HARMONY

REPORT TO SHAREHOLDERS

2018

Harmony Gold Mining Company Limited (Harmony), a gold mining and exploration company with 68 years of experience, has operations in South Africa, one of the world's best known gold mining regions, and in Papua New Guinea, a premier new gold-copper region.

At Harmony, we understand the impact that our company has on the lives of the people we employ, the communities that surround our mines and the environment, as well as of the economic contribution that we make to the countries in which we operate.

KEY FEATURES YEAR-ON-YEAR

- Focus on safety remains a priority
- Hedging strategy continues to generate positive cash flow
- Increase in underground recovered grade for sixth year in a row
- Production guidance met for third year in a row
- Successful integration of Moab Khotsong and excellent project delivery at Hidden Valley

OUR 2018 REPORTS

- Integrated Annual Report 2018
- Financial Report 2018
- Mineral Resources and Mineral Reserves 2018
- Report to Shareholders 2018

Form 20-F	Global Reporting Initiative Scorecard	Operations 2018
Annual report filed with the United States Securities and Exchange Commission, in compliance with the listing requirements of the New York Stock Exchange	An index of the indicators reported in terms of the Global Reporting Initiative	Detailed information on each operation

The full set of the 2018 reports and accompanying supplementary documents are available online at *www.har.co.za*

CONTENTS

SUMMARISED FINANCIAL STATEMENTS

1

NOTICE OF MEETING 2018

2

ADMINISTRATIVE INFORMATION

3

Harmony included in the FTSE4Good Index Series
FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Harmony has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

OUR REPORTS ONLINE

Harmony's full set of 2018 reports and supporting documents are available at www.har.co.za.

The electronic reports are interactive pdfs, with links to sections within the document and to external websites. The interactive links are indicated by text in red italics.

CORPORATE PROFILE

WHO WE ARE

Harmony, a gold mining and exploration company, conducts its activities in South Africa, one of the world's best-known gold mining regions, and in Papua New Guinea, one of the world's premier new gold-copper regions. With 68 years of experience, Harmony is South Africa's second largest gold producer.

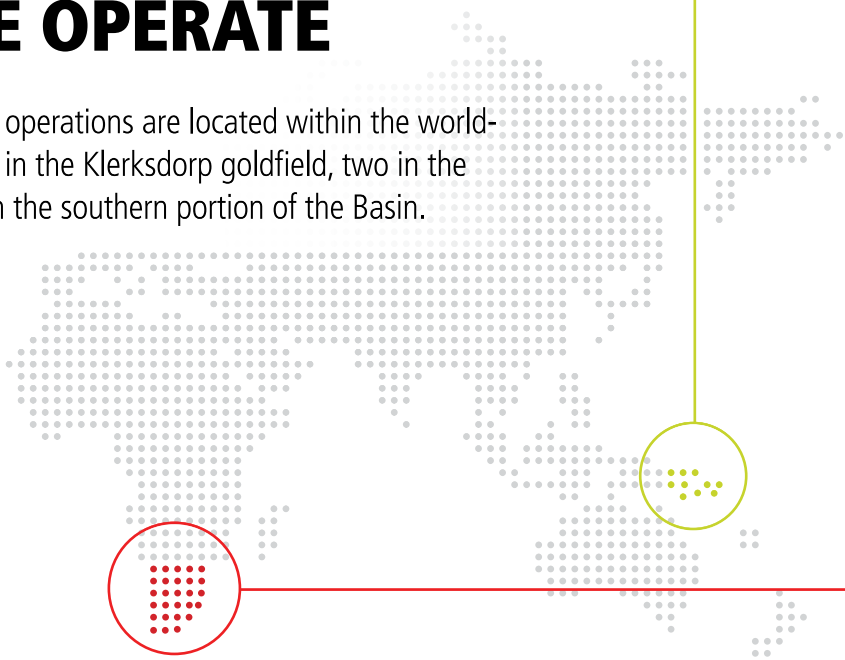
Headquartered in Randfontein, South Africa, Harmony is listed on the Johannesburg Stock Exchange and on the New York Stock Exchange, on which its shares are quoted as American Depositary Receipts. At 30 June 2018, our market capitalisation was R10.6 billion (US$769 million) (FY17: R9.5 billion; US$728 million)

WHERE WE OPERATE

In South Africa, our nine underground operations are located within the world-renowned Witwatersrand Basin – one in the Klerksdorp goldfield, two in the West Rand and six in the Free State, in the southern portion of the Basin.

In addition, we have an open-pit mine on the Kraaipan Greenstone Belt as well as several surface treatment operations.

In Papua New Guinea, Hidden Valley is an open-pit gold and silver mine. Our significant gold-copper portfolio includes a 50% stake in the Wafi-Golpu project in the Morobe Province, through a 50:50 joint venture with Newcrest Mining Limited (Newcrest).



OPERATING STATISTICS

Gold production increased to

1.23Moz
(FY17: 1.09Moz)

- 13% increase year on year
- Exceeded guidance

Costs contained

All-in sustaining cost of R508 970/kg and US$1 231/oz
(FY17: R516 687/kg and US$1 182/oz)

Underground recovered grade improved by

8% to 5.48g/t
(FY17: 5.07g/t)

- Sixth consecutive year of higher grade at South African underground operations

Mineral resources increased 13.0% to

117.8Moz at year-end
(FY17: 104.3Moz)

- Inclusion of Moab Khotsong
- Underground resources and reserves for South African operations increased by 31.4% and 11.6% respectively

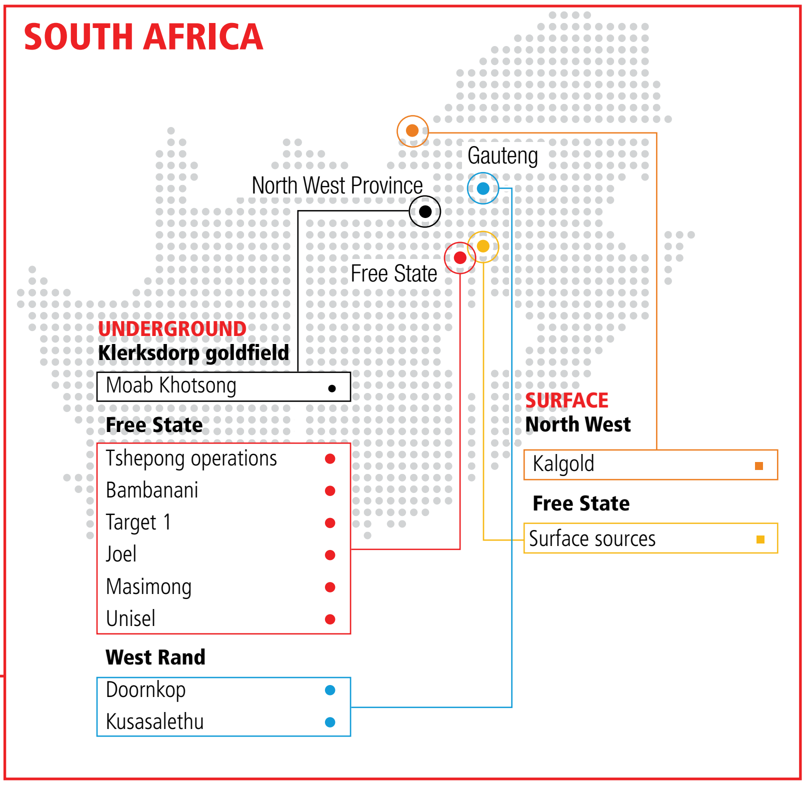
WHAT WE DO

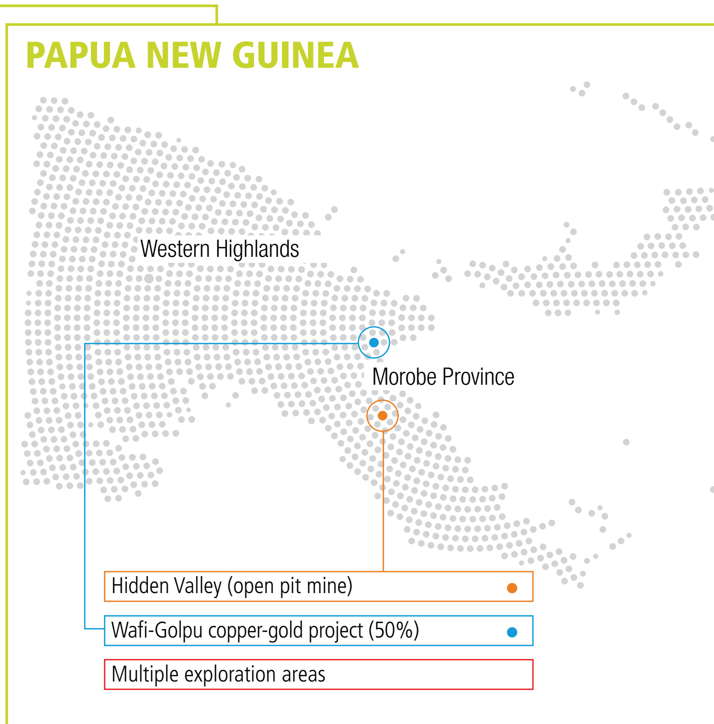
Exploration and acquisition
Exploring for and evaluating economically viable ore bodies and/or value-accretive acquisitions

Mining and processing
Establishing, developing and operating mines and related processing infrastructure. Ore mined is milled and processed by our gold plants to produce gold dóre bars

Sales and financial management
Generating revenue through the sale of gold produced and optimising efficiencies to maximise financial returns

Land rehabilitation and mine closure
Restoring mining impacted land for alternative economic use post-mining and having in place approved mine closure plans





Harmony's equity interest 100% unless otherwise indicated

EXTERNAL OPERATING CONTEXT

Factors affecting our ability to generate value:

Globally:
- Gold market fundamentals
- Global economic outlook and geo-political climate
- Rand-dollar exchange rate

South Africa:
- Regulatory uncertainty
- Industrial relations climate
- Stakeholder expectations

Papua New Guinea:
- Regulatory uncertainty
- Industrial relations climate
- Stakeholder expectations

See *Our business context* in the *Integrated annual report 2018* for further detail on the external environment in which we operate.

HOW WE PERFORMED – FIVE-YEAR REVIEW

		FY18	FY17	FY16	FY15	FY14
Operating performance						
Ore milled	000t	**22 441**	19 401	18 373	18 063	18 784
Gold produced [1]	kg	**38 193**	33 836	33 655	33 513	36 453
	000oz	**1 228**	1 088	1 082	1 077	1 172
Operating costs	R/kg	**421 260**	436 917	392 026	369 203	328 931
	US$/oz	**1 018**	1 000	841	1 003	988
All-in sustaining costs	R/kg	**508 970**	516 687	467 611	453 244	406 934
	US$/oz	**1 231**	1 182	1 003	1 232	1 223
Underground grade	g/t	**5.48**	5.07	5.02	4.75	4.77
Financial performance						
Revenue	R million	**20 358**	19 264	18 334	15 435	15 682
Production costs	R million	**15 002**	14 812	13 250	12 632	11 888
Production profit	R million	**5 356**	4 452	5 084	2 803	3 794
Operating margin	%	**26**	23	28	18	24
Net profit/(loss) for the year	R million	**(4 473)**	362	949	(4 536)	(1 270)
Total headline earnings/(loss) per share	SA cents	**171**	298	221	(189)	26
Capital expenditure	R million	**4 571**	3 890	2 439	2 836	2 661
Exploration spend [2,3]	R million	**135**	241	191	263	458
Dividend paid	R million	**154**	439	–	–	–
Net debt	R million	**(4 908)**	(887)	(1 083)	(2 332)	(1 031)
Market performance						
Average gold price received	R/kg	**570 709**	570 164	544 984	449 570	432 165
	US$/oz	**1 380**	1 304	1 169	1 222	1 299
Total market capitalisation	R billion	**10.6**	9.5	22.9	6.8	13.6
	US$ billion	**0.8**	0.7	1.6	0.56	1.3
Average exchange rate	R/US$	**12.85**	13.60	14.50	11.45	10.35
Reserves						
Gold and gold equivalents	Moz	**36.9**	36.7	36.9	42.6	49.5
Geographical distribution of gold reserves						
– South Africa	%	**46**	44	45	52	57
– Papua New Guinea	%	**54**	56	55	48	43
Safety						
Number of fatalities		**13**	5	10	9	22
FIFR – fatal injury frequency rate	per million hours worked	**0.16**	0.07	0.13	0.11	0.26
LTIFR – lost-time injury frequency rate	per million hours worked	[5] **6.26**	[4] 7.21	[4] 6.23	[4] 9.24	[4] 7.54
TIA – total injury and accidents	number of incidents	[5] **654**	[4] 768	[4] 679	1 210	953
Health (South Africa)						
– Shifts lost due to injury		**23 769**	24 026	22 416	24 514	25 338
– Silicosis cases certified [6]		[5] **179**	[4] 108	[4] 64	[4] 197	[4] 175

[1] Gold production of 2 068kg (66 499oz) capitalised in FY18 (FY17: 364kg, 11 713oz). Zero gold production capitalised in FY16, FY15 and FY14

[2] As per income statement

[3] Total exploration spend including capitalised amounts are R423 million (US$33 million) (FY18), R438 million (US$32 million) (FY17), R433 million (US$30 million) (FY16), R385 million (US$34 million) ((FY15) and R470 million US$45 million) (FY14)

		FY18	FY17	FY16	FY15	FY14
People						
Total number of employees and contractors [7]		**40 686**	33 201	30 547	31 114	34 746
South Africa: Employees		**32 520**	26 478	25 861	26 000	28 991
Contractors		**5 951**	4 512	4 580	5 012	5 695
Papua New Guinea: Employees [7]		**1 397**	1 300	76	75	59
Contractors [7]		**818**	911	30	27	1
Employment equity (historically disadvantaged South Africans in management) [8]	%	[5] **60**	[4] 61	[4] 60	[4] 58	[4] 46
Number of people in single rooms [9]		[5] **6 739**	[4] 7 266	[4] 7 252	[4] 7 436	[4] 1 678
Number of people sharing accommodation		[5] **0**	[4] 0	[4] 0	[4] 0	[4] 6 841
Number of people in critical-skill positions trained		[5] **106**	[4] 75	[4] 68	[4] 69	[4] 56
Community						
Group local economic development [10]	R million	[5] **20**	[4] 27	[4] 18	[4] 64	[4] 77
Preferential procurement (BEE-compliant spend)	R million	[5] **5 120**	[4] 4 461	[4] 3 794	[4] 3 849	[4] 3 442
Total discretionary spend	R million	**6 436**	5 685	4 978	5 565	5 595
Preferential procurement spend	%	**80**	78	76	69	62
Environment						
Mineral waste (volume disposed) [12]	000t	[5] **50 798**	[4, 11] 38 392	[4] 26 170	[4] 24 659	[4] 33 498
Total electricity use (purchased)	000MWh	[5] **2 518**	[4, 11] 2 629	[4] 2 597	[4] 2 657	[4] 2 798
CO_2 emissions						
– Scope 1	000t CO_2e	[5] **131**	[4] 111	[4] 56	[4] 67	[4] 75
– Scope 2	000t CO_2e	[5] **2 442**	[4, 11] 2 513	[4] 2 581	[4] 2 686	[4] 2 745
– Scope 3	000t CO_2e	[5] **440**	[4, 11] 445	[7] 615	[4] 686	[7] 661
Water used for primary activities	000m³	[5] **15 473**	18 125	15 083	15 752	16 502
Funding/guarantees for rehabilitation and closure	R million	**3 717**	3 072	2 933	2 796	2 708

[4] Assured by independent auditors in prior years – refer to https://www.harmony.co.za/invest/annual-reports

[5] Assured by independent auditors in the current year. Please refer to the Assurance Report and to the Glossary of Terms on the website, www.har.co.za. All assured indicators exclude the results of Moab Khotsong from 1 March 2018 to 30 June 2018, except for the LTIFR and TIA safety indicators

[6] The number of cases of pure silicosis confirmed by the South Africa's Medical Bureau of Occupational Diseases in FY14 and FY15. Previously we assured silicosis cases submitted to the Medical Bureau of Occupational Diseases

[7] FY18 includes employees from the Moab Khotsong operations. Excludes employees from the Wafi-Golpu Joint Venture. FY16, FY15 and FY14 exclude employeees from the Morobe Mining Joint Venture, which are included from FY17, following Harmony acquiring full ownership of Hidden Valley

[8] The increase in compliance indicators is due to alignment of Harmony's reporting with the Department of Labour's classification guidelines – (EEA9). For previous years, indicators were based on Patterson grade D-F only, whereas C band employees are now classified as Junior Management and have been included in the FY15 employment equity percentage

[9] The number of single rooms only represent hostels which are 100% converted. At the end of FY15, all employees living in hostels were living in single rooms. In FY14, the total number of single rooms (including single rooms in incomplete hostels) was 5 027

[10] In addition, capital of R1 million (US$0.1 million) was spent in FY16 on the upgrading of hostel accommodation at various operations, (FY15: R89 million (US$8 million), FY14: R106 million (US$10 million))

[11] Increases recorded in FY17, a result of the acquisition in full of Hidden Valley which is now included at 100% versus 50% in preceding years

[12] The year-on-year increase in mineral waste in FY18 was due to waste stripping of the cutbacks at Hidden Valley

** Not previously assured*

DIRECTORS' STATEMENT OF RESPONSIBILITY

FINANCIAL STATEMENTS

The directors have the pleasure in presenting the summarised consolidated financial statements (included in the Report to Shareholders) for the year ended 30 June 2018 and the complete consolidated and company annual financial statements (collectively the annual financial statements) for the same period. The annual financial statements (available at www.harmony.co.za) were audited by PricewaterhouseCoopers Inc. who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the company's registered office. The summarised consolidated financial statements are extracted from the audited financial statements, but are not themselves audited.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and IFRIC Interpretations Committee (IFRIC) Interpretations (collectively IFRS), the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa.

The directors are responsible for the preparation, integrity and fair presentation of the annual financial statements of the company and its subsidiaries. The annual financial statements have been prepared by Harmony Gold Mining Company Limited's corporate reporting team, headed by Boipelo Lekubo CA(SA). This process was supervised by the financial director, Frank Abbott CA(SA). The directors take full responsibility for the preparation of the summarised report and the financial information has been correctly extracted from the underlying consolidated annual financial statements.

The directors are also responsible for the maintenance of effective systems of internal control which are based on established organisational structure and procedures. These systems are designed to provide reasonable assurance as to the reliability of the annual financial statements, and to prevent and detect material misstatement and loss.

Nothing has come to the attention of the board that caused it to believe that the systems of internal controls and risk management are not effective for the period under review and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements. The board's opinion is underpinned by the audit and risk committee's statement.

The annual financial statements have been prepared on a going concern basis and the directors believe that the company and group will continue to be in operation in the foreseeable future.

APPROVAL

The annual financial statements and summarised consolidated financial statements were approved by the board of directors and signed on its behalf by:

Peter Steenkamp
Chief executive officer
South Africa

Frank Abbott
Financial director
South Africa

25 October 2018

SUMMARISED CONSOLIDATED INCOME STATEMENTS

for the years ended 30 June 2018

SA rand				US dollar	
2017	**2018**	***Figures in million***	**Notes**	**2018**	**2017**
19 264	**20 359**	Revenue	3	**1 584**	1 416
(19 639)	**(23 503)**	Cost of sales	4	**(1 800)**	(1 448)
(14 812)	**(14 991)**	Production costs		**(1 167)**	(1 089)
(2 519)	**(2 570)**	Amortisation and depreciation		**(200)**	(185)
(1 718)	**(5 336)**	Impairment of assets		**(386)**	(131)
(590)	**(606)**	Other items		**(47)**	(43)
(375)	**(3 144)**	**Gross loss**		**(216)**	(32)
(517)	**(813)**	Corporate, administration and other expenditure		**(63)**	(38)
(241)	**(135)**	Exploration expenditure		**(11)**	(18)
1 025	**99**	Gains on derivatives	5	**8**	75
(886)	**(667)**	Other operating expenses	6	**(53)**	(68)
(994)	**(4 660)**	**Operating loss**		**(335)**	(81)
848	**–**	Gain on bargain purchase	7	**–**	60
(14)	**–**	Loss on liquidation of subsidiaries		**–**	(1)
(22)	**38**	Profit/(loss) from associate		**3**	(1)
–	**(98)**	Acquisition-related costs	7	**(8)**	–
268	**343**	Investment income		**27**	20
(234)	**(330)**	Finance costs		**(26)**	(17)
(148)	**(4 707)**	**Loss before taxation**		**(339)**	(20)
510	**234**	Taxation	8	**18**	37
362	**(4 473)**	**Net profit/(loss) for the year**		**(321)**	17
		Attributable to:			
362	**(4 473)**	Owners of the parent		**(321)**	17
		Earnings/(loss) per ordinary share (cents)			
82	**(1 003)**	**Total earnings/(loss)**	9	**(72)**	4
		Diluted earnings/(loss) per ordinary share (cents)			
79	**(1 004)**	**Total diluted earnings/(loss)**	9	**(72)**	4

The accompanying notes are an integral part of these summarised consolidated financial statements.

SUMMARISED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the years ended 30 June 2018

SA rand 2017	SA rand 2018	*Figures in million*	US dollar 2018	US dollar 2017
362	**(4 473)**	Net profit/(loss) for the year	**(321)**	17
818	**(660)**	Other comprehensive income for the year, net of income tax	**(172)**	309
821	**(647)**	Items that may be reclassified subsequently to profit or loss:	**(171)**	309
(322)	**83**	Foreign exchange translation gain/(loss)	**(114)**	225
		Remeasurement of Rand gold hedging contracts		
2 172	**273**	Unrealised gain on Rand gold contracts	**21**	160
(728)	**(1 197)**	Realised to revenue	**(93)**	(54)
(16)	**–**	Realised to gains on derivatives	**–**	(1)
(285)	**194**	Deferred tax thereon	**15**	(21)
(3)	**(13)**	Items that will not be reclassified to profit or loss:	**(1)**	–
(3)	**(13)**	Remeasurement of retirement benefit obligation	**(1)**	–
1 180	**(5 133)**	**Total comprehensive income for the year**	**(493)**	326
		Attributable to:		
1 180	**(5 133)**	Owners of the parent	**(493)**	326

The accompanying notes are an integral part of these summarised consolidated financial statements.

SUMMARISED CONSOLIDATED BALANCE SHEETS

at 30 June 2018

SA rand				US dollar	
At 30 June 2017	**At 30 June 2018**	***Figures in million***	**Notes**	**At 30 June 2018**	**At 30 June 2017**
		ASSETS			
		Non-current assets			
30 044	**31 001**	Property, plant and equipment		**2 245**	2 292
603	**515**	Intangible assets		**37**	46
64	**77**	Restricted cash		**6**	5
2 658	**3 271**	Restricted investments		**237**	203
46	**84**	Investments in associates		**6**	4
38	**46**	Inventories		**3**	3
185	**253**	Trade and other receivables		**18**	14
306	**84**	Derivative financial instruments	10	**6**	24
4	**11**	Other non-current assets		**1**	–
33 948	**35 342**	**Total non-current assets**		**2 559**	2 591
		Current assets			
1 127	**1 759**	Inventories		**127**	86
18	**38**	Restricted cash		**3**	1
1 003	**1 139**	Trade and other receivables		**83**	76
1 541	**539**	Derivative financial instruments	10	**39**	117
1 246	**706**	Cash and cash equivalents		**51**	95
4 935	**4 181**	**Total current assets**		**303**	375
38 883	**39 523**	**Total assets**		**2 862**	2 966
		EQUITY AND LIABILITIES			
		Share capital and reserves			
28 336	**29 340**	Share capital	11	**4 112**	4 036
5 441	**5 145**	Other reserves		**(1 399)**	(1 255)
(4 486)	**(9 103)**	Accumulated loss		**(878)**	(547)
29 291	**25 382**	**Total equity**		**1 835**	2 234
		Non-current liabilities			
1 702	**1 147**	Deferred tax liabilities	8	**83**	130
2 638	**3 309**	Provision for environmental rehabilitation		**240**	201
917	**925**	Provision for silicosis settlement	12	**67**	70
179	**186**	Retirement benefit obligation		**13**	14
299	**4 924**	Borrowings	13	**357**	23
13	**41**	Other non-current liabilities		**3**	1
–	**10**	Derivative financial instruments	10	**1**	–
5 748	**10 542**	**Total non-current liabilities**		**764**	439
		Current liabilities			
1 834	**690**	Borrowings	13	**50**	140
2 010	**2 704**	Trade and other payables		**198**	153
–	**205**	Derivative financial instruments	10	**158**	–
3 844	**3 599**	**Total current liabilities**		**263**	293
38 883	**39 523**	**Total equity and liabilities**		**2 862**	2 966

The accompanying notes are an integral part of these summarised consolidated financial statements.

SUMMARISED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

for the years ended 30 June 2018

	Number of ordinary shares issued	Share capital and premium	Accumulated loss	Other reserves	Total
Notes	11	11			
Figures in million (SA rand)					
Balance – 30 June 2016	437 299 479	28 336	(4 409)	4 252	28 179
Issue of shares					
– Exercise of employee share options	2 657 720	–	–	–	–
Share-based payments	–	–	–	371	371
Net profit for the year	–	–	362	–	362
Other comprehensive income for the year	–	–	–	818	818
Dividends paid	–	–	(439)	–	(439)
Balance – 30 June 2017	439 957 199	28 336	(4 486)	5 441	29 291
Issue of shares					
– Shares issued and fully paid	**55 055 050**	**1 004**	**–**	**–**	**1 004**
– Exercise of employee share options	**5 239 502**	**–**	**–**	**–**	**–**
Share-based payments	**–**	**–**	**–**	**374**	**374**
Net loss for the year	**–**	**–**	**(4 473)**	**–**	**(4 473)**
Other comprehensive income for the year	**–**	**–**	**–**	**(660)**	**(660)**
Reclassification from other reserves	**–**	**–**	**10**	**(10)**	**–**
Dividends paid	**–**	**–**	**(154)**	**–**	**(154)**
Balance – 30 June 2018	**500 251 751**	**29 340**	**(9 103)**	**5 145**	**25 382**

	Number of ordinary shares issued	Share capital and premium	Accumulated loss	Other reserves	Total
Figures in million (US dollar)					
Balance – 30 June 2016	437 299 479	4 036	(531)	(1 591)	1 914
Issue of shares					
– Exercise of employee share options	2 657 720	–	–	–	–
Share-based payments	–	–	–	27	27
Net profit for the year	–	–	17	–	17
Other comprehensive income for the year	–	–	–	309	309
Dividends paid	–	–	(33)	–	(33)
Balance – 30 June 2017	439 957 199	4 036	(547)	(1 255)	2 234
Issue of shares					
– Shares issued and fully paid	**55 055 050**	**76**	**–**	**–**	**76**
– Exercise of employee share options	**5 239 502**	**–**	**–**	**–**	**–**
Share-based payments	**–**	**–**	**–**	**29**	**29**
Net loss for the year	**–**	**–**	**(321)**	**–**	**(321)**
Other comprehensive income for the year	**–**	**–**	**–**	**(172)**	**(172)**
Reclassification from other reserves	**–**	**–**	**1**	**(1)**	**–**
Dividends paid	**–**	**–**	**(11)**	**–**	**(11)**
Balance – 30 June 2018	**500 251 751**	**4 112**	**(878)**	**(1 399)**	**1 835**

The accompanying notes are an integral part of these summarised consolidated financial statements.

SUMMARISED CONSOLIDATED CASH FLOW STATEMENTS

for the years ended 30 June 2018

SA rand				US dollar	
2017	**2018**	***Figures in million***	**Notes**	**2018**	**2017**
		CASH FLOW FROM OPERATING ACTIVITIES			
4 346	**4 289**	Cash generated by operations		**334**	320
75	**82**	Interest received		**6**	6
(79)	**(180)**	Interest paid		**(14)**	(6)
(538)	**(307)**	Income and mining taxes paid		**(23)**	(40)
3 804	**3 884**	**Cash generated by operating activities**		**303**	280
		CASH FLOW FROM INVESTING ACTIVITIES			
(1)	**(32)**	Increase in restricted cash		**(2)**	–
7	**–**	Decrease in amounts invested in restricted investments		**–**	1
459	**–**	Cash on acquisition of Hidden Valley		**–**	33
–	**(3 474)**	Acquisition of Moab Khotsong	7	**(300)**	–
–	**(9)**	Additions to intangible assets		**(1)**	–
42	**2**	Proceeds from disposal of property, plant and equipment		**–**	3
(3 890)	**(4 562)**	Additions to property, plant and equipment		**(355)**	(286)
(3 383)	**(8 075)**	**Cash utilised by investing activities**		**(658)**	(249)
		CASH FLOW FROM FINANCING ACTIVITIES			
699	**6 937**	Borrowings raised	13	**565**	54
(710)	**(4 063)**	Borrowings repaid	13	**(312)**	(50)
–	**1 003**	Proceeds from the issue of shares [1]	11	**79**	–
(439)	**(154)**	Dividends paid		**(12)**	(33)
(450)	**3 723**	**Cash generated from/(utilised by) financing activities**		**320**	(29)
19	**(72)**	**Foreign currency translation adjustments**		**(9)**	8
(10)	**(540)**	Net increase/(decrease) in cash and cash equivalents		**(44)**	10
1 256	**1 246**	Cash and cash equivalents – beginning of year		**95**	85
1 246	**706**	**Cash and cash equivalents – end of year**		**51**	95

[1] *Net of share issue costs of R49 million (US$3.7 million)*

The accompanying notes are an integral part of these summarised consolidated financial statements.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

for the years ended 30 June 2018

1 GENERAL INFORMATION

Harmony Gold Mining Company Limited (the company) and its subsidiaries (collectively Harmony or the group) are engaged in gold mining and related activities, including exploration, extraction and processing. Gold bullion, the group's principal product, is currently produced at its operations in South Africa and Papua New Guinea (PNG).

The company is a public company, incorporated and domiciled in South Africa. The address of its registered office is Randfontein Office Park, Corner Main Reef Road and Ward Avenue, Randfontein, 1759.

The summarised consolidated financial statements were authorised for issue by the board of directors on 25 October 2018.

2 ACCOUNTING POLICIES

Basis of preparation

The summarised consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, and the requirements of the Companies Act applicable to summarised financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurements and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The summarised consolidated financial statements should be read in conjunction with the consolidated annual financial statements for the year ended 30 June 2018 (included in the Financial Report 2018 available at www.har.co.za/18/download/HAR-FR18.pdf), which have been prepared in accordance with IFRS. The accounting policies are consistent with those described in the consolidated annual financial statements.

Foreign currency translation

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The summarised consolidated financial statements are presented in South African rand and US dollar for the benefit of local and international users.

For translation of the Rand financial statement items to US dollar, the average of R12.85 (2017: R13.60) per US$1 was used for income statement items (unless this average was not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case these items were translated at the rate on the date of the transactions) and the closing rate of R13.81 (2017: R13.11) per US$1 for asset and liability items. Equity items were translated at historic rates.

The translation effect from Rand to US dollar is included in other comprehensive income in the US$ financial statements. References to "A$" refers to Australian currency, "R"to South African currency, "$"or "US$" to United States currency and "K"or "Kina"to Papua New Guinea currency.

3 REVENUE

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
18 536	**19 162**	Gold sales	**1 491**	1 363
728	**1 197**	Hedging gain[1]	**93**	53
19 264	**20 359**	**Total revenue**	**1 584**	1 416

[1] *Relates to the realised effective portion of the Rand gold hedge. Refer to note 10 for further information.*

4 COST OF SALES

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
14 812	**14 991**	Production costs (a)	**1 167**	1 089
2 441	**2 468**	Amortisation and depreciation of mining assets	**192**	179
78	**102**	Amortisation and depreciation of assets other than mining assets	**8**	6
23	**67**	Rehabilitation expenditure	**5**	2
109	**128**	Care and maintenance cost of restructured shafts	**10**	8
74	**208**	Employment termination and restructuring costs	**16**	5
391	**244**	Share-based payments	**19**	29
1 718	**5 336**	Impairment of assets (b)	**386**	131
(7)	**(41)**	Other	**(3)**	(1)
19 639	**23 503**	**Total cost of sales**	**1 800**	1 448

(a) Production costs include mine production and transport and refinery costs, applicable general administrative costs, movement in inventories and ore stockpiles, ongoing environmental rehabilitation costs and transfers for stripping activities. Employee termination costs are included, except for employee termination costs associated with major restructuring and shaft closures, which are separately disclosed.

Production costs for 2018 include R1.0 billion (US$78.6 million) related to the Moab Khotsong operations. Production costs related to Hidden Valley were R1.1 billion (US$84.0 million) lower than the comparative period due to the capitalisation of costs during the plant upgrade and the development of the stage 5 and 6 cut back.

(b) Impairment recognised during the year is an outcome of forecast cost inflation, a subdued forecast gold price and the resultant impact on margins. Lower resource values at Doornkop's Kimberley Reef and Target North further contributed to the impairment recognised. The impairment of assets consists of the following:

SA rand			US dollar	
2017	**2018**	***Figures in million***	**2018**	**2017**
255	**988**	Tshepong Operations	**71**	19
–	**317**	Doornkop	**23**	–
678	**579**	Kusasalethu	**42**	52
785	**699**	Target 1	**51**	60
–	**160**	Joel	**11**	–
–	**487**	Unisel	**35**	–
–	**329**	Masimong	**24**	–
–	**1 458**	Target North	**106**	–
–	**319**	Other mining assets	**23**	–
1 718	**5 336**	**Total impairment of assets**	**386**	131

The impairment assessment performed at 30 June 2018 resulted from lower recoverable amounts driven by the increase in the forecast gold price relative to the forecast cost inflation assumptions used in the life-of-mine plans which impacted negatively on margins. There were no reversals of impairment recorded in the 2018 or 2017 financial years. The recoverable amounts of the CGUs impaired as at 30 June 2018 are as follows:

Operation	**Impairment assessment**	**Recoverable amount**	
Figures in million		**SA rand**	**US dollar**
Tshepong Operations	The impairment was mainly driven by sensitivity to fluctuations in the gold price. Furthermore the updated life-of-mine for the Tshepong operations presented a marginal decrease in recovered grade.	**7 426**	538
Joel	The updated life-of-mine for the Joel operation, presented a marginal decrease in recovered grade.	**876**	63
Target 1	Exploration drilling results during the year pointed towards lower grade estimates within certain blocks that have now been excluded from the life-of-mine plans.	**1 217**	88
Unisel	Excluded the Leader Reef from the life-of-mine plan to focus on the higher grade Basal Reef. This reduced the life-of-mine from four years to eighteen months.	**38**	3
Masimong	The impairment at Masimong was as a result of the depletion of the higher grade B Reef and subsequent reduced life-of-mine.	**58**	4
Kusasalethu	Kusasalethu's old section of the mine at the operation was excluded in the FY19 life-of-mine plan.	**2 138**	155
Doornkop	The impairment of Doornkop is primarily as a result of a decrease in the Kimberley Reef's resource values.	**2 730**	198
Target North	The impairment of Target North was as a result of a decrease in resource values.	**3 681**	267
Other mining assets	The updated life-of-mine plans for the CGUs in Freegold and Harmony resulted in the impairment of other mining assets.	**366**	26

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4 COST OF SALES continued

Critical accounting estimates and judgements – impairment of assets

The life-of-mine plans are based on the proved and probable reserves as included in the Reserve Declaration, which are determined in terms of SAMREC and The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC), as well as resources where management has high confidence in the orebody and economical recovery of gold, based on historic and similar geological experience.

During the year under review, the group calculated the recoverable amounts (generally fair value less costs to sell) based on updated life-of-mine plans and the following gold price, silver price and exchange rates assumptions:

	2018	2017
US$ gold price per ounce	**1 250**	1 200
US$ silver price per ounce	**17.00**	17.00
Exchange rate (R/US$)	**13.30**	13.61
Exchange rate (PGK/US$)	**3.17**	3.16
Rand gold price (R/kg)	**535 000**	525 000

The post-tax real discount rate for Hidden Valley was 9.91% (2017: 11.92%) and the post-tax real discount rates for the South African operations ranged between 8.35% and 10.25% (2017: 8.98% and 11.81%), depending on the asset, were used to determine the recoverable amounts. Cash flows used in the impairment calculations are based on life-of-mine plans which exceed five years for the majority of the mines. Cash flows from potential projects, life-of-mine extensions and residual ounces can also be included in the impairment assessment where deemed appropriate. An additional risk premium is added to the post-tax real discount rates in these instances. The following is the attributable gold resource value assumption:

	South Africa		Hidden Valley	
US dollar per ounce	**2018**	**2017**	**2018**	**2017**
Measured	**25.00**	32.69	**n/a**	n/a
Indicated	**8.00**	18.68	**5.84**	5.84
Inferred	**2.80**	4.67	**5.84**	5.84

Should management's estimate of the future not reflect actual events, further impairments may be identified. Factors affecting the estimates include:

- Changes to proved and probable ore reserves;
- Economical recovery of resources;
- The grade of the ore reserves may vary significantly from time to time;
- Review of strategy;
- Unforeseen operational issues at the mines;
- Differences between actual commodity prices and commodity price assumptions;
- Changes in the discount rate and foreign exchange rates;
- Changes in capital, operating mining, processing and reclamation costs;
- Mines' ability to convert resources into reserves; and
- Potential production stoppages for indefinite periods.

Sensitivity analysis – impairment of assets

One of the most significant assumptions that influence the life-of-mine plans and therefore impairments, is the expected commodity prices. The sensitivity scenario of a 10% decrease or increase in the commodity price used in the discounted cash flow models and the resource values used (with all other variables held constant) would have resulted in the following impairment being recorded as at 30 June 2018:

SA rand		–10% increase	US dollar	
2017	**2018**	***Figures in million***	**2018**	**2017**
3 694	**5 174**	Tshepong operations	**375**	281
2 052	**2 716**	Kusasalethu	**197**	157
1 041	**752**	Hidden Valley	**54**	79
1 791	**1 684**	Target 1	**122**	137
934	**2 052**	Doornkop	**149**	71
395	**386**	Masimong	**28**	30
–	**1 636**	Moab Khotsong	**118**	–
–	**882**	Joel	**64**	–
–	**141**	Target 3	**10**	–
257	**540**	Other surface operations	**39**	20
–	**1 826**	Target North	**132**	–
221	**525**	Unisel	**38**	17
128	**222**	Bambanani	**16**	10

SA rand		+10% increase	US dollar	
2017	**2018**	***Figures in million***	**2018**	**2017**
–	**59**	Masimong	**4**	–
–	**1 090**	Target North	**79**	–
–	**433**	Unisel	**31**	–

At all other operations, a 10% increase in the gold price would not have resulted in any impairments being recorded.

5 GAINS ON DERIVATIVES

Gains on derivatives include the fair value movements of derivatives which have not been designated as hedging instruments for hedge accounting purposes, the amortisation of day one gains and losses for derivatives and the hedging ineffectiveness. The day one adjustment arises from the difference between the contract price and market price on the day of the transaction.

SA rand			US dollar	
2017	**2018**	***Figures in million***	**2018**	**2017**
1 103	**136**	Derivative gain [1]	**11**	81
16	**–**	Hedge ineffectiveness	**–**	1
(94)	**(37)**	Day-one loss amortisation	**(3)**	(7)
1 025	**99**	Total gains on derivatives	**8**	75

[1] *Relates primarily to the foreign exchange hedging contracts (refer to note 10).*

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

6 OTHER OPERATING EXPENSES

SA rand			US dollar	
2017	**2018**	***Figures in million***	**2018**	**2017**
(42)	**(2)**	Profit on sale of property, plant and equipment	**–**	(3)
74	**73**	Social investment expenditure	**6**	6
140	**1**	Loss on scrapping of property, plant and equipment	**–**	10
(194)	**682**	Foreign exchange translation loss/(gain) (a)	**53**	(14)
917	**(68)**	(Reversal of provision)/provision for silicosis settlement (b)	**(5)**	70
13	**(43)**	(Reversal of provision)/provision for ARM BEE loan (c)	**(3)**	1
(22)	**24**	Other expenses/(income) – net	**2**	(2)
886	**667**	**Total other operating expenses**	**53**	68

(a) The majority of the foreign exchange gains and losses relates to the US$ borrowings. Refer to note 13 for more details.

(b) Refer to note 12 for details on the movement in the silicosis settlement provision.

(c) The provision was reversed following an increase in African Rainbow Minerals Limited's (ARM) share price and dividends paid in the period between July 2017 and June 2018, which form part of the recoverability test at 30 June 2018.

7 ACQUISITIONS AND BUSINESS COMBINATIONS

Acquisition of the Moab Khotsong operations

Effective 1 March 2018 the group acquired the Moab Khotsong and Great Noligwa mines and related infrastructure as well as gold-bearing tailings and the Nufcor uranium plant (collectively the Moab Khotsong operations) from AngloGold Ashanti Limited on a going concern basis. The addition of the Moab Khotsong operations will increase the group's production ounces, free cash flows and average underground gold recovery grade. The combined assets acquired and liabilities assumed constitute a business as defined by IFRS 3 Business Combinations.

For the four months ended 30 June 2018, the Moab Khotsong operations contributed revenue of R1.7 billion (US$139.9 million) and profit of R208 million (US$16.7 million) to the group's results after taking into account financing costs.

Should the acquisition have occurred on 1 July 2017, the group's unaudited consolidated revenue would have increased by an additional R3.4 billion (US$259.8 million) and unaudited consolidated profit would have increased by an additional R408 million (US$31.1 million).

Consideration transferred

The cash consideration paid to acquire the Moab Khotsong operations amounted to R3 474 million (US$300 million).

Acquisition related costs

The group incurred acquisition related costs of R98 million (US$7.5 million) on advisory and legal fees. These costs are recognised as acquisition related costs on the income statement. Furthermore the group incurred R63 million (US$4.9 million) on the integration of the operation. These costs are recognised as corporate, administration and other expenditure on the income statement.

Identifiable assets acquired and liabilities assumed

The purchase price allocation (PPA) was prepared on a provisional basis in accordance with IFRS 3. The values measured on a provisional basis included, *inter alia*, property, plant and equipment, deferred tax and the finalisation of the effective date tax values.

The fair value of the identifiable net assets acquired was determined on the expected discounted cash flows based on the life-of-mine plans of the Moab Khotsong operations at post-tax real discount rates ranging between 8.20% and 11.30%, exchange rates ranging between R/US$11.86 and R/US$15.82, gold prices ranging between US$1 249/oz and US$1 302/oz and uranium prices ranging between US$30.44/lb and US$37.47/lb. The valuation was performed as at 1 March 2018.

The fair values as at the effective date are as follows:

SA rand			US dollar	
2017	**2018**	***Figures in million***	**2018**	**2017**
–	**3 723**	Property, plant and equipment	**322**	–
–	**382**	Environmental rehabilitation trust funds	**33**	–
–	**72**	Inventories	**6**	–
–	**(77)**	Deferred tax liabilities	**(7)**	–
–	**(663)**	Provision for environmental rehabilitation	**(57)**	–
–	**(10)**	Retirement benefit obligation	**(1)**	–
–	**(37)**	KOSH decant provision	**(3)**	–
–	**(140)**	Leave liabilities	**(12)**	–
–	**(48)**	Other payables	**(4)**	–
–	**3 202**	**Fair value of net identifiable assets acquired**	**277**	–

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

SA rand			US dollar	
2017	**2018**	***Figures in million***	**2018**	**2017**
–	**3 474**	Consideration paid	**300**	–
–	**3 202**	Fair value of net identifiable assets acquired	**277**	–
–	**272**	**Goodwill**	**23**	–

The goodwill has been allocated to the Moab Khotsong operations. The goodwill is attributable mainly to the skills and technical talent of the Moab Khotsong operations' work force and the synergies expected to be achieved from integrating the Moab Khotsong operations into the group's existing mining activities. None of the goodwill recognised is deductible for tax purposes.

Acquisition of full ownership of Hidden Valley

The group had a 50% interest in the mining and exploration assets located in the Morobe Province, PNG. Newcrest Mining Limited (Newcrest) owned the remaining 50% interest in these assets. The assets include the Hidden Valley mine and the Wafi-Golpu project. On 19 September 2016 Harmony announced the agreement to purchase Newcrest PNG 1 Ltd, the wholly owned subsidiary of Newcrest which held Newcrest's 50% interest in the Hidden Valley joint venture, for a cash consideration of US$1. As part of the transaction, Newcrest made a once-off contribution of US$22.5 million (R309 million) towards Hidden Valley's future estimated environmental liability. The transaction was conditional upon certain regulatory approvals which were obtained on 25 October 2016 and Harmony gained control over Hidden Valley from this date. As a result of the acquisition of Hidden Valley, a gain on bargain purchase was recognised of R848 million (US$60 million).

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

8 TAXATION

SA rand			US dollar	
2017	**2018**	***Figures in million***	**2018**	**2017**
		SA taxation		
(230)	**(42)**	Mining tax	**(3)**	(17)
(258)	**(163)**	Non-mining tax (a)	**(13)**	(19)
998	**439**	Deferred tax (b)	**34**	73
510	**234**	**Total taxation credit**	**18**	37

(a) Non-mining taxable income of mining companies and the taxable income for non-mining companies are taxed at the statutory corporate rate of 28% (2017: 28%).The expense relates to non-mining tax arising from derivative gains (realised and unrealised) recognised on the foreign currency derivatives as well as the realised gains on the gold forward sale contracts. Refer to notes 3 and 5 for details on the group's derivative gains recorded.

(b) The deferred tax credit in the year 2018 and 2017 is mainly a result of the impairment of assets, a decrease in the weighted average deferred tax rate due to reduced estimated profitability at most South African operations, as well as the provision for silicosis settlement raised in the prior year.

Income and mining tax rates

Major items causing the group's income tax provision to differ from the South African mining statutory tax rate of 34% (2017: 34%) were:

SA rand			US dollar	
2017	**2018**	***Figures in million***	**2018**	**2017**
50	**1 600**	Tax on net loss at the mining statutory tax rate	**115**	6
(77)	**(505)**	Non-allowable deductions	**(29)**	(6)
288	**–**	Gain on bargain purchase	**–**	21
(104)	**(104)**	Share-based payments	**(8)**	(8)
(87)	**(219)**	Impairment of assets	**(17)**	(6)
(50)	**(74)**	Exploration expenditure	**(5)**	(4)
(37)	**(54)**	Finance costs	**(4)**	(3)
(87)	**(54)**	Other	**5**	(6)
143	**(431)**	Difference between effective mining tax rate and statutory mining rate on mining income	**(34)**	10
55	**35**	Difference between non-mining tax rate and statutory mining rate on non-mining income	**3**	4
(126)	**(692)**	Effect on temporary differences due to changes in effective tax rates [1]	**(54)**	(10)
7	**(8)**	Prior year adjustment	**(1)**	–
588	**659**	Capital allowances, sale of business and other rate differences [2]	**51**	43
(130)	**(424)**	Deferred tax asset not recognised [3]	**(33)**	(10)
510	**234**	**Income and mining taxation**	**18**	37
347	**5**	**Effective income and mining tax rate (%)**	**5**	185

[1] *This mainly relates to the decrease in the deferred tax rate related to Freegold (12.5% to 8.7%) (2017: 20.0% to 12.5%), Randfontein Estates Limited (Randfontein) (3.8% to 1.8%) (2017: 10.1% to 3.8%) and Harmony Gold Mining Company Limited (Harmony) (19.4% to 10.5%) (21.1% to 19.4%) mainly due to a lower estimated profitability.*

[2] *This relates to the additional capital allowance that may be deducted from taxable income from mining operations in South Africa. A significant portion relates to Avgold Limited (Avgold) which has a 0% effective tax rate.*

[3] *This relates to tax losses and deductible temporary differences for which future taxable profits are uncertain and are not considered probable. The current year includes R397 million (US$30.9 million) deferred tax asset not recognised relating to Harmony company as a result of foreign exchange losses on the US dollar loan facility and following the silicosis provision recognised in 2017. The remaining deferred tax asset not recognised in 2018 and 2017 primarily relates to Hidden Valley and PNG exploration operations.*

9 EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the net income attributable to shareholders by the weighted number of ordinary shares in issue during the year.

2017	2018		2018	2017
438 443	**445 896**	Basic weighted average number of ordinary shares in issue ('000)	**445 896**	438 443
362	**(4 473)**	Total net earnings/(loss) attributable to shareholders (millions)	**(321)**	17
82	**(1 003)**	Total basic earnings/(loss) per share (cents)	**(72)**	4

Diluted earnings/(loss) per share

2017	2018		2018	2017
459 220	**465 319**	Weighted average number of ordinary shares for diluted earnings per share [1] ('000)	**465 319**	459 220
79	**(1 004)**	Total diluted earnings/(loss) per share (cents) [2]	**(72)**	4

[1] *Because of the net loss attributable to shareholders in 2018, the inclusion of the share options as potential ordinary shares, had an anti-dilutive (2017: dilutive) effect on the loss (2017: earnings) per share and were therefore not taken into account in the current year calculation. The issue price and the exercise price of share options issued to employees include the fair value of any service to be supplied to the entity in the future under the share option or other share-based payment arrangement.*

[2] *The dilution in 2018 is as a result of the potential reduction in earnings attributable to equity holders of the parent company as a result of the exercise of the Tswelopele Beneficiation Operation option.*

Headline earnings per share

The calculation of headline earnings, net of tax, per share is based on the basic earnings per share calculation adjusted for the following items:

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
362	**(4 473)**	Net profit	**(321)**	17
		Adjusted for:		
(848)	–	Gain on bargain purchase [1]	–	(60)
14	–	Loss on liquidation of subsidiaries [1]	–	1
1 718	**5 336**	Impairment of assets	**386**	131
(26)	**(99)**	Taxation effect on impairment of assets	**(7)**	(2)
(42)	**(2)**	Profit on sale of property, plant and equipment	–	(3)
7	–	Taxation effect on profit on sale of property, plant and equipment	–	–
140	**1**	Loss on scrapping of property, plant and equipment	–	10
(19)	–	Taxation effect on loss on scrapping of property, plant and equipment	–	(1)
1 306	**763**	**Headline earnings**	**58**	93
298	**171**	**Basic headline earnings per share (cents)**	**13**	21
284	**163**	**Diluted headline earnings per share (cents)**	**12**	20

[1] *There is no taxation effect on these items.*

Dividends

On 17 August 2017, the board declared a final dividend of 35 SA cents (3 US cents) for the year ended 30 June 2017. R154 million (US$11.4 million) was paid on 16 October 2017.

SA rand			US dollar	
2017	2018		2018	2017
439	**154**	Dividend declared (millions)	**11**	33
100	**35**	Dividend per share (cents)	**3**	8

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

10 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial assets consist of the following:

SA rand			US dollar	
2017	**2018**	***Figures in million***	**2018**	**2017**
		Financial assets	**6**	24
306	**84**	**Non-current**		
298	**70**	Rand gold hedging contracts – hedge accounted (a)	**5**	23
8	**11**	US$ commodity contracts (b)	**1**	1
–	**3**	Foreign exchange hedging contracts (c)	**–**	–
1 541	**539**	**Current**	**39**	117
1 080	**12**	Rand gold hedging contracts – hedge accounted (a)	**29**	82
12	**63**	US$ commodity contracts (b)	**5**	1
449	**64**	Foreign exchange hedging contracts (c)	**5**	34
1 847	**623**	**Total derivative financial assets**	**45**	141

Derivative financial liabilities consist of the following:

SA rand			US dollar	
2017	**2018**	***Figures in million***	**2018**	**2017**
		Financial liabilities		
–	**10**	**Non-current**	**1**	–
–	**10**	Rand gold hedging contracts – non-hedge accounted (a)	**1**	–
–	**205**	**Current**	**15**	–
–	**2**	Rand gold hedging contracts – non-hedge accounted (a)	**–**	–
–	**203**	Foreign exchange hedging contracts (c)	**15**	–
–	**215**	**Total derivative financial liabilities**	**16**	–

a) Harmony has entered into Rand gold forward sale derivative contracts to hedge the risk of lower Rand/gold prices. Cash flow hedge accounting is applied to the majority of these contracts, resulting in the effective portion of the unrealised gains and losses being recorded in other comprehensive income (other reserves). During the year ended 30 June 2018, the contracts that matured realised a gain of R1 197 million (US$93.2 million) (June 2017: R744 million (US$54.7 million)), of which R1 197 million (US$93.2 million) (June 2017: R728 million (US$53.5 million)) has been included in revenue. There was no ineffective portion in the current year (June 2017: R16 million (US$1.2 million)). The unamortised portion of the day one gain or loss amounted to R11 million (US$0.9 million) at 30 June 2018 (June 2017: R34 million (US$2.6 million)). The loss from non hedge accounted Rand gold forward sale contracts included in gains on derivatives amounted to R12 million (US$0.9 million) (2017: Rnil (US$nil)).

b) Harmony maintains a hedging programme for Hidden Valley by entering into commodity hedging contracts. The contracts comprise US$ gold forward sale derivative contracts as well as silver zero cost collars which establish a minimum (floor) and maximum (cap) silver sales price. Hedge accounting is not applied and the resulting gains and losses are recorded in gains on derivatives in the income statement. The gain amounted to R35 million (US$2.7 million) (June 2017: R20 million (US$1.5 million)).

c) Harmony maintains a foreign exchange hedging programme in the form of zero cost collars, which sets a floor and cap US$/Rand exchange rate at which to convert US dollars to Rands, and foreign exchange forward contracts. As hedge accounting is not applied, the resulting gains and losses have been recorded in gains on derivatives in the income statement (refer to note 5). These gains amounted to R113 million (US$8.8 million) (June 2017: R1 082 million (US$79.6 million)).

11 SHARE CAPITAL

Authorised

1 200 000 000 ordinary shares with no par value (2017: 1 200 000 000 of 50 SA cents each).

Issued

500 251 751 ordinary shares with no par value (2017: 439 957 199 ordinary shares of 50 SA cents each). All issued shares are fully paid.

During the year, all issued and authorised shares with a par value of 50 SA cents each were converted into ordinary shares of no par value.

Share issues

Harmony conducted a placement of new ordinary shares to qualifying investors to raise up to R1.26 billion (US$100.0 million), which represented approximately 15 per cent of the group's existing issued ordinary share capital prior to the placement. The placement was conducted through an accelerated bookbuild.

The net proceeds of the placement were to be used to pay down part of the outstanding bridge loan raised for the acquisition of the Moab Khotsong operations.

During June 2018, a total of 55 055 050 new ordinary shares were placed with existing and new institutional investors at a price of R19.12 per share, raising gross proceeds of R1 053 million (US$80 million). Costs directly attributable to the issue of the shares amounted to R49 million (US$3.7 million).

African Rainbow Minerals Limited (ARM) agreed to subscribe for an additional 11 032 623 shares at R19.12 a share to maintain its shareholding of 14.29% post the placement of shares, subject to Harmony shareholder approval. Refer to note 17 for details on events subsequent to year end.

Treasury shares

Included in the total of issued shares is an amount of 335 shares held by Lydenburg Exploration Limited, a wholly owned subsidiary of the company and 47 046 shares held by the Kalgold Share Trust. As the trust is controlled by the group, the shares are treated as treasury shares. The 28 507 shares held by the Tlhakanelo Trust as at 30 June 2017 were sold in August 2017.

12 PROVISION FOR SILICOSIS SETTLEMENT

Significant judgement is applied in estimating the cost that will be required in future to settle any claims against the group's mines. The ultimate cost may differ from current estimates. The provision amount was based on estimates of number of potential claimants, levels of disease progression and take-up rates. These estimates were informed by historic information, published academic research and professional opinion.

The key assumptions that were made in the determination of the provision amount include:

- Silicosis prevalence rates;
- Estimated settlement per claimant;
- Benefit take-up rates;
- Disease progression rates; and
- Timing of cash flows

A discount rate of 8.5% (2017: 8%) was used, based on government bonds with similar terms to the obligation.

12 PROVISION FOR SILICOSIS SETTLEMENT continued

There is uncertainty with regards to the rate at which potential claims would be reported as well as the benefit take-up rates. Refer to sensitivity analysis on the key assumptions below.

i) Consolidated class action.

Harmony and certain of its subsidiaries (Harmony group), together with other mining companies, are named in a class action for silicosis and tuberculosis which was certified by the Johannesburg High Court in May 2016.

A gold mining industry working group which includes Harmony (the working group) was formed in November 2014 to address issues relating to the compensation and medical care for occupational lung diseases in the gold mining industry in South Africa. The working group engaged all stakeholders on these matters and on 3 May 2018, announced that they have reached an agreement with the lawyers representing the claimants in the silicosis class action litigation. The settlement is subject to certain suspensive conditions, including the agreement being approved by the South Gauteng High Court.

Management had estimated Harmony's provision towards the silicosis settlement at R925 million (US$67.0 million) (2017: R917 million (US$70.0 million)) as at 30 June 2018. Annual changes in the provision consist of time value of money (recognised as finance costs) and changes in estimates (other operating expenses). The change in estimate is a gain of R68 million (US$4.9 million) due to a change in the timing of expected cash flows. The contributions are expected to be settled by cash flows from the group's South African operations and will occur over a number of years. The nominal amount for Harmony group is R1.2 billion (US$86 million).

The following is a reconciliation of the total provision for the silicosis settlement:

SA rand			US dollar	
2017	**2018**	***Figures in million***	**2018**	**2017**
		Provision raised for settlement		
–	**917**	Balance at beginning of year	**70**	–
917	**–**	Initial recognition	**–**	70
–	**(68)**	Change in estimate	**(5)**	–
–	**76**	Time value of money and inflation component	**6**	–
–	**–**	Translation loss	**(4)**	–
917	**925**	**Total provision for silicosis settlement**	**67**	70

Sensitivity analysis

The impact of a reasonable change in certain key assumptions would increase or decrease the provision amount by the following amounts:

SA rand			US dollar	
2017	**2018**	***Figures in million***	**2018**	**2017**
		Effect of an increase in the assumption:		
83	**65**	Change in benefit take-up rate [1]	**5**	6
83	**65**	Change in silicosis prevalence [2]	**5**	6
37	**31**	Change in disease progression rates [3]	**2**	3
		Effect of a decrease in the assumption:		
(83)	**(65)**	Change in benefit take-up rate [1]	**(5)**	(6)
(83)	**(65)**	Change in silicosis prevalence [2]	**(5)**	(6)
(37)	**(31)**	Change in disease progression rates [3]	**(2)**	(3)

[1] *Change in benefit take-up rate: the take-up rate does not affect the legal cost allocation, but a 10% change results in a proportionate change in the other values.*

[2] *Change in the silicosis prevalence: the assumptions that will result in a change in the estimated number of cases are either a 10% change in the assumed labour number or a 10% change in the disease risk.*

[3] *Change in disease progression rates: a one year shorter/longer disease progression period was used. This assumption is not applicable to the dependant or TB classes.*

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

A change in the settlement claim amount would result in a change in the provision amount on a rand for rand basis.

13 BORROWINGS

Facilities

Nedbank Limited

R300 million (US$23 million) was repaid on the R1 billion Nedbank revolving credit facility (RCF) in September 2017. R500 million (US$41 million) was drawn down on the same facility in April 2018. Interest accrues on a day-to-day basis over the term of the loan at a variable interest rate.

US dollar revolving credit facilities

US$140 million (R1 847 million) was repaid on the US$250 million RCF in August 2017. On 28 July 2017, Harmony concluded an agreement for a new three-year syndicated facility of US$350 million (US$175 million term loan plus US$175 million RCF). The facility was negotiated on similar terms to the previous US$250 million facility. US$175 million (R2 309 million) was drawn down on the term loan in August 2017. US$40 million (R547 million) was drawn down on the RCF during November 2017. A further $110 million (R1 271 million) was drawn down on the same facility in February 2018.

On 18 October 2017, Harmony concluded an agreement for a new 12 month bridge loan of US$200 million in order to partially fund the acquisition of the Moab Khotsong operations (refer to note 7). The facility was concluded with similar terms and covenants as the existing loan facilities. US$200 million (R2 310 million) was drawn down on the bridge loan in February 2018. US$50 million (R596 million) was repaid in April 2018 and a further US$100 million (R1 320 million) was repaid in June 2018. Refer to note 17 for details of events after the reporting date.

Terms and debt repayment schedule at 30 June 2018

	Interest charge	Repayment terms	Repayment date	Security
Nedbank Limited (Secured loan – rand revolving credit facility)	1, 3 or 6 month JIBAR plus 3.15%, payable at the elected interest interval	Repayable on maturity	February 2020	Cession and pledge of operating subsidiaries' shares and claims
US dollar facility (Secured loan)	3 or 6 month LIBOR plus 3% for the RCF and 3.15% for the term facility, payable at the elected interest interval	Repayable on maturity	July 2020	Cession and pledge of operating subsidiaries' shares and claims
US dollar bridge loan (Secured loan)	LIBOR, plus elected interest of 2.5% first 6 months, 3% next 3 months, 3.5% last 3 months	Repayable on maturity	October 2018	Cession and pledge of operating subsidiaries' shares and claims

Debt covenants

The debt covenant tests for both the rand and US dollar facilities are as follows:

- The group's interest cover ratio shall not be less than five (EBITDA [1]/Total interest paid)
- Tangible Net Worth [2] to total net debt ratio shall not be less than six times or eight times when dividends are paid
- Leverage [3] shall not be more than 2.5 times

[1] *Earnings before interest, taxes, depreciation and amortisation (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.*

[3] *Leverage is defined as total net debt to EBITDA.*

At the time of entering into the bridge loan the Tangible Net Worth to total net debt ratio covenant was renegotiated and relaxed from six times to four times for the full term of the bridge loan. There were no breaches of the loan covenants for the 2018 and 2017 financial years.

13 BORROWINGS continued

Interest-bearing borrowings

SA rand 2017	SA rand 2018	Figures in million	US dollar 2018	US dollar 2017
		Non-current borrowings		
299	**497**	Nedbank Limited (secured loan – R1.0 billion revolving credit facility)	**36**	23
–	**299**	Balance at beginning of year	**23**	–
300	**500**	Draw down	**41**	24
–	**(300)**	Repayments	**(24)**	–
2	**(2)**	Issue cost	**–**	–
(3)	**–**	Transferred to current liabilities	**–**	–
–	**–**	Translation	**(4)**	(1)
–	**–**	US$250 revolving credit facility (secured loan)	**–**	–
2 039	**–**	Balance at beginning of year	**–**	139
399	**–**	Draw down	**–**	30
(410)	**–**	Repayments	**–**	(30)
18	**–**	Amortisation of issue costs	**–**	1
(1 831)	**–**	Transferred to current liabilities	**–**	(140)
(215)	**–**	Translation	**–**	–
–	**4 427**	US$350 facility (secured loan)	**321**	–
–	**4 127**	Draw down	**325**	–
–	**(94)**	Issue cost	**(7)**	–
–	**33**	Amortisation of issue costs	**3**	–
–	**361**	Translation	**–**	–
299	**4 924**	**Total non-current borrowings**	**357**	23

SA rand 2017	SA rand 2018	Figures in million	US dollar 2018	US dollar 2017
		Current borrowings		
3	**3**	Nedbank Limited (secured loan – R1.0 billion revolving credit facility)	**–**	–
300	**3**	Balance at beginning of year	**–**	20
(300)	**–**	Repayments	**–**	(20)
3	**–**	Transferred from non-current liabilities	**–**	–
1 831	**–**	US$250 revolving credit facility (secured loan)	**–**	140
–	**1 831**	Balance at beginning of year	**140**	–
–	**(1 847)**	Repayments	**(140)**	–
–	**4**	Amortisation of issue costs	**–**	–
–	**12**	Translation	**–**	–
1 831	**–**	Transferred from non-current liabilities	**–**	140
–	**687**	US$200 bridge loan facility (secured loan)	**50**	–
–	**2 310**	Draw down	**200**	–
–	**(1 916)**	Repayments	**(150)**	–
–	**(3)**	Issue cost	**–**	–
–	**296**	Translation	**–**	–
1 834	**690**	**Total current borrowings**	**50**	140
2 133	**5 614**	**Total interest-bearing borrowings**	**407**	163

SA rand			US dollar	
2017	**2018**	***Figures in million***	**2018**	**2017**
		The maturity of borrowings is as follows:		
1 834	**702**	Current	**51**	140
–	**497**	Between one to two years	**36**	–
299	**4 415**	Between two to five years	**320**	23
2 133	**5 614**		**407**	163
		Undrawn committed borrowing facilities:		
1 442	**–**	Expiring within one year	**–**	110
700	**845**	Expiring after one year	**61**	53
2 142	**845**		**61**	163

14 FAIR VALUE DETERMINATION FOR FINANCIAL ASSETS AND LIABILITIES

The fair value levels of hierarchy are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from other prices);

Level 3: Inputs for the asset that are not based on observable market data (that is, unobservable inputs).

The following table presents the group's financial assets and liabilities that are measured at fair value by level at reporting date.

Figures in million	**Fair value hierarchy level**	**At 30 June 2018**	**At 30 June 2017**
Available-for-sale financial assets			
Investment in financial assets [1]	Level 3	**8**	4
Fair value through profit or loss financial assets and liabilities			
Restricted investments [2]	Level 2	**913**	839
Derivative financial instruments [3]		**408**	1 847
Forex hedging contracts	Level 2	**(136)**	449
Rand gold hedging contracts	Level 2	**470**	1 378
Commodities hedging contracts	Level 2	**74**	20

14 FAIR VALUE DETERMINATION FOR FINANCIAL ASSETS AND LIABILITIES continued

Figures in million (US dollar)	Fair value hierarchy level	At 30 June 2018	At 30 June 2017
Available-for-sale financial assets			
Investment in financial assets [1]		**1**	–
Fair value through profit and loss financial assets and liabilities			
Restricted investments [2]	Level 2	**66**	64
Derivative financial instruments [3]		**29**	141
Forex hedging contracts	Level 2	**(10)**	34
Rand gold hedging contracts	Level 2	**33**	105
Commodities hedging contracts	Level 2	**5**	2

[1] *Level 3 fair values have been valued by the directors by performing independent valuations on an annual basis.*

[2] *The majority of the level 2 fair values are directly derived from the Top 40 index on the JSE, and are discounted at market interest rate. This relates to equity-linked deposits in the group's environmental rehabilitation trust funds. The balance of the environmental trust funds are held to maturity and therefore not disclosed here.*

[3] *The fair value measurements are derived as follows:*

Forex hedging contracts

(a) *Zero cost collars: a Black-Scholes valuation technique, derived from spot rand/US$ exchange rate inputs, implied volatilities on the rand/US$ exchange rate, rand/US$ inter-bank interest rates and discounted at market interest rate (zero-coupon interest rate curve).*

(b) *Forward exchange contracts: spot rand/US$ exchange rate, rand and dollar interest differential (forward points) and discounted at market interest (zero-coupon bond interest rate curve).*

Rand gold hedging contracts *(forward sale contracts): spot rand/US$ exchange rate, rand and dollar interest rates (forward points), spot US$ gold price, differential between the US interest rate and gold lease interest rate which is discounted at market interest rate.*

US$ gold hedging contracts *(forward sale contracts): spot US$ gold price, differential between the US interest rate and gold lease interest rate and discounted at market interest rate.*

Silver hedging contracts *(zero cost collars): a Black-Scholes valuation technique, derived from spot US$ silver price, strike price, implied volatilities, time to maturity and interest rates and discounted at market interest rate.*

The carrying values (less any impairment allowance) of short-term financial instruments are assumed to approximate their fair values.

The fair values of borrowings are not materially different to their carrying amounts since the interest payable on those borrowings is at floating interest rates. The fair value of borrowings are based on discounted cash flows using a current borrowing rate. The determination of the fair values are level 3 in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

15 RELATED PARTIES

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 from 1 July 2016 or in any proposed transaction that has affected or will materially affect Harmony or its subsidiaries, other than as stated below.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the group. The remuneration of directors, prescribed officers and executive management is fully disclosed in Annexure B of the Financial Report 2018.

Modise Motloba, Harmony's deputy chairman, is a director of Tysys Proprietary Limited (Tysys). Tysys entered into a contract with the group during the 2017 financial year to provide services relating to the group's small and medium enterprise development projects. The contract has a value of R4.8 million (US$0.4 million) per annum. Approximately R6 million (US$0.4 million) (2017: R1 million (US$0.1 million)) was paid during FY18 relating to services rendered in the current and prior financial years. The contract has a 30-day notice period.

All the production of the group's South African operations is sent to Rand Refinery in which Harmony holds a 10.38% interest.

A list of the group's subsidiaries, associates and joint operations has been included in Annexure A of the Financial Report 2018. The following directors and prescribed officers own shares in Harmony at year-end:

Name of director/prescribed officer	Number of shares 2018	Number of shares 2017
Directors		
Andre Wilkens	**101 301**	101 301
Frank Abbott [1]	**747 817**	606 742
Mashego Mashego	**593**	593
Ken Dicks	**35 000**	35 000
Prescribed officers		
Beyers Nel [1]	**42 486**	17 553
Johannes van Heerden	**75 000**	25 000
Philip Tobias [1]	**42 916**	11 750

[1] *The movement in shares for the 2018 financial year includes the vesting of performance shares that were voluntarily locked up in terms of the minimum shareholding requirement of the 2006 Share Plan but remain beneficially owned.*

16 COMMITMENTS AND CONTINGENCIES

Commitments and guarantees

SA rand 2017	SA rand 2018	*Figures in million*	US dollar 2018	US dollar 2017
		Capital expenditure commitments		
161	**215**	Contracts for capital expenditure	**16**	12
208	**58**	Share of joint venture's contract for capital expenditure	**4**	16
789	**1 719**	Authorised by the directors but not contracted for	**124**	60
1 158	**1 992**	**Total capital commitments**	**144**	88

Contractual obligations in respect of mineral tenement leases amount to R59 million (US$4.3 million) (2017: R170 million (US$13.0 million)). This includes R58 million (US$4.2 million) (2017: R166 million (US$12.7 million)) for the MMJV.

SA rand 2017	SA rand 2018	*Figures in million*	US dollar 2018	US dollar 2017
		Guarantees		
14	**143**	Guarantees and suretyships	**10**	1
479	**479**	Environmental guarantees [1]	**35**	37
493	**622**	**Total guarantees**	**45**	38

[1] *At 30 June 2018, R75 million (US$5.4 million) (2017: R61 million (US$4.7 million)) has been pledged as collateral for environmental guarantees in favour of certain financial institutions.*

Contingent liabilities

For detailed disclosure on contingent liabilities, refer to the Financial Report 2018 (available at www.har.co.za/18/download/HAR-FR18.pdf There have been no significant changes in contingencies since 30 June 2017.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

17 SUBSEQUENT EVENTS

(a) On 12 July 2018, shareholders approved the special resolution to issue 11 032 623 new ordinary shares to African Rainbow Minerals Limited at the placing price of R19.12 to raise a total of R211 million (US$16 million). The proceeds raised from the ARM Placing were to be used to repay part of the outstanding bridge loan raised for the acquisition of Moab Khotsong.

(b) On 18 July 2018, the remaining outstanding balance of US$50 million (R670 million) was repaid on the US$200 million bridge loan.

(c) On 4 October 2018, Harmony reached a mutually acceptable settlement with the Financial Sector Conduct Authority of South Africa. The dispute related to incorrect disclosure of the March 2007 quarter financial results. Harmony informed shareholders and the authorities of the error in August 2007. Subsequently Harmony reviewed all financial reporting policies and systems to ensure that a similar error would not occur. Following various discussions with the authorities, an administrative penalty of R30 million was imposed and paid by Harmony.

18 SEGMENT REPORT

The group has one main economic product, being gold. In order to determine operating and reportable segments, management reviewed various factors, including geographical location as well as managerial structure. It was determined that an operating segment consists of a shaft or a group of shafts or open pit mine managed by a single general manager and management team.

Effective 1 July 2017, Harmony integrated Tshepong and Phakisa into a single operation, Tshepong Operations. This was to take advantage of their close proximity, which allows existing infrastructure to be optimised. These two separate segments now form one segment. The results for all periods presented have been represented for this change.

After applying the qualitative and quantitative thresholds from IFRS 8, the reportable segments were determined as: Tshepong Operations, Moab Khotsong, Bambanani, Joel, Doornkop, Target 1, Kusasalethu, Masimong and Unisel. All other operating segments have been grouped together under all other surface operations.

The CODM has been identified as the CEO's office consisting of the chief executive officer, financial director, director: corporate affairs, chief operating officer: new business, chief executive officer: South-east Asia and chief operating officer: South Africa. When assessing profitability, the CODM considers the revenue and production costs of each segment. The net of these amounts is the production profit or loss. Therefore, production profit has been disclosed in the segment report as the measure of profit or loss. The CODM also considers capital expenditure when assessing the overall economic sustainability of each segment. The CODM, however, does not consider depreciation or impairment and therefore these amounts have not been disclosed in the segment report.

Segment assets consist of mining assets and mining assets under construction included under property, plant and equipment which can be attributed to the segment. Current and non-current group assets that are not allocated at a segment level form part of the reconciliation to total assets.

A reconciliation of the segment totals to the group financial statements has been included in note 19.

18 SEGMENT REPORT continued

	Revenue		Production cost		Production profit/(loss)		Mining assets		Capital expenditure#		Kilograms produced*		Tonnes milled*	
	30 June		30 June		30 June		30 June		30 June		30 June		30 June	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	R million		R million		R million		R million		R million		kg		t'000	
SOUTH AFRICA – UNDERGROUND														
Tshepong Operations (a)	**5 389**	5 062	**3 799**	3 671	**1 590**	1 391	**8 078**	8 466	**1 008**	717	**9 394**	8 828	**1 716**	1 695
Moab Khotsong	**1 672**	–	**952**	–	**720**	–	**3 702**	–	**173**	–	**3 296**	–	**327**	–
Bambanani	**1 616**	1 576	**896**	871	**720**	705	**659**	745	**64**	77	**2 821**	2 750	**233**	231
Joel	**954**	1 309	**920**	936	**34**	373	**995**	909	**250**	243	**1 635**	2 246	**454**	514
Doornkop	**1 958**	1 553	**1 411**	1 241	**547**	312	**2 721**	2 979	**274**	243	**3 429**	2 673	**696**	641
Target 1	**1 630**	1 506	**1 318**	1 345	**312**	161	**1 260**	2 021	**309**	324	**2 854**	2 669	**680**	745
Kusasalethu	**2 483**	2 575	**2 026**	2 080	**457**	495	**2 151**	2 846	**289**	289	**4 429**	4 394	**670**	607
Masimong	**1 505**	1 452	**1 154**	1 113	**351**	339	**57**	433	**129**	119	**2 623**	2 538	**647**	640
Unisel	**733**	915	**771**	838	**(38)**	77	**38**	529	**85**	78	**1 280**	1 595	**376**	394
SURFACE														
All other surface operations	**2 009**	1 816	**1 521**	1 404	**488**	412	**553**	486	**136**	261	**3 570**	3 178	**14 143**	11 045
Total South Africa	**19 949**	17 764	**14 768**	13 499	**5 181**	4 265	**20 214**	19 414	**2 717**	2 351	**35 331**	30 871	**19 942**	16 512
INTERNATIONAL														
Hidden Valley (b)	**409**	1 500	**234**	1 313	**175**	187	**3 884**	2 290	**1 563**	1 335	**2 862**	2 965	**2 499**	2 889
Total international	**409**	1 500	**234**	1 313	**175**	187	**3 884**	2 290	**1 563**	1 335	**2 862**	2 965	**2 499**	2 889
Total operations	**20 358**	19 264	**15 002**	14 812	**5 356**	4 452	**24 098**	21 704	**4 280**	3 686	**38 193**	33 836	**22 441**	19 401
Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 19)	**1**	–	**(11)**	–	**12**	–	**15 425**	17 179	**–**	–	**–**	–	**–**	–
	20 359	19 264	**14 991**	14 812	**5 368**	4 452	**39 523**	38 883	**4 280**	3 686	**38 193**	33 836	**22 441**	19 401

\# *Capital expenditure for international operations excludes expenditure spent on Wafi-Golpu of R288 million (2017: R197 million).*

* *Production statistics are unaudited.*

(a) *Tshepong and Phakisa were two separate segments for the 2017 financial year. As of 1 July 2017, they have been integrated into Tshepong Operations and have been treated as one segment for the 2018 financial year. June 2017 amounts have been re-presented as a result of the integration.*

(b) *Capital expenditure comprises of expenditure of R2 609 million net of capitalised revenue of R1 046 million.*

18 SEGMENT REPORT continued

	Revenue		Production cost		Production profit/(loss)		Mining assets		Capital expenditure#		Kilograms produced*		Tons milled*	
	30 June		30 June		30 June		30 June		30 June		30 June		30 June	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	US$ million		US$ million		US$ million		US$ million		US$ million		oz		t'000	
SOUTH AFRICA – UNDERGROUND														
Tshepong Operations (a)	**419**	372	**296**	270	**123**	102	**585**	645	**78**	52	**302 026**	283 827	**1 893**	1 869
Moab Khotsong	**130**	–	**74**	–	**56**	–	**268**	–	**13**	–	**105 969**	–	**360**	–
Bambanani	**126**	116	**70**	64	**56**	52	**48**	57	**5**	6	**90 698**	88 415	**257**	254
Joel	**74**	96	**72**	69	**2**	27	**72**	69	**19**	18	**52 566**	72 211	**501**	567
Doornkop	**152**	114	**110**	91	**42**	23	**197**	227	**21**	18	**110 245**	85 939	**767**	706
Target 1	**127**	111	**103**	99	**24**	12	**91**	154	**24**	24	**91 758**	85 809	**749**	822
Kusasalethu	**193**	189	**158**	153	**35**	36	**156**	217	**22**	21	**142 395**	141 270	**738**	670
Masimong	**117**	107	**90**	82	**27**	25	**4**	33	**10**	9	**84 332**	81 599	**714**	706
Unisel	**57**	67	**60**	62	**(3)**	5	**3**	40	**7**	6	**41 152**	51 280	**415**	436
SURFACE														
All other surface operations	**157**	135	**116**	103	**41**	32	**40**	37	**12**	19	**114 778**	102 175	**15 595**	12 179
Total South Africa	**1 552**	1 307	**1 149**	993	**403**	314	**1 464**	1 479	**211**	173	**1 135 919**	992 525	**21 989**	18 209
INTERNATIONAL														
Hidden Valley (b)	**32**	110	**18**	97	**14**	13	**281**	175	**122**	98	**92 015**	95 327	**2 757**	3 186
Total international	**32**	110	**18**	97	**14**	13	**281**	175	**122**	98	**92 015**	95 327	**2 757**	3 186
Total operations	**1 584**	1 417	**1 167**	1 090	**417**	327	**1 745**	1 654	**333**	271	**1 227 934**	1 087 852	**24 746**	21 395
Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 19)	**–**	–	**–**	–	**–**	–	**1 117**	1 312	**–**	–	**–**	–	**–**	–
	1 584	1 417	**1 167**	1 090	**417**	327	**2 862**	2 966	**333**	271	**1 227 934**	1 087 852	**24 746**	21 395

\# *Capital expenditure for international operations excludes expenditure spent on Wafi-Golpu of US$22.4 million (2017: US$14.5 million).*

* *Production statistics are unaudited.*

(a) *Tshepong and Phakisa were two separate segments for the 2017 financial year. As of 1 July 2017, they have been integrated into Tshepong Operations and have been treated as one segment for the 2018 financial year. June 2017 amounts have been re-presented as a result of the integration.*

(b) *Capital expenditure comprises of expenditure of US$203 million net of capitalised revenue of US$81 million.*

19 RECONCILIATION OF SEGMENT INFORMATION TO CONSOLIDATED INCOME STATEMENTS AND BALANCE SHEETS

SA rand			US dollar	
2017	**2018**	***Figures in million***	**2018**	**2017**
		Reconciliation of production profit to consolidated profit/(loss) before taxation		
19 264	**20 358**	Total segment revenue	**1 584**	1 416
(14 812)	**(15 002)**	Total segment production costs	**(1 167)**	(1 089)
4 452	**5 356**	Production profit	**417**	327
–	**1**	Revenue not included in segments	**–**	–
–	**11**	Production cost adjustments not included in segments	**–**	–
(4 827)	**(8 512)**	Cost of sales items other than production costs	**(630)**	(359)
(2 441)	**(2 468)**	Amortisation and depreciation of mining assets	**(192)**	(179)
(78)	**(102)**	Amortisation and depreciation of assets other than mining assets	**(8)**	(6)
(23)	**(67)**	Rehabilitation credit (net)	**(5)**	(2)
(109)	**(128)**	Care and maintenance cost of restructured shafts	**(10)**	(8)
(74)	**(208)**	Employment termination and restructuring costs	**(16)**	(5)
(391)	**(244)**	Share-based payments	**(19)**	(29)
(1 718)	**(5 336)**	Impairment of assets	**(386)**	(131)
7	**41**	Other	**3**	1
(375)	**(3 144)**	Gross loss	**(216)**	(32)
(517)	**(813)**	Corporate, administration and other expenditure	**(63)**	(38)
(241)	**(135)**	Exploration expenditure	**(11)**	(18)
1 025	**99**	Gain on derivatives	**8**	75
(886)	**(667)**	Other operating expenses	**(53)**	(68)
(994)	**(4 660)**	Operating loss	**(335)**	(81)
848	**–**	Gain on bargain purchase	**–**	60
(14)	**–**	Loss on liquidation of subsidiaries	**–**	(1)
(22)	**38**	Profit/(loss) on associate	**3**	(1)
–	**(98)**	Acquisition related costs	**(8)**	–
268	**343**	Investment income	**27**	20
(234)	**(330)**	Finance costs	**(26)**	(17)
(148)	**(4 707)**	Loss before taxation	**(339)**	(20)

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

19 RECONCILIATION OF SEGMENT INFORMATION TO CONSOLIDATED INCOME STATEMENTS AND BALANCE SHEETS continued

SA rand			US dollar	
2017	**2018**	***Figures in million***	**2018**	**2017**
		Reconciliation of total segment assets to consolidated assets includes the following:		
		Non-current assets		
8 340	**6 903**	Property, plant and equipment	**500**	638
603	**515**	Intangible assets	**37**	46
64	**77**	Restricted cash	**6**	5
2 658	**3 271**	Restricted investments	**237**	203
4	**11**	Investments in financial assets	**6**	–
46	**84**	Investments in associates	**1**	4
38	**46**	Inventories	**3**	3
185	**253**	Other non-current receivables	**18**	14
306	**84**	Derivative financial asset	**6**	24
		Current assets		
1 127	**1 759**	Inventories	**127**	86
18	**38**	Restricted cash	**3**	1
1 003	**1 139**	Trade and other receivables	**83**	76
1 541	**539**	Derivative financial assets	**39**	117
1 246	**706**	Cash and cash equivalents	**51**	95
17 179	**15 425**		**1 117**	1 312

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Harmony Gold Mining Company Limited ("Company") will be held on Friday, 7 December 2018 at 12:30 (SA time) at the Sandton Convention Centre (see *Directions to annual general meeting* on page 41), to conduct the business set out below and to consider, and adopt, if deemed fit, with or without modification, the ordinary and special resolutions set out in this notice.

In terms of section 59(1)(a) and (b) of the Companies Act 71 of 2008, as amended ("Act"), the board of directors of the Company ("Board") has set the record date for the purpose of determining which shareholders of the Company are entitled to:

(i) receive the notice of the annual general meeting (being the date on which a shareholder must be registered in the Company's securities register to receive the notice of the annual general meeting) as 19 October 2018; and

(ii) participate in and vote at the annual general meeting (being the date on which a shareholder must be registered in the Company's securities register to participate in and vote at the annual general meeting) as 30 November 2018.

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The audited consolidated Company annual financial statements, incorporating the reports of the auditors, the audit and risk committee, and the directors for the year ended 30 June 2018 will be presented to the shareholders of the Company as required in terms of section 30(3)(d) of the Act, read with section 61(8)(a) of the Act.

Summarised consolidated financial statements are included in this document on pages 6 to 32.

The complete audited consolidated Company annual financial statements are available on Harmony's website at *www.har.co.za*.

PRESENTATION OF GROUP SOCIAL AND ETHICS COMMITTEE REPORT

In accordance with regulation 43(5)(c) of the Act, the social and ethics committee's report in the Integrated Annual Report 2018 (available at *www.har.co.za*) will be presented to shareholders at the annual general meeting.

RESOLUTIONS FOR CONSIDERATION AND ADOPTION

1. Ordinary Resolution Number 1:

Election of director

"RESOLVED THAT Max Sisulu be and is hereby elected as a director of the Company with immediate effect." (See Max Sisulu's resumé below).

> Max was appointed to the board on 1 February 2018. He is a qualified economist having served in several positions within private and government sectors and holds numerous non-executive directorships in various private sector companies. He has a master's degree in political science from Harvard University, the United States, and a master's degree in political economy from Plekhanov University, Russia. Max also undertook a one-year research fellowship with the University of Amsterdam, Holland, into the role of the manufacturing industry's electronics sector in the South African economy.

The percentage of voting rights required for ordinary resolution number 1 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders of the Company present at the annual general meeting or represented by proxy and entitled to exercise voting rights on ordinary resolution number 1.

2. Ordinary Resolution Number 2:

Re-election of director

"RESOLVED THAT Joaquim Chissano, who retires by rotation at this annual general meeting in accordance with the Company's memorandum of incorporation, and who is eligible and available for re-election, be and is hereby re-elected as a director of the Company with immediate effect." (See Joaquim Chissano's resumé below).

> Joaquim was appointed to the board on 20 April 2005. A former president of Mozambique (1986-2005), 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, the African Union and the Southern African Development Community to Guinea-Bissau, the 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, in 2007, he received the inaugural Mo Ibrahim Prize for Achievement in African Leadership. Joaquim was appointed to the global development programme advisory panel of the Bill and Melinda Gates Foundation in December 2009. In 2016, he was awarded the 2015 North-South Prize by the Council of Europe for his contribution to human rights, democracy and world peace, thus promoting global interdependence and solidarity. Recently, in 2018, he received the Companions of Oliver R. Tambo award for his contribution to the eradication of apartheid and the City of Athens Democracy award for his commitment to the advancement of democracy in the world.

The percentage of voting rights required for ordinary resolution number 2 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders of the Company present at the annual general meeting or represented by proxy and entitled to exercise voting rights on ordinary resolution number 2.

3. Ordinary Resolution Number 3:

Re-election of director

"RESOLVED THAT Fikile De Buck, who retires by rotation at this annual general meeting in accordance with the Company's memorandum of incorporation, and who is eligible and available for re-election, be and is hereby re-elected as a director of the Company with immediate effect." (See Fikile De Buck's resumé below).

Fikile was appointed to the board on 30 March 2006. A chartered certified accountant, she was 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, the first black overseas student to be awarded this prize.

Fikile is a fellow of the Association of Chartered Certified Accountants United Kingdom. From 2000 to 2008, she worked in various capacities, including as chief financial officer and chief operations officer, at the Council for Medical Schemes in South Africa. Prior to that she worked in various capacities at the Botswana Development Corporation and was its first treasurer. She also served on various boards representing the corporation's interests, and was the founding chairman of the Credit Guarantee Insurance Corporation of Africa Limited.

She has 24 years' experience in financial reporting at executive level. Fikile is a director of D&D Company Proprietary Limited, and a non-executive director of Atlatsa Resources Corporation where she is also chairman of the audit committee and a member of various other committees. She is also a non-executive director and chairman of the audit committee and a member of the social and ethics committee of Mercedes Benz South Africa Ltd. Fikile is the South Africa Chapter President of the Global Forum of Women Entrepreneurs. She was included in the coffee table book, "South Africa's Most Inspirational Women" (2011). Fikile mentors a number of young people, mostly women. She is also a member of Women in Mining South Africa.

The percentage of voting rights required for ordinary resolution number 3 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders of the Company present at the annual general meeting or represented by proxy and entitled to exercise voting rights on ordinary resolution number 3.

4. Ordinary Resolution Number 4:

Re-election of director

"RESOLVED THAT Modise Motloba, who retires by rotation at this annual general meeting in accordance with the Company's memorandum of incorporation, and who is eligible and available for re-election, be and is hereby re-elected as a director of the Company with immediate effect." (See Modise Motloba's resumé below).

Modise was appointed to the board on 30 July 2004. He is the founder and Chief Executive Officer of Quartile Capital Holdings Proprietary Limited, a 100% black-owned, managed and controlled niche financial services and investment group with expertise in corporate financial advisory, fund management, wealth, SMME development and finance and principal investments. He has more than 24 years' working experience in the financial sector both in South Africa and the United States.

He has extensive experience in board leadership of listed and non-listed companies spanning more than 13 years in major sectors and areas such as banking (investment banking and development finance institutions), fund management, insurance, mining, business strategy, governance, transformation, banking regulation, non-banking regulation, business leadership and business organisation leadership.

Modise has also held the following positions:

- Chairman of Land Bank Insurance
- Non-executive director of RMB Structured Insurance
- Member of the South African Financial Markets advisory board of the Financial Services Board
- Non-executive director of Deutsche Bank Securities
- Non-executive director of Deutsche Bank Securities South Africa
- Non-executive director of the Land Bank
- Member of the South Africa Reserve Bank's committee on the revision of the Banks Act
- President of the Association of Black Securities and Investment Professionals
- Executive member of the Black Business Council
- President of Nafcoc/Johannesburg Chamber of Commerce and Industry
- Non-executive director of the Small Enterprise Foundation

The percentage of voting rights required for ordinary resolution number 4 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders of the Company present at the annual general meeting or represented by proxy and entitled to exercise voting rights on ordinary resolution number 4.

5. Ordinary Resolution Number 5:

Re-election of director

"RESOLVED THAT Dr Patrice Motsepe, who retires by rotation at this annual general meeting in accordance with the Company's memorandum of incorporation, and who is eligible and available for re-election, be and is hereby re-elected as a director of the Company with immediate effect." (See Dr Patrice Motsepe's resumé below).

Dr Patrice Motsepe was elected Chairman of the Harmony board in 2004 following the merger of ARMgold, Harmony and Avmin.

Patrice was a partner in one of the largest law firms in South Africa, Bowmans and was also a visiting attorney in the USA with the law firm, McGuire Woods Battle and Boothe. He is an expert in governance, legal, compliance, as well as general and international business.

In 1994 Patrice founded Future Mining, which grew rapidly to become a successful contract mining company. He then formed ARMgold in 1997, which listed on the JSE in 2002.

Dr Motsepe is the founder and Executive Chairman of African Rainbow Minerals (ARM). He is also the founder and Chairman of Ubuntu-Botho Investments, African Rainbow Capital (ARC), African Rainbow Energy and Power (AREP) and is also the Deputy Chairman of Sanlam.

In 2002 Dr Motsepe 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.

Dr Motsepe is a member of the International Business Council (IBC) of the World Economic Forum which is made up of 100 of the most highly respected and influential chief executives from all industries. He is also a member of the Harvard Global Advisory Council and the International Council on Mining and Metals (ICMM).

Dr Motsepe is a recipient of numerous other business and leadership awards and recognitions including:

- World Economic Forum Global Leader of Tomorrow, 1999
- Afrikaanse Handelsinstituut, MS Louw Award for Exceptional Business Achievement, 2003
- South African Jewish Report, Special Board Members Award for Outstanding Achievement, 2004
- African Business Roundtable, USA, Entrepreneur & Freedom of Trade Award, 2009
- McGuire Woods Outstanding Alumnus Awards, 2009
- BRICS (Brazil, Russia, India, China, South Africa) Business Council, Outstanding Leadership Award, 2014
- Harvard University Veritas Award for Excellence in Global Business and Philanthropy, 2014
- Forbes Magazine, "100 Greatest Living Business Minds", 2017
- Sunday Times Lifetime Achiever Award, 2017

In January 2013, Dr Motsepe and his wife, Dr Precious Moloi-Motsepe, joined the Giving Pledge which was started by Warren Buffett and Bill and Melinda Gates. Dr Motsepe committed to donate half of the Motsepe family's wealth to the poor and for philanthropic purposes, during and beyond his lifetime and that of his wife.

The percentage of voting rights required for ordinary resolution number 5 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders of the Company present at the annual general meeting or represented by proxy and entitled to exercise voting rights on ordinary resolution number 5.

6. Ordinary Resolution Number 6:

Re-election of audit and risk committee member

"RESOLVED THAT, subject to ordinary resolution number 3 being passed, Fikile De Buck, who is a non-executive director of the Company, be and is hereby re-elected as a member of the Company's audit and risk committee with immediate effect to hold office until the next annual general meeting." (See Fikile De Buck's resumé under ordinary resolution number 3).

The percentage of voting rights required for ordinary resolution number 6 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders of the Company present at the annual general meeting or represented by proxy and entitled to exercise voting rights on ordinary resolution number 6.

7. Ordinary Resolution Number 7:

Re-election of audit and risk committee member

"RESOLVED THAT Dr. Simo Lushaba be and is hereby re-elected as a member of the Company's audit and risk committee, with immediate effect, to hold office until the next annual general meeting." (See Simo Lushaba's resumé below).

Simo joined the board on 18 October 2002. He was previously a general manager at Spoornet (Rail and Terminal Services division), vice president of Lonmin Plc and chief executive of Rand Water. He is the chairman of South Africa Day NPC and a non-executive director on the board of Cashbuild Limited. He facilitates programmes on corporate governance for the Institute of Directors (South Africa), of which he is a member. He was also appointed as an administrator of the South African Post Office to stabilise the organisation and develop a strategic turnaround plan following the resignation of its board. He later became chairman of the board of directors of the South African Post Office, a position he held until December 2016. Previously, he was chairman of the boards of Spescom Limited and Pikitup (Johannesburg), and a director of the Trans-Caledon Tunnel Authority, the Water Research Commission and Rand Water

The percentage of voting rights required for ordinary resolution number 7 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders of the Company present at the annual general meeting or represented by proxy and entitled to exercise voting rights on ordinary resolution number 7.

8. Ordinary Resolution Number 8:

Re-election of audit and risk committee member

"RESOLVED THAT subject to ordinary resolution number 4 being passed, Modise Motloba, who is a non-executive director of the Company, be and is hereby re-elected as a member of the Company's audit and risk committee with immediate effect to hold office until the next annual general meeting." (See Modise Motloba's resumé under ordinary resolution number 4).

The percentage of voting rights required for ordinary resolution number 8 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders of the Company present at the annual general meeting or represented by proxy and entitled to exercise voting rights on ordinary resolution number 8.

9. Ordinary Resolution Number 9:

Re-election of audit and risk committee member

"RESOLVED THAT Karabo Nondumo, who is a non-executive director of the Company, be and is hereby re-elected as a member of the Company's audit and risk committee with immediate effect to hold office until the next annual general meeting." (See Karabo Nondumo's resumé below).

Karabo was appointed to the board on 3 May 2013. She is an executive director of the KM Group of companies, providers of integrated information and communications technology solutions to enterprises, as well as of products and services to the mining, engineering and manufacturing industries. She has held various roles at Vodacom Group Limited including that of executive head of Vodacom Business as well as of Vodacom's mergers and acquisitions. She was inaugural chief executive officer of AWCA Investment Holdings Limited and former head of global markets operations at Rand Refinery Proprietary Limited. She was an 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 of African Women Chartered Accountants. She is an independent non-executive director of Sanlam Limited, Richards Bay Coal Terminal and MTN South Sudan. She is on the advisory board of Senatla Capital.

The percentage of voting rights required for ordinary resolution number 9 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders of the Company present at the annual general meeting or represented by proxy and entitled to exercise voting rights on ordinary resolution number 9.

10. Ordinary Resolution Number 10:

Re-election of audit and risk committee member

"RESOLVED THAT John Wetton, who is a non-executive director of the Company, be and is hereby re-elected as a member of the Company's audit and risk committee with immediate effect to hold office until the next annual general meeting." (See John Wetton's resumé below).

John was appointed to the board on 1 July 2011. He was with Ernst & Young from 1967 to 2010, mainly in corporate audit, but for his final 10 years he played a business development role across Africa. He led Ernst & Young's mining group for a number of years and acted 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.

The percentage of voting rights required for ordinary resolution number 10 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders of the Company present at the annual general meeting or represented by proxy and entitled to exercise voting rights on ordinary resolution number 10.

11. Ordinary Resolution Number 11:

Re-appointment of external auditors

"RESOLVED THAT PricewaterhouseCoopers Incorporated be and is hereby reappointed as the external auditor of the Company to hold office from this annual general meeting until conclusion of the next annual general meeting."

The percentage of voting rights required for ordinary resolution number 11 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders of the Company present at the annual general meeting or represented by proxy and entitled to exercise voting rights on ordinary resolution number 11.

12. Ordinary Resolution Number 12:

Approval of remuneration policy

"RESOLVED, as a non-binding advisory vote in accordance with the recommendations of King IV, that the remuneration policy of the Company, as set out in the integrated annual report (available at *www.har.co.za*), be and is hereby approved."

As this matter is non-binding, no minimum voting threshold is needed. However, if 25% (twenty five percent) or more of the voting rights exercised on ordinary resolution number 12 are against such resolution, the Board will commit to implementing the measures set out in the remuneration policy read with King IV.

13. Ordinary Resolution Number 13:
Approval of the implementation report

"RESOLVED, as a non-binding advisory vote in accordance with the recommendations of King IV, that the implementation report of the Company, as set out in the integrated annual report (available at *www.har.co.za*) be and is hereby approved."

As this matter is non-binding, no minimum voting threshold is needed. However, if 25% (twenty five percent) or more of the voting rights exercised on ordinary resolution number 13 are against such resolution, the Board will commit to implementing the measures set out in the implementation report read with King IV.

14. Ordinary Resolution Number 14:
General authority to issue shares for cash

"RESOLVED THAT the Board be and is hereby authorised as a general authority to issue the authorised but unissued shares in the capital of the Company (including the grant or issue of options or convertible securities that are convertible into an existing class of equity securities) for cash on such terms and conditions as the Board may, from time to time, in its sole discretion deem fit, subject to the Act and the JSE Listings Requirements, provided that:

(a) the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;

(b) the equity securities must be issued to public shareholders, as defined in the JSE Listings Requirements, and not to related parties;

(c) securities which are the subject of general issues for cash in the aggregate may not exceed 5% (five percent) of the Company's shares in issue as at the date of this notice of the annual general meeting, excluding treasury shares – the number of shares available for the issue of shares for cash will therefore be limited to 25 585 214 shares;

(d) this authority shall be valid until the Company's next annual general meeting or for 15 (fifteen) months from the date on which this resolution is passed, whichever period is shorter, subject to the requirements of the JSE and any other restrictions set out in this authority;

(e) the calculation of the Company's listed equity securities must be a factual assessment of the Company's listed equity securities as at the date of this notice of annual general meeting, excluding treasury shares;

(f) any equity securities issued for cash during the period contemplated in (d) shall be deducted from the number set out in (c);

(g) in the event of sub-division or consolidation of issued equity securities during the period contemplated in (d), the existing authority will be adjusted accordingly to represent the same allocation ratio;

(h) the maximum discount at which equity securities may be issued is 10% (ten percent) of the weighted average traded price of such equity securities measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities – the JSE will be consulted for a ruling if the Company's securities have not traded in such 30 (thirty) business day period; and

(i) equity securities (of any class) which are the subject of the issue for cash in terms of this general authority, will be aggregated with any securities that are compulsorily convertible into securities of that class and, in the case of the issue of compulsory convertible securities, aggregated with the securities of that class into which they are convertible."

In terms of the JSE Listings Requirements, the passing of ordinary resolution number 14 requires the approval of at least a 75% (seventy five percent) majority of the votes cast by shareholders of the Company present at the annual general meeting or represented by proxy at this annual general meeting, and entitled to exercise voting rights on ordinary resolution number 14.

15. Ordinary Resolution Number 15:
Approval of the Harmony Gold Mining Company Limited Deferred Share Plan 2018 (DSP)

"RESOLVED as an ordinary resolution that,

(i) as required by Schedule 14 to the JSE Listing Requirements, the Company's new employee share incentive scheme, the Harmony Gold Mining Company Limited Deferred Share Plan 2018 (DSP), be and is hereby approved; and

(ii) the directors of the Company be and are hereby authorised to allot and issue ordinary shares in the authorised but unissued share capital of the Company to any eligible employee employed by the Company or any of its subsidiaries, upon the valid exercise of such eligible employee's rights under the DSP; provided that the number of ordinary shares to be issued by the Company under the DSP shall not (1) in aggregate, exceed 25 000 000 ordinary shares (as may be adjusted in terms of the DSP to take into account any subdivision or consolidation); and (2) in relation to any eligible employee who is a participant, exceed 3 000 000 ordinary shares.

In terms of the JSE Listings Requirements, the passing of ordinary resolution number 15 requires the approval at least a 75% (seventy five percent) majority of the votes cast by shareholders of the Company present at the annual general meeting or represented by proxy at this annual general meeting, and entitled to exercise voting rights on ordinary resolution number 15.

A full copy of the DSP appears as an Annexure hereto (page 45).

16. Special Resolution Number 1:
Authority to issue ordinary shares pursuant to the DSP

RESOLVED as a special resolution that, although the DSP is intended to comply with section 97 of the Act, to the extent that it does not, the Company be and is hereby authorised in terms of section 41(1) of the Act to issue such ordinary shares pursuant to the DSP to
(i) participants who are current or future executive directors and/or prescribed officers of the Company or its related or inter-related parties; or
(ii) any persons who are related or inter-related to any such participant.

The percentage of voting rights required for special resolution number 1 to be adopted: at least 75% (seventy five percent) of the voting rights exercised on the resolution by shareholders of the Company present at the annual general meeting or represented by proxy and entitled to exercise voting rights on special resolution number 1.

17. Special Resolution Number 2:

Pre-approval of non-executive directors' remuneration

"RESOLVED, as a special resolution in terms of section 66(8), read with section 66(9) of the Act, that the Company be and is hereby authorised to pay the following annual remuneration to its non-executive directors for their services as non-executive directors for a period of 2 (two) years from the date of this annual general meeting or until the non-executive directors' remuneration is amended by way of special resolution of the shareholders of the Company, whichever comes first:

Directors' remuneration (R000)

	Board					Committee									
	Annual retainer				Attendance fee*	Audit and risk		Social and ethics		Remuneration		Nomination/ Investment		Technical	
	Chairman	Deputy chair	LID**	Member	Member	Chairman	Member	Chairman	Member	Chairman	Member	Chairman	Member	Chairman	Member
Current	1 044.5	465.5	353.0	237.5	18.7	261.0	131.5	208.0	106.0	208.0	106.0	208.0	106.0	208.0	106.0
Proposed	1 107.2	493.5	374.2	251.8	19.8	276.7	139.4	220.5	112.4	220.5	112.4	220.5	112.4	220.5	112.4

* *Only payable per board meeting attended*

***Lead independent director*

Ad hoc fees: R16 900 per ad hoc meeting/attendance to company business per day.

The directors' remuneration set out above excludes value added tax which the Company is authorised to pay, in addition to the above directors' remuneration, to those non-executive directors who are obliged to charge value added tax on their directors' remuneration.

The percentage of voting rights required for special resolution number 2 to be adopted: at least 75% (seventy five percent) of the voting rights exercised on the resolution by shareholders of the Company present at the annual general meeting or represented by proxy and entitled to exercise voting rights on special resolution number 2.

ELECTRONIC PARTICIPATION

Should any shareholder of the Company wish to participate in the annual general meeting by way of electronic participation (which includes a teleconference call), that shareholder is obliged to apply in writing (including details on how the shareholder or its representative can be contacted) to the transfer secretaries at the address set out below at least 5 (five) business days prior to the annual general meeting. Shareholders who wish to participate in the annual general meeting by dialing in must note that they will not be able to vote electronically. Should such shareholders of the Company wish to have their votes counted at the annual general meeting, they are welcome to cast their votes via representation at the annual general meeting either by proxy or by letter of representation, as provided for in this notice of the annual general meeting. The costs of accessing any means of electronic participation provided by the Company will be borne by the shareholder of the Company. The Company cannot be held liable for any loss, damage, penalty or claim arising in any way from using the telecommunication facility whether or not as a result of any act or omission on the part of the Company or anyone else.

IDENTIFICATION, PROXIES AND VOTING

Shareholders are reminded that:

- a shareholder eligible to attend and vote at the annual general meeting is entitled to appoint a proxy (or proxies) to attend, participate in and vote at the annual general meeting in place of the shareholder – shareholders are referred to the proxy form attached to this notice in this regard;
- a proxy need not also be a shareholder of the Company;
- in terms of section 63(1) of the Act, any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the general meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified – acceptable forms of verification include a green bar-coded or smart card identification document issued by the South African Department of Home Affairs, a South African driver's licence or a valid passport; and
- this notice of meeting includes the attached form of proxy.

All beneficial owners whose shares have been dematerialised through a central securities depository participant or broker, other than with "own name" registration, must provide the central securities depository participant or broker with their voting instructions in terms of their custody agreement should they wish to vote at the annual general meeting. Alternatively, they may request the central securities depository participant or broker to provide them with a letter of representation, in terms of their custody agreements, should they wish to attend the annual general meeting.

Unless you advise your central securities depository participant or broker, in terms of your agreement, by the cut-off time stipulated therein, that you wish to attend the annual general meeting or send a proxy to represent you, your central securities depository participant or broker may assume that you do not wish to attend the annual general meeting or send a proxy.

Forms of proxy (enclosed) must be dated and signed by the shareholder of the Company appointing a proxy and, for the sake of good order, are urged (but not required) to be submitted to the offices of the transfer secretaries, Link Market Services South Africa Proprietary Limited by no later than 12:30 (SA time) on Wednesday, 5 December 2018.

In compliance with section 58(8)(b)(i) of the Act, a summary of the rights of a shareholder to be represented by proxy is set out immediately below:

- **An ordinary shareholder entitled to attend and vote at the annual general meeting may appoint any individual (or individuals) as a proxy or proxies to attend, participate in and vote at the annual general meeting in the place of such shareholder. A proxy need not be a shareholder of the Company.**
- **A proxy appointment must be in writing, dated and signed by the shareholder of the Company appointing a proxy and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the annual general meeting.**
- **A proxy may delegate its authority to act on behalf of a shareholder of the Company to another person, subject to any restrictions set out in the instrument appointing the proxy.**
- **Irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the shareholder of the Company who appointed such proxy chooses to act directly and in person in exercising any rights as a shareholder of the Company.**
- **Unless the proxy appointment expressly provides otherwise, the appointment of a proxy is revocable by the shareholder of the Company in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder of the Company as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.**
- **If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice required by the Act or the Company's memorandum of incorporation to be delivered by the Company to the shareholder of the Company, must be delivered by the Company to (a) the shareholder of the Company, or (b) the proxy or proxies, if the shareholder of the Company has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.**
- **Attention is also drawn to the notes to the form of proxy.**
- **Completing a form of proxy does not preclude any shareholder of the Company from attending the annual general meeting.**

By order of the Board

Harmony Gold Mining Company Limited
R Bisschoff
Company secretary
Randfontein

25 October 2018

ANNUAL GENERAL MEETING EXPLANATORY NOTES

Presentation of annual financial statements

At the annual general meeting, the directors must present the annual financial statements for the year ended 30 June 2018 to shareholders as required in terms of section 30(3)(d) of the Act, together with the reports of the directors, audit and risk committee and the auditors. These are included in the Integrated Annual Report 2018.

Presentation of group social and ethics committee report

At the annual general meeting, the social and ethics committee must report, through one of its members, on matters within its mandate as required in terms of Regulation 43(5)(c) of the Act.

Ordinary Resolution Number 1: Election of a director

In accordance with the JSE Listings Requirements, the Company's memorandum of incorporation, section 68(1) read with section 70(3)(b)(i) of the Act, Max Sisulu's election as a director of the Company must be confirmed at this annual general meeting of the Company by a new election. See his resumé on page 33 of this report.

Ordinary Resolutions Number 2 to 5: Re-election of directors

In accordance with the Company's memorandum of incorporation, one third of directors are required to retire at each annual general meeting and may offer themselves for re-election.

The following directors are eligible and available for re-election:

- Joaquim Chissano
- Fikile De Buck
- Modise Motloba
- Dr Patrice Motsepe

See their resumés on pages 33 to 35 of this report.

Ordinary Resolutions Number 6 to 10: Re-election of audit and risk committee

In terms of section 94(2) of the Act, a public company must, at each annual general meeting, elect an audit committee comprising at least 3 (three) members who are directors and who meet the criteria of section 94(4) of the Act. Regulation 42 to the Act specifies that one third of the members of the audit committee must have appropriate academic qualifications or experience in the areas as listed in the regulation.

The Board is satisfied that the proposed members of the audit and risk committee meet all relevant requirements.

Ordinary Resolution Number 11: Re-appointment of external auditors

PricewaterhouseCoopers Incorporated has indicated its willingness to continue in office and ordinary resolution 11 proposes the reappointment of that firm as the Company's auditors. Section 90(3) of the Act requires the designated auditor to meet the criteria as set out in section 90(2) of the Act.

The Board is satisfied that both PricewaterhouseCoopers Incorporated and the designated audit partner meet all relevant requirements.

Ordinary Resolution Number 12: Remuneration policy

King IV recommends that the remuneration policy of the Company be submitted to shareholders for consideration and for an advisory, non-binding vote to give shareholders an opportunity to indicate their support for or opposition to the material provisions of the remuneration policy.

Ordinary Resolution Number 13: Approval of Implementation report

King IV recommends that the implementation report of the Company be submitted to shareholders for consideration and for an advisory, non-binding vote to give shareholders an opportunity to indicate their support for or opposition to the material provisions of the implementation of the remuneration policy.

Ordinary Resolution Number 14: General authority to issue shares for cash

Ordinary resolution number 14 seeks to give the directors authority to issue the Company's listed securities for cash as permitted by the Act, the Company's memorandum of incorporation and the JSE Listings Requirements.

The Board confirms that there is no specific intention to use this authority as at the date of this notice of annual general meeting, but considers it advantageous to have the flexibility to take advantage of any business opportunity that may arise in future.

Ordinary Resolution Number 15: Approval of the Harmony Gold Mining Company Limited DSP

Ordinary resolution 15 seeks authority and approval for a new employee share incentive scheme to be established, which will enable the Company to allot and issue up to 25 000 000 ordinary shares in the authorised but unissued share capital of the Company. The DSP is required as no further allocations will be made under the existing Harmony Gold Mining Company Limited 2006 Share Plan (the Old Plan) after November 2018 as the Old Plan is in the process of being "wound down". No shares authorised under the Old Plan will be issued under the DSP.

The DSP, designed with feedback from shareholders in mind, aims to better align the interests of management with those of shareholders by, among others: rewarding decision-making that promotes the long term health of the business by providing for vesting periods of between three and five years (depending on the job level of the participant), and introducing forfeiture provisions; reducing the impact of uncontrollable factors, like gold price and currency fluctuations, in determining remuneration; and providing greater incentives for excellence in the broad area of sustainability, which covers the safety, environmental, governance, community relations and human capital disciplines.

Special Resolution Number 1: Authority to issue ordinary shares pursuant to the DSP

The reason for proposing special resolution 1 is to seek authority and approval for the Company to issue ordinary shares to any participants under the DSP, where (i) such participants may be current or future executive directors and/or prescribed officers of the Company or its related or inter-related parties or (ii) any persons who are related or inter-related to any such participant. The effect of this special resolution 1 is that the Company would be authorised, to the extent that the DSP does not comply with section 97 of the Act, to issue ordinary shares to the aforesaid category of persons, in circumstances where the Company would otherwise be restricted from doing so in terms of section 41(1) of the Act.

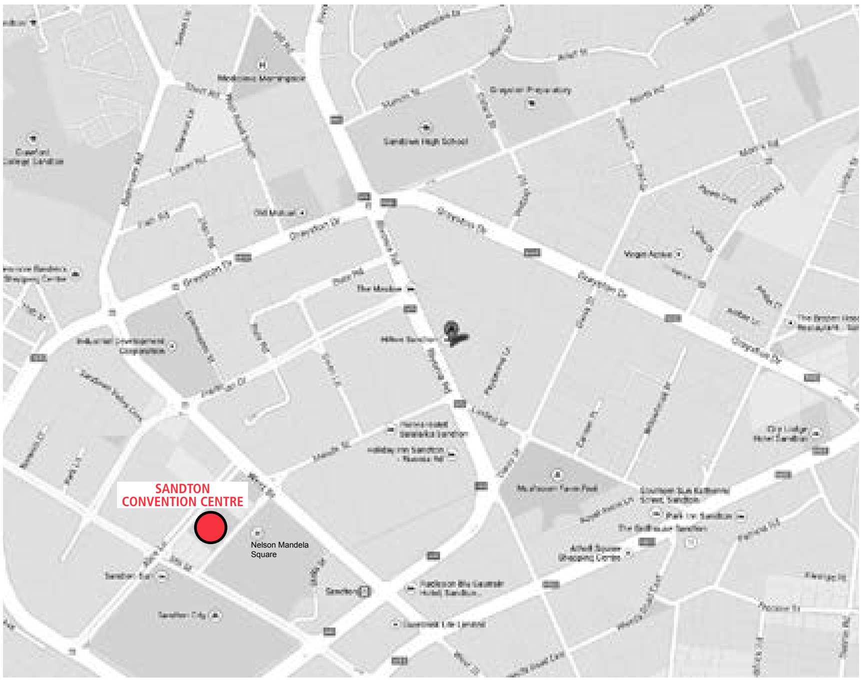
Special Resolution Number 2: Pre-approval of non-executive directors' remuneration

In terms of section 66(8) read with section 66(9) of the Act, companies may pay remuneration to directors for their services as directors unless otherwise provided by the memorandum of incorporation and on approval of shareholders by way of a special resolution. Executive directors are not specifically remunerated for their services as directors but as employees of the Company and, as such, the resolution, as included in this notice, requests approval only for the remuneration paid to non-executive directors for their service as directors of the Company. The proposed fees are recommended for approval for a period of 2 (two) years from the date of this annual general meeting or until such time as the non-executive directors' remuneration is amended by way of special resolution of shareholders, whichever comes first.

General

Shareholders and proxies attending the annual general meeting are reminded that section 63(1) of the Act requires that reasonably satisfactory identification be presented for such shareholder or proxy to be allowed to attend or participate in the meeting.

DIRECTIONS TO ANNUAL GENERAL MEETING



Annual General Meeting venue:
Sandton Convention Centre

GPS Co-ordinates
S 26°06.394'
E 28°03.221'

161 Maude Street • Sandton • 2196
Tel: +27 (0)11 779 0000

DIRECTIONS

From OR Tambo International Airport

- Take the R24 JOHANNESBURG highway
- Take the NI2/N3 NORTH highway
- Take the MARLBORO DRIVE offramp
- At the traffic light, turn left and carry on until you see a "Shell" petrol/gas station on your left
- Turn right into SOUTH ROAD and carry on this road until you reach a T-junction (which will bring you to RIVONIA ROAD)
- Turn left into RIVONIA ROAD
- Turn right into GRAYSTON DRIVE
- Turn left into WEST STREET
- Turn right into ALICE LANE, parking for the Convention Centre is on the left

From Pretoria

- Take the N1 to Johannesburg, then the M1
- Take the GRAYSTON DRIVE offramp, turn right into GRAYSTON DRIVE
- Turn left into KATHERINE AVENUE (take slip road to the left)
- Turn right into WEST STREET
- Turn left into ALICE LANE, parking for the Convention Centre is on the left

NOTES

FORM OF PROXY

To be completed by certificated shareholders and dematerialised shareholders with 'own name' registration only

HARMONY GOLD MINING COMPANY LIMITED
Incorporated in the Republic of South Africa
Registration number: 1950/038232/06 (Harmony or Company)
JSE share code: HAR
NYSE share code: HMY
ISIN code: ZAE 000015228

For completion by registered members of Harmony who are unable to attend the annual general meeting of the Company to be held at the Sandton Convention Centre (see map on page 41) on 7 December 2018 at 12:30pm (SA time) or at any adjournment thereof.

I/We (please print names in full)	
of (address)	
being the holder/s of	shares in the Company, do hereby appoint:
1	or, failing him/her
2	or, failing him/her

The chairman of the annual general meeting, as my/our proxy to attend, speak and, on a poll or ballot, vote on my/our behalf at this annual general meeting of members or at any adjournment, and to vote or abstain from voting as follows on the ordinary and special resolutions to be proposed at such meeting:

ORDINARY RESOLUTIONS	FOR	AGAINST	ABSTAIN
Ordinary Resolution Number 1: To appoint Max Sisulu as a director			
Ordinary Resolution Number 2: To re-elect Joaquim Chissano as a director			
Ordinary Resolution Number 3: To re-elect Fikile De Buck as a director			
Ordinary Resolution Number 4: To re-elect Modise Motloba as a director			
Ordinary Resolution Number 5: To re-elect Dr Patrice Motsepe as a director			
Ordinary Resolution Number 6: To re-elect Fikile De Buck as a member of the audit and risk committee			
Ordinary Resolution Number 7: To re-elect Dr. Simo Lushaba as a member of the audit and risk committee			
Ordinary Resolution Number 8: To re-elect Modise Motloba as a member of the audit and risk committee			
Ordinary Resolution Number 9: To re-elect Karabo Nondumo as a member of the audit and risk committee			
Ordinary Resolution Number 10: To re-elect John Wetton as a member of the audit and risk committee			
Ordinary Resolution Number 11: To reappoint the external auditors			
Ordinary Resolution Number 12: To approve the remuneration policy			
Ordinary Resolution Number 13: To approve the implementation report			
Ordinary Resolution Number 14: General authority to issue shares for cash			
Ordinary Resolution Number 15: Approval of the Harmony Gold Mining Company Limited DSP			
SPECIAL RESOLUTIONS			
Special Resolution Number 1: Authority to issue ordinary shares pursuant to the DSP			
Special Resolution Number 2: To pre-approve non-executive directors' remuneration			

Please indicate with an 'X' in the appropriate spaces above how you wish your vote to be cast. If no indication is given, the proxy may vote or abstain as he/she sees fit.

Signed at	this	day of	2018
Signature			
Assisted by me, where applicable (name and signature)			

Completed forms of proxy must be dated and signed by the shareholder appointing a proxy and, for the sake of good order, are urged (but not required) to be submitted to the offices of the transfer secretaries, Link Market Services South Africa Proprietary Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000, fax number: +27 86 674 2450, email: meetfax@linkmarketservices.co.za) by no later than 12:30 (SA time) on **Wednesday, 5 December 2018**.

Please read the notes and instructions on the reverse side.

NOTES TO FORM OF PROXY

1. A form of proxy is only to be completed by those ordinary shareholders who are:
   - registered holders of ordinary shares in certificated form; or
   - holders of dematerialised shares of the Company in their own name.
2. If you have already dematerialised your ordinary shares through a central securities depository participant (CSDP) or broker and wish to attend the annual general meeting, you must request your CSDP or broker to provide you with a letter of representation or instruct your CSDP or broker to vote by proxy on your behalf in terms of the agreement entered into between yourself and your CSDP or broker.
3. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided. The person whose name stands first on the form of proxy and who is present at the annual general meeting of shareholders will be entitled to act to the exclusion of those whose names follow.
4. On a show of hands, a member of the Company present in person or by proxy will have one (1) vote irrespective of the number of shares he/she holds or represents, provided that a proxy will, irrespective of the number of members he/she represents, have only one (1) vote. On a poll, a member who is present or represented by proxy will be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by him/her bears to the aggregate amount of the nominal value of all the shares issued by the Company.
5. A member's instructions to the proxy must be indicated by inserting the relevant numbers of votes exercisable by the member in the appropriate box. Failure to comply will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the member's votes exercisable. A member or the proxy is not obliged to use all the votes exercisable by the member or by the proxy, but the total of votes cast and in respect of which abstention is recorded may not exceed the total of votes exercisable by the member or by the proxy.
6. Forms of proxy (enclosed) must be dated and signed by the shareholder appointing a proxy and, for the sake of good order, are urged (but not required) to be submitted to the offices of the transfer secretaries, Link Market Services South Africa Proprietary Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000, fax number: +27 86 674 2450, email: meetfax@linkmarketservices.co.za) by no later than 12:30 (SA time) on **Wednesday, 5 December 2018**.
7. Completing and lodging this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity or other legal capacity must be attached to this form of proxy, unless previously recorded by the transfer secretaries or waived by the chairman of the annual general meeting.
9. The completion of blank spaces overleaf need not be initialled. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
10. Despite the aforegoing, the chairman of the annual general meeting may waive any formalities that would otherwise be a prerequisite for a valid proxy.
11. If any shares are jointly held, all joint members must sign this form of proxy. If more than one of those members is present at the annual general meeting either in person or by proxy, the person whose name appears first in the register will be entitled to vote.

ANNEXURE: DEFERRED SHARE PLAN 2018

INTRODUCTION

With the assistance of remuneration specialists and in consultation with our employees and shareholders, the Remuneration Committee considered key changes to the long- and short-term incentive plans against market practice. Subsequent to this extensive benchmarking exercise, the Board will (on recommendation by the Remuneration Committee), at the annual general meeting to be held on 7 December 2018, propose to shareholders that the Harmony short- and long-term incentive plans be replaced with a simplified, market-related total incentive plan (the Total Incentive Plan).

This Total Incentive Plan provides for a single, combined short- and long-term incentive, which represents the group's variable pay offering. It comprises:

(i) an annual cash payment (paid immediately at the award date)

(ii) deferred shares (for eligible employees graded as E-band and above) governed by the rules of the Deferred Share Plan (the DSP).

Performance measures under the Total Incentive Plan are assessed over either a trailing three-year period or annually. Participation in the Total Incentive Plan will be limited to "eligible employees", namely a prescribed officer, executive manager or manager of any member of the group. For more details on the performance measures to be applied in the Total Incentive Plan, refer to *Part 1* of the Remuneration Report in the Integrated Annual Report 2018, available at *www.har.co.za*.

No further awards will be made under the existing Harmony share plan after 7 December 2018. Awards under the existing plan will follow the normal course until the final vesting date under that plan.

It is proposed that, subject to the shareholders' approval, the DSP be implemented with effect from 1 July 2019. The rules of the DSP are included below.

SCHEME RULES

Part 1 – Introduction

1. Definitions and interpretation

1.1 In the DSP, unless the context indicates otherwise, the following words and expressions will have the meanings assigned thereto:

1.1.1 **Administrator** means a service provider appointed by an Employer Company to act on behalf of that Employer Company in performing the obligations of that Employer Company in terms of the DSP;

1.1.2 **Applicable Laws** in relation to any person or entity, all and any statutes, subordinate legislation and common law; regulations; ordinances and by laws; accounting standards; directives, codes of practice, circulars, guidance notices, judgments and decisions of any competent authority, compliance with which is mandatory for that person or entity;

1.1.3 **Award** means the award to an Eligible Employee of Deferred Shares in terms of clause 12 and the word "awarded" shall be construed accordingly;

1.1.4 **Award Date** means the date on which Remco resolves to make an Award to an Eligible Employee;

1.1.5 **Award Letter** means the letter delivered by an Employer Company to an Eligible Employee in terms of clause 12.2, notifying such Eligible Employee of an Award and setting out the terms of the Award;

1.1.6 **Award Price** means a value that is determined by using the volume weighted average share price of a Share on the JSE over the five Business Days immediately prior to the Award Date;

1.1.7 **Award Value** means the ZAR value of that portion of the incentive that will take the form of Deferred Shares in accordance with the provisions of the DSP;

1.1.8 **Auditors** means the registered auditors of the Company from time to time;

1.1.9 **Board** means the board of directors of the Company or any committee thereof to whom the powers of the board of directors of the Company in respect of the Total Incentive Plan are delegated;

1.1.10 **Broker** means the financial intermediary appointed by the Company or the Employer Company to perform the services specified in the DSP on behalf of the Participants;

1.1.11 **Business Day** means any day on which the JSE is open for the transaction of business;

1.1.12 **Change of Control** means all circumstances where a party (or parties acting in concert), directly or indirectly, obtains

1.1.12.1 beneficial ownership of the specified percentage or more of the Company's issued Shares; or

1.1.12.2 control of the specified percentage or more of the voting rights at meetings of the Company; or

1.1.12.3 the right to control the management of the Company or the composition of the Board; or

1.1.12.4 the right to appoint or remove directors holding a majority of voting rights at Board meetings; or

SCHEME RULES

Part 1 – Introduction continued

1.1.12.5 the approval by the Company's shareholders of, or the consummation of, a merger or consolidation of the Company with any other business or entity, or upon a sale of the whole or a major part of the Company's assets or undertaking.

For the purposes of this 1.1.12 the expression "**specified percentage**" shall bear the meaning assigned to it from time to time in the Takeover Regulations read with the Companies Act, presently being 35%;

1.1.13 **Companies Act** means the South African Companies Act, 71 of 2008;

1.1.14 **Company** means Harmony Gold Mining Company Limited, a public company duly incorporated and registered in accordance with the laws of the Republic of South Africa under registration number 1950/038232/06;

1.1.15 **Deferred Shares** means a conditional right to receive Shares, the Vesting of which is subject to continued employment, as specified in an Award Letter;

1.1.16 **DSP** means the Harmony Gold Mining Company Limited Deferred Share Plan 2018, established in terms of these Rules;

1.1.17 **Date of Termination of Employment** means the date upon which a Participant is no longer employed by, or ceases to hold salaried office in, any Employer Company; provided that, where a Participant's employment is terminated without notice or on terms *in lieu* of notice, the Date of Termination of Employment shall be deemed to occur on the date on which the termination takes effect, and where such employment is terminated with notice, the Date of Termination of Employment shall be deemed to occur upon the date on which that notice expires;

1.1.18 **Dismissal based on Operational Requirements** means the Retrenchment of a Participant based on the Employer Company's economic, technological, structural or similar needs;

1.1.19 **Eligible Employee** means an Employee eligible for participation in the Total Incentive Plan, namely a Prescribed Officer, Executive Manager or Manager of any member of the Group; **[Sch 14.1(a)**]

1.1.20 **Employee** means any person holding full-time salaried employment or office (including any executive director but excluding a non-executive director) with any Employer Company; **[Sch 14.1(a)]**

1.1.21 **Employer Company** means the specific entity (which includes both local and foreign entities) within the Group that is the employer of a particular Participant;

1.1.22 **Executive Manager** means an Employee identified and disclosed as an executive manager by the Remco for purposes of the Total Incentive Plan;

1.1.23 **Fault Termination** means the termination of employment of a Participant by the Group by reason of:

1.1.23.1 misconduct;

1.1.23.2 poor performance; or

1.1.23.3 resignation by the Participant; **[Sch 14.1(h)]**

1.1.24 **Financial Markets Act** means the Financial Markets Act, 19 of 2012;

1.1.25 **Financial Year** means the Company's financial year, which runs from 1 July to 30 June;

1.1.26 **Group** means the Company and any other company, body corporate or other undertaking which is or would be deemed to be a subsidiary of the Company in terms of the Companies Act, and the expression "**member of the Group**" shall be construed accordingly; **[Sch 14.1(a)]**

1.1.27 **Ill-health** means a physical, mental or psychological condition, including a disability or a condition caused by an injury, diagnosed by a Company approved Medical Practitioner, which renders the Employee incapable of performing his duties in terms of his employment contract;

1.1.28 **Implementation Date** in relation to a Change of Control, the date upon which such Change of Control becomes effective;

1.1.29 **Income Tax Act** means the South African Income Tax Act, 58 of 1962 or a similar Act promulgated in countries outside of South Africa;

1.1.30 **JSE** means the JSE Limited, a public company incorporated in accordance with the laws of the Republic of South Africa under registration number 2005/022939/06, which is licensed as an exchange in terms of the Financial Markets Act;

1.1.31 **Listings Requirements** means the JSE Limited Listings Requirements;

1.1.32 **LRA** means the Labour Relations Act, 66 of 1995, as amended or substituted;

1.1.33 **Manager** means an Employee identified and disclosed as a manager by the Remco for purposes of the Total Incentive Plan;

1.1.34 **Medical Practitioner** means a person who is certified to diagnose and treat patients and who is registered with a professional council established by an Act of the South African Parliament or its equivalent in countries outside of South Africa;

Part 1 – Introduction continued

1.1.35 **No Fault Termination** means the termination of employment of a Participant by the Group by reason of:

1.1.35.1 death;

1.1.35.2 injury, disability or Ill health, in each case as certified by a qualified Medical Practitioner nominated by the relevant Employer Company;

1.1.35.3 dismissal based on Operational Requirements as contemplated in the LRA;

1.1.35.4 retirement on or after his Retirement Date;

1.1.35.5 the company by which he is employed ceasing to be a member of the Group;

1.1.35.6 the undertaking in which he is employed being transferred to a transferee which is not a member of the Group; **[Sch 14.1(h)]**

1.1.36 **Notice** means the notice contemplated in clause 14;

1.1.37 **Participant** means an Eligible Employee that receives an Award in terms of clause 12 and thereby becomes subject to the terms and conditions of the DSP;

1.1.38 **Personal Information** means personal information as defined in section 1 of the Protection of Personal Information Act, 4 of 2013;

1.1.39 **Policy** means the Harmony Total Incentive Plan Policy made in terms of clause 4, as amended by Remco from time to time;

1.1.40 **Prescribed Officer** means an Employee identified and disclosed as a prescribed officer by the Remco for purposes of the Total Incentive Plan, including the executive directors;

1.1.41 **Remco** means the Remuneration Committee of the Board or any person(s) to whom the powers of Remco in respect of the Total Incentive Plan have been delegated (but then only in accordance with the terms of such delegation), which persons do not hold any executive office within the Group; **[Sch 14.4][Sch 14.5]**

1.1.42 **Retirement Date** means the earliest date on which, or age at which, an Eligible Employee can be required to retire by any Employer Company;

1.1.43 **Retrenchment** means the termination of the employment of an Employee by virtue of the operational requirements of the Employer Company concerned;

1.1.44 **Rules** means these Rules, as amended from time to time;

1.1.45 **Secretary** means the company secretary for the time being of the Company;

1.1.46 **Settle** means delivery to the Participant of:

1.1.46.1 Shares:

(a) purchased on the JSE; [Sch 14.9(c)]

(b) held by the Group (treasury Shares); or

(c) that are allotted and newly issued to the Participant by the Company in accordance with these Rules; or

1.1.46.2 a cash amount if a Participant fails to deliver a Notice in accordance with the provisions of clause 14.2,

and the words "Settlement" and "Settled" shall be construed accordingly. It is recorded that any Shares which have been Settled to a Participant in terms of this DSP shall rank *pari passu* with Shares in all respects; **[Sch 14.1(e)]**

1.1.47 **Shares** means ordinary shares in the capital of the Company (or such other class of shares as may represent the same as a result of any reorganisation, reconstruction or other variation of the share capital of the Company to which the provisions of the DSP may apply from time to time);

1.1.48 **Tax** means any present or future tax or other charge of any kind or nature whatsoever imposed, levied, collected, withheld or assessed by any competent authority, and includes all income tax (whether based on or measured by income/revenue or profit or gain of any nature or kind or otherwise and whether levied under the Income Tax Act or otherwise), capital gains tax, value added tax and any charge in the nature of taxation, and any interest, penalty, fine or other payment on, or in respect thereof but specifically excluding issue duty, stamp duty, marketable securities tax and uncertificated securities tax;

1.1.49 **Total Incentive Plan** means the combined short-term and long-term incentive as set out in the Policy read with the Rules;

1.1.50 **Trading Day** means any day on which the Shares are capable of being traded on the JSE;

1.1.51 **Vest** means the moment when a Participant is entitled to Settlement in accordance with clause 14 and "**Vested**" and "**Vesting**" shall have equivalent meanings;

SCHEME RULES

Part 1 – Introduction continued

1.1.52 **Vesting Date** subject to clauses 12, 16.5 and 16; means the date on which a Participant is entitled to Settlement in accordance with clause 14 and the Policy; provided that if the date falls on a date which, or during a period which:

1.1.52.1 by virtue of any Applicable Law or any policy of the Group (including any corporate governance policy) it is not permissible to Settle Shares to a Participant; or

1.1.52.2 by virtue of any Applicable Law or any policy of the Group (including any corporate governance policy) it is not permissible for a Participant to receive or otherwise deal/trade in Shares,

the Vesting Date shall be the fifth Trading Day after the date on which it becomes permissible to Settle Shares to a Participant and/or for the Participant to receive or deal/trade in Shares (as the case may be);

1.1.53 **Vesting Period** means the period which commences on the Award Date and terminates on the Vesting Date; and

1.1.54 **ZAR** means South African Rands, the lawful currency of the Republic of South Africa.

1.2 **General Interpretation**

In these Rules

1.2.1 clause headings are used for convenience only and shall be ignored in its interpretation;

1.2.2 unless the context clearly indicates a contrary intention, an expression which denotes:

1.2.2.1 any gender includes the other genders;

1.2.2.2 a natural person includes an artificial person (whether corporate or unincorporate) and *vice versa*;

1.2.2.3 the singular includes the plural and *vice versa*;

1.2.3 The DSP will be given effect to in accordance with:

1.2.3.1 the Companies Act;

1.2.3.2 the Listings Requirements, including paragraphs 3.63 to 3.74 and 3.92 to the extent applicable; and **[Sch 14.9(d)]**

1.2.4 unless the context clearly indicates a contrary intention, words and expressions defined in the Companies Act shall bear the meanings therein assigned to them;

1.2.5 all references to a statute and the Listings Requirements shall be to such statute and the Listings Requirements (as the case may be) as at the date of adoption of the DSP by the Company and as amended, replaced or superseded from time to time thereafter. References to "**Sch**" in the Rules are to Schedule 14 of the Listings Requirements;

1.2.6 the use of the word "**including**" or "**includes**" or "**include**" followed by a specific example shall not be construed as limiting the meaning of the general wording preceding it and the *eiusdem generis* rule shall not be applied in the interpretation of such general wording or such specific example/s;

1.2.7 the word "**reacquired**" when used in relation to an Award (or a portion of an Award) shall mean the acquisition and/or cancellation of such Award (or a portion of an Award) from a Participant by or on behalf of the Company for, where applicable, a total consideration at no par value where the such Award (or a portion of an Award) has been forfeited (in terms of clause 16) or lapsed (in accordance with clause 17) prior to Vesting;

1.2.8 a Participant who ceases to be employed by an Employer Company on the basis that he is:

1.2.8.1 immediately thereafter employed by another Employer Company; or

1.2.8.2 thereafter re-employed by such Employer Company pursuant to it being determined that his employment was terminated on a basis which was not lawful in terms of the LRA;

shall be deemed not to have terminated his employment for the purposes of the DSP and his rights shall be deemed to be unaffected; **[Sch 14.1(h)]**

1.2.9 a Participant who is a director of any Employer Company who retires and/or resigns on the basis that he is immediately re elected in accordance with the articles of association or other constitutional documents of that Employer Company shall be deemed not to have terminated his employment with that Employer Company. **[Sch 14.1(h)]**

1.3 If any provision in a definition is a substantive provision conferring any right or imposing any obligation on anyone then, notwithstanding that it is only in a definition, effect shall be given to it as if it were a substantive provision in the body of these Rules.

1.4 When any number of days is prescribed in these Rules, same shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a Saturday, Sunday or official public holiday, in which case the last day shall be the next succeeding day which is not a Saturday, Sunday or official public holiday.

Part 1 – Introduction continued

2. Object

2.1 The DSP forms part of the Group's Total Incentive Plan.

2.2 These Rules regulate the Share-Settled portion of the long-term component of the Total Incentive Plan. The short-term component of the Total Incentive Plan will take the form of a cash bonus.

2.3 These Rules should be read in conjunction with the Policy (which sets out the details of both the short-term and the long-term incentives), in order to gain a full understanding of the operation of the Total Incentive Plan.

2.4 The object and purpose of the DSP is to:

2.4.1 incentivise the Group's Eligible Employees to meet strategic short-, medium- and long term objectives that will help deliver value to shareholders;

2.4.2 achieve alignment between the Participants' remuneration and the interests of the Company's shareholders; and

2.4.3 act as a retention mechanism in a market where highly skilled people are in high demand.

Part 2 – Administration of the DSP

3. The DSP

The DSP is hereby constituted, which DSP shall be administered for the purpose and in the manner set out in these Rules.

4. Administration of the DSP

4.1 Remco is responsible for the operation and administration of the DSP, and has discretion to decide whether and on what basis the DSP shall be operated.

4.2 Where the DSP refers to the discretion of Remco, such discretion shall be sole, absolute and unrestricted unless the contrary is expressed, provided that if Remco delegates the authority to exercise discretion, the discretion should be exercised in terms of the Policy.

4.3 Subject to the provisions of the DSP and to the approval of the Board, Remco shall be entitled to make and establish such rules and regulations, and to amend the same from time to time, as they may deem necessary or expedient for the proper implementation and administration of the DSP.

5. Administrator

An Employer Company may appoint an Administrator to act on its behalf in performing its obligations as an Employer Company under the DSP. For purposes of the DSP, references to "Employer Company" include an Administrator that has been appointed by an Employer Company in terms of this clause 5.

6. Annual Accounts

Remco shall ensure that a summary appears in the annual financial statements of the Company of the number of Deferred Shares awarded to Participants, the number of Shares that may be utilised for the purposes of this DSP, any changes in such numbers during the Financial Year under review, the number of Shares held by any Employer Company which may be received by Eligible Employees and the number of Shares then under the control of Remco for Settlement to Participants in terms of this DSP. **[Sch 14.8]**

7. Availability of shares

The Company shall:

7.1 ensure that Shares may only be issued or purchased for purposes of the DSP once a Participant (or group of Participants) to whom they will be awarded has been formally identified; **[Sch 14.9(a)]**

7.2 ensure that any Shares held for purposes of the DSP will not have their votes at general/annual general meetings taken into account for the purposes of resolutions proposed in terms of the Listings Requirements or for purposes of determining categorisations as detailed in Section 9 of the Listings Requirements. **[Sch 14.10]**

8. Costs

8.1 Prior to the Vesting Date, all costs and expenses relating to the DSP, including for the avoidance of doubt, all costs relating to the Administrator, ("**Costs**") will be for the Company's account.

8.2 The Company may recover from each Employer Company such Costs as may be attributable to the participation of any of its Employees in the DSP.

SCHEME RULES

Part 2 – Administration of the DSP continued

8.3 Notwithstanding the provisions of clauses 8.1 and 8.2, the Company may procure, if applicable, that the relevant Employer Company shall:

8.3.1 bear all Costs of and incidental to the implementation and administration of the DSP and shall, as and when necessary, provide all requisite funds and facilities for that purpose;

8.3.2 provide all secretarial, accounting, administrative, legal and financial advice and services, office accommodation, stationery and so forth for the purposes of the DSP.

8.4 After the Vesting Date, all Costs and Tax will be for the Participant's account.

8.5 The Participant shall be liable for all Tax payable as a result of benefits due to him in terms of the DSP.

9. Maximum number of shares available for the DSP

9.1 Subject to 9.3, the aggregate number of Shares that may be Settled under this DSP shall not exceed **25 000 000** Shares (being approximately 5% of the issued share capital of the Company). **[Sch 14.1(b)]**

9.2 Subject to 9.3 the maximum number of Shares which any one Participant may receive in terms of the DSP shall not exceed **3 000 000** (being approximately 0.6% of the issued share capital of the Company) Shares. **[Sch 14.1(c)]**

9.3 The limit referred to in 9.1 shall exclude:

9.3.1 Shares that have been purchased through the JSE in Settlement of Awards; and **[Sch 14.9(c)]**

9.3.2 Awards under the DSP which do not Vest in a Participant as a result of the forfeiture or reacquisition thereof. **[Sch 14.3(f)]**

9.4 The limit referred to in 9.1 shall include:

9.4.1 Shares that have been issued by the Company in Settlement of Awards; and

9.4.2 Shares held in treasury by a subsidiary of the Company that have been used to Settle Awards.

9.5 The number of Shares referred to in 9.1 and 9.2 shall be increased or reduced in direct proportion to any adjustment in the Company's issued share capital as provided for in clause 20. **[Sch 14.3(a)]**

9.6 In the event of a discrepancy between number of Shares and the percentage it represents, the number will prevail.

10. Award policy and performance conditions

10.1 Remco shall be entitled, subject to the provisions of the DSP and to the approval of the Board, to make and establish a Policy as it deems expedient or necessary for the proper implementation of the DSP.

10.2 Remco may, from time to time, amend the Policy, provided that the amendments take due account of prevailing market trends and what is regarded as "remuneration best practice" at the time of such amendments.

10.3 Subject to clauses 16 and 20, once an Award has been made, the Policy which pertains to that specific Award may not be amended or varied unless a change in circumstances has rendered such Policy inappropriate or inapplicable. No such amendment shall disadvantage and/or prejudice any Participant.

Part 3 – Deferred share awards

11. Annual Remco determination

11.1 Each year, Remco shall determine and (as contemplated in clause 10), if deemed appropriate, amend the Policy to record the following:

11.1.1 which Eligible Employees shall receive an Award;

11.1.2 the Award Date;

11.1.3 the Award Value (calculated in accordance with the Policy);

11.1.4 the number of Deferred Shares applicable to the Award (calculated in terms of clause 13); and

11.1.5 the Vesting Dates and Vesting Periods applicable to the Award

11.2 An Award made to an Eligible Employee will vest in equal tranches on more than one Vesting Date and over more than one Vesting Period.

11.3 Remco shall set out in the Policy the criteria on which Awards are based in terms of the DSP. The criteria shall be aligned with the strategic objectives of the Company and the DSP (as set out in clause 2 above).

SCHEME RULES

Part 3 – Deferred share awards continued

12.	**Awards**
12.1	Remco may, in its sole and absolute discretion, resolve to make Awards to Eligible Employees. **[Sch 14.1(f)]**
12.2	The Employer Company shall, as soon as reasonably practicable on or after the Award Date, notify the Eligible Employee of the Award in an Award Letter. The Award Letter shall be in the form as prescribed by Remco from time to time and shall specify:
12.2.1	the Award Date;
12.2.2	the Award Value (calculated in accordance with the Policy);
12.2.3	the number of Deferred Shares applicable to the Award (calculated in terms of clause 13);
12.2.4	the Vesting Dates and Vesting Periods applicable to the Award;
12.2.5	the provisions of clauses 21 and 22;
12.2.6	a stipulation that the Award is subject to the provisions of these Rules; and
12.2.7	where a copy of the Rules might be obtained for perusal.
12.3	Subject to clause 16, an Award is (and Deferred Shares are) personal to a Participant and shall not be capable of being ceded, assigned, transferred or otherwise disposed of or encumbered by a Participant. **[Sch 14.1(e)]**
12.4	There shall be no consideration payable for the Award. **[Sch 14.1(d)]**
12.5	A Participant shall not be entitled to any dividends (or other distributions made) and shall have no right to vote in respect of Deferred Shares awarded to him in his Award, unless and until the Deferred Shares under his Award are Settled to him in accordance with the provisions of this DSP. **[Sch 14.1(e)] [Sch 14.10]**
12.6	A Prescribed Officer or an Executive Manager (as the case may be) must communicate his acceptance of an Award to his Employer Company. The obligations of an Employer Company under the DSP shall be postponed until such time as the Prescribed Officer or Executive Manager (as the case may be) has indicated his acceptance of the Award. The Employer Company will not be liable for any loss that may be suffered by such Prescribed Officer or Executive Manager (as the case may be) as a result of the postponement of its obligations in terms of this clause 12.6.
12.7	A Manager shall not be required to communicate his acceptance of an Award to his Employer Company. A Manager may reject an Award within ten days after the date of delivery of the relevant Award Letter to such Manager. An Award which is not rejected in accordance with this clause 12.6 shall automatically be deemed to have been accepted by such Manager.
12.8	An Award may be reacquired at any time after the Award Date if the Remco and Participants so agree in writing.
13.	**Calculation of deferred shares**
13.1	Subject to clause 14, the number of Deferred Shares attributable to an Award shall be calculated by dividing the Award Value by the Award Price and rounding-down the resultant number to the next whole number.
13.2	The number of Deferred Shares determine the number of Shares that a Participant has a conditional right to receive on the terms of, and subject to the conditions of, the DSP.
13.3	For the avoidance of doubt, the Award of the Deferred Shares does not constitute the issue of Shares nor does it give a Participant the right to Shares until and to the extent that the provisions of the DSP have been satisfied. Accordingly, the Deferred Shares are awarded on the understanding that the Deferred Shares may not be traded or used as security for any obligations and any attempt to trade in Deferred Shares or use them as security for any obligations shall result in the forfeiture of the relevant Deferred Shares. **[Sch 14.1(e)]**
14.	**Vesting of deferred shares and settlement**
14.1	Subject to clauses 16, 17, 20, 22, and 24, on the Vesting Date, a Participant shall have the right to Settlement of the number of Shares that equals the number of Deferred Shares calculated in terms of clause 13.
14.2	The Participant must provide his Employer Company with a Notice ten days before the Vesting Date, confirming that he wants his Award to be Settled in Shares and providing his Employer Company with the details of his brokerage account ("**Brokerage Account**") in the Notice.

SCHEME RULES

Part 3 – Deferred share awards continued

14.3 If the Participant:

14.3.1 fails to provide his Employer Company with a Notice in accordance with clause 14.2; or

14.3.2 fails to provide his Employer Company with the details of his Brokerage Account in his Notice in accordance with clause 14.2,

on the Vesting Date, the Company shall instruct the Broker to sell the Participant's Shares on the JSE and procure the payment by the relevant Employer Company to the Participant of a cash amount equal to the proceeds from the sale of the Shares (less any applicable Tax payable in accordance with clause 22). For the avoidance of doubt, the Shares sold for purposes of this clause 14.3, shall be sold as part of bulk sale and in calculating the amount of proceeds to be distributed to each Participant the Broker shall apply an average amount attributable to each Share sold in the bulk sale, determined in accordance with the following formula:

$Y = (E - F) / G$

Where:

"Y" represents the average amount of proceeds per Share sold as part of the bulk sale;

"E" represents the total proceeds from the bulk sale of the Shares;

"F" represents the total amount of costs and securities transfer taxes that are attributable to the bulk sale; and

"G" represents the total Shares sold in the bulk sale.

14.4 For the avoidance of doubt, a Participant may not elect to receive a cash amount *in lieu* of Shares. A Participant will receive a cash payment (in accordance with clause 14.3) only if he fails to comply with the provisions of clause 14.2.

14.5 Notwithstanding 14.1, the Participant shall pay, in such manner as Remco may from time to time prescribe, any such additional amount of which Remco may notify the Participant in respect of any deduction on account of Tax as may be required by Applicable Laws which may arise on the Settlement of Shares to him.

15. Acquisition of shares

15.1 Subject to clause 22, if the Participant elects to be Settled in Shares (and complies with the provisions of clause 14.2), the Company shall instruct the Broker to procure that the number of Shares contemplated in 14.1 are transferred to the Participant's Brokerage Account as soon as reasonably possible after the Vesting Date.

15.2 The Shares will be fully paid up and will rank *pari passu* with the existing issued Shares, and will have the same voting rights as the existing issued Shares. If the Shares are not yet allotted and issued, the Board will procure that they are allotted, issued and listed on the JSE upon issue. **[Sch 14.1(e)]**

15.3 The Participant shall have full ownership rights in the Shares delivered to his Brokerage Account.

15.4 The Participant shall be personally responsible for maintaining his Brokerage Account and paying all relevant fees associated therewith.

16. Clawback, reduction or forfeiture of award

Clawback in terms of SOX

16.1 Any Awards made to the Chief Executive Officer and Financial Director may be subject to reduction or forfeiture (in whole or in part) in accordance with section 304 of the Sarbanes Oxley Act, 2002 ("**SOX**").

16.2 It is foreseeable that there may be a change in law (either in accordance with the Proposed Rule pertaining to "Listing Standards for Recovery of Erroneously Awarded Compensation" outlined in Federal Register, Vol 80, No. 134 dated 14 July 2015, or otherwise) that may extend the application of section 304 of SOX to all Prescribed Officers. If this takes place, any Awards made to Prescribed Officers may also be subject to reduction or forfeiture (in whole or in part) in accordance with section 304 of SOX.

Reduction or Forfeiture

16.3 Remco may exercise its discretion to determine that a Prescribed Officer's or Executive Manager's Award is subject to reduction or forfeiture (in whole or in part) if:

16.3.1 there is reasonable evidence of misbehaviour or material error by a Prescribed Officer or Executive Manager (as the case may be); or

16.3.2 the financial performance of the Group, the Company, the Employer Company or the relevant business unit for any Financial Year in respect of which an Award is based have subsequently appeared to be materially inaccurate; or

16.3.3 the Group, the Company, the Employer Company or the relevant business unit suffers a material downturn in its financial performance, for which the Prescribed Officer or Executive Manager (as the case may be) can be seen to have some liability; or

16.3.4 the Group, the Company, the Employer Company or the relevant business unit suffers a material failure of risk management, for which the Prescribed Officer or Executive Manager (as the case may be) can be seen to have some liability, or in any other circumstances if the Remco determines that it is reasonable to subject the Awards of one or more Prescribed Officers or Executive Managers (as the case may be) to reduction or forfeiture.

16.4 To the extent that this clause 16 applies to a Prescribed Officer or Executive Manager (as the case may be), the Remco shall determine if the Prescribed Officer's or Executive Manager's (as the case may be) Award shall be forfeited in whole or in part and, if Remco does so determine that all or a portion of the Prescribed Officer's or Executive Manager's (as the case may be) Award shall be forfeited, that Award shall be forfeited with effect from the date of the determination.

16.5 Remco may postpone the Vesting Date in respect of any Prescribed Officer or Executive Manager (as the case may be) if, at the Vesting Date, there is an ongoing investigation or other procedure being carried on to determine whether the forfeiture provisions apply in respect of a Prescribed Officer or Executive Manager (as the case may be), or the Remco decides that further investigation is warranted. In such event, the Vesting Date shall be deemed to be the date upon which the investigation or procedure has been completed and the Remco has determined that the Prescribed Officer's or Executive Manager's (as the case may be) Award shall not be forfeited.

17. Termination of employment [Sch 14.1(h)]

17.1 Subject to clause 1.2.8, if a Participant ceases to be employed by the Group by reason of a No Fault Termination prior to the Vesting Date, a *pro rata* portion of the current tranche of the Deferred Shares shall Vest on the Date of Termination of Employment and shall be Settled in accordance with clause 14, unless Remco determines otherwise. The *pro rata* portion of the current tranche of Deferred Shares that Vest, will be calculated as a percentage of the number of months served in the twelve-month Vesting Period in which the Date of Termination of Employment takes place. The balance of the Deferred Shares will lapse and shall be deemed to have been reacquired.

An example of the calculation referred to in clause 17.1 is as follows:

An Award is made on 1 September 2019 of 150 000 Deferred Shares, which will Vest in equal tranches over the following three years

First Vesting date:

1 September 2020 (50 000 Shares)

Second Vesting Date:

1 September 2021 (50 000 Shares)

Third Vesting Date:

1 September 2022 (50 000 Shares)

The Participant receives 50 000 Shares on 1 September 2020

The Participant ceases to be employed by the Group by reason of a No Fault Termination on 30 January 2021

The Participant will (in addition to the Shares received on 1 September 2020) be entitled to the *pro rata* portion of his second tranche as follows:

(4/12 months) x 50 000 Shares = 16 666 Shares

The balance of his Award is forfeited

17.2 Subject to clause1.2.8, if a Participant ceases to be employed by the Group by reason of a Fault Termination, his Award shall be deemed to have been reacquired, unless Remco determines otherwise.

SCHEME RULES

Part 4 – General

18. Insolvency

18.1 All unvested Awards shall be deemed to have been reacquired, and accordingly not entitle a Participant to Settlement, upon the Participant making an application for the voluntary surrender of his estate or his estate being otherwise sequestrated or any attachment of any interest of a Participant (including, *inter alia*, as a result of divorce proceedings) under the DSP, unless Remco, in its discretion, determines otherwise and then subject to such terms and conditions as Remco may determine.

18.2 If the Company is placed in final liquidation, the Secretary shall notify the Participant thereof in writing and all Awards that have not been Settled at the date of notification shall be forfeited. **[Sch 14.1(e)]**

19. Poor performance and disciplinary procedures

In the event of pending disciplinary or poor performance procedures against any Participant, or the contemplation of such procedures, then the Vesting and/or Settlement of any Award shall be suspended until the final conclusion of such procedures, at which time the Award shall Vest and/or be Settled, or the provisions of clause 16 shall be applied, whichever is applicable. **[Sch 14.1(h)]**

20. Adjustments

20.1 Notwithstanding anything to the contrary contained herein but subject to 20.5, if the Company makes a Special Distribution and/or if the Company restructures its capital in that it **[Sch 14.3]**

20.1.1 undertakes a rights offer; or

20.1.2 is placed in liquidation for purposes of reorganisation; or

20.1.3 is party to a scheme of arrangement affecting the structuring of its share capital; or

20.1.4 undertakes a conversion, redemption, subdivision or consolidation of its ordinary share capital; or

20.1.5 undertakes a bonus or capitalisation issue,

such adjustments shall be made to the rights of Participants as may be determined to be fair and reasonable to the Participants concerned by Remco; provided that any adjustments pursuant to this 20.1 shall be confirmed by the Auditors and should give a Participant the entitlement to the same proportion of the equity capital as he was previously entitled, and should any Participant be aggrieved, he may utilise the dispute procedures set out in clause 26. No adjustments shall be required in terms of this clause 20.1 if the provisions of clauses 20.5 to 20.7 are applicable, or in the event of an issue by the Company of any securities or securities convertible into Shares as consideration for an acquisition.

20.2 The Auditors will confirm to the JSE, in writing, that any adjustments made in terms of clause 20.1 are in accordance with the provisions of the DSP. Such written confirmation will be provided to the JSE at the time that the adjustments are finalised. **[Sch 14.3(d)]**

20.3 Any adjustments made in terms of clause 20.1 will be reported in the Company's annual financial statements in the year during which the adjustment is made. **[Sch 14.3 (e)]**

20.4 For the purposes of 20.1, the Company shall be deemed to make a "**Special Distribution**" if it distributes Shares or any other asset (including cash) to its shareholders:

20.4.1 in the course of, and as part of any unbundling, reorganisation, rationalisation, compromise, arrangement or reconstruction (including the amalgamation of two or more companies or entities);

20.4.2 in the course of, or as part of, a reduction of capital (including a share repurchase);

20.4.3 as a special dividend or other payment in terms of the Companies Act; or

20.4.4 in the course or in anticipation of the deregistration or liquidation of a company for any of the above purposes;

provided that this clause 20.2 shall not apply to the normal annual interim and final cash or scrip dividends declared by a Company.

20.5 No adjustments shall be required in terms of clause 20.1 in the event of the issue of equity securities as consideration for an acquisition in terms of clause 20.6, the issue of securities for cash and the issue of equity securities for a vendor consideration placing. **[Sch 14.3(c)]**

20.6 Subject to clause 20.7, if the Company undergoes a Change of Control after an Award Date, then the rights of Participants under the DSP are to be accommodated on a basis which shall be determined by Remco to be fair and reasonable to Participants. **[Sch 14.1(g)]**

20.7 If the Company undergoes a Change of Control pursuant to a transaction, the terms of which make provision for Participants' rights under the DSP are to be accommodated on a basis which is determined by an independent merchant bank to be fair and reasonable to Participants, the provisions of clause 20.5 shall not apply; provided that, in such an event, if a Participant's employment by any member of the Group is terminated for any reason whatsoever (including his resignation but excluding the manner contemplated in clause 1.2.8) within 12 months following the Implementation Date he shall be entitled to be Settled on *mutatis mutandis* the basis of clause 20.5 had clause 20.5 been applicable.
[Sch 14.1(g)]

21. Reacquisition

If, in terms of any provision of the DSP, any Award or portion of an Award is deemed to have been reacquired, the Company is hereby irrevocably and in *rem suam* nominated, constituted and appointed as the sole attorney and agent of the Participant concerned in that Participant's name, place and stead to sign and execute all such documents and do all such things as are necessary for that purpose. **[Sch 14.3(f)]**

22. Tax liability

22.1 Notwithstanding any other provision in these Rules (including clause 14.4), if the Company or an Employer Company is obliged (or would suffer a disadvantage of any nature if they were not) to account for, withhold or deduct any Tax in any jurisdiction which is payable in respect of, or in connection with, the making of any Award, the Settlement to a Participant of Shares, the payment of a cash amount and/or otherwise in connection with the DSP, then the Company or the Employer Company (as the case may be) shall be entitled to account for, withhold or deduct such Tax from any amount due to the Participant and the Company and/or the Employer Company shall be relieved from the obligation to Settle any Shares to a Participant or to pay any amount to a Participant in terms of the DSP until the Tax has been discharged in full.

22.2 The Participant agrees that the Company may instruct the Broker to sell some or all of the Shares to be Settled to the Participant and to remit payment to the relevant person of the relevant amounts out of the proceeds of the sale in discharge of the Tax.

22.3 Only Prescribed Officers may elect to make payment to the relevant Employer Company of an amount equal to the Tax, in which event Shares will not be sold by the Company to settle the Participant's Tax obligations.

22.4 The Company is hereby irrevocably and in *rem suam* nominated, constituted and appointed as the sole attorney and agent of a Participant, in that Participant's name, place and stead to sign and execute all such documents and do all such things as are necessary to give effect to the provisions of clause 22.2.

23. Listings and legal requirements

23.1 Notwithstanding any other provision of the DSP –

23.1.1 no Shares shall be Settled on any Participant or received pursuant to this DSP if Remco determines, in their sole discretion, that such Settlement will or may violate any Applicable Laws, the Listings Requirements or the listings requirements of any other securities exchange on which the Shares of the Company are listed; and

23.1.2 the Company shall apply for the listing of all Shares which are Settled to Participants on the JSE.

23.2 Despite the occurrence of a Vesting Date, all Participants shall be subject to the Group's policies and procedures relating to trading in the Company's securities, the Financial Markets Act and the Listings Requirements and no Participant shall undertake any action in respect of that Participant's Shares that will cause the Company to breach its obligations in terms of the Financial Markets Act or the Listings Requirements.

23.3 The Company will ensure that no Shares are Settled for the DSP at a time when such acquisition is prohibited by the provisions of the Financial Markets Act or the Listings Requirements. To the extent that the Company is unable to deliver the Shares to a Participant as a result of the provisions of the Financial Markets Act or the Listings Requirements, the Company will deliver the Shares to the Participant as soon as possible after the restriction is lifted; provided that the Company will not be liable for any loss that may be suffered by the Participant as a result of the postponement of delivery in terms of this clause 23.
[Sch 14.9(e)] [Sch 14.9(f)]

23.4 Whilst the companies in the Group will make every effort to Settle Shares within a reasonable period of time for purposes of satisfying their obligations under the DSP, they do not guarantee that they will be able to do so within set time periods. As such, the Group will not be liable for any loss that may be suffered by the Participant as a result of any fluctuations in the Share price, or for any other reason.

SCHEME RULES

Part 4 – General continued

24. Amendment of the DSP

24.1 It shall be competent for Remco to amend any of the provisions of the DSP subject to the prior approval (if required) of every stock exchange on which the Shares are for the time being listed; provided that no such amendment affecting the Vested rights of any Participant shall be effected without the prior written consent of the Participant concerned, and provided further that no such amendment affecting any of the following matters shall be competent unless it is sanctioned by ordinary resolution of 75% (seventy-five percent) of the shareholders of the Company in a general meeting, excluding all of the votes attached to Shares owned or controlled by existing Participants in the DSP. **[Sch 14.2]**

24.1.1 the definition of Eligible Employees and Participants;

24.1.2 the definition of Award Price;

24.1.3 the calculation of the total number of Shares which may be received for the purpose of or pursuant to the DSP;

24.1.4 the calculation of the maximum number of Shares which may be received by any Participant in terms of the DSP;

24.1.5 the amount payable by a Participant under the DSP (if any); **[Sch 14.1(d)]**

24.1.6 the voting, dividend, transfer or other rights (including rights on liquidation of the Company) which may attach to any or Award; **[Sch 14.10] [Sch 14.1(e)]**

24.1.7 the provisions in these Rules dealing with the rights (whether conditional or otherwise) in and to the Deferred Shares of Participants who leave the employment of the Group prior to Vesting;

24.1.8 the basis for Awards in terms of these Rules;

24.1.9 the treatment of Awards in instances of mergers, takeovers or corporate actions;

24.1.10 the termination rights of Participants; and **[Sch 14.1(h)]**

24.1.11 the provisions of this clause 24.

24.2 Subject to approval from the JSE, clause 24.1 will not apply to any amendment which is:

24.2.1 minor and to benefit the administration of the DSP;

24.2.2 to take account of any changes in legislation; or

24.2.3 to obtain or maintain favourable Tax, exchange control or regulatory treatment for the Company, any Employer Company or any present or future Participant.

24.3 Without derogating from the provisions of clause 24.1, if it should become necessary or desirable by reason of the provisions of Applicable Laws at any time after the signing of these Rules, to amend the provisions of these Rules so as to preserve the substance of the provisions contained in these Rules but to amend the form so as to achieve the objectives embodied in these Rules in the best manner, having regard to such Applicable Laws and without prejudice to the Participants concerned, then Remco may (with the prior approval (if required) of every stock exchange on which the Shares are at the time listed) amend these Rules accordingly.

25. Strate

Notwithstanding any provision in these Rules, the Company shall not be obliged to deliver to the Participant share certificates in respect of the Shares settled to him in terms of these Rules but shall instead be obliged to procure such electronic transactions and/or entries and to deliver to the Participant such documents (if any) as may be required to reflect his rights in and to such Shares pursuant to the provisions of the Companies Act, the Financial Markets Act, the Rules of the Central Securities Depository (being Share Transactions Totally Electronic Limited) and the requirements of the JSE.

26. Disputes

26.1 Should any dispute of whatever nature arise from or in connection with these Rules (including an urgent dispute), then the dispute shall, unless the parties thereto otherwise agree in writing, be referred to the Group Chief Executive.

26.2 In the event that the Group Chief Executive is unable to resolve the dispute, it shall be referred to the Chairman of Remco who, together with the Remco, shall decide thereon, and that decision shall be final and binding on all parties to the dispute.

26.3 However, if the dispute relates, directly or indirectly, to the Group Chief Executive, the dispute shall be referred to the Chairman of Remco directly, who, together with the Remco, shall decide thereon and that decision shall be final and binding on all parties to the dispute.

26.4 This clause is severable from the rest of these Rules and shall remain in effect even if these Rules are terminated for any reason.

Part 4 – General continued

27. Data protection

27.1 By participating in the DSP, a Participant is deemed to agree and consent to:

27.1.1 the collection, use and processing by the Employer Company of Personal Information relating to the Participant, for all purposes reasonably connected with the administration of the DSP;

27.1.2 the Employer Company, Company, and any member of the Group transferring Personal Information to or between any of such persons for all purposes reasonably connected with the administration of the DSP and the use of such Personal Information by such persons for all purposes reasonably connected with the administration of the DSP;

27.1.3 the transfer to and retention of such Personal Information by any third party anywhere in the world for all purposes reasonably connected with the administration of the DSP.

28. Profits and losses and termination of the DSP

28.1 The Company shall bear any losses sustained by the DSP which are not recovered from Employer Companies in terms of clause 8. Furthermore, the Company shall be entitled to receive and be paid any profits made in respect of the purchase, acquisition, sale or disposal of Shares.

28.2 The DSP shall terminate if Remco so resolves. Any deficit arising from the winding up of the DSP shall be borne by the Company, to the extent not recovered by the Company from Employer Companies.

29. *Domicilium* and notices

29.1 The parties choose *domicilium citandi et executandi* for all purposes arising from the DSP, including the giving of any notice, the payment of any sum, the serving of any process, as follows:

29.1.1 the Company:

Physical address:
Harmony Randfontein Office Park,
Cnr Main Reef Road and Ward Avenue, Randfontein, 1759

Postal address:
PO Box 2, Randfontein, 1760

E-mail:
companysecretariat@harmony.co.za

For attention: The Secretary

29.1.2 each Participant:

The chosen address and/or email address of each Participant shall be the address and/or email address of that Participant reflected in the records of the Group's payroll system from time to time.

29.2 Each of the parties shall be entitled from time to time, by written notice to the other, to vary its *domicilium* to any other physical address and/or (in the case of a Participant) his email address; provided in the case of a Participant such variation is also made to his details on the Group's payroll system.

29.3 Any notice given and any payment made by any party to the other which:

29.3.1 is delivered by hand during the normal business hours of the addressee (for attention: the Secretary in the case of the Company) at the addressee's *domicilium* for the time being shall be rebuttably presumed to have been received by the addressee at the time of delivery;

29.3.2 is posted by prepaid registered post from an address within the Republic of South Africa to the addressee (for attention: the Secretary in the case of the Company) at the addressee's *domicilium* for the time being shall be rebuttably presumed to have been received by the addressee on the seventh day after the date of posting.

29.4 Any notice given by any party to any other party which is transmitted by electronic mail to the addressee at the addressee's electronic address for the time being shall be presumed, until the contrary is proved by the addressee, to have been received by the addressee on the date of successful transmission thereof.

SCHEME RULES

Part 4 – General continued

30. Compliance

30.1 The Company shall comply with (and procure compliance by all members of the Group with) all Applicable Laws. The DSP shall at all times be operated and administered subject to all Applicable Laws. **[Sch 14 Generally]**

30.2 Without derogating from the generality of the aforegoing, the Company shall ensure compliance with Schedule 14 and paragraphs 3.63 to 3.74 of the Listings Requirements of the JSE. **[Sch 14.9(d)]**

30.3 The Company, by its signature hereto, undertakes to procure compliance by every Employer Company with these Rules.

31. General provisions

31.1 To the extent that shareholder approval is required to authorise any performance by the Group as contemplated in the DSP, such performance shall only take place once the requisite shareholder approval has been obtained. To the extent that the requisite shareholder approval is not obtained, Remco shall exercise its discretion in determining the appropriate response. In certain circumstances, Remco may be obliged to inform the Participants that their rights under the DSP have been postponed or forfeited. The Company will not be liable for any loss that may be suffered by the Participant as a result of such postponement or forfeiture.

31.2 The receipt of an Award in any year by a Participant does not create any rights and/or expectations that the same Participant shall be entitled to any further Awards in any subsequent years. An Employee's eligibility to receive Awards shall be determined annually by Remco.

31.3 The DSP and participation in it shall not form part of any contract of employment between any Employer Company and any Employee and the rights and obligations of any individual under the terms of his office or employment with the Employer Company shall not be affected by his participation in the DSP. This DSP shall not entitle a Participant any right to continued employment nor shall it afford an individual additional rights to compensation or damages for any loss or potential loss which he may suffer (by reason of being unable to receive Shares or otherwise) in consequence of the termination of any office or employment within the Group for any reason whatsoever, regardless of whether such termination of employment was lawful, unlawful, fair or unfair.

31.4 The DSP shall not confer on any person any legal or equitable rights (including, for the avoidance of doubt, any voting rights or rights to receive dividends) against any Employer Company directly or indirectly, or give rise to any cause of action at law or in equity against any Employer Company.

31.5 The DSP shall be governed by and construed in accordance with the laws of the Republic of South Africa.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the safe harbor provided by Section 21E of the Exchange Act and Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), with respect to our financial condition, results of operations, business strategies, operating efficiencies, competitive positions, growth opportunities for existing services, plans and objectives of management, markets for stock and other matters.

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

The foregoing factors and others described under "Risk Factors" should not be construed as exhaustive.

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 Form 20-F which is on file with the Securities and Exchange Commission, as well as the company's other Securities and Exchange Commission filings. The company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events, except as required by law. All subsequent written or oral forward-looking statements attributable to Harmony or any person acting on its behalf are qualified by the cautionary statements herein.

DIRECTORATE AND ADMINISTRATION

HARMONY GOLD MINING COMPANY LIMITED

Harmony Gold Mining Company Limited was incorporated and registered as a public company in South Africa on 25 August 1950

Registration number: 1950/038232/06

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

Dr PT Motsepe* (chairman)
M Msimang*^ (lead independent director)
JM Motloba*^ (deputy chairman)
PW Steenkamp (chief executive officer)
F Abbott (financial director)
JA Chissano*[1]^
FFT De Buck*^
KV Dicks*^
Dr DSS Lushaba*^
HE Mashego**
KT Nondumo*^
VP Pillay*^
MV Sisulu*^
JL Wetton*^
AJ Wilkens*

* *Non-executive*
** *Executive*
^ *Independent*
[1] *Mozambican*

INVESTOR RELATIONS

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Telephone: +27 11 411 2314
Website: www.harmony.co.za

COMPANY SECRETARY

Telephone: +27 11 411 2094
E-mail: companysecretariat@harmony.co.za

TRANSFER SECRETARIES

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(Registration number 2000/007239/07)

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HARMONY™

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