation in coming years.

• Greenfields evaluation

Continue to develop geological understanding of the geology and mineralisation of the Morobe Province. Data mining of the voluminous data we already hold.

Exploration in Papua New Guinea has been a good investment for Harmony. Since 2003, R2 061 million (US\$253 million) in exploration was spent with attributed resource growth (on a gold equivalent basis) of 32.1Moz over the same period. On this basis, Harmony's discovery cost in Papua New Guinea stands at R64 (US\$7.82) per gold equivalent ounce, which is amongst the best in the world.

PROJECTS AND EXPLORATION CONTINUED

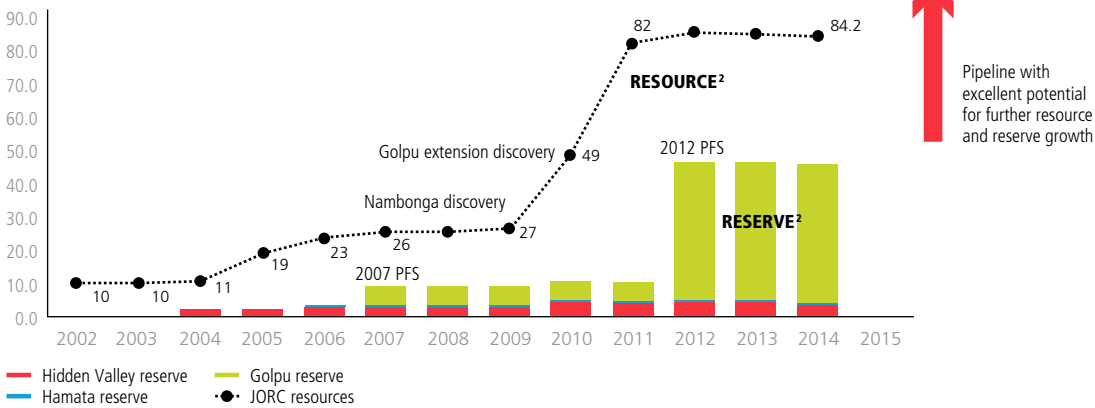
SURFACE EXPLORATION OF GREENSTONE TYPE GOLD MINERALISATION AT KALGOLD

Exploration at Kalgold focused on the Windmill target, which has been selected due to its proximity to the mine and encouraging results of previous exploration. A total of 742m have been drilled in the last financial year. Seven boreholes have been completed and all intersected mineralised BIF (Banded Ironstone Formation) units. Drilled boreholes returned an average grade of 2.5g/t but the mineralised zones are narrow (from 0.5m to 11m). The exploration has been curtailed due to financial constraints. No exploration is planned for FY15.

Mineral reserves reconciliation (Moz)

FY13 vs FY14

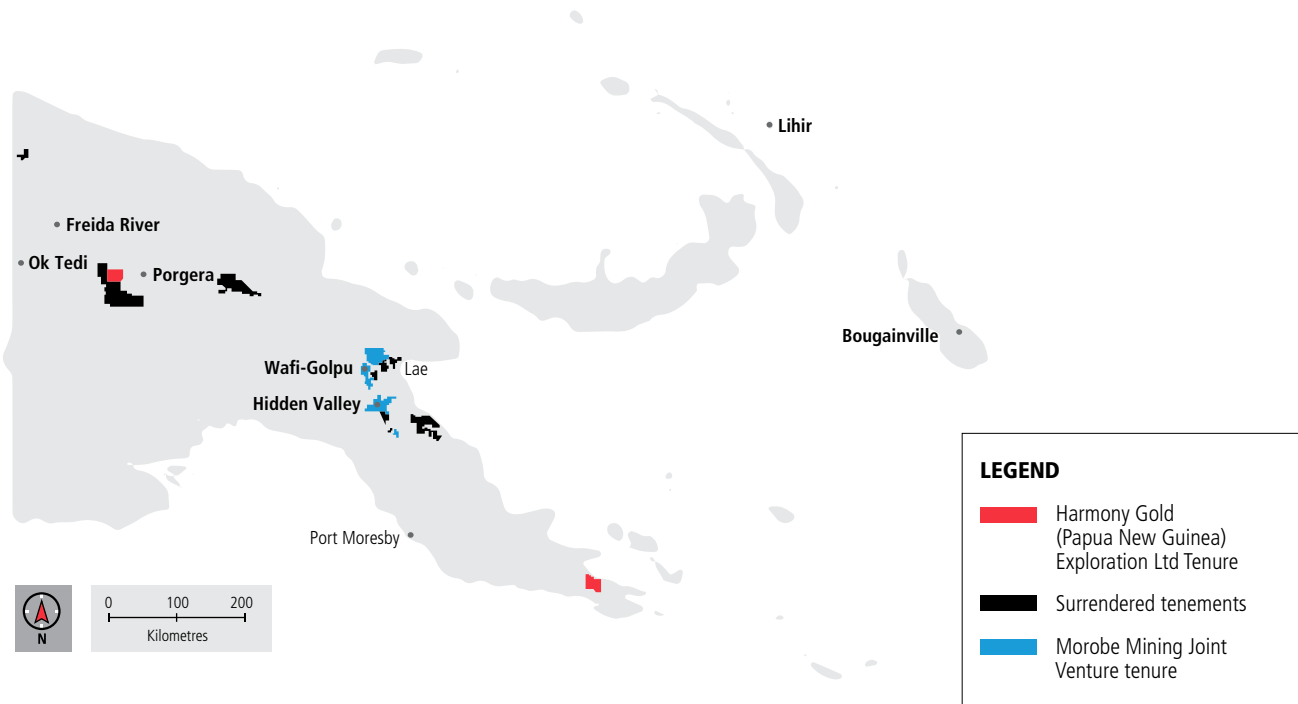
Gold equivalent (Moz)¹



¹ Based on Harmony's 2003 – 2014 expenditure and joint venture equity ounces. Gold equivalent based on US\$1400/oz Au, US\$3.10/lb Cu, US\$21 /oz Ag with 100% recovery assumed for all metals

² Morobe Mining Joint Venture resources and reserves – expressed as 100%

HARMONY FY14 PNG EXPLORATION PROJECT LOCATIONS AND WORK SUMMARY



PROJECTS AND EXPLORATION CONTINUED

The underlying strategy of this exploration programme and progress during the year are summarised below:

Morobe Mining Joint Venture tenements (50%)			
Project description	Target	Progress in FY14	Targets/plans for FY15
Wafi-Golpu	<ul style="list-style-type: none"> Pre-feasibility study confirms a world-class copper-gold porphyry resource with mine life >25 years for low-cost copper and gold production. Resource definition and brownfields exploration aims to develop Golpu into a second mining operation for Morobe Mining Joint Venture Wafi transfer zone – greenfields exploration targeting discovery of additional resources to expand Golpu into a mineral district 	<ul style="list-style-type: none"> Pre-feasibility study for an exploration shaft for early access and data acquisition completed Concept level of study completed for a low cost, high grade Golpu underground start-up mine completed Commenced studies for a second stage Golpu mine to follow the above, and optimised resource utilisation Detailed mapping and systematic sampling of the Wafi transfer zone commenced in Q4. Significant areas along strike to the northeast of Wafi-Golpu remain unexplored 	<ul style="list-style-type: none"> No further action required Completion of the PFS optimisation study in Q2 FY15 Completion of a concept study in Q2 FY15 Development of a detailed structural geological model for the Wafi Transfer to refine exploration targeting
Hidden Valley district	Brownfields exploration in a 10km radius of the Hidden Valley plant to develop replacement resources and support expansion.	<p>Exploration target development work focused on the area encompassing the historic gold mining centre at Wau, approximately 10km to the northeast of Hidden Valley.</p> <ul style="list-style-type: none"> Results have been highly encouraging, with a number of quality gold targets developed including: <i>11 Peg</i> with rock chip assays to 117 g/t Au & 72.5 g/t Ag; <i>Upper Namie</i> with outcropping mineralisation returning up to 42.1g/t Au & 165g/t Ag and several discrete areas of +1 g/t surface soil anomalism outlined for follow-up work Three holes for 1 203m were also completed to test for depth extensions to the historic Upper Ridges mine but only low level anomalism was returned <p>A district mineralisation model has also been established for focusing the exploration in the Hidden Valley district.</p>	Drill testing high priority targets including Upper Namie, and 11 Peg prospects together with additional prospect development work in line with the district mineralisation model.

PROJECTS AND EXPLORATION CONTINUED

Morobe Mining Joint Venture tenements (50%)			
Project description	Target	Progress in FY14	Targets/plans for FY15
Regional greenfields exploration	Develop a project pipeline capable of delivering additional quality resources to sustain growth and regional operations.	<p>Garawaria:</p> <ul style="list-style-type: none"> Two holes were completed in Q1 to finalise first pass drill testing of the prospect Broad intervals of anomalism were encountered including ALNDH005; 13.8m @ 0.55 g/t Au from 12.2m & 17m @ 0.54 g/t Au from 71m and ALNDH006; 22m @ 0.82 g/t Au from 266m, regional greenfields prospect work was scaled back in favour of brownfields targets 	<p>No major work programmes planned.</p> <ul style="list-style-type: none"> Review and rationalisation of regional greenfields targets Low level generative work to maintain most prospective tenure

Harmony Exploration now holds interests in 1 125.5km² of exploration tenure in Papua New Guinea. In all, R63 million (US\$6 million) was spent on greenfields exploration in FY14 (FY13: R137 million (US\$15 million)) with work focused on two key projects after an economic mineral deposit at Mt Hagen proved unlikely.

Harmony Papua New Guinea tenements (100%)			
Project description	Target	Progress in FY14	Targets/plans for FY15
Amanab	Targeting vein stockwork-hosted gold mineralisation.		
Tari	Targeting porphyry copper-gold and associated gold-base metal skarn mineralisation.	<ul style="list-style-type: none"> Drainage reconnaissance and prospect scale mapping has confirmed potential for a large scale copper-gold porphyry style hydrothermal alteration system at the Kili Teki prospect on EL2310. Contact skarn style mineralisation was also mapped highlighting the potential for high grade copper-gold mineralisation Over 2 567km² of project tenure relinquished. Results from drilling at Lake Kopiago (two holes 890m) together with regional reconnaissance over a number of targets on the Porgera transfer structure were disappointing and downgraded the prospectivity 	<p>Systematic exploration including surface sampling, IP and ground magnetic geophysical surveys, and first pass drill testing is planned for the Kili Teki prospect. The prospect is located in the same belt of rocks that host the Grasberg and Ok Tedi porphyry copper-gold systems and ranks as one of the top underexplored porphyry copper-gold systems in Papua New Guinea.</p>
Project Generation	Develop a project pipeline capable of delivering additional quality resources to sustain growth and regional operations.	<ul style="list-style-type: none"> A Papua New Guinea-wide targeting exercise was completed with over 139 prospects or projects identified and ranked using open file and in-house data sources 	<ul style="list-style-type: none"> Progress Magavara Project to grant Continue detailed prospect reviews and tenement monitoring for new opportunities

PROJECTS AND EXPLORATION CONTINUED

South Africa (100%)			
Project description	Target	Progress in FY14	Targets/plans for FY15
Joel North	Mining down to 137 level.	Most of the infrastructural development on 129 level has been completed and the declines have been advanced almost half way down to 137 level.	Completion of blasting of the decline and the equipping thereof as well as the start of lateral development on 137 level.
Central plant reclamation	Reclaim material from FSS5 tailings facility and process it in central plant at 300 000 tpm. Central plant operation will be similar to the highly profitable Phoenix operation, which has been in operation since 2007.	The feasibility study commenced in this financial year and will be completed in Q1 of FY15.	Implementation of the project is planned to start in Q2.
Phakisa	Accessing the resource below the bottom of the present mine (75 level) through a twin decline to 85 level.	The feasibility study was completed during the course of the year.	A decision has been made not to proceed with this project.

RESOURCES AND RESERVES

MINERAL RESOURCES AND RESERVES – A SUMMARY

Harmony's statement of Mineral Resources and Mineral Reserves as at 30 June 2014 is produced in accordance with the South African Code for the Reporting of Mineral Resources and Mineral Reserves (SAMREC) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC). This summary of Harmony's mineral resources and reserves is based on the full statement which can be found in the report entitled Minerals Resources and Mineral Reserves 2014.

The company's attributable gold equivalent mineral resources are declared as 133.8Moz as at 30 June 2014, a 9.4% decrease year-on-year from the 147.7Moz declared on 30 June 2013. This 9.4% decrease collectively represents depletion during the year and geology – and scope-related changes. The gold resource ounces in South Africa represent 69%, while the Papua New Guinea (Papua New Guinea) gold and gold equivalent ounces represent 31% of Harmony's total gold equivalent resources as at 30 June 2014.

As at 30 June 2014, Harmony's attributable gold equivalent mineral reserves amounted to 49.5Moz of gold, a 3.9% decrease from the 51.5Moz declared on 30 June 2013. The 3.9% decrease collectively represents depletion during the year, a change in reserves from surface sources together with some scope changes at some of the underground operations. The gold reserve ounces in South Africa represent 57% while the Papua New Guinea gold and gold equivalent ounces represent 43% of Harmony's total mineral reserves as at 30 June 2014.

Mineral resources are reported inclusive of mineral reserves. We use certain terms in this report such as 'measured', 'indicated' and 'inferred' resources, which the United States' Securities Exchange Communities (SEC) guidelines the strictly prohibit US-registered companies from including in their filings with the Securities and Exchange Commission. US investors are advised to consider closely the disclosure in our Form 20-F.

ASSUMPTIONS

In converting the mineral resources to mineral reserves, the following commodity prices and exchange rates were applied:

- A gold price of US\$1 300/oz
- An exchange rate of US\$/ZAR10.17
- The above parameters resulted in a rand gold price of R425 000/kg for the South African assets
- The Hidden Valley mine and Wafi-Golpu project in the Morobe Mining Joint Venture used commodity prices of US\$1 250/oz Au, US\$21/oz Ag, US\$15/lb Mo and US\$3.10/lb Cu at an exchange rate of A\$0.90 per US\$
- Gold equivalent ounces are calculated assuming US\$1 400/oz Au, US\$3.10/lb Cu and US\$23.00/oz Ag, and assuming a 100% recovery for all metals. These are the same assumptions as those used in the 2012 pre-feasibility study for the calculation of gold equivalent ounces

AUDITING

Harmony's South African mineral resources and mineral reserves have been comprehensively audited by a team of internal competent persons that functions independently of the operating units. The internal audit team verifies compliance with the Harmony code of resource blocking, valuation, resource classification, cut-off calculations, development of life-of-mine plans and SAMREC compliant statements from each operation and project which supports Harmony's annual mineral resources and mineral reserves declaration.

This audit process is specifically designed to comply with the requirements of internationally recognised procedures and standards such as:

- The South African Code for Reporting Mineral Resources and Mineral Reserves (SAMREC)
- Industry Guide 7 of the Securities and Exchange Commission
- Sarbanes-Oxley requirements
- The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC) – which complies with SAMREC

Harmony's South African Mineral Resources were reviewed and audited by SRK Consulting Engineers and Scientists for compliance with SAMREC. The Golpu Mineral Resource was audited by AMC Consultants Pty Ltd for compliance with the standards set out in JORC.

RESOURCES AND RESERVES CONTINUED

COMPETENT PERSON'S DECLARATION

In South Africa, Harmony employs an ore reserve manager at each of its operations who takes responsibility for the compilation and reporting of mineral resources and mineral reserves at their operation. In Papua New Guinea, competent persons are appointed for the mineral resources and mineral reserves for specific projects and operations.

The mineral resources and mineral reserves in this report are based on information compiled by the following competent persons:

- **Resources and reserves South Africa:**

Jaco Boshoff, BSc (Hons), MSc, MBA, Pr. Sci. Nat, who has 19 years' relevant experience and is registered with the South African Council for Natural Scientific Professions (SACNASP) and a member of the South African Institute of Mining and Metallurgy (SAIMM).

- **Resources and reserves Papua New Guinea:**

Gregory Job, BSc, MSc, who has 26 years' relevant experience and is a member of the Australian Institute of Mining and Metallurgy (AusIMM).

Mr Boshoff and Mr Job are full-time employees of Harmony Gold Mining Company Limited. These competent persons consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Jaco Boshoff

23 October 2014

Greg Job

23 October 2014

RESOURCES AND RESERVES CONTINUED

RECONCILIATION FY14/FY13

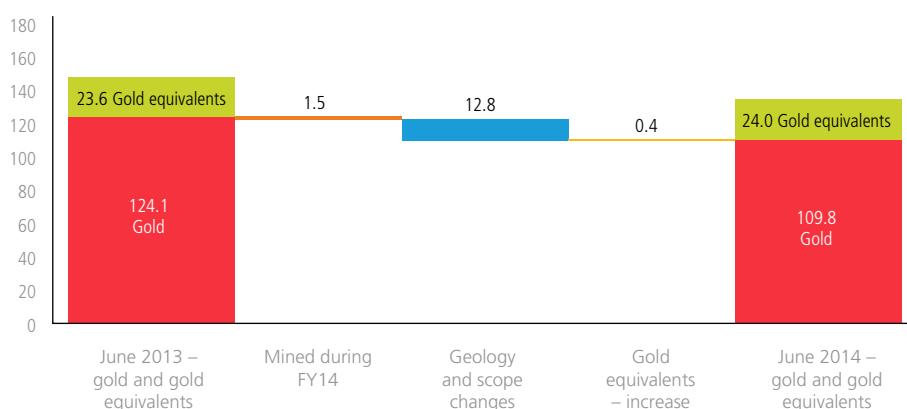
MINERAL RESOURCES

As at 30 June 2014, attributable gold equivalent mineral resources were 133.8Moz, down from 147.7Moz in June 2013. The following table and graph show the year-on-year reconciliation of the mineral resources.

Gold and gold equivalent mineral resources reconciliation	Tonnes	Moz
June 2013 – gold and gold equivalents	4 594	147.7
Reductions		
Mined during FY14	(47)	(1.5)
Geology and scope changes	(398)	(12.8)
Increases		
Gold equivalents	12	0.4
June 2014 – gold and gold equivalents	4 161	133.8

Mineral resources reconciliation (Moz)

FY13 vs FY14



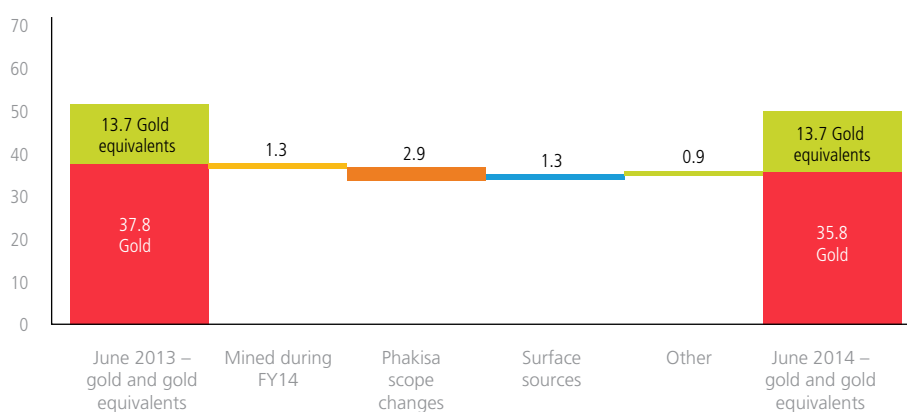
MINERAL RESERVES

As at 30 June 2014, Harmony's attributable gold equivalent mineral reserves were 49.5Moz, down from 51.5Moz. The year-on-year mineral reserves reconciliation is shown below.

Gold and gold equivalent mineral reserves reconciliation	Tonnes	Moz
June 2013 – gold and gold equivalents	1 601	51.5
Reductions		
Mined during FY14	(40)	(1.3)
Phakisa scope changes	(89)	(2.9)
Increases		
Surface sources	39	1.3
Other	28	0.9
June 2014 – gold and gold equivalents	1 539	49.5

Mineral reserves reconciliation (Moz)

FY13 vs FY14



RESOURCES AND RESERVES CONTINUED

MINERAL RESOURCES STATEMENT

GOLD	Measured resources			Indicated resources			Inferred resources			Total mineral resources		
	Tonnes (Mt)	Grade (g/t)	Gold (000oz)	Tonnes (Mt)	Grade (g/t)	Gold (000oz)	Tonnes (Mt)	Grade (g/t)	Gold (000oz)	Tonnes (Mt)	Grade (g/t)	Gold (000oz)
South African Underground												
Free State												
Gold												
Bambanani	1.9	16.40	981	–	–	–	–	–	–	1.9	16.40	981
Joel	4.7	7.83	1 188	7.1	8.39	1 916	1.0	7.12	221	12.8	8.09	3 325
Masimong	9.8	8.11	2 559	5.9	7.33	1 394	52.8	5.92	10 050	68.5	6.36	14 003
Phakisa	7.0	9.54	2 144	13.8	12.26	5 459	27.6	8.32	7 388	48.5	9.62	14 991
Target 1	8.6	7.30	2 013	9.7	7.71	2 415	2.0	5.36	340	20.3	7.31	4 768
Target 2	0.05	14.00	20	0.1	15.52	67	–	–	–	0.2	15.14	87
Target 3	8.2	8.92	2 399	8.0	8.02	2 069	3.7	6.23	739	19.9	8.06	5 157
Freddies 9	–	–	–	6.0	10.61	2 045	29.6	8.09	7 690	35.6	8.51	9 735
Tshepong	19.3	11.27	7 013	3.5	10.67	1 185	8.1	8.59	2 243	30.9	10.50	10 441
Unisel	7.9	6.86	1 746	5.1	7.69	1 272	5.1	7.30	1 188	18.1	7.22	4 200
Total Free State Underground	67.4	9.23	20 007	59.4	9.34	17 822	129.8	7.16	29 859	256.6	8.21	67 688
West Rand												
Doornkop South Reef	3.1	7.75	774	5.7	8.09	1 495	22.0	6.24	4 411	30.8	6.74	6 680
Doornkop Main Reef	–	–	–	–	–	–	0.2	6.94	54	0.2	6.94	54
Total	3.1	7.75	774	5.7	8.09	1 495	22.2	6.25	4 465	31.1	6.74	6 734
Kusasaletu	7.1	10.75	2 461	18.3	9.32	5 491	3.2	9.16	938	28.6	9.66	8 890
Total West Rand	10.2	9.84	3 235	24.1	9.03	6 986	25.4	6.61	5 403	59.7	8.14	15 624
Total South Africa Underground	77.7	9.31	23 242	83.4	9.25	24 808	155.2	7.07	35 262	316.3	8.19	83 312
South Africa Surface												
Kraaipan Greenstone Belt												
Kalgold	15.4	0.61	303	15.9	0.83	425	7.7	1.08	267	38.9	0.79	995
Free State Region – Surface												
Free State (Phoenix)	95.3	0.29	873	–	–	–	–	–	–	95.3	0.29	873
Free State (St Helena)	258.7	0.27	2 227	–	–	–	–	–	–	258.7	0.27	2 227
Free State (Other):												
– WRD	–	–	–	3.9	0.51	65	28.2	0.45	408	32.1	0.46	473
– Slimes dams	–	–	–	660.2	0.22	4 708	15.5	0.19	94	675.6	0.22	4 802
– Subtotal	–	–	–	664.1	0.22	4 773	43.6	0.36	502	707.7	0.23	5 275
Total Free State	354.0	0.27	3 100	664.1	0.22	4 773	43.6	0.36	502	1 061.7	0.25	8 375
Total Kalgold Tailings Dam	22.0	0.27	191	–	–	–	–	–	–	22.0	0.27	191
Total South Africa Surface (incl Kalgold)	391.3	0.29	3 594	680.0	0.24	5 198	51.3	0.47	769	1 122.6	0.26	9 561
Total South Africa	469.0		26 836	763.4		30 006	206.5		36 031	1 438.9		92 873
Papua New Guinea ¹												
Hidden Valley	1.1	1.14	40	46.6	1.57	2 360	2.7	1.22	107	50.4	1.55	2 507
Hamata	0.09	1.28	4	2.1	2.14	145	0.1	1.90	5	2.3	2.10	159
Wafi	–	–	–	56.7	1.72	3 146	11.3	1.30	475	68.1	1.65	3 621
Golpu	–	–	–	428.2	0.61	8 434	108.7	0.48	1 669	536.9	0.59	10 103
Nambonga	–	–	–	–	–	–	19.9	0.79	505	19.9	0.79	505
Total Papua New Guinea	1.2	1.15	44	533.7	0.82	14 085	142.8	0.60	2 761	677.6	0.78	16 890
Grand total	470.2		26 880	1 297.0		44 091	349.3		38 792	2 116.5		109 763

RESOURCES AND RESERVES CONTINUED

MINERAL RESOURCES STATEMENT CONTINUED

GOLD EQUIVALENTS ¹	Measured resources		Indicated resources		Inferred resources		Total mineral resources	
	Tonnes (Mt)	Au eq (000oz)	Tonnes (Mt)	Au eq (000oz)	Tonnes (Mt)	Au eq (000oz)	Tonnes (Mt)	Au eq (000oz)
Silver								
Hidden Valley	1.1	14	46.6	792	2.7	45	50.4	850
Total	1.1	14	46.6	792	2.7	45	50.4	850
Copper								
Golpu	–	–	428.2	19 521	108.7	3 416	536.9	22 937
Nambonga	–	–	–	–	19.9	204	19.9	204
Total	–	–	428.2	19 521	128.6	3 620	556.8	23 141
Total silver and copper as gold equivalents	1.1	14	474.8	20 313	131.3	3 665	607.3	23 991
Total Papua New Guinea including gold equivalents	1.2	58	533.7	34 398	142.8	6 426	677.6	40 881
Total Harmony including equivalents	470.2	26 894	1 297.0	64 404	349.3	42 457	2 116.5	133 754

OTHER METALS

Papua New Guinea ¹	Tonnes (Mt)	Grade (g/t)	Ag (000oz)	Tonnes (Mt)	Grade (g/t)	Ag (000oz)	Tonnes (Mt)	Grade (g/t)	Ag (000oz)	Tonnes (Mt)	Grade (g/t)	Ag (000oz)
	Silver											
Hidden Valley	1.1	21.51	750	46.6	29.60	44 371	2.7	28.50	2 449	50.4	29.37	47 613
Golpu	–	–	–	428.2	1.14	15 664	108.7	0.88	3 090	536.9	1.09	18 754
Nambonga	–	–	–	–	–	–	19.9	2.87	1 836	19.9	2.87	1 836
Total	1.1	21.51	750	474.8	3.93	60 035	131.3	1.76	7 418	607.3	3.49	68 203

Copper	Tonnes (Mt)	Grade (%)	Cu (Mlb)	Tonnes (Mt)	Grade (%)	Cu (Mlb)	Tonnes (Mt)	Grade (%)	Cu (Mlb)	Tonnes (Mt)	Grade (%)	Cu (Mlb)
	Golpu	–	–	–	428.2	0.93	8 809	108.7	0.64	1 544	536.9	0.87
Nambonga	–	–	–	–	–	–	19.9	0.21	42	19.9	0.21	42
Total	–	–	–	428.2	0.93	8 809	128.6	0.58	1 636	556.8	0.85	10 445

Molybdenum	Tonnes (Mt)	Grade (ppm)	Mo (Mlb)	Tonnes (Mt)	Grade (ppm)	Mo (Mlb)	Tonnes (Mt)	Grade (ppm)	Mo (Mlb)	Tonnes (Mt)	Grade (ppm)	Mo (Mlb)
	Golpu	–	–	–	428.2	98.32	93	108.7	76.15	18	536.9	93.83

South Africa	Tonnes (Mt)	Grade (kg/t)	U308 (Mlb)	Tonnes (Mt)	Grade (kg/t)	U308 (Mlb)	Tonnes (Mt)	Grade (kg/t)	U308 (Mlb)	Tonnes (Mt)	Grade (kg/t)	U308 (Mlb)
	Uranium											
Free State Underground												
Masimong	–	–	–	6.7	0.29	4	61.4	0.16	21	68.1	0.17	25
Tshepong	6.4	0.19	3	14.0	0.23	7	10.5	0.12	3	30.9	0.18	12
Phakisa	7.0	0.17	3	13.9	0.17	5	27.6	0.14	8	48.5	0.15	16
Total	13.4	0.18	5	34.6	0.22	16	99.5	0.15	32	147.5	0.17	54
Total South Africa Underground	13.4	0.18	5	34.6	0.22	16	99.5	0.15	32	147.5	0.17	54
Free State Surface	–	–	–	319.4	0.08	56	–	–	–	319.4	0.08	56
Grand total	13.4	0.18	2	354.0	0.09	72	99.5	0.15	32	466.9	0.11	110

¹ Total attributable

Gold equivalent ounces are calculated assuming a US\$1 400/oz Au, US\$3.10/lb Cu and US\$23.00/oz Ag with 100% recovery for all metals

NB Rounding of numbers may result in slight computational discrepancies

Note: 1 ton = 907 kg = 2 000 lbs

1 troy ounce = 32.1507 grams

Au = gold Ag = silver Cu = copper U308 = uranium Mo = molybdenum

RESOURCES AND RESERVES CONTINUED

MINERAL RESERVES STATEMENT

	Proved reserves			Probable reserves			Total mineral reserves		
	Tonnes (Mt)	Grade (g/t)	Gold ² (000oz)	Tonnes (Mt)	Grade (g/t)	Gold ² (000oz)	Tonnes (Mt)	Grade (g/t)	Gold ² (000oz)
GOLD									
South Africa Undergroup									
Free State									
Gold									
Bambanani	1.9	10.33	647	–	–	–	1.9	10.33	647
Joel	2.4	5.26	403	4.4	5.87	822	6.7	5.66	1 225
Masimong	4.9	4.48	710	1.7	4.40	237	6.6	4.46	947
Phakisa	3.5	6.15	701	4.0	7.68	993	7.6	6.97	1 694
Target 1	5.0	4.21	672	5.8	5.42	1 008	10.7	4.86	1 680
Target 3	2.5	5.98	471	4.2	5.04	684	6.7	5.38	1 155
Tshepong	20.5	5.57	3 676	2.4	5.33	419	23.0	5.54	4 095
Unisel	1.6	4.29	223	0.7	4.02	84	2.3	4.21	307
Total Free State Underground	42.4	5.51	7 503	23.2	5.70	4 247	65.5	5.58	11 750
West Rand									
Doornkop									
Doornkop South Reef	2.6	5.03	420	5.0	5.59	899	7.6	5.40	1 319
Kusasaletu	9.4	6.80	2 055	26.2	5.66	4 778	35.6	5.96	6 833
Total West Rand	12.0	6.42	2 475	31.2	5.65	5 677	43.2	5.86	8 152
Total South Africa Underground	54.4	5.71	9 978	54.4	5.67	9 924	108.8	5.69	19 902
South Africa Surface									
Kraaipan Greenstone Belt									
Kalgold	7.0	0.90	203	10.4	1.02	341	17.5	0.97	544
Free State – Surface									
Free State (Phoenix)	95.3	0.29	873	–	–	–	95.3	0.29	873
Free State (St Helena)	258.7	0.27	2 227	–	–	–	258.7	0.27	2 227
Free State (Other):									
– WRD	–	–	–	3.9	0.51	65	3.9	0.51	65
– Slimes dams	–	–	–	594.3	0.23	4 333	594.3	0.23	4 333
– Subtotal	–	–	–	598.2	0.23	4 398	598.2	0.23	4 398
Total Free State	354.0	0.27	3 100	598.2	0.23	4 398	952.2	0.24	7 498
Total South Africa Surface (incl Kalgold)	361.0	0.28	3 303	608.7	0.24	4 739	969.7	0.26	8 042
Total South Africa	415.4		13 281	663.1		14 663	1 078.4		27 944
Papua New Guinea ¹									
Hidden Valley	1.1	1.14	40	25.4	1.75	1 430	26.5	1.72	1 470
Hamata	0.03	1.10	1	1.6	2.26	117	1.6	2.24	118
Golpu	–	–	–	225.0	0.86	6 194	225.0	0.86	6 194
Total Papua New Guinea	1.1	1.14	41	252.1	0.96	7 741	253.2	0.96	7 782
Grand total	416.5		13 322	915.1		22 404	1 331.6		35 726

¹ Total attributable

Gold equivalent ounces are calculated assuming a US\$1 400/oz Au, US\$3.10/lb Cu and US\$23.00/oz Ag with 100% recovery for all metals

² Metal figures are fully inclusive of all mining dilutions and gold losses, and are reported as mill delivered tonnes and head grades
Metallurgical recovery factors have not been applied to the reserve figures

NB Rounding of numbers may result in slight computational discrepancies

Note: 1 ton = 907 kg = 2 000 lbs

1 troy ounce = 32.1507 grams

RESOURCES AND RESERVES CONTINUED

MINERAL RESERVES STATEMENT CONTINUED

GOLD EQUIVALENTS ¹

	Proved reserves		Probable reserves		Total mineral reserves	
	Tonnes (Mt)	Au eq ² (000oz)	Tonnes (Mt)	Au eq ² (000oz)	Tonnes (Mt)	Au eq ² (000oz)
Silver						
Hidden Valley	1.1	11	25.4	456	26.5	467
Total	1.1	11	25.4	456	26.5	467
Copper						
Golpu	–	–	225.0	13 265	225.0	13 265
Total	–	–	225.0	13 265	225.0	13 265
Total silver and copper as gold equivalents	1.1	11	250.4	13 720	251.5	13 731
Total Papua New Guinea including gold equivalents	1.1	52	252.1	21 461	253.2	21 513
Total Harmony including equivalents	416.5	13 333	915.1	36 124	1 331.6	49 457

OTHER METALS

	Tonnes	Grade	Ag ²	Tonnes	Grade	Ag ²	Tonnes	Grade	Ag ²
	(Mt)	(g/t)	(000oz)	(Mt)	(g/t)	(000oz)	(Mt)	(g/t)	(000oz)
Papua New Guinea ¹									
Silver									
Hidden Valley	1.1	18.99	662	25.4	33.11	27 080	26.5	32.53	27 742
Golpu	–	–	–	225.0	1.36	9 864	225.0	1.36	9 864
Total	1.1	18.99	662	250.4	4.59	36 944	251.5	4.65	37 606

	Tonnes	Grade	Cu ²	Tonnes	Grade	Cu ²	Tonnes	Grade	Cu ²
	(Mt)	(%)	(Mlb)	(Mt)	(%)	(Mlb)	(Mt)	(%)	(Mlb)
Copper									
Golpu	–	–	–	225.0	1.21	5 992	225.0	1.21	5 992

	Tonnes	Grade	Mo ²	Tonnes	Grade	Mo ²	Tonnes	Grade	Mo ²
	(Mt)	ppm	(Mlb)	(Mt)	ppm	(Mlb)	(Mt)	ppm	(Mlb)
Molybdenum									
Golpu	–	–	–	225.0	81	40	225.0	81	40

¹ Total attributable

Gold equivalent ounces are calculated assuming a US\$1 400/oz Au, US\$3.10/lb Cu and US\$23.00/oz Ag with 100% recovery for all metals

² Metal figures are fully inclusive of all mining dilutions and gold losses, and are reported as mill delivered tonnes and head grades
Metallurgical recovery factors have not been applied to the reserve figures

NB Rounding of numbers may result in slight computational discrepancies

Note: 1 tonne = 1 000 kg = 2 204 lbs

1 troy ounce = 32.1507 grams

Au = gold Ag = silver Cu = copper Mo = molybdenum

ASSURANCE REPORT

INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS OF HARMONY GOLD MINING COMPANY LIMITED

We have been engaged by the directors of Harmony Gold Mining Company Limited ("Harmony" and/or the "Company") to perform an independent assurance engagement in respect of Selected Sustainability Information reported in the Company's Integrated Annual Report for the year ending 30 June 2014 (the "Report"). This report is produced in accordance with the terms of our contract with the Company dated 7 April 2014.

INDEPENDENCE AND EXPERTISE

We have complied with the International Federation of Accountants' (IFAC) Code of Ethics for Professional Accountants, which includes comprehensive independence and other requirements founded on fundamental principles of integrity, objectivity, and professional competence and due care, confidentiality and professional behaviour. Our engagement was conducted by a multi-disciplinary team of health, safety, environmental and assurance specialists with extensive experience in sustainability reporting.

SCOPE AND SUBJECT MATTER

The subject matter of our engagement and the related levels of assurance that we are required to provide are as follows:

Reasonable assurance

The following Selected Sustainability Information in the Report was selected for an expression of reasonable assurance:

- a) Electricity purchased (kWh)
- b) Total Scope 2 carbon emissions (tCO₂e)
- c) Preferential Procurement – Black economic empowerment total spend (South African Rands)

Refer to "How we performed" on pages 6 and 7 for all of these indicators.

Limited assurance

The following Selected Sustainability Information in the Report was selected for an expression of limited assurance:

- a) Housing and living conditions – % conversion
- b) Local Economic Development (LED) spend (South African Rands)
- c) Water used for primary activities (kilolitres)
- d) Volume of mineral waste disposed (tonnes)
- e) Lost Time Injury Frequency Rate (LTIFR)
- f) Silicosis – number of cases confirmed in the 2014 reporting period
- g) Critical skills training – number of people trained in the 2014 reporting period
- h) Employment equity in management in South Africa (%)
- i) Total Scope 1 carbon emissions (tCO₂e)
- j) Total Scope 3 carbon emissions (tCO₂e)

Refer to "How we performed" on page 6 for all of these indicators.

We refer to this information as the "Selected Sustainability Information for Reasonable Assurance" and the "Selected Sustainability Information for Limited Assurance", respectively, and collectively as the "Selected Sustainability Information".

We have not carried out any work on data reported for prior reporting periods, nor have we performed work in respect of future projections and targets. We have not conducted any work outside of the agreed scope and therefore restrict our opinion to the Selected Sustainability Information.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND PRICEWATERHOUSECOOPERS INC.

The directors are responsible for selection, preparation and presentation of the Selected Sustainability Information in accordance with the criteria set out in the Company's internally defined procedures and captured in the Glossary of terms and acronyms on page 191 (referred to as the "Reporting Criteria"), and for the development of the Reporting Criteria. The directors are also responsible for designing, implementing and maintaining of internal controls as the directors determine is necessary to enable the preparation of the Selected Sustainability Information that are free from material misstatements, whether due to fraud or error.

ASSURANCE REPORT CONTINUED

Our responsibility is to form an independent conclusion, based on our reasonable assurance procedures, on whether the Selected Sustainability Information for Reasonable Assurance has been prepared, in all material respects, in accordance with the Reporting Criteria.

We further have a responsibility to form an independent conclusion, based on our limited assurance procedures, on whether anything has come to our attention to indicate that the Selected Sustainability Information for Limited Assurance has not been prepared, in all material respects, in accordance with the Reporting Criteria.

This report, including the conclusion, has been prepared solely for the directors of the Company as a body, to assist the directors in reporting on the Company's sustainable development performance and activities. We permit the disclosure of this report within the Report for the year ended 30 June 2014, to enable the directors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the Report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors as a body and the Company for our work or this report save where terms are expressly agreed and with our prior consent in writing.

ASSURANCE WORK PERFORMED

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits and Reviews of Historical Financial Information (ISAE 3000), and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410: Assurance Engagements on Greenhouse Gas Statements (ISAE 3410), issued by the International Auditing and Assurance Standards Board. These standards require that we comply with ethical requirements and that we plan and perform the assurance engagement to obtain either reasonable or limited assurance on the Selected Sustainability Information as per the terms of our engagement.

Our work included examination, on a test basis, of evidence relevant to the Selected Sustainability Information. It also included an assessment of the significant estimates and judgements made by the directors in the preparation of the Selected Sustainability Information. We planned and performed our work so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence on which to base our conclusion in respect of the Selected Sustainability Information.

Our work in respect of the Selected Sustainability Information for Reasonable Assurance included the following procedures:

- reviewing the processes that Harmony have in place for determining the Selected Sustainability Information included in the Report;
- obtaining an understanding of the systems used to generate, aggregate and report the Selected Sustainability Information;
- conducting interviews with management at corporate head office;
- evaluating the data generation and reporting processes against the Reporting Criteria;
- performing key controls testing and testing the accuracy of data reported on a sample basis; and
- reviewing the consistency between the Selected Sustainability Information and related statements in Harmony's Report.

Our procedures relating to the Selected Sustainability Information for Limited Assurance primarily comprised:

- reviewing the processes that Harmony have in place for determining the Selected Sustainability Information included in the Report;
- obtaining an understanding of the systems used to generate, aggregate and report the Selected Sustainability Information;
- conducting interviews with management at corporate head office;
- evaluating the data generation and reporting processes against the Reporting Criteria;
- performing key controls testing and testing the accuracy of data reported on a sample basis; and
- reviewing the consistency between the Selected Sustainability Information and related statements in Harmony's Report.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement, and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

The procedures selected depend on our judgement, including the assessment of the risk of material misstatement of the Selected Sustainability Information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the Selected Sustainability Information in order to design procedures that are appropriate in the circumstances.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

ASSURANCE REPORT CONTINUED

INHERENT LIMITATIONS

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining, calculating, sampling and estimating such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Report in the context of the Reporting Criteria.

In particular, where the information relies on factors derived by independent third parties, our assurance work has not included examination of the derivation of those factors and other third party information.

CONCLUSIONS

Reasonable assurance

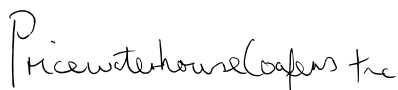
Based on the results of our reasonable assurance procedures, in our opinion, the Selected Sustainability Information for the year ended 30 June 2014, has been prepared, in all material respects, in accordance with the Reporting Criteria.

Limited assurance

Based on the results of our limited assurance procedures nothing has come to our attention that causes us to believe that the Selected Sustainability Information for the year ended 30 June 2014, has not been prepared, in all material respects, in accordance with the Reporting Criteria.

Other Matters

The maintenance and integrity of Harmony's website is the responsibility of Harmony's directors. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent assurance report that may have occurred since the initial date of presentation on the Harmony website.



PricewaterhouseCoopers Inc.

Registered Auditor

Director: Jayne Mammatt

Johannesburg

23 October 2014

PROGRESS AGAINST MINING CHARTER TARGETS

Harmony is a truly empowered company. We report on our performance in relation to the Mining Charter throughout this integrated report. The table below sets out the requirements of the Mining Charter and our progress against it. Further information on what we have done in relation to the Mining Charter can be found in the section Approach to Sustainability on pages 14 and 15.

Mining charter element	Description	Measure	Compliance by 2014	Our performance in FY14
Ownership	Minimum target for effective ownership by historically disadvantaged South Africans	Meaningful economic participation and full shareholder rights	26%	28% to 38%
Housing and living conditions	Conversion and upgrading hostels to attain the occupancy rate of person per room	Percentage reduction of occupancy rate towards 2014 target	Occupancy rate of one person per room	Employees and Communities, pages 68 and 74
	Conversion and upgrading hostels into family units	Percentage conversion of hostels into family units	Family units established by 2014	
Procurement and enterprise development	Procurement spent on black economic empowerment entities	Capital goods	40%	Employees and Communities, pages 78 – 79
		Services	70%	
		Consumable goods	50%	
	Multinational suppliers' contribution to the social fund	Annual spend on procurement from multi-national suppliers	0.5%	
Employment equity	Diversification of the workplace to reflect the country's demographics to attain competitiveness	Top management (board)	40%	Employees and Communities, pages 67 and 73
		Senior management	40%	
		Middle management	40%	
		Junior management	40%	
		Core and critical skills	40%	
Human resources development	Developing requisite skills, including support for South African based research and development initiatives intended to develop solutions in exploration, mining, technology, beneficiation and environmental conservation	Human resources development expenditure as percentage of total annual payroll (excluding mandatory skills development levy)	5%	Employees and Communities, pages 67, 68, 71 – 73
Mine community development	Conduct ethnographic community consultative and collaborative processes to delineate community needs analysis	Implement approved community projects	1% of profit after tax	Employees and Communities, pages 75 – 78
Sustainable development and growth	Improvement of the industry's environmental management	Implement approved environmental management programmes (EMPs)	100%	Environmental Performance, page 80
	Improvement of the industry's mine health and safety performance	Implementation of tripartite action plan on health and safety	100%	Safety and Health, pages 52 – 66

CORPORATE GOVERNANCE

THE VALUE OF GOOD CORPORATE GOVERNANCE

Harmony's corporate governance framework and processes are aimed at fulfilling our obligations to all stakeholders. This moral obligation underlies both our strategy and our values, and is inseparable from our practice of corporate governance.

Our board is tasked with making the decisions necessary to shape Harmony's strategy and to guide the company to attain its strategic goals. We thus seek particular skills in our board members to enable them to contribute meaningfully to the company. These skills include knowledge of the South African gold mining industry as well as the local and international economy, financial and/or mining expertise, an understanding of socio-economic expectations and knowledge of the legislation and regulations in the jurisdictions in which we operate.

Our values are entrenched in our code of ethics and underpin not only our approach to corporate governance but everything we do, and every decision that we make. Moreover, we expect board members to live our values so that they can lead by example. It is essential that our board makes decisions that are in line with what we believe. Leadership, strategy and our values are interdependent and our approach to corporate governance seeks to ensure this.

The board annually reviews the company's risks and operational, financial and sustainability performance, and relates these back to strategy at the annual strategy session.

OUR APPROACH TO CORPORATE GOVERNANCE

GOVERNANCE PRACTICES AND REPORTING

The foundation of our corporate governance is compliance with the Companies Act, the requirements of both the Johannesburg Stock Exchange, our primary listing, and the New York Stock Exchange, as well as the King Report on Governance for South Africa and the King Code of Governance Principles (King III) and the related principles of good corporate governance. Harmony also complies voluntarily with the principles of the United Nations Global Compact, International Council on Mining and Metals, the Global Reporting Initiative and the Cyanide Code.

In line with the Johannesburg Stock Exchange Listings Requirements, we apply all 75 principles of King III. Any deviations from the recommendations of King III are specifically mentioned in this report. A detailed King III compliance register can be found on page 155.

Foreign private issuers, such as Harmony, must briefly highlight any significant ways in which their corporate governance practices differ from those followed by United States domestic companies subject to the listing standards of the New York Stock Exchange. A brief summary of the significant differences can be found in our 2014 Form 20-F filed with the United States Securities and Exchange Commission on our website at www.harmony.co.za/investors/reporting/20f.

Our governance structures and processes are reviewed regularly and adapted when necessary to reflect what is happening internally in Harmony as well as to keep up with national and international best practice.

BOARD LEADERSHIP

On our board, the roles of the chairman and chief executive officer are distinct and separate, as governed by the board's terms of reference and the delegation of authority framework.

Our chairman, Patrice Motsepe, was appointed based on the value he adds to Harmony in this role, as a result of the vital skills he has. Mr Motsepe has served on our board since 2003 and was re-elected as chairman in August 2014. In terms of our succession plan, the chairman is currently seconded by deputy chairman, Modise Motloba, who has held this position since August 2012. As determined in accordance with King III, Mr Motsepe is not considered to be an independent chairman.

As a result, Fikile De Buck was re-appointed by the board as our lead independent non-executive director in August 2014. Her role is in line with the recommendations of King III and she assists the board in managing any actual or perceived conflicts of interests that may arise from the chairman not being independent. Mavuso Msimang was appointed deputy lead independent non-executive director on 5 May 2014.

For more on the members of our board see page 20.

A formal training-needs analysis is conducted annually to ensure board members are appropriately trained with ad hoc training opportunities identified during the year. Formal training on relevant topics is given at each board meeting, while the company secretary provides board members with regular updates on regulatory and industry developments. Our board also takes time to visit our operations and community projects during the year.

No new directors were appointed during the year so there was no need for any inductions.

CORPORATE GOVERNANCE CONTINUED

APPOINTMENT OF DIRECTORS

The responsibility for board appointments lies with the nomination committee, which recommends all new board appointments and reviews succession plans for directors and management. In line with King III, the board chairman is a member of this committee, and the procedures governing appointments are formal and transparent. While the nomination committee recommends individuals as members of the board, the appointment of board members is considered by the board as a whole, in accordance with its terms of reference. These appointments are, in turn, approved by shareholders.

When making new appointments to the board, Harmony considers the following factors: skills; experience; gender; and demographics. We are satisfied that we currently have an acceptable balance of members and that our non-executive and independent directors have sufficient experience and knowledge among them to carry significant weight in the board's decision-making process.

Once appointed, directors undergo the company's board induction programme. Managed by the company secretary, this programme provides new board members with comprehensive company information and governance packs. It also offers directors the opportunity to meet with various management teams and tour the business.

BOARD RESPONSIBILITIES

The board responsibilities are carried out with the company's best interests in mind. Our board receives sufficient information to ensure objective decision-making, and it is expected to act rationally at all times. Our code of ethics enshrines behaviour that puts the best interests of Harmony ahead of the best interests of individuals. The code of ethics is available at <http://www.harmony.co.za/sustainability/governance#policies>

One of the board's primary functions is to establish management structures and processes that assist in maintaining the sustainability of our business in terms of our financial, social and environmental performance. The board and its committees have work plans in place that allow them to address their responsibilities adequately throughout the year. These work plans are reviewed annually.

Responsible citizenship is core to the company and, through the social and ethics committee, the board ensures we remain a committed, socially responsible corporate citizen. One of the ways in which the board ensures Harmony is a good corporate citizen is by considering and responding to the legitimate expectations of stakeholders. This requires a careful balance between promoting our business interests and protecting our stakeholder relations – it is essential that Harmony remains profitable in order to be able to share these profits with stakeholders. The social and ethics committee receives quarterly reports on stakeholder engagement, which it uses to monitor progress and provide feedback to the board. In addition, the board is kept informed of shareholder perceptions after road shows.

NOTEWORTHY ACTION

BUILDING RELATIONSHIPS WITH STAKEHOLDERS

The board interacts with many of our key stakeholders during the course of the year. This, we believe, is important – our relationships are central to our business and our strategy. Insight into these relationships improve board members' ability to fulfil their roles appropriately.

During the year under review the board spent time with our employees during site visits to the operations and met members of the communities at various events, such as the launch of a sports centre sponsored by Harmony.

In addition, the chief executive officer and financial director had direct contact with investors through road shows, while the whole board interacted with shareholders at the annual general meeting. The chief executive officer engages with the greater industry through the Chamber of Mines.

To sustain our business, we need to ensure our balance sheet remains strong and flexible. The board undertakes quarterly reviews of our financial performance, while the executive management team reviews our operational results on a weekly basis. If the company was found to be in financial distress, the board would consider the appropriate mechanisms to address this. Ordinarily, the board uses these quarterly reviews to perform solvency and liquidity tests to support the going concern statement, in line with the provisions of the Companies Act.

In line with the International Integrated Reporting Council guidelines, the board reviews and approves this integrated report as part of its annual duties. The audit and risk committee makes a final recommendation to the board for consideration.

CORPORATE GOVERNANCE CONTINUED

The board conducts an evaluation of the performance of the chief executive officer in line with set criteria. The board also evaluates succession plans for the chief executive officer and executive management annually to ensure a continuation of skills and expertise for the future.

BOARD COMMITTEES

In order to focus on our priorities, particular responsibilities have been delegated to board committees in terms of the board delegation of authority and the committees' terms of reference. These committees do not abdicate the board's overall responsibility but rather serve to support the board in executing that responsibility. At each board meeting, the committee chairmen report on the activities of their respective committees and make recommendations on key decisions. Some duties are further delegated to the chief executive officer and financial director who, in turn, delegate some of these responsibilities to Exco and management, who are closer to the operations. A clear line of communication is in place to ensure these responsibilities are well managed, underpinning our value of accountability.

Each board committee comprises board members with the skills and expertise that suit its portfolio, allowing committee members to apply their minds and make well-considered recommendations to the board. Minutes of each committee meeting are included in the board packs distributed prior to board meetings to provide context to deliberations at committee meetings. To ensure board members are able to fully consider what they need to within these committees, and on the board, each director has unrestricted access to the advice and services of senior management, allowing them insight into the business, as well as full access to company and subsidiary information, records, documents and property. Our non-executive directors are encouraged to visit our operations and attend management meetings to get a sense of how they are run. However, they remain independent, allowing management to fulfil their duties fully. If they feel it is necessary, our board members can request independent, professional advice at the company's expense.

Audit and risk committee

Members

- John Wetton* (chairman)
- Fikile De Buck*
- Modise Motloba*
- Simo Lushaba*
- Karabo Nondumo*

** independent non-executive*

Description of expertise and experience

- Accounting experience, experience in investment banking, treasury services and fund management
- Roles on various other boards, as well as industry bodies
- Governance experience
- Knowledge of business development around Africa
- Previous roles as chief financial officer, external auditor, therefore a good understanding of company finances, risk, processes and controls

Primary functions:

- Monitors the operation of an adequate system of internal control and control processes
- Monitors the preparation of accurate financial reporting and statements in compliance with all applicable legal and corporate governance requirements and accounting standards
- Monitors risk management and ensures the significant risks identified are appropriately addressed and supports the board in its responsibilities for governance of risk.

Key activities and actions in FY14

For the actions of the audit and risk committee in FY14 refer to the committee's report on page 173.

CORPORATE GOVERNANCE CONTINUED

Investment committee

Members

- Simo Lushaba* (chairman)
- Ken Dicks*
- Cathie Markus*
- Vishnu Pillay*
- John Wetton*
- André Wilkens

** independent non-executive*

Description of expertise and experience

- Hold roles on other boards
- Experience in entrepreneurship and business development
- Extensive knowledge of the mining, legal and financial industries
- This combination of skills equips the investment committee with knowledge of what reasonable returns on investments are and a thorough understanding of the investment process, as well as insight into what investors want

Primary functions

- Considers projects, acquisitions and disposals in line with Harmony's strategy and ensures due diligence procedures are followed
- Conducts other investment-related functions designated by the board

Key activities and actions in FY14

- Reviewed and recommended the budget and business plans for the financial year 2014
- Considered whether the company could afford a proposed distribution, taking into account the company's cash flow, current and future projects
- Considered investments, proposals or acquisitions in line with the board's approved delegation of authority
- Reviewed the delegation of authority

Nomination committee

Members

- Fikile De Buck* (chairman)
- Joaquim Chissano*
- Patrice Motsepe
- Modise Motloba*
- Mavuso Msimang*

** independent non-executive*

Description of expertise and experience

- Experience in the mining, financial, accounting and legal industries
- Extensive experience in management and leadership roles
- Understanding of Harmony, and its needs, as well as of the requirements of being on a board
- This insight allows the committee to find and nominate individuals who will add value to our Harmony board in the areas that we require

Primary functions

- Ensures procedures governing board appointments are formal and transparent
- Makes recommendations to the board on all new board appointments
- Reviews succession planning for directors and other members of the executive team and oversees the board's self-assessment process

CORPORATE GOVERNANCE CONTINUED

Nomination committee continued

Key activities and actions in FY14

- Reviewed and recommended directors for re-election who are retiring by rotation in terms of the company's memorandum of incorporation
- Reviewed the composition, structure and size of the board and board committees
- Considered the positions of the chairman of the board, the deputy chairman of the board and the lead independent director
- Reviewed the independence of non-executive directors (especially independent non-executives serving on the board for longer than nine years)
- Reviewed and recommended succession plans for the board, the chairman of the board, the chief executive officer and executive management

Remuneration committee

Members

- Cathie Markus* (chairman)
- Fikile De Buck*
- Simo Lushaba*
- Karabo Nondumo*
- John Wetton*
- André Wilkens

** independent non-executive*

Description of expertise and experience

- Experience in accounting, remuneration and financial management roles, as well as legal and mining experience, allowing members to ensure our remuneration is aligned to industry standards, best practice and legislation
- Knowledge of the duties and responsibilities of board and executive positions, allowing realistic key performance indicators to be related to remuneration

Primary functions

- Ensures directors and executive managers are fairly rewarded for their contribution to Harmony's performance
- Assists the board in monitoring, reviewing and approving Harmony's compensation policies and practices, and in administering its share incentive schemes
- Operates as an independent overseer of the group remuneration policy and makes recommendations to the board for final approval

Key activities and actions in FY14

- Reviewed and recommended the remuneration policy to the board for inclusion in the notice to the annual general meeting as a non-binding advisory resolution by shareholders (www.har.co.za/14/HAR-RS.pdf)
- Reviewed and recommended the remuneration report to be included in the integrated annual report (page 166)
- Reviewed and recommended the non-executive directors fees to the board for the shareholders' consideration and approval (page 170)
- Reviewed and recommended executive directors and executive management's annual salary increases (page 170)
- Reviewed and approved the annual salary increases of the company secretary and the head of internal audit (page 170)
- Reviewed a comprehensive benchmark on incentive schemes in the industry and found the company's incentive schemes to be adequate and in the best interest of the company. In line with such benchmark, the committee made recommendations to the board with regard to the executive short term and long term incentive scheme key performance indicators and parameters (page 166)

The details of these activities are contained in the report of this committee, which can be found on page 166.

CORPORATE GOVERNANCE CONTINUED

Social and ethics committee

Members

- Modise Motloba* (chairman)
- Joaquim Chissano*
- Fikile De Buck*
- Cathie Markus*
- Mavuso Msimang*
- John Wetton*

* *independent non-executive*

Description of expertise and experience

- Proven experience in the fields of sustainable and business development in Africa, community affairs, government relations, the drafting and implementing of charters, international relations and global leadership
- This collection of experience brings with it the skills and relationships necessary to ensure Harmony can make a meaningful change through its social development and transformation work. In addition, it also adds weight to the committee's ability to enforce the code of ethics within Harmony

Primary functions

- Oversees policy and strategies pertaining to occupational health and employee well-being, environmental management, corporate social responsibility, human resources and ethics
- Monitors implementation by the management team and executives for each discipline
- Assesses compliance of the company against relevant regulations relating to various disciplines
- Reviews material issues in each discipline to evaluate their relevance in the reporting period, and to identify additional material issues that warrant reporting, including sustainability related key performance indicators and levels of assurance

Key activities and actions in FY14

- Reviewed and recommended the social and ethics committee report to be included in the integrated annual report
- Reviewed and considered the social, economic and environmental issues affecting the company's business
- Reviewed and considered the effect the company's operations have had on the economic, social and environmental wellbeing of the community; as well as significant risks within the ambit of the committee's responsibilities
- Approved material elements of sustainability reporting over which the external assurance provider provided assurance
- Considered and monitored the company's employment relationships

The report of this committee can be found on page 14.

Technical committee

Members

- André Wilkens (chairman)
- Ken Dicks*
- Cathie Markus*
- Vishnu Pillay*
- Karabo Nondumo*^

* *independent non-executive*

^ *appointed 5 May 2014*

Description of expertise and experience

- Decades of experience in the mining industry, particularly in gold, in mining technology and mining engineering
- Strong research skills
- This experience allows members to fully grasp the technical challenges facing Harmony and lend their knowledge to the tasks required of them

CORPORATE GOVERNANCE CONTINUED

Technical committee continued

Primary functions

- Provides a platform to discuss strategy, performance against targets, operational results, projects and safety
- Informs the board of key developments, progress against objectives and the challenges facing operations
- Reviews strategic plans before recommending to the board for approval
- Provides technical guidance and support to management

Key activities and actions in FY14

- Monitored exploration in South Africa and Papua New Guinea
- Monitored all South African and Papua New Guinea operations
- Reviewed and recommended to the board the annual budget and business plans of the company
- Monitored safety across all operations

During the review period, the majority of members of all board committees were independent non-executive directors. All board committees were chaired by an independent non-executive director, except for the technical committee chaired by André Wilkens (a non-independent non-executive director). The board is confident that André's leadership as chairman of the technical committee is in the best interest of the company, based on his extensive knowledge of the specific areas of responsibilities of that committee.

	Board	Audit and risk	Nomination	Remuneration	Technical	Investment	Social and ethics
Number of meetings	5	6	4	4	8	4	5
Patrice Motsepe (chairman)	5	–	4	–	–	–	–
Modise Motloba (deputy chairman)	5	6	3	–	–	–	5
Joaquim Chissano	3	–	2	–	–	–	2
Fikile De Buck	4	5	4	4	–	–	5
Ken Dicks	5	–	–	–	8	4	–
Simo Lushaba	4	5	–	4	–	4	–
Cathie Markus	5	–	–	4	7	4	5
Mavuso Msimang	5	–	4	–	–	–	4
Karabo Nondumo	5	6	–	4	–	–	–
Vishnu Pillay	5	–	–	–	8	4	–
John Wetton	5	6	–	4	–	4	5
André Wilkens	5	–	–	4	8	4	–
Graham Briggs	5	–	–	–	–	–	–
Frank Abbott	5	–	–	–	–	–	–
Mashego Mashego	5	–	–	–	–	–	–

– Not applicable

COMPANY SECRETARY

In terms of section 3.84(i) & (j) of the Johannesburg Stock Exchange Listings Requirements, the board has, on recommendation from the nomination committee, considered the performance, qualifications, level of experience and competence of the company secretary. The board is satisfied that Riana Bisschoff is sufficiently competent, qualified and experienced to act as Harmony's company secretary. The board is further satisfied that Riana is not a director of the board or any of the company's subsidiaries and that she maintained an arm's-length relationship with the board during the year under review. Riana's short curriculum vitae is included in the King III compliance report on our website.

BOARD EVALUATION

The board conducts annual self-assessments of its own performance, as well as that of its board committees, individual directors and the chairman. The audit firm, KPMG, assists with this, adding independence to the process. From this process, a full report of the findings and recommendations is drawn up, and the board implements any changes necessary during the following financial year. The administrative recommendations made during the FY14 assessment process will be addressed during FY15.

CORPORATE GOVERNANCE CONTINUED

LEGISLATIVE COMPLIANCE

Relative Global Reporting Initiative indicators: G4-S07, G4-S08

One of the duties of the board is to ensure that Harmony complies with all applicable laws, in both South Africa and Papua New Guinea, and that it adheres to non-binding rules, codes and standards.

During FY14 we held a workshop, attended by all departmental heads and relevant people, to review the regulatory framework that governs our business.

A comprehensive formal compliance strategy will be drafted during FY15 which will then be the framework for an overriding, renewed monitoring system.

Harmony paid no significant fines in any of its areas of operation and had no actions brought against it for anti-competitive behaviour, or for anti-trust or monopoly practices during FY14. For more on this see page 14 for the social and ethics committee report and page 173 for the audit and risk committee report.

Given the importance of public policy and our strategic objective of maintaining our licence to operate, we have increased our engagement in recent years with the South African government on policy, often through the Chamber of Mines. One such example is the engagement we had, through the Chamber of Mines, on the proposed amendments to the Mineral and Petroleum Resources Development Act during the year under review.

We have also engaged with Eskom and the energy regulator on issues that could have an impact on our operations, such as security of supply, the cost of electricity and potential carbon taxes.

ROTATION OF DIRECTORS

As laid out in King III and Harmony's memorandum of incorporation, one-third of the board's non-executive directors must retire from office at the next annual general meeting. These will be the non-executive directors who have been in office the longest since their last election. Further, those directors appointed following the last annual general meeting are also expected to stand down for election by shareholders following their respective appointments.

In line with this, the directors who will retire at this year's annual general meeting are:

- Ken Dicks
- Simo Lushaba
- Mavuso Msimang
- John Wetton

Their curriculum vitae are available on pages 20 to 24.

CODE OF ETHICS

Relative Global Reporting Initiative indicators: G4-S05

Developed to respond to the challenge of ethical conduct in the business environment, our code of ethics commits Harmony, our employees and our contractors to the highest moral standards, free from conflicts of interest. Over the past few years we have done extensive work in enshrining our five values – safety, accountability, achievement, connectedness and honesty – into everyday behaviour at Harmony, through constructive employee engagement. These values underpin our code of ethics, and the close link between the two also aligns our code of ethics to our strategy.

Every second year the board reviews the code of ethics, while its application within Harmony is continually monitored by management. Our ethics programme is also subject to independent assurance as part of the internal audit coverage plan.

Our ethics committee, established eight years ago, monitors the ethical culture and integrity of Harmony. It also assesses declarations of interest in terms of the code and provides feedback to the executive committee, which then reports to the board's social and ethics committee. As a result, ethics are discussed and examined at every level of management within the company.

In September 2013 the board reviewed the code of ethics and made a number of changes to it. One of the most obvious changes was to adjust the language, making it easier to read and understand. Because the code needs to be adhered to by all employees it is essential that it is made accessible. Other changes included highlighting specific legislation Harmony may be subjected to, adding a definition for sustainable development, imposing a value limit for gifts and updating the whistle-blowing contact details and channels of communication. The code was also adjusted to re-emphasise the responsibility each employee has to disclose any criminal or unethical conduct they have encountered in the workplace. This helps to entrench the code at all levels of the company.

The code of ethics encourages employees and other stakeholders to report incidents of suspected irregularities. This can be done anonymously through a 24-hour crime line (which is managed by external auditing specialists), as well as other channels. All incidents reported are investigated and monitored by the white-collar crime committee. The identity of any employee or stakeholder who reports non-compliance with the code of ethics is protected.

CORPORATE GOVERNANCE CONTINUED

In FY14, there were 119 reported irregularities (FY13: 100), which included corruption, fraud, bribery, non-compliance with policies and theft. Of these, 52 were finalised, of which 20 were unfounded and 21 dismissed. Appropriate action was taken against 10 transgressors. One transgressor was found not to be an employee and was referred to the supplier concerned for appropriate action. At year end, 67 of the 119 reported irregularities were still being investigated.

RESTRICTIONS ON SHARE DEALINGS

During price-sensitive periods, our employees and directors are prohibited from dealing in Harmony shares. Written notice of these restricted periods is communicated with employees and directors by the company secretary. In terms of regulatory and governance standards, directors and employees are required to disclose any dealings in Harmony shares in accordance with the Johannesburg Stock Exchange Listings Requirements. The clearance procedure for directors to deal in Harmony shares is regulated by the company's policy on trading in shares and insider trading.

INFORMATION TECHNOLOGY GOVERNANCE

The board recognises that information technology is integral to doing business today, and fundamental in supporting the sustainability and growth of our company. Accordingly, the focus of our information technology division is ensuring accurate, reliable and timely information that supports effective reporting and appropriate management of our business to enable Harmony to achieve its sustainability objectives.

The audit and risk committee monitors the return on investment from significant information technology projects. Information technology management ensures the key elements of appropriate project management principles are applied to all information technology projects and, as reported previously, a management information technology steering committee has oversight of various information technology aspects, including governance, compliance and business continuity.

Formal processes are in place to protect and manage information, including sensitive information processed by the company.

POLITICAL DONATIONS

Relative Global Reporting Initiative indicators: G4-SO6

Harmony has a policy on political donations. We made no political donations for the year under review.

SARBANES-OXLEY

In line with New York Stock Exchange listing requirements, we comply with the Sarbanes-Oxley Act. Details of this compliance and relevant processes can be found in our Form 20-F for FY14, which is available at www.harmony.co.za/investors/reporting/20f from 23 October 2014.

ACCESS TO INFORMATION

Harmony complies with the Promotion of Access to Information Act 2000, which protects the constitutional right to information that is required to exercise or protect a right. The purpose of this legislation is to foster a culture of transparency and accountability in both public and private bodies, and to promote a society in which all South Africans are enabled to enjoy their rights. For more on this see our website: <http://www.harmony.co.za/sustainability/governance#policies>

HUMAN RIGHTS

Relative Global Reporting Initiative indicators: G4-HR1, G4-LA14, G4-HR3, G4-HR9, G4-HR10, G4-HR12, G4-SO3, G4-SO3

Harmony recognises that human rights should be integrated into all we do and, through the entrenchment of our values, we endeavour to do this every day.

In line with the Companies Act, the social and ethics committee's responsibilities include the monitoring of the company's standing in terms of the goals and purposes of the ten principles set out in the United Nations Global Compact Principles. The United Nations Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption. The social and ethics committee monitors this as part of the various reports submitted to them in terms of their annual work plan.

We also acknowledge that human rights cannot be limited to how we conduct our business, but rather need to be considered when investigating other companies along our supply chain. We screen prospective suppliers on their level of legal compliance and compare their business practices to our Code of Ethics. This ensures that they behave in a way that Harmony believes is appropriate.

During the year under review we did not identify any human rights impacts in our supply chain or terminate any relationships on this basis. Harmony had no human rights grievances during the year under review.

KING III COMPLIANCE SCORECARD

KING III COMPLIANCE REPORT: 2014

In South Africa, in terms of the Johannesburg Stock Exchange Listings Requirements and King III, companies are required to disclose compliance with the latter in the current reporting year. The table below details Harmony's compliance status as at 23 October 2014. We include supplementary information for a complete view of our company's governance standards.

Principle	Apply?	Explain
Principle 1.1		
The board should provide effective leadership based on an ethical foundation	✓	Refer to principle 2.3
Principle 1.2		
The board should ensure the company is and is seen to be a responsible corporate citizen	✓	Refer to principle 2.4
Principle 1.3		
The board should ensure the company's ethics are managed effectively	✓	Refer to principle 2.5
Principle 2.1		
The board should act as the focal point for and custodian of corporate governance	✓	The board advocates effective, responsible leadership and aims to lead by example. Governance structures and processes are regularly reviewed and adapted to accommodate internal developments and reflect national and international best practice while considering the best interests of the company.
Principle 2.2		
The board should appreciate that strategy, risk, performance and sustainability are inseparable	✓	As reflected in its terms of reference, and evident from the content of the integrated annual report, the board appreciates that strategy, risk, performance and sustainability are inseparable. The board annually considers and reviews the company's strategy relative to its risks, performance and sustainability at a strategy session arranged specifically for this purpose.
Principle 2.3		
The board should provide effective leadership based on an ethical foundation	✓	The board of directors is responsible for establishing management structures and processes based on ethical values and good corporate governance principles, ensuring Harmony's business is sustainable in terms of our financial, social and environmental performance. The board is governed by its terms of reference available on www.harmony.co.za/sustainability/governance . The board and its committees have work plans to ensure responsibilities are appropriately addressed throughout the year.
Principle 2.4		
The board should ensure the company is and is seen to be a responsible corporate citizen	✓	Responsible citizenship is a core principle underpinning Harmony's values and a key component of the board's terms of reference. Through its social and ethics committee, the board ensures the company remains a committed, socially responsible corporate citizen.
Principle 2.5		
The board should ensure the company's ethics are managed effectively	✓	Harmony's code of ethics (http://www.harmony.co.za/sustainability/governance) was adopted to respond to the challenge of ethical conduct in the business environment. The code is reviewed every second year by the board and its application is monitored by management. All employees (including contract employees), directors or officers and service providers/suppliers are expected to abide by the code. The company's ethics programme is subject to independent assurance by means of inclusion in the internal audit coverage plan. As reported in 2013, management is revising the roles and responsibilities for various facets of ethics management (eg board committee responsibilities, fraud risk management). This will include a review and potential redesign of the ethics management programme to address integration and further improve levels of proactive ethical risk management.

KING III COMPLIANCE SCORECARD CONTINUED

Principle	Apply?	Explain
Principle 2.6 The board should ensure the company has an effective and independent audit committee	✓	Shareholders annually elect the members of the audit and risk committee, all of whom are independent non-executive directors. The board has approved the mandate for this committee, which includes monitoring risk management and therefore, in Harmony, the committee is known as the audit and risk committee. In FY14, the committee again complied with its legal, regulatory and other responsibilities assigned by the board in terms of its terms of reference. These are detailed in the committee's report on page 173 of the 2014 integrated annual report.
Principle 2.7 The board should be responsible for the governance of risk	✓	The board is ultimately responsible for the governance of risk in line with the Act, King III and the board's terms of reference. The board is assisted by the audit and risk committee, ensuring that significant risks facing Harmony are adequately addressed. For more information, refer to the risk management report on page 33 of the FY14 integrated annual report.
Principle 2.8 The board should be responsible for information technology governance	✓	The audit and risk committee of the board oversees and monitors information technology governance and views this as an important aspect of risk management. Refer to the information technology governance paragraph in the governance section on page 154 of the FY14 integrated annual report.
Principle 2.9 The board should ensure the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	✓	<p>One of the duties of the board is to ensure that Harmony complies with all applicable laws, in both South Africa and Papua New Guinea, and that it adheres to non-binding rules, codes and standards. During FY14 we held a workshop, attended by all departmental heads and relevant people to review the regulatory framework that governs our business.</p> <p>A comprehensive compliance strategy will be drafted during FY15 which will then be the framework for an overriding, renewed monitoring system.</p> <p>The foundation of our corporate governance is compliance with the Companies Act, the requirements of both the Johannesburg Stock Exchange, our primary listing, and the New York Stock Exchange, as well as King III and the related principles of good corporate governance. Harmony also complies voluntarily with the principles of the United Nations Global Compact, International Council of Mining and Metals, the Global Reporting Initiative and the Cyanide Code.</p>
Principle 2.10 The board should ensure there is an effective risk-based internal audit	✓	<p>The internal audit function is responsible for assisting the board and management by independently reviewing the adequacy and effectiveness of Harmony's system of internal control. Significant findings are reported to the audit and risk committee and follow-up audits are conducted in areas where significant internal control weaknesses are found. Harmony has an in-house internal audit function in a co-sourced arrangement with KPMG to provide assurance on the effectiveness of governance, risk management and the internal control environment.</p> <p>The purpose, authority and responsibility of the internal audit function are formally documented in the internal audit charter as approved by the audit and risk committee.</p>

KING III COMPLIANCE SCORECARD CONTINUED

Principle	Apply?	Explain
<p>Principle 2.11</p> <p>The board should appreciate that stakeholders' perceptions affect the company's reputation</p>	✓	The board considers and responds to the legitimate interests and expectations of Harmony's stakeholders. The social and ethics committee receives quarterly reports on stakeholder engagement, which are then summarised for board meetings. Board members are also regularly appraised of stakeholder perceptions after management road shows.
<p>Principle 2.12</p> <p>The board should ensure the integrity of the company's integrated report</p>	✓	The integrated report is reviewed by the audit and risk committee with the assistance of the social and ethics committee (on sustainability matters). The report is recommended to the board for approval.
<p>Principle 2.13</p> <p>The board should report on the effectiveness of the company's system of internal controls</p>	✓	Refer to principle 2.10
<p>Principle 2.14</p> <p>The board and its directors should act in the best interests of the company</p>	✓	The board debates issues rationally and with sufficient information from management to reach an objective assessment. All directors are mindful of their duty to act in the best interests of the company. The board has approved a policy for dealing in Harmony shares which applies to directors, prescribed officers and selected employees.
<p>Principle 2.15</p> <p>The board should consider business-rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Companies Act</p>	✓	Twice a year, the board assesses Harmony's ability to continue as a going concern and monitors its financial performance quarterly to assess whether the company is financially distressed for the purposes of considering business-rescue proceedings and to ensure sound financial management. In addition, the board receives a quarterly update of the operations and the financial position of the company through the technical, investment and audit and risk committees as well as at the board meeting.
<p>Principle 2.16</p> <p>The board should elect a chairman who is an independent non-executive director. The chief executive officer of the company should not also fulfil the role of chairman of the board.</p> <p><i>Johannesburg Stock Exchange Listings Requirement, section 3.84(c)</i></p>	✓	<p>On our board, the roles of the chairman and chief executive officer are distinct and separate, as governed by the board's terms of reference and the delegation of authority framework.</p> <p>Our chairman, Patrice Motsepe, was appointed based on the value he adds to Harmony in this role, as a result of the vital skills he has. Mr Motsepe has served on our board since 2003 and was re-elected as chairman in August 2014. In terms of our succession plan, the chairman is currently seconded by deputy chairman, Modise Motloba, who has held this position since August 2012. As determined with the guidance of King III, Mr Motsepe is not considered to be an independent chairman.</p> <p>As a result, Fikile De Buck was re-appointed as our lead independent non-executive director in August 2014. Her role is in line with the recommendations of King III and she assists the board in managing any actual or perceived conflicts of interests that may arise from the chairman not being independent. Mavuso Msimang was appointed deputy lead independent non-executive director on 5 May 2014.</p>

KING III COMPLIANCE SCORECARD CONTINUED

Principle	Apply?	Explain
<p>Principle 2.17</p> <p>The board should appoint the chief executive officer and establish a framework for the delegation of authority</p>	✓	<p>The board appointed Graham Briggs as the company's chief executive officer with effect from 1 January 2007. During 2012, his term of employment as chief executive officer was extended to 31 October 2016. The existing delegation of authority is revised and refreshed every second year to keep it updated with any changes that may affect the authority framework.</p>
<p>Principle 2.18</p> <p>The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent</p> <p><i>Johannesburg Stock Exchange Listings Requirement, section 3.84(b)</i></p>	✓	<p>We have paid specific attention to the composition of our board to ensure it reflects our objectives and is therefore sustainable. Harmony has a unitary board comprising a majority of independent non-executive directors.</p> <p>On recommendation by the nomination committee, in terms of the King III requirement, the board evaluated and confirmed the classification of all independent non-executive directors as independent. This includes directors serving longer than nine years.</p>
<p>Principle 2.19</p> <p>Directors should be appointed through a formal process</p> <p><i>Johannesburg Stock Exchange Listings Requirement, section 3.84(a)</i></p>	✓	<p>The responsibility for board appointments lies with the nomination committee, which recommends all new board appointments and reviews succession plans for directors and management. In line with King III, the board chairman is a member of this committee, and the procedures governing appointments are formal and transparent. While the nomination committee recommends individuals as members of the board, the appointment of board members is considered by the board as a whole, in accordance with its terms of reference. These appointments are, in turn, approved by shareholders.</p> <p>When making new appointments to the board, Harmony considers the following factors: skills; experience; gender; and demographics. We are satisfied that we currently have an acceptable balance of members and that our non-executive and independent directors have sufficient experience and knowledge among them to carry significant weight in the board's decision-making process.</p>
<p>Principle 2.20</p> <p>The induction and ongoing training and development of directors should be conducted through formal processes</p>	✓	<p>Once appointed, directors undergo the company's board induction programme. Managed by the company secretary, this programme provides new board members with comprehensive company information and governance packs. It also offers directors the opportunity to meet with various management teams and tour the business.</p> <p>A formal training-needs analysis is conducted annually to ensure board members are appropriately trained with ad hoc training opportunities identified during the year. Formal training on relevant topics is given at each board meeting, while the company secretary provides board members with regular updates on regulatory and industry developments. Our board also takes time to visit our operations and community projects during the year.</p>

KING III COMPLIANCE SCORECARD CONTINUED

Principle	Apply?	Explain
<p>Principle 2.21</p> <p>The board should be assisted by a competent, suitably qualified and experienced company secretary</p> <p><i>Johannesburg Stock Exchange Listings Requirement, section 3.84(i)&(j)</i></p>	<p>✓</p>	<p>In terms of the relevant section of the Johannesburg Stock Exchange Listings Requirements, the board has, on recommendation from the nomination committee, considered the qualifications, level of experience and competence of the company secretary. The board is satisfied that Riana Bisschoff is sufficiently competent, qualified and experienced to act as Harmony's company secretary. The board is further satisfied that Riana is not a director of the board or any of the company's subsidiaries and maintained an arm's-length relationship with the board during the year under review. The following information was taken into consideration during the review:</p> <p>Riana Bisschoff (LLB, LLM) is a qualified attorney, conveyancer and notary. She has been a company secretary for the past ten years (seven years in a listed environment). Riana was appointed group company secretary in March 2012, and is fully supported by the board and management. She plays an active role in achieving good corporate governance, supporting the chairman and the board in:</p> <ul style="list-style-type: none"> • Ensuring the effective functioning of the board • Providing guidance to the chairman, board and directors of Harmony's subsidiaries on their responsibilities and duties in the prevailing regulatory and statutory environment • Raising matters that may warrant the attention of the board <p>The company secretary assists in ensuring that the board's decisions and instructions are clearly communicated to the relevant stakeholders, and is available as a central source of guidance and advice in Harmony on matters of ethics.</p>
<p>Principle 2.22</p> <p>The evaluation of the board, its committees and individual directors should be performed every year</p>	<p>✓</p>	<p>The board conducts annual self-assessments of its own performance, as well as that of its board committees, individual directors and the chairman. The audit firm, KPMG, assists with this, adding accountability to the process. From this process, a full report of the findings and recommendations is drawn up, and the board implements any changes necessary during the following financial year.</p>
<p>Principle 2.23</p> <p>The board should delegate certain functions to well-structured committees without abdicating its own responsibilities</p> <p><i>Johannesburg Stock Exchange Listings Requirement, section 3.84(d)</i></p>	<p>✓</p>	<p>In order to focus on our priorities, particular responsibilities have been delegated to board committees in terms of the board delegation of authority and the committees' terms of reference. These committees do not abdicate the board's overall responsibility but rather serve to support the board in executing that responsibility. At each board meeting, the committee chairmen report on the activities of their respective committees and make recommendations on key decisions. Some duties are further delegated to the chief executive officer and financial director who, in turn, delegate some of these responsibilities to the executive committee (Exco) and management, who are closer to the operations. A clear line of communication is in place to ensure these responsibilities are well managed, underpinning our value of accountability.</p>

KING III COMPLIANCE SCORECARD CONTINUED

Principle	Apply?	Explain
		Each committee comprises board members with the skills and expertise that suit its portfolio, allowing committee members to apply their minds and make well-considered recommendations to the board. Minutes of each committee meeting are included in the board packs distributed prior to board meetings to provide context to deliberations at committee meetings. To ensure board members are able to fully consider what they need to within these committees, and on the board, each director has unrestricted access to the advice and services of senior management, allowing them insight into the business, as well as full access to company and subsidiary information, records, documents and property. Our non-executive directors are encouraged to visit our operations and attend management meetings to get a sense of how they are run. However, they remain independent, allowing management and Exco to fulfil their duties fully. If they feel it is necessary, our board members can request independent, professional advice at the company's expense.
Principle 2.24		
A governance framework should be agreed between the group and its subsidiary boards	✓	The board reviewed the board delegation of authority and approved a revised delegation of authority framework on 25 August 2014. The framework was adopted by the company's subsidiaries during September 2014.
Principle 2.25		
Companies should remunerate their directors and executives fairly and responsibly	✓	For more information on Harmony's remuneration policy, refer to the remuneration report on page 166 of the FY14 integrated annual report.
Principle 2.26		
Companies should disclose the remuneration of each director and certain senior executives	✓	Refer to the remuneration report on page 166 of the FY14 integrated annual report.
Principle 2.27		
Shareholders should approve the company's remuneration policy	✓	The company's remuneration policy is presented to shareholders for approval at each annual general meeting. Refer to the 2014 notice of the annual general meeting (www.har.co.za/14/HAR-RS.pdf).
Principle 3.1		
The board should ensure the company has an effective and independent audit committee	✓	Refer to principle 2.6
Principle 3.2		
Audit committee members should be suitably skilled and experienced independent non-executive directors	✓	All five members of the audit and risk committee are independent non-executive directors. The board is satisfied that members of this committee collectively have the appropriate knowledge and experience to fulfil their mandate.
Principle 3.3		
The audit committee should be chaired by an independent non-executive director	✓	The chairman of this committee is an independent non-executive director.

KING III COMPLIANCE SCORECARD CONTINUED

Principle	Apply?	Explain
Principle 3.4 The audit committee should oversee integrated reporting	✓	Harmony prepares an integrated report that is reviewed by the audit and risk committee and recommended to the board for approval. The committee also reviews quarterly results and annual financial statements (including the annual Form 20-F), as well as any other price-sensitive financial information, trading statements, circulars and accompanying information. The committee reviews and confirms the going-concern assumptions and conclusion. For more information, refer to the audit and risk committee report on page 173 of the FY14 integrated annual report. Also refer to principle 2.12 and principle 9.2.
Principle 3.5 The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	✓	A formalised combined assurance framework was implemented on 1 July 2014.
Principle 3.6 The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function <i>Johannesburg Stock Exchange Listings Requirement, section 3.84(g)&(h)</i>	✓	The audit and risk committee annually considers the appropriateness of the expertise and adequacy of resources of the finance function, and the expertise and experience of the financial director. Refer to the audit and risk committee report on page 173 of the FY14 integrated annual report.
Principle 3.7 The audit committee should be responsible for overseeing the internal audit function	✓	Refer to principle 2.10
Principle 3.8 The audit committee should be an integral component of the risk management process	✓	Management is responsible for implementing effective risk management processes. This is overseen by the audit and risk committee on behalf of the board. A comprehensive report on risk management appears on page 33 of the FY14 integrated annual report.
Principle 3.9 The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	✓	The audit and risk committee considered the appointment of the external auditor, PricewaterhouseCoopers Inc. (PwC), as the registered independent auditor for the ensuing year. The committee noted that the current designated partner, Faan Lombard, will oversee the harmony external audit process for another year. The audit and risk committee oversees the external audit process. For more information refer to the audit and risk committee report on page 173 of the FY 14 integrated annual report.
Principle 3.10 The audit committee should report to the board and shareholders on how it has discharged its duties	✓	The audit and risk committee reports to the board each quarter on how it has discharged its statutory duties, as well as those assigned by the board. The committee also discloses how it discharged its functions in the review period in the FY14 integrated annual report (page 173).
Principle 4.1 The board should be responsible for the governance of risk	✓	Refer to principle 2.7

KING III COMPLIANCE SCORECARD CONTINUED

Principle	Apply?	Explain
Principle 4.2 The board should determine the levels of risk tolerance	✓	Risk appetite and tolerance levels are in the process of being defined.
Principle 4.3 The risk committee or audit committee should assist the board in carrying out its risk responsibilities	✓	Refer to principle 2.7
Principle 4.4 The board should delegate to management the responsibility to design, implement and monitor the risk management plan	✓	The risk management policy and plan is implemented by management through coordinated risk management processes. Oversight of these processes lies with the audit and risk committee.
Principle 4.5 The board should ensure risk assessments are performed on a continual basis	✓	Risk identification, assessment, response and monitoring are performed on a weekly basis at operational level while Exco reviews the corporate/strategic risk profile each quarter. Management provides formal risk reports to the audit and risk committee each quarter.
Principle 4.6 The board should ensure frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	✓	As the enterprise risk management process matures, the subject of unpredictable risks will be specifically addressed. Also refer to principle 4.5.
Principle 4.7 The board should ensure that management considers and implements appropriate risk responses	✓	Refer to principle 4.5
Principle 4.8 The board should ensure continual risk monitoring by management	✓	Refer to principle 4.5
Principle 4.9 The board should receive assurance regarding the effectiveness of the risk management process	✓	Management provides formal risk reports to the audit and risk committee each quarter. In addition, the evaluation of the risk management process forms part of the internal audit coverage plan.
Principle 5.1 The board should be responsible for information technology (IT) governance	✓	Refer to principle 2.8
Principle 5.2 Information technology should be aligned with the performance and sustainability objectives of the company	✓	The board recognises that information technology is integral to doing business today, and fundamental in supporting the sustainability and growth of our company. Accordingly, the focus of our information technology division is ensuring accurate, reliable and timely information that supports effective reporting and appropriate management of our business to enable Harmony to achieve its sustainability objectives.
Principle 5.3 The board should delegate to management the responsibility for implementation of an information technology governance framework	✓	Management is responsible for implementing the information technology governance framework.

KING III COMPLIANCE SCORECARD CONTINUED

Principle	Apply?	Explain
Principle 5.4 The board should monitor and evaluate significant information technology investments and expenditure	✓	The audit and risk committee monitors the return on investment from significant information technology projects. Information technology management ensures the key elements of appropriate project management principles are applied to all information technology projects.
Principle 5.5 Information technology should form an integral part of the company's risk management	✓	An information technology steering committee has oversight of various information technology aspects, including governance, compliance and business continuity.
Principle 5.6 The board should ensure information assets are managed effectively	✓	Formal processes are in place to protect and manage information, including sensitive information processed by the company.
Principle 5.7 A risk committee and audit committee should assist the board in carrying out its information technology responsibilities	✓	Refer to principle 2.8
Principle 6.1 The board should ensure the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	✓	Refer to principle 2.9
Principle 6.2 The board and each director should have a working understanding of the effect of applicable laws, rules, codes and standards on the company and its business	✓	Refer to principle 2.20
Principle 6.3 Compliance risk should form an integral part of the company's risk management process	✓	Refer to principle 2.7
Principle 6.4 The board should delegate to management the implementation of an effective compliance framework and processes	✓	Refer to principle 2.9
Principle 7.1 The board should ensure there is an effective risk-based internal audit	✓	Refer to principle 2.10
Principle 7.2 Internal audit should have a risk-based approach to its plan	✓	A fully risk-based audit coverage plan has been developed and approved by the audit and risk committee. This is in line with activities surrounding the roll out of the enterprise risk management strategy, coupled with the combined assurance strategy.

KING III COMPLIANCE SCORECARD CONTINUED

Principle	Apply?	Explain
Principle 7.3 Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management	✓	Internal audit provides an annual written assessment to the audit and risk committee. This assessment is in accordance with the annual coverage plan.
Principle 7.4 The audit committee should be responsible for overseeing internal audit	✓	Refer to principle 2.10
Principle 7.5 Internal audit should be strategically positioned to achieve its objectives	✓	Refer to principle 2.10
Principle 8.1 The board should appreciate that stakeholders' perceptions affect a company's reputation	✓	Refer to principle 2.11
Principle 8.2 The board should delegate to management to proactively deal with stakeholder relationships	✓	Regular engagement with key stakeholders provides valuable information on their expectations. While stakeholder engagement takes place across the company, a senior executive is responsible for key stakeholder relationships. The social and ethics committee monitors projects and initiatives in place with various stakeholders.
Principle 8.3 The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	✓	A formal stakeholder engagement policy was approved by the social and ethics committee on behalf of the board in August 2013 and will be reviewed every second year.
Principle 8.4 Companies should ensure the equitable treatment of shareholders	✓	All shareholders, including minority shareholders, are treated equally. The company abides by the requirements of the Johannesburg Stock Exchange and New York Stock Exchange ensuring that full, equal and timeous public disclosure is made to all shareholders and the general public on the activities of Harmony that are price sensitive.
Principle 8.5 Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	✓	In terms of our stakeholder engagement policy and in line with our corporate values of honesty and connectedness, the board provides information to stakeholders that is complete, timely, relevant, accurate and easily accessible.
Principle 8.6 The board should ensure disputes are resolved as efficiently and expeditiously as possible	✓	The audit and risk committee monitors all material legal disputes and reports to the board quarterly. Proper dispute resolution practices are in place.
Principle 9.1 The board should ensure the integrity of the company's integrated report	✓	Refer to principle 2.12

KING III COMPLIANCE SCORECARD CONTINUED

Principle	Apply?	Explain
<p>Principle 9.2</p> <p>Sustainability reporting and disclosure should be integrated with the company's financial reporting</p>	<p>✓</p>	<p>Refer to principle 2.12 and principle 3.4. Harmony is committed to maintaining a positive relationship with all its stakeholders and communicates regularly with shareholders and other stakeholders on its financial and operational performances, and strategy. The integrated report contextualises the financial results by reporting on the positive and negative impacts of Harmony's operations on stakeholders as well as plans to improve positives and eradicate or mitigate negatives in the year ahead.</p>
<p>Principle 9.3</p> <p>Sustainability reporting and disclosure should be independently assured</p>	<p>✓</p>	<p>Each year, selected key performance indicators – those most material to stakeholders' understanding of our performance – are independently assured. In recent years, we have steadily aimed to increase the number of indicators assured, as well as the depth of this assurance. The social and ethics committee, under its terms of reference, approves the material elements of sustainability reporting over which the external assurance provider should provide assurance and ensures that a formal process of assurance on sustainability reporting is established through the audit and risk committee.</p>

REMUNERATION REPORT

INTRODUCTION

To ensure optimal performance – operational, financial and sustainable – and that our business objectives are responsibly met, it is imperative that employees and directors of the company are fairly rewarded. A competitive and balanced remuneration strategy supports the company's business strategy and is important in gaining the goodwill of all employees. Our remuneration policy is allied to and supports our material issue of meeting our business targets and objectives.

REMUNERATION COMMITTEE

The remuneration committee is the custodian of Harmony's remuneration policy and its implementation. See the corporate governance section for information on this committee's primary functions and its more important activities and actions during 2014.

In determining remuneration, the committee takes into account shareholders' interests and the financial health of the company. No member of the remuneration committee has a personal interest in the outcome of decisions made and the majority of its six members are independent non-executive directors.

HARMONY'S REMUNERATION POLICY

Our remuneration policy has as its primary objectives the attraction and retention of high calibre individuals – as directors, senior management and employees – and their motivation to deliver superior performance and to achieve our key business goals. This policy is based on the following:

- That our remuneration structure is competitive and justifiable within our sector
- That it is aligned with our business strategy, the management of risk and shareholders' interests
- That the performance-based portion of remuneration is balanced between the achievement of long-term and short-term goals
- That the remuneration of executive directors takes into account remuneration and employment conditions elsewhere within the company so that remuneration principles are consistently applied within the company
- That the diverse needs of employees are embraced in the building of the Harmony culture

BENCHMARKING REMUNERATION

An assessment of executive remuneration, long- and short-term incentives and non-executive director fees was undertaken during FY14. This assessment serves to benchmark Harmony remuneration and align this with prevailing market conditions. The survey was conducted by an independent external service provider.

BOARD REMUNERATION

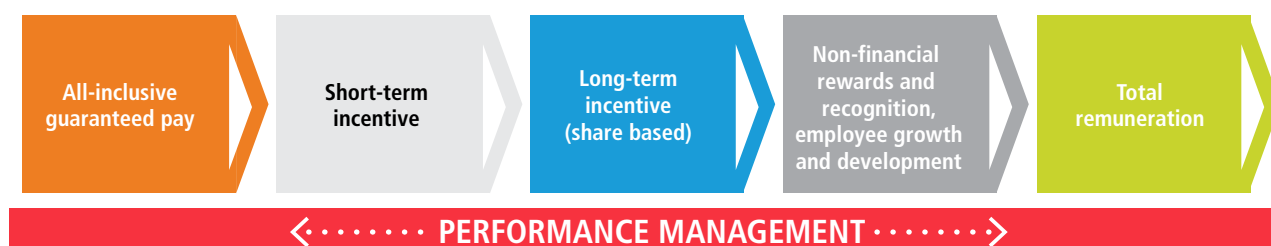
Harmony's philosophy regarding the remuneration of non-executive directors is to ensure that they are fairly rewarded for their individual contributions to the company's overall performance. Non-executive directors' fees are reviewed annually to ensure it remains competitive.

Non-executive directors' retainer fees are paid monthly. Non-executive directors, including the chairman, do not receive options or other incentive awards correlated with the share price or group performance, as these may impair their ability to provide impartial oversight and advice.

The board has considered the King III recommendation that non-executive directors' fees should consist of a base fee and will make a proposal to the shareholders at the upcoming annual general meeting to include a per board meeting attendance fee. We consider this fair and transparent and in the best interests of the company.

REMUNERATION MIX AT HARMONY

Harmony's total cost of employment is structured as follows:



The remuneration committee ensures that the mix of guaranteed and variable pay meets the company's needs and that incentives are based on targets that are challenging, verifiable and relevant.

REMUNERATION REPORT CONTINUED

KEY ELEMENTS OF HARMONY'S REMUNERATION STRUCTURE

All-inclusive guaranteed pay

In reviewing and approving levels of guaranteed pay, the committee ensures these reflect the market sector in which we operate and the contribution of employees, particularly senior executives (including executive directors and prescribed officers).

To compete effectively for skills in a challenging employment market, we identify the target market, those organisations or companies from which skills are acquired, or to which skills are lost.

Operational and technical comparisons are made predominantly to the mining and resources market. More general comparisons are made to the national market and, at executive level, to top executive surveys.

For all positions other than those for which specific premiums are deemed appropriate due to scarcity or criticality of skills, Harmony aims for guaranteed pay levels relative to the median of the target market.

In the context of guaranteed pay, all other benefits including pensions, benefits-in-kind and other financial arrangements are scrutinised to ensure they are justified, appropriately valued and suitably disclosed. Additionally, Harmony ensures guaranteed pay is a sufficient proportion of total remuneration to allow a fully flexible incentive scheme to operate.

Short-term incentives

The short-term incentive scheme provides for bonus payments:

- Twice a year for all management employees in corporate, central services, medical services and central operations; and
- Quarterly for designated shaft management team members and regional operations management teams.

Bonuses are based on performance against annual targets that are reviewed each year. For executive management the targets will, in the new financial year, be based on:

- Safety (applied as a modifier)
- Gold produced (kg) (40% weighting)
- Underground grade (30% weighting)
- Total cost R/Kg (30% weighting)

As a pre-requisite for participants to qualify for any bonus, Harmony must achieve more than 90% of set targets, capped at 110% of set targets.

On-target incentive bonus percentages applied to total cost to company are based on achieving strategic targets, as shown below:

	On-target incentive reward (%)	Maximum incentive reward (%)
Chief executive officer	50	100
Executives and prescribed officers	50	100
General managers	30/50*	50/70

* The on-target incentive bonus percentage of 30% is generally applied to all corporate and support positions, with the 50% applied to all shaft operational positions

REMUNERATION REPORT CONTINUED

Short-term incentives continued	<p>When external factors beyond the control of participants affect performance or when changes are made to the business plans, we may reconsider criteria and targets for short-term incentives.</p> <p>The remuneration committee has risk-based oversight of bonuses payable to eliminate behaviours contrary to our risk management strategy.</p> <p>With regard to executive management bonuses, achievement against set targets for the year ending June 2014 was as follows:</p> <table><tr><td>1 July 2013 to 31 December 2013</td><td>=</td><td>25% of 6-month cost to company</td></tr><tr><td>1 January 2014 to 30 June 2014</td><td>=</td><td>10% of 6-month cost to company</td></tr></table>	1 July 2013 to 31 December 2013	=	25% of 6-month cost to company	1 January 2014 to 30 June 2014	=	10% of 6-month cost to company
1 July 2013 to 31 December 2013	=	25% of 6-month cost to company					
1 January 2014 to 30 June 2014	=	10% of 6-month cost to company					
Long-term (share-based) incentives	<p>The Harmony 2006 share plan:</p> <ul style="list-style-type: none">• Share appreciation rights (SARs)• Performance shares• Restricted shares <p>Executives and senior managers are awarded rights to receive shares in Harmony, when time and performance conditions have been met (below), awards have vested and, in the case of share appreciation rights, rights have been exercised.</p> <p>Annual allocations, awards and grants are governed by our reward strategy with the 'expected value' of long-term incentives set for defined categories of executive and senior management. Participation is restricted to full-time employees and executive directors, with appropriate limits for individual participation.</p> <p>The expected value of the total share reward as a percentage of total cost to company is:</p> <ul style="list-style-type: none">• 70% for the chief executive officer• 50% for the executives and prescribed officers• 35% for the general managers <p>There is no repricing or surrender and regrant of any offers. Share awards are not granted in a closed period and no backdating of awards is allowed. Rewards are settled in shares, although participants may receive, via our share scheme administrators, cash from the sale of these shares, less tax payable.</p> <p>Performance conditions are challenging but achievable. They are linked to Harmony's medium-term business plan over three-year performance periods and include:</p> <ul style="list-style-type: none">• Targeted operational performance• Comparative financial/share performance against a peer group or index <p>The main elements of the share plan and performance conditions are summarised below.</p> <hr/> <p>Share appreciation rights</p> <p>Share appreciation rights are rights to receive shares equal to the value of the difference between the exercise and allocation prices, less tax on the difference. Eligible employees receive annual allocations, which vest in equal thirds on the third, fourth and fifth anniversary of such allocation. The value or reward that accrues is only offered based on the positive appreciation of the share price over time.</p> <hr/> <p>Performance shares</p> <p>Eligible employees receive annual conditional awards of a maximum number of performance shares. These vest after three years if performance conditions have been met. Performance criteria for senior management, with criteria for management in brackets:</p> <ul style="list-style-type: none">• 50% (70%) of the number awarded linked to Harmony's annual gold production against targets set each year• 50% (30%) linked to a South African gold mining comparison <p>Performance is assessed annually and locked in for three discrete and equal segments of each award. Awards that do not vest at the end of the three-year period lapse.</p> <p>At the end of 2013, 33.3% of the performance shares vested.</p>						

REMUNERATION REPORT CONTINUED

Long-term (share-based) incentives

continued

Restricted shares

Periodically, eligible employees may be granted restricted shares and matching performance shares at the discretion of the board, based on individual performance in the prior year or future value to Harmony. The board determines the quantum and balance between restricted shares and matching performance shares.

Restricted shares vest three years from the grant date. If the grant is not exercised, partially or fully, at that time these shares remain restricted for a further three years, but are supplemented by a matching grant of restricted shares. All restricted shares are then only settled after the end of a further three-year period.

No restricted shares were granted during FY14.

Tlhakanelo Employee Share Trust

Administered in terms of the Tlhakanelo trust, this share-based incentive scheme ensures that current and future qualifying employees participate in Harmony's growth:

- Each award is split in the ratio of 2 share appreciation rights for each ordinary share, and
- These vest annually in equal tranches on each anniversary of the allocation date

When share appreciation rights vest, participants receive ordinary Harmony shares (entitlement shares) and/or a cash bonus. The number of entitlement shares is determined by the appreciation in the share price between offer and vesting dates, subject to a maximum appreciation value of R32. To accommodate market fluctuations between offer and vesting dates, if the share price:

- Appreciates between zero and R18: participants receive entitlement shares and a cash bonus equal to the difference between R18 and the appreciation of each vested share appreciation right
- Depreciates: participants receive no entitlement shares but do receive a cash bonus of R18 per vested share appreciation right

Prior to vesting, participants can elect to receive their shares or have these sold on their behalf.

Below is a summary of the status of the scheme:

	As at 30 June 2014:	Total since incorporation of the trust:
Employees participating in the scheme	28 329	32 853
	For the year ended 30 June 2014:	Total since incorporation of the trust:
Number of ordinary shares allocated	62 580 (3rd Offer)	3 416 150
Number of share appreciation rights allocated	125 160 (3rd Offer)	6 832 300
Entitlement shares allocated	0	0
Number of ordinary shares sold	781 430	1 714 276
Number of share appreciation rights on which bonus payments of R18 per share appreciation right were calculated (before tax)	1 562 336	3 429 044
Value of ordinary shares sold and proceeds paid to participants (before tax)	R 28 713 378	R 84 432 218
Value of bonus payments paid to participants by Harmony based on R18 per share appreciation right. No sale of shares – share appreciation rights were underwater.	R 28 122 048	R 61 722 792
Total payments received by participants (value of share plus share appreciation rights bonus)	R 56 835 426	R 146 155 010

REMUNERATION REPORT CONTINUED

CONTRACTS, SEVERANCE, TERMINATION

Contracts do not commit Harmony to pay on termination due to an executive's failure to meet agreed performance standards. There are no balloon payments on termination, or automatic entitlement to bonuses or share-based payments. If an executive is dismissed after a disciplinary procedure, a shorter notice period applies.

Contracts do not compensate executives for severance after change of control; however, this does not preclude payments to retain key executives during a period of uncertainty. Where individuals leave voluntarily before the end of the service period, or are dismissed for good cause, unvested share-based awards lapse.

In other cases when employment ends, early vesting of long-term incentives is apportioned subject to the rules of the plan.

DIRECTORS' EMOLUMENTS

Directors' remuneration

Name	Directors' fees (R000) FY14	Salaries and benefits (R000) FY14	Retirement contributions during the year (R000) FY14	Bonuses paid (R000) FY14	Total (R000) FY14	Total (R000) FY13
Non-executive						
Patrice Motsepe	998	–	–	–	998	947
Joachim Chissano	369	–	–	–	369	343
Fikile De Buck	773	–	–	–	773	742
Ken Dicks	396	–	–	–	396	367
Dr Simo Lushaba	573	–	–	–	573	539
Cathie Markus	627	–	–	–	627	610
Modise Motloba	763	–	–	–	763	721
Mavuso Msimang	397	–	–	–	397	375
Karabo Nondumo	422	–	–	–	422	53
Vishnu Pillay	378	–	–	–	378	45
John Wetton	712	–	–	–	712	657
Andre Wilkens	550	–	–	–	550	529
Executive						
Graham Briggs	–	8 048	–	2 093	10 141	9 240
Frank Abbott	–	5 108	–	1 238	6 346	6 007
Mashego Mashego	–	3 569	362	893	4 824	4 211
Prescribed officers						
Alwyn Pretorius ¹	–	1 402	167	–	1 569	**
Tom Smith ²	–	3 314	358	1 136	4 808	5 189
Johannes Van Heerden ³	–	5 256	172	898	6 326	5 504
Jaco Boshoff ⁴	–	**	**	**	**	3 559
Executive management	–	18 175	1 601	4 939	24 715	19 804
Total	6 958	44 872	2 660	11 197	65 687	59 442

¹ Appointed as prescribed officer on 7 March 2014. Amounts represent remuneration until 30 June 2014. Remuneration for the eight months prior to this is included in the Executive management line

² In addition, R7.1 million was paid upon resignation - effective 7 March 2014

³ Salary is paid in a Australian dollar and is influenced by the movement in the exchange rate

⁴ Prescribed officer until February 2013

** Included in the Executive management line

REMUNERATION REPORT CONTINUED

Executive directors and management share incentives

As at 30 June 2014

	Executive directors						Prescribed officers						Other					
	Graham Briggs		Frank Abbott		Mashego Mashego		Alwyn Pretorius		Tom Smith		Johannes van Heerden		Executive management		Other management		Total	
	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares
Share options																		
Opening balance at 1 July 2013	91 938	48.55	–	–	–	–	–	–	124 138	52.12	34 325	44.69	–	–	494 945	44.03	745 346	45.97
Options exercised	–	n/a	–	–	n/a	–	–	–	–	n/a	–	n/a	–	–	–	n/a	–	n/a
– Average sales price	–	n/a	–	–	n/a	–	–	–	–	n/a	–	n/a	–	–	–	n/a	–	n/a
Options forfeited and lapsed	–	–	–	–	–	–	–	–	124 138	52.12	–	–	–	–	6 732	43.03	130 870	51.65
Closing balance at 30 June 2014	91 938	48.55	–	–	–	–	–	–	–	n/a	34 325	44.69	–	–	488 213	44.05	614 476	44.76
Performance shares																		
Opening balance at 1 July 2013	289 780	n/a	80 139	n/a	84 875	n/a	84 875	n/a	96 438	n/a	84 875	n/a	360 968	n/a	2 952 348	n/a	4 034 298	n/a
Awards granted	482 952	n/a	172 666	n/a	124 604	n/a	124 604	n/a	160 206	n/a	124 604	n/a	569 622	n/a	5 055 455	n/a	6 814 713	n/a
Awards exercised	27 447	n/a	–	n/a	8 431	n/a	8 431	n/a	26 911	n/a	8 431	n/a	30 532	n/a	242 530	n/a	352 714	n/a
– Average sales price	–	33.08	–	n/a	–	33.08	–	33.08	–	33.99	–	33.08	–	33.08	–	33.23	–	33.25
Awards forfeited and lapsed	54 977	n/a	–	n/a	16 891	n/a	16 891	n/a	229 733	n/a	16 891	n/a	61 166	n/a	975 991	n/a	1 372 539	n/a
Closing balance at 30 June 2014	690 308	n/a	252 805	n/a	184 157	n/a	184 157	n/a	–	n/a	184 157	n/a	838 892	n/a	6 789 282	n/a	9 123 758	n/a
Restricted shares																		
Opening balance at 1 July 2013	126 971	n/a	29 136	n/a	41 956	n/a	41 956	n/a	45 297	n/a	41 956	n/a	124 679	n/a	216 322	n/a	668 273	n/a
Awards granted	48 485	n/a	–	n/a	–	n/a	–	n/a	22 262	n/a	22 262	n/a	26 413	n/a	36 358	n/a	155 780	n/a
Awards exercised	–	n/a	–	n/a	22 262	n/a	22 262	n/a	67 559	n/a	–	n/a	14 810	n/a	58 299	n/a	185 192	n/a
– Average sales price	–	n/a	–	n/a	–	33.08	–	33.08	–	34.41	–	n/a	–	33.08	–	33.58	–	33.72
Awards forfeited and lapsed	–	n/a	–	n/a	–	n/a	–	n/a	–	n/a	–	n/a	–	n/a	9 805	n/a	9 805	n/a
Closing balance at 30 June 2014	175 456	n/a	29 136	n/a	19 694	n/a	19 694	n/a	–	n/a	64 218	n/a	136 282	n/a	184 576	n/a	629 056	n/a
Share appreciation rights																		
Opening balance at 1 July 2013	298 974	78.27	22 789	79.23	50 089	77.37	95 632	74.66	125 284	73.64	121 943	73.77	282 977	76.13	6 247 113	79.13	7 244 801	78.72
Rights granted	91 864	33.18	52 951	33.18	38 212	33.18	38 212	33.18	49 130	33.18	38 212	33.18	174 684	33.18	6 548 340	33.18	7 031 605	33.18
Rights exercised	–	n/a	–	n/a	–	n/a	–	n/a	49 130	33.18	–	n/a	–	n/a	52 897	33.18	102 027	33.18
– Average sales price	–	n/a	–	n/a	–	n/a	–	n/a	–	34.41	–	n/a	–	n/a	–	33.62	–	34.00
Rights forfeited and lapsed	205 638	77.60	–	n/a	14 252	70.54	52 623	70.54	125 284	73.64	78 934	70.54	111 985	70.54	1 362 938	69.63	1 951 654	70.85
Closing balance at 30 June 2014	185 200	56.65	75 740	47.04	74 049	55.88	81 221	57.81	–	n/a	81 221	57.81	345 676	56.24	11 379 618	54.78	12 222 725	54.85

REMUNERATION REPORT CONTINUED

Executive directors and management share incentives CONTINUED

As at 30 June 2014

Grant date	Executive directors						Prescribed officers						Other																
	Graham Briggs			Frank Abbott			Mashego Mashego			Alwyn Pretorius			Tom Smith			Johannes van Heerden			Executive management			Other management			Total				
	Number of shares	Average price (Rands)	Average price (Rands)	Number of shares	Average price (Rands)	Average price (Rands)	Number of shares	Average price (Rands)	Average price (Rands)	Number of shares	Average price (Rands)	Average price (Rands)	Number of shares	Average price (Rands)	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)		
Share options	91 938																												
10 August 2004	32 340	66.15	66.15																										
26 April 2005	59 598	39.00	39.00																										
Performance shares	690 308			252 805			184 157																						
15 November 2011	63 921	n/a	n/a	23 072	n/a	n/a	19 082	n/a	n/a																				
27 September 2012	6 160	n/a	n/a		n/a	n/a		n/a	n/a																				
16 November 2012	137 275	n/a	n/a	57 067	n/a	n/a	40 471	n/a	n/a																				
15 November 2013	482 952	n/a	n/a	172 666	n/a	n/a	124 604	n/a	n/a																				
Restricted shares	175 456			29 136			19 694																						
15 November 2010	48 485	n/a	n/a		n/a	n/a		n/a	n/a																				
15 November 2011	15 000	n/a	n/a	8 000	n/a	n/a	8 000	n/a	n/a																				
27 September 2012	30 802	n/a	n/a		n/a	n/a		n/a	n/a																				
16 November 2012	32 684	n/a	n/a	21 136	n/a	n/a	11 694	n/a	n/a																				
15 November 2013	48 485	n/a	n/a		n/a	n/a		n/a	n/a																				
Share appreciation rights	185 200			75 740			81 221																						
5 December 2008	28 377	77.81	77.81				7 055	77.81	77.81																				
16 November 2009	14 286	77.28	77.28				5 327	77.28	77.28																				
15 November 2010	13 939	84.81	84.81				6 400	84.81	84.81																				
15 November 2011	11 676	104.79	104.79	6 585	104.79	104.79	5 361	104.79	104.79																				
16 November 2012	25 058	68.84	68.84	16 204	68.84	68.84	11 694	68.84	68.84																				
15 November 2013	91 864	33.18	33.18	52 951	33.18	33.18	38 212	33.18	33.18																				

REPORT OF THE AUDIT AND RISK COMMITTEE

In line with the Companies Act 71 of 2008, as amended (the Act), we have established an audit committee. This committee fulfils the composition and functions as laid out in the Act. In addition, as explained in its terms of reference, Harmony's audit committee is also tasked with overseeing risk management in the company and thus is known as the audit and risk committee.

PURPOSE AND ROLE

In accordance with the suggestions of King III and the Act the committee's role comprises:

- Assisting the board in discharging its duties on safeguarding assets
- Monitoring the operation of an adequate system of internal control and control processes
- Monitoring the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements, corporate governance and accounting standards
- Overseeing the governance of both financial and non-financial risks with the assistance of executive management
- Overseeing and ensuring the integrity of integrated reporting
- Ensuring that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities
- Overseeing the internal and external audit processes

These roles are undertaken with accountability to both the board and the company's stakeholders.

COMPOSITION OF THE COMMITTEE

In terms of the Act the following members, who were serving on the committee at 30 June 2014, will be recommended for appointment as audit and risk committee members for FY15 to shareholders at the company's annual general meeting:

Name	Status	Date appointed
John Wetton (chairman)	Independent non-executive director	1 July 2011, appointed chairman 30 November 2011
Fikile De Buck	Lead independent non-executive director	30 March 2006
Dr. Simo Lushaba	Independent non-executive director	24 January 2003
Modise Motloba	Independent non-executive director	30 July 2004
Karabo Nondumo	Independent non-executive director	3 May 2013

The proposed individuals satisfy the requirements set out in section 94 of the Act for members of an audit committee, and ensure that the committee has the adequate and relevant knowledge and experience to sufficiently perform its functions. For details on the qualifications, expertise and experience of the members of the audit and risk committee refer to their curriculum vitae on page 20.

ACTIVITIES OF THE COMMITTEE

In terms of the audit and risk committee's formal, approved terms of reference (available here: www.harmony.co.za/sustainability/governance#policies), and as part of its function in assisting the board to discharge its duties for the year under review, the committee met six times during the past financial year.

- Reviewed the company's quarterly results
- Evaluated and considered Harmony's risks, as well as measures taken to mitigate those risks
- Monitored the internal control environment in Harmony and found it to be effective
- Discussed the appropriateness of accounting principles, critical accounting policies, management judgements, estimates and impairments, all of which were found to be appropriate
- Considered the appointment of the external auditor, PricewaterhouseCoopers Inc, as the registered independent auditor for the ensuing year. The committee noted that the current designated partner, Faan Lombard, will oversee the Harmony external audit process for another year
- Satisfied itself through enquiry that the external audit firm, PricewaterhouseCoopers Inc., was independent from the company
- Evaluated the independence and effectiveness of the internal audit function and external auditors
- Evaluated and coordinated the internal and external audit processes
- Received and considered reports from the external and internal auditors
- Reviewed and approved internal and external audit plans, terms of engagement and fees, as well as the nature and extent of non-audit services rendered by the external auditors
- Held separate meetings with management and the external auditors

REPORT OF THE AUDIT AND RISK COMMITTEE CONTINUED

- Considered the appropriateness and expertise of the financial director, Frank Abbott, as well as that of the finance function. Both were found to be adequate and appropriate
- Considered whether information technology risks are adequately addressed and that appropriate controls are in place to address these risks
- Going concern
- Risks and mitigation
- Integrated reporting assurance

The audit and risk committee is confident that it complied with its legal, regulatory and other responsibilities assigned to it by the board under its terms of reference.

The internal audit function reports directly to the audit and risk committee, except on administrative details which it reports to the executive: risk management and services improvement. The internal and external auditors attend the committee's quarterly meetings and have unrestricted access to the chairman of the committee.

The audit and risk committee oversees and monitors the governance of information technology on behalf of the board in accordance with King III – a task it views as a critical aspect of risk management. For more on this see the information technology governance report on page 154.

In the year under review, on recommendation from the audit and risk committee, the board approved:

- The annual financial statements for the year ended 30 June 2014. The audit and risk committee reviewed these to ensure they present a true, balanced and understandable assessment of the financial position and performance of Harmony
- The integrated report for the year ended 30 June 2014, in accordance with King III and the Johannesburg Stock Exchange Listings Requirements
- The annual report filed on Form 20-F for subsequent submission to the United States Securities and Exchange Commission
- The notice of the annual general meeting to be held on 21 November 2014

In 2012 the committee reported on the comprehensive review of Harmony's compliance with King III, completed in July 2012 in consultation with the auditing firm KPMG, which highlighted projects under way to further enhance compliance with King III. In 2013 the committee reported on its progress during FY13. Below is a further update:

Reported in 2012	Progress
Management is revising the roles and responsibilities for various facets of ethics and management (for example: board committee responsibilities, fraud risk management). This will include a review and potential redesign of the ethics management programme to address integration and further improve levels of proactive ethical risk management.	Finalised
Although combined assurance was applied throughout the year the process will be formalised into a combined assurance framework and plan.	Finalised
A formalised and functional information technology risk register will be enhanced and used by the committee to adequately monitor the company's information technology risks, in line with the revised risk management roll-out plan.	Finalised
We will review the current decentralised application of legislative compliance and consider centralising this and/or integrating it into the risk management function to formally address critical regulatory non-compliance risk.	Finalised
The internal audit strategy and associated approach will be revised to align more closely with a risk-based approach and to address enhanced compliance with the Institute of Internal Auditors standards.	Finalised

For more on the committee and its activities during the year under review see Corporate Governance on page 146.

John Wetton

Audit and risk committee chairman

23 October 2014

DIRECTORS' REPORT

OUR BUSINESS

The Harmony group of companies has underground and surface operations and conducts gold mining and exploration in South Africa and Papua New Guinea. A general review of the group's business and operations is provided here in the integrated annual report (the report).

The company does not have a controlling shareholder and is managed by its directors for its stakeholders. The company's primary listing is in South Africa on the securities exchange operated by the Johannesburg Stock Exchange Limited. Harmony's ordinary shares are further listed in the form of American Depositary Receipts (ADRs) on the New York Stock Exchange and as International Depositary Receipts on the Berlin exchange.

ANNUAL INTEGRATED REPORT 2014

As required by the King Report on Governance for South Africa and the King Code of Governance Principles (King III), the board has reviewed and approved the 2014 integrated annual report on recommendation from the audit and risk committee.

STATEMENT BY THE BOARD

The board of directors is of the opinion that the annual integrated report 2014 and the accompanying consolidated financial statements fairly reflect the true financial position of the group at 30 June 2014 and its performance for the year.

COMPANY SECRETARY

The company secretary is Riana Bisschoff. Her business and postal addresses appear on the inside back cover of this report. The company secretary certification is found on page 175 of the report.

BOARD OF DIRECTORS

There were no changes to the board during the 2014 financial year.

DIRECTORS' SHAREHOLDINGS

At 30 June 2014, the chief executive officer, Graham Briggs held 14 347 shares, the financial director, Frank Abbott held 139 500 shares in Harmony while non-executive directors André Wilkens and Ken Dicks, held 101 303 and 20 000 shares in Harmony respectively. None of the directors' immediate families and associates held any direct shareholding in the company's issued share capital. No other executive director held or acquired any shares in the company, other than through share incentive schemes, for the year to 30 June 2014.

GOING CONCERN

In accordance with the solvency and liquidity test in terms of section 4 of the Companies Act, the board is of the opinion that the company has adequate resources and that:

- the company's assets, fairly valued, exceed its liabilities, fairly valued
- the company will be able to pay its debts as they become due in the ordinary course of business for the 12 months following 30 June 2014

FINANCIAL RESULTS

Details of the group's financial performance are discussed in the financial director's review, on page 48 of this report.

SHARE CAPITAL

Full details of the authorised, issued and unissued share capital of the company as at 30 June 2014 are set out in the consolidated statements of changes in shareholders' equity.

SHAREHOLDERS

Information on shareholder spread, range of shareholdings and public shareholders, as well as major shareholders, is presented in the Shareholders' information section of this report.

INVESTMENTS

A schedule of investments in subsidiaries, associates and joint arrangements appears on pages 126 to 129 of the Financial Report 2014 which is available online at www.har.co.za/14/HAR-FR14.pdf

DIRECTORS' REPORT CONTINUED

CONTINGENCIES

None of Harmony's properties is the subject of pending material legal proceedings. We are involved in legal and arbitration proceedings that are incidental to the normal conduct of our business. Refer to note 34 of the consolidated financial statements for further discussion.

BORROWINGS

- (i) Movement in borrowings: see note 28 to the consolidated financial statements
- (ii) Borrowing powers are detailed in the company's memorandum of incorporation

SPECIAL RESOLUTIONS BY SUBSIDIARY COMPANIES

There were no special resolutions passed by subsidiary companies during the financial year.

DISPOSALS

During 2014, Harmony and Sibanye Gold Limited (Sibanye) entered into an agreement whereby Joel mine exchanged two portions of its mining right for two portions of Sibanye's Beatrix mine's mining right, and acquired two additional mining right portions from Beatrix (sale portions). The transaction was completed in May 2014. The purchase consideration of the sale portions acquired by Joel is payable as a royalty of 3% on gold revenue generated from these two portions.

RELATED PARTY TRANSACTIONS

None of the directors or major shareholders of Harmony or, to the knowledge of Harmony, their families, had an interest, directly or indirectly, in any transaction during the period under review or in any proposed transaction that has affected or will materially affect Harmony or its subsidiaries, other than as stated below.

African Rainbow Minerals Limited currently holds 14.62% of Harmony's shares. The following directors of Harmony, Patrice Motsepe, André Wilkens, Frank Abbott and Joaquim Chissano are directors of African Rainbow Minerals.

MATERIAL TRANSACTIONS WITH ASSOCIATES, JOINT ARRANGEMENTS AND STRUCTURED ENTITIES

All transactions with related parties are conducted at arm's length. Refer to note 33 of the consolidated financial statements for details on transactions conducted during the period under review.

RECENT DEVELOPMENTS

- a) During July 2014, Harmony extended an irrevocable, subordinated loan facility to Rand Refinery as a precautionary measure following the challenges experienced by Rand Refinery following the implementation of a new Enterprise Resource Planning (ERP) system. The facility can only be drawn down when the confirmation that the active loss relating to the inventory discrepancy noted by Rand Refinery has been incurred. The facility, if drawn down, is convertible to equity after a period of two years. Harmony's maximum commitment in terms of this facility is R140 million.
- b) During August 2014, Harmony announced its intention to place Target 3 on care and maintenance. This is due to the shaft having experienced a sustained period of cash flow losses resulting from the significant capital investment required to sustain operations. As far as it is possible to do so, measures will be taken to minimise and/or avoid job losses. Consultation with the Department of Mineral Resources, the Matjhabeng Local Municipality and the Free State Provincial government has begun.

COMPANY SECRETARY'S CERTIFICATE

In accordance with the Companies Act No 71 of 2008, as amended, I certify to the best of my knowledge and belief, that for the year ended 30 June 2014 Harmony Gold Mining Company Limited has lodged with the Companies and Intellectual Property Commission (CIPC) all such returns and notices as are required of a public company in terms of this Act, and that all such returns and notices appear to be true, correct and up to date.

R Bisschoff

Company secretary

23 October 2014

GLOBAL REPORTING INITIATIVE INDEX

GENERAL STANDARD DISCLOSURES			
General Standard Disclosures		Link	External assurance
STRATEGY AND ANALYSIS			
G4-1	Provide a statement from the most senior decision-maker of the organization (such as chief executive officer, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	CHAIRMAN'S LETTER, CHIEF EXECUTIVE OFFICER DISCUSSES THE MAJOR ISSUES OF FY14 AND BEYOND, APPROACH TO SUSTAINABILITY	
ORGANIZATIONAL PROFILE			
G4-3	Report the name of the organization	FRONT COVER, ABOUT THIS REPORT	
G4-4	Report the primary brands, products, and services	WHO HARMONY IS	
G4-5	Report the location of the organization's headquarters	WHO HARMONY IS	
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	WHO HARMONY IS	
G4-7	Report the nature of ownership and legal form	SHAREHOLDER INFORMATION	
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	WHO HARMONY IS	
G4-9	Report the scale of the organization, including: a. Total number of employees b. Total number of operations c. Net sales (for private sector organizations) or net revenues (for public sector organizations) d. Total capitalization broken down in terms of debt and equity (for private sector organizations) e. Quantity of products or services provided	WHO HARMONY IS	
G4-10	Report the composition of the workforce, including: a. Report the total number of employees by employment contract and gender b. Report the total number of permanent employees by employment type and gender c. Report the total workforce by employees and supervised workers and by gender d. Report the total workforce by region and gender e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)	EMPLOYEES AND COMMUNITIES	
G4-11	Report the percentage of total employees covered by collective bargaining agreements	FREEDOM OF ASSOCIATION	

GLOBAL REPORTING INITIATIVE INDEX CONTINUED

G4-12	Describe the organization's supply chain.	ENGAGEMENT WITH SUPPLIERS AND THEIR ENVIRONMENTAL IMPACTS, OUR VIEW OF THE GOLD MARKET, UNDERSTANDING OUR EXTERNAL ENVIRONMENT	
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: <ul style="list-style-type: none"> a. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions b. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) c. Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination 	ABOUT THIS REPORT	
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	MANAGING OUR RISKS AND OPPORTUNITIES, ENVIRONMENTAL PERFORMANCE	
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: <ul style="list-style-type: none"> • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic 	SOCIO-ECONOMIC INVESTMENT, MINING CHARTER TARGETS	
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	ABOUT THIS REPORT, WHO HARMONY IS	
G4-18	a. Explain the process for defining the report content and the aspect boundaries. b. Explain how the organization has implemented the reporting principles for defining report content	ABOUT THIS REPORT	
G4-19	List all the material aspects identified in the process for defining report content	MATERIAL ISSUES, APPROACH TO SUSTAINABILITY	

GLOBAL REPORTING INITIATIVE INDEX CONTINUED

G4-20	For each material aspect, report the aspect boundary within the organization, as follows: <ul style="list-style-type: none"> • Report whether the aspect is material within the organization • If the aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: <ul style="list-style-type: none"> • The list of entities or groups of entities included in G4-17 for which the aspect is not material or • The list of entities or groups of entities included in G4-17 for which the aspects is material <p>Report any specific limitation regarding the aspect boundary within the organization</p>	MATERIAL ISSUES	
G4-21	For each material aspect, report the aspect boundary outside the organization, as follows: <ul style="list-style-type: none"> • Report whether the aspect is material outside of the organization • If the aspect is material outside of the organization, identify the entities, groups of entities or elements for which the aspect is material. In addition, describe the geographical location where the aspect is material for the entities identified • Report any specific limitation regarding the aspect boundary outside the organization 	MATERIAL ISSUES	
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	ABOUT THIS REPORT	
G4-23	Report significant changes from previous reporting periods in the scope and aspect boundaries	ABOUT THIS REPORT	
STAKEHOLDER ENGAGEMENT			
G4-24	Provide a list of stakeholder groups engaged by the organization	STAKEHOLDER ENGAGEMENT	
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	STAKEHOLDER ENGAGEMENT	
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	STAKEHOLDER ENGAGEMENT	
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	STAKEHOLDER ENGAGEMENT	
REPORT PROFILE			
G4-28	Reporting period (such as fiscal or calendar year) for information provided	ABOUT THIS REPORT	
G4-29	Date of most recent previous report (if any)	ABOUT THIS REPORT	
G4-30	Reporting cycle (such as annual, biennial)	ABOUT THIS REPORT	
G4-31	Provide the contact point for questions regarding the report or its contents	DIRECTORATE AND ADMINISTRATION	

GLOBAL REPORTING INITIATIVE INDEX CONTINUED

G4-32	<p>“In accordance” option:</p> <p>a. Report the ‘in accordance’ option the organization has chosen.</p> <p>b. Report the GRI Content Index for the chosen option.</p> <p>c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be ‘in accordance’ with the Guidelines</p>	ASSURANCE REPORT, GRI INDEX	
G4-33	<p>a. Report the organization’s policy and current practice with regard to seeking external assurance for the report.</p> <p>b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.</p> <p>c. Report the relationship between the organization and the assurance providers.</p> <p>d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization’s sustainability report</p>	APPROACH TO SUSTAINABILITY, ASSURANCE REPORT	
GOVERNANCE			
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	BOARD AND MANAGEMENT	
ETHICS AND INTEGRITY			
G4-56	Describe the organization’s values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	HARMONY’S VALUES, OUR STRATEGY, THE VALUE OF GOOD CORPORATE GOVERNANCE	

SPECIFIC STANDARD DISCLOSURES				
DMA and Indicators		Link	Identified omissions and reasons	External assurance
CATEGORY: ECONOMIC				
MATERIAL ASPECT: ECONOMIC PERFORMANCE				
G4-EC1	Economic value generated and distributed	HOW WE PERFORMED, HOW WE CREATE VALUE, FINANCIAL DIRECTOR’S REVIEW	NOT APPLICABLE	
G4-EC2	Financial implications and other risks and opportunities for the organization’s activities due to climate change	ADDRESSING CLIMATE CHANGE BY OPTIMISING OUR ENERGY USAGE	NOT APPLICABLE	
G4-EC4	Financial assistance received from government	HOW WE CREATE VALUE, FINANCIAL DIRECTOR’S REVIEW	NOT APPLICABLE	
MATERIAL ASPECT: MARKET PRESENCE				
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	OUR BUSINESS CONTEXT, SOUTH AFRICAN GOLD WAGE NEGOTIATIONS	NOT APPLICABLE	

GLOBAL REPORTING INITIATIVE INDEX CONTINUED

G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	EMPLOYMENT EQUITY	NOT APPLICABLE	
MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS				
G4-EC7	Development and impact of infrastructure investments and services supported	OPERATIONS, OUTLOOK FOR 2015	NOT APPLICABLE	
G4-EC8	Significant indirect economic impacts, including the extent of impacts	OUTLOOK FOR 2015	NOT APPLICABLE	
MATERIAL ASPECT: PROCUREMENT PRACTICES				
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	OPERATIONS	NOT APPLICABLE	Assurance on preferential procurement – BEE total spend (ZAR) ASSURANCE REPORT
CATEGORY: ENVIRONMENTAL				
MATERIAL ASPECT: MATERIALS				
G4-EN1	Materials used by weight or volume	LIMITING AND OPTIMISING THE RESOURCES WE USE	NOT APPLICABLE	
MATERIAL ASPECT: ENERGY				
G4-EN3	Energy consumption within the organization	OPTIMISING OUR ENERGY USAGE, REDUCING CARBON EMISSIONS	NOT APPLICABLE	Assurance on electricity purchased (kWh) ASSURANCE REPORT
G4-EN5	Energy intensity	OPTIMISING OUR ENERGY USAGE, REDUCING CARBON EMISSIONS	NOT APPLICABLE	
G4-EN6	Reduction of energy consumption	OPTIMISING OUR ENERGY USAGE, REDUCING CARBON EMISSIONS	NOT APPLICABLE	
MATERIAL ASPECT: WATER				
G4-EN8	Total water withdrawal by source	OPTIMISING WATER USAGE, LIMITING OUR IMPACTS, ENVIRONMENTAL INCIDENTS (LEVEL 3 AND 4) IN FY14	NOT APPLICABLE	Assurance on water used for primary activities (kilolitres) ASSURANCE REPORT
G4-EN9	Water sources significantly affected by withdrawal of water	OPTIMISING WATER USAGE, LIMITING OUR IMPACTS	NOT APPLICABLE	
G4-EN10	Percent and total volume of water recycled and reused	OPTIMISING WATER USAGE, LIMITING OUR IMPACTS	NOT APPLICABLE	

GLOBAL REPORTING INITIATIVE INDEX CONTINUED

MATERIAL ASPECT: BIODIVERSITY				
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	BIODIVERSITY, LAND MANAGEMENT AND CONSERVATION	NOT APPLICABLE	
G4-EN14	International Union of Conservation of Nature (IUCN) red listed with habitats affected by operations	BIODIVERSITY, LAND MANAGEMENT AND CONSERVATION	NOT APPLICABLE	
MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	BIODIVERSITY, LAND MANAGEMENT AND CONSERVATION	NOT APPLICABLE	
MATERIAL ASPECT: EMISSIONS				
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS	NOT APPLICABLE	Assurance on total scope 1 carbon emissions (tCO ₂ e) ASSURANCE REPORT
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS	NOT APPLICABLE	Assurance on total scope 2 carbon emissions (tCO ₂ e) ASSURANCE REPORT
G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)	CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS	NOT APPLICABLE	Assurance on total scope 3 carbon emissions (tCO ₂ e) ASSURANCE REPORT
G4-EN18	Greenhouse Gas (GHG) emissions intensity	CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS	NOT APPLICABLE	
G4-EN19	Reduction of greenhouse gas (GHG) emissions	CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS	NOT APPLICABLE	
MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated	BIODIVERSITY, LAND MANAGEMENT AND CONSERVATION	NOT APPLICABLE	
MATERIAL ASPECT: EFFLUENTS AND WASTE				
G4-EN22	Total water discharge by quality and destination	MANAGING OUR EFFLUENTS AND WASTE	NOT APPLICABLE	
G4-EN23	Total weight of waste by type and disposal method	MANAGING OUR EFFLUENTS AND WASTE	NOT APPLICABLE	Assurance on volume of mineral waste disposed (tonnes) ASSURANCE REPORT

GLOBAL REPORTING INITIATIVE INDEX CONTINUED

G4-EN24	Total number and volume of significant spills	MANAGING OUR EFFLUENTS AND WASTE, ENVIRONMENTAL INCIDENTS	NOT APPLICABLE	
MM3	Total amounts of overburden, rock, tailings, and sludges and their associated risks	MANAGING OUR EFFLUENTS AND WASTE	NOT APPLICABLE	
MATERIAL ASPECT: COMPLIANCE				
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	ENVIRONMENTAL INCIDENTS	NOT APPLICABLE	
MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT				
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	ENGAGEMENT WITH SUPPLIERS AND THEIR ENVIRONMENTAL IMPACTS	NOT APPLICABLE	
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	ENGAGEMENT WITH SUPPLIERS AND THEIR ENVIRONMENTAL IMPACTS	NOT APPLICABLE	
MATERIAL ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS				
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	ENVIRONMENTAL INCIDENTS, OPERATIONS	NOT APPLICABLE	
CATEGORY: SOCIAL				
LABOR PRACTICES AND DECENT WORK				
MATERIAL ASPECT: EMPLOYMENT				
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	EMPLOYEES	Harmony splits workforce figures between employees and contractors, by region	
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	EMPLOYMENT STANDARDS	NOT APPLICABLE	
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY				
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	SAFETY PERFORMANCE	NOT APPLICABLE	
G4-LA6	Type of injury and rate of injury, occupational disease, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	SAFETY PERFORMANCE, OPERATIONS	Harmony splits workforce figures between employees and contractors, by region	Assurance on lost time injury frequency rate (LTIFR) and silicosis – number of cases confirmed ASSURANCE REPORT
G4-LA7	Workers with incidence or risk of disease related to their occupation	HEALTH STRATEGY	NOT APPLICABLE	

GLOBAL REPORTING INITIATIVE INDEX CONTINUED

G4-LA8	Health and safety topics covered in formal agreements with trade unions	SAFETY PERFORMANCE	NOT APPLICABLE	
MATERIAL ASPECT: TRAINING AND EDUCATION				
G4-LA9	Average hours of training per year per employee by gender, and by employee category	EMPLOYEES, TRAINING AND DEVELOPMENT IN SOUTH AFRICA	Harmony can now breakdown training hours.	Assurance on critical skills training – number of people trained ASSURANCE REPORT
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	ADULT EDUCATION AND TRAINING	Transition assistance programmes implemented and assistance provided to facilitate continued employability and management of career endings.	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	EMPLOYEES AND COMMUNITIES	NOT APPLICABLE	
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY				
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	EMPLOYEES	Harmony only quantifies the split between own employees and contractors in compliance with the Employment Equity Act and Mining Charter targets. However, diversity indicators are closely monitored against targets by the social and ethics committee of the board.	Assurance on employment equity in management in South Africa ASSURANCE REPORT
MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES				
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria	HUMAN RIGHTS	NOT APPLICABLE	
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken	PROCUREMENT	NOT APPLICABLE	

GLOBAL REPORTING INITIATIVE INDEX CONTINUED

MATERIAL ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS				
G4-LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	LABOUR DISPUTES AND STRIKES	NOT APPLICABLE	
MM4	Number of strikes and lock-outs exceeding one week's duration, by country	LABOUR DISPUTES AND STRIKES	NOT APPLICABLE	
HUMAN RIGHTS				
MATERIAL ASPECT: INVESTMENT				
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	HUMAN RIGHTS	NOT APPLICABLE	
MATERIAL ASPECT: NON-DISCRIMINATION				
G4-HR3	Total number of incidents of discrimination and corrective actions taken	EMPLOYMENT EQUITY, HUMAN RIGHTS	NOT APPLICABLE	
MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	FREEDOM OF ASSOCIATION	NOT APPLICABLE	
MATERIAL ASPECT: INDIGENOUS RIGHTS				
MM5	Total number of operations taking place in or adjacent to Indigenous Peoples' territories, and number and percentage of operations or sites where there are formal agreements with Indigenous Peoples' communities	This only applies to our PNG operations at present, where we comply with local legislation, licence conditions and agreements with associated communities and landowners	NOT APPLICABLE	
MATERIAL ASPECT: ASSESSMENT				
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	HUMAN RIGHTS	NOT APPLICABLE	
MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT				
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	HUMAN RIGHTS	NOT APPLICABLE	
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	ENGAGEMENT WITH SUPPLIERS AND THEIR ENVIRONMENTAL IMPACTS, LABOUR DISPUTES AND STRIKES	NOT APPLICABLE	
MATERIAL ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS				
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	HUMAN RIGHTS	NOT APPLICABLE	

GLOBAL REPORTING INITIATIVE INDEX CONTINUED

SOCIETY				
MATERIAL ASPECT: LOCAL COMMUNITIES				
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	COMMUNITIES	NOT APPLICABLE	
G4-SO2	Operations with significant actual or potential negative impacts on local communities	SOCIO-ECONOMIC INVESTMENT	NOT APPLICABLE	
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and Indigenous Peoples	There were no disputes during the year under review.		
MATERIAL ASPECT: ANTI-CORRUPTION				
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	HUMAN RIGHTS	NOT APPLICABLE	
G4-SO4	Communication and training on anti-corruption policies and procedures	HUMAN RIGHTS	NOT APPLICABLE	
G4-SO5	Confirmed incidents of corruption and actions taken	CODE OF ETHICS	NOT APPLICABLE	
MATERIAL ASPECT: PUBLIC POLICY				
G4-SO6	Total value of political contributions by country and recipient/beneficiary	POLITICAL DONATIONS	NOT APPLICABLE	
MATERIAL ASPECT: ANTI-COMPETITIVE BEHAVIOR				
G4-SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	LEGISLATIVE COMPLIANCE	NOT APPLICABLE	
MATERIAL ASPECT: COMPLIANCE				
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	ENVIRONMENTAL INCIDENTS (LEVEL 3 AND 4) IN FY14, LEGISLATIVE COMPLIANCE	NOT APPLICABLE	
MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY				
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	PROCUREMENT	NOT APPLICABLE	

SHAREHOLDER INFORMATION

CONTACTS

Investor Relations queries

Email: harmonyIR@harmony.co.za

Henrika Ninham

Investor Relations Manager

Telephone: +27 11 411 2314

Fax: +27 11 692 3879

Mobile: +27 82 759 1775

Email: henrika@harmony.co.za

Marian van der Walt

Executive: Corporate and Investor Relations

Telephone: +27 11 411 2037

Fax: +27 86 614 0999

Mobile: +27 82 888 1242

Email: marian@harmony.co.za

General e-mail enquiries: corporate@harmony.co.za

Harmony website: www.harmony.co.za

STOCK EXCHANGE LISTINGS AND TICKER CODES

Harmony's primary listing is on Johannesburg Stock Exchange Limited. It is also quoted in the form of American depository receipts on the New York Stock Exchange and as international depository receipts on the Berlin exchange.

Harmony's ticker codes on these exchanges are as follows:

Johannesburg Stock Exchange Limited	HAR
New York Stock Exchange Euronext	HMY
Berlin Stock Exchange	HAM1

SHARE INFORMATION

Sector	Resources
Sub-sector	Gold
Nature of business	Harmony Gold Mining Company Limited and its subsidiaries are engaged in underground and open-pit gold mining, exploration and related activities in South Africa and Papua New Guinea.
Issued share capital as at 30 June 2014	435 825 447 shares in issue
Market capitalisation	
at 30 June 2014	R13.58 billion or US\$1.28 billion
at 30 June 2013	R15.56 billion or US\$1.57 billion
Share price statistics – FY14	
Johannesburg Stock Exchange: 12 month high	R42.47
12 month low	R24.48
Closing price as at 30 June 2014	R31.15
New York Stock Exchange: 12 month high	US\$4.33
12 month low	US\$2.36
Closing price as at 30 June 2014	US\$3.27
Free float	100%
ADR ratio	1:1

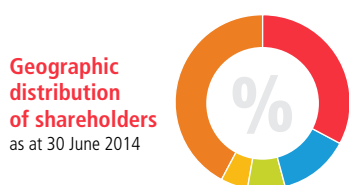
SHAREHOLDER INFORMATION CONTINUED

SHAREHOLDER SPREAD AS AT 30 JUNE 2014

Shareholder spread	Number of shareholders	% of shareholders	Number of shares	% of issued share capital
Public	9 158	99.91	370 154 738	84.91
Non-public	9	0.09	65 670 709	15.09
Share option scheme	4	0.04	1 762 637	0.40
Holding 10% +	1	0.01	63 632 922	14.62
Directors*	4	0.04	275 150	0.06
Totals	9 167	100.00	435 825 447	100.00

* Held by Frank Abbott, Graham Briggs, Ken Dicks and André Wilkens

GEOGRAPHIC DISTRIBUTION OF SHAREHOLDERS AS AT 30 JUNE 2014



- 33 United States
- 13 United Kingdom
- 7 Rest of Europe
- 5 Rest of the world
- 42 South Africa

OWNERSHIP SUMMARY AS AT 30 JUNE 2014

Rank	Investor	Current combined position	% shares in issue
1	ARM Ltd	63 632 922	14.62
2	Allan Gray Unit Trust Management Ltd.	48 404 497	11.11
3	Public Investment Corp. of South Africa	29 430 185	6.75
4	BlackRock Investment Management (United Kingdom) Ltd.	28 776 123	6.60
5	Van Eck Global	21 300 323	4.89
6	Retail Brokers (ADR)	16 628 102	3.82
7	Dimensional Fund Advisors, Inc.	14 015 976	3.22
8	BlackRock Fund Advisors	11 032 215	2.53
9	The Vanguard Group, Inc.	10 686 131	2.45
10	Wellington Management Co. LLP	9 977 191	2.29

SHAREHOLDER INFORMATION CONTINUED

DIVIDEND POLICY AND DIVIDEND PAID DURING FY14

Dividend policy

In considering the payment of dividends, the board will, with the assistance of the audit and risk and investment committees, take the following into account:

- The current financial status of the company and the payment of a proposed dividend subject to the successful application of the solvency and liquidity test as set out in section 4 of the Companies Act of 2008
- The future funding and capital requirements of the company
- The intention to pay a dividend

Dividend paid during FY14

No dividends were declared during FY14. Harmony's stated policy is to only pay dividends from profits and not from debt.

SHAREHOLDERS' DIARY

Financial year-end	30 June
Annual financial statements issued	23 October 2014
Form 20-F issued	23 October 2014
Annual general meeting	21 November 2014

Quarterly results presentations FY15:

Quarter 1	5 November 2014
Quarter 2	9 February 2015
Quarter 3	8 May 2015
Quarter 4	18 August 2015

GLOSSARY OF TERMS

Term	Definition
ABET	Adult basic education and training
ADR	American depositary receipts
Ag	Silver
AMCU	The Association of Mineworkers and Construction Union
AMD	Acid mine drainage – outflow of acidic water formed by mining activity and egress of water following contact with certain types of orebodies and host rock. Also known as acid rock drainage
ANC	African National Congress
ART	Antiretroviral therapy
Au	Gold
BIF	Banded Ironstone Formation
BEE	Black economic empowerment
BBBEE	Broad-based black economic empowerment
By-products	Any products emanating from the core process of producing gold, including silver and uranium in South Africa and copper, silver and molybdenum in Papua New Guinea
Calc-silicate rock	A metamorphic rock consisting mainly of calcium-bearing silicates such as diopside and wollastonite, and formed by metamorphism of impure limestone or dolomite
Capital expenditure (capex)	Expenditure on tangible assets – includes ongoing and project capital. In particular, capex includes spending on ongoing development, abnormal expenditure, shaft projects and major projects, and covers both sustaining and growing operations
Carbon-in-leach (CIL)	Gold is leached from a slurry of gold ore with cyanide in agitated tanks and adsorbed on to carbon granules in the same circuit. Granules are separated from the slurry and treated to remove gold
Carbon-in-pulp (CIP)	Gold is leached conventionally from a slurry of gold ore with cyanide in agitated tanks. The leached slurry passes into the CIP circuit where carbon granules are mixed with the slurry and gold is adsorbed onto the carbon. Granules are separated from the slurry and treated to remove gold
Cash costs	Total cash costs include site costs for all mining, processing and administration, reduced by contributions from by-products and include royalties and production taxes. Depreciation, rehabilitation, corporate administration, retrenchment, capital and exploration costs are excluded. Total cash costs per ounce are attributable total cash costs divided by attributable ounces of gold produced
CDP	Carbon Disclosure Project – an independent not-for-profit organisation that acts as an intermediary between shareholders and corporations on all climate change-related issues, providing primary climate change data from the world's largest corporations to the global marketplace
CEO	Chief executive officer
CLR	Carbon leader reef
CO ₂ emissions	Total CO ₂ emissions calculated from direct emissions generated from petrol and diesel consumption and indirect emissions generated from electricity consumption (expressed in tonnes)
COIDA	Compensation for Occupational Injuries and Diseases Act of 1993

GLOSSARY OF TERMS CONTINUED

Term	Definition
¹ Critical skills training – number of people trained in FY14	<p>The following disciplines are defined as core skills:</p> <ul style="list-style-type: none"> • Mining • Engineering • Ore reserves • Metallurgy <p>The critical skills within these disciplines are:</p> <ul style="list-style-type: none"> • Mining – general manager; mine manager; mining manager • Engineering – engineers; junior engineers • Ore reserves – ore reserve management; HOD – geology, survey and planning; section geologist/senior geologist; section surveyor/mine surveyor/senior shaft surveyor; section geostatistician/senior geostatistician (geological technician); section planner/senior planner; surveyors/geotechs • Metallurgy – plant manager; senior metallurgist
CSI/R	Corporate social investment/responsibility
Cu	Copper
Cut-off grade	Minimum grade at which a unit of ore will be mined to achieve the desired economic outcome
Cyanide Code	International management code for manufacture, transport and use of cyanide in producing gold. The aim is to promote responsible management of cyanide used in gold mining; to protect human health and reduce potential for environmental impacts
DEC	Department of Environment and Conservation
Depletion	Decrease in quantity of ore in a deposit or property due to extraction or production
Development	Process of accessing an orebody through shafts or tunnelling in underground mining
Discontinued operation	A component of an entity that has been disposed of or abandoned or classified as held for sale until conditions precedent to the sale have been fulfilled
DMR	Department of Mineral Resources, South Africa
DOTS	Directly observed therapy short-course
DSM	Demand-side management
DTI	Department of Trade and Industry
EBIT	Earnings before interest and tax
EFF	Economic Freedom Fighters
Effective tax rate	Current and deferred taxation as a percentage of profit before taxation
¹ Electricity purchased (kWh)	Electricity purchased from the supplier during the reporting period. This includes all electricity purchased by source (fossil fuel, nuclear, hydroelectric, wind, solar, etc). It excludes electricity generated by the operation itself and electricity supplied to third parties such as mine hostels/accommodation where cost is recovered from employees, communities and businesses
EMP/S	Environmental management programme/system
EMPR	Environmental management programme report
¹ Employment equity in management in South Africa (%)	<p>Employment equity is reported as a number and percentage of the total HDSA employed per band. For HDSA we refer to: black people (African, coloured and Indian males and females); and white women. White males and foreigners (including those naturalised after the DTI code date on March 1994) are excluded</p> <p>Employment equity is measured in the bands D, E and F, where:</p> <ul style="list-style-type: none"> • Top management (F band) • Senior management (D5-E4 band) • Middle management (D3-D4 band) • Junior management (D1-D2 band) • Core and critical (E-D1 management levels in core disciplines)

GLOSSARY OF TERMS CONTINUED

Term	Definition
Energy consumption	Energy use calculated from electricity purchased and diesel and petrol consumed during the reporting period
Equity	Shareholders' equity adjusted for other comprehensive income and deferred taxation
ERP	Enterprise resource planning
ESOP	Employee share ownership scheme
ETFs	Exchange traded funds
EWT	Endangered Wildlife Trust
Exco	Executive committee
FIFR	Fatality injury frequency rate A work-related injury which results in loss of life The calculation for the fatality injury frequency rate (FIFR): Actual fatal injuries x 1 000 000/hours worked The calculation for hours: Actual shifts worked x 9 (this is throughout Harmony for consistency to assume every person works nine hours)
FOG	Fall of ground
FOGIFR	Fall of ground injury frequency rate Any work-related fall-of-ground injury that calls for medication, treatment, medical checks and reviews, irrespective of time lost or not The calculation for FOGIFR: Actual fall of ground injuries x 1 000 000/hours worked The calculation for hours: Actual shifts worked x 9 (this is throughout Harmony for consistency to assume every person works nine hours)
Financial asset	Cash or cash equivalents, an equity instrument of another entity, a contractual right to receive cash, or a contractual right to exchange a financial instrument under favourable conditions
Financial liability	A contractual obligation to deliver cash or another financial asset or a contractual obligation to exchange a financial instrument under unfavourable conditions. Includes debt
FSC	Forest Stewardship Council
g/TEC	Grams per total employee costed
GDP	Gross domestic product
GHG	Greenhouse gas – a gas that contributes to the greenhouse effect by absorbing infrared radiation, such as carbon dioxide and chlorofluorocarbons (CFCs)
Gold produced	Refined gold derived from the mining process, measured in ounces or kilograms in saleable form
Grade	Quantity of gold contained in a unit weight of gold-bearing material, generally expressed in ounces per short ton of ore (oz/t), or grams per metric tonne (g/t)
GRI	Global Reporting Initiative
GWh	Gigawatt hours
HAART	Highly active antiretroviral treatment
HDSAs	Historically disadvantaged South Africans – all people and groups discriminated against on the basis of race, gender and disability as per the MPRDA definition and the Mining Charter definition
HIRA	Hazard identification and risk assessment
HIV	Human immuno deficiency virus

GLOSSARY OF TERMS CONTINUED

Term	Definition
Housing and living conditions:	
¹ a) conversion of operational hostels from sharing to single occupancy rooms	The number of employees who share a room in Harmony's company accommodation at active mining operations, and the number of employees who have single rooms in Harmony's company accommodation at active mining operations. This is calculated by comparing the total physical hostel design capacity (room numbers) versus the total number of hostel occupants. This gives the total average occupancy rate per hostel. An average of greater than one person for an active mining operation confirms that the occupant is sharing accommodation
b) Conversion of non-operational hostels from single-sex units to family units known as community rental units (CRU)	The number of family units is determined by the architectural design of the new structure, designed to create community rental units for both Harmony employees and members of the public
c) Promoting home ownership	Company houses sold to individual employees at special prices and other housing development initiatives being promoted or facilitated by Harmony
HR	Human resources
HSRC	Human Sciences Research Council
ICMM	International Council on Mining and Metals
ICT/IT	Information and communication technology/information technology
IFRS	International Financial Reporting Standards
IIA	Institute of Internal Auditors
IIRC	International Integrated Reporting Council
ILO	International Labour Organization
ISO	International Organization for Standardization
ITTCC	Industry task team on climate change
IUCN	International Union for Conservation of Nature and Natural Resources
Indicated mineral resource	Part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information using appropriate techniques from outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but close enough for continuity to be assumed
Inferred mineral resource	Part of a mineral resource for which tonnage, grade resource and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from outcrops, trenches, pits, workings and drill holes that may be limited or of uncertain quality and reliability
Interest cover	EBIT divided by finance costs and unwinding of obligations
IRCA	International register of certificated auditors
ISO 14001	Published in 1996 by the International Organisation for Environmental Standardisation, it specifies actual requirements for an environmental management system
JIBAR	Johannesburg interbank agreed rate
JMS	Joint Metallurgical Services
JORC	Australian Code for Reporting Exploration Results, Mineral Resources and Mineral Reserves
JSE	JSE Limited (Johannesburg Stock Exchange)
Kina	Papua New Guinea currency
King III	King report on governance for South Africa, published in 2009

GLOSSARY OF TERMS CONTINUED

Term	Definition
kg	Kilograms
KPIs	Key performance indicators
Kosh	Klerksdorp, Orkney, Stilfontein and Hartbessfontein basin
Land disturbed and land available for rehabilitation (ha)	Total land footprint disturbed less the land footprint used for ongoing or future mining activities, where the footprint of disturbed area includes all buildings, roads and mining area that needs to be rehabilitated according to the Environmental Management Programme Report (EMPR); the area rehabilitated meets the required standard of the EMPR, final land use plans and only maintenance and monitoring is needed; and the land available for rehabilitation is the area used for ongoing or future mining activities
Leaching	Dissolution of gold from crushed or milled material, including reclaimed slime, prior to adsorption on to activated carbon
LED	local economic development
LIBOR	London interbank offer rate
LOM	Life-of-mine :number of years an operation is scheduled to mine and treat ore, based on current mine plan
LPG	Liquefied petroleum gas
LED	Local economic development
¹ Local economic development (LED) spend/ community spend (ZAR)	<p>Local economic development project spend linked to the licence of each mine.</p> <p>The following categories qualify as LED spend:</p> <ul style="list-style-type: none"> • bursary students • bursary graduates • training bridging school • training mining • training engineering • costs related to: <ul style="list-style-type: none"> • mine community projects • labour sending area; projects in community that is not for mine employees; and • conversion of hostel into family units • Procurement spend related to: <ul style="list-style-type: none"> • contractor compliance; and • BEE procurement • corporate social responsibility
¹ LTIFR	<p>Lost-time injury frequency rate: an LTI is a work-related injury that calls for medication, treatment, medical checks, reviews and subsequent days off work. This injury or illness incapacitates injured employees from performing their normal occupation on the next scheduled work day or shift.</p> <p>The calculation for the lost-time injury frequency rate (LTIFR): Actual lost-time injuries x 1 000 000/hours worked</p> <p>The calculation for hours: Actual shifts worked x 9 (this is throughout Harmony for consistency to assume every person works nine hours)</p>
m ² /TEC	Square metres per total employee costed
MBoD	Medical Bureau of Occupational Diseases
MDR TB	Multidrug-resistant TB
Measured mineral resource	Part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from outcrops, trenches, pits, workings and drill holes. Locations are spaced closely enough to confirm geological and grade continuity

GLOSSARY OF TERMS CONTINUED

Term	Definition
MHSC	Mine Health and Safety Council
MHSA	Mine Health and Safety Act (No 29 of 1996)
Mine call factor	The ratio, expressed as a percentage, of the total quantity of recovered and unrecovered mineral product after processing with the amount estimated in the ore based on sampling
Mineral resource	A concentration or occurrence of material of intrinsic economic interest in/on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral resources are sub-divided, in order of increasing geological confidence, into inferred, indicated and measured categories
Mining Charter	Broad-based social-economic empowerment charter for the South African mining industry. The goal is to create an industry that reflects the promise of a non-racial South Africa
MMJV	Morobe Mining Joint Ventures
MOSH	Mining Industry Occupational Safety and Health
Moz	Million ounces
MPRDA	Minerals and Petroleum Resources Development Act (No 28 of 2002)
MQA	Mining Qualifications Authority, a sector education training authority for the mining and minerals sector facilitating human resources development
MW	Megawatt
NBI	National Business Initiative
NEMA	National Environmental Management Act
NERSA	National Energy Regulator of South Africa
NGO	Non-governmental organisation
NIHL	Noise-induced hearing loss reported as the number of new cases identified and submitted for compensation during the reporting period
NNR	National Nuclear Regulator
NQF	National Qualifications Framework
NUM	National Union of Mineworkers
NUMSA	National Union of Metalworkers of South Africa
NWA	National Water Act
NYSE	New York Stock Exchange
OHSAS 18001	Occupational health and safety assessment specification
Ongoing capital	Capital expenditure to maintain existing production assets. This includes replacement of vehicles, plant and machinery, ore reserve development and capital expenditure related to safety, health and the environment
Operating margin	Revenue less production costs expressed as a percentage of revenue
Pay limit	The grade of a unit of ore at which revenue from the recovered mineral content of the ore is equal to the total cash cost, including ore reserve development and stay-in-business capital. This grade is expressed as an in-situ value in grams per tonne or ounces per short ton (before dilution and mineral losses)
PI	Principal inspector of mines
PNG	Papua New Guinea
¹ Preferential procurement – BEE total spend (ZAR)	Procurement spend collected from the Harmony ERP system's payment register, which is only the discretionary spend value spent with suppliers that hold a valid BEE certificate, and comply with the minimum HDSA ownership of 25%, or more. The reporting period for this KPI is 26 June 2013 to 25 June 2014, and reports the spend throughout the reporting period regardless of invoice date. Reporting is aligned with the requirement of the revised Mining Charter of September 2010

GLOSSARY OF TERMS CONTINUED

Term	Definition
Probable mineral reserve	Economically mineable part of an indicated, and in some cases, a measured mineral resource. It includes diluting materials and allowances for losses that may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified
Productivity	An expression of labour productivity based on the ratio of grams of gold produced per month to the total number of employees in underground mining operations
Project capital	Capital expenditure to either bring a new operation into production; to materially increase production capacity; or to materially extend the productive life of an asset
Proved reserve	Economically mineable part of a measured mineral resource. It includes diluting materials and allowances for losses that may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified
RBE	Rail-bound equipment
Reclamation	In South Africa, reclamation describes the process of reclaiming slimes (tailings) dumps using high-pressure water cannons to form a slurry that is pumped back to metallurgical plants for processing
Reef	A gold-bearing sedimentary horizon, normally a conglomerate band that may contain economic levels of gold
REFIT	Renewable energy feed-in tariff
SAMREC	South African Code for Reporting Exploration Results, Mineral Resources and Mineral Reserves
SANS	South African national standard
¹ Scope 1 carbon emissions (tCO ₂ e)	Direct combustion of fuel by the Harmony Group (explosives, diesel and petrol)
¹ Scope 2 carbon emissions (tCO ₂ e)	Scope 2 emissions calculated from electricity purchased (from the power utility excluding use by third parties) multiplied by the appropriate factor as indicated by the electricity supplier
¹ Scope 3 carbon emissions (tCO ₂ e)	Indirect combustion by the Harmony Group in line with Scope 3 emissions in the following categories, as indicated by the GHG Protocol: <ul style="list-style-type: none"> • Purchased goods and services • Capital goods • Fuel and Energy related emissions not included in Scopes 1 and 2 • Upstream transportation and distribution • Waste generated in operations • Business travel • Employee commuting • Upstream leased assets • Downstream transportation and distribution • Processing of sold products • Use of sold products • Downstream leased assets • Franchises • End of life treatment and • Investments
¹ Silicosis – number of new cases certified in FY14	The number of cases of pure silicosis confirmed by the MBoD in FY14, which includes all cases that have been received by Harmony as confirmed during FY14, regardless of the date of the MBoD letter. Cases where other conditions are present, specifically tuberculosis (TB), are not included in this number

GLOSSARY OF TERMS CONTINUED

Term	Definition
SLPs	Social and labour plans aimed at promoting employment and advancing the social and economic welfare of all South Africans while ensuring economic growth and socio-economic development as stipulated in the MPRDA
SMMEs	Small, medium and micro enterprises
SOX	Sarbanes-Oxley
Tailings	Finely ground rock of low residual value from which valuable minerals have been extracted. Discarded tailings stored in dam facilities
TB – number of cases confirmed in FY13	Tuberculosis (TB). The number of cases of pure TB confirmed by the MBoD in FY13, which includes all cases that have been received by Harmony as confirmed during FY13, regardless of the date of the MBoD letter. Cases where other conditions are present, specifically silicosis, are not included in this number
Tonne/ton (t)	Metric = 1 000kg/Imperial = 2 000 pounds (1 016kg)
Tpa(d/m)	Tonnes/tons per annum (day/month)
TSF	Tailings storage facility
UASA	United Association of South Africa
US	United States
US\$	United States dollar
¹ Volumes of mineral waste disposed (tonnes)	Mineral waste consists of waste rock and slimes/tailings. Waste rock refers to the amount of waste rock produced and/or hoisted to surface, and placed on a waste rock disposal site during the reporting month. Slimes/tailings refers to the total amount of slimes/tailings produced by the processing plant during the reporting month
Waste	Material with insufficient mineralisation for future treatment and discarded
¹ Water used for primary activity (kilolitres)	The total make-up or new water drawn into the boundaries of the operation from all sources (including surface water, groundwater and municipal water supply or water utilities) for use for mining and processing-related activities including use by contractors. This definition excludes: internally recycled water, affected fissure water, water discharged to receiving environment and supply to third parties such as communities and businesses
Weighted average number of ordinary shares	Number of ordinary shares in issue at the beginning of the year, increased by shares issued during the year, weighted on a time basis for the period in which they have participated in the income of the company, and increased by share options that are virtually certain to be exercised
WHO	World Health Organization
Yield	Amount of valuable mineral or metal recovered from each unit mass of ore expressed as ounces per short ton or grams per metric tonne
YTD/ytd	Year to date

¹ Definitions applied to the Selected Sustainability Indicators assured by independent auditors

DIRECTORATE AND ADMINISTRATION

HARMONY GOLD MINING COMPANY LIMITED

Corporate office
Randfontein Office Park
PO Box 2, Randfontein, 1760
South Africa

Corner Main Reef Road and Ward Avenue
Randfontein, 1759
South Africa

Telephone: +27 11 411 2000
Website: www.harmony.co.za

DIRECTORS

PT Motsepe* (chairman)
M Motloba*^ (deputy chairman)
GP Briggs (chief executive officer)
F Abbott (financial director)
HE Mashego (executive director)
FFT De Buck*^ (lead independent director)
JA Chissano*¹^
KV Dicks*^
Dr DSS Lushaba*^
KT Nondumo*^
VP Pillay*^
C Markus*^
M Msimang*^
JL Wetton*^
AJ Wilkens*

* Non-executive

^ Independent

¹ Mozambican

INVESTOR RELATIONS

E-mail: harmonyIR@harmony.co.za

Henrika Ninham
Investor Relations Manager
Telephone: +27 11 411 2314
Fax: +27 11 692 3879
Mobile: +27 82 759 1775
E-mail: henrika@harmony.co.za

Marian van der Walt
Executive: Corporate and Investor Relations
Telephone: +27 11 411 2037
Fax: +27 86 614 0999
Mobile: +27 82 888 1242
E-mail: marian@harmony.co.za

COMPANY SECRETARY

Riana Bisschoff
Telephone: +27 11 411 6020
Fax: +27 11 696 9734
Mobile: +27 83 629 4706
E-mail: riana.bisschoff@harmony.co.za

TRANSFER SECRETARIES

Link Market Services South Africa
(Proprietary) Limited
(Registration number 2000/007239/07)
13th Floor, Rennie House, Ameshoff
Street, Braamfontein
PO Box 4844
Johannesburg, 2000
South Africa

Telephone: +27 86 154 6572
E-mail: meetfax@linkmarketservices.co.za
Fax: +27 86 674 2450

ADR* DEPOSITARY

Deutsche Bank Trust Company Americas
c/o American Stock Transfer and Trust
Company
Peck Slip Station
PO Box 2050
New York, NY 10272-2050

E-mail queries: db@amstock.com
Toll free: +1-800-937-5449
Int: +1-718-921-8137
Fax: +1-718-921-8334

*ADR: American Depositary Receipts

SPONSOR

JP Morgan Equities South Africa (Pty) Ltd
1 Fricker Road, corner Hurlingham Road
Illovo, Johannesburg, 2196
Private Bag X9936, Sandton, 2146

Telephone: +27 11 507 0300
Fax: +27 11 507 0503

TRADING SYMBOLS

Johannesburg Stock Exchange Limited: HAR
New York Stock Exchange, Inc: HMY
Berlin Stock Exchange: HAM1

Registration number: 1950/038232/06
Incorporated in the Republic of South Africa
ISIN: ZAE 000015228

FORWARD-LOOKING STATEMENTS

Private Securities Litigation Reform Act

Safe Harbour Statement

This report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and 21E of the Securities Exchange Act of 1934, as amended, that are intended to be covered by the safe harbour created by such sections. These statements may be identified by words such as "expects", "looks forward to", "anticipates", "intends", "believes", "seeks", "estimates", "will", "project" or words of similar meaning. All statements other than those of historical facts included in this report are forward-looking statements, including, without limitation, (i) estimates of future earnings, and the sensitivity of earnings to the gold and other metals prices; (ii) estimates of future gold and other metals production and sales, (iii) estimates of future cash costs; (iv) estimates of future cash flows, and the sensitivity of cash flows to the gold and other metals prices; (v) statements regarding future debt repayments; (vi) estimates of future capital expenditures; and (vii) estimates of reserves, and statements regarding future exploration results and the replacement of reserves. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, gold and other metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, project cost overruns, as well as political, economic and operational risks in the countries in which we operate and governmental regulation and judicial outcomes. 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 Annual Report on 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 does not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events or circumstances after the date of this report, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.



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