2020

FINANCIAL REPORT

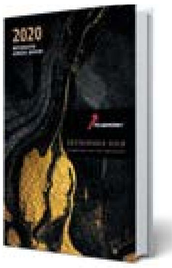
HARMONY™

SUSTAINABLE GOLD

CELEBRATING OUR 70TH ANNIVERSARY

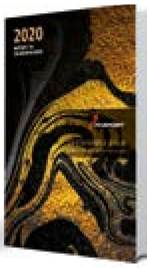
OUR 2020 SET OF REPORTS INCLUDES:

INTEGRATED ANNUAL REPORT 2020

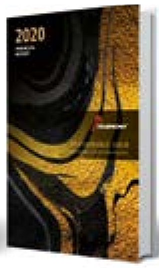


MINERAL RESOURCES AND MINERAL RESERVES 2020

REPORT TO SHAREHOLDERS 2020

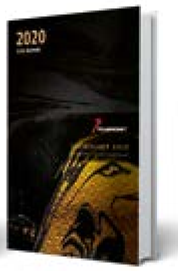


FINANCIAL REPORT 2020



ESG REPORT 2020

TCFD REPORT 2020



OPERATIONAL REPORT 2020

Scan QR Code to download our full suite of 2020 annual reports

These reports together with other supporting documents are available online at *www.har.co.za*. Other additional information can be found at *www.harmony.co.za*.

OTHER REPORTS

Form 20-F	Annual report filed with the United States Securities and Exchange Commission, in compliance with the listing requirements of the New York Stock Exchange
Global Reporting Initiative Content Index	An index of the indicators reported in terms of the Global Reporting Initiative

ESG: Environmental, social and governance

TCFD: Task Force on Climate-related Financial Disclosures

Glossary of icons

These icons are used throughout our suite of 2020 reports to indicate the following:

OUR STRATEGIC PILLARS

- Responsible stewardship
- Operational excellence
- Cash certainty
- Effective capital allocation

CAPITAL INPUTS

- Human and intellectual capital
- Financial capital
- Manufactured capital
- Natural capital
- Social and relationship capital

SUSTAINABLE GOLD

For the past 70 years Harmony has, more than any other gold mining company in South Africa, demonstrated true sustainability. From our enduring history, to the product we mine and the way in which it is mined, to the care we take to preserve the environment and the support we provide to our communities, Harmony has illustrated, time and again, that sustainability is the driving force of our business.

The theme of Sustainable Gold resonates throughout our reporting suite:

- Not only the longevity of operations, but the way in which we are able to turn our assets to account by extracting the maximum value over a longer life-of-mine
- The unquestioned enduring value of the product we mine.
- Through the role we play as a responsible corporate citizen
- As we grow and develop our people and assets, and provide sustainable value to all our stakeholders through responsible operation and economic regeneration

Indices:

- FTSE4Good index
- MSCI Emerging Markets Index
- Blooomberg Gender-Equality Index
- FTSE/JSE Africa Top 40 index (included from 18 September)

ABOUT THIS REPORT

This Financial Report 2020 covers the financial year ending 30 June 2020 (FY20) and presents the complete consolidated and company annual financial statements (collectively the annual financial statements) for Harmony Gold Mining Company Limited (Harmony) for the period.

These 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 Harmony board of directors is responsible for the preparation, integrity and fair presentation of these 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. See the Directors' statement of responsibility on page 32.

These annual financial statements were audited by PricewaterhouseCoopers Inc – see their report on page 20.

CONTENTS

INTRODUCTION

GROUP FINANCIALS

COMPANY FINANCIALS

FEEDBACK

We welcome your feedback our these reports. Should you have any comments or suggestions on this report, contact our investor relations team at: HarmonyIR@harmony.co.za

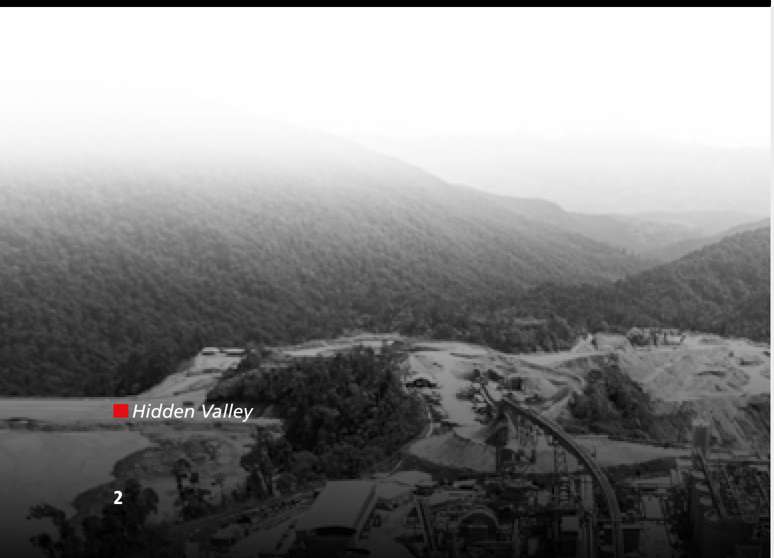
OUR BUSINESS

Harmony, a gold and copper mining and exploration company, operates in South Africa and Papua New Guinea, one of the world's premier new gold-copper regions.

With 70 years in the industry, Harmony is an experienced emerging market gold miner and the largest gold producer in South Africa. We are also a significant operator of gold tailings retreatment facilities.

Market capitalisation
as at 30 June 2020
R43.3 billion
(US$2.5 billion)

Headquartered in Randfontein, South Africa, Harmony has its primary listing on the Johannesburg Stock Exchange (HAR). It also has an American Depositary Receipt programme that is listed on the New York Stock Exchange (HMY). At 30 June 2020, our market capitalisation was R43.3 billion (US$2.5 billion) (30 June 2019: R17.1 billion; US$1.2 billion).



Hidden Valley

CORPORATE PROFILE

OUR PURPOSE

To be a global, **sustainable gold producer,** with a large copper footprint, creating shared value for all stakeholders

OUR MISSION

To create value by operating safely and sustainably and by growing our margins

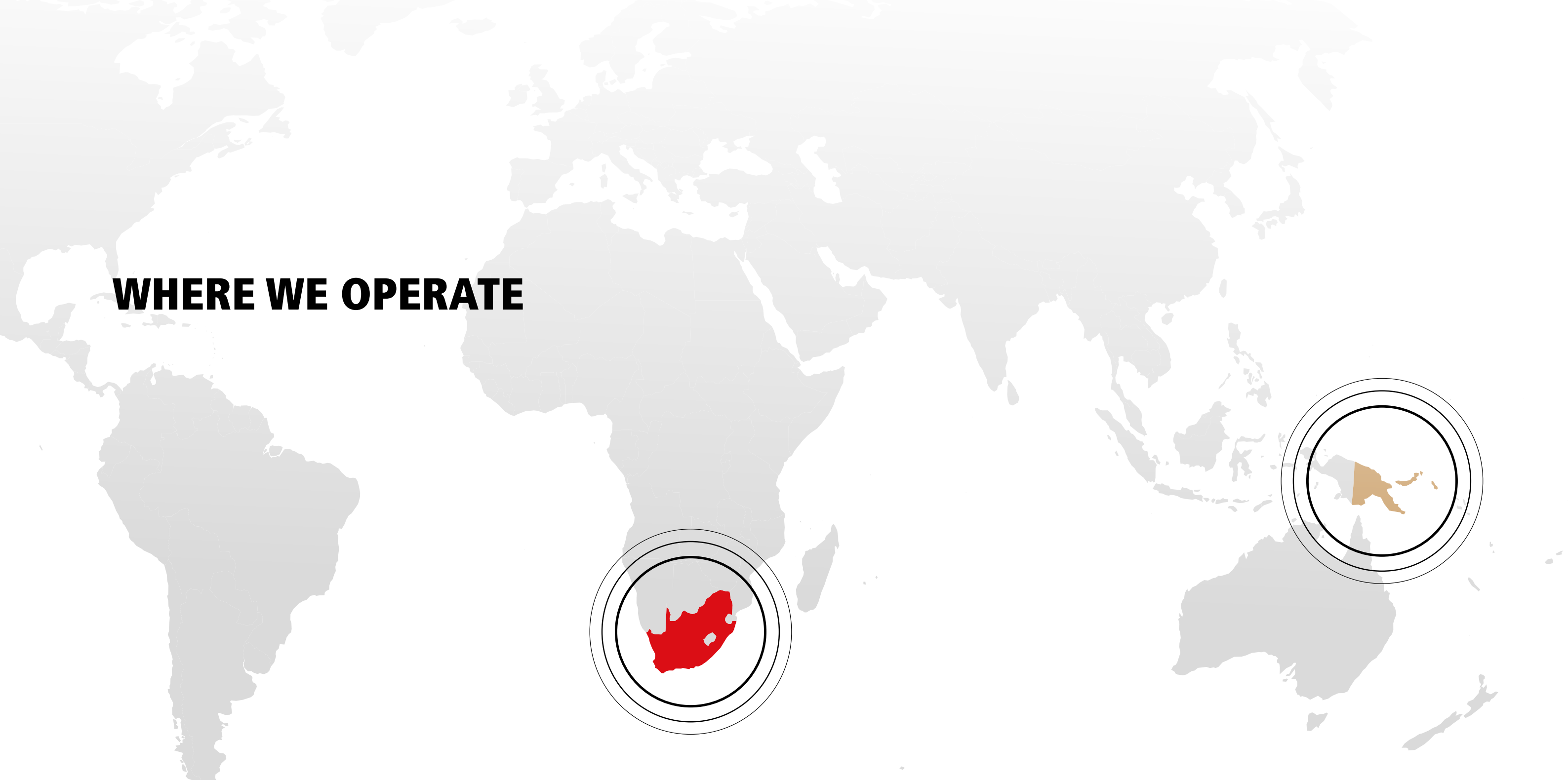
OUR IMPACT

At Harmony, we understand that our activities and the conduct of our business impacts the lives of the people we employ, the communities that surround our mines and the environment.
This impact has economic and social implications for our stakeholders and for the countries in which we operate.
In line with our purpose, we strive to ensure that, on balance, our contribution is positive and that, once mining ceases, our legacy is enduring.

SHAREHOLDERS

Our largest shareholder is African Rainbow Minerals Limited (ARM) which has a stake of 12.38% in Harmony. Our remaining shareholders are geographically diverse and include some of the largest fund managers globally. By far the largest shareholder base is in the United States (more than half), followed by South Africa.

WHERE WE OPERATE



South Africa

Production:

~1.1Moz (87%)

Located on the Witwatersrand Basin and the Kraaipan Greenstone Belt, our South African operations accounted for 62% of group Mineral Resources (gold and gold equivalent ounces) and 48% of group Mineral Reserves at year end

UNDERGROUND

West Rand: Doornkop / Kusasalethu

Klerksdorp goldfield: Moab Khotsong

Free State*: Tshepong operations / Bambanani / Target 1 / Joel / Masimong

SURFACE

North West: Kalgold

Free State: Surface sources**

Papua New Guinea

Production:

~157 000oz (13%)

Located on the New Guinea Mobile Belt, in the Morobe Province, our Papua New Guinea operation accounted for 38% of group Mineral Resources (gold and gold equivalent ounces) and 52% of group Mineral Reserves at year end

Hidden Valley (open-pit gold and silver mine)

Wafi-Golpu (copper-gold joint operation – 50%)

Multiple exploration areas

* *Closure is currently underway at Unisel, where stoping activities are scaling down*

** *Includes the Tswelopele Beneficiation Operation (Proprietary) Limited in which Harmony has a holding of 75%*

OUR VALUES

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

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

ACHIEVEMENT — **Achievement is core to our success**

CONNECTED — **We are all connected as one team**

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

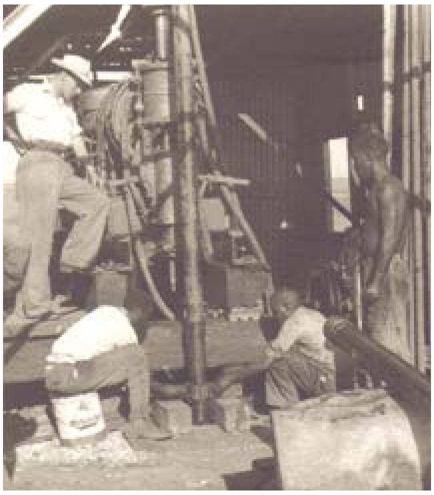
HARMONY TIMELINE – OUR STORY

1950 – 2020

1950 – 1995 THE EARLY YEARS

- **Established** on 25 August 1950 as a public company with the purpose of operating the Harmony mine, a single mine lease in the Free State; it was formed as a subsidiary of the mining finance house Rand Mines
- **Listed** on the Johannesburg Stock Exchange in 1951
- **First gold poured** in September 1954
- Production of uranium began in 1955
- **On 31 May 1961, South Africa officially became a Republic**
- In 1972, ownership of Harmony was transferred to Barlow Rand Group following the merger of Barlow and Rand Mines, which effectively created one of the **largest industrial corporations** in South Africa

- In 1973, Harmony merged with the Anglovaal-owned Merriespruit and Virginia mines to formally establish Harmony Gold Mining Company Limited. The amalgamated operation had a lease area of 9 933.67ha
- In 1992, the gold interests of Barlow Rand, including Harmony, were spun out into the newly-incorporated Randgold & Exploration
- **South Africa held its first non-racial democratic elections in 1994**
- In late 1994, Randgold canceled its management agreement with Harmony and entered into a service agreement to supply executive and administrative services at market rates



Over its 70-year history, Harmony has transformed from a single-lease mining entity to one of the foremost gold mining companies in the world

1996 – 2001

FORGING AN INDEPENDENT, MULTI-OPERATION COMPANY

- Harmony's era of **growth and expansion began** with the its initial listing on the Nasdaq in 1996
- **The Constitution of the Republic of South Africa, widely considered as one of the most progressive in the world, was approved by the Constitutional Court on 4 December 1996, taking effect on 4 February 1997**
- The service agreement with Randgold & Exploration was terminated in 1997 at which point Harmony began operating as a **completely independent gold mining company**

- From 1997, Harmony embarked on an **acquisition strategy to expand the company** from being a single-lease mining operation to becoming an independent, multi-operation, world-class gold producer, commencing with the acquisition of Lydenburg Exploration Limited, as well as the Unisel, Grootvlei and Consmodder operations
- Between 1998 and 2000 Harmony acquires additional mining rights in the Free State, Mpumalanga, Gauteng and North West provinces in South Africa:
  - Evander and Masimong acquired in 1998
  - Kalgold in 1999
  - Randfontein in 2000
  - Elandskraal in 2001

HARMONY TIMELINE – OUR STORY
CONTINUED

1950 – 2020

2002 – 2009 CREATING A DIVERSIFIED ASSET AND OWNERSHIP BASE

- **Legislation governing the South African mining industry was overhauled with the promulgation of the Mineral Resources and Petroleum Development Act 28 of 2002**
- Harmony transferred its listing from Nasdaq to the New York Stock Exchange in November 2002
- Acquired a 50% share of Freegold which included the Joel, Phakisa, Tshepong and Bambanani mines
- In 2002, Harmony entered **Papua New Guinea**, acquiring an initial stake in the Hidden Valley exploration project
- In 2003, a **landmark deal** was successfully concluded whereby black economic empowerment firm African Rainbow Minerals Gold acquired a 20% stake in Harmony. This was hailed as **one of the most important empowerment deals of South Africa's first decade of democracy**, being a microeconomic reflection of the country's political miracle of 1994
- Through this empowerment deal, Harmony fully acquired the Freegold operations
- On 1 October 2003, Dr Patrice Motsepe was appointed chairman
- **The first iteration of the Mining Charter was released in 2004**
- Harmony's acquisition campaign continues into 2004 with the purchase of Avgold, which owned the Target mine
- Harmony began a prefeasibility study, based on the resource defined at that time, as well as a substantial exploration campaign on the Wafi-Golpu prospect in Papua New Guinea
- In 2007 and 2008, Harmony buys back royalties over Hidden Valley and Wafi-Golpu held by Rio Tinto
- In 2008, the Morobe Mining Joint Venture, a 50:50 partnership between Harmony and Australian mining company, Newcrest Mining Limited, was established

2010 – 2020

BECOMING SOUTH AFRICA'S FOREMOST GOLD PRODUCER

- In 2010, Hidden Valley, Harmony's first offshore greenfields project in a joint venture with Newcrest Mining Limited, was officially opened
- By June 2010, 26% of Harmony's shareholders were based in the United States
- In 2011, exploration and feasibility study results confirmed the viability of the Wafi-Golpu project held by the joint venture between Harmony and Newcrest
- In 2012, Harmony launched **its first employee share ownership plan** – the Tlhankanelo Employee Share Trust – benefitting 33 000 Harmony employees
- In 2013 we vendor-financed the disposal of 25% of Free State-based Phoenix Tailings operations; an additional 5% was given to the Community Trust, controlled by Harmony

- **First-ever fatality free period** reported by our **South African operations** for the December 2014 quarter
- Full ownership of Hidden Valley acquired in October 2016
- **First ever fatality-free period for Harmony as a group** for the June 2017 quarter
- Moab Khotsong acquired in March 2018
- **The third iteration of the Mining Charter was gazetted on 27 September 2018**

2021

LOOKING FORWARD

Given our focus on growing ounces to ensure the long-term sustainability of our business, we will:

- embed the newly-acquired Mponeng and Mine Waste Solutions operations
- secure the Wafi-Golpu mining permit

We remain committed to conducting our business in a safe and sustainable manner, creating value for all our stakeholders

HOW WE PERFORMED

		FY20	FY19	FY18	FY17	FY16
Operating performance						
Ore milled	000t	**25 429**	25 976	22 441	19 401	18 373
Gold produced [1]	kg	**37 863**	44 734	38 193	33 836	33 655
	000oz	**1 217**	1 438	1 228	1 088	1 082
Operating costs	R/kg	**553 513**	439 722	421 260	436 917	392 026
	US$/oz	**1 099**	965	1 018	1 000	841
All-in sustaining costs	R/kg	**651 356**	550 005	508 970	516 687	467 611
	US$/oz	**1 293**	1 207	1 231	1 182	1 003
Underground grade	g/t	**5.45**	5.59	5.48	5.07	5.02
Financial performance						
Revenue	R million	**29 245**	26 912	20 452	19 494	18 667
Production costs	R million	**22 048**	20 324	15 084	15 042	13 583
Production profit	R million	**7 197**	6 588	5 368	4 452	5 084
Operating margin	%	**25**	24	26	23	28
Net profit/(loss) for the year	R million	**(850)**	(2 607)	(4 473)	362	949
Total headline earnings/(loss) per share	SA cents	**(154)**	204	171	298	221
Capital expenditure	R million	**3 610**	5 036	4 687	4 280	2 439
Exploration spend [2]	R million	**205**	148	135	241	191
Dividend paid	R million	**–**	–	154	439	–
Net debt	R million	**(1 361)**	(4 922)	(4 908)	(887)	(1 083)
Market performance						
Average gold price received	R/kg	**735 569**	586 653	570 709	570 164	544 984
	US$/oz	**1 461**	1 287	1 380	1 304	1 169
Total market capitalisation	R billion	**43.3**	17.1	10.6	9.5	22.9
	US$ billion	**2.5**	1.2	0.8	0.7	1.6
Average exchange rate	R/US$	**15.66**	14.18	12.85	13.60	14.50
Reserves						
Gold and gold equivalents	Moz	**36.5**	36.5	36.9	36.7	36.9
Geographical distribution of gold reserves						
– South Africa	%	**48**	47	46	44	45
– Papua New Guinea	%	**52**	53	54	56	55
Safety						
Number of fatalities		**6**	11	13	5	10
Group FIFR – fatal injury frequency rate	per million hours worked	**0.08**	0.13	0.16	0.07	0.13
Group LTIFR – lost-time injuries frequency rate	per million hours worked	[4] **6.33**	[3] 6.16	6.26	7.21	6.23
Total – injuries and accidents (TIA)	number of incidents	**623**	696	769	768	679
Health (South Africa)						
– Shifts lost due to injury		**25 205**	25 388	23 769	24 026	22 416
– Silicosis cases certified [5]		[3] **67**	58	[4] 179	[3] 108	[3] 64

[1] Gold production of 2 068kg (66 499oz) capitalised in FY18 (FY17: 364kg, 11 713oz). Zero gold production capitalised in FY20, FY19 and FY16

[2] As per income statement

		FY20	FY19	FY18	FY17	FY16
People						
Total number of employees and contractors [6]		**39 714**	39 773	40 686	33 201	30 547
South Africa: Employees		**31 502**	31 201	32 520	26 478	25 861
Contractors		**5 841**	6 159	5 951	4 512	4 580
Papua New Guinea: Employees		**1 589**	1 675	1 397	1 300	76
Contractors		**782**	738	818	911	30
Employment equity (historically disadvantaged South Africans in management) [7]	%	[4] **64**	[3] 62	[3] 60	[3] 61	[3] 60
Number of people in single rooms [8]		[4] **7 350**	8 019	[3] 6 739	[3] 7 266	[3] 7 252
Number of people sharing accommodation		**0**	0	[3] 0	[3] 0	[3] 0
Number of people in critical-skill positions trained		[4] **81**	[3] 109	[3] 106	[3] 75	[3] 68
Community						
South Africa – local economic development	R million	[4] **65**	[3] 56	[3] 20	[3] 27	[3] 18
Papua New Guinea – socio-economic investment	R million	**36**	14	1	3	1
Total group community spend	R million	**101**	70	20	30	19
Group procurement	R million	**14 321**	12 060	9 416	8 385	7 878
South Africa						
Preferential procurement (BEE-compliant spend)	R million	[4] **5 084**	[3] 6 340	[3] 5 120	[3] 4 461	[3] 3 794
Total discretionary spend	R million	**7 682**	8 470	6 436	5 685	4 978
Preferential procurement spend	%	**66**	75	80	78	76
Papua New Guinea						
Total spend	R million	**3 900**	3 590	2 980	2 700	2 900
Expenditure in country	R million	**2 470**	2 200	1 600	1 000	1 800
Expenditure in Morobe Province	R million	**697**	1 100	1 100	725	734
Environment						
Mineral waste (volume disposed) [10]	000t	[4] **51 817**	[3] 52 691	[3, 10] 50 798	[3, 9] 38 392	[9] 26 170
Total electricity use (purchased)	000MWh	[4] **3 171**	[3] 3 326	[3] 2 518	[3, 9] 2 629	[9] 2 597
CO_2 emissions						
– Scope 1	000t CO_2e	[4] **126**	[3] 133	[3] 131	[3] 111	[3] 56
– Scope 2	000t CO_2e	[4] **3 316**	[3] 3 193	[3] 2 442	[3] 2 513	[3] 2 581
– Scope 3	000t CO_2e	[4] **570**	[3] 533	[3] 440	[3] 445	[3] 615
Water used for primary activities	000m^3	[4] **19 692**	[3] 23 158	[3] 15 473	18 125	15 083
Funding/guarantees for rehabilitation and closure	R million	**4 266**	3 752	3 717	3 072	2 933

[3] *Assured by independent assurance providers in previous years – refer to https://www.harmony.co.za/invest/annual-reports. 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.*

[4] *Assured by independent assurance providers in the current year. Please refer to the Assurance Report and to the Glossary of Terms on the website, www.har.co.za.*

[5] *The number of cases of pure silicosis confirmed by the South Africa's Medical Bureau of Occupational Diseases. Previously we assured silicosis cases submitted to the Medical Bureau of Occupational Diseases*

[6] *FY18 includes employees from the Moab Khotsong operations. Excludes employees from the Wafi-Golpu Joint Venture. FY16, excludes employees from the Morobe Mining Joint Venture, which are included from FY17, following Harmony acquiring full ownership of Hidden Valley*

[7] *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 employment equity percentage*

[8] *The number of single rooms only represent hostels which are 100% converted.*

[9] *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*

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

FINANCIAL DIRECTOR'S REPORT

"Despite the challenges of the past year, we have created balance sheet flexibility by creating adequate headroom and reducing our net debt significantly. Harmony is well positioned to benefit from the anticipated continuing strength of the gold price."

BOIPELO LEKUBO
Financial Director

FINANCIAL HIGHLIGHTS OF THE YEAR UNDER REVIEW

- Capital raised through a share placement in the financial year totalling gross proceeds of R3 466 million to fund the acquisition of the remaining South African assets of AngloGold Ashanti
- Net loss on derivatives of R1 678 million reported compared to a net gain of R484 million the previous year
- Foreign exchange translation loss (including the translation of US dollar loans) of R892 million compared to a loss of R86 million the previous year
- 175% decrease in headline loss per share to 154 SA cents compared to earnings of 204 SA cents the previous year

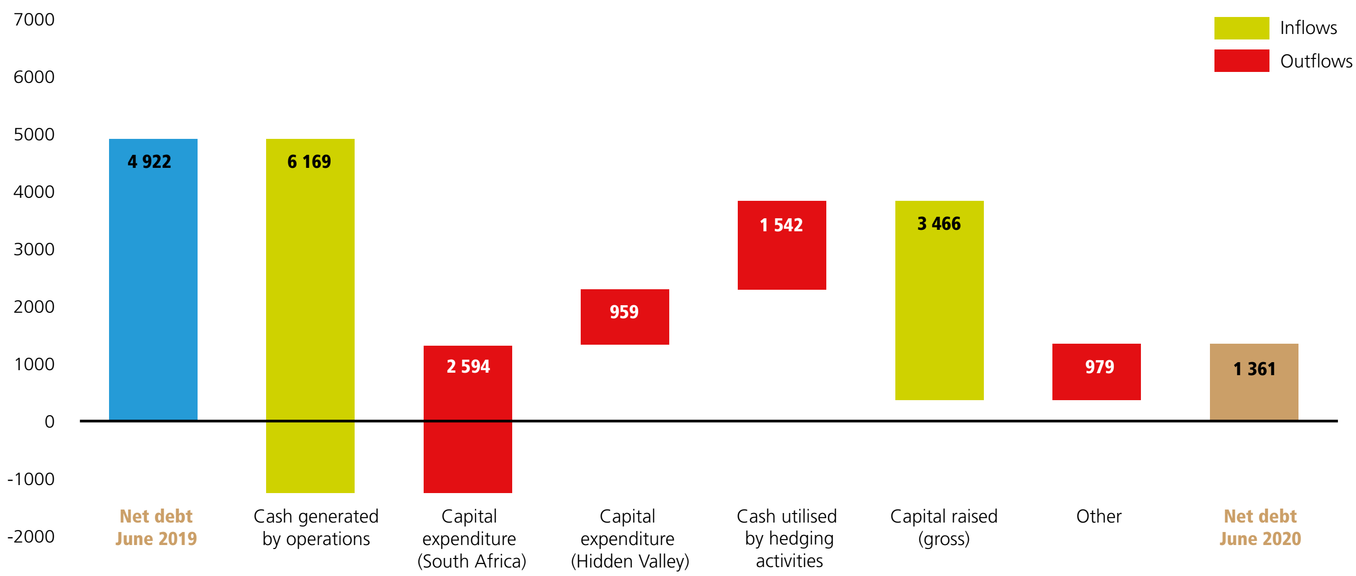
BALANCE SHEET PROTECTION AND LIQUIDITY MEASURES

Harmony committed to several measures to protect its balance sheet in the face of the Covid-19 global pandemic. These included cash preservation measures, the suspension of exploration and major capital projects, and the declaration of force majeure on select supplier agreements. Specific measures aimed at ensuring liquidity included restructuring a portion of the derivatives maturing during April and May 2020 to the first three quarters of the new financial year as well as drawing down on our rand and US dollar facilities.

In June 2020, Harmony raised US$200 million (R3 466 million) by way of a share placement to fund the US$200 million cash portion of the consideration relating to the acquisition of the Mponeng mine and Mine Waste Solutions. The cash from the placement, combined with the cash generated by the operations, resulted in net debt decreasing by R3 561 million (US$269 million) to R1 361 million (US$79 million) as at the end of June 2020.

With the headroom created through Harmony's agile response to the Covid-19 global pandemic, we have increased our balance sheet flexibility to support future growth.

REDUCTION IN NET DEBT: 30 JUNE 2019 – 30 JUNE 2020 (R million)



DERIVATIVES AND HEDGING

Harmony continues to enjoy favourable commodity and foreign exchange pricing on the unhedged portion of its exposure, while simultaneously locking in the current higher prices as part of its derivative programme. Since the inception of the derivative programmes in FY16, they have realised net gains of R2 252 million (US$188 million).

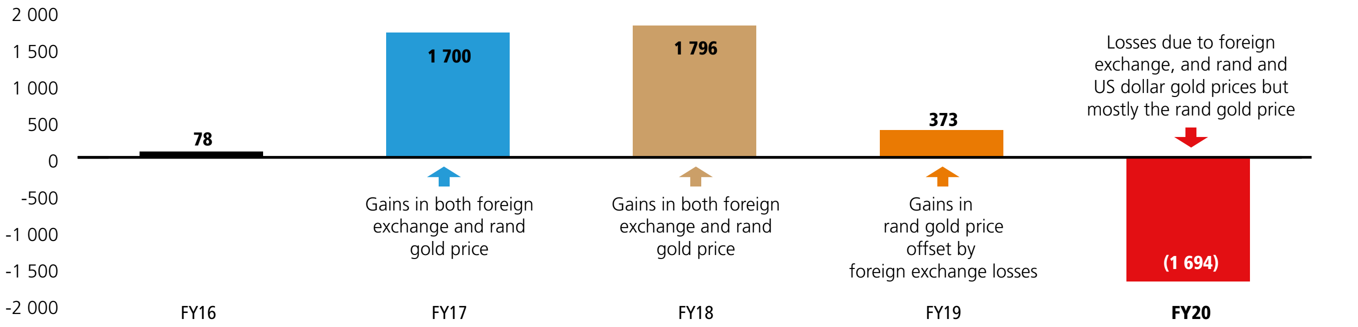
The South African Covid-19 lockdown resulted in reduced gold production during the June 2020 quarter. As a result, we restructured the derivative programme and rolled forward some transactions, which assisted in matching the derivatives to the changed gold production profile during the lockdown. The US dollar gold and US dollar silver derivatives were not restructured as they relate to the Hidden Valley mine which continued operating during this time.

The weakening of the rand against the US dollar during the 12 months under review negatively impacted the valuation of the foreign exchange derivatives. The increase in the gold price – both in US dollar and in rand terms – adversely affected the valuation of the gold derivatives. Derivatives recorded a net realised negative cash flow of R1 694 million (US$108 million) in FY20, principally due to a R1 492 million (US$95 million) negative cash flow on R/gold derivatives.

The derivative programmes are topped up as and when opportunities arise to lock-in attractive margins for the business. A meaningful proportion of the group's expected production and foreign currency export proceeds have already been secured at beneficial margins.

DERIVATIVES – SWINGS AND ROUND ABOUTS (R million)

Our derivative programmes cover 20% of gold production and 25% of foreign exchange



Overall realised net gain since inception of the derivative programmes: R2.3 billion

Open position at reporting date

	FY21		FY22		Total
	H1	H2	H1	H2	
Zero cost collars					
US$m	231	164	89	27	511
Floor (R/US$)	15.38	15.68	16.63	17.99	15.81
Cap (R/US$)	16.52	16.95	18.22	19.65	17.09
Forward contracts					
US$m	110	47	18	8	183
Average forward rate	15.83	16.33	18.30	18.71	16.38
Total currency (US$m)	341	211	107	35	694
Rand gold					
000oz	174	156	105	35	470
R 000/kg	676	712	825	975	743
Dollar gold					
000oz	24	24	24	15	87
US$/oz	1 428	1 505	1 584	1 735	1 543
Total gold contracts					
000oz	198	180	129	50	557
US$/silver					
000oz	700	570	320	10	1 600
Floor (US$/oz)	17.66	18.09	18.11	18.40	17.91
Cap (US$/oz)	19.14	19.59	19.66	20.15	19.41

FINANCIAL DIRECTOR'S REPORT CONTINUED

FINANCIAL PERFORMANCE

Key drivers of financial performance FY20

		FY20	FY19	Change %
Gold produced	kg	37 863	44 734	(15)
	oz	1 217 323	1 438 231	(15)
Underground grade recovered	g/t	5.45	5.59	(3)
Gold price received	R/kg	735 569	586 653	25
	US$/oz	1 461	1 287	14
Production profit	Rm	7 197	6 588	9
	US$m	459	465	(1)
All-in sustaining costs	R/kg	651 356	550 005	18
	US$/oz	1 293	1 207	7
Net debt	Rm	1 361	4 922	72
	US$m	79	348	77
Net debt/EBITDA ratio [1]	times	0.2x	0.9x	
Average exchange rate	R/US$	15.66	14.18	10

[1] *The calculation of EBITDA is based on the definitions included in our debt facility agreements which excludes certain exceptional items such as impairments, translation differences and gains/losses on derivatives.*

Income statement – extract (R million)

	FY20	FY19	Change %
Revenue	**29 245**	26 912	9
Production costs	**(22 048)**	(20 324)	8
Impairment of assets	**–**	(3 898)	100
Depreciation and amortisation	**(3 508)**	(4 054)	13
Gains/(losses) on derivatives	**(1 678)**	484	(447)
Net profit/(loss) for the year	**(850)**	(2 607)	67
Headline (losses)/earnings per share (SA cents per share)	**(154)**	204	(175)

Revenue

Revenue increased by R2 333 million or 9% to R29 245 million, mainly due to the higher average gold price received. The average gold price received increased by 25% to R735 569/kg from R586 653/kg in FY19. In US dollar terms revenue decreased by US$31 million or 2% to US$1 867 million. The average gold price received increased by 14% to US$1 461/oz from US$1 287/oz in FY19.

Although the company achieved a better than expected production performance in the last quarter of FY20, despite Covid-19 challenges, overall gold production was down 15% for the year to 37 863kg compared to 44 734kg in FY19.

Production costs

Production costs increased by R1 724 million or 8% to R22 048 million during FY20, mainly due to annual labour and electricity rate increases in South Africa. In US dollar terms, production costs decreased by US$24 million or 2% to US$1 409 million, largely owing to the Rand weakening.

Amortisation and depreciation

Amortisation and depreciation decreased by R546 million or 13% for FY20 due in the main to the impact of the South African national lockdown on production levels. In US dollar terms, amortisation and depreciation decreased by US$62 million to US$224 million for FY20.

Other operating expenses

Other operating expenses for FY20 included a foreign exchange translation loss (including the translation of US dollar loans) of R892 million (US$57 million) compared to a R86 million (US$6 million) loss in the comparative period. The foreign exchange translation loss was mostly a result of the weakening of the US dollar:rand exchange rate during the year.

Net loss

Harmony's net loss decreased to R850 million (US$56 million) in FY20, compared to a loss of R2 607 million (US$185 million) the previous year. The headline loss decreased to 154 cents per share (10 US cents) compared with headline earnings of 204 SA cents (14 US cents) per share for FY19.

OUTLOOK

Global health and economic risks continue to support higher gold prices and while there is much uncertainty in the world, gold remains a classic investment.

We are well-positioned to benefit from the anticipated continuing strength of the gold price and are firmly established as a profitable producer, regardless of the gold price.

While the gold price is expected to continue its run in the short to medium term, we remain a price taker and will maintain our active management of those aspects of the business within our control:

- Ensuring the health and safety of our employees
- Ensuring the efficient normalisation of production
- Ensuring effective capital allocation
- Enhancing returns
- Successfully integrating our acquired assets

Our capital allocation is aimed at ensuring returns. We prefer a lower risk profile, assessing financial versus safety risks. Our capital is spent at our longer life mines and we only pursue a project if the internal rate of return is higher than 15%. We prefer a lower geared balance sheet and keep our net debt to EBITDA ratio at less than 1. Excluding the proceeds from the equity capital raising concluded just before year end, the ratio stands at 0.8 and thus we will be able to reduce our debt much more quickly at current gold price levels. Ultimately, our aim is to pay dividends again – and more importantly sustainable dividends.

ACKNOWLEDGEMENT

In closing, I would like to acknowledge our finance team for their commitment, smart work and integrity in supporting the business to unlock further value, especially during the difficult circumstances faced by all due to the Covid-19 global pandemic. As key business partners across the value chain, our team is adding value by ensuring cost and capital discipline, while maintaining a high standard of governance, compliance and financial reporting.

I wish to also thank Frank Abbott, who served as financial director up to 2 March 2020, for his support and guidance in building up a solid balance sheet.

Boipelo Lekubo
Financial Director
23 October 2020

AUDIT AND RISK COMMITTEE: CHAIRPERSON'S REPORT

We recognise the increasing importance that technology has as both a source of future opportunities and as a means by which we conduct our business and improve organisational efficiencies.

FIKILE DE BUCK
Chairman: Audit and risk committee

This report, for the financial year ended 30 June 2020 (FY20), considers those material matters on which the audit and risk committee deliberated during the year. These matters extend beyond just statutory compliance and relate to the committee's role in supporting value creation and delivery on Harmony's strategic objectives.

INTRODUCTION

The audit and risk committee is an independent, statutory committee whose members are appointed annually by Harmony's shareholders in compliance with section 94 of the South African Companies Act of 2008, as amended (the Act), and the principles of good governance. In addition to this Act, the committee's duties are guided by the JSE Listings Requirements, the King IV Code on Corporate Governance, 2016 (King IV) and its terms of reference. In addition, the board of directors delegates oversight of specific functions to the committee.

TERMS OF REFERENCE

The committee's formal terms of reference, available on our corporate website *www.harmony.co.za*, are reviewed and updated annually (or more frequently if required) by both the committee and the board. The committee is satisfied that it has conducted its affairs and discharged its responsibilities in accordance with its terms of reference.

COMPOSITION AND FUNCTION

The committee's diverse perspectives, independence, knowledge and experience enhance our governance structures. As at the date of this report, the committee has five members all of whom are independent non-executive directors. For further detail on their qualifications, expertise and experience, refer to *Corporate governance*.

Recommendations on the appointment of committee members for the new financial year are detailed in the notice of annual general meeting in the *Report to shareholders 2020*.

The group chief executive officer and financial director – together with members of the executive team and senior managers representing areas relevant to the discussions at the audit committee, as well as the external auditors, the chief internal audit executive and ESG assurance providers attend meetings either by standing invitation or as and when required.

RESPONSIBILITIES

The committee's primary responsibilities are:

- to ensure the integrity of financial statements and related reporting, that they comply with IFRS and fairly represent the financial position of the group, the company and our operations
- to monitor internal controls, the internal audit function, combined assurance, and matters pertaining to the external auditors
- to oversee corporate governance, particularly in relation to legislative and regulatory compliance
- to oversee the management of risk, as well cyber security

The committee believes that it complied with its legal, regulatory and other responsibilities during the past financial year. No major concerns were raised in FY20. For more on the committee and its activities during the year, see *Corporate governance*.

Reporting

The committee reviewed the following 2020 reports and their related processes:

- Integrated annual report and its related FY20 suite of reports
- Mineral Resource and Mineral Reserve statement
- Annual financial statements and accounting practices
- Annual report filed on Form 20-F with the United States Securities and Exchange Commission

The committee submits that these reports represent a balanced view of the group's performance for FY20 and recommended them to the board for its approval.

External auditor – appointment, independence and tenure

Having considered the external auditor's previous appointments and the extent of other work undertaken for the group, the committee is satisfied that PricewaterhouseCoopers (PwC) is independent of the group, as per section 94(8) of the Act. The committee is also satisfied as to the suitability of PwC and the designated audit partner.

A formal procedure has been adopted to govern the process whereby the external auditor may be considered for non-audit services and the extent of these services is closely monitored by the committee. Total fees paid to the external auditor for the year were R40 million, of which R38.5 million was for audit related services, R1.1 million for non-audit services and R0.4 million for tax services.

PwC has been Harmony's external auditor for 70 years. At the annual general meeting held on 22 November 2019, PwC was reappointed as the independent external auditor and undertook to hold office until the end of the 2020 annual general meeting on 20 November 2020.

As audit firm rotation will be mandatory from the financial year beginning on or after 1 April 2023, this will apply to the company from FY24. To ensure continuity during the company's growth phase, and because audit firm rotation is not yet compulsory, the audit and risk committee is of the opinion that PwC should remain as the company's external auditor for the ensuing year.

The committee recommended to the board that PwC be re-appointed as the group's independent external auditor, to hold office until the conclusion of the 2021 annual general meeting. The directors will propose the re-appointment of PwC at the annual general meeting to be held on 20 November 2020. Details can be found in the notice of the annual general meeting in the *Report to shareholders 2020*.

The individual registered audit partner responsible for the audit for the financial year ended 30 June 2020 was Mr HP Odendaal. As PwC is required to rotate the audit partner responsible for the group audit every five years, the current lead audit partner will be required to change from FY21 onwards.

Harmony's commitment to transformation extends to the external audit. During the current year, PwC continued to use staff from Ngubane & Co., a level 1, broad-based black economic empowerment company, as part of its audit team. To facilitate the transfer of skills in the audit of mining companies and registrants on the Securities and Exchange Commission in the United States, staff from Ngubane & CO., assisted PwC on the audit of our South Africans operations. PwC had overall responsibility for the audit and signed off the financial statements.

Internal controls and internal audit

Having reviewed the design, implementation and effectiveness of the group's system of internal financial controls, the committee is satisfied that these are effective and form a reliable basis for the preparation of the financial statements. No findings came to the attention of the committee to indicate any material breakdown in internal controls during the past financial year.

In terms of internal audit, the committee is responsible for:

- Ensuring that the group's internal audit function is independent and has the necessary resources, standing and authority within the group to enable it to perform its duties
- Overseeing co-operation between internal audit and the external auditors, and serving as a link between the board of directors and these functions

In line with King IV and its recommendations, the committee has confirmed the effectiveness of the group chief audit executive, Ms Besky Maluleka-Ngunjiri, and is satisfied that she has the appropriate expertise and experience to meet the responsibilities of this position.

The group chief audit executive reports quarterly, or as necessary, to the committee on internal audit and has direct access to the committee, primarily through its chairman.

The committee is satisfied that internal audit follows an approved risk-based internal audit plan and regularly reviews the group's risk profile. Internal audit submits an overall statement on the effectiveness of the group's governance, risk management and control processes.

Combined assurance

The combined assurance model was refined during the course of the year.

The committee is satisfied that the group has optimised the assurance coverage obtained from management, and internal and external assurance providers. The committee is also satisfied that the various external assurances that are obtained and related systems and procedures are effective in achieving the following objectives:

- Enabling an effective internal control environment
- Supporting the integrity of information used for internal decision-making by management, the board and its committees
- Supporting the integrity of external reports
- Minimising assurance fatigue

Governance of risk

The audit and risk committee fulfils a dual function - as an audit committee and as a risk committee. Internal audit conducts regular and full assessments of the risk management function and framework, on which it reports to the committee. The committee is satisfied with the effectiveness of its oversight of risk governance in the group. A detailed report on risk and its management, as recommended in King IV, is contained in this integrated annual report. See *Managing our risks and opportunities*. A report on risk is also shared with the board on a quarterly basis.

While the committee oversees the management of risks and opportunities on behalf of the board, it also has responsibility for particular risks, namely: increasing costs and declining margins, the increasing cost of regulatory compliance and its potential to compromise our licence to operate, and the technology upgrades.

In the past year, the committee oversaw the development of a new enterprise risk management and resilience policy, risk management guidelines and a new risk management framework to ensure continued focus on the company's material risks are considered. A risk workshop was also held with a majority of the board which included training on risks, assessing risk appetite and tolerance and the ten strategic risks of the company.

Oversight of hedging programme

The committee also monitors and reviews the group's hedging strategy. The hedging programmes currently in place were introduced in FY16. In terms of these programmes, 20% of gold production is hedged and 25% of foreign exchange earnings. For more on how these hedging programmes have performed, see the *Financial director's report*.

Technology and information governance

We recognise the increasing importance that technology has as both a source of future opportunities and as a means by which we conduct our business and improve organisational efficiencies. The audit and risk committee monitors the governance of information and communication technology on a quarterly basis.

The audit and risk committee has delegated responsibility management for digitising the company, implementing the policy on enterprise-wide technology and information management, and for embedding this policy into the day-to-day, medium- and long-term decision-making activities and culture of the organisation. All of this is integral to ensuring operational excellence and delivery on our first strategic pillar.

Given the multiple critical information system changes currently being implemented simultaneously across the organisation, this was a major focus area for the committee during the year. Progress was closely monitored with management providing detailed quarterly updates on this as well as on the challenges encountered and the steps taken to address such challenges.

In particular, during the past year, as part of the process to digitise the company, the committee oversaw management's implementation of two significant upgrade projects aimed at improving our operating and business efficiencies. The first of these entails the transformation of human resources management and its migration to a centralised system. The second is the Oracle upgrade project to ensure the integrity of our group enterprise resource planning system. This project is on track to be completed in 2021. Ernst & Young is providing assurance for both projects. No material issues or risks have been identified.

A cyber security assessment was also undertaken during the year to identify potential exposure to various information technology and cyber attack risks and to develop and confirm in detail with management those mitigating controls to be put in place to address any gaps identified.

GOING CONCERN

The audit and risk committee has reviewed a documented assessment, including key assumptions, prepared by management, of the going-concern status of the group. The board's statement on this status, as supported by the committee, appears in the *Directors' report*.

EVENTS POST YEAR END

For information and detail on post year-end events, see Subsequent events on page 18.

IN CONCLUSION

On behalf of the audit and risk committee, I would like to thank Frank Abbott for all the years he has worked with the audit and risk committee as the financial director, until 2 March 2020. I welcome Boipelo Lekubo, who brings a wealth of experience, as the new financial director of Harmony, effective 3 March 2020.

I would also like to thank management for all the hard work done during these unprecedented times and circumstances.

Fikile De Buck
Chairman: Audit and risk committee
23 October 2020

DIRECTORS' REPORT

Nature of business
The Harmony group of companies conducts gold mining and exploration in South Africa and Papua New Guinea. A general review of the group's business and operations is provided in the *Corporate profile* with more detail available in the *Integrated Annual Report 2020* and in *Operational performance 2020*.

The company's primary listing is in South Africa on the JSE. Harmony's ordinary shares are also listed in the form of American Depositary Receipts on the New York Stock Exchange.

Integrated annual report
As required by the King IV Report on Governance for South Africa, 2016 (King IV report) and the JSE Listings Requirements, the board has reviewed and approved the Integrated Annual Report 2020 on the recommendation of the audit and risk committee, supported by the social and ethics committee. The 2020 Integrated Annual Report is available online at *www.har.co.za*.

Statement by the board
The annual financial statements are drawn up in accordance with the Companies Act, the JSE Listings Requirements, International Financial Reporting Standards and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee, and the Financial Pronouncements, as issued by Financial Reporting Standards Council.

The board of directors is of the opinion that the Integrated Annual Annual Report 2020 and the accompanying consolidated financial statements fairly reflect the true financial position of the group at 30 June 2020 and its performance for the year.

Audit and risk committee and social and ethics committee reports
The audit and risk committee chairperson's report is found on page 14 of this report and that of the social and ethics committee on page 148 in the Integrated Annual Report 2020.

Company secretary
The group company secretary is Ms Shela Mohatla. Her business and postal addresses appear on the inside back cover of this report.
The certificate by the group company secretary is found on page 19. Ms Shela Mohatla was appointed group company secretary with effect from 14 August 2020, subsequent to her appointment as the acting company secretary on 27 January 2020, following the passing of Ms Riana Bisschoff.

Board of directors
Changes to the composition of Harmony's board of directors during the period of review include the appointment of Ms Boipelo Lekubo as financial director of the company, effective on 3 March 2020. Mr Frank Abbott served as financial director of the company until 2 March 2020, whereafter he remained on the board as an executive director and assumed responsibility for business development. Effective 30 September 2020, Messrs Ken Dicks and Max Sisulu resigned as non-executive directors and Mr Frank Abbott retired.

Biographical details of current directors appear online at *www.harmony.co.za*.

Directors' interests
At 30 June 2020, the chief executive officer, Peter Steenkamp, held 512 000 shares and executive director, Frank Abbott, held 1 142 010 shares in Harmony while non-executive directors André Wilkens and Ken Dicks, held 101 301 and 35 000 shares in Harmony respectively.

None of the directors' immediate families and associates held any direct shareholding in the company's issued share capital. No other director held or acquired any shares in the company, other than through share incentive schemes (executive directors only) during FY20. Refer to the Remuneration report in the 2020 Integrated Annual Report for details of share incentives awarded to executive directors.

Going concern
The annual financial statements have been prepared on a going concern basis.

In accordance with the solvency and liquidity test in terms of section 4 of the Companies Act, the board is of the opinion that the company has adequate resources and that the:

- company's assets, fairly valued, exceed the fair value of its liabilities
- company will be able to pay its debts as they become due in the ordinary course of business for the 12 months following 30 June 2020

Financial results
Details of the group's financial performance are discussed in the *Financial director's report*. The audited consolidated and company annual financial statements are included in this *Financial Report 2020*. Confirmation of these financial statements by the chief executive officer and the financial director appears on page 19.

Share capital
On 11 June 2020 at an Extraordinary General Meeting held by the company, shareholders approved all of the ordinary and special resolutions in connection with the Harmony board's proposal to seek the authority to issue ordinary shares for cash for a maximum aggregate subscription consideration of up to US$200 million. Subsequently, on 25 June 2020 the company announced that a total of 60 278 260 new ordinary shares in Harmony had been placed with existing and new institutional investors at a price of R57.50 per share, raising gross proceeds of approximately US$200 million (R3.466 billion) which would be used by the company to fund a part of the consideration payable for the acquisition of AngloGold Ashanti's South African business as announced by the company on 12 February 2020.

Costs directly attributable to the issue of the shares amounted to R80 million (US$4.7 million).

Full details of the authorised, issued and unissued share capital of the company as at 30 June 2020 are set out in note 23 to the consolidated financial statements.

Shareholders

The company does not have a controlling shareholder Information on shareholder spread, the range of shareholdings and public shareholders, as well as major shareholders, is presented in the Shareholders' information section in the 2020 Integrated Annual Report.

Dividend policy

Harmony is pursuing a growth strategy which has resulted in our production having increased by approximately 30% over the past two financial years. This increase in production was predominantly financed through debt. Our priority is to reduce debt before we consider paying a dividend.

Dividends declared

No dividends were paid on ordinary shares by Harmony during FY19 and FY20. Harmony declares an annual preference share dividend to the Harmony Gold Community Trust (the Trust). On 30 July 2019, Harmony declared a preference dividend of R9 million to the Trust which was paid on 2 September 2019. As the Trust is consolidated by Harmony, the dividend is eliminated on consolidation.

Investments

A schedule of investments in subsidiaries, associates and joint arrangements appears in Annexure A – Statement of group companies in this Financial Report 2020.

Contingencies

None of Harmony's properties is the subject of pending material legal proceedings. We are involved in legal and arbitration proceedings that are incidental to the normal conduct of our business. Refer to note 36 of the consolidated financial statements for further discussion.

Borrowings

- Movement in borrowings: see note 30 to the consolidated financial statements
- Borrowing powers are detailed in the company's memorandum of incorporation

Disposals

There were no material disposals during FY20.

Acquisitions

On 12 February 2020, Harmony announced the proposed acquisition of AngloGold Ashanti Limited's South African assets (Mponeng and Mine Waste Solution) for a $200 million cash consideration as well as a contingent consideration, the value of which will be determined in accordance with IFRS. At 30 June 2020, the closing of the transaction was still subject to certain conditions precedent.

Related party transactions

None of the directors or major shareholders of Harmony or, to Harmony's knowledge, their families, had an interest, directly or indirectly, in any transaction during the period under review or in any proposed transaction that has affected or will materially affect Harmony or its subsidiaries, other than as discussed below.

Modise Motloba, Harmony's deputy chairman, is a director of Tysys Limited. Tysys Limited entered into a contract with the group in February 2017 to provide services relating to the group's small- and medium-enterprise development projects. Approximately R5 million was paid to Tysys Limited during FY20. The contract has a 30-day notice period.

Material transactions with associates, joint arrangements and structured entities

Refer to note 35 of the consolidated financial statements for details on transactions conducted during the period under review.

Compliance with the laws and memorandum of incorporation

The board believes that during the period 1 July 2019 to 30 June 2020, Harmony has complied with the provisions of the Companies Act and operated in conformity with its memorandum of incorporation and/or relevant constitutional documents.

Events subsequent to 30 June 2020

- The last condition precedent for the acquisition of AngloGold Ashanti's remaining South African assets (refer note 12 for further detail) was fulfilled during September 2020. The cash consideration of US$200 million was paid on 30 September 2020 and amounted to R3.366 billion based on the average exchange rate set out in the agreement. Control transferred to Harmony on 1 October 2020
- Following the effective date, management has started with a fair value exercise process in accordance with IFRS 3, Business Combinations. Updated life-of-mine plans will be prepared for the various operations that have been acquired
- On 30 September 2020, Harmony announced the resignations of Mr Ken Dicks and Mr Max Sisulu as independent non-executive directors as well as the retirement of Mr Frank Abbott as executive director, with immediate effect

CHIEF EXECUTIVE OFFICER AND FINANCIAL DIRECTOR CONFIRMATION

The directors, whose names are stated below, after due, careful and proper consideration, hereby confirm that:

- the annual financial statements set out on pages 33 to 185, fairly present in all material respects the financial position, financial performance and cash flows in terms of IFRS;
- no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to Harmony and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the company; and
- having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code, the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements.

Where we are not satisfied, we have disclosed to the audit and risk committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

Peter Steenkamp
Chief Executive Officer
23 October 2020

Boipelo Lekubo
Financial Director
23 October 2020

GROUP COMPANY SECRETARY'S CERTIFICATE

In terms of section 88(2)(e) of the Companies Act No 71 of 2008, as amended (the Act), I certify that for the year ended 30 June 2020, Harmony Gold Mining Company Limited, to the best of my knowledge and belief, has lodged with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Act, and that all such returns and notices appear to be true, correct and up to date.

Shela Mohatla
Group company secretary
23 October 2020

Independent auditor's report

To the Shareholders of Harmony Gold Mining Company Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Harmony Gold Mining Company Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2020, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Harmony Gold Mining Company Limited's consolidated and separate financial statements set out on pages 33 to 185 comprise:

- the group and company balance sheets as at 30 June 2020;
- the group and company income statements for the year then ended;
- the group and company statements of comprehensive income for the year then ended;
- the group and company statements of changes in shareholders' equity for the year then ended;
- the group and company cash flow statements for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies;

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

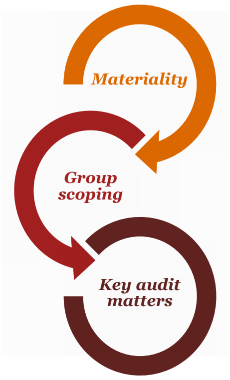
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards).*

Our audit approach

Overview



Overall group materiality

- *Overall group materiality: R134 million, which represents 5% of the three-year average consolidated loss before taxation.*

Group audit scope

- *The Group consists of operations in South Africa (RSA) and Papua New Guinea (PNG)***.**
  - *We identified four components (2019: four) as individually significant components which required audits of their complete financial information;*
  - *A further two components (2019: two) were identified for audits of their complete financial information to obtain an appropriate level of coverage, and to include the central services function of the Group in scope, due to its importance to the Group's operations; and*
  - *Specified procedures on certain account balances and transactions were performed on a further two components (2019: two).*

Key audit matters

- *Impairment of goodwill and mining assets and investments in subsidiaries; and*
- *Deferred taxation.*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	*R134 million.*
How we determined it	*We have determined materiality by using 5% of the three-year average consolidated loss before taxation.*
Rationale for the materiality benchmark applied	*We consider this approach of using a three-year average to be more appropriate than an assessment based on current year results alone, given the nature of the mining industry which is exposed to cyclical commodity price and exchange rate fluctuations, including the impacts of COVID-19 in the current year. Use of an average provides a more stable base reflective of the scale of the Group's size and operations.* *We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.*

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group operates in two countries: South Africa and Papua New Guinea, with eight operating gold mining companies. The operating gold mining companies are split into separate mining operations, namely South Africa Underground, South Africa Surface and International operations – refer to segment information (note 39 to the consolidated financial statements). We identified four components (2019: four) within the operating gold mining companies as financially significant components (as defined within the ISAs) which, in our view, required an audit of their complete financial information. We also performed full scope audits on two (2019: two) other components, to obtain an appropriate level of coverage, and to include the central services function of the Group in scope, due to its importance to the Group's operations. Specified procedures on certain balances and transactions were performed for a further two components (2019: two), primarily to ensure appropriate audit coverage.

The operating gold mining companies were identified as financially significant based on scoping benchmarks such as the companies' contribution to key financial statement line items (consolidated revenue, consolidated total assets and consolidated loss before tax), risk associated with the particular company and considerations relating to aggregation risk within the Group. We concluded that all other entities within the Group are financially inconsequential, individually and in aggregate. We performed analytical procedures at a group level to confirm this assessment.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group engagement team, or a component auditor from another PwC network firm under our instruction. Where the work was performed by a component auditor, we determined the level of involvement we needed to have in the audit work at the component to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and mining assets and investments in subsidiaries This key audit matter relates to both the consolidated and separate financial statements. Refer to note 2.5 (Accounting policy), note 4 (COVID-19 impact), note 6 (Cost of sales), note 13 (Property, plant and equipment) and note 14 (Intangible assets) to the consolidated financial statements on pages 44, 45, 49, 62, 72 and note 15 (Investment in Subsidiaries and Loans to/from Subsidiaries) to the separate financial statements on page 148. Management performed an assessment for impairment triggers as well as indicators at 30 June 2020 of reversal of previously recorded impairment losses on mining assets. Due to the uncertainty of the impacts of the COVID-19 pandemic and the South African national lockdown on the South African underground operations, as well as the increase in the short-term gold price, the recoverable amounts for these cash-generating units (CGUs) were calculated. For the purpose of assessing impairment of goodwill and mining assets, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units or CGUs). Management has identified each operating shaft, along with allocated common assets such as plant and administrative offices, as a CGU. An impairment loss is recognised in the consolidated or separate income statement for the amount by which an asset's carrying amount exceeds its recoverable amount and a reversal of impairment is recognised in the consolidated or	*Impairment of goodwill and mining assets* We tested the operating effectiveness of internal controls over the review of the impairment tests performed and more specifically, life-of-mine and resource base models, budgeting and forecasting processes and the determination of key assumptions (including the determination of the reserves and resources used, and the weighted probability scenarios applied in determining the recoverable amounts and the cost estimates associated with the COVID-19 pandemic, resource multiples, discount rates applied, costs to sell, commodity price and exchange rate assumptions). Through inspection of Curriculum Vitae ("CVs"), membership certificates from professional bodies and expert's reports, we assessed the objectivity, competence and experience of management's experts. We evaluated management's discounted cash flow models for the CGUs against life-of-mine plans and our understanding of the operations, and tested the key estimates and assumptions used by management in each discounted cash flow model by performing procedures which included: • We used our valuation expertise to evaluate the methodologies applied by management, and for selected CGUs (based on audit risk), we recalculated the results of management's discounted cash flow models by using independently obtained key input assumptions such as commodity prices, costs to sell, exchange rates and market

separate income statement for the amount by which an asset's recoverable amount exceeds the previously impaired carrying amount, restricted to not be higher than the depreciated carrying amount at the time of the reversal. Impairment losses in relation to goodwill are not subsequently reversed.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For all CGUs the fair value less costs to sell method was used to estimate the recoverable amount.

The recoverable amount of goodwill and mining assets is determined utilising real discounted future cash flows or resource multiples in the case of undeveloped properties and certain resource bases.

Key input assumptions to the discounted cash flow models used in determining the recoverable amounts are the commodity prices, resource values, market discount rates, costs to sell, exchange rates, and forecasted annual life-of-mine plans. Where valuations are based on resource multiples, the key input assumptions are the resources available and the resource multiple applied.

The life-of-mine plans are based on the proved and probable reserves as included in the Reserve Declaration, which are determined in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves ("SAMREC"), as well as resources where management has high confidence in the orebody and economical recovery of gold, based on historic and similar geological experience. Management engaged external and internal experts to assess the reserves and resources used in the impairment calculations for reasonability.

As a result of the market volatility experienced and the uncertainty in forecasting future cash flows due to the impact of the COVID-19 pandemic, management has used various probability weighted scenarios in determining the recoverable amounts for the CGUs at 30 June 2020.

discount rates. Where the ranges of recoverable amounts determined by us differed from those used by management, we gained an understanding of the differences and assessed there to be no material impact on the impairment assessment.

- We assessed the reasonableness of management's future forecasts of annual production volumes, recovery grade, capital expenditure and operating unit costs included in the cash flow forecasts and noted these to be comparable to current and historical operational results, Reserves and Resources signed off by management's expert and final approved budgets and underlying life-of-mine plans.
- We compared the prior year forecasts to the current year forecasts and, except for management's weighted probability scenarios applied, found that the forecasting method was consistently applied.
- We used our valuations expertise to test the short, medium and long-term real commodity prices and exchange rates (R/US$ and PGK/US$) by benchmarking them against analysts' forecasts and our internally determined forecasts. In some cases we noted that forecasted commodity prices determined by us differed from those used by management. For these items, we gained an understanding of the differences and assessed there to be no material impact on the impairment assessment. Overall, we found management's exchange rate and commodity assumptions to be within an acceptable range of possible outcomes with reference to the analyst forecasts.
- We further made use of our valuation expertise to independently calculate the discount rates used in performing the impairment assessments. This included using relevant third-party sources and data such as the cost of debt, risk-free rates in the market, market risk premiums, debt/equity ratios, the beta

Key assumptions applied in the various weighted probability scenarios include infection rates and the timing of the expected peaks in the provinces in South Africa in which Harmony's operations are located, based on models prepared by the South African government; expected disruptions to production together with mitigation strategies management has in place; potential duration of the impact of the virus and the related restrictions in operations; and potential changes to the timing of cash flows due to shortened production breaks.

The recoverable amount of an investment in a subsidiary is the higher of the investment's fair value less costs to sell and its value in use. Fair value less costs to sell is generally determined by using discounted estimated after-tax future cash flows. Future cash flows are estimated based on the assumptions described above.

The impairment assessments were a matter of most significance to our current year audit due to the significant judgments involved in determining the recoverable amount of CGUs, as well as the audit risk associated with the life-of-mine plans due to the pervasive impact of the life-of-mine plans on the consolidated and separate financial statements.

of comparable companies, as well as the impact of economic and industry factors. Based on the work performed, we found management's discount rate assumptions to be within an acceptable range of possible outcomes.

We assessed management's probability weighted scenarios and cost assumptions in each discounted cash flow model by performing procedures which included:

- We used our valuation expertise to evaluate the methodologies applied by management. Given the significant uncertainty relating to the impact, extent and timing of the COVID-19 pandemic on an estimate of costs, and the ability to mine, among others, we deemed it appropriate to consider various scenarios and apply a weighting to each scenario to determine an overall weighted recoverable amount.
- We further made use of our valuation expertise to assess the judgements made by management in determining the potential impact of COVID-19 on gold production and the probability weighted scenarios management used. Based on the work performed, the resulting impact of the weighted probability scenarios management used are within the ranges noted from analysts and other available market data.

We evaluated management's resource multiple valuations by performing procedures which included:

- We tested the outside life-of-mine resource ounces used within the valuation calculation of the resource base values in the CGUs, by reconciling the remaining ounces of total resources as signed off by management's expert after the deduction of the life-of-mine resource ounces to the outside life-of-mine resource ounces included in management's valuation calculation and noted the resources declared to be adequate.

- For undeveloped properties and certain additional resources, we agreed the resources used in management's valuation to the ounces as signed off by management's expert.
- We used our valuations expertise to independently calculate the resource multiples by benchmarking the valuations against recent transactions within the gold mining industry. Based on our independent calculations, we accepted management's resource multiples.

We assessed management's sensitivity assessments by performing our own sensitivity calculations in respect of short, medium and long-term gold prices, discount rates, inflation rates and operational performance. We found the sensitivity disclosures in the notes to the financial statements to be consistent with the sensitivity analysis performed by management, and noted that the valuations were most sensitive to the gold price assumptions.

We evaluated the disclosures included within the notes to the consolidated and separate financial statements against the requirements of IFRS.

Impairment of Investments in subsidiaries

Following a similar approach as described above, we assessed the recoverable amounts of the investment in subsidiaries (including the underlying assumptions as described above). We compared the recoverable amounts to the carrying amount of investments in subsidiaries, and noted no impairments.

Deferred taxation

This key audit matter relates to both the consolidated and separate financial statements. Refer to note 10 (Taxation), to the consolidated financial statements on pages 54, and note 7 (Taxation) to the separate financial statements on pages 138.

We evaluated the design, implementation and operating effectiveness of internal controls over the review over management's deferred tax calculations and management's recoverability assessment of deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable profit (or tax loss) of the periods in which the temporary differences are expected to reverse.

At the Group's South African operations, such average tax rates are directly impacted by the profitability of the relevant mine. The deferred tax rate is therefore based on a current estimate of the future profitability of an operation when temporary differences are expected to reverse, based on tax rates and tax laws that have been enacted at the balance sheet date. The future profitability of each mine, in turn, is determined by reference to the life-of-mine plan for that operation. The life-of-mine plan is influenced by factors as disclosed in note 13 (Property, plant and equipment) in the consolidated financial statements.

Following the completion of the annual life-of-mine plans during the current reporting period, management revised the weighted average deferred tax rates for all the South African operations. The higher gold price assumption used in the short term resulted in an increase in the estimated profitability and consequently higher deferred tax rates than in the prior year.

Management has to exercise judgement with regard to the recoverability of deferred tax assets. Where the possibility exists that no future taxable income may be available against which these deferred tax assets can be offset, the deferred tax assets are not recognised.

The net deferred tax positions for each of the Group's entities are assessed separately. Two companies (Harmony Company and Randfontein Estates) have net deferred tax asset positions and therefore recoverability of these assets was considered in order to be recognised.

We evaluated the assessments performed by management with regard to the expected availability of future taxable income, and the realisation of the deferred taxation assets by comparing their assessment to their approved annual life-of-mine plans, and found these to be consistent.

We assessed the forecasted cash flows included in management's deferred tax calculations concurrently with assessing the forecasted cash flows, used in the testing of impairment of goodwill and mining assets. The key forecasted cash flow assumptions used by management were the same as those noted above in the cash flow models for determining the recoverable amounts of the separate CGU's, and the procedures are therefore not duplicated here.

We evaluated the impacts of possible changes in the assumptions on the recoverability of the deferred tax assets by performing a sensitivity analysis on the key assumption (short term gold price) to assess if changes would affect the probability of the utilisation of the deferred tax asset. The results of the sensitivity analysis still allowed for the assessed tax losses to be utilised within the forecast period.

We made use of our tax expertise to assess the viability of management's deductions applied against taxable income and whether or not these were permitted by taxation legislation. No exceptions were noted.

We evaluated the disclosures included within the notes to the consolidated and separate financial statements against the requirements of IFRS.

The carrying value of the deferred tax asset recognised at year end is R531 million in the consolidated financial statements and R492 million in the separate financial statements.

In assessing the future taxable income, management made use of the annual life-of-mine plans, and due to the significant expected increase in the short-term Rand gold price used in the estimation of future taxable profits for the mining operations owned by the Harmony Company and Randfontein Estates, it was considered probable that future taxable profits will be available against which the assessed loss and the current deductible temporary differences existing at year end can be utilised.

Due to the significant estimation uncertainty related to the forecasted cash flows within the life-of-mine plans, the assessments of the deferred tax rates and the recoverability of deferred tax assets are considered to be a matter of most significance to the current year audit.

Other information

The directors are responsible for the other information. The other information comprises the information included in the documents titled "Harmony Integrated Annual Report 2020", "Harmony Financial Report 2020", "Harmony Mineral Resources and Mineral Reserves 2020", "Harmony ESG Report 2020", "Harmony TCFD Report 2020", "Harmony Operational Report 2020" and "Harmony Report to Shareholders 2020", which include the Directors' Report, the Audit and Risk Committee: Chairman's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate

financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Harmony Gold Mining Company Limited for seventy years.

PricewaterhouseCoopers Inc

Director: HP Odendaal

Registered Auditor

Waterfall City

23 October 2020

DIRECTORS' STATEMENT OF RESPONSIBILITY

FINANCIAL STATEMENTS

The directors have the pleasure in presenting the complete consolidated and company annual financial statements (collectively the annual financial statements) for the year ended 30 June 2020 and the summarised consolidated financial statements (included in the Report to Shareholders) for the same period. The annual financial statements 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 Michelle Kriel CA(SA). This process was supervised by the financial director, Boipelo Lekubo 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 were approved by the board of directors and signed on its behalf by:

PW Steenkamp
Chief executive officer
Randfontein
South Africa

BP Lekubo
Financial director
Randfontein
South Africa

23 October 2020

GROUP INCOME STATEMENT
for the year ended 30 June 2020

		SA Rand		
Figures in million	Notes	**2020**	2019	2018
Revenue	5	**29 245**	26 912	20 452
Cost of sales	6	**(25 908)**	(28 869)	(23 596)
Production costs		**(22 048)**	(20 324)	(15 084)
Amortisation and depreciation		**(3 508)**	(4 054)	(2 570)
Impairment of assets		**—**	(3 898)	(5 336)
Other items		**(352)**	(593)	(606)
Gross profit/(loss)		**3 337**	(1 957)	(3 144)
Corporate, administration and other expenditure		**(611)**	(731)	(813)
Exploration expenditure		**(205)**	(148)	(135)
Gains/(losses) on derivatives	18	**(1 678)**	484	99
Other operating expenses	7	**(1 201)**	(186)	(667)
Operating loss		**(358)**	(2 538)	(4 660)
Share of profits from associate	20	**94**	59	38
Acquisition-related costs	12	**(45)**	—	(98)
Investment income	8	**375**	308	343
Finance costs	9	**(661)**	(575)	(330)
Loss before taxation		**(595)**	(2 746)	(4 707)
Taxation	10	**(255)**	139	234
Net loss for the year		**(850)**	(2 607)	(4 473)
Attributable to:				
Non-controlling interest		**28**	—	—
Owners of the parent		**(878)**	(2 607)	(4 473)
Loss per ordinary share (cents)				
Total loss	11	**(164)**	(498)	(1 003)
Diluted loss per ordinary share (cents)				
Total diluted loss	11	**(166)**	(500)	(1 004)

The accompanying notes are an integral part of these consolidated financial statements. For the separate financial statements of the company, refer to pages 130 to 185.

GROUP STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2020

		SA Rand		
Figures in million	Notes	**2020**	2019	2018
Net loss for the year		**(850)**	(2 607)	(4 473)
Other comprehensive income for the year, net of income tax		**(1 958)**	(684)	(660)
Items that may be reclassified subsequently to profit or loss	24	**(1 998)**	(677)	(647)
Foreign exchange translation gain/(loss)		**1 199**	(50)	83
Remeasurement of gold hedging contracts		**(3 197)**	(627)	(730)
Items that will not be reclassified to profit or loss:	24	**40**	(7)	(13)
Gain on assets measured at fair value through other comprehensive income		**25**	—	—
Remeasurement of retirement benefit obligation				
Actuarial gain/(loss) recognised during the year		**17**	(7)	(11)
Deferred taxation thereon		**(2)**	—	(2)
Total comprehensive income for the year		**(2 808)**	(3 291)	(5 133)
Attributable to:				
Non-controlling interest		**12**	—	—
Owners of the parent		**(2 820)**	(3 291)	(5 133)

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

GROUP BALANCE SHEET

Figures in million	Notes	SA Rand At 30 June 2020	At 30 June 2019
ASSETS			
Non-current assets			
Property, plant and equipment	13	**29 186**	27 749
Intangible assets	14	**536**	533
Restricted cash	15	**107**	92
Restricted investments	16	**3 535**	3 301
Investments in associates	20	**146**	110
Inventories	22	**47**	43
Deferred tax assets	10	**531**	1
Other non-current assets	17	**388**	333
Derivative financial assets	18	**50**	197
Total non-current assets		**34 526**	32 359
Current assets			
Inventories	22	**2 421**	1 967
Restricted cash	15	**62**	44
Trade and other receivables	19	**1 308**	1 064
Derivative financial assets	18	**18**	309
Cash and cash equivalents		**6 357**	993
Total current assets		**10 166**	4 377
Total assets		**44 692**	36 736
EQUITY AND LIABILITIES			
Share capital and reserves			
Attributable to equity holders of the parent company		**23 371**	22 614
Share capital and premium	23	**32 937**	29 551
Other reserves	24	**3 017**	4 773
Accumulated loss		**(12 583)**	(11 710)
Non-controlling interest		**4**	—
Total equity		**23 375**	22 614
Non-current liabilities			
Deferred tax liabilities	10	**996**	688
Provision for environmental rehabilitation	25	**3 408**	3 054
Provision for silicosis settlement	26	**717**	942
Retirement benefit obligation	27	**193**	201
Borrowings	30	**7 463**	5 826
Other non-current liabilities	29	**101**	5
Derivative financial liabilities	18	**879**	172
Total non-current liabilities		**13 757**	10 888
Current liabilities			
Provision for silicosis settlement	26	**175**	—
Borrowings	30	**255**	89
Trade and other payables	31	**3 006**	2 875
Derivative financial liabilities	18	**4 124**	270
Total current liabilities		**7 560**	3 234
Total equity and liabilities		**44 692**	36 736

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

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 30 June 2020

	Number of ordinary shares issued	Share capital and premium	Accumulated loss	Other reserves	Non controlling interest	Total
Notes	23	23		24	34	
Figures in million (SA Rand)						
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
Impact of adopting IFRS 9	—	—	—	82	—	82
Re-presented opening balance - 1 July 2018	500 251 751	29 340	(9 103)	5 227	—	25 464
Issue of shares						
– Shares issued and fully paid	11 032 623	211	—	—	—	211
– Exercise of employee share options	21 856 821	—	—	—	—	—
– Harmony ESOP Trust	6 700 000	—	—	—	—	—
Share-based payments	—	—	—	230	—	230
Net loss for the year	—	—	(2 607)	—	—	(2 607)
Other comprehensive income for the year	—	—	—	(684)	—	(684)
Balance – 30 June 2019	539 841 195	29 551	(11 710)	4 773	—	22 614
Issue of shares						
– Shares issued and fully paid	**60 278 260**	**3 386**	**—**	**—**	**—**	**3 386**
– Exercise of employee share options	**3 023 251**	**—**	**—**	**—**	**—**	**—**
Share-based payments	**—**	**—**	**—**	**186**	**—**	**186**
Recognition of non-controlling interest	**—**	**—**	**5**	**—**	**(5)**	**—**
Net loss for the year	**—**	**—**	**(878)**	**—**	**28**	**(850)**
Other comprehensive income for the year	**—**	**—**	—	**(1 942)**	**(16)**	**(1 958)**
Dividends paid	**—**	**—**	**—**	**—**	**(3)**	**(3)**
Balance – 30 June 2020	**603 142 706**	**32 937**	**(12 583)**	**3 017**	**4**	**23 375**

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

GROUP CASH FLOW STATEMENT
for the year ended 30 June 2020

			SA Rand	
Figures in million	Notes	**2020**	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES				
Cash generated by operations	32	**5 031**	5 052	4 289
Interest received		**86**	69	82
Interest paid		**(370)**	(387)	(180)
Income and mining taxes paid		**(24)**	(55)	(307)
Cash generated by operating activities		**4 723**	4 679	3 884
CASH FLOW FROM INVESTING ACTIVITIES				
Increase in restricted cash		**(21)**	(15)	(32)
Decrease in amounts invested in restricted investments	16	**5**	187	—
Acquisition of Moab Khotsong	12	**—**	—	(3 474)
Additions to intangible assets	14	**(8)**	(1)	(9)
Redemption of preference shares from associates	20	**59**	32	—
Capital distributions from investments	17	**7**	30	—
Proceeds from disposal of property, plant and equipment		**2**	5	2
Additions to property, plant and equipment		**(3 602)**	(5 035)	(4 562)
Cash utilised by investing activities		**(3 558)**	(4 797)	(8 075)
CASH FLOW FROM FINANCING ACTIVITIES				
Borrowings raised	30	**6 541**	1 522	6 937
Borrowings repaid	30	**(5 661)**	(1 353)	(4 063)
Proceeds from the issue of shares	23	**3 466**	211	1 003
Dividends paid	11	**(3)**	—	(154)
Lease payments	28	**(38)**	—	—
Cash generated from financing activities		**4 305**	380	3 723
Foreign currency translation adjustments		**(106)**	25	(72)
Net increase/(decrease) in cash and cash equivalents		**5 364**	287	(540)
Cash and cash equivalents - beginning of year		**993**	706	1 246
Cash and cash equivalents - end of year		**6 357**	993	706

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

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 30 June 2020

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). Uranium and silver are produced as by-products.

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 consolidated financial statements were authorised for issue by the board of directors on 23 October 2020.

2 ACCOUNTING POLICIES

BASIS OF PREPARATION

The principal accounting policies applied in the preparation of the consolidated financial statements have been consistently applied in all years presented except for the changes as described under "Recent accounting developments" below.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and IFRS 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 (FRSC), the JSE Listing Requirements and the Companies Act of South Africa.

The consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements have been prepared to the nearest million and rounding may cause differences.

RECENT ACCOUNTING DEVELOPMENTS

New standards, amendments to standards and interpretations to existing standards adopted by the group

During the financial year, the following new standards, amendments to standards and interpretations to existing standards were adopted by the group. No other standards and amendments to standards that became effective during the 2020 year had a material impact on the consolidated financial statements.

Impact of the adoption of IFRS 16 *Leases*

Scope of IFRS 16
IFRS 16 replaces the previous accounting standard on leases, IAS 17 *Leases* and related Interpretations. The new standard introduces a single lease accounting model and requires a lessee to capitalise most leases with certain exemptions. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Transition
The group has elected to apply IFRS 16 utilising the modified retrospective approach, under which the cumulative effect of adopting the new standard is recognised as an adjustment to the opening balance of retained earnings at 1 July 2019 with no restatement of comparative information. The cumulative effect of adopting the standard had no impact on opening retained earnings and resulted in the recognition of right-of-use assets, lease liabilities and the resultant deferred tax. The group has reassessed all contracts in determining the lease population. Refer to note 28 for details on the amount of right-of-use assets and lease liabilities recognised as well as the incremental borrowing rates used.

Transition options
- The group has elected to recognise the right-of-use assets at an amount equal to the lease liability at 1 July 2019 together with the ability to set off deferred tax assets and liabilities resulting from the leased assets and liabilities. The lease liabilities were measured at the present value of the remaining lease payments at 1 July 2019 and discounted using the relevant incremental borrowing rate; and
- The accounting for operating leases with a remaining lease term of less than 12 months as at date of adoption have been classified as short-term leases and have not been recorded on the balance sheet.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

2 ACCOUNTING POLICIES continued

RECENT ACCOUNTING DEVELOPMENTS continued

New standards, amendments to standards and interpretations to existing standards adopted by the group continued

Impact of the adoption of IFRS 16 *Leases* continued

Practical expedients applied
- The low value lease exemption - the group has elected to take the low value exemption with a value of R50 000 for the individual leased asset value and also applied its accounting policy on capitalisation of assets based on IAS 1 materiality assessment;
- The short-term lease exemption - leases with a duration of less than a year will be expensed in the income statement on a straight-line basis;
- Use of hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease where appropriate;
- Non-lease components - the group has applied the practical expedient not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component for the classes of underlying asset where it is appropriate to do so; and
- Exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

Accounting policy
The leases accounting policy is applicable from 1 July 2019. Refer to note 28 for the policy.

IFRS 16 *Leases* (Amendment)

On 1 June 2020, the IASB issued COVID-19-Related Rent Concessions, which amended IFRS 16 Leases.The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment does not affect lessors. To provide the practical expedient when needed most, the IASB enabled immediate application of the amendment in any financial statements—interim or annual—not authorised for issue at the date the amendment was issued. The amendments did not have a material impact on the group.

IAS 19 *Employee Benefits* (Amendment)

The amendments require an entity to use the updated assumptions from a remeasurement of net defined benefit liability or asset resulting from a plan amendment, curtailment or settlement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. The amendments apply for annual periods beginning on or after 1 January 2019. The amendments did not have a material impact on the group.

IAS 23 *Borrowing Costs* (Amendment)

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.The amendments apply for annual periods beginning on or after 1 January 2019. The amendments did not have a material impact on the group.

IAS 28 *Investments in Associates and Joint Ventures* (Amendment)

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate and joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The amendments apply for annual periods beginning on or after 1 January 2019. The amendments did not have a material impact on the group.

IFRIC 23 *Uncertainty over Income Tax Treatments*

The interpretation specifies how an entity should reflect the effects of uncertainties in accounting for income taxes and is effective for annual periods beginning on or after 1 January 2019. IFRIC 23 specifically clarifies how to incorporate this uncertainty into the measurement of tax as reported in the consolidated financial statements. The interpretation does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about judgements made, assumptions and other estimates used and the potential impact of uncertainties that are not reflected. The interpretation did not have a material impact on the group.

2 ACCOUNTING POLICIES continued

RECENT ACCOUNTING DEVELOPMENTS continued

New standards, amendments to standards and interpretations to existing standards that are not yet effective and have not been early adopted

At the date of authorisation of these financial statements, the standards, amendments to standards and interpretations listed below were in issue but not yet effective. These new standards and interpretations have not been early adopted by the group and the group plans on adopting these standards, amendments to standards and interpretations on the dates when they become effective.

IFRS 3 *Business Combinations* (Amendment)

These amendments are effective for annual periods beginning on or after 1 January 2020 and make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments:

- Confirm that a business must include inputs and a process, and clarified that: (i) the process must be substantive and (ii) the inputs and process must together significantly contribute to creating outputs;
- Narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- Add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

All acquisitions going forward will be assessed using these amendments. Refer to note 12. The amendments are not expected to have a material impact on the group.

IFRS 7 *Financial Instrument: Disclosures* and IFRS 9 *Financial Instruments* (Amendment)

The IASB issued an amendment to IFRS 9, IAS 39 and IFRS 7 insofar as they are affected by the Interest Rate Benchmark Reform and uncertainty during the reform period. The amendment addresses only the following hedge accounting requirements that are based on a forward-looking analysis:

- The highly probable requirement;
- Prospective assessments; and
- Separately identifiable risk components.

The amendments also require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. Other than these specific amendments, the hedge accounting requirements would be unchanged. This amendment is effective for annual periods beginning on or after 1 January 2020. The amendments are not expected to have a material impact on the group.

IFRS 7 *Financial Instrument: Disclosures* and IFRS 9 *Financial Instruments* (Amendment)

The IASB has published 'Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)' with amendments that address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). The amendments are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted. Harmony is still assessing the impact of this amendment.

IFRS 9 *Financial Instruments* (Amendment)

The amendment to IFRS 9 clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. This amendment is effective for annual periods beginning on or after 1 January 2022. The amendment is not expected to have a material impact on the group.

IAS 1 *Presentation of Financial Statements* (Amendment)

The IASB issued amendments to IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position. The amendments are effective from annual reporting periods beginning on or after 1 January 2023. The amendments are not expected to have a material impact on the group.

IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (Amendment)

The amendments, effective for annual periods beginning on or after 1 January 2020, clarify and align the definition of "material" and provide guidance to help improve consistency in the application of materiality whenever it is used in IFRS Standards.

2 ACCOUNTING POLICIES continued

RECENT ACCOUNTING DEVELOPMENTS continued

New standards, amendments to standards and interpretations to existing standards that are not yet effective and have not been early adopted continued

IAS 16 *Property, Plant and Equipment* (Amendment)

The IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. This amendment is effective for annual periods beginning on or after 1 January 2022. Management is currently assessing the impact this would have on the group.

IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (Amendment)

The IASB issued Onerous Contracts–Cost of Fulfilling a Contract, which specifies which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. This amendment is effective for annual periods beginning on or after 1 January 2022. The amendment is not expected to have a material impact on the group.

MEASUREMENT BASIS

The financial statements have been prepared under the historical cost convention except for certain financial assets and financial liabilities which are measured at fair value through profit or loss or other comprehensive income - refer to note 37.

GROUP ACCOUNTING POLICIES

Accounting policies are included in the relevant notes to the consolidated financial statements and have been highlighted between red lines in the notes to the consolidated financial statements. The accounting policies that follow are applied throughout the financial statements.

2.1 Consolidation

The group recognises that control is the single basis for consolidation for all types of entities in accordance with IFRS 10 – *Consolidated Financial Statements.*

The consolidated financial information includes the financial statements of the company, its subsidiaries, interest in associates and joint arrangements and structured entities. Where the group has no control over an entity, that entity is not consolidated.

Control
The group, regardless of the nature of its involvement with an entity, shall determine whether it is a parent by assessing whether it controls the investee.

The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

(i) Subsidiaries
Subsidiaries are entities over which the group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the group up until when that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the group.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of an acquiree is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement below operating profit or loss.

2 ACCOUNTING POLICIES continued

GROUP ACCOUNTING POLICIES continued

2.1 Consolidation continued

(ii) Associates
Associates are entities in which the group has significant influence, but not control, over operational and financial policies. This may be when there is a shareholding of between 20% and 50% of the voting rights or when significant influence can be otherwise demonstrated, for example where the group has the right of representation on the board of directors, or other governing body, of the entity.

Investments in associates are accounted for by using the equity method of accounting, and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition. Cumulative post-acquisition movements are adjusted against the carrying amount of the investment. The group's share of the associates' post-acquisition profits or losses is recognised in the income statement, and its share of post acquisition movement in reserves is recognised in other reserves. When the group's share of losses in an associate equals or exceeds its interest in the associate, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The carrying value of an associate is reviewed on a regular basis and, if impairment in the carrying value has occurred, it is written off in the period in which such impairment is identified.

Accounting policies of associates have been reviewed to ensure consistency with the policies adopted by the group.

(iii) Joint arrangements
Joint arrangements are arrangements of which two or more parties have joint control and are contractually bound. The joint arrangement can either be a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement and have the right to the assets, and obligations for the liabilities, relating to the arrangement. These parties are called joint operators. A joint venture is a joint arrangement where the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers.

For interest in joint operations, the group includes its share of the joint operations' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the group's financial statements.

Where an additional interest in a joint operation is acquired, the principles of IFRS 3 are applied to account for the transaction.

The group recognises the portion of gains or losses on the sale of assets by the group to the joint operation that is attributable to the other joint operators. The group does not recognise its share of profits or losses from the joint operation that results from the purchase of assets by the group from the joint operation until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

The group recognises its interest in a joint venture as an investment and accounts for it using the equity accounting method.

(iv) Structured entities
A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The accounting treatment for a structured entity will fall into one of the aforementioned categories (i to iii) depending on whether the group has control over that structured entity.

2.2 Foreign currency translation

(i) Functional and presentation currency
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 consolidated financial statements are presented in South African Rand, which is the group's presentation currency.

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 Guinean currency.

(ii) Transactions and balances
Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation to year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. This includes the gains and losses on the translation of the US$-denominated facilities. Gains and losses recognised in the income statement are included in the determination of other operating expenses.

2 ACCOUNTING POLICIES continued

GROUP ACCOUNTING POLICIES continued

2.2 Foreign currency translation continued

(iii) Group companies
The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet while equity items are translated at historic rates;
- Income and expenses for each income statement are translated at average exchange rates (the rate on the date of the transaction is used if the average is not a reasonable rate for the translation of the transaction);
- All resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is sold or control is otherwise lost, exchange differences that were recorded in other comprehensive income are recognised in profit or loss in the period of the disposal or change in control. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.3 Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The difference between the fair value of the derivative at initial recognition and expected forward transaction price is deferred and recognised as a day one gain or loss. The day one gain or loss is amortised over the derivative contract period and recognised in profit or loss in gains/losses on derivatives.

The full fair value of a derivative is classified as a non-current asset or liability when the remaining maturity is more than 12 months; it is classified as a current asset or liability when the remaining maturity is less than 12 months.

(i) Cash flow hedge
The group designates certain derivatives as hedges of a particular risk associated with the cash flows of highly probable forecast transactions (cash flow hedges). At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within gains/losses on derivatives.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the forecast sale that is hedged takes place and affects profit or loss. The gain or loss relating to the effective portion of the Rand and US$ gold forward sales contracts is recognised in profit or loss within revenue.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction that was hedged is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

(ii) Derivatives not designated for hedge accounting purposes
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value as well as gains and losses on expiry, disposal or termination of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in gains/losses on derivatives.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

for the year ended 30 June 2020

2 ACCOUNTING POLICIES continued

GROUP ACCOUNTING POLICIES continued

2.4 Exploration expenditure

The group has elected to expense all exploration and evaluation expenditures until it is concluded that the project is technically feasible and commercially viable, and that future economic benefits are therefore probable. The information used to make that determination depends on the level of exploration as well as the degree of confidence in the ore body as set out below.

Exploration and evaluation expenditure on greenfield sites, being those where the group does not have any mineral deposits which are already being mined or developed, is expensed as incurred until the technical and commercial viability of the project has been demonstrated usually through the completion of a final feasibility study. However, in certain instances, the technical and commercial viability of the deposit may be demonstrated at an earlier stage, for example where an extended feasibility study is conducted and the underlying feasibility study in respect of specific components of the mineral deposit has advanced to such a stage that significant commercially viable reserves has been established, and the other criteria for the recognition of an asset have been met. At this point the expenditure is capitalised as mine development cost to the extent that future economic benefits are expected.

Exploration and evaluation expenditure on brownfield sites, being those adjacent to mineral deposits which are already being mined or developed, is expensed as incurred until the group is able to demonstrate that future economic benefits are probable through the completion of a feasibility study, after which the expenditure is capitalised as mine development cost to the extent that future economic benefits are expected. A 'feasibility study' consists of a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating economic factors and the evaluation of other relevant factors. The feasibility study, when combined with existing knowledge of the mineral property that is adjacent to mineral deposits that are already being mined or developed, allows the group to conclude that the project is technically feasible and commercially viable.

Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised as a mine development cost following the completion of an economic evaluation equivalent to a feasibility study. This economic evaluation is distinguished from a feasibility study in that some of the information that would normally be determined in a feasibility study is instead obtained from the existing mine or development. This information, when combined with existing knowledge of the mineral property already being mined or developed, allows the directors to conclude that the project is technically feasible and commercially viable.

2.5 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation or depreciation and are tested annually for impairment or when there is an indication of impairment.

Assets that are subject to amortisation are reviewed annually on 30 June for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating unit or CGU). Each operating shaft, along with allocated common assets such as plants and administrative offices, is considered to be a cash generating unit as each shaft is largely independent from the cash flows of other shafts and assets belonging to the group.

Fair value less cost to sell is generally determined by using discounted estimated after-tax future cash flows. Future cash flows are estimated based on quantities of recoverable minerals, expected commodity prices (considering current and historical prices, price trends and related factors), production levels and cash costs of production, all based on life-of-mine (LoM) plans. Future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset. Refer to note 13 for detail.

The term "recoverable minerals" refers to the estimated amount of gold that will be obtained from reserves and resources and all related exploration stage mineral interests (except for other mine-related exploration potential and greenfields exploration potential discussed separately below) after taking into account losses during ore processing and treatment. Estimates of recoverable minerals from such related exploration stage mineral interests will be risk adjusted based on management's relative confidence in such materials.

In estimating future cash flows, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of cash flows from other asset groups. With the exception of other mine-related exploration potential and greenfields exploration potential, estimates of future undiscounted cash flows are included on an area of interest basis, which generally represents an individual operating mine, even if the mines are included in a larger mine complex.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

2 ACCOUNTING POLICIES continued

GROUP ACCOUNTING POLICIES continued

2.5 Impairment of non-financial assets continued

In the case of mineral interests associated with other mine-related exploration potential and greenfields exploration potential, cash flows and fair values are individually evaluated based primarily on recent exploration results and recent transactions involving sales of similar properties, if any. Assumptions underlying future cash flow estimates are subject to significant risks and uncertainties.

Impairment losses on goodwill are recognised immediately in the income statement and are not reversed. The impairment testing is performed annually on 30 June or when events or changes in circumstances indicate that it may be impaired.

Non-financial assets other than goodwill that suffered an impairment are reviewed annually for possible reversal of the impairment at 30 June. Reversal of impairments is also considered when there is objective evidence to indicate that the asset is no longer impaired. Where an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but not higher than the carrying value that would have been determined had no impairment been recognised in prior years.

2.6 Operating profit

The group defines operating profit as the profit earned from the normal core mining operations. In reporting operating profit in the income statement, transactions for capital transactions involving subsidiaries, joint arrangements and associates are excluded from operating profit as these are not considered to be part of the mining operations of the Harmony group. Any gains or losses on capital transactions are presented below the operating profit line.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with IFRS requires the group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Refer to the specific notes below for further information on the key accounting estimates and assumptions applied.

- Estimate of taxation – note 10;
- Recognition of deferred tax asset – note 10;
- Gold mineral reserves and resources – note 13;
- Production start date – note 13;
- Stripping activities – note 13;
- Impairment of assets – note 13;
- Depreciation of property plant and equipment – note 13;
- Exploration and evaluation assets – note 13;
- Impairment of goodwill – note 14;
- Valuation of interest in associate – note 20;
- Provision for stock obsolescence - note 22;
- Estimate of exposure and liabilities with regard to rehabilitation costs – note 25;
- Estimate of provision for silicosis settlement – note 26;
- Estimate of employee benefit liabilities – note 27;
- Leases - note 28;
- Fair value of share-based payments – note 34;
- Assessment of contingencies – note 36; and
- Valuation of derivative financial instruments – note 37.

4. COVID-19 IMPACT

SOUTH AFRICA

On 27 March 2020, South Africa was placed under national lockdown, to curb the spread of the Coronavirus (COVID-19) and allow the country time in which to prepare for the demands the pandemic would have on its health care system. All of Harmony's underground operations were placed on care and maintenance, with the surface operations permitted to continue working at close to full capacity.

Harmony rolled out a risk assessment-based COVID-19 prevention strategy across all of its operations before the lockdown was announced. The objective of the risk assessment was to identify, evaluate and rank the hazards associated with any exposures to COVID-19 and potential infections. It allowed the company to reduce or eliminate the probability of an employee contracting COVID-19 and to limit the severity should an employee be infected.

4. COVID-19 IMPACT continued

SOUTH AFRICA continued

Harmony has been managing COVID-19 related health risks through the following measures:
- a risk awareness campaign through various communication channels;
- identification of high-risk employees;
- the compulsory use of preventative personal protection equipment, which includes face masks, in designated areas in the workplace, increased hand washing and social distancing;
- the sanitation of common areas and surfaces on a regular basis during the day;
- placement of hand sanitisers and additional hand washing stations at the surface areas of the mines;
- group meetings are avoided and where possible, meetings are conducted virtually in the form of tele-conferences or video-conferences;
- implementation of work from home practices for central services and corporate office;
- implementation of a comprehensive employee wellness monitoring and support programme, which includes a COVID-19 hotline.

On 1 May 2020, South African underground operations were granted concessions to start producing at a maximum capacity of 50% and as of 1 June 2020, operational restrictions were lifted further to allow the mining industry to operate at 100% of its labour capacity. Harmony's COVID-19 Standard Operating Procedure (SOP) was adopted and rolled out, ensuring a safe return to work for each of its employees. Harmony's SOP was informed by guidelines provided by the Department of Mineral Resources and Energy, the National Council for Infectious Diseases and the World Health Organisation.

The SOP included the transport of South African employees from remote labour-sending areas back to the company's mines. All requisite staffing, facilities and equipment were put in place to ensure rigorous screening as employees return to work and when at work, as well as isolate or quarantine employees infected by or exposed to COVID-19, with subsequent testing and treatment. Return to work has progressed smoothly albeit slowly, with the return of foreign nationals to South Africa taking longer than anticipated.

PAPUA NEW GUINEA

Harmony's Hidden Valley mine in Papua New Guinea has continued to operate at 100% of its labour capacity during the COVID-19 State of Emergency declared in that country. The delivery of essential supplies to the mine has continued, with strict isolation control measures in place. All non-essential staff has been removed from site and certain activities and expenditures have been curtailed to focus on safe, profitable operations during the pandemic. Protocols were adopted to allow the safe movement of personnel to and from site during this period.

FINANCIAL RISK MANAGEMENT

The effects of COVID-19 and other macro developments have increased financial risks such as exchange rate, interest rate and commodity price volatility, while also impacting on liquidity and credit risk. Management has put various measures in place to mitigate and/or manage the risks and continues to monitor the situation closely. Refer to note 37 for additional detail.

Balance sheet protection and liquidity measures

The company committed to several measures to protect its balance sheet in the face of the global pandemic. These included cash preservation, the suspension of exploration and major capital projects and declaration of *force majeure* on select supplier agreements. Specific measures aimed at ensuring liquidity were undertaken, such as restructuring a portion of the derivatives maturing during April and May 2020 into the first three quarters of the new financial year, as well as drawing down on the Rand and US Dollar facilities.

During June 2020, the company's lenders agreed to relax certain requirements for compliance with debt covenants until December 2020. Refer to note 30 for disclosures on debt covenants.

Market impact

Exchange rates

Due to the impact of the COVID-19 pandemic, the Rand has weakened significantly from the beginning of the 2020 calendar year, which was at levels of around R14.00/US$1, to its weakest level at the beginning of April 2020 of R19.05. The Rand strengthened through May and June and the Rand closed at R17.32 on 30 June 2020. The Rand started weakening against the Australian dollar in April 2020 and closed at R11.96/A$1 on 30 June 2020, a 21% decrease in value. These movements in the currencies expose the group's operations to foreign currency gains and losses on foreign-denominated receivables and liabilities, including derivatives, and also impact the group's translation of its international operating results and net assets into its Rand presentation currency, which resulted in a foreign exchange translation movement of R1.2 billion in other comprehensive income.

The most significant impact was on the increase in the Rand gold price Harmony received on its gold sales, of which R2.3 billion of the increase in revenue can be attributed to the weakening of the Rand. This was calculated by multiplying actual kilograms sold in the 2020 financial year by the variance in the average exchange rates year on year and 2019's average US$ gold price received.

4. COVID-19 IMPACT continued

FINANCIAL RISK MANAGEMENT continued

Market impact continued

Commodity prices

Gold prices have rallied to an all-time high following the global economic fallout of COVID-19 and ongoing geopolitical uncertainty supporting its safe haven status with investors. The price of gold in US$ terms increased significantly over the period, closing at US $1 781/oz on 30 June 2020. This is a 26% increase from the closing price of US$1 410/oz on 30 June 2019. The average spot gold price received (that is, excluding the impact of hedging gains or losses) for the 2020 financial year was 21% higher at US$1 529/oz than in 2019 (US$1 263/oz), contributing approximately R5.2 billion to the increase in revenue year on year. This was calculated by multiplying actual kilograms sold in the 2020 financial year by the variance in the average US$ gold price year on year and 2020's average R/US$ exchange rate.

Interest rates

The US Federal Reserve lowered interest rates several times during the year, the majority unrelated to the COVID-19 pandemic. The rate cuts of 25 basis points were made on each of the following dates, 31 July 2019, 18 September 2019, 30 October 2019 and 3 March 2020. At an unscheduled meeting on 15 March 2020, an additional cut of 100 basis points was announced, reducing the rate to a range of between 0% and 0.25% as a benchmark for most interest rates.

The South African Reserve Bank (SARB) announced similar decreases in the repo rate during the year. The adjustment in the repo rate then affects the prime lending rate at which commercial banks lend money. The repo rate was cut by 25 basis points at the July 2019 and January 2020 SARB meetings respectively. Following the interest rate cut by the Federal Reserve in March 2020, the SARB also announced a 100 basis point cut. At a special unscheduled meeting in April 2020, the SARB cut the rate by a further 100 basis points. During the scheduled May 2020 meeting, another 50 basis point cut was decided on, bringing the prime lending rate to 7.25% and the total cuts for the 2020 financial year to 300 basis points.

These decreases have had a favourable impact on the cost of debt, as the debt facilities are linked to variable rates, US LIBOR and JIBAR specifically. However, the finance cost on the US-denominated debt is impacted by the movement in the Rand/US$ exchange rate.

IMPACT ON PRODUCTION

Management has worked with suppliers to ensure that there are minimal disruptions to the supply chain, which would otherwise impact negatively on the ability to continue with production. Stock levels for critical production and safety items were increased to cover an additional four weeks. In South Africa, some issues have been experienced where raw materials are imported as well as where certain manufacturers have been affected by absenteeism due to COVID-19. Supplies to the operations in Papua New Guinea have not been affected as management has been able to find alternative sources where necessary.

CONTRIBUTING TO COMMUNITIES

Harmony's response to COVID-19 demonstrated once again its ability to respond quickly to challenging issues; in this case, protecting the lives and livelihoods of its employees, ensuring the continued viability of the business, and contributing to the wellbeing of surrounding communities and countries in which the group operates.Notwithstanding the challenges the group faced during the pandemic, Harmony provided emergency help and support in various forms to families most in need in host and neighbouring communities, both in South Africa and Papua New Guinea.

TAXATION

In response to challenges faced by companies during the COVID-19 pandemic, governments have implemented various stimulus packages to provide some relief to companies. In South Africa, various taxes have been delayed, such as carbon tax, where the first payment has been postponed to October 2020. In addition, a tax holiday of the skills development levy was introduced.

IMPACT ON CRITICAL ESTIMATES AND JUDGEMENTS

The uncertainty of the impact of the COVID-19 pandemic on the global economy caused significant volatility in the markets, as discussed above. This impacted on certain assumptions and estimates as at 30 June 2020 that management used in calculations which are revised annually or assessed at each reporting date.

Key assumptions for the calculation of the mining assets' recoverable amounts include commodity prices and exchange rates. The increase in the US$ gold price and the weakening of the Rand against the US$ affected the short- and medium-term views in the forecasts management received from various institutions in order to determine the assumptions for impairment testing. However, management determined its reserves using the long-term price of US$1 350/oz or R630 000/kg and prepared the life-of-mine plans for the 2021 financial year at this price. Refer to note 13 for further details on the assumptions used in the impairment test.

4. COVID-19 IMPACT continued

IMPACT ON CRITICAL ESTIMATES AND JUDGEMENTS continued

The valuation of the derivatives was also impacted by the changes in the commodity prices and Rand/US$ exchange rate. Refer to notes 18 and 37 for details of the fair value movements at 30 June 2020.

The changes in the interest rates impacted on discount rates that are based on risk-free rates. These include, but are not limited to, the provisions for environmental rehabilitation, silicosis settlement and post-retirement benefits, the determination of recoverable amounts for testing impairments of non-financial assets as well as in recoverability of financial assets. Where possible and deemed relevant, management used weighted averages over a period of time to determine the estimated rates. In all cases, the discount rate decreased, the quantum of the decrease depending on whether the rate was a short-, medium- or long-term rate.

5 REVENUE

ACCOUNTING POLICY

Revenue from metal sales include the sale of gold, silver and uranium. Revenue from metal sales is recognised when the group satisfies its performance obligations under its contract with the customer, by transferring such metals to the customer's control. Transfer of control is generally determined to be when the risk and title to the metals passes to the customer. Revenue is measured based on the consideration specified in the contract with the customer and is driven by the quoted market prices of the metals.

The effective portion of gains or losses on the derivatives designated as cash flow hedging items (forecast sales transactions) are recognised in revenue when the forecast sales transactions occur. See the accounting policy for derivatives and hedging activities in note 2.

	SA Rand		
Figures in million	**2020**	2019	2018
Revenue from contracts with customers	**30 642**	26 459	19 255
Gold	**29 704**	25 693	19 162
Silver[1]	**839**	589	74
Uranium[2]	**99**	177	19
Hedging gain/(loss)[3]	**(1 397)**	453	1 197
Total revenue[4]	**29 245**	26 912	20 452

[1] Derived from the Hidden Valley operation in Papua New Guinea.
[2] Derived from the Moab Khotsong operation.
[3] Relates to the realised effective portion of the hedge-accounted gold derivatives. Refer to note 18 for further information.
[4] A geographical analysis of revenue is provided in the segment report in note 39.

The points of transfer of control are as follows:

• Gold: South Africa	Gold is delivered and certificate of sale is issued.
• Gold and silver: Hidden Valley	For sales up to 13 February 2019: metal is delivered and metal account credited by the customer.
	Sales from 14 February 2019 onwards: metal is collected from Hidden Valley and a confirmation of collection is sent to and accepted by the customer.
• Uranium	Confirmation of transfer is issued.

The increase in gold and silver revenue for 2020 is mainly due to the higher commodity prices. The increase in gold revenue is offset by the decrease in production of 15% from 44 734kg in the 2019 to 37 863kg in the current year. Silver produced increased by 11% to 97 332 kg from 87 325 kg in the prior year. The decrease in uranium revenue is due to lower sales volumes as a result of the South African nationwide lockdown that took place due to COVID-19.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

5 REVENUE continued

Below are the average commodity prices received for the financial years:

	2020	2019	2018
Gold[1]			
– US$ per ounce (US$/oz)	**1 461**	1 287	1 380
– Rand per kilogram (R/kg)	**735 569**	586 653	570 709
Silver			
– US$ per ounce (US$/oz)	**16.85**	15.00	16.88
– Rand per kilogram (R/kg)	**8 485**	6 837	6 974
Uranium			
– US$ per pound (US$/lb)	**25.34**	26.23	23.71
– Rand per kilogram (R/kg)	**875**	820	672

[1] The gold price includes the realised effective portion of the hedge-accounted gold derivatives.

6 COST OF SALES

	SA Rand		
Figures in million	2020	2019	2018
Production costs (a)	**22 048**	20 324	15 084
Amortisation and depreciation of mining assets (b)	**3 409**	3 961	2 468
Amortisation and depreciation of assets other than mining assets (b)	**99**	93	102
Rehabilitation expenditure (c)	**47**	33	67
Care and maintenance costs of restructured shafts	**146**	134	128
Employment termination and restructuring costs (d)	**40**	242	208
Share-based payments (e)	**130**	155	244
Impairment of assets (f)	**—**	3 898	5 336
Other	**(11)**	29	(41)
Total cost of sales	**25 908**	28 869	23 596

(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 increased during the 2020 year mainly in line with expectations, with the South African national lockdown from the end of March 2020 due to COVID-19 impacting on production volumes while the cost base remained mostly unchanged. Contributing to the increase year on year is a decrease of R557 million in the capitalised stripping credit related to the Hidden Valley operation.

6 COST OF SALES continued

(a) Production costs continued

Production costs, analysed by nature, consist of the following:

	SA Rand		
Figures in million	**2020**	2019	2018
Labour costs, including contractors	**13 004**	12 715	9 750
Consumables	**5 441**	5 532	3 418
Water and electricity	**3 664**	3 398	2 551
Insurance	**154**	126	86
Transportation	**377**	354	121
Change in inventory	**(70)**	(166)	(211)
Capitalisation of mine development costs	**(1 485)**	(1 880)	(1 552)
Stripping activities	**(675)**	(1 197)	(167)
Royalty expense	**327**	193	121
Other	**1 311**	1 249	967
Total production costs	**22 048**	20 324	15 084

(b) Lower production volumes during the 2020 year, partially due to the closure of underground mines following the announcement of the South African national lockdown due to COVID-19, impacted on the depreciation recorded and contributed to the decrease year on year. The completion of the mining of Stage 5 at Hidden Valley during the December 2019 quarter also contributed to the decrease. The impairments recognised on certain operations in South Africa during the 2019 year significantly impacted on the base which depreciation is calculated on and the lower carrying values contributed to the lower total compared to the comparative period.

Amortisation and depreciation of assets other than mining assets includes the amortisation of intangible assets.

(c) For the assumptions used to calculate the rehabilitation costs, refer to note 25. This expense includes the change in estimate for the rehabilitation provision where an asset no longer exists as well as costs related to the rehabilitation process. For 2020, R47 million (2019: R86 million) (2018: R94 million) was spent on rehabilitation in South Africa. Refer to note 25.

(d) The employment termination and restructuring expenditure for 2020, 2019 and 2018 relates to the voluntary severance program in place to reduce labour costs.

(e) Refer to note 34 for details on the share-based payment schemes implemented by the group.

(f) Management performed an assessment for impairment triggers as well as indications of reversal of previously recorded impairment losses at 30 June 2020. Due to the uncertainty of the impact of the COVID-19 pandemic and the South African national lockdown would have on the South African underground operations, as well as the increase in the short-term gold price, the recoverable amounts for these cash-generating units (CGUs) were calculated.

Based on the impairment tests performed, no impairments were recorded for the 2020 year. Where CGUs had previously been impaired, management considered whether the impairment loss (or the contributors to the previously recognised impairment loss) no longer exists or might have decreased. Management considered general and specific factors for each CGU and concluded that although overall the gold price had improved from the time that the impairment losses had been recognised, the specific circumstances that led to the original impairments had not reversed. Management also considered the level of uncertainty of the impact of COVID-19 on production and therefore on the cash flows. Due to the volatility embedded in the potential upside driven by the higher gold prices in the short to medium term, coupled with the fact that the factors resulting in the previously recognised impairment losses had not reversed, management resolved it to be appropriate for no reversal of previously recognised impairment losses to be recorded for the period under review.

Refer to note 13 for further information.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

6 COST OF SALES continued

(f) Impairment continued

The impairment of assets consists of the following:

	SA Rand		
Figures in million	**2020**	2019	2018
Tshepong Operations	—	2 254	988
Kusasalethu	—	690	579
Target 1	—	312	699
Target 3	—	318	—
Joel	—	198	160
Other mining assets	—	120	319
Bambanani	—	6	—
Doornkop	—	—	317
Unisel	—	—	487
Masimong	—	—	329
Target North	—	—	1 458
Total impairment of assets	—	3 898	5 336

There was no reversal of impairment for the 2020, 2019 or 2018 financial years.

The recoverable amounts for these assets have been determined on a fair value less costs to sell basis using the assumptions per note 13 in discounted cash flow models and attributable resource values. These are fair value measurements classified as level 3.

The recoverable amounts of the CGUs where impairments were recognised as at 30 June 2019 are as follows:

	SA Rand		
	Recoverable amount		
Figures in million	**Life-of-Mine plan**	**Resource base**	**Total**
Tshepong Operations			
The impairment was due to the increased costs to exploit the resource base as well as a lower expected recovered grade. The decrease in the recovery grade is as a result of the change in the dilution factors applied to the outside life of mine resources.	3 811	2 055	5 866
Kusasalethu			
The decrease in grade and increased estimated costs in the resource base resulted in a lower recoverable amount. The decrease in the recovery grade is as a result of the change in the dilution factors applied to the outside life of mine resources.	1 297	—	1 297
Target 1			
The recoverable amount decreased as a result of increased costs and decrease in grade in the resource base together with the estimated impact of carbon tax. The increase in discount rate due to increased risk factors also negatively impacted on the recoverable amount.	467	609	1 076
Target 3			
The operation remained under care and maintenance. A change in valuation method from discounted cash flow model to resource multiple approach reduced the recoverable amount.	None	182	182
Joel			
The increased capital costs in the resource base together with carbon tax negatively impacted the net present value of expected cash flows.	765	87	852
Other mining assets			
The updated life-of-mine plans for the CGUs in Freegold and Avgold resulted in the impairment of other mining assets.	335	None	335
Bambanani			
The impairment of goodwill reduced the carrying amount of intangible assets. As goodwill is not depreciated, it resulted in an impairment as the life of the operation shortens.	763	None	763

NOTES TO THE GROUP FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

6 COST OF SALES continued

(f) Impairment continued

The recoverable amounts of the CGUs where impairments were recognised as at 30 June 2018 are as follows:

	SA Rand		
	Recoverable amount		
Figures in million	Life-of-Mine plan	Resource base	Total
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.	4 279	3 147	7 426
Kusasalethu			
Kusasalethu's old section of the mine at the operation was excluded in the FY19 life-of-mine plan.	1 019	1 119	2 138
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.	471	746	1 217
Joel			
The updated life-of-mine for the Joel operation presented a marginal decrease in recovered grade.	540	336	876
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	None	366
Doornkop			
The impairment of Doornkop is primarily as a result of a decrease in the Kimberley Reef's resource values.	1 552	1 178	2 730
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	None	38
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	None	58
Target North			
The impairment of Target North was as a result of a decrease in resource values.	None	3 681	3 681

7 OTHER OPERATING EXPENSES

	SA Rand		
Figures in million	**2020**	2019	2018
Social investment expenditure	**143**	155	73
Loss on scrapping of property, plant and equipment (a)	**62**	21	1
Foreign exchange translation loss (b)	**892**	86	682
Silicosis settlement provision/(reversal of provision) (c)	**36**	(62)	(68)
Reversal of provision for ARM BBEE Trust loan (d)	**—**	—	(43)
Loss allowance	**63**	7	12
Other (income)/expenses - net	**5**	(21)	10
Total other operating expenses	**1 201**	186	667

(a) These losses arise from the derecognition of property, plant and equipment that is no longer in use. No future economic benefits are expected from the use or disposal of these assets. Refer to note 13 for further detail.

(b) The foreign exchange loss is driven primarily by the prevailing exchange rates at the drawdown and repayment dates of the US$-denominated loans as well as the exchange rate movements during the year. Refer to note 30 for the details of the foreign exchange translation loss on the US$ borrowings.

(c) Refer to note 26 for details on the movement in the silicosis settlement provision.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

7 OTHER OPERATING EXPENSES continued

(d) Pursuant to the adoption of IFRS 9 on 1 July 2018, the ARM BBEE Trust loan is carried at fair value through profit or loss with the movement in fair value recognised in net gains on financial instruments (refer to note 8). In 2018, the provision was reversed following an increase in African Rainbow Minerals Limited's 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. Refer to note 17 for further details on the loan.

8 INVESTMENT INCOME

ACCOUNTING POLICY

Interest income is recognised on the effective interest method, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the group. Dividend income is recognised when the shareholder's right to receive payment is established. This is recognised at the last date of registration.

Cash flows from interest and dividends received are classified under operating activities in the cash flow statement.

	SA Rand		
Figures in million	**2020**	2019	2018
Interest income from financial assets at amortised cost	**257**	244	272
Net gain on financial instruments[1]	**118**	64	71
Total investment income	**375**	308	343

[1] Primarily relates to the environmental trust funds and the Social Trust Fund (refer to note 16) and also includes the fair value movement of the ARM BBEE Trust loan (refer to note 17).

9 FINANCE COSTS

ACCOUNTING POLICY

Borrowing costs are capitalised to the extent that they are directly attributable to the acquisition and construction of qualifying assets. Qualifying assets are assets that take a substantial time to get ready for their intended use. These costs are capitalised until the asset moves into the production phase. Other borrowing costs are expensed. The foreign exchange translation loss is included in the borrowing cost calculation to the extent that it is considered to be a part of interest.

	SA Rand		
Figures in million	**2020**	2019	2018
Financial liabilities			
Borrowings	**424**	402	227
Other creditors and liabilities	**9**	2	1
Total finance costs from financial liabilities	**433**	404	228
Non-financial liabilities			
Post-retirement benefits	**19**	17	18
Time value of money component of silicosis settlement provision	**69**	79	76
Time value of money and inflation component of rehabilitation costs	**194**	208	191
Total finance costs from non-financial liabilities	**282**	304	285
Total finance costs before interest capitalised	**715**	708	513
Interest capitalised (a)	**(54)**	(133)	(183)
Total finance costs	**661**	575	330

NOTES TO THE GROUP FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

9 FINANCE COSTS continued

(a) The capitalisation rate used to determine capitalised borrowing costs is:

	2020	2019	2018
Capitalisation rate	**9.4%**	10.4%	10.5%

The decrease in the borrowing costs capitalised in 2020 is due to Joel's decline project reaching commercial levels of production as well as the cessation of capitalising borrowing costs for Wafi-Golpu. For Joel, the capitalisation of borrowing costs ceased and depreciation commenced as of 1 January 2020. Refer to note 13 for further detail.

10 TAXATION

ACCOUNTING POLICY

Taxation is made up of current and deferred taxation. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation is recognised on temporary differences existing at each reporting date between the tax base of all assets and liabilities and their carrying amounts. Substantively enacted tax rates are used to determine future anticipated effective tax rates which in turn are used in the determination of deferred taxation, except to the extent that deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and does not affect the accounting or taxable profit or loss at the time of the transaction. Deferred tax is charged to profit or loss, except where the tax relates to items recognised in other comprehensive income or directly in equity in which case the tax is also recognised in other comprehensive income or directly in equity. The effect on deferred tax of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

The principal temporary differences arise from amortisation and depreciation on property, plant and equipment, provisions, unutilised tax losses, unutilised capital allowances carried forward and unrealised gains and losses on the gold forward sale contracts. Deferred tax assets relating to the carry forward of unutilised tax losses and unutilised capital allowances are recognised to the extent that it is probable that future taxable profit will be available against which the unutilised tax losses and unutilised capital allowances can be utilised. The recoverability of these assets is reviewed at each reporting date and adjusted if recovery is no longer probable.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The group is subject to income tax in several jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which the temporary differences are expected to reverse. At the group's South African operations, such average tax rates are directly impacted by the profitability of the relevant mine. The deferred tax rate is therefore based on the current estimate of future profitability of an operation when temporary differences will reverse, based on tax rates and tax laws that have been enacted at the balance sheet date. The future profitability of each mine, in turn, is determined by reference to the life-of-mine (LoM) plan for that operation. The LoM plan is influenced by factors as disclosed in note 13, which may differ from one year to the next and normally result in the deferred tax rate changing from one year to the next.

Management has to exercise judgement with regard to deferred tax assets. Where the possibility exists that no future taxable income may flow against which these assets can be offset, the deferred tax assets are not recognised.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

10 TAXATION continued

The taxation (expense)/credit for the year is as follows:

	SA Rand		
Figures in million	**2020**	2019	2018
SA taxation			
Mining tax (a)	**(56)**	(19)	(42)
- current year	**(61)**	(14)	(42)
- prior year	**5**	(5)	—
Non-mining tax (b)	**(2)**	(124)	(163)
- current year	**(2)**	(121)	(163)
- prior year	**—**	(3)	—
Deferred tax (c)	**(197)**	282	439
- current year	**(197)**	282	439
Total taxation (expense)/credit	**(255)**	139	234

(a) Mining tax on gold mining taxable income in South Africa is determined according to a formula, based on the taxable income from mining operations. 5% of total revenue is exempt from taxation while the remainder is taxable at a higher rate (34%) than non-mining income (28%) as a result of applying the gold mining formula. Mining and non-mining income of Australian entities and PNG operation are taxed at a standard rate of 30%.

All qualifying mining capital expenditure is deducted from taxable mining income to the extent that it does not result in an assessed loss. Accounting depreciation is eliminated when calculating the South African mining tax income. Excess capital expenditure is carried forward as unredeemed capital to be claimed from future mining taxable income. The group has several tax paying entities in South Africa. In terms of the mining ring-fencing application, each ring-fenced mine is treated separately and deductions can normally only be utilised against mining income generated from the relevant ring-fenced mine.

(b) Non-mining taxable income of mining companies and the taxable income for non-mining companies are taxed at the statutory corporate rate of 28%.The expense for the 2019 and 2018 years 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 commodity forward sale contracts. During 2020, the losses on the derivative contracts resulted in non-mining tax losses. See discussion on deferred tax below. Refer to note 18 for details on the group's derivative gains and losses recorded.

(c) The deferred tax rate used to calculate deferred tax is based on the current estimate of future profitability when temporary differences will reverse based on tax rates and tax laws that have been enacted at the balance sheet date. Depending on the profitability of the operations, the deferred tax rate can consequently be significantly different from year to year.

Following the completion of the annual life-of-mine plans, management revised the weighted average deferred tax rates for all the South African operations. The higher short-term gold price assumption used resulted in an increase in the estimated profitability and consequently higher rates than in the prior year. Refer to note 13 for the assumptions used. These changes, together with changes in the temporary differences, had the following impacts:

- The change in rates on temporary differences at the individual company level, other than hedge accounted derivatives, resulted in an increase in the deferred tax expense and liability to the amount of R493 million.
- Unwinding of temporary differences related to unredeemed capital expenditure balance resulted in an increase of R298 million in the deferred tax expense.
- The weakening of the Rand against the US$ and the increase in the commodity prices negatively impacted on the valuation of the derivative financial instruments. Refer to notes 18 and 37 for detail. The temporary differences related to the Rand gold derivatives changed from taxable temporary differences (ie resulting in a deferred tax liability) to deductible temporary differences (resulting in a deferred tax asset). Management assessed the rates at which the temporary differences are expected to reverse and as the expected non-mining losses can be set off against the mining profits, the rates have been revised from the non-mining tax rate of 28% to the weighted average deferred tax rate. This accounts for R510 million of the deferred tax credit directly charged to other comprehensive income.

10 TAXATION continued

(c) Deferred tax continued

- The net deferred tax positions for each of the group's entities are assessed separately. Two companies have net deferred tax asset positions and therefore recoverability of these assets was considered. The position at 30 June 2020 was as follows:

	SA Rand	
Figures in million	**Harmony Company**	**Randfontein Estates**
Deductible/(taxable) temporary differences	**1 079**	**(155)**
Tax losses	**574**	**534**
Total	**1 653**	**379**
Deferred tax rate	**29.8%**	**10.1%**
Deferred tax asset	**492**	**39**

At 30 June 2020, management considered whether the unrecognised deferred tax asset (DTA) related to the Harmony company should be recognised, partially or in full. A portion of the DTA relates to a tax loss of R574 million, which primarily arose due to the foreign exchange translation losses and losses on derivatives recorded in 2020. The company's operations include the Central Plant Reclamation (CPR), a tailings retreatment facility. As a low cost producer, its profit margins are highly sensitive to fluctuations in the gold price. In addition, the higher short-term gold price also significantly benefits Masimong's profitability, which following the revision of its life-of-mine at 30 June 2020 has two years remaining of its life. Due to the significant expected increase in the short-term Rand gold price used in the estimation of future taxable profits for the mining operations owned by the Harmony company, it is considered probable that sufficient future taxable profits will be available against which the aforementioned tax loss and the current deductible temporary differences existing at the reporting date can be utilised. Consequently, a deferred tax asset of R492 million has been recognised, consisting of R171 million relating to the tax loss and R321 million relating to deductible temporary differences.

Management believes there will be sufficient future taxable income from the operations owned by Randfontein Estates Limited and therefore the entire balance of R39 million was recognised at 30 June 2020.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

for the year ended 30 June 2020

10 TAXATION continued

INCOME AND MINING TAX RATES

The tax rate remains unchanged for the 2018, 2019 and 2020 years.

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

	SA Rand		
Figures in million	**2020**	2019	2018
Tax on net loss at the mining statutory tax rate	**202**	934	1 600
Non-allowable deductions	**(221)**	(241)	(513)
Share-based payments	**(62)**	(70)	(104)
Impairment of assets	**—**	(2)	(219)
Loan-related costs	**(19)**	(18)	(24)
Exploration expenditure	**(55)**	(36)	(74)
Finance costs	**(76)**	(68)	(54)
Other	**(9)**	(47)	(38)
Movement in temporary differences related to property, plant and equipment	**(355)**	(1 388)	(1 248)
Movements in temporary differences related to other assets and liabilities	**(452)**	98	55
Difference between effective mining tax rate and statutory mining rate on mining income	**10**	(175)	(550)
Difference between non-mining tax rate and statutory mining rate on non-mining income	**—**	19	35
Effect on temporary differences due to changes in effective tax rates[1]	**(469)**	83	675
Prior year adjustment	**5**	(8)	—
Capital allowances[2]	**766**	684	604
Deferred tax asset not recognised[3]	**34**	133	(424)
Deferred tax asset previously not recognised now recorded[4]	**225**	—	—
Income and mining taxation	**(255)**	139	234
Effective income and mining tax rate (%)	**(43)**	5	5

[1] This mainly relates to movements in the deferred tax rate related to Harmony (25.7% to 29.8%) (2019: 10.5% to 25.7%) (2018: 19.4% to 10.5%), Freegold (8.1% to 11.4%) (2019: 8.7% to 8.1%) (2018: 12.5% to 8.7%), Randfontein Estates Limited (Randfontein) (4.5% to 10.1%) (2019: 1.8% to 4.5%) (2018: 3.8% to 1.8%) and Moab (4.7% to 17.3%) (2019: 9.1% to 4.7%) (2018: 9.1%).

[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.

[4] Harmony company has sufficient future profits as well as taxable temporary differences which the deductible temporary differences can be reversed against. Therefore the deferred tax asset not recognised in the 2019 year has been recognised.

10 TAXATION continued

DEFERRED TAX

The analysis of deferred tax assets and liabilities is as follows:

	SA Rand	
Figures in million	**2020**	2019
Deferred tax assets	**(1 803)**	(550)
Deferred tax asset to be recovered after more than 12 months	**(1 091)**	(49)
Deferred tax asset to be recovered within 12 months	**(712)**	(501)
Deferred tax liabilities	**2 268**	1 237
Deferred tax liability to be recovered after more than 12 months	**2 034**	1 125
Deferred tax liability to be recovered within 12 months	**234**	112
Net deferred tax liability	**465**	687

Deferred tax liabilities and assets on the balance sheet as of 30 June 2020 and 30 June 2019 relate to the following:

	SA Rand	
Figures in million	**2020**	2019
Gross deferred tax liabilities	**2 268**	1 237
Amortisation and depreciation	**2 211**	1 229
Other	**57**	8
Gross deferred tax assets	**(1 803)**	(550)
Unredeemed capital expenditure[1]	**(4 923)**	(4 044)
Provisions, including non-current provisions	**(1 156)**	(844)
Derivative financial instruments	**(505)**	(88)
Tax losses[2]	**(1 718)**	(1 209)
Deferred tax asset not recognised[3]	**6 499**	5 635
Net deferred tax liability	**465**	687

[1] Unredeemed capital expenditure mainly consists of Hidden Valley R4 555 million (2019: R3 745 million).
[2] The majority of the amount relates to Hidden Valley's tax losses of R1 327 million (2019: R1 066 million).
[3] The majority of the deferred tax asset not recognised of R6 499 million relates to Harmony's PNG operations (2019: R5 293 million).

Movement in the net deferred tax liability recognised in the balance sheet is as follows:

	SA Rand	
Figures in million	**2020**	2019
Balance at beginning of year	**687**	1 145
Expense/(credit) per income statement	**197**	(282)
Tax directly charged to other comprehensive income	**(419)**	(177)
Balance at end of year	**465**	687
Deferred tax asset per balance sheet	**(531)**	(1)
Deferred tax liability per balance sheet	**996**	688

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

for the year ended 30 June 2020

10 TAXATION continued

DEFERRED TAX continued

Figures in million	SA Rand 2020	2019
As at 30 June, the group had the following potential future tax deductions:		
Unredeemed capital expenditure available for utilisation against future mining taxable income[1]	**43 395**	39 725
Tax losses carried forward utilisable against mining taxable income[2]	**7 356**	5 494
Capital Gains Tax (CGT) losses available to be utilised against future CGT gains[4]	**570**	571
As at 30 June, the group has not recognised the following deferred tax asset amounts relating to the above:	**14 618**	12 935
The unrecognised temporary differences are:		
Unredeemed capital expenditure[3]	**40 330**	35 038
Tax losses[2]	**5 156**	5 109
CGT losses[4]	**570**	571

[1] Includes Avgold R21 483 million (2019: R19 086 million), Randfontein R2 261 million (2019: R2 134 million), Moab Khotsong R625 million (2019: R1 755 million) and Hidden Valley R18 847 million (2019: R16 333 million). These have an unlimited carry-forward period.
[2] Relates mainly to Hidden Valley and the PNG exploration operations. These have an unlimited carry-forward period.
[3] Relates to Avgold and Hidden Valley.
[4] The CGT losses relate to the gross CGT losses available to be utilised against future CGT gains.

DIVIDEND TAX (DT)

The withholding tax on dividends remained unchanged at 20%.

11 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.

	2020	2019	2018
Ordinary shares in issue ('000)	**603 143**	539 841	500 252
Adjustment for weighted number of ordinary shares in issue ('000)	**(61 306)**	(12 974)	(54 304)
Weighted number of ordinary shares in issue ('000)	**541 837**	526 867	445 948
Treasury shares ('000)	**(6 501)**	(3 058)	(52)
Basic weighted average number of ordinary shares in issue ('000)	**535 336**	523 809	445 896

	SA Rand 2020	2019	2018
Total net loss attributable to shareholders (million)	**(878)**	(2 607)	(4 473)
Total basic loss per share (cents)	**(164)**	(498)	(1 003)

DILUTED EARNINGS/(LOSS) PER SHARE

For diluted earnings/(loss) per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares as a result of share options granted to employees under the share option schemes in issue. A calculation is performed to determine the number of shares that could have been acquired at fair value, determined as the average annual market share price of the company's shares, based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

11 EARNINGS/(LOSS) PER SHARE continued

DILUTED EARNINGS/(LOSS) PER SHARE continued

	2020	2019	2018
Weighted average number of ordinary shares in issue ('000)	**535 336**	523 809	445 896
Potential ordinary shares[1] ('000)	**11 858**	9 537	19 423
Weighted average number of ordinary shares for diluted earnings per share[1] ('000)	**547 194**	533 346	465 319

	SA Rand		
	2020	2019	2018
Total diluted loss per share (cents)[2]	**(166)**	(500)	(1 004)

[1] Due to the net loss attributable to shareholders, the inclusion of the share options as potential ordinary shares had an anti-dilutive effect on the loss. 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 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 (TBO) option. TBO contributed a profit for the six months ended 31 December 2019 and therefore the reduction in earnings attributable to Harmony would increase the loss and loss per share. Following the vesting of the option (refer to note 34), there has been no further impact.

HEADLINE EARNINGS/(LOSS) PER SHARE

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

	SA Rand		
Figures in million	2020	2019	2018
Net loss	**(878)**	(2 607)	(4 473)
Adjusted for:			
Impairment of assets	**—**	3 898	5 336
Taxation effect on impairment of assets	**—**	(239)	(99)
Profit on sale of property, plant and equipment	**(2)**	(5)	(2)
Loss on scrapping of property, plant and equipment	**62**	21	1
Taxation effect on loss on scrapping of property, plant and equipment	**(10)**	(1)	—
Headline earnings/(loss)	**(828)**	1 067	763
Basic headline earnings/(loss) per share (cents)	**(154)**	204	171
Diluted headline earnings/(loss) per share (cents)[1]	**(157)**	197	163

[1] Due to the net loss attributable to shareholders, the inclusion of the share options as potential ordinary shares had an anti-dilutive effect on the loss in 2020 (2019 and 2018: dilutive effect on the headline earnings per share). The diluted headline earnings per share also include the potential impact of exercising the Tswelopele Beneficiation Operation option as explained above.

DIVIDENDS

ACCOUNTING POLICY

Dividends declared are recognised in the period in which they are approved by the board of directors. Dividends are payable in South African Rand.

Cash flows from dividends paid are classified under financing activities in the cash flow statement.

- On 17 August 2017, the board declared a final dividend of 35 cents for the year ended 30 June 2017. R154 million million was paid on 16 October 2017. No dividends were paid on ordinary shares by Harmony during the 2020 and 2019 financial year. The payment in 2020 relates to the non-controlling interest in Tswelopele Beneficiation Operation. Refer to note 34.
- Harmony declares an annual preference share dividend to the Harmony Gold Community Trust (the Trust). On 30 July 2019, Harmony declared a preference dividend of R9 million to the Trust which was paid on 2 September 2019. As the Trust is consolidated by Harmony, the dividend is eliminated on consolidation.

11 EARNINGS/(LOSS) PER SHARE continued

DIVIDENDS continued

	SA Rand		
	2020	2019	2018
Dividend declared (millions)	**—**	—	154
Dividend per share (cents)	**—**	—	35

12 ACQUISITIONS AND BUSINESS COMBINATIONS

ACQUISITION OF ANGLOGOLD ASHANTI'S REMAINING SOUTH AFRICAN OPERATIONS

TRANSACTION

On 12 February 2020, Harmony announced that it has reached an agreement with AngloGold Ashanti Limited (AGA) to purchase AGA's remaining South African producing assets and related liabilities. The transaction includes the following assets and liabilities:
- The Mponeng mine and its associated assets and liabilities;
- The Tau Tona and Savuka mines and associated rock-dump and tailings storage facility reclamation sites, mine rehabilitation and closure activities located in the West Wits region and their associated assets and liabilities;
- First Uranium (Pty) Limited which owns Mine Waste Solutions (Pty) Limited and Chemwes (Pty) Limited as well as associated tailings assets and liabilities (the FUSA Group);
- Covalent Water Company (Pty) Limited (CWC), AngloGold Security Services (Pty) Limited and Masakhisane Investments (Pty) Limited; and
- Certain rock-dump reclamation, mine rehabilitation and closure activities located in the Vaal River region and their associated assets and liabilities (the VR Remaining assets).

Consideration for the transaction is a cash payment of US$200 million, due on the closing date, and a contingent consideration subject to the following criteria:
- US$260 per ounce payable on all underground production from the Mponeng, Savuka and Tau Tona mines in excess of 250 000 ounces per year for six years commencing 1 January 2021; and
- US$20 per ounce payable on underground production from the Mponeng, Savuka and Tau Tona mines sourced from levels developed in the future below the current infrastructure.

At 30 June 2020, the closing of the transaction was still subject to certain conditions precedent. Refer to note 38.

FUNDING OF ACQUISITION CONSIDERATION THROUGH DEBT AND SHARES

Harmony concluded a bridge loan to fund the acquisition consideration. Refer to note 30 and note 38 for further detail.

As part of the funding strategy, Harmony approached its shareholders for authorisation to issue shares up to US$200 million to fund the acquisition consideration through:
- A general authority to issue ordinary shares for cash, subject to the restrictions set out in the JSE Listings Requirements including that only public shareholders may participate;
- A vendor consideration placement as set out in the JSE Listings Requirements, which would enable non-public shareholders to participate subject to certain conditions; and
- Or a combination of the above.

An Extraordinary General Meeting was held on 11 June 2020 and the requisite majority of the shareholders approved all of the ordinary and special resolutions. Following this, on 24 June 2020 Harmony successfully completed the share placement of 60 278 260 new ordinary shares in Harmony with existing and new institutional investors at a price of R57.50 per share, raising the proceeds of US$200 million (R3 466 million). The shares issued represented, in aggregate, approximately 11.1% of Harmony’s issued ordinary share capital before the placing. The placing price represented a discount of 5.4% to the closing share price on 24 June 2020 and a 3.5% discount to the 30-day volume-weighted average price (VWAP). The shares were issued on 30 June 2020 and the proceeds were received on the same day. The share issue costs amounted to R80 million.

ACQUISITION AND INTEGRATION COSTS

In anticipation of the transaction, Harmony has incurred various costs directly attributable to the acquisition process. These costs include attorney and advisory fees as well as costs related to the bridge loan. The acquisition-related costs are shown as a separate line in the income statement.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

12. ACQUISITIONS AND BUSINESS COMBINATIONS continued

ACQUISITION AND INTEGRATION COSTS continued

There have also been costs incurred in preparation for the integration of the acquired assets into Harmony's existing structures and systems. These costs amount to R4 million for the 2020 year and have been included in corporate, administration and other expenditure.

ACCOUNTING CONSIDERATIONS

Management has performed an initial assessment of the assets to be acquired and has determined that they meet the definition of a business per IFRS 3, *Business Combinations* (as amended and applicable to Harmony from 1 July 2020).

Following the fulfilment of the conditions precedent, management will begin with a fair value exercise in accordance with the requirements of IFRS 3 for the business combinations. The process is expected to take several months to complete.

SUBSEQUENT EVENTS

Refer to note 38 for developments after the reporting date.

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 AGA on a going concern basis. The combined assets acquired and liabilities assumed constitute a business as defined by IFRS 3. The cash consideration paid to acquire the Moab Khotsong operations amounted to R3 474 million ($300 million). The group incurred acquisition-related costs of R98 million on advisory and legal fees. These costs were recognised as acquisition-related costs in the income statement. Furthermore, the group incurred R63 million on the integration of the operation in 2018 and R8 million in 2019. These costs were recognised as corporate, administration and other expenditure in the income statement in the relevant years.

13 PROPERTY, PLANT AND EQUIPMENT

	SA Rand	
Figures in million	**2020**	2019
Mining assets	**22 174**	20 549
Mining assets under construction	**2 714**	2 964
Undeveloped properties	**4 024**	3 965
Other non-mining assets	**274**	271
Total property, plant and equipment	**29 186**	27 749

MINING ASSETS

ACCOUNTING POLICY

Mining assets including mine development costs and mine plant facilities are initially recorded at cost, whereafter they are measured at cost less accumulated depreciation and impairment. Costs include expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

The net assets of operations placed on care and maintenance are impaired to their recoverable amount. Expenditure on the care and maintenance of these operations is charged against income, as incurred. Mineral and surface use rights represent mineral and surface use rights for parcels of land both owned and not owned by the group.

Mineral and surface rights include acquired mineral use rights in production, development and exploration phase properties. The amount capitalised related to a mineral and surface right, either as an individual asset purchase or as part of a business combination, is the fair value at acquisition.

The group's mineral use rights are enforceable regardless of whether proved or probable reserves have been established. In certain limited situations, the nature of use changes from an exploration right to a mining right upon the establishment of proved and probable reserves. The group has the ability and intent to renew mineral use rights where the existing term is not sufficient to recover all identified and valued proved and probable reserves and/or undeveloped mineral interests.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

for the year ended 30 June 2020

13 PROPERTY, PLANT AND EQUIPMENT continued

MINING ASSETS continued

ACCOUNTING POLICY continued

Depreciation

Depreciation of mining assets is computed principally by the units-of-production method over life-of-mine based on estimated quantities of economically recoverable proved and probable reserves, which can be recovered in future from known mineral deposits.

In most instances, proved and probable reserves provide the best indication of the useful life of the group's mines (and related assets). However, in some instances, proved and probable reserves may not provide a realistic indication of the useful life of the mine (and related assets). This may be the case, for example, where management is confident that further inferred resources will be converted into measured and indicated resources and if they are economically recoverable, they can also be classified as proved and probable reserves. Management is approaching economic decisions affecting the mine on this basis, but has chosen to delay the work required to designate them formally as reserves.

In assessing which resources to include so as to best reflect the useful life of the mine, management considers resources that have been included in the life-of-mine plan. To be included in the life-of-mine plan, resources need to be above the cut-off grade set by management, which means that the resource can be economically mined and is therefore commercially viable. This consistent systematic method for inclusion in the life-of-mine plan takes management's view of the gold price, exchange rates as well as cost inflation into account.

In declaring the resource, management would have had to obtain a specified level of confidence of the existence of the resource through drilling as required by the South African Code for Reporting Exploration Results, Mineral Resources and Mineral Reserves (SAMREC).

Additional confidence in the existence, commercial viability and economical recovery of such resources may be based on historical experience and available geological information, such as geological information obtained from other operations that are contiguous to the group's as well as where the group mines continuations of these other operations' orebodies and reefs. This is in addition to the drilling results obtained by the group and management's knowledge of the geological setting of the surrounding areas, which would enable simulations and extrapolations to be done with a reasonable degree of accuracy.

In instances where management is able to demonstrate the economic recovery of such resources with a high level of confidence, such additional resources, which may also include certain, but not all, of the inferred resources, as well as the associated future development costs of accessing those resources, are included in the calculation of depreciation. The future development costs are those costs that need to be incurred to access these inferred resources, for example the costs to complete a decline or level, which may include infrastructure and equipping costs. These amounts have been extracted from the cash flow projections for the life-of-mine plans.

Mineral rights associated with production phase mineral interests are amortised over the life of mine using the units-of-production method in order to match the amortisation with the expected underlying future cash flows.

Impairment

Testing for impairment is done in terms of the group policy as discussed in note 2.5.

Scrapping of assets

Where significant adverse changes have taken place relating to the useful life of an asset, that asset is tested for impairment in terms of the group policy as discussed in note 2.5. Whether or not an impairment is recognised, it is then necessary to review the useful lives and residual values of the assets within the CGU – this is reviewed at least annually. Where necessary, the useful lives and residual values of the individual assets are revised.

Where the useful life of an asset is nil as a result of no future economic benefit expected from the use or disposal of that asset, it is necessary to derecognise the asset. The loss arising from the derecognition is included in profit or loss in the period in which the asset was derecognised.

13 PROPERTY, PLANT AND EQUIPMENT continued

MINING ASSETS continued

ACCOUNTING POLICY continued

Stripping activities

The removal of overburden and other mine waste materials is often necessary during the initial development of an opencast mine site, in order to access the mineral ore deposit. The directly attributable cost of this activity is capitalised in full within mining assets under construction, until the point at which the mine is considered to be capable of commercial production.

The removal of waste material after the point at which a mine is capable of commercial production is referred to as production stripping.

When the waste removal activity improves access to ore extracted in the current period, the costs of production stripping are charged to the income statement as operating costs in accordance with the principles of IAS 2, *Inventories*.

Where production stripping activity both produces inventory and improves access to ore in future periods the associated costs of waste removal are allocated between the two elements. The portion which benefits future ore extraction is capitalised within stripping and development capital expenditure. If the amount to be capitalised cannot be specifically identified it is determined based on the volume of waste extracted compared with expected volume for the identified component of the orebody. Components are specific volumes of a mine's orebody that are determined by reference to the life-of-mine plan.

In certain instances significant levels of waste removal may occur during the production phase with little or no associated production. The cost of this waste removal is capitalised in full.

All amounts capitalised in respect of waste removal are depreciated using the units-of-production method based on proved and probable ore reserves of the component of the orebody to which they relate.

The effects of changes to the life-of-mine plan on the expected cost of waste removal or remaining reserves for a component are accounted for prospectively as a change in estimate.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – GOLD MINERAL RESERVES AND RESOURCES

Gold mineral reserves and resources are estimates of the amount of ounces that can be economically and legally extracted from the group's properties. In order to calculate the gold mineral reserves and resources, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, commodity prices and exchange rates.

Estimating the quantities and/or grade of the reserves and resources requires the size, shape and depth of the orebodies to be determined by analysing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

Because the economic assumptions used to estimate the gold mineral reserves and resources change from year to year, and because additional geological data is generated during the course of operations, estimates of the mineral reserves and resources may change from year to year. Changes in the reserves and resources may affect the group's financial results and financial position in a number of ways, including:
- Asset carrying values may be affected due to changes in estimated cash flows;
- Scrapping of assets to be recorded in the income statement following the derecognition of assets as no future economic benefit expected;
- Depreciation and amortisation charged in the income statement may change as they are calculated on the units-of-production method;
- Environmental provisions may change as the timing and/or cost of these activities may be affected by the change in mineral reserves; and
- Useful life and residual values may be affected by the change in mineral reserves.

At the end of each financial year, the estimate of proved and probable gold mineral reserves and resources is updated. Depreciation of mining assets is prospectively adjusted, based on these changes.

13 PROPERTY, PLANT AND EQUIPMENT continued

MINING ASSETS continued

SENSITIVITY ANALYSIS – GOLD MINERAL RESERVES AND RESOURCES EFFECT ON DEPRECIATION

The group includes certain inferred resources in the denominator and future development costs in the numerator when performing the depreciation calculation for certain of its operations, where proved and probable reserves alone do not provide a realistic indication of the useful life of mine (and related assets). During periods presented, this mainly related to Doornkop. Had the group only used proved and probable reserves in its calculations, depreciation for 2020 would have amounted to R3 533 million (2019: R4 116 million) (2018: R2 753 million), compared with the reported totals of R3 508 million (2019: R4 054 million) (2018: R2 570 million).

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – PRODUCTION START DATE

Various relevant criteria are considered in order to assess when the mine is substantially complete and ready for its intended use and moves into the production phase. Some of the criteria would include but are not limited to the following:

- The level of capital expenditure compared to the total project cost estimates;
- The ability to produce gold in a saleable form (where more than an insignificant amount of gold has been produced); and
- The ability to sustain the ongoing production of gold.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – STRIPPING ACTIVITIES

The determination of the volume of waste extracted and the expected volume for the identified component of the orebody is dependent on an individual mine's design and life-of-mine plan and therefore changes to the design or life-of-mine plan will result in changes to these estimates. Identification of the components of a mine's orebody is made by reference to the life-of-mine plan. The assessment depends on a range of factors including each mine's specific operational features and materiality.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – IMPAIRMENT OF ASSETS

The recoverable amount of mining assets is generally determined utilising real discounted future cash flows (post tax). Management also considers such factors as the quality of the individual orebody, market risk, asset specific risks and country risk in determining the fair value.

Key assumptions for the calculations of the mining assets' recoverable amounts are the commodity prices, resource values, marketable discount rates, costs to sell, exchange rates and the annual life-of-mine plans. In determining the commodity prices and resource values to be used, management assesses the long-term views of several reputable institutions on commodity prices and based on this, derives the commodity prices and resource values.

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, as well as resources where management has high confidence in the orebody and economical recovery of gold, based on historic and similar geological experience.

13 PROPERTY, PLANT AND EQUIPMENT continued

MINING ASSETS continued

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – IMPAIRMENT OF ASSETS continued

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:

	2020	2019	2018
US$ gold price per ounce			
– Year 1	**1 610**	1 325	1 250
– Year 2	**1 558**	1 310	1 250
– Year 3	**1 469**	1 290	1 250
– Long term (Year 4 onwards)	**1 350**	1 290	1 250
US$ silver price per ounce			
– Year 1 and Year 2	**17.00**	15.75	17.00
– Long term (Year 3 onwards)	**17.00**	17.00	17.00
Exchange rate (R/US$)			
– Year 1	**16.72**	14.43	13.30
– Year 2	**15.47**	14.25	13.30
– Year 3	**15.29**	14.11	13.30
– Long term (Year 4 onwards)	**14.51**	14.11	13.30
Exchange rate (PGK/US$)	**3.45**	3.34	3.17
Rand gold price (R/kg)			
– Year 1	**865 000**	615 000	535 000
– Year 2	**775 000**	600 000	535 000
– Year 3	**722 000**	585 000	535 000
– Long term (Year 4 onwards)	**630 000**	585 000	535 000

The following is the attributable gold resource value assumption:

	South Africa			**Hidden Valley**		
US dollar per ounce	**2020**	2019	2018	**2020**	2019	2018
Measured	**25.00**	25.00	25.00	**n/a**	n/a	n/a
Indicated	**8.00**	8.00	8.00	**8.00**	8.00	5.84
Inferred	**2.80**	2.80	2.80	**n/a**	n/a	5.84

The recoverable amount of mining assets is determined utilising real discounted future cash flows or resource multiples in the case of undeveloped properties and certain resource bases.

One of the most significant assumptions that influence the group's operations' life-of-mine plans, and therefore the impairment assessment, is the expected gold price. Due to the increase in the US$ commodity price and weakening of the rand against the US$ at the end of the financial year, management decided it would be appropriate to differentiate between short-, medium- and long-term assumptions used in the models. The long-term price was determined as part of the annual budgeting process and is used in the life-of-mine plans and is also the cut-off price for calculating reserves included in the declaration of reserves and resources in terms of SAMREC. The resource multiple values are unchanged from the prior year, given the long-term nature of the projects that are valued in this manner.

Due to the volatilities experienced in the markets and the uncertainty in forecasting future cash flows due to the impact of the COVID-19 pandemic, management has used various probability scenarios in determining the recoverable amounts for the CGUs at 30 June 2020.

13 PROPERTY, PLANT AND EQUIPMENT continued

MINING ASSETS continued

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – IMPAIRMENT OF ASSETS continued

The following were factored into management's judgements:
- Infection rates and the timing of the expected peaks in the provinces that Harmony's operations are situated in, based on models prepared by the South African government;
- Expected disruptions to production together with the mitigation strategies management has in place;
- Potential duration of the impact of the virus and the related restrictions in operations; and
- Potential changes of the timing of various cash flows due to shortened production breaks.

Management included estimates of the staffing costs for screening and monitoring employees at work as well as those that are in quarantine. The cost estimates also include the accommodation expenses for employees in quarantine or isolation as well as the treatment cost for those with mild symptoms and those with severe symptoms that need to be hospitalised. These estimates were based on actual costs incurred for the period March to June 2020.

In preparing the various scenarios, management considered and varied:
- The potential impact on production and therefore on the revenue cash flows, based on historical trends that have been extrapolated to account for varying disruption levels;
- The duration of potential disruptions to production, ranging from 12 months to 24 months;
- The infection rates and associated costs. Where infections were assumed to continue into Year 2, the rate was dependant on the assumed infections in Year 1, with a higher rate in Year 1 resulting in a lower rate in Year 2, and vice versa.

Management assumed that the production costs would be largely unaffected as employees would either be at work or on sick leave, while the strategy of moving crews around would ensure production carried on without undue disruption and therefore would not impact on costs such as consumables and electricity.

The calculated cash flows were then weighted based on management's expectation of each of the scenarios occurring. The resulting amounts were discounted using the specific discount rate for each operation in order to determine the recoverable amount.

The post-tax real discount rate for Hidden Valley was 9.02% (2019: 10.13%) (2018: 9.91%) and the post-tax real discount rates for the South African operations ranged between 9.62% and 11.53% (2019: 8.90% and 11.10%) (2018: 8.35% and 10.25%), 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.

Refer to note 6 for details of impairment testing performed and impairments recorded.

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;
- Potential production stoppages for indefinite periods;
- The impact of the COVID-19 pandemic on the global economy, commodity prices and exchange rates, as well as the impact in the countries the group operates in, resulting in production curtailment; and
- Carbon tax.

13 PROPERTY, PLANT AND EQUIPMENT continued

MINING ASSETS continued

SENSITIVITY ANALYSIS - IMPAIRMENT OF ASSETS

One of the most significant assumptions that influence the life-of-mine plans and therefore the impairment assessment 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 2020 and 2019:

	SA Rand	
Figures in million	**2020**	2019
- 10% decrease		
Tshepong Operations	**3 352**	7 155
Target 1	**804**	1 278
Joel	**716**	984
Kusasalethu	**441**	1 962
Bambanani[1]	**94**	331
Other Freegold assets	**20**	—
Moab Khotsong[1]	**15**	2 758
Unisel	**6**	45
Doornkop	**—**	1 350
Hidden Valley	**—**	749
Target 3	**—**	337
Target North	**—**	291
Other surface operations	**—**	178
Masimong	**—**	105
Kalgold	**—**	39
+ 10% increase		
Target 3	**—**	300

[1] The carrying amounts of these CGUs include goodwill and any impairment losses are allocated first to goodwill and then to the identifiable assets.

At all other operations, a 10% increase in the gold price would have resulted in no impairments being recorded.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

13 PROPERTY, PLANT AND EQUIPMENT continued

MINING ASSETS continued

The movement in the mining assets is as follows:

	SA Rand	
Figures in million	**2020**	2019
Cost		
Balance at beginning of year	**53 629**	49 741
Fully depreciated assets no longer in use derecognised	**—**	(302)
Additions[1]	**3 180**	4 113
Disposals	**(85)**	(16)
Scrapping of assets	**(268)**	(117)
Adjustment to rehabilitation asset	**(48)**	(439)
Transfers and other movements	**1 348**	801
Translation	**1 980**	(152)
Balance at end of year	**59 736**	53 629
Accumulated depreciation and impairments		
Balance at beginning of year	**33 080**	25 538
Fully depreciated assets no longer in use derecognised	**—**	(302)
Impairment of assets	**—**	3 880
Disposals	**(70)**	(16)
Scrapping of assets	**(206)**	(96)
Depreciation	**3 563**	4 184
Translation	**1 195**	(108)
Balance at end of year	**37 562**	33 080
Net carrying value	**22 174**	20 549

[1] Included in additions for 2020 is an amount of R97 million (2019: R173 million) for capitalised depreciation associated with stripping activities at the Hidden Valley operations.

Loss on scrapping of property, plant and equipment

Refer to note 7 for details.

Stripping activities

Included in the balance for mining assets is an amount of R84 million (2019: R48 million) relating to Kalgold and R598 million (2019: R1 160 million) relating to Hidden Valley. Depreciation of R17 million (2019: R13 million) and R668 million (2019: R89 million) was recorded for Kalgold and Hidden Valley respectively.

Transfer of assets

Transfer of assets mainly relates to assets under construction transferred to mining assets.

Hidden Valley
During the 2020 year an amount of R438 million (2019: R607 million) was transferred to mining assets at Hidden Valley. This related to ongoing mining development costs.

Joel
At 1 January 2020, management performed an assessment of Joel's Level 137 decline project to determine whether it had reached commercial levels of production. It was considered substantially complete and ready for its intended use as:
- Capital expenditure is 98% of project cost estimates;
- More than an insignificant amount of gold is being produced in a saleable form; and
- The level has the ability to sustain the ongoing production of gold.

The capitalisation of borrowing costs ceased and depreciation commenced as of 1 January 2020. An amount of R897 million was transferred to mining assets.

13 PROPERTY, PLANT AND EQUIPMENT continued

MINING ASSETS UNDER CONSTRUCTION

ACCOUNTING POLICY

At the group's surface mines, when it has been determined that a mineral property can be economically developed as a result of establishing proved and probable reserves, costs incurred to develop the property are capitalised as incurred until the mine is considered to have moved into the production phase. These costs include costs to further delineate the orebody and remove overburden to initially expose the orebody. At the group's underground mines, all costs incurred to develop the property, including costs to access specific ore blocks or other areas of the underground mine, are capitalised to the extent that such costs will provide future economic benefits. These costs include the cost of shaft sinking and access, the costs of building access ways, lateral development, drift development, ramps, box cuts and other infrastructure development. Revenue earned during the pre-production phase is credited to the asset.

Where a depreciable asset is used in the construction or extension of a mine, the depreciation is capitalised against the mine's cost.

Exploration properties acquired are recognised in the balance sheet within development cost and are shown at cost less provisions for impairment determined in accordance with the group's accounting policy on impairment of non-financial assets.

Mineral interests associated with development and exploration phase mineral interests are not amortised until such time as the underlying property is converted to the production stage.

Capitalisation of pre-production costs ceases when commercial levels of production are reached. Commercial levels of production are discussed under "production start date" above.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – EXPLORATION AND EVALUATION ASSETS

The recoverability of exploration and evaluation expenditure is assessed at the end of each reporting period. Significant judgment is required as to whether an area of activity is to be carried forward on the balance sheet, or written off through the identification of areas of activity which have not yet reached a stage that permits a reasonable assessment of the existence of economically recoverable reserves, where there is no continuing significant activity plan in relation to the area.

The movement in the mining assets under construction is as follows:

	SA Rand	
Figures in million	**2020**	2019
Cost		
Balance at beginning of year	**2 964**	2 528
Additions	**687**	1 070
Depreciation capitalised[1]	**4**	50
Finance costs capitalised[2]	**54**	133
Transfers and other movements	**(1 334)**	(802)
Translation	**339**	(15)
Balance at end of year	**2 714**	2 964

[1] 2020 relates to Tshepong only. 2019 relates primarily to Hidden Valley.
[2] Refer to note 9 for further detail on the capitalisation rate applied.

Wafi-Golpu development

Capitalisation of certain project expenses on Wafi-Golpu was halted from 1 July 2019 following delays in the permitting of the project (see below). The ongoing expenses in the 2020 financial year were for holding purposes and did not result in future economic benefit. These have been included in exploration expenditure in the income statement and amounted to R123 million for the 2020 year.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

13 PROPERTY, PLANT AND EQUIPMENT continued

MINING ASSETS UNDER CONSTRUCTION continued

Wafi-Golpu development continued

Following submission of the Special Mining Lease (SML) and Environment Impact Statement applications to the regulators in March 2018 and July 2018 respectively, the Wafi-Golpu joint operation entered into a memorandum of agreement with the Papua New Guinea government (the State) in December 2018, targeting an SML grant by June 2019. The milestones set for assessment of the applications and associated permitting work streams are not being achieved, and as a result the project permitting roadmap and timeline remain uncertain. Delays in discussions with the State are attributed to the judicial review of the memorandum of agreement initiated by the Governor of the Morobe Province in May 2019. This judicial review was concluded on 11 February 2020 with the National Court dismissing the case on the basis that the State's withdrawal from the memorandum of agreement rendered the matter nugatory. The stay order issued by the National Court in that connection was lifted. On 20 March 2020, the Morobe Governor appealed the dismissal of the action to the Papua New Guinea Supreme Court, and intends to seek reinstatement of the stay order.

Management is confident that the permitting process will continue, given the progress to date on the various agreements required for the permitting process and granting of a Special Mining Licence. Key permitting activities are continuing and are fully supported and resourced.

UNDEVELOPED PROPERTIES

ACCOUNTING POLICY

Undeveloped properties are initially recognised at cost, which is generally based on the fair value of resources obtained through acquisitions. The carrying values of these properties are tested annually for impairment. Once development commences, these properties are transferred to mining properties and accounted for in accordance with the related accounting policy.

The movement in the undeveloped properties is as follows:

	SA Rand	
Figures in million	**2020**	2019
Cost		
Balance at beginning of year	**5 437**	5 446
Translation	**62**	(9)
Balance at end of year	**5 499**	5 437
Accumulated depreciation and impairments		
Balance at beginning and end of year	**1 472**	1 472
Translation	**3**	—
Balance at end of year	**1 475**	1 472
Net carrying value	**4 024**	3 965

OTHER NON-MINING ASSETS

ACCOUNTING POLICY

Land is shown at cost and not depreciated. Other non-mining fixed assets are shown at cost less accumulated depreciation and accumulated impairment losses. Other non-mining fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:

- Vehicles at 20% per year.
- Computer equipment at 33.3% per year.
- Furniture and equipment at 16.67% per year.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

13 PROPERTY, PLANT AND EQUIPMENT continued

OTHER NON-MINING ASSETS continued

The movement in the non-mining assets is as follows:

	SA Rand	
Figures in million	**2020**	2019
Cost		
Balance at beginning of year	**658**	609
Fully depreciated assets no longer in use derecognised	**—**	(9)
Additions	**39**	59
Transfers and other movements	**—**	1
Translation	**6**	(2)
Balance at end of year	**703**	658

	SA Rand	
Figures in million	**2020**	2019
Accumulated depreciation and impairments		
Balance at beginning of year	**387**	345
Fully depreciated assets no longer in use derecognised	**—**	(9)
Depreciation	**38**	39
Impairment	**—**	12
Translation	**4**	—
Balance at end of year	**429**	387
Net carrying value	**274**	271

14 INTANGIBLE ASSETS

ACCOUNTING POLICY

Intangible assets consist of all identifiable non-monetary assets without physical substance. They are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The following are the main categories of intangible assets:

Goodwill

Goodwill is an intangible asset with an indefinite useful life which is not amortised but tested for impairment on an annual basis, or when there is an indication of impairment. The excess of consideration transferred over the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill on acquisition of subsidiaries, joint operations and businesses is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates and tested for impairment as part of the overall balance.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. If the composition of one or more cash generating units to which goodwill has been allocated changes due to a re-organisation, the goodwill is re-allocated to the units affected.

The gain or loss on disposal of an entity includes the carrying amount of goodwill relating to the entity sold.

Technology-based assets

Acquired computer software licences that require further internal development are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These technology-based assets are classified as intangible assets with a finite useful life. These assets are amortised on a straight-line basis over their estimated useful lives, which are reviewed annually, as follows:
• Computer software at 20% per year.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS - IMPAIRMENT OF GOODWILL

Due to the wasting nature of mining assets and the finite life of a mine's reserves, the allocation of goodwill to a mine or cash generating unit will eventually result in an impairment charge for the goodwill. The group tests annually whether separately identifiable goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.5. These calculations use estimates as per note 13.

	SA Rand	
Figures in million	**2020**	2019
Goodwill	**520**	520
Technology-based assets	**16**	13
Total intangible assets	**536**	533

GOODWILL

The movement in goodwill is as follows:

	SA Rand	
Figures in million	**2020**	2019
Cost		
Balance at beginning and end of year	**2 675**	2 675
Accumulated amortisation and impairments		
Balance at beginning of year	**2 155**	2 149
Impairment[1]	**—**	6
Balance at end of year	**2 155**	2 155
Net carrying value	**520**	520
The net carrying value of goodwill has been allocated to the following cash generating units:		
Bambanani	**218**	218
Moab Khotsong	**302**	302
Net carrying value	**520**	520

[1] In 2020 no impairment on goodwill was recorded as the recoverable amounts exceeded the carrying values. In 2019 an impairment of R6 million on goodwill was recorded for Bambanani as the carrying values exceeded the recoverable values of the related cash generating units. Refer to note 6 for further details on the impairment assessment.

TECHNOLOGY-BASED ASSETS

The movement in technology-based assets is as follows:

	SA Rand	
Figures in million	**2020**	2019
Cost		
Balance at beginning of year	**39**	48
Fully depreciated assets no longer in use derecognised	**—**	(10)
Additions	**8**	1
Balance at end of year	**47**	39

14 INTANGIBLE ASSETS continued

TECHNOLOGY-BASED ASSETS continued

	SA Rand	
Figures in million	**2020**	2019
Accumulated amortisation and impairments		
Balance at beginning of year	**26**	29
Fully depreciated assets no longer in use derecognised	**—**	(10)
Amortisation charge	**5**	7
Balance at end of year	**31**	26
Net carrying value	**16**	13

ACCOUNTING POLICY - FINANCIAL ASSETS (APPLICABLE TO NOTES 15, 16, 17, 18 AND 19)

Financial assets are initially recognised when the group becomes a party to their contractual arrangements. On initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income (FVTOCI); or
- Fair value through profit or loss (FVTPL).

A financial asset is classified as measured at amortised cost if it is held within the business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The group measures a financial asset initially at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed. The subsequent measurement of financial assets is discussed below.

Financial asset category	Description
Debt instruments at amortised cost	Financial assets at amortised cost consist of restricted cash, restricted investments, loans, trade receivables and cash and cash equivalents. Interest income from these financial assets is included in investment income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented in other operating expenses in the income statement.
Debt instruments at fair value through profit or loss	Equity-linked investments which are held to meet rehabilitation liabilities are classified as FVTPL. Debt instruments where the contractual cash flows fail to meet the solely payments of principal and interest (SPPI) criteria are also classified as FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within investment income in the period in which it arises. On derecognition of a financial asset, the difference between the proceeds received or receivable and the carrying amount of the asset is included in profit or loss.
Equity instruments designated at fair value through OCI	The group's equity investments are designated as FVTOCI. The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments are recognised when the group’s right to receive payments is established either in profit or loss as other income or as a deduction against the asset if the dividend clearly represents a recovery of part of the cost of the investment. Residual values in OCI are reclassified to retained earnings on derecognition of the related FVTOCI instruments.

Impairment losses on financial assets at amortised cost are assessed using the forward-looking expected credit loss (ECL) approach. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive). At each reporting date, the group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Trade receivable loss allowances are measured at an amount equal to lifetime ECLs. Loss allowances are deducted from the gross carrying amount of the assets.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

ACCOUNTING POLICY - FINANCIAL ASSETS (APPLICABLE TO NOTES 15, 16, 17, 18 AND 19) continued

Accounting policy applicable before 1 July 2018

Financial assets are initially measured at fair value when the group becomes a party to their contractual arrangements, with the exception of loans and receivables which are recognised on origination date. Transaction costs are included in the initial measurement of financial instruments, with the exception of financial instruments classified at fair value through profit or loss. The subsequent measurement of financial assets is discussed below.

A financial asset is derecognised when the right to receive cash flows from the asset has expired or the group has transferred its rights to receive cash and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss recognised in equity is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

The group classifies financial assets as follows:

- **Loans and receivables** are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are subsequently measured at amortised cost using the effective interest method. Loans and receivables include trade and other receivables (excluding VAT and prepayments), restricted cash and cash and cash equivalents.

    - **Cash and cash equivalents** are defined as cash on hand, deposits held at call with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents exclude restricted cash.
    - **Trade and other receivables** are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection of the trade receivable is expected in one year or less it is classified as current assets. If not, it is presented as non-current assets. A provision for impairment of receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of a provision for impairment (allowance account) and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

- **Available-for-sale financial assets** are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the balance sheet date. Available-for-sale financial assets are subsequently carried at fair value. The fair values of quoted investments are based on current bid prices. If the fair value for a financial instrument cannot be obtained from an active market, the group establishes fair value by using valuation techniques. The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

- **Held-to-maturity** investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. The group's held-to-maturity investments are subsequently measured at amortised cost using the effective interest method. The group assesses at the end of each reporting period whether there is objective evidence that a held-to-maturity investment is impaired as a result of an event.

    A portion of restricted investments held by the trust funds (refer to note 16) are classified as held-to-maturity investments.

- **Financial assets at fair value through profit or loss** have two sub-categories: financial assets held-for-trading, and those designated at fair value through profit or loss at inception. Derivative assets are categorised as held for trading unless designated as hedging instruments (refer to note 2.3). These assets are subsequently measured at fair value with gains or losses arising from changes in fair value recognised in the income statement in the period in which they arise.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

15 RESTRICTED CASH

	SA Rand	
Figures in million	**2020**	2019
Non-current (a)	**107**	92
Current (b)	**62**	44
Total restricted cash	**169**	136

(a) The amount primarily relates to funds set aside to serve as collateral against guarantees made to the Department of Mineral Resources and Energy (DMRE) in South Africa for environmental and rehabilitation obligations. Refer to note 25. The funds are invested in short-term money market funds and call accounts.

(b) Cash of R22 million (2019: R20 million) relates to monies released from the environmental trusts as approved by the DMRE which may only be used for further rehabilitation. Cash of R32 million (2019: R24 million) relates to monies set aside for affected communities in the group's PNG operations. Cash of R8 million relates to monies held by Harmony Gold Community Trust.

16 RESTRICTED INVESTMENTS

	SA Rand	
Figures in million	**2020**	2019
Investments held by environmental trust funds	**3 513**	3 273
Investments held by the Social Trust Fund	**22**	28
Total restricted investments	**3 535**	3 301

ENVIRONMENTAL TRUST FUNDS

ACCOUNTING POLICY

Contributions are made to the group's environmental trust funds, created in accordance with statutory requirements, to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the life of the group's mines. The trusts are consolidated into the group as the group exercises control of the trusts. The measurement of the investments held by the trust funds is dependent on their classification under financial assets. Income received and gains are treated in accordance with these classifications. The equity-linked notes are classified and measured at fair value through profit or loss whilst the interest-bearing short-term investments are classified and measured as debt instruments at amortised cost.

The environmental trust funds are irrevocable trusts under the group's control. Contributions to the trusts are invested in interest-bearing short-term and medium-term cash investments and medium term equity-linked notes issued by commercial banks that provide guaranteed interest and additional interest or growth linked to the growth of the Top 40 index of the JSE. These investments provide for the estimated cost of rehabilitation at the end of the life of the group's mines. Income earned on the investments is retained in the funds and reinvested.

The environmental trust funds consist of:

	SA Rand	
Figures in million	**2020**	2019
Fixed deposits	**2 632**	2 015
Cash and cash equivalents	**66**	30
Equity-linked deposits	**815**	1 228
Total environmental trust funds	**3 513**	3 273

NOTES TO THE GROUP FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

16 RESTRICTED INVESTMENTS continued

ENVIRONMENTAL TRUST FUNDS continued

Reconciliation of the movement in the investments held by environmental trust funds:

	SA Rand	
Figures in million	**2020**	2019
Balance at beginning of year	**3 273**	3 238
Interest income	**163**	168
Fair value gain	**77**	48
Equity-linked deposits (matured)/acquired	**(490)**	300
(Maturity)/acquisition of fixed deposits	**456**	(481)
Net transfer of cash and cash equivalents	**34**	183
Withdrawal of funds for rehabilitation work performed	**—**	(183)
Balance at end of year	**3 513**	3 273

THE SOCIAL TRUST FUND

The Social Trust Fund is an irrevocable trust under the group's control. The purpose of the trust is to fund the social plan to reduce the negative effects of restructuring on the group's workforce, to put measures in place to ensure that the technical and life skills of the group's workforce are developed and to develop the group's workforce in such a manner as to avoid or minimise the effect of job losses and a decline in employment through turnaround or redeployment strategies.

The Social Trust Fund investment comprises a unit trust portfolio that is exposed to the fair value changes in the equity market and is classified as a fair value through profit or loss investment.

17 OTHER NON-CURRENT ASSETS

	SA Rand	
Figures in million	**2020**	2019
Debt instruments	**311**	274
Loans to associates (a)	**116**	116
Loan to ARM BBEE Trust (b)	**306**	271
Other loans	**5**	3
Loss allowance (a)	**(116)**	(116)
Equity instruments	**77**	59
Rand Mutual Assurance (c)	**69**	52
Other investments	**8**	7
Total other non-current assets	**388**	333

The movement in the loss allowance for debt instruments during the year is as follows:

	SA Rand	
Figures in million	**2020**	2019
Balance at beginning of year	**116**	119
Impact of adoption of IFRS 9 (b)	**—**	(3)
Balance at end of year	**116**	116

(a) A loan of R116 million (2019: R116 million) owed by Pamodzi Gold Limited (Pamodzi) who were placed into liquidation during 2009 was provided for in full. Harmony is a concurrent creditor in the Pamodzi Orkney liquidation.

17 OTHER NON-CURRENT ASSETS continued

(b) During 2016, Harmony advanced R200 million to the ARM BBEE Trust, a shareholder of African Rainbow Minerals Limited (ARM). The trust is controlled and consolidated by ARM, who holds 12.38% of Harmony's shares at 30 June 2020. Harmony is a trustee of the ARM BBEE Trust. The loan is subordinated and unsecured. The interest is market related (3 months JIBAR plus 4.25%) and is receivable on the maturity of the loan on 31 December 2022.

On adoption of IFRS 9 in 2019, it was assessed that the contractual cash flows fail the solely payments of principal and interest (SPPI) characteristics and that the loan will therefore be carried at fair value through profit or loss and the previously recognised provision was derecognised.The group determined that the contractual terms include exposure to risk and volatility that is inconsistent with a basic lending arrangement. In making this assessment the group considered contingent events that would change the amount and timing of cash flows and potential limits on the group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements).

At 30 June 2020 the loan has been remeasured to its fair value of R306 million (2019: R271 million) using a discounted cash flow model. The fair value adjustment is recorded in gains on financial instruments - refer to note 8.

(c) On adoption of IFRS 9 on 1 July 2018, an irrevocable election was made to classify the equity instruments previously classified as available-for-sale as at FVOCI. The new standard impacted the measurement of the group's unquoted equity investments as IFRS 9 eliminated the exemption provided under IAS 39 where unquoted equity investments were measured at cost when fair value could not be reliably measured. This change resulted in revaluing the unlisted investment in Rand Mutual Assurance, which had a cost of Rnil to fair value of R82 million in 2019. The difference between the carrying amounts of financial instruments before the adoption of IFRS 9 and the new carrying amount calculated in accordance with the standard at 1 July 2018 was recognised directly in the opening balance of equity. Refer to the statements of changes in equity.

The movement in the investment in Rand Mutual Assurance is as follows:

	SA Rand	
Figures in million	**2020**	2019
Balance at beginning of year	**52**	—
Fair value on adoption of IFRS 9	**—**	82
Capital dividend received	**(7)**	(30)
Fair value gain	**24**	—
Balance at end of year	**69**	52

On 6 December 2019, RMA declared a dividend that relates to the first tranche of the contingent consideration for the sale of shares in one of its subsidiaries.The dividend is seen as a recovery of capital as it reduced Harmony's effective share in the investment. The dividend relating to the second tranche of the contingent consideration is expected to be received during the 2021 financial year. The fair value gains are a result of the favourable financial position of the total investment. Please refer to note 37 on the fair value valuation technique.

18 DERIVATIVE FINANCIAL INSTRUMENTS

The group has the following derivative financial instruments:

Figures in million (SA Rand)	Rand gold hedging contracts (a)	US$ gold hedging contracts (b)	US$ silver contracts (b)	Foreign exchange contracts (c)	Rand gold derivative contracts (a)	Total
At 30 June 2020						
Derivative financial assets	**19**	**8**	**11**	**30**	**—**	**68**
Non-current	**10**	**5**	**5**	**30**	**—**	**50**
Current	**9**	**3**	**6**	**—**	**—**	**18**
Derivative financial liabilities	**(3 626)**	**(356)**	**(4)**	**(760)**	**(257)**	**(5 003)**
Non-current	**(717)**	**(96)**	**(1)**	**(65)**	**—**	**(879)**
Current	**(2 909)**	**(260)**	**(3)**	**(695)**	**(257)**	**(4 124)**
Net derivative financial instruments	**(3 607)**	**(348)**	**7**	**(730)**	**(257)**	**(4 935)**
Unamortised day one net loss included above	**18**	**8**	**—**	**—**	**—**	**26**
Unrealised losses included in other reserves, net of tax	**3 053**	**342**	**—**	**—**	**—**	**3 395**
Movements for the year ended 30 June 2020						
Realised losses included in revenue	**(1 263)**	**(134)**	**—**	**—**	**—**	**(1 397)**
Unrealised losses on gold contracts recognised in other comprehensive income	**(4 820)**	**(391)**	**—**	**—**	**—**	**(5 211)**
Gains/(losses) on derivatives	**—**	**—**	**6**	**(1 235)**	**(174)**	**(1 403)**
Unrealised losses reclassified to profit or loss as a result of discontinuance of hedge accounting	**(235)**	**—**	**—**	**—**	**—**	**(235)**
Day one loss amortisation	**(34)**	**(6)**	**—**	**—**	**—**	**(40)**
Total gains/(losses) on derivatives	**(269)**	**(6)**	**6**	**(1 235)**	**(174)**	**(1 678)**
Hedge effectiveness						
Changes in the fair value of the hedging instrument used as the basis for recognising hedge ineffectiveness	**(4 820)**	**(391)**	**—**	**—**	**—**	**(5 211)**
Changes in the fair value of the hedged item used as the basis for recognising hedge ineffectiveness	**4 820**	**391**	**—**	**—**	**—**	**5 211**

NOTES TO THE GROUP FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

18 DERIVATIVE FINANCIAL INSTRUMENTS continued

Figures in million (SA Rand)	Rand gold hedging contracts (a)	US$ gold hedging contracts (b)	US$ silver contracts (b)	Foreign exchange contracts (c)	Rand gold derivative contracts (a)	Total
At 30 June 2019						
Derivative financial assets	45	5	—	456	—	506
Non-current	23	1	—	173	—	197
Current	22	4	—	283	—	309
Derivative financial liabilities	(322)	(55)	(2)	(2)	(61)	(442)
Non-current	(158)	(14)	—	—	—	(172)
Current	(164)	(41)	(2)	(2)	(61)	(270)
Net derivative financial instruments	(277)	(50)	(2)	454	(61)	64
Unamortised day one net loss included above	36	5	—	—	—	41
Unrealised losses included in other reserves, net of tax	165	49	—	—	—	214
Movements for the year ended 30 June 2019						
Realised gains included in revenue	453	—	—	—	—	453
Unrealised gain/loss on gold contracts recorded in other comprehensive income	(302)	(49)	—	—	—	(351)
Gains/(losses) on derivatives	—	—	13	554	(51)	516
Day one loss amortisation	(31)	(1)	—	—	—	(32)
Total gains/(losses) on derivatives	(31)	(1)	13	554	(51)	484
Hedge effectiveness						
Changes in the fair value of the hedging instrument used as the basis for recognising hedge ineffectiveness	(302)	(49)	—	—	—	(351)
Changes in the fair value of the hedging instrument used as the basis for recognising hedge ineffectiveness	302	49	—	—	—	351

Figures in million (SA Rand)	Rand gold hedging contracts (a)	US$ gold derivative contracts (b)	US$ silver contracts (b)	Foreign exchange contracts (c)	Rand gold derivative contracts (a)	Total
Movements for the year ended 30 June 2018						
Realised gains included in revenue	1 197	—	—	—	—	1 197
Unrealised gains on gold contracts recognised in other comprehensive income	413	—	—	—	—	413
Gains/(losses) on derivatives	(12)	29	6	113	—	136
Day one loss amortisation	(37)	—	—	—	—	(37)
Total gains/(losses) on derivatives	(49)	29	6	113	—	99

18 DERIVATIVE FINANCIAL INSTRUMENTS continued

Hedge accounting
Harmony has entered into gold forward sale derivative contracts to hedge the risk of lower 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 - refer to note 24). Refer to note 37 for a summary of the risk management strategy applied and the balances relating to designated hedging instruments as at reporting date.

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments. The group enters into gold forward contracts that have similar terms as the hedged item, such as notional amount, maturity date and reference gold spot price thereby ensuring that an economic relationship exists between the hedging instrument and the hedged item and resulting in a hedge ratio of 1:1. Potential sources of hedge ineffectiveness include counterparty and own credit risk, day one gains and losses, a mismatch in the timing of the derivative and underlying gold sale maturities, location differential and the refining margin. Hedge ineffectiveness is measured by comparing the change in the expected cash flows from a forward sale contract versus the sale of an equivalent quantity of gold in the open market. Ineffectiveness results when the changes in the fair values in the hedging instruments exceed the fair value changes in the hedged item. A negligible amount of hedge ineffectiveness was experienced in the years presented.

The gains and losses from derivative contracts to which hedge accounting is not applied is included in gains/(losses) on derivatives in profit or loss.

(a) **Rand gold contracts**

Discontinuance of hedge accounting

As a result of the original 21-day lockdown announced in South Africa, effective 27 March 2020, aimed to slow the spread of COVID-19, Harmony placed all deep-level underground mines in South Africa on care and maintenance. As a result, a significant volume of the underlying exposure that was originally intended to be hedged was delayed.

A total of 63 400 ounces of gold forwards were originally set to mature in the months of April and May 2020. After assessing forecasts of gold production at 1 April 2020, the hedged items, being the sales of gold, relating to 30 500 ounces of gold forwards were assessed to no longer be probable. The hedged items relating to the remaining balance of gold forwards were still considered to be highly probable.

Due to the fact that the occurrence of the forecast transactions/hedged items were no longer considered probable, there was no longer an effective hedging relationship and therefore hedge accounting for these hedges was discontinued. Unrealised losses relating to the hedges amounting to R48 million and R187 million of restructured contracts discussed below, previously recognised in other comprehensive income, were immediately reclassified to profit or loss as gains/losses on derivatives.

Restructuring of contracts

In response to the gold forwards' hedged items no longer being probable and in order to better match the cash flows relating to the underlying exposure, certain of the Rand gold forwards with maturities between 15 April 2020 and 31 May 2020 were effectively extended to mature between the periods July 2020 and March 2021.

The restructured gold forwards retained the pricing of the original forwards. They were not designated as hedging instruments as the difference in the costing structure would have required a different effectiveness assessment than currently used by management. Unrealised losses relating to the hedges amounting to R187 million, previously recognised in other comprehensive income, were immediately reclassified to profit or loss as gains/losses on derivatives. All future gains and losses on the restructured hedges will be recognised in profit or loss. Subsequently, losses of R70 million have been recognised in profit or loss.

(b) **US$ commodity contracts**

Harmony maintains a derivative programme for Hidden Valley by entering into commodity derivative contracts. The contracts comprise US$ gold forward sale contracts as well as silver zero cost collars which establish a minimum (floor) and maximum (cap) silver sales price. Hedge accounting is applied to all US$ gold forward sale contracts entered into from 1 January 2019 and these are shown separately from the silver zero cost collars that are not hedge accounted.

(c) **Foreign exchange contracts**

Harmony maintains a foreign exchange derivative programme in the form of zero cost collars, which sets a floor and cap Rand/US$ exchange rate at which to convert US dollars to Rands, and foreign exchange forward contracts. Hedge accounting is not applied to these contracts.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued
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18 DERIVATIVE FINANCIAL INSTRUMENTS continued

The following table shows the open position at the reporting date:

	FY2021				FY2022				TOTAL
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Foreign exchange contracts									
Zero cost collars									
US$m	**116**	**115**	**99**	**65**	**47**	**42**	**27**	**—**	**511**
Average Floor	**15.36**	**15.40**	**15.44**	**15.91**	**16.32**	**16.93**	**17.99**	**—**	**15.81**
Average Cap	**16.45**	**16.58**	**16.62**	**17.28**	**17.90**	**18.54**	**19.65**	**—**	**17.09**
Forward contracts									
US$m	**66**	**44**	**35**	**12**	**9**	**9**	**8**	**—**	**183**
Average Forward rate	**15.83**	**15.82**	**16.13**	**16.93**	**18.18**	**18.41**	**18.71**	**—**	**16.38**
R/gold									
'000 oz - restructured	**8**	**8**	**8**	**—**	**—**	**—**	**—**	**—**	**24**
'000 oz - cash flow hedge	**80**	**78**	**77**	**71**	**61**	**44**	**25**	**10**	**446**
Average R'000/kg	**673**	**679**	**691**	**737**	**806**	**851**	**950**	**1037**	**743**
US$/gold									
'000 oz - cash flow hedge	**12**	**12**	**12**	**12**	**12**	**12**	**10**	**5**	**87**
Average US$/oz	**1 413**	**1 442**	**1 489**	**1 521**	**1 561**	**1 606**	**1 710**	**1 760**	**1 543**
Total gold									
'000 oz	**100**	**98**	**97**	**83**	**73**	**56**	**35**	**15**	**557**
US$/silver									
'000 oz	**360**	**340**	**300**	**270**	**230**	**90**	**10**	**—**	**1 600**
Average Floor	**17.47**	**17.87**	**18.01**	**18.17**	**18.21**	**17.86**	**18.40**	**—**	**17.91**
Average Cap	**18.92**	**19.37**	**19.50**	**19.70**	**19.75**	**19.44**	**20.15**	**—**	**19.41**

Refer to note 37 for the details on the fair value measurements.

19 TRADE AND OTHER RECEIVABLES

Figures in million	SA Rand 2020	SA Rand 2019
Financial assets		
Trade receivables (metals)	**623**	448
Other trade receivables	**215**	230
Loss allowance	**(135)**	(68)
Trade receivables - net	**703**	610
Interest and other receivables	**88**	7
Employee receivables	**13**	10
Non-financial assets		
Prepayments	**79**	67
Value added tax and general sales tax	**425**	281
Income and mining taxes	**—**	89
Total trade and other receivables	**1 308**	1 064

The movement in the loss allowance for trade and other receivables during the year was as follows (refer to note 37 for details):

Figures in million	SA Rand 2020	SA Rand 2019
Balance at beginning of year	**68**	60
Increase in loss allowance recognised during the year	**104**	47
Reversal of loss allowance during the year	**(37)**	(39)
Balance at end of year	**135**	68

The loss allowance for 2020 includes R53 million relating to a mining company who is in financial difficulties due to the impact of the South African national lockdown as a result of the COVID-19 pandemic. The remaining movement relates to various other individually immaterial debtors.

The loss allowance for trade and other receivables stratified according to the ageing profile at the reporting date is as follows:

Figures in million	SA Rand Gross	SA Rand Loss allowance
30 June 2020		
Not past due[1]	**702**	**31**
Past due by 1 to 30 days	**9**	**3**
Past due by 31 to 60 days	**5**	**3**
Past due by 61 to 90 days	**21**	**8**
Past due by more than 90 days	**51**	**45**
Past due by more than 361 days	**50**	**45**
	838	**135**
30 June 2019		
Not past due[1]	562	—
Past due by 1 to 30 days	3	—
Past due by 31 to 60 days	30	—
Past due by 61 to 90 days	9	—
Past due by more than 90 days	12	11
Past due by more than 361 days	62	57
	678	68

[1] The gross amount includes the full trade receivables (metals) balance, which has no attributable loss allowance.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

for the year ended 30 June 2020

19 TRADE AND OTHER RECEIVABLES continued

During 2019 and 2020 there was no renegotiation of the terms of any of the receivables. As at 30 June 2020 and 30 June 2019, there was no collateral pledged or held for any of the receivables.

20 INVESTMENTS IN ASSOCIATES

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The investments in associates are evaluated for impairment by comparing the entire carrying value of the investment (including loans to associates and preference shares) to the recoverable amount, which is the higher of value in use or fair value less costs to sell. Discounted cash flow models are used to calculate the net present value of the investments. The cash flows in the models include expected interest and capital payments on loans, dividends, redemption amounts and proceeds on disposal.

(a) Harmony acquired a 32.4% interest in Pamodzi on 27 February 2008, initially valued at R345 million. Pamodzi was listed on the JSE and had interests in operating gold mines in South Africa. Pamodzi was placed in liquidation in March 2009. As at 30 June 2020, the liquidation process has not been concluded. Refer to note 17(a) for details of the loan and provision of impairment of the loan.

(b) Rand Refinery provides precious metal smelting and refining services in South Africa. Harmony holds a 10.38% share in Rand Refinery. This investment is a strategic investment for the group as Rand Refinery is the only company that provides such services in South Africa. Although the group holds less than 20% of the equity shares of Rand Refinery, the group is able to exercise significant influence by virtue of having a right to appoint a director on the board. Through the 10.38% shareholding and the right to appoint a director on the board, the investment has been accounted for as an associate.

In December 2014, Rand Refinery drew down on a shareholder's loan of which Harmony's portion thereof was R120 million. Following an amended loan agreement signed in June 2017, the loan was converted into cumulative redeemable preference shares of no par value. During 2020, Rand Refinery redeemed preference shares to the value of R58 million (2019: R32 million).

Rand Refinery has a 31 August financial year-end.

The movement in the investments in associates during the year is as follows:

	SA Rand	
Figures in million	**2020**	2019
Balance at beginning of year	**110**	84
Redemption of preference shares	**(58)**	(32)
Share of profit in associate	**94**	59
Balance at end of year	**146**	110

21 INVESTMENT IN JOINT OPERATIONS

The group has a 50% interest in certain mining and exploration assets located in the Morobe province, PNG. Newcrest Mining Limited owns the remaining 50% interest in these assets. The asset in the joint arrangement is the Wafi-Golpu project. The joint arrangement is accounted for as a joint operation.

Under the conditions of the Wafi-Golpu exploration tenements, the State has reserved the right prior to the commencement of mining to take up an equity interest of up to 30% of any mineral discovery within the Wafi-Golpu tenements. The right is exercisable by the State once at any time prior to the commencement of mining. If the State exercises this right, the exercise price is a pro-rata share of the accumulated exploration expenditure. Once the right is exercised, the State is responsible for its proportionate share of ongoing exploration and project development costs. During February 2012, the State indicated its intention to exercise its option. As at 30 June 2020, this option has not been exercised.

The carrying amount of the project amounts to R3.0 billion at 30 June 2020.

22 INVENTORIES

ACCOUNTING POLICY

Inventories, which include bullion on hand, gold-in-process, gold in lock-up, ore stockpiles and consumables, are measured at the lower of cost and net realisable value. Net realisable value is assessed at each reporting date and is determined with reference to relevant market prices.

The cost of bullion, gold-in process and gold in lock-up is determined by reference to production cost, including amortisation and depreciation at the relevant stage of production. Ore stockpiles are valued at average production cost. Stockpiles and gold in lock-up are classified as non-current assets where the stockpile's volume exceeds current processing capacity and where a portion of static gold in lock-up is expected to be recovered more than 12 months after balance sheet date.

Gold in-process inventories represent materials that are currently in the process of being converted to a saleable product. In-process material is measured based on assays of the material fed to process and the projected recoveries at the respective plants. In-process inventories are valued at the average cost of the material fed to process attributable to the source material coming from the mine or stockpile plus the in-process conversion costs, including the applicable depreciation relating to the process facility, incurred to that point in the process. Gold in-process includes gold in lock-up which is generally measured from the plants onwards. Gold in lock-up is expected to be extracted when plants are demolished at the end of their useful lives, which is largely dependent on the estimated useful life of the operations feeding the plants.

At the group’s open pit operations, gold in-process represents production in broken ore form.

Consumables are valued at weighted average cost value after appropriate allowances for slow moving and redundant items.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgement is applied in estimating the provision for stock obsolescence. The provision is recognised on items not considered critical as a percentage of the value of the inventory depending on the period elapsed since the inventory was purchased or issued. Inventory held for longer than five years is written down to zero unless there is sufficient evidence of a recoverable amount.

	SA Rand	
Figures in million	**2020**	2019
Gold in lock-up	**47**	43
Gold in-process, ore stockpiles and bullion on hand (a)	**936**	780
Consumables at weighted average cost (net of provision) (b)	**1 485**	1 187
Total inventories	**2 468**	2 010
Non-current portion of gold in lock-up and gold in-process	**(47)**	(43)
Total current portion of inventories	**2 421**	1 967
Included in the balance above is:		
Inventory valued at net realisable value	**47**	334

(a) The run-of-mine (ROM) stock at the Hidden Valley operations increased R294 million year on year following the commencement of the stage 6 cut-back. The increase includes approximately R72 million which is attributable to translation. This was offset by gold in-process which decreased R169 million year on year due to the lower production during the last quarter of the 2020 financial year as well as the plants being cleaned out during the South African COVID-19 national lockdown.

(b) The consumables’ balance increased R298 million year on year, primarily as a result of the impact of the weakening of the Rand against the Australian dollar from R9.91/A$1 at 30 June 2019 to R11.96/A$1 at 30 June 2020 and the resultant movement when translating the balance for the Hidden Valley operations at year-end.

During the year, an increase of R51 million (2019: R1 million decrease) to the provision for slow-moving and redundant stock was made. The total provision at 30 June 2020 was R331 million (2019: R281 million).

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

for the year ended 30 June 2020

23 SHARE CAPITAL

ACCOUNTING POLICY

Ordinary shares are classified as equity, incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The cost of treasury shares is eliminated against the share capital balance.

AUTHORISED

1 200 000 000 (2019: 1 200 000 000) ordinary shares with no par value.
4 400 000 (2019: 4 400 000) convertible preference shares with no par value.

ISSUED

603 142 706 (2019: 539 841 195) ordinary shares with no par value. All issued shares are fully paid.
4 400 000 (2019: 4 400 000) convertible preference shares with no par value.

SHARE ISSUES

Share placing
During June 2020, Harmony conducted a placement of ordinary shares with existing and new institutional investors. A total of 60 278 260 new ordinary shares were placed at a price of R57.50 per share, raising gross proceeds of approximately R3.466 billion. The Placing Shares issued represent, in aggregate, approximately 11.1% of the group's issued ordinary share capital before the Placing. The Placing Price represents a discount of 5.4% to the closing share price on 24 June 2020 and a 3.5% discount to the 30-day volume-weighted average price (VWAP). The Placing Shares rank *pari passu* in all respects with the existing Harmony ordinary shares, including the right to receive all dividends and other distributions declared, made or paid after the date of issue thereof. The proceeds of the Placing will be used by Harmony to discharge the US$200 million cash consideration to acquire AGA's remaining South African assets (refer to note 12). The share issue costs amounted to R80 million.

Accelerated bookbuild
During June 2018, Harmony conducted a placement of 55 055 050 new ordinary shares to qualifying investors through an accelerated bookbuild. ARM subscribed for an additional 11 032 623 shares at R19.12 a share, totalling R211 million, in July 2018. The issue resulted in ARM maintaining its shareholding of 14.29% post the placement of shares. In total, gross proceeds of R1.26 billion were raised to fund part of the outstanding bridge loan raised for the acquisition of the Moab Khotsong operations.

Share issues relating to employee share options
An additional 3 023 251 (2019: 21 856 821) shares were issued to settle the exercise of share options by employees relating to Harmony's management share option schemes. During the 2019 financial year, Harmony implemented a new employee share option scheme referred to as the Sisonke Employee Share Ownership Plan. An amount of 6 700 000 shares were issued to the Harmony ESOP Trust as part of the new scheme. Note 34 sets out the details in respect of the share option schemes.

Convertible preference shares
On 20 February 2019, Harmony issued 4 400 000 convertible preference shares to the Harmony Gold Community Trust. The convertible preference shares carry a minimum annual preference dividend of R2 per share and are convertible into ordinary shares on a 1:1 basis after the tenth anniversary of the date on which the shares were issued. The conversion is at the election of Harmony.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

for the year ended 30 June 2020

23 SHARE CAPITAL continued

TREASURY SHARES

Included in the total of issued shares are the following treasury shares:

	Number of shares	
	2020	2019
Ordinary shares		
Lydenburg Exploration Limited[1]	**335**	335
Kalgold Share Trust[2]	**47 046**	47 046
Harmony ESOP Trust[2]	**6 335 629**	6 592 900
Convertible preference shares		
Harmony Gold Community Trust[3]	**4 400 000**	4 400 000

[1] A wholly-owned subsidiary.
[2] Trust controlled by the group.
[3] The issue of the convertible preference shares did not impact the group's consolidated financial statements as the Harmony Gold Community Trust is controlled by the group.

24 OTHER RESERVES

	SA Rand	
Figures in million	**2020**	2019
Foreign exchange translation reserve (a)	**3 588**	2 389
Hedge reserve (b)	**(3 395)**	(214)
Share-based payments (c)	**2 950**	2 764
Post-retirement benefit actuarial gain/(loss) (d)	**(4)**	(19)
Acquisition of non-controlling interest in subsidiary (e)	**(381)**	(381)
Equity component of convertible bond (f)	**277**	277
Repurchase of equity interest (g)	**(98)**	(98)
Equity instruments designated at fair value through other comprehensive income (h)	**104**	79
Other	**(24)**	(24)
Total other reserves	**3 017**	4 773

(a) The balance of the foreign exchange translation reserve movement represents the cumulative translation effect of the group's off-shore operations.

(b) Harmony has entered into gold hedging contracts. Cash flow hedge accounting is applied to these contracts, resulting in the effective portion of the unrealised gains and losses being recorded in other comprehensive income (other reserves). Refer to note 18 for further information.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

24 OTHER RESERVES continued

(b) Hedge reserve continued

The reconciliation of the hedge reserve is as follows:

	SA Rand	
Figures in million	**2020**	2019
Balance at beginning of year	**(214)**	413
Remeasurement of gold hedging contracts	**(3 197)**	(627)
Unrealised gain/(loss) on gold hedging contracts	**(5 211)**	(351)
Unrealised losses reclassified to profit or loss as a result of discontinuance of hedge accounting	**235**	—
Released to revenue on maturity of the gold hedging contracts	**1 397**	(453)
Foreign exchange translation	**(37)**	—
Deferred taxation thereon	**419**	177
Attributable to non-controlling interest	**16**	—
Balance at end of year	**(3 395)**	(214)
Attributable to:		
Rand gold hedging contracts	**(3 053)**	(165)
US dollar gold hedging contracts	**(342)**	(49)

(c) The reconciliation of the movement in the share-based payments is as follows:

	SA Rand	
Figures in million	**2020**	2019
Balance at beginning of year	**2 764**	2 534
Share-based payments expensed (i)	**186**	230
Balance at end of year	**2 950**	2 764

(i) The group issues equity-settled instruments to certain qualifying employees under an employee share option scheme and employee share ownership plan (ESOP) to award shares from the company's authorised but unissued ordinary shares. Equity share-based payments are measured at the fair value of the equity instruments at the grant date and are expensed over the vesting period, based on the group's estimate of the shares that are expected to vest. Refer to note 34 for more details.

(d) The actuarial gains or losses related to the post-retirement benefit obligation will not be reclassified to the income statement. The movement is as follows:

	SA Rand	
Figures in million	**2020**	2019
Balance at beginning of year	**(19)**	(12)
Actuarial gain/(loss)	**17**	(7)
Deferred tax	**(2)**	—
Balance at end of year	**(4)**	(19)

(e) On 15 March 2004, Harmony announced that it had made an off-market cash offer to acquire all the ordinary shares, listed and unlisted options of Abelle Limited, held by non-controlling interests. The excess of the purchase price of R579 million over the carrying amount of non-controlling interest acquired, amounting to R381 million, has been accounted for under other reserves.

(f) On 24 May 2004, the group issued a convertible bond. The amount representing the value of the equity conversion component is included in other reserves, net of deferred income taxes. The equity conversion component is determined on the issue of the bonds and is not changed in subsequent periods. The convertible bonds were repaid in 2009.

24 OTHER RESERVES continued

(g) On 19 March 2010, Harmony Gold Mining Company Limited concluded an agreement with African Vanguard Resources (Proprietary) Limited (AVRD), for the purchase of its 26% share of the mining titles of the Doornkop South Reef. The original sale of the 26% share in the mining titles was accounted for as an in-substance call option by AVRD over the 26% mineral right. The agreement to purchase AVRD's 26% interest during the 2010 financial year was therefore considered to be a repurchase of the option (equity interest). The 26% interest was transferred from AVRD to Harmony in exchange for Harmony repaying the AVRD Nedbank loan and the issue of 2 162 359 Harmony shares. The difference between the value of the shares issued of R152 million, the liability to the AVRD and transaction costs, have been taken directly to equity.

(h) Includes R106 million (2019: R82 million) related to the fair value movement of Harmony's interest in Rand Mutual Assurance. Refer to note 17.

ACCOUNTING POLICY - PROVISIONS (APPLICABLE TO NOTES 25, 26, 27 AND 29)

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the net present value of the best estimate of the expenditure required to settle the present obligation at balance sheet date using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The estimate takes into account the associated risks and uncertainties. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed.

25 PROVISION FOR ENVIRONMENTAL REHABILITATION

ACCOUNTING POLICY

Estimated long-term environmental obligations, comprising pollution control, rehabilitation and mine closure, are based on the group's environmental management plans in compliance with current technological, environmental and regulatory requirements.

Based on disturbances to date, the net present value of expected rehabilitation cost estimates is recognised and provided for in full in the financial statements. The estimates are reviewed annually and are discounted using a pre-tax risk-free rate that is adjusted to reflect the current market assessments of the time value of money and the risks specific to the obligation.

Annual changes in the provision consist of finance costs relating to the change in the present value of the provision and inflationary increases in the provision estimate, as well as changes in estimates. The present value of environmental disturbances created are capitalised to mining assets against an increase in the rehabilitation provision. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the income statement. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, impairment is performed in accordance with the accounting policy dealing with impairments of non-financial assets (refer to note 2.5). Rehabilitation projects undertaken included in the estimates are charged to the provision as incurred. The cost of ongoing current programmes to prevent and control pollution is charged against income as incurred. Over time, the liability is increased to reflect an interest element, and the capitalised cost is depreciated over the life of the related asset.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

for the year ended 30 June 2020

25 PROVISION FOR ENVIRONMENTAL REHABILITATION continued

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant judgement is applied in estimating the ultimate rehabilitation cost that will be required in future to rehabilitate the group's mines, related surface infrastructure and tailings dams. Ultimate cost may significantly differ from current estimates. The following rates were used in the calculation of the provision:

	2020 %	2019 %	2018 %
South African operations			
Inflation rate			
- short term (Year 1 and Year 2)	**4.50**	5.25	5.50
- long term (Year 3 onwards)	**5.00**	5.25	5.50
Discount rates			
- 12 months	**3.90**	6.50	6.70
- one to five years	**5.55**	6.85	7.00
- six to nine years	**8.20**	8.50	8.20
- ten years or more	**10.95**	9.60	8.60
PNG operations:			
Inflation rate	**6.28**	5.00	6.00
Discount rate	**5.50**	6.25	6.25

The group's mining and exploration activities are subject to extensive environmental laws and regulations. The group has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements.

The following is a reconciliation of the total provision for environmental rehabilitation:

	SA Rand	
Figures in million	**2020**	2019
Balance at beginning of year	**3 054**	3 309
Change in estimate - Balance sheet[1]	**(48)**	(439)
Change in estimate - Income statement	**47**	33
Utilisation of provision	**(47)**	(86)
Time value of money and inflation component of rehabilitation costs	**194**	208
Transfer	**—**	37
Translation	**208**	(8)
Balance at end of year	**3 408**	3 054

[1] In 2019 the biggest contributor was Moab Khotsong where a decrease of R240 million was recognised while movement in 2020 is minimal.

The environmental provision for PNG amounts to R1 267 million (2019: R994 million) and is unfunded due to regulations in the operating country.

25 PROVISION FOR ENVIRONMENTAL REHABILITATION continued

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, the group has estimated that, based on current environmental and regulatory requirements, the total undiscounted cost for the operations, in the current monetary terms, is as follows:

	SA Rand	
Figures in million	**2020**	2019
Future net undiscounted obligation		
Ultimate estimated rehabilitation cost	**4 600**	4 139
Amounts invested in environmental trust funds (refer to note 16)	**(3 513)**	(3 273)
Total future net undiscounted obligation	**1 087**	866

The group's mines are required to comply with the National Environmental Act's (NEMA) financial provision requirements, and are required to substantively review and align their financial provision in accordance with these regulations during the relevant transitional period, which was to expire in February 2020, but has now been extended to 19 June 2021.

The group intends to finance the ultimate rehabilitation costs from the money invested in environmental trust funds as well as the proceeds on sale of assets and gold from plant clean-up at the time of mine closure. The group has guarantees in place, some cash-backed, relating to some of the environmental liabilities. Refer to notes 15 and 36.

26 PROVISION FOR SILICOSIS SETTLEMENT

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant judgement is applied in estimating the cost that will be required in future to settle any claims against certain of 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 7.6% (2019: 8.5%) (2018: 8.5%) was used, based on South African government bonds with similar terms to the obligation.

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.

Consolidated class action

Harmony and certain of its subsidiaries (Harmony group), together with other mining companies, were named in a class action suit for silicosis and tuberculosis which was certified by the Johannesburg High Court in May 2016. On 26 July 2019, the Johannesburg High Court approved the R5.2 billion settlement of the silicosis and tuberculosis class action suit between the Occupational Lung Disease Gold Working Group (the Working Group) – representing Gold Fields, African Rainbow Minerals, Anglo American SA, AngloGold Ashanti, Harmony and Sibanye Stillwater – and lawyers representing affected mineworkers (settlement agreement). The mandatory three-month period, during which potential beneficiaries could opt out of the settlement agreement and the audit thereof was completed in December 2019. The Tshiamiso Trust will oversee the tracking and tracing of class members, process all submitted claims, including the undertaking of benefit medical examinations, and pay benefits to eligible claimants. A jointly controlled Special Purpose Vehicle has been set-up to act as an agent for the Working Group in relation to certain matters set out in the settlement agreement and trust deed.

The Working Group has paid the legal costs of the claimants' attorneys and other initial amounts as set out in the settlement agreement. On 31 January 2020, the Working Group commenced the payment of their quarterly administration and benefit contributions to the Tshiamiso Trust to enable the trustees to settle benefits of eligible claimants.

Harmony has provided for the estimated cost of the settlement based on actuarial assessments. A portion of the provision has been transferred to current liabilities.The nominal amount for Harmony group is R1.14 billion.

26 PROVISION FOR SILICOSIS SETTLEMENT continued

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

SA Rand		
Figures in million	**2020**	2019
Balance at beginning of year	**942**	925
Change in estimate	**36**	(62)
Time value of money and inflation component	**69**	79
Payments to Tshiamso Trust and claimant attorneys	**(155)**	—
Balance at end of year	**892**	942
Current portion of silicosis settlement provision	**175**	—
Non-current portion of silicosis settlement provision	**717**	942

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		
Figures in million	**2020**	2019
Effect of an increase in the assumption:		
Change in benefit take-up rate[1]	**72**	66
Change in silicosis prevalence[2]	**72**	66
Change in disease progression rates[3]	**36**	33
Effect of a decrease in the assumption:		
Change in benefit take-up rate[1]	**(72)**	(66)
Change in silicosis prevalence[2]	**(72)**	(66)
Change in disease progression rates[3]	**(36)**	(33)

[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 10% shorter/longer disease progression period was used. This assumption is not applicable to the dependant or TB classes.

The above sensitivity analysis is 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.

The ultimate outcome of this matter remains uncertain, with the number of eligible potential claimants successfully submitting claims and receiving compensation being uncertain. The provision recorded in the financial statements is consequently subject to adjustment or reversal in the future.

27 RETIREMENT BENEFIT OBLIGATION

ACCOUNTING POLICY

The group provides medical cover to current employees and certain retirees through certain funds. The medical accounting costs for the defined benefit plan are assessed using the projected unit credit method. The health care obligation is measured at the present value of the estimated future cash outflows using government bond interest rates consistent with the terms and risks of the obligation. Actuarial gains and losses as a result of these valuations are recognised in other comprehensive income (OCI) at revaluation date. Actuarial gains and losses recognised in OCI will not be recycled to profit or loss. The future liability for current and retired employees and their dependants is accrued in full based on actuarial valuations obtained annually.

27 RETIREMENT BENEFIT OBLIGATION continued

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

An updated actuarial valuation is carried out at the end of each financial year. Assumptions used to determine the liability include a discount rate of 11.2%, no increases in employer subsidies (in terms of the agreement), mortality rates according to the SA 1956/62 mortality table (SA ""a mf"" tables) (retirement age of 60) and a medical inflation rate of 8.5% (2019: discount rate of 9.7%, retirement age of 60 and 7.8% inflation rate) (2018: discount rate of 9.8%, retirement age of 60 and 7.9% inflation rate).

Management determined the discount rate by assessing South African government bonds with similar terms to the liability. The changes to the discount rate and medical inflation rate are similar to changes in interest and inflation rates in South Africa.

(a) Pension and provident funds

The group contributes to several pension and provident funds governed by the Pension Funds Act, 1956 for the employees of its South African subsidiaries. The pension funds are multi-employer defined contribution industry plans. The group's liability is therefore limited to its monthly determined contributions. The provident funds are funded on a "monetary accumulative basis" with the member's and employer's contributions having been fixed in the constitution of the funds.

The Australian group companies make contributions to each employee's superannuation (pension) funds in accordance with the Superannuation Guarantee Scheme (SGS). The SGS is a Federal Government initiative enforced by law which compels employers to make regular payments to regulated funds providing for each employee on their retirement. The SGS were set at a minimum of 9.5% of gross salary and wages for the 2020 year (2019: 9.5%). The fund is a defined contribution plan.

The PNG Superannuation Act 2002 requires a compulsory employer contribution of 8.4% (2019: 8.4%) into an approved superannuation (pension) fund if an employee is appointed for a period of three months or more. The approved superannuation funds are defined contribution plans.

Substantially all the group's employees are covered by the above mentioned retirement benefit plans. Funds contributed by the group for the 2020 financial year amounted to R842 million (2019: R766 million).

(b) Post-retirement benefits other than pensions

Harmony inherited a post-retirement medical benefit obligation, which existed at the time of the Freegold acquisition in 2002. The group also inherited various post-retirement medical benefit obligations with the acquisition of the Moab Khotsong operations in 2018. Given the insignificant values attributed to the Moab Khotsong obligations, the details have not been included in the discussion below. Except for the abovementioned employees, Harmony has no other post-retirement benefit obligation for the other group employees.

The group's obligation is to pay a subsidy of 2% for every completed year of employment up to a maximum of 50% of total medical aid contributions, commencing on date of retirement. Should the employee die, either in service or after retirement, this benefit will transfer to his/her dependants. The medical aid tariffs are based on the Bestmed medical scheme (Bestmed) options.

The principal actuarial assumptions used to determine the present value of unfunded obligations are discussed above. In addition the following was also considered:
- It is assumed that all Continuation and Widow Members (CAWMs) will remain on the current benefit option and income band. For employed members, post-employment contributions were assumed to be equal to the average payable for the current CAWMs membership;
- It is assumed that not all employed members will remain employed until retirement therefore estimated resignation and ill-health retirement rates are also taken into account;
- It is assumed that 90% of employed members will be married at retirement or earlier death and that wives are four years younger than their husbands.

Through the post-employment medical plan, the group is exposed to a number of risks, the most significant of which are discussed below:
- Change in bond yields: A decrease in the bond yields will increase the plan liability.
- Inflation risk: The obligation is linked to inflation and higher inflation will lead to a higher liability.
- Life expectancy: The obligation is to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

The liability is unfunded and will be settled out of cash and cash equivalents when it becomes due. The liability is based on an actuarial valuation conducted during the year ended 30 June 2020, using the projected unit credit method. The next actuarial valuation will be performed on 30 June 2021.

27 RETIREMENT BENEFIT OBLIGATION continued

(b) Post-retirement benefits other than pensions continued

Figures in million	SA Rand 2020	2019
Present value of all unfunded obligations	**193**	201
Current employees	**56**	54
Retired employees	**137**	147
The movement in the retirement benefit obligation is as follows:		
Balance at beginning of year	**201**	186
Contributions paid	**(12)**	(12)
Other expenses included in staff costs/current service cost	**2**	3
Finance costs	**19**	17
Net actuarial (gain)/loss recognised in other comprehensive income during the year	**(17)**	7
Balance at end of year	**193**	201

The net actuarial gain for 2020 was mainly caused by an increased discount rate as well as a decline in members (2019: net actuarial loss was mainly due to an increase in subsidy inflation).

Figures in million	SA Rand 2020	2019
The net liability of the defined benefit plan is as follows:		
Present value of defined benefit obligation	**193**	201
Fair value of plan assets	**—**	—
Net liability of defined benefit plan	**193**	201

The effect of a percentage point increase and decrease in the assumed medical cost trend rate is as follows:

Figures in million	SA Rand 2020	2019
Effect of a 1% increase on:		
Aggregate of service cost and finance costs	**3**	2
Defined benefit obligation	**22**	23
Effect of a 1% decrease on:		
Aggregate of service cost and finance costs	**(2)**	(2)
Defined benefit obligation	**(19)**	(19)

The above sensitivity analysis is 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. The analysis is performed on the same basis for 2019.

The group expects to contribute approximately R11 million to the benefit plan in 2021. The weighted average duration of the defined benefit obligation is 12.5 years.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

for the year ended 30 June 2020

28 LEASES

ACCOUNTING POLICY

The leases accounting policy is applicable from 1 July 2019.

The group assesses the presence of a lease in a contract as at the commencement date of the agreement. Having determined that a contract contains a lease asset (and respective contractual cash obligations), Harmony recognises a right-of-use asset and lease liability. The group discloses expensed amounts for contracts assessed as variable leases, low value asset leases and short-term leases. The disclosed value of these expensed leases is either determined on a straight-line basis over the duration of the lease or on a systematic basis that fairly indicates the consumption of the lease contract. All expensed lease contracts are recognised in production costs, corporate, administration and other expenditure in the income statement.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate. The group has applied the IFRS 16 portfolio approach in determining the discount rate for leases. As such a single discount rate has been used for contracts that share similar characteristics. The group has determined that a portfolio of contracts that are denominated in the same currency may use a single discount rate. This rate has been determined using various factors including in-country borrowings as well as other sources of finance. The nature of the right-of-use assets was also considered.

Lease payments included in the measurement of the lease liability comprise:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The non-current and current portions of the lease liability is included in other non-current liabilities and trade and other payables in the balance sheet respectively.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, any initial direct costs and restoration costs as described below. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The lease term shall be determined as the non-cancellable period of a lease, together with:
- Periods covered by an option to extend the lease if management is reasonably certain to make use of that option; and / or
- Periods covered by an option to terminate the lease, if management is reasonably certain not to make use of that option.

Whenever the group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented in the property, plant and equipment line in the balance sheet. The group applies its existing accounting policy on impairment of non-financial assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss accordingly.

28 LEASES continued

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key judgements applied in determining the right-of-use assets and lease liability were:

- Assessing whether an arrangement contains a lease: various factors are considered, including whether a service contract includes the implicit right to the majority of the economic benefit from assets used in providing the service;
- Determining the lease term: management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. The company applies the considerations for short-term leases where leases are modified to extend the period by 12 months or less on expiry and these modifications are assessed on a standalone basis; and
- Determining the discount rate: in determining the incremental borrowing rates, management considers the term of the lease, the nature of the asset being leased, in country borrowings as well as other sources of finance.

The movement in the right-of-use assets is as follows:

	SA Rand
Figures in million	**2020**
Balance at beginning of year	**—**
Impact of adopting IFRS 16 at 1 July 2019	**81**
Additions	**106**
Depreciation	**(45)**
Terminations	**(8)**
Translation	**17**
Balance at end of year	**151**

The non-current and current portions of the lease liability is included in other non-current liabilities and trade and other payables in the balance sheet respectively.

The movement in the lease liabilities is as follows:

	SA Rand
Figures in million	**2020**
Balance at beginning of year	**—**
Impact of adopting IFRS 16 at 1 July 2019	**81**
Additions	**93**
Interest expense on lease liabilities	**8**
Lease payments made	**(46)**
Terminations	**(8)**
Translation	**13**
Balance at end of year	**141**
Current portion of lease liabilities	**60**
Non-current portion of lease liabilities	**81**

The maturity of the group's undiscounted lease payments is as follows:

	SA Rand
Figures in million	**2020**
Less than and including one year	**67**
Between one and five years	**86**
Five years and more	**—**
Total	**153**

28 LEASES continued

Reconciliation between lease commitments at 30 June 2019 and IFRS 16 lease liability at 1 July 2019:

Figures in million	SA Rand 2020
Lease commitments at 30 June 2019[1]	38
Effect of options to extend the lease term	64
Discounting of lease liabilities	(21)
Impact of adopting IFRS 16 at 1 July 2019	**81**

[1] The lease commitments represent solely payments under non-cancellable periods per the contracts and exclude any options to extend the lease term.

The weighted average incremental borrowing rate at the date of initial application is 9.82% for the South African operations and 5.84% for the South-east Asian region.

The amounts included in the income statement relating to leases:

Figures in million	SA Rand 2020
Depreciation of right-of-use assets[1]	45
Interest expense on lease liabilities[2]	8
Short-term leases expensed[3, 4]	96
Leases of low value assets expensed[3]	19
Variable lease payments expensed[3, 5]	690

[1] Included in depreciation and amortisation.
[2] Included in finance costs.
[3] Included in production costs and corporate, administration and other expenditure.
[4] The amount includes leases that expire within 12 months of adoption as management elected the short-term expedient.
[5] These payments relate mostly to mining and drilling contracts. Variable lease payments made comprise 81% of the total lease payments made during the period. The majority of the variable lease payments made relate to the contracting of specialists for mining operations at Harmony's open pit mines and are determined on a per tonne or square metre basis.

The total cash outflows for leases are:

Figures in million	SA Rand 2020
Lease payments made for lease liabilities	46
Short-term lease payments	96
Lease payments of low value assets leased	19
Variable lease payments	690
Total cash outflows for leases	**850**

29 OTHER NON-CURRENT LIABILITIES

Figures in million	SA Rand 2020	2019
Sibanye Beatrix ground swap royalty[1]	15	2
Lease liability - non-current[2]	81	—
Provision for Harmony Education Benefit Fund	5	3
Total non-current liabilities	**101**	5

[1] The increase is mainly due to the estimated gold allocation increasing from 220kgs to 1 862kgs based on approved life-of-mine plans.
[2] Refer to note 28 for an analysis of the lease liability.

ACCOUNTING POLICY - FINANCIAL LIABILITIES (APPLICABLE TO NOTES 30 AND 31)

Financial liabilities are initially measured at fair value when the group becomes a party to their contractual arrangements. Transaction costs are included in the initial measurement of financial liabilities, with the exception of financial liabilities classified at fair value through profit or loss. The subsequent measurement of financial liabilities is discussed below. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. The group classifies financial liabilities as follows:

- **Borrowings** are initially recognised at fair value net of transaction costs incurred and subsequently measured at amortised cost, comprising original debt less principal payments and amortisation, using the effective yield method. Any difference between proceeds (net of transaction cost) and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest rate method.

  Fees paid on the establishment of the loan facilities are capitalised as a pre-payment and amortised over the period of the facility to which it relates, to the extent it is probable that some or all of the facility will be drawn down. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is expensed.

  Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

- **Trade and other payables** are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Payables are classified as current liabilities if payment is due within a year or less. If not, they are presented as non-current liabilities.

30 BORROWINGS

SUMMARY OF FACILITIES' TERMS

	Commenced	Tenor (Years)	Matures	Secured	Security	Interest payment basis	Interest charge	Repayment term	Repaid
Existing									
R2 billion facility	November 2018	Four	November 2022	Yes	Cession and pledge of operating subsidiaries' shares and claims	Variable			n/a
- R600 million term loan							JIBAR + 2.9%	Eight equal quarterly instalments starting from February 2021 with the final instalment on maturity	
- R1.4 billion revolving credit facility							JIBAR + 2.8%	On maturity	
US$400 million facility	September 2019	Three	September 2023[1]	Yes	Cession and pledge of operating subsidiaries' shares and claims	Variable		On maturity	n/a
- US$200 million revolving credit facility		Extendable by 1 Year					LIBOR + 2.9%		
- US$200 million term loan							LIBOR + 3.05%		
US$24 million Westpac loan	July 2018	Four	July 2022	Yes	Cession and pledge of vehicles and machinery	Variable	LIBOR + 3.2%	Quarterly instalments	n/a
US$200 million bridge loan	June 2020	One	June 2021[2]	Yes	Cession and pledge of operating subsidiaries' shares and claims	Variable		On maturity	n/a
						First 6 months	LIBOR + 1.8%		
						Next 3 months	LIBOR + 2.4%		
						Last 3 months	LIBOR + 3.0%		

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SUMMARY OF FACILITIES' TERMS

	Commenced	Tenor (Years)	Matures	Secured	Security	Interest payment basis	Interest charge	Repayment term	Repaid
Matured									
R1 billion revolving credit facility	February 2017	Three	February 2020	Yes	Cession and pledge of operating subsidiaries' shares and claims	Variable	JIBAR + 3.15%	On maturity	November 2018
US$350 million facility	July 2017	Three	July 2020	Yes	Cession and pledge of operating subsidiaries' shares and claims	Variable		On maturity	October 2019
- US$175 million revolving credit facility							LIBOR + 3.00%		
- US$175 million term loan							LIBOR + 3.15%		
US$200 million bridge loan	October 2017	One	October 2018	Yes	Cession and pledge of operating subsidiaries' shares and claims	Variable		On maturity	July 2018
						First 6 months	LIBOR + 2.5%		
						Next 3 months	LIBOR + 3.0%		
						Last 3 months	LIBOR + 3.5%		

[1] The syndicate of lenders for the US$400 million facility agreed to the one year extension during July 2020, extending the maturity date to September 2023. Refer to note 38 for details on subsequent events.
[2] This facility was subsequently cancelled on 6 July 2020. Refer to note 38 for details on subsequent events.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

30 BORROWINGS continued

DEBT COVENANTS

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

- The group's interest cover ratio shall be more than five times (EBITDA[1]/ Total interest paid);
- Tangible Net Worth[2] to total net debt ratio shall not be less than four times or six 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. During June 2020, lenders agreed to relax the Tangible Net Worth to total net debt covenant from four times to two times until December 2020, in order to provide flexibility to the group following the disruptions from the COVID-19 pandemic.
[3] Leverage is defined as total net debt to EBITDA.

No breaches of the covenants were identified during the tests in the 2019 and 2020 financial years.

INTEREST BEARING BORROWINGS

	SA Rand	
Figures in million	**2020**	2019
Non-current borrowings		
R1 billion revolving credit facility	**—**	—
Balance at beginning of year	**—**	497
Draw down	**—**	500
Refinancing	**—**	(997)
R2 billion facility	**1 351**	1 489
Balance at beginning of year	**1 489**	—
Refinancing	**—**	1 000
Draw down	**1 100**	700
Repayments	**(1 100)**	(200)
Transferred to current liabilities	**(150)**	—
Issue cost	**—**	(16)
Amortisation of issue cost	**12**	5
Westpac fleet loan	**132**	194
Balance at beginning of year	**194**	—
Draw down	**—**	322
Repayments	**(96)**	(64)
Transferred to current liabilities	**(16)**	(89)
Translation	**50**	25
US$350 million facility	**—**	4 143
Balance at beginning of year	**4 143**	4 427
Repayments	**(4 465)**	(422)
Amortisation of issue costs	**24**	44
Translation	**298**	94
US$400 million facility	**5 980**	—
Draw down	**5 441**	—
Issue cost	**(95)**	—
Amortisation of issue costs	**12**	—
Translation	**622**	—
Total non-current borrowings	**7 463**	5 826

30 BORROWINGS continued

INTEREST BEARING BORROWINGS continued

Figures in million	SA Rand 2020	SA Rand 2019
Current borrowings		
R1 billion revolving credit facility	**—**	—
Balance at beginning of year	**—**	3
Refinancing	**—**	(3)
R2 billion facility	**150**	—
Transferred from non-current liabilities	**150**	—
Westpac fleet loan	**105**	89
Balance at beginning of year	**89**	—
Transferred from non-current liabilities	**16**	89
US$200 million bridge loan	**—**	—
Balance at beginning of year	**—**	687
Repayments	**—**	(667)
Translation	**—**	(20)
Total current borrowings	**255**	89
Total interest-bearing borrowings	**7 718**	5 915

Figures in million	SA Rand 2020	SA Rand 2019
The maturity of borrowings is as follows:		
Current	**255**	89
Between one to two years	**405**	4 232
Between two to four years	**7 058**	1 594
	7 718	5 915

Figures in million	SA Rand 2020	SA Rand 2019
Undrawn committed borrowing facilities		
Expiring within one year	**—**	—
Expiring after one year	**1 366**	1 277
	1 366	1 277

30 BORROWINGS continued

EFFECTIVE INTEREST RATES

	2020 %	2019 %
R1 billion revolving credit facility	**—**	10.1
R2 billion facility	**9.3**	10.0
Westpac fleet loan	**4.4**	5.5
US$400 million facility	**3.7**	—
US$350 million facility	**5.6**	5.6
US$200 million bridge loan	**—**	5.1

Refer to note 38 for subsequent events relating to the borrowings.

31 TRADE AND OTHER PAYABLES

ACCOUNTING POLICY

The group accrues for the cost of the leave days granted to employees during the period in which the leave days accumulate.

Figures in million	SA Rand 2020	SA Rand 2019
Financial liabilities		
Trade payables	**706**	763
Lease liability - current[1]	**60**	—
Other liabilities (a)	**204**	167
Non-financial liabilities		
Payroll accruals	**616**	548
Leave liabilities (b)	**537**	540
Shaft related accruals	**585**	556
Other accruals	**213**	148
Value added tax	**85**	98
Income and mining tax	**—**	55
Total trade and other payables	**3 006**	2 875

[1] Refer to note 28 for an analysis of the lease liability.

(a) Includes a loan from Village Main Reef Limited of R55 million. The loan was taken on with the acquisition of the Moab Khotsong operations. The loan is unsecured, interest free and has no fixed terms of payment.

(b) Employee entitlements to annual leave are recognised on an ongoing basis. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. The movement in the liability recognised in the balance sheet is as follows:

Figures in million	SA Rand 2020	SA Rand 2019
Balance at beginning of year	**540**	504
Benefits paid	**(567)**	(537)
Total expense per income statement	**538**	575
Translation (gain)/loss	**26**	(2)
Balance at end of year	**537**	540

32 CASH GENERATED BY OPERATIONS

	SA Rand		
Figures in million	**2020**	2019	2018
Reconciliation of loss before taxation to cash generated by operations:			
Loss before taxation	**(595)**	(2 746)	(4 707)
Adjustments for:			
Amortisation and depreciation	**3 508**	4 054	2 570
Impairment of assets	**—**	3 898	5 336
Share-based payments	**180**	230	363
Net decrease in provision for post-retirement benefits	**(12)**	(12)	(10)
Net decrease in provision for environmental rehabilitation	**—**	(53)	(27)
Loss on scrapping of property, plant and equipment	**62**	21	1
Profit from associates	**(94)**	(59)	(38)
Investment income	**(375)**	(308)	(343)
Finance costs	**661**	575	330
Inventory adjustments	**(70)**	(166)	(211)
Foreign exchange translation difference	**989**	95	668
Non cash portion of gains/losses on derivatives	**1 382**	(429)	549
Day one loss amortisation	**40**	32	37
Silicosis settlement provision	**(119)**	(62)	(68)
Other non-cash adjustments	**22**	(16)	(72)
Effect of changes in operating working capital items			
(Increase)/decrease in Receivables	**(349)**	32	(106)
(Increase)/decrease in Inventories	**(150)**	(88)	(351)
Increase/(decrease) in Payables	**(49)**	54	368
Cash generated by operations	**5 031**	5 052	4 289

ADDITIONAL CASH FLOW INFORMATION

The income and mining taxes paid in the statement of cash flow represents actual cash paid less refunds received. Investment income from restricted investments is considered non-cash for the purposes of the cash flow statement. Included in investment income is interest earned from restricted investments of R163 million (2019: R168 million) (2018: R157 million).

At 30 June 2020, R1 366 million (2019: R1 277 million) (2018: R845 million) of borrowing facilities had not been drawn and are therefore available for future operational activities and future capital commitments. Refer to note 30.

The share issue costs were accrued at year-end and do not reflect in the financing section of the cash flow.

(a) Acquisitions of investments/business

The conditions precedent for the acquisition of Moab Khotsong operations were fulfilled in 2018 and the transaction was completed. Refer to note 12 for details on the consideration paid.

(b) Principal non-cash transactions

Share-based payments (refer to note 34).

33 EMPLOYEE BENEFITS

ACCOUNTING POLICY

- **Pension, provident and medical benefit plans** are funded through monthly contributions. The group pays fixed contributions into a separate entity in terms of the defined contribution pension, provident and medical plans which are charged to the income statement in the year to which they relate. The group's liability is limited to its monthly determined contributions and it has no further liability, legal or constructive, if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Refer to note 27 for details of the post-retirement medical benefit plan.

- **Termination benefits** are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

	2020	2019
Number of permanent employees as at 30 June:		
South African operations	**31 504**	31 199
International operations[1]	**1 589**	1 638
Total number of permanent employees	**33 093**	32 837

	SA Rand	
Figures in million	**2020**	2019
Aggregate earnings		
The aggregate earnings of employees including executive directors were:		
Salaries and wages and other benefits (excluding share-based payments)	**10 540**	10 623
Retirement benefit costs	**842**	766
Medical aid contributions	**276**	259
Total aggregated earnings[2]	**11 658**	11 648

[1] The Wafi-Golpu joint operation's employees included in the total is 81 (2019: 194).
[2] These amounts have been included in cost of sales, corporate expenditure and capital expenditure.

During the 2020 financial year, R122 million (2019: R248 million) was included in the payroll costs for termination costs. Termination costs include the cost relating to the voluntary retrenchment and restructuring process as well as retrenchments due to shaft closures.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

for the year ended 30 June 2020

34 SHARE-BASED PAYMENTS

ACCOUNTING POLICY

The group operates the following employee share incentive plans where the group granted share options to certain employees in exchange for services received:

- The 2006 equity-settled share-based payments plan;
- The equity-settled Sisonke Employee Share Ownership Plan (ESOP) awarded in 2019; and
- The equity-settled Management Deferred Share Plan (DSP) awarded during the 2020 financial year.

Equity-settled share-based payments are measured at fair value that includes market performance conditions but excludes the impact of any service and non-market performance conditions of the equity instruments at the date of the grant. The share-based payments are expensed over the vesting period, based on the group's estimate of the shares that are expected to eventually vest. The group used an appropriate option pricing model in determining the fair value of the options granted. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the estimates of the number of options that are expected to become exercisable are revised.

The impact of the revision of original estimates, if any, is recognised in the income statement, with a corresponding adjustment to equity. The proceeds received (if any) net of any directly attributable transaction costs are credited to share capital and premium when the options are exercised.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The fair value of options granted under the 2006 plan was determined using a Monte Carlo valuation model. The significant inputs into the model are: vesting period, risk free interest rate, volatility, price on date of grant and dividend yield. There were no options granted under the 2006 plan in the current financial period. The fair value of the options granted under the Sisonke ESOP was based on the Harmony spot share price of R28.29 at grant date as there were no market conditions attached to the grant. The fair value of the options granted under the DSP was based on the Harmony spot share prices of between R45.89 and R56.87 at grant date as there was no market condition attached to the grant.

EMPLOYEE SHARE-BASED PAYMENTS

The objective of these schemes is to recognise the contributions of employees to the group's financial position and performance and to retain key employees.

The total cost relating to employee share-based payments is made up as follows:

	SA Rand	
Figures in million	**2020**	2019
2006 share plan	**83**	197
Sisonke ESOP	**73**	33
Management DSP	**30**	—
Total employee share-based payments	**186**	230

The directors are authorised to issue up to 60 011 669 ordinary shares to participants who have received awards in accordance with Harmony's employee share incentive schemes. Subsequent to the annual general meeting held on 1 December 2010, 40 573 097 shares have been issued in terms of the various share schemes. At 30 June 2020, 12 792 357 share option awards are outstanding in terms of the authorisation and relate to the 2006 share plan.

In December 2018, the board approved the new Total Incentive Plan for management which includes deferred shares. The first allocations under the new plan occurred in October 2019. Our shareholders have authorised up to 25 000 000 shares of the issued share capital to be used for this plan.

34 SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE-BASED PAYMENTS continued

Options granted under the 2006 share plan

The 2006 share plan consists of share appreciation rights (SARs), performance shares (PS) and restricted shares (RS). The share plan is equity-settled.

Award	Vesting	Performance criteria
SARs	SARs will vest in equal thirds in year three, four and five, subject to the performance conditions having been satisfied. The SARs will have an expiry date of six years from the grant date and the offer price equals the closing market prices of the underlying shares on the trading date immediately preceding the grant.	*2013 to 2014 allocation:* The group's headline earnings per share must have grown since the allocation date by more than the South African Consumer Price Index (CPI).
PS	The PS will vest after three years from the grant date, if and to the extent that the performance conditions have been satisfied.	*2015 to 2017 allocation:* • 50% of the number of rights awarded are linked to the total shareholder return of the group on an absolute basis. • 50% of the number of rights awarded are linked to the total shareholder return of the group as compared to that of the South African gold index.
RS	The RS will vest after three years from grant date.	The participant is still employed within the group.

Termination of employees' participation in the share plan is based on "no fault" and "fault" definitions.

- Fault — All unvested and unexercised SARs and all PS and RS not yet vested are lapsed and cancelled.
- No fault — Accelerated vesting occurs and all unvested and unexercised share options are settled in accordance with the rules of the plan.

Executive management is encouraged to retain performance shares when they vest and a minimum shareholding requirement has been introduced to achieve this. This shareholding is meant to align shareholder and executive objectives to grow total shareholder return.

Activity on share options

	SARs		PS	RS
Activity on options and rights granted but not yet exercised	**Number of options and rights**	**Weighted average option price (SA Rand)**	**Number of rights**	**Number of rights**
For the year ended 30 June 2020				
Balance at beginning of year	**6 713 044**	**26.45**	**21 007 596**	**—**
Options exercised	**(6 086 252)**	**50.16**	**—**	**—**
Options forfeited and lapsed	**(249 459)**	**23.97**	**(8 592 572)**	**—**
Balance at end of year	**377 333**	**18.41**	**12 415 024**	**—**

34 SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE-BASED PAYMENTS continued

Options granted under the 2006 share plan continued

Activity on share options continued

	SARs		PS	RS
Activity on options and rights granted but not yet exercised	**Number of options and rights**	**Weighted average option price (SA Rand)**	**Number of rights**	**Number of rights**
For the year ended 30 June 2019				
Balance at beginning of year	9 847 860	50.20	42 427 284	550 996
Options exercised	(1 564 486)	27.50	(20 166 093)	(550 996)
Options forfeited and lapsed	(1 570 330)	56.29	(1 253 595)	—
Balance at end of year	6 713 044	26.45	21 007 596	—

	SARs		PS and RS	
Options and rights vested but not exercised at year end	**2020**	2019	**2020**	2019
Options and rights vested but not exercised	**377 333**	5 692 965	**—**	—
Weighted average option price (SA rand)	**18.41**	27.89	**n/a**	n/a

List of options and rights granted but not yet exercised (listed by grant date)	**Number of options and rights**	**Award price (SA Rand)**	**Remaining life (years)**
As at 30 June 2020			
Share appreciation rights			
17 November 2014	**377 333**	**18.41**	**0.4**
	377 333		
Performance shares			
15 November 2017	**12 415 024**	**n/a**	**0.4**
	12 415 024		
Total options and rights granted but not yet exercised	**12 792 357**		

	SA Rand	
Figures in million	**2020**	2019
Gain realised by participants on options and rights traded during the year	**142**	484
Fair value of options and rights exercised during the year	**144**	489

34 SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE-BASED PAYMENTS continued

Options granted under the Sisonke ESOP

In December 2017 Harmony approved the establishment of the Sisonke ESOP with the aim to facilitate beneficial interest and ownership by non-managerial employees in South Africa (the beneficiaries) of Harmony shares in order to:

- Facilitate economic empowerment of Harmony's employees;
- Incentivise Harmony's employees, so as to promote the shared interests of employees and shareholders in the value growth of Harmony; and
- Further align the interests of the Harmony shareholders and those of the employees of Harmony.

The shares were issued to the Harmony ESOP Trust (the Trust) on 15 January 2019 which is also the date on which the required service period of three years commenced. Each beneficiary under the scheme was awarded 225 Participation Units (PU). The Sisonke ESOP is equity-settled.

Award	Vesting	Performance criteria
PU*	The PU will vest after three years from the date on which the service period commenced	The participant is still employed within the group

* The term Participation Units means the vested rights of a beneficiary to an equal number of Harmony shares held by the Trust.

Termination of employees' participation in the share scheme is based on "no fault" and "fault" definitions.

• Fault	All unvested and unexercised DS not yet vested are lapsed and cancelled.
• No fault	Accelerated vesting occurs and all unvested and unexercised DS are settled in accordance with the rules of the plan.

Activity on share options

	Number of PU	
Activity on PU granted but not exercised	**2020**	2019
Balance at beginning of year	**6 819 025**	—
Options granted	**366 960**	6 974 500
Options vested	**(257 271)**	(107 100)
Options forfeited and lapsed	**(160 152)**	(48 375)
Balance at end of year	**6 768 562**	**6 819 025**

	2020	2019
Gain realised by participants on options exercised during the year (R'million)	**12**	3
Weighted average share price at the date of exercise (SA Rand)	**48.21**	27.16
Remaining life (years)	**1.5**	2.5

34 SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE-BASED PAYMENTS continued

Options granted under the Management Deferred Share Plan

Harmony implemented the Total incentive Plan, comprising a long-term Deferred Share Plan (DSP) and a short-term annual cash payment with effect from 1 July 2019. The total incentive for each management-level employee is determined every year through a balanced scorecard calculation.

The balanced scorecard result includes a number of key short- and long-term company performance measures (to be measured over trailing three- and one-year periods). The measures are reviewed and defined annually with appropriate weightings. A portion of the total incentive is paid immediately in cash and the balance is settled by means of deferred shares, which will vest at a rate of 20% per annum over the following five years for the executive managers and prescribed officers, and one-third per annum over the following three years for qualifying management.

Award	Vesting	Performance criteria
DS*	The awards will vest at a rate of 20% per annum over the following five years for executive directors and prescribed officers, and one-third per annum over the following three years for qualifying management.	The participant is still employed within the group

* Deferred shares

Termination of employees' participation in the share plan is based on "no fault" and "fault" definitions.

- Fault — All unvested and unexercised DS not yet vested are lapsed and cancelled.
- No fault — Accelerated vesting occurs and all unvested and unexercised DS are settled in accordance with the rules of the plan.

Activity on share options

Activity on DS granted but not exercised	Number of DS 2020
Balance at beginning of year	—
Options granted	1 218 013
Options exercised	—
Options forfeited and lapsed	(55 861)
Balance at end of year	**1 162 152**

List of options granted but not yet exercised (listed by grant date)	Number of options	Remaining life (years)
As at 30 June 2020		
Deferred shares		
18 September 2019 - 3 years	871 859	2.2
18 September 2019 - 5 years	290 293	4.2
Total options granted but not yet exercised	**1 162 152**	

34 SHARE-BASED PAYMENTS continued

OTHER SHARE-BASED PAYMENTS

On 20 March 2013 Harmony signed transaction and funding agreements to give effect to an empowerment transaction to dispose of 30% of its Free State based Phoenix operation (Phoenix) to BEE shareholders, which includes a free-carry allocation of 5% to a community trust that has been created and is currently controlled by Harmony. The transaction closed on 25 June 2013, following the fulfilment of the last condition precedent. In terms of the agreements Phoenix was transferred to a newly incorporated subsidiary; 'PhoenixCo' which subsequently changed its name to Tswelopele Beneficiation Operation (TBO).

The awards to the BEE partners have been accounted for as in-substance options as the BEE partners will only share in the upside, and not the downside of their equity interest in TBO until the date the financing provided by Harmony is fully repaid. On this date the options will be exercised and a non-controlling interest in TBO will be recognised. The award of the options to the BEE partners is accounted for by the group as an equity-settled share-based payment arrangement. The in-substance options carry no vesting conditions and the fair value of the options of R23 million was expensed on the grant date, 25 June 2013.

On 31 December 2019, the loans were settled in full and the option was exercised. The portion of the BEE shareholders' interest in TBO was measured at the net asset value of negative R5 million and reclassified to non-controlling interest on this date. On initial recognition, TBO's negative net asset value of R5 million consists of accumulated profits of R222 million and a historic debit common control reserve of R250 million.

The total comprehensive income attributable to the BEE shareholders allocated to non-controlling interest for the six months ended 30 June 2020 was R12 million and includes a portion of the unrealised loss from the hedges in other reserves. A dividend was declared by TBO on 5 March 2020 and the portion to non-controlling interests amounted to R3 million.

35 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 2017 or in any proposed transaction that has affected or will materially affect Harmony or its subsidiaries, other than as stated below.

DIRECTORS AND OTHER KEY MANAGEMENT

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 directors' remuneration is as follows:

	SA Rand	
Figures in million	**Executive directors**	**Non-executive directors**
2020		
Salaries	**19**	**—**
Retirement contributions	**3**	**—**
Bonuses	**5**	**—**
Exercise/settlement of share options	**9**	**—**
Directors' fees	**—**	**13**
	36	**13**
2019		
Salaries	18	—
Retirement contributions	3	—
Bonuses	14	—
Exercise/settlement of share options	30	—
Directors' fees	—	12
	65	12

In January 2020, Harmony announced the appointment of Ms Boipelo Lekubo as financial director of the company, effective 3 March 2020. Mr Frank Abbott, Harmony's long-serving financial director, remained on the board as an executive director and assumed responsibility for business development, effective from 3 March 2020.

35 RELATED PARTIES continued

DIRECTORS AND OTHER KEY MANAGEMENT continued

The following directors and prescribed officers owned shares in Harmony at year-end:

	Number of shares	
Name of director/prescribed officer	**2020**	2019
Directors		
Peter Steenkamp	**512 000**	512 000
Andre Wilkens	**101 301**	101 301
Frank Abbott[1]	**1 142 010**	1 142 010
Harry 'Mashego' Mashego[2]	**—**	593
Ken Dicks[3]	**35 000**	35 000
Prescribed officers		
Beyers Nel	**42 486**	42 486
Johannes van Heerden	**160 000**	160 000
Philip Tobias	**169 294**	169 294

[1] Frank Abbott retired as an executive director effective 30 September 2020.
[2] The movement in shares for the 2020 financial year includes the sale of ordinary shares.
[3] Ken Dicks resigned as a non-executive director effective 30 September 2020.

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 up to R5 million per annum. Approximately R5 million (2019: R4 million) was paid during the 2020 financial year relating to services rendered in the current and prior financial years. The contract has a 30-day notice period.

Refer to note 38 for subsequent events relating to changes to the directors and prescribed officers. There were no other changes to the directors' interest between the reporting date and the date of the approval of the financial statements other than indicated above.

OTHER RELATED PARTIES

All the production of the group's South African operations is sent to Rand Refinery in which Harmony holds a 10.38% interest. Refer to note 20.

	SA Rand	
Figures in million	**2020**	2019
Sales and services rendered to related parties		
Joint operations	**3**	3
Total	**3**	3

	SA Rand	
Figures in million	**2020**	2019
Purchases and services acquired from related parties		
Directors	**5**	4
Associates	**39**	40
Total	**44**	44

NOTES TO THE GROUP FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

36 COMMITMENTS AND CONTINGENCIES

COMMITMENTS AND GUARANTEES

Figures in million	SA Rand 2020	2019
Capital expenditure commitments		
Contracts for capital expenditure	**262**	313
Share of joint operation's contracts for capital expenditure	**106**	105
Authorised by the directors but not contracted for	**1 314**	1 499
Total capital commitments	**1 682**	1 917

Contractual obligations in respect of mineral tenement leases amount to R19 million (2019: R83 million). This includes R18 million (2019:R81 million) for the Wafi-Golpu joint operation.

Figures in million	SA Rand 2020	2019
Guarantees		
Guarantees and suretyships	**143**	143
Environmental guarantees[1]	**479**	479
Total guarantees	**622**	622

[1] At 30 June 2020 R104 million (2019: R89 million) has been pledged as collateral for environmental guarantees in favour of certain financial institutions. Refer to note 15.

CONTINGENT LIABILITIES

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Contingencies will only realise when one or more future events occur or fail to occur. The exercise of significant judgement and estimates of the outcome of future events are required during the assessment of the impact of such contingencies.

Litigation and other judicial proceedings as a rule raise difficult and complex legal issues and are subject to uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which the suit is brought and differences in applicable law. Upon resolution of any pending legal matter, the group may be forced to incur charges in excess of the presently established provisions and related insurance coverage. It is possible that the financial position, results of operations or cash flows of the group could be materially affected by the outcome of the litigation.

The following contingent liabilities have been identified:

(a) On 1 December 2008, Harmony issued 3 364 675 Harmony shares to Rio Tinto Limited (Rio Tinto) for the purchase of Rio Tinto's rights to the royalty agreement entered into prior to our acquisition of the Wafi deposits in PNG. The shares were valued at R242 million on the transaction date. An additional US$10 million in cash will be payable when the decision to mine is made. Of this amount, Harmony is responsible for paying the first US$6 million, with the balance of US$4 million being borne equally by the joint operators.

36 COMMITMENTS AND CONTINGENCIES continued

CONTINGENT LIABILITIES continued

(b) The group may have a potential exposure to rehabilitate groundwater and radiation that may exist where the group has and/or continues to operate. The group has initiated analytical assessments to identify, quantify and mitigate impacts if and when (or as and where) they arise. Numerous scientific, technical and legal studies are underway to assist in determining the magnitude of the contamination and to find sustainable remediation solutions. The group has instituted processes to reduce future potential seepage and it has been demonstrated that Monitored Natural Attenuation (MNA) by the existing environment will contribute to improvement in some instances. Water treatment facilities were successfully implemented at Doornkop, Tshepong Operations and Kusasalethu. These facilities are now assisting in reducing our dependency on state supplied potable water and will be key in managing any post closure decant should it arise.

In terms of Free State operations, Harmony has taken the initiative to develop a comprehensive regional closure plan in addition to updating the regional water balance, which will ensure that there is sufficient water for our organic growth initiatives. The geohydrological studies confirm that there is no risk of decant in Welkom.

Should the group determine that any part of these contingencies require them being recorded and accounted for as liabilities, that is where they become estimable and probable, it could have a material impact on the financial statements of the group.

(c) Due to the interconnected nature of mining operations in South Africa, any proposed solution for potential flooding and potential decant risk posed by deep groundwater needs to be a combined one, supported by all the mines located in these goldfields. As a result, the Department of Mineral Resources and Energy and affected mining companies require the development of a regional mine closure strategy. Harmony operations have conducted a number of specialist studies and the risk of surface decant due to rising groundwater levels has been obviated at the entire Free State region and Kalgold. In addition, the decant from the KOSH groundwater system tied with our Moab Khotsong operation has been managed through an appropriate groundwater closure plan and sufficient provision has been set aside for this. Therefore, there is no contingency arising from these operations. Additional studies have been commissioned at Doornkop and Kusasalethu. Studies that have been conducted indicate that there is no risk of decant from Doornkop and Kusasalethu, but it is recommended that confirmatory studies be completed. In view of the limitation of current information for accurate estimation of a liability, no reliable estimate can be made for these operations.

(d) The individual Harmony mining operations have applied for the respective National Water Act, Section 21 Water Use Licenses (WUL) to the Department of Water and Sanitation (DWS). The respective Water Use License Applications (WULA's) have subsequently not yet been approved by DWS. Two WUL have been issued by DWS for Kalgold and Kusasalethu (amendment currently being drafted for both operations), with neither licence having any material impact to the operation. The remaining WULA's have not yet been approved by DWS. The WUL conditions for the respective operations are subsequently not yet known and the subsequent potential water resource impact liability as part of the mine rehabilitation and closure process (to which DWS is an important participant and decision maker) is uncertain. The existing WUL for Moab Khotsong, which was recently acquired by Harmony, has already been approved by the DWS. The transferral of the licence and its conditions to Harmony is currently being processed. All operations continue to operate legally and responsibly.

(e) In terms of the sale agreements entered into with Rand Uranium, Harmony retained financial exposure relating to environmental disturbances and degradation caused by it before the effective date, in excess of R75 million of potential claims. Rand Uranium is therefore liable for all claims up to R75 million and retains legal liability. The likelihood of potential claims cannot be determined presently and no provision for any liability has been made in the financial statements.

37 FINANCIAL RISK MANAGEMENT

The group's operating activities expose it to a variety of financial risks: market risk (including commodity price risk, currency risk, cash flow interest rate risk and other price risk), credit risk and liquidity risk. The group may use derivative financial instruments to hedge certain risk exposures.

The group's financial assets and liabilities are classified as set out below:

Figures in million (SA Rand)	Debt instruments at amortised cost	Equity instruments designated at fair value through OCI	Derivatives designated as cash flow hedges	Derivatives at fair value through profit or loss	Debt instruments at fair value through profit or loss	Financial liabilities at amortised cost
At 30 June 2020						
Financial assets						
Restricted cash	169	—	—	—	—	—
Restricted investments	2 698	—	—	—	837	—
Other non-current assets	5	77	—	—	306	—
Non-current derivative financial instruments	—	—	15	35	—	—
- Rand gold hedging contracts	—	—	10	—	—	—
- US$ gold hedging contracts	—	—	5	—	—	—
- US$ silver contracts	—	—	—	5	—	—
- Foreign exchange contracts	—	—	—	30	—	—
- Rand gold derivative contracts	—	—	—	—	—	—
Current derivative financial instruments	—	—	12	6	—	—
- Rand gold hedging contracts	—	—	9	—	—	—
- US$ gold hedging contracts	—	—	3	—	—	—
- US$ silver contracts	—	—	—	6	—	—
Trade and other receivables	804	—	—	—	—	—
Cash and cash equivalents	6 357	—	—	—	—	—
Financial liabilities						
Non-current derivative financial instruments	—	—	813	66	—	—
- Rand gold hedging contracts	—	—	717	—	—	—
- US$ gold hedging contracts	—	—	96	—	—	—
- US$ silver contracts	—	—	—	1	—	—
- Foreign exchange contracts	—	—	—	65	—	—
Current derivative financial instruments	—	—	3 169	955	—	—
- Rand gold hedging contracts	—	—	2 909	—	—	—
- US$ gold hedging contracts			260	—	—	—
- US$ silver contracts	—	—	—	3	—	—
- Foreign exchange contracts	—	—	—	695	—	—
- Rand gold derivative contracts	—	—	—	257	—	—
Borrowings	—	—	—	—	—	7 718
Other non-current liabilities	—	—	—	—	—	96
Trade and other payables	—	—	—	—	—	970

37 FINANCIAL RISK MANAGEMENT continued

Figures in million (SA Rand)	Debt instruments at amortised cost	Equity instruments designated at fair value through OCI	Derivatives designated as cash flow hedges	Derivatives at fair value through profit or loss	Debt instruments at fair value through profit or loss	Financial liabilities at amortised cost
At 30 June 2019						
Financial assets						
Restricted cash	136	—	—	—	—	—
Restricted investments	2 045	—	—	—	1 256	—
Other non-current assets	3	59	—	—	271	—
Non-current derivative financial instruments	—	—	24	173	—	—
- Rand gold hedging contracts	—	—	23	—	—	—
- US$ gold hedging contracts	—	—	1	—	—	—
- Foreign exchange contracts	—	—	—	173	—	—
Current derivative financial instruments	—	—	26	283	—	—
- Rand gold hedging contracts	—	—	22	—	—	—
- US$ gold hedging contracts	—	—	4	—	—	—
- US$ silver contracts	—	—	—	—	—	—
- Foreign exchange contracts	—	—	—	283	—	—
Trade and other receivables	627	—	—	—	—	—
Cash and cash equivalents	993	—	—	—	—	—
Financial liabilities						
Non-current derivative financial instruments	—	—	172	—	—	—
- Rand gold hedging contracts	—	—	158	—	—	—
- US$ gold hedging contracts	—	—	14	—	—	—
Current derivative financial instruments	—	—	205	65	—	—
- Rand gold hedging contracts	—	—	164	—	—	—
- US$ gold hedging contracts	—	—	41	—	—	—
- US$ silver contracts	—	—	—	2	—	—
- Foreign exchange contracts	—	—	—	2	—	—
- Rand gold derivative contracts	—	—	—	61	—	—
Borrowings	—	—	—	—	—	5 915
Other non-current liabilities	—	—	—	—	—	2
Trade and other payables	—	—	—	—	—	930

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges certain selected financial risks in close cooperation with the group's operating units. The audit and risk committee and the board provides written principles for overall risk management, as well as written policies covering specific areas, such as commodity price risk, foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity.

Since March 2020, the COVID-19 pandemic has impacted on various aspects of Harmony's operating environment. Where relevant, reference is made to certain impacts in the discussions below, however a detailed discussion thereof is included in note 4.

37 FINANCIAL RISK MANAGEMENT continued

MARKET RISK

Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar (US$). Foreign exchange risk arises when future commercial transactions or recognised financial assets or liabilities are denominated in a currency that is not the entity's functional currency. Harmony's revenues are sensitive to the R/US$ exchange rate as all revenues are generated by commodity sales denominated in US$. Harmony may enter into hedging transactions to reduce this risk. The limit currently set by the board is 25% of the group's foreign exchange risk exposure for a period of 24 months. Refer to note 18 and the fair value determination for financial assets and liabilities section below for details of the contracts. The audit and risk committee review the details of the programme quarterly.

The Rand has weakened significantly during the 2020 year, especially during the June 2020 quarter as a result of the COVID-19 pandemic, closing at R17.32/US$1 on 30 June 2020 (2019: R14.13/US$1).This negatively impacted on the valuation of contracts that matured during the quarter and that were outstanding at 30 June 2020. However Harmony continues to enjoy favourable foreign exchange pricing on the uncovered portion of its exposure, while simultaneously locking-in the current higher prices as part of its derivative programme.

The group is exposed to foreign exchange risk arising from borrowings and cash denominated in a currency other than the functional currency of that entity (refer to note 2.2 for details on the group's functional currencies). These exposures are mainly to the US$. The Rand's levels impacted negatively on the translation of the US$ debt facilities at 30 June 2020. Refer to note 30 for further detail.

Translation of the international net assets was impacted by a similar weakening of the Rand against the Australian dollar from R9.91/A$1 at 30 June 2019 to R11.96/A$1. A gain of R1.2 billion has been recognised in other comprehensive income.

The group has reviewed its foreign currency exposure on financial assets and financial liabilities and has identified the following sensitivities for a 10% change in the exchange rate that would affect profit or loss. Management considers a range between 10% and 20% to be a reasonable change given the volatility in the market. The analysis has been performed on the same basis for 2019.

	SA Rand	
Figures in million	**2020**	2019
Sensitivity analysis - borrowings		
Rand against US$		
Balance at 30 June	**5 990**	4 143
Strengthen by 10%	**599**	414
Weaken by 10%	**(599)**	(414)
Closing rate	**17.32**	14.13
US$ against Kina		
Balance at 30 June	**237**	283
Strengthen by 10%	**21**	26
Weaken by 10%	**(27)**	(31)
Closing rate	**0.29**	0.30

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

for the year ended 30 June 2020

37 FINANCIAL RISK MANAGEMENT continued

MARKET RISK continued

Foreign exchange risk continued

	SA Rand	
Figures in million	**2020**	2019
Sensitivity analysis - financial instruments		
Rand against US$		
Balance at 30 June	**(731)**	454
Strengthen by 10%	**954**	567
Weaken by 10%	**(1 106)**	(1 511)
Closing rate	**17.32**	14.13
US$ against AUD		
Balance at 30 June	**339**	—
Strengthen by 10%	**31**	—
Weaken by 10%	**(38)**	—
Closing rate	**0.69**	0.70
US$ against Kina		
Balance at 30 June	**—**	211
Strengthen by 10%	**—**	19
Weaken by 10%	**—**	(23)
Closing rate	**0.29**	0.30

NOTES TO THE GROUP FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

37 FINANCIAL RISK MANAGEMENT continued

MARKET RISK continued

Commodity price sensitivity

The profitability of the group's operations, and the cash flows generated by those operations, are affected by changes in the market price of gold, and in the case of Hidden Valley, silver as well. Harmony entered into Rand gold and US dollar forward gold sale contracts to manage the variability in cash flows from the group's production, in order to create cash certainty and protect the group against lower commodity prices. The general limit for gold hedging currently set by the board is 20% for a 24-month period. The limit set by the board is 50% of silver exposure over a 24-month period. Management continues to top up these programmes as and when opportunities arise to lock in attractive margins for the business, but are not required to maintain hedging at these levels. The audit and risk committee review the details of the programme quarterly.

The exposure to the variability in the price of gold is managed by entering into gold forward sales contracts for a portion of the group's production. A portion of the production of the South African operations is linked to Rand gold forward contracts and US$ gold forward contracts were entered into for the production from Hidden Valley. The exposure to the variability in the price of silver for Hidden Valley is managed by entering into US$/silver zero cost collars. These contracts have not been designated as hedging instruments for hedge accounting and the gains and losses are accounted for in the income statement. Refer to note 18 and the fair value determination for financial assets and liabilities section below for further detail on these contracts.

Due to the COVID-19 pandemic, markets experienced extreme volatility in the last four months of the 2020 financial year. As a result of the heightened risk globally, the price of gold in US$ terms increased significantly over the period with the spot price increasing by 26% year on year. This increase, together with the weakening of the Rand discussed above, had a negative impact on the contracts that matured during the June 2020 quarter as well as those that were outstanding at 30 June 2020. However Harmony continues to enjoy favourable commodity and foreign exchange pricing on the unhedged portion of its exposure, while simultaneously locking-in the current higher prices as part of its hedging programme.

The group has reviewed its exposure to commodity linked instruments and has identified the following sensitivities for a 10% change in the commodity price specified per contract that would affect other comprehensive income and profit or loss. Management considers a range between 10% and 20% to be a reasonable change given the recent volatility in the market. The analysis has been performed on the same basis for 2019.

	SA Rand	
Figures in million	**2020**	2019
Sensitivity analysis		
Rand gold derivatives		
Profit or loss		
Increase by 10%	**(91)**	(76)
Decrease by 10%	**102**	79
Other comprehensive income		
Increase by 10%	**(1 279)**	(1 162)
Decrease by 10%	**1 433**	1 174
US$ gold derivatives		
Profit or loss		
Increase by 10%	**—**	(20)
Decrease by 10%	**—**	20
Other comprehensive income		
Increase by 10%	**(258)**	(110)
Decrease by 10%	**279**	113
US$ silver derivatives		
Profit or loss		
Increase by 10%	**(40)**	—
Decrease by 10%	**41**	4

37 FINANCIAL RISK MANAGEMENT continued

MARKET RISK continued

Other price risk

The group is exposed to the risk of fluctuations in the fair value of fair value through profit or loss financial assets as a result of changes in market prices (other than changes in interest rates and foreign currencies). Harmony generally does not use any derivative instruments to manage this risk.

Sensitivity analysis

Certain of the restricted investments are linked to the Top 40 Index on the JSE. A 10% increase in the Top 40 index at the reporting date, with all other variables held constant, would have increased profit or loss by R79 million (2019: R76 million); an equal change in the opposite direction would have decreased profit or loss by R42 million (2019: R17 million).

Interest rate risk

The group's interest rate risk arises mainly from long-term borrowings. The group has variable interest rate borrowings. Variable rate borrowings expose the group to cash flow interest rate risk. The group has not entered into interest rate swap agreements as this is a risk that management is prepared to take as the risk is deemed to be low. The audit and risk committee reviews the exposures quarterly.

The interest rate cuts by both the US Federal Reserve and the SARB had a favourable impact on the cost of debt during the year. This was offset by the weakening of the Rand on the cost for the US$ facilities, as well as the increased debt levels, especially in the last quarter, as discussed in Capital Risk Management below.

Interest rate risk arising from long-term borrowings is offset by cash, restricted cash and restricted investments held at variable rates. A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis has been performed on the same basis for 2019.

	SA Rand	
Figures in million	**2020**	2019
Sensitivity analysis - borrowings (finance costs)		
Increase by 100 basis points	**(77)**	(59)
Decrease by 100 basis points	**77**	59
Sensitivity analysis - financial assets (interest received)		
Increase by 100 basis points (a)	**58**	44
Decrease by 100 basis points (a)	**(58)**	(44)

(a) The computed sensitivity analysis permissibly excludes cash received on 30 June 2020 as a result of the the equity raise on 24 June 2020 in note 12.

37 FINANCIAL RISK MANAGEMENT continued

CREDIT RISK

Credit risk is the risk that a counterparty may default or not meet its obligations in a timely manner. Financial instruments which are subject to credit risk are restricted cash, restricted investments, derivative financial instruments and cash and cash equivalents, as well as trade and other receivables (excluding non-financial instruments).

Assessment of credit risk

In assessing the creditworthiness of local institutions, management uses the national scale long-term ratings. The credit risk arising from restricted cash, cash and cash equivalents, restricted investments and derivative financial assets is managed by ensuring amounts are only invested with financial institutions of good credit quality based on external credit ratings. The group has policies that limit the amount of credit exposure to any one financial institution. The audit and risk committee reviews the exposure on a quarterly basis. Exposure to credit risk on trade and other receivables is monitored on a regular basis by management.

Predominantly as a result of the global COVID-19 pandemic, on 27 March 2020, Moody's Investor Service downgraded the South African government's long-term foreign currency and local currency issuer ratings to Ba1 from Baa3, which is a sub-investment grade rating. The country's sovereign downgrade prompted a re-rating of the five major banks' international credit ratings as the local banks cannot have a rating higher than the country's sovereign rating.

Furthermore, on 31 March 2020, Fitch Ratings (Fitch) downgraded South Africa's five major banks citing an adverse impact (driven by the virus) on the banks' operating environment and key financial metrics, notwithstanding any uncertainty on the full economic and financial market implications.

Taking the above events into consideration, the effects of COVID-19 have resulted in the credit ratings of financial institutions dropping by a notch, however, the national scale investment grade rating of these banks is still high, between A+ and AA, and in line with the group's credit risk policy. An assessment of the expected credit losses for the financial assets measured at amortised costs at 30 June 2020 resulted in an immaterial amount for each instrument, in line with the assessment performed in 2019 (refer to Expected credit loss assessment below for further detail). The downgrade therefore had an immaterial effect on these financial instruments.

Management will continue to review the underlying strength of the South African economy as well as the creditworthiness of the financial institutions during this uncertain time and make any changes deemed necessary to safeguard the assets and reduce the credit risk.

The group's maximum exposure to credit risk is represented by the carrying amount of all financial assets determined to be exposed to credit risk, amounting to R11 244 million as at 30 June 2020 (2019: R5 837 million).

The Social Trust Fund of R22 million (2019: R28 million) has been invested in unit trust investments comprising shares in listed companies.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

37 FINANCIAL RISK MANAGEMENT continued

CREDIT RISK continued

Assessment of credit risk continued

Financial institutions' credit rating by exposure (Source: Fitch Ratings and Global Credit Ratings)

	SA Rand	
Figures in million	**2020**	2019
Cash and cash equivalents		
AA	**—**	671
AA-	**6 357**	322
	6 357	993
Restricted cash		
AA	**—**	109
AA-	**169**	27
	169	136
Restricted investments (environmental trusts)		
AA	—	3 273
AA-	**3 513**	—
	3 513	3 273
Derivative financial assets		
AA	**10**	393
AA-	**41**	69
A+	**15**	44
	66	506

Expected credit loss assessment

The group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The group's debt instruments at amortised cost consist of cash and cash equivalents, restricted cash, a portion of restricted investments and trade and other receivables. The assessment of ECLs for the different debt instruments is discussed below:

Cash and cash equivalents
The cash and cash equivalents are held with banks and financial institutions which are rated AA- (see above). The ECL on cash and cash equivalents has been determined using the simplification that allows the group to assume that the credit risk on financial instruments determined to have low credit risk at the reporting date, has not increased significantly since initial recognition of the financial instrument. The ECL was estimated with reference to a probability of default model using external credit ratings in determining the default risk of counterparties. The ECL was determined to be immaterial.

Restricted cash and investments
The restricted cash and investments relate largely to the environmental trust funds. These funds are held with banks and financial institutions which are rated AA- (see above). Impairment of these investments has been determined using the simplification that allows the group to assume that the credit risk on financial instruments determined to have low credit risk at the reporting date, has not increased significantly since initial recognition of the financial instrument. The group considers that its restricted investments and cash have low credit risk based on the external credit ratings of the counterparties with which the funds are deposited with. The ECL was estimated with reference to a probability of default model using external credit ratings in determining the default risk of counterparties.

Concentration of credit risk on restricted cash and investments is considered minimal due to the group's investment risk management and counterparty exposure risk management policies. The ECL was determined to be immaterial.

37 FINANCIAL RISK MANAGEMENT continued

CREDIT RISK continued

Expected credit loss assessment continued

Trade and other receivables
The group's exposure to credit risk arising from trade receivables (metals) and other trade receivables is influenced mainly by the individual characteristics of each customer.

Trade receivables result largely from the sale of gold and are fully performing. Exposure to credit risk on receivables from gold sales is limited through payment terms of two to three days after recognition of revenue for gold sales. The majority of other receivables comprise of a limited number of individually significant customers. The group determines the ECL on trade receivables and individually significant other receivable balances with reference to a probability of default model using external credit ratings in determining the default risk of counterparties. The external credit ratings used range between A+ to AA. The ECL was determined to be immaterial.

Loss allowances on individually insignificant other trade receivables has been determined using the simplified ECL approach using a provision matrix and reflects the short-term maturities of the exposures and past experienced credit judgement. Refer to note 19 for details on the amount of the loss allowance recognised and the stratification of trade and other receivables for purposes of the assessment.

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

In the ordinary course of business, the group receives cash from its operations and is required to fund working capital and capital expenditure requirements. Management prepares cash flow forecasts weekly and ensures that surplus funds are invested in a manner to achieve market-related returns and to provide sufficient liquidity at the minimum risk. The group maintains and refinances committed credit facilities as medium-term forecasts require. The audit and risk committee reviews the updated forecasts quarterly. The group is able to actively source financing at competitive rates. Where necessary, funds will be drawn from its revolving credit facilities (refer to note 30).

The following are the undiscounted contractual maturities of financial liabilities (including principal and interest payments assuming the closing R/US$ exchange rate and interest rate at year end):

	SA Rand	
Figures in million	**Current**	**More than 1 year**
2020		
Other non-current liabilities	**—**	**101**
Trade and other payables (excluding non-financial liabilities)	**969**	**—**
Derivative financial liabilities	**4 238**	**962**
Borrowings		
Due between 0 to six months	**257**	**—**
Due between six to 12 months	**399**	**—**
Due between one to two years	**—**	**779**
Due between two to four years	**—**	**7 536**
	5 863	**9 378**

NOTES TO THE GROUP FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

37 FINANCIAL RISK MANAGEMENT continued

LIQUIDITY RISK continued

	SA Rand	
Figures in million	**Current**	**More than 1 year**
2019		
Other non-current liabilities	—	2
Trade and other payables (excluding non-financial liabilities)	930	—
Derivative financial liabilities	280	194
Borrowings		
Due between 0 to six months	242	—
Due between six to 12 months	241	—
Due between one to two years	—	4 578
Due between two to four years	—	1 624
	1 693	6 398

CAPITAL RISK MANAGEMENT

The primary objective of managing the group’s capital is to ensure that there is sufficient capital available to support the funding requirements of the group, in a way that optimises the cost of capital and matches the current strategic business plan.

The group manages and makes adjustments to the capital structure, which consists of debt and equity, as and when borrowings mature or when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof. In doing so, the group ensures it stays within the debt covenants agreed with lenders. The group may also sell assets to reduce debt or schedule projects to manage the capital structure.

On 30 June 2020 the group received R3 466 million, through an equity raise, in order to fund the acquisition of AGA's remaining South African assets (refer to note 12). This capital injection has in part attributed to the increase in cash reserves and the consequential decline in the net debt balance.

Harmony drew down additional funds from its debt facilities to sustain ordinary operations and resist any detrimental impacts of COVID-19, resulting in an increase in borrowings (refer to note 30). The levels in Rand terms were also impacted by the translation of US dollar denominated borrowings following the weakening of the Rand.

It is the group's objective to adhere to a conservative approach to debt and maintain low levels of gearing.

Net debt is as follows:

	SA Rand	
Figures in million	**2020**	2019
Cash and cash equivalents	**6 357**	993
Borrowings	**(7 718)**	(5 915)
Net debt	**(1 361)**	(4 922)

There were no changes to the group's approach to capital management during the year.

37 FINANCIAL RISK MANAGEMENT continued

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;
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 sets out the group's assets and liabilities measured at fair value by level within the fair value hierarchy:

	SA Rand			
Figures in million	**At 30 June 2020**		**At 30 June 2019**	
	Level 2	**Level 3**	**Level 2**	**Level 3**
Fair value through other comprehensive income				
Other non-current assets (a)	**—**	**77**	—	59
Fair value through profit or loss				
Restricted investments (b)	**837**	**—**	1 256	—
Derivative financial assets (c)	**68**	**—**	506	—
Derivative financial liabilities (c)	**(5 003)**	**—**	(422)	—
Loan to ARM BBEE Trust (d)	**—**	**306**	—	271

(a) The increase in level 3 fair value measurement relates to the equity investment in Rand Mutual Assurance previously carried at cost. The fair value of the investment was estimated with reference to an independent valuation. A combination of the "Embedded Valuation" and "Net Asset Value" techniques were applied to revalue the investment as at 30 June 2020. In evaluating the group's share of the business, common practice marketability and minority discounts as well as additional specific risk discounts were applied.

(b) The majority of the balance is directly derived from the Top 40 index on the JSE, and is 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 carried at amortised cost and therefore not disclosed here.

(c) The mark-to market remeasurement of the derivative contracts was determined as follows:
- Foreign exchange contracts comprise of zero cost collars and FECs: The zero cost collars were valued using 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). The value of the FECs is derived from the forward Rand/US$ exchange rate and discounted at market interest rate (zero-coupon interest rate curve).
- Rand gold 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 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 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.

(d) The increase in level 3 fair value measurement relates to the ARM BBEE loan that was carried at amortised cost prior to 1 July 2018. Refer to note 17. The fair value was calculated using a discounted cash flow model taking into account projected interest payments and the projected share price for African Rainbow Minerals Limited (ARM) on the expected repayment date. A 10% change in the discount rate of 9.8% would not cause a material change to the fair value of the loan. The fair value of the loan balance is limited to the sum of the capital amounts plus cumulative interest not paid, being R316 million.

The carrying values (less any impairment allowance) of short-term financial instruments are assumed to approximate their fair values. This includes restricted investments carried at amortised cost.

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.

38 SUBSEQUENT EVENTS

(a) On 6 July 2020 Harmony and its subsidiaries cancelled the bridge loan of US$200 million (refer to note 30). The cancellation followed the successful equity raise on 24 June 2020 (refer to note 12).

(b) On 6 July 2020 a payment of R300 million was made on the R2 billion facility while two payments of US$20 million each were made on 2 July 2020 (R340 million) and 8 July 2020 (R339 million) respectively on the US$400 million facility. Additional payments were made on the R2 billion facility and US$400 million of R600 million on 6 October 2020 and of US$30 million (R497 million) on 8 October 2020 respectively.

(c) The syndicate of lenders for the US$400 million million facility agreed to the one year extension during July 2020, extending the maturity date to September 2023.

(d) On 14 August 2020, Ms Shela Mohatla was appointed as Group Company Secretary by the board of directors. At the same time Mrs Marian van der Walt was appointed as Senior Group Executive: Enterprise Risk and Investor Relations and will be regarded as a prescribed officer going forward.

(e) By 1 September 2020, Harmony had completed the recall of all operational employees.

(f) The last condition precedent for the acquisition of AGA's remaining South African assets (refer note 12 for further detail) was fulfilled during September 2020. The cash consideration of US$200 million was paid on 30 September 2020 and amounted to R3.366 billion based on the average exchange rate set out in the agreement. Control transferred to Harmony on 1 October 2020.

Following the effective date, management has started with a fair value exercise process in accordance with IFRS 3, *Business Combinations*. An updated life-of-mine plan will be prepared for the various operations that have been acquired.

(g) On 30 September 2020, Harmony announced the resignations of Mr Ken Dicks and Mr Max Sisulu as independent non-executive directors as well as the retirement of Mr Frank Abbott as executive director with immediate effect.

39 SEGMENT REPORT

ACCOUNTING POLICY

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The chief operating decision-maker has been identified as the CEO's office.

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.

After applying the qualitative and quantitative thresholds from IFRS 8, *Operating Segments*, the reportable segments were determined as: Tshepong Operations, Moab Khotsong, Bambanani, Joel, Doornkop, Target 1, Kusasalethu, Masimong, Unisel and Hidden Valley. 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, executive director: new business development, executive director: corporate affairs, chief operating officer: new business development, corporate strategy and projects, chief executive officer: South-east Asia and chief operating officer: South Africa operations. During 2020, the executive: business development was added to the CEO's office, following the appointment of a new financial director. 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, gold production and tonnes milled 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 40.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

39 SEGMENT REPORT continued

	Revenue 30 June			Production cost 30 June			Production profit/(loss) 30 June			Mining assets 30 June			Capital expenditure# 30 June			Kilograms produced* 30 June			Tonnes milled* 30 June		
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
	Rand million			Rand million			Rand million			Rand million			Rand million			Kg			t'000		
South Africa																					
Underground																					
Tshepong Operations	**5 452**	4 685	5 389	**4 298**	3 973	3 799	**1 154**	712	1 590	**6 733**	6 297	8 078	**930**	1 130	1 008	**7 293**	7 967	9 394	**1 417**	1 612	1 716
Moab Khotsong	**5 008**	4 470	1 672	**3 344**	3 101	952	**1 664**	1 369	720	**3 842**	3 634	3 670	**498**	559	173	**6 592**	7 928	3 296	**746**	970	327
Bambanani	**1 591**	1 477	1 616	**1 040**	994	896	**551**	483	720	**443**	562	659	**50**	61	64	**2 132**	2 515	2 821	**200**	230	233
Joel	**1 037**	957	954	**1 010**	971	920	**27**	(14)	34	**1 080**	947	995	**151**	187	250	**1 391**	1 567	1 635	**349**	429	454
Doornkop	**2 270**	1 931	1 958	**1 730**	1 564	1 411	**540**	367	547	**2 841**	2 759	2 721	**281**	308	274	**2 994**	3 273	3 429	**681**	730	696
Target 1	**1 524**	1 585	1 630	**1 499**	1 491	1 318	**25**	94	312	**1 276**	1 076	1 260	**347**	297	309	**2 244**	2 653	2 854	**543**	588	680
Kusasalethu	**2 293**	2 975	2 483	**2 577**	2 395	2 026	**(284)**	580	457	**1 253**	1 300	2 151	**188**	316	289	**3 015**	4 989	4 429	**615**	742	670
Masimong	**1 401**	1 359	1 505	**1 258**	1 205	1 154	**143**	154	351	**41**	106	57	**24**	109	129	**1 999**	2 309	2 623	**489**	602	647
Unisel	**681**	713	733	**580**	564	771	**101**	149	(38)	**6**	46	38	**7**	45	85	**982**	1 212	1 280	**219**	256	376
Surface																					
All other surface operations	**3 302**	2 403	2 009	**2 135**	1 938	1 521	**1 167**	465	488	**745**	724	553	**118**	84	136	**4 349**	4 099	3 570	**16 264**	15 931	14 143
Total South Africa	**24 559**	22 555	19 949	**19 471**	18 196	14 768	**5 088**	4 359	5 181	**18 260**	17 451	20 182	**2 594**	3 096	2 717	**32 991**	38 512	35 331	**21 523**	22 090	19 942
International																					
Hidden Valley (a)	**3 748**	3 591	409	**1 639**	1 362	234	**2 109**	2 229	175	**3 810**	3 694	3 884	**959**	1 591	1 563	**4 872**	6 222	2 862	**3 906**	3 886	2 499
Total international	**3 748**	3 591	409	**1 639**	1 362	234	**2 109**	2 229	175	**3 810**	3 694	3 884	**959**	1 591	1 563	**4 872**	6 222	2 862	**3 906**	3 886	2 499
Total operations	**28 307**	26 146	20 358	**21 110**	19 558	15 002	**7 197**	6 588	5 356	**22 070**	21 145	24 066	**3 553**	4 687	4 280	**37 863**	44 734	38 193	**25 429**	25 976	22 441
Reconciliation of segment information to the consolidated income statement and balance sheet	**938**	766	94	**938**	766	82	**—**	—	12	**22 622**	15 591	15 455									
	29 245	26 912	20 452	**22 048**	20 324	15 084	**7 197**	6 588	5 368	**44 692**	36 736	39 521	**3 553**	4 687	4 280	**37 863**	44 734	38 193	**25 429**	25 976	22 441

Capital expenditure for international operations excludes expenditure spent on Wafi-Golpu of R54 million (2019: R350 million) (2018: R288 million).

(a) Capital expenditure for 2018 comprises of expenditure of R2 609 million net of capitalised revenue of R1 046 million. No revenue was capitalised in 2019 or 2020.

* Production statistics are unaudited.

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

	SA Rand		
Figures in million	**2020**	2019	2018
Reconciliation of production profit to consolidated profit/(loss) before taxation			
Revenue per segment report	**28 307**	26 146	20 358
Revenue per income statement	**29 245**	26 912	20 452
Other metal sales treated as by-product credits in the segment report	**(938)**	(766)	(93)
Other adjustments	**—**	—	(1)
Production costs per segment report	**(21 110)**	(19 558)	(15 002)
Production costs per income statement	**(22 048)**	(20 324)	(15 084)
Other metal sales treated as by-product credits in the segment report	**938**	766	93
Other adjustments	**—**	—	(11)
Production profit per segment report	**7 197**	6 588	5 356
Revenue not included in segments	**—**	—	1
Production costs adjustments not included in segments	**—**	—	11
Cost of sales items other than production costs	**(3 860)**	(8 545)	(8 512)
Amortisation and depreciation of mining assets	**(3 409)**	(3 961)	(2 468)
Amortisation and depreciation of assets other than mining assets	**(99)**	(93)	(102)
Rehabilitation expenditure	**(47)**	(33)	(67)
Care and maintenance cost of restructured shafts	**(146)**	(134)	(128)
Employment termination and restructuring costs	**(40)**	(242)	(208)
Share-based payments	**(130)**	(155)	(244)
Impairment of assets	**—**	(3 898)	(5 336)
Other	**11**	(29)	41
Gross profit/(loss)	**3 337**	(1 957)	(3 144)
Corporate, administration and other expenditure	**(611)**	(731)	(813)
Exploration expenditure	**(205)**	(148)	(135)
Gains/(losses) on derivatives	**(1 678)**	484	99
Other operating expenses	**(1 201)**	(186)	(667)
Operating loss	**(358)**	(2 538)	(4 660)
Share on profit from associate	**94**	59	38
Acquisition-related costs	**(45)**	—	(98)
Investment income	**375**	308	343
Finance costs	**(661)**	(575)	(330)
Loss before taxation	**(595)**	(2 746)	(4 707)

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

for the year ended 30 June 2020

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

	SA Rand		
Figures in million	**2020**	2019	2018
Reconciliation of total segment assets to consolidated assets includes the following:			
Non-current assets			
Property, plant and equipment	**7 116**	6 604	6 903
Intangible assets	**536**	533	545
Restricted cash	**107**	92	77
Restricted investments	**3 535**	3 301	3 271
Investments in associates	**146**	110	84
Inventories	**47**	43	46
Deferred tax assets	**531**	1	—
Other non-current assets	**388**	333	264
Derivative financial assets	**50**	197	84
Current assets			
Inventories	**2 421**	1 967	1 759
Restricted cash	**62**	44	38
Trade and other receivables	**1 308**	1 064	1 139
Derivative financial assets	**18**	309	539
Cash and cash equivalents	**6 357**	993	706
	22 622	15 591	15 455

COMPANY INCOME STATEMENT
for the year ended 30 June 2020

		SA Rand	
Figures in million	Notes	**2020**	2019
Revenue	2	**3 443**	2 685
Cost of sales	3	**(2 872)**	(2 664)
Production costs		**(2 529)**	(2 259)
Amortisation and depreciation		**(261)**	(234)
Other items		**(82)**	(171)
Gross profit		**571**	21
Corporate, administration and other expenditure		**(43)**	(16)
Gains/(losses) on derivatives	13	**(674)**	84
Other operating expenses	4	**(1 009)**	(269)
Operating loss		**(1 155)**	(180)
Gain on redemption of preference shares from associate	16	**19**	—
Reversal of impairment/(Impairment) of investments in subsidiaries	15	**4**	(3 887)
Profit on sale of investments in subsidiaries	15	**41**	—
Investment income	5	**503**	541
Finance costs	6	**(501)**	(487)
Loss before taxation		**(1 089)**	(4 013)
Taxation	7	**492**	(19)
Loss for the year		**(597)**	(4 032)

These are the separate financial statements of Harmony Gold Mining Company Limited. For the group financial statements refer to page 33 to 129.

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

COMPANY STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2020

Figures in million	Notes	SA Rand 2020	SA Rand 2019
Net loss for the year		**(597)**	(4 032)
Other comprehensive income for the year, net of income tax		**30**	(6)
Items that may be reclassified subsequently to profit or loss		**3**	(3)
Remeasurement of gold hedging contracts	20	**3**	(3)
Items that will not be reclassified to profit or loss:		**27**	(3)
Gain on assets measured at fair value through other comprehensive income	20	**27**	—
Remeasurement of retirement benefit obligation	20	**—**	(3)
Total comprehensive income for the year		**(567)**	(4 038)

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

COMPANY BALANCE SHEET

Figures in million	Notes	At 30 June 2020	At 30 June 2019 Restated*	At 30 June 2018 Restated*
			SA Rand	
ASSETS				
Non-current assets				
Property, plant and equipment	8	**752**	885	849
Intangible assets	9	**16**	13	19
Restricted cash	10	**104**	89	75
Restricted investments	11	**452**	427	459
Investments in subsidiaries	15	**24 542**	24 400	28 161
Investments in associates	16	**—**	39	71
Inventories	18	**4**	3	3
Loans to subsidiaries	15	**—**	122	131
Deferred tax assets	7	**492**	—	—
Other non-current assets	14	**384**	330	276
Derivative financial instruments	13	**855**	355	93
Total non-current assets		**27 601**	26 663	30 137
Current assets				
Inventories	18	**296**	266	262
Loans to subsidiaries	15	**5 307**	5 823	5 833
Trade and other receivables	12	**701**	616	530
Derivative financial instruments	13	**3 740**	548	719
Cash and cash equivalents		**5 883**	613	615
Total current assets		**15 927**	7 866	7 959
Total assets		**43 528**	34 529	38 096
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital and premium	19	**32 937**	29 551	29 340
Other reserves	20	**2 769**	2 560	2 119
Accumulated loss		**(12 479)**	(11 882)	(7 850)
Total equity		**23 227**	20 229	23 609
Non-current liabilities				
Deferred tax liabilities		**—**	—	8
Provision for environmental rehabilitation	21	**600**	608	552
Provision for silicosis settlement	22	**561**	738	724
Retirement benefit obligation	23	**24**	23	19
Borrowings	26	**7 331**	5 632	125
Other non-current liabilities	25	**45**	106	4 924
Derivative financial instruments	13	**925**	350	84
Total non-current liabilities		**9 486**	7 457	6 436
Current liabilities				
Provision for silicosis settlement	22	**137**	—	—
Borrowings	26	**150**	—	690
Loans from subsidiaries	15	**5 381**	5 409	5 861
Trade and other payables	27	**1 006**	888	824
Derivative financial instruments	13	**4 141**	546	676
Total current liabilities		**10 815**	6 843	8 051
Total equity and liabilities		**43 528**	34 529	38 096

* Refer to note 1 for details on the restatement.

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

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 30 June 2020

	Number of ordinary shares issued	Share capital and premium	Accumulated loss	Other reserves	Total
Notes	19	19		20	
Figures in million (SA Rand)					
Balance - 1 July 2018	500 251 751	29 340	(7 850)	2 201	23 691
Issue of shares					
- Shares issued and fully paid	11 032 623	211	—	—	211
- Exercise of employee share options	21 856 821	—	—	—	—
- Harmony ESOP Trust	6 700 000	—	—	—	—
Share-based payments	—	—	—	365	365
Net loss for the year	—	—	(4 032)	—	(4 032)
Other comprehensive income for the year	—	—	—	(6)	(6)
Balance - 30 June 2019	539 841 195	29 551	(11 882)	2 560	20 229
Issue of shares					
- Shares issued and fully paid	**60 278 260**	**3 386**	**—**	**—**	**3 386**
- Exercise of employee share options	**3 023 251**	**—**	**—**	**—**	**—**
Share-based payments	**—**	**—**	**—**	**179**	**179**
Net loss for the year	**—**	**—**	**(597)**	**—**	**(597)**
Other comprehensive income for the year	**—**	**—**	**—**	**30**	**30**
Balance - 30 June 2020	**603 142 706**	**32 937**	**(12 479)**	**2 769**	**23 227**

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

COMPANY CASH FLOW STATEMENT
for the year ended 30 June 2020

Figures in million	Notes	SA Rand 2020	2019
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated/(utilised) by operations	28	**27**	283
Interest received		**230**	192
Dividends received		**7**	4
Interest paid		**(347)**	(365)
Income and mining taxes refunded/(paid)		**68**	(23)
Cash generated/(utilised) by operating activities		**(15)**	91
CASH FLOW FROM INVESTING ACTIVITIES			
Increase in restricted cash		**(10)**	(11)
Decrease in amounts invested in restricted investments	11	**5**	61
(Increase)/decrease in loans to subsidiaries		**894**	(92)
Redemption of preference shares from associates	16	**58**	32
Capital distributions from investments	14	**7**	30
Additions to intangible assets	9	**(8)**	(1)
Additions to property, plant and equipment		**(92)**	(234)
Cash utilised by investing activities		**854**	(215)
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings raised	26	**6 541**	1 200
Borrowings paid	26	**(5 565)**	(1 289)
Issue of shares	19	**3 466**	211
Dividends paid		**(9)**	—
Lease payments	24	**(2)**	—
Cash generated by financing activities		**4 431**	122
Increase/(decrease) in cash and cash equivalents		**5 270**	(2)
Cash and cash equivalents - beginning of year		**613**	615
Cash and cash equivalents - end of year		**5 883**	**613**

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS
for the year ended 30 June 2020

1 ACCOUNTING POLICIES

The accounting policies applied in the company financial statements are consistent with the group accounting policies. Refer to note 2 of the group financial statements as well as the relevant notes for the detailed discussions.

New standards, amendments to standards and interpretations to existing standards adopted by the company

The new standards, amendments to standards and interpretations to existing standards that were adopted by the company, and the impact thereof, is consistent with those described in note 2 of the group financial statements. Refer to note 24 for details on the recently adopted leases standard.

Correction of prior year error

Derivative financial instruments

Harmony has entered into derivative financial instruments with various financial institutions and is the counterparty in these transactions. These derivatives relate to risk exposures for its own operations as well as those of its subsidiaries. Harmony has a centralised treasury function (Group Treasury) that transacts on behalf of all group companies. The transactions related to the subsidiaries are on-charged to the relevant subsidiaries based on an appropriate measure.

Previously, Harmony has disclosed the exposures related to only its operations in its separate financial statements and has presented all balances and movements on a net basis. However, as Harmony is the counterparty with the financial institutions as well as with the subsidiaries, the positions are with different counterparties and cannot be net-settled. The requirement in terms of IFRS is to show these positions as gross values in the balance sheet. Management has therefore restated the balance sheet for 2018 and 2019.

As the movements for the various derivatives would all be recognised in gains/(losses) on derivatives and the tax treatment would result in no change to the taxation expense/credit, there is no impact on the income statement or opening retained earnings as at 1 July 2017 or 2018.

Further, there is no impact on the cash flow statement.

The changes to the derivative financial instruments' balances at 30 June 2018 and 2019 are as follows:

	As at 30 June 2019			As at 30 June 2018		
Figures in million (SA Rand)	**Reported**	**Restated**	**Adjustment**	**Reported**	**Restated**	**Adjustment**
ASSETS						
Non-current assets						
Derivative financial instruments	19	355	336	10	93	83
Current assets						
Derivative financial instruments	33	548	515	68	719	651
LIABILITIES						
Non-current liabilities						
Derivative financial instruments	14	350	336	1	84	83
Current liabilities						
Derivative financial instruments	31	546	515	25	676	651

2 REVENUE

Figures in million	SA Rand 2020	2019
Revenue from contracts with customers	**3 573**	2 685
Gold[1]	**3 572**	2 684
Silver	**1**	1
Hedging loss[2]	**(130)**	—
Total revenue[3]	**3 443**	2 685

[1] Revenue is recognised when gold is delivered and a certificate of sale is issued.
[2] Relates to the realised effective portion of the hedge-accounted gold derivatives. Refer to note 13 for further information.
[3] The average gold price received in the 2020 financial year is R713 224/kg (2019: R592 069/kg).

3 COST OF SALES

Figures in million	SA Rand 2020	2019
Production costs (a)	**2 529**	2 259
Amortisation and depreciation of mining assets (b)	**178**	158
Amortisation and depreciation of assets other than mining assets (c)	**83**	76
Rehabilitation expenditure (d)	**18**	75
Care and maintenance costs of restructured shafts	**40**	38
Employment termination and restructuring costs (e)	**9**	34
Share-based payments (f)	**17**	26
Other	**(2)**	(2)
Total cost of sales	**2 872**	2 664

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

Production costs, analysed by nature, consist of the following:

Figures in million	SA Rand 2020	2019
Labour costs, including contractors	**1 450**	1 443
Consumables	**417**	462
Water and electricity	**305**	306
Transportation	**42**	40
Change in inventory	**30**	(18)
Capitalisation of mine development costs[1]	**(23)**	(139)
Royalty expense	**67**	14
Other	**241**	151
Total production costs	**2 529**	2 259

[1] Part of the decrease is due to ongoing capital development no longer being capitalised at Masimong and Unisel, due to the life-of-mine plans for these operations being less than 12 months during the 2020 year.

(b) Depreciation is higher for the 2020 year owing mainly to the impact of the reduction in the life-of-mine of Masimong and Unisel.

3 COST OF SALES continued

(c) Amortisation and depreciation of assets other than mining assets relates to the following:

	SA Rand	
Figures in million	**2020**	2019
Other non-mining assets	**26**	24
Intangible assets	**5**	7
Amortisation of issue costs	**52**	45
Total amortisation and depreciation of assets other than mining assets	**83**	76

(d) For the assumptions used to calculate the rehabilitation costs, refer to note 25 of the group financial statements. This expense includes the change in estimate for the rehabilitation provision where an asset no longer exists as well as rehabilitation costs. During 2020, rehabilitation costs incurred amounted to R48 million (2019: R46 million). Refer to note 21.

(e) During the 2020 and 2019 financial years, the group offered voluntary severance packages to management.

(f) Refer to note 30 for details on the share-based payment schemes implemented by the company.

(g) There was no impairment or reversal of impairment recognised for the 2020 or 2019 financial years. Please see note 6 of the group financial statements for management's assessment of impairment triggers and impairment tests performed.

4 OTHER OPERATING EXPENSES

	SA Rand	
Figures in million	**2020**	2019
Loss allowance (a)	**75**	(27)
Social investment expenditure	**29**	61
Harmony Community Trust Preference Shares issued (b)	**—**	191
Foreign exchange translation (c)	**855**	84
Silicosis settlement provision (d)	**28**	(48)
Other expenses - net	**22**	8
Total other operating expenses	**1 009**	269

(a) The increase in 2020 is mainly attributable to an increase in the provision for irrecoverable loans to subsidiaries which increased by R64 million. The reversal in 2019 resulted mainly due to a repayment by African Rainbow Minerals Gold Limited (ARMgold) on its intercompany loan. Refer to note 15 for details on the loans to subsidiaries.

(b) During the 2019 financial period, Harmony issued 4 400 000 convertible preference shares to the Harmony Community Trust. The transaction is an equity-settled share-based payment arrangement that vested on the date of issue of the preference shares. Refer to note 30. A once-off charge of R136 million was recognised on this date. The preference shares also carry a minimum preference dividend of R55 million which was provided for on the issue date. Refer to note 25.

(c) Refer to note 26 for details on the US$ borrowings.

(d) Refer to note 22 for details on the movement in the silicosis settlement provision.

5 INVESTMENT INCOME

	SA Rand	
Figures in million	**2020**	2019
Interest income	**447**	**516**
Financial assets at amortised cost (a)	**442**	**516**
South African Revenue Service (SARS)	**5**	**—**
Dividend income (b)	**7**	**4**
Net gain on financial instruments (c)	**49**	**21**
Total investment income	**503**	**541**

5 INVESTMENT INCOME continued

(a) Included in the total interest income are the following:
- An amount of R114 million (2019: R102 million) related to interest on-charged to Harmony's subsidiaries at the relevant interest rate plus an additional margin of 0.5%.
- Interest of R190 million (2019: R296 million) charged on a loan of R3.5 billion to Harmony Moab Khotsong Operations Proprietary Limited for the purchase of the Moab Khotsong assets (refer to note 15). Interest on the loan is calculated at JIBAR plus 2.9%.
- Interest income on the loans to Tswelopele Beneficiation Operation (Proprietary) Limited (TBO), a subsidiary, and the BEE partners to purchase their portion of TBO amounted to R18 million (2019: R22 million) and R0.6 million (2019: R3 million) respectively in the 2020 financial year. Refer to notes 15 and 30.

(b) During the 2020 financial year, dividends of R7 million (2019: R4 million) were received from TBO.

(c) This includes the fair value movements of the ARM BBEE Trust loan. Refer to note 14 for details on the loan.

6 FINANCE COSTS

	SA Rand	
Figures in million	**2020**	2019
Financial liabilities		
Borrowings	**408**	381
Other creditors and liabilities	**6**	2
Loan from subsidiary (a)	**2**	—
Total finance costs from financial liabilities	**416**	383
Non-financial liabilities		
Post-retirement benefits	**2**	2
Time value of money component of silicosis settlement provision	**54**	62
Time value of money and inflation component of rehabilitation costs	**29**	40
Total finance costs from non-financial liabilities	**85**	104
Total finance costs	**501**	487

(a) Relates to interest on amounts received on behalf of TBO charged at overnight call related interest rates. This loan cannot be offset against the amount owed by TBO for the purchase of the Phoenix operation in the 2013 financial year.

7 TAXATION

	SA Rand	
Figures in million	**2020**	2019
Non-mining tax (a)		
- current year	**—**	(26)
Deferred tax (b)		
- current year	**492**	7
Total taxation (expense)/credit	**492**	(19)

(a) Non-mining taxable income is taxed at 28%.

(b) The deferred tax rate used to calculate deferred tax is based on the current estimate of future profitability when temporary differences will reverse based on tax rates and tax laws that have been enacted at the balance sheet date. Depending on the profitability of the operations, the deferred tax rate can consequently be significantly different from year to year.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

7 TAXATION continued

(b) Deferred taxation continued

Following the completion of the annual life-of-mine plans, management revised the weighted average deferred tax rates for all the South African operations. The higher gold price assumption used resulted in an increase in the estimated profitability and consequently higher deferred tax rates than in the prior year. Refer to note 13 of the group financial statements for the assumptions used.

In 2020, the weakening of the Rand against the US$ and the increase in the US$ gold price negatively impacted on the valuation of the derivative financial instruments. Refer to notes 13 and 33 for detail. The temporary differences related to the Rand gold derivatives changed from taxable temporary differences (resulting in a deferred tax liability) to deductible temporary differences (resulting in a deferred tax asset). Management assessed the rates at which the temporary differences are expected to reverse and as the expected non-mining losses can be set off against the mining profits, the rates have been revised from the non-mining tax rate of 28% to the weighted average deferred tax rate.

The recoverability of Harmony's net deferred tax asset position at 30 June 2020 is considered below:

Figures in million (SA Rand)	**2020**
Temporary differences	**1 079**
Tax losses	**574**
Total	**1 653**
Deferred tax rate	**29.8%**
Deferred tax asset	**492**

At 30 June 2020, management considered whether the deferred tax asset (DTA) should be recognised, partially or in full. A portion of the DTA relates to a tax loss of R574 million, which primarily arose due to the foreign exchange translation losses and losses on derivatives recorded in 2020. The company's operations include the Central Plant Reclamation (CPR), a tailings retreatment facility. As a low cost producer, its profit margins are highly sensitive to fluctuations in the gold price. In addition, the higher short-term gold price also significantly benefits Masimong's profitability, which following the revision of its life-of-mine at 30 June 2020 has two years remaining of its life. Due to the significant expected increase in the short-term Rand gold price used in the estimation of future taxable profits for the mining operations owned by the Harmony company, it is considered probable that sufficient future taxable profits will be available against which the aforementioned tax loss and the current deductible temporary differences existing at the reporting date can be utilised. Consequently, a deferred tax asset of R492 million has been recognised, consisting of R171 million relating to the tax loss and R321 million relating to deductible temporary differences.

INCOME AND MINING TAX RATES

The tax rate remained unchanged for the 2020 and 2019 years. Major items causing the income statement provision to differ from the mining statutory tax rate of 34% were:

	SA Rand	
Figures in million	**2020**	2019
Tax on net loss at the mining statutory tax rate	**370**	1 364
Non-allowable deductions		
Impairment of investments in subsidiaries	**—**	(1 322)
Finance costs	**(70)**	(68)
Share-based payments	**(9)**	(78)
Loan-related cost	**(19)**	(18)
Other	**(37)**	(39)
Movement in deferred tax asset not recognised	**—**	128
Movement in deferred tax asset recognised	**225**	—
Effect on temporary differences due to changes in effective tax rate[1]	**17**	—
Difference between non-mining tax rate and statutory mining rate on non-mining income	**15**	8
Difference between effective mining tax rate and statutory mining rate on mining income	**—**	6
Income and mining taxation	**492**	(19)
Effective income and mining tax rate (%)	**45**	—

[1] The deferred tax rate used for the 2020 financial year was 29.8% (2019: 25.7%).

7 TAXATION continued

DEFERRED TAX

The analysis of deferred tax assets and liabilities is as follows:

Figures in million	SA Rand 2020	2019
Deferred tax assets	**624**	143
Deferred tax asset to be recovered after more than 12 months	**253**	53
Deferred tax asset to be recovered within 12 months	**371**	90
Deferred tax liabilities	**(132)**	143
Deferred tax liability to be recovered after more than 12 months	**—**	—
Deferred tax liability to be recovered within 12 months	**(132)**	(143)
Net deferred tax asset	**492**	—

The net deferred tax asset on the balance sheet at 30 June 2020 and 30 June 2019 relate to the following:

Figures in million	SA Rand 2020	2019
Gross deferred tax liabilities	**(132)**	(143)
Amortisation and depreciation	**(125)**	(140)
Other	**(7)**	(3)
Gross deferred tax assets	**624**	143
Unredeemed capital expenditure	**6**	74
Provisions, including non-current provisions	**348**	294
Derivative financial instruments	**99**	—
Tax losses	**171**	—
Deferred tax asset not recognised	**—**	(225)
Net deferred tax asset	**492**	—

Movement in the net deferred tax asset recognised in the balance sheet is as follows:

Figures in million	SA Rand 2020	2019
Balance at beginning of year	**—**	8
Tax charged directly to other comprehensive income	**—**	(1)
Total (expense)/credit per income statement	**492**	(7)
Balance at end of year	**492**	—

As at 30 June 2020, the company has no mining tax losses (2019: nil) and R574 million non-mining tax losses (2019: nil), available for utilisation against future taxable income and future non-mining taxable income respectively.

As at 30 June 2020, the company has a capital gains tax (CGT) loss of R231 million (2019: R231 million) available for utilisation against future capital gains.

The recognised deferred tax asset arises from deductible temporary differences for which future taxable profits are considered probable. Refer to the discussion above for further detail.

DIVIDEND TAX (DT)

The withholding tax on dividends remains unchanged at 20% in 2019 and 2020.

8 PROPERTY, PLANT AND EQUIPMENT

SA Rand		
Figures in million	**2020**	2019
Mining assets	**668**	807
Other non-mining assets	**84**	78
Total property, plant and equipment	**752**	885

MINING ASSETS

SA Rand		
Figures in million	**2020**	2019
Cost		
Balance at beginning of year	**5 258**	5 252
Fully depreciated assets no longer in use derecognised	**—**	(104)
Additions[1]	**60**	186
Adjustment to rehabilitation asset	**(7)**	(13)
Scrapping of assets[2]	**(44)**	(63)
Balance at end of year	**5 267**	5 258
Accumulated depreciation and impairment		
Balance at beginning of year	**4 451**	4 457
Fully depreciated assets no longer in use derecognised	**—**	(104)
Scrapping of assets[2]	**(30)**	(60)
Depreciation[3]	**178**	158
Balance at end of year	**4 599**	4 451
Net carrying value	**668**	807

[1] Includes R23 million (2019: R31 million) attributable to Doornkop JV. The decrease in 2020 is due to costs no longer being capitalised at Masimong and Unisel, due to the life-of-mine plans for these operations being less than 12 months during the 2020 year. The life-of-mines were reassessed at 30 June 2020, with Masimong's life being extended to two years, while Unisel is to close during the 2021 financial year.

[2] Relates to the abandonment of assets that were no longer core to the business or in use and unprofitable areas resulted in derecognition of property, plant and equipment as no future economic benefits were expected from their use or disposal.

[3] Includes R14 million (2019: R21 million) attributable to Doornkop JV. Refer to note 17.

OTHER NON-MINING ASSETS

SA Rand		
Figures in million	**2020**	2019
Cost		
Balance at beginning of year	**184**	145
Fully depreciated assets no longer in use derecognised	**—**	(9)
Additions	**32**	48
Balance at end of year	**216**	184
Accumulated depreciation and impairment		
Balance at beginning of year	**106**	91
Fully depreciated assets no longer in use derecognised	**—**	(9)
Depreciation	**26**	24
Balance at end of year	**132**	106
Net carrying value	**84**	78

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

9 INTANGIBLE ASSETS

TECHNOLOGY-BASED ASSETS

Figures in million	SA Rand **2020**	2019
Cost		
Balance at beginning of year	**39**	48
Fully depreciated assets no longer in use derecognised	**—**	(10)
Additions	**8**	1
Balance at end of year	**47**	39
Accumulated amortisation and impairments		
Balance at beginning of year	**26**	29
Fully depreciated assets no longer in use derecognised	**—**	(10)
Amortisation charge	**5**	7
Balance at end of year	**31**	26
Net carrying value	**16**	13

10 RESTRICTED CASH

Figures in million	SA Rand **2020**	2019
Environmental guarantees	**104**	**89**

The amount primarily relates to funds set aside to serve as collateral against guarantees made to the Department of Mineral Resources and Energy (DMRE) in South Africa for environmental and rehabilitation obligations. Refer to note 21. The funds are invested in short term money market funds and call accounts.

11 RESTRICTED INVESTMENTS

Figures in million	SA Rand **2020**	2019
Investments held by environmental trust fund	**430**	399
Fixed deposits	**369**	273
Cash and cash equivalents	**1**	1
Equity-linked deposits	**60**	125
Investments held by the Social Trust Fund	**22**	28
Total restricted investments	**452**	427

ENVIRONMENTAL TRUST FUND

The environmental trust fund is an irrevocable trust under the company's control. Contributions to the trust are invested in interest-bearing short-term and medium-term cash investments and medium-term equity-linked notes issued by commercial banks that provide guaranteed interest and additional interest or growth linked to the growth of the Top 40 index of the JSE. These investments provide for the estimated cost of rehabilitation at the end of the life of the company's mines. Income earned on the investments is retained in the funds and reinvested.

11 RESTRICTED INVESTMENTS continued

ENVIRONMENTAL TRUST FUND continued

Reconciliation of the movement in the investments held by environmental trust fund:

	SA Rand	
Figures in million	**2020**	2019
Balance at beginning of year	**399**	426
Interest income	**21**	23
Fair value gain	**10**	6
Equity-linked deposits matured	**(75)**	—
Acquisition/(maturity) of fixed deposits	**75**	(56)
Net transfer of cash and cash equivalents	**—**	55
Withdrawal of funds	**—**	(55)
Balance at end of year	**430**	399

SOCIAL TRUST FUND

The Social Trust Fund is an irrevocable trust under the company's control. The purpose of the trust is to fund the social plan to reduce the negative effects of restructuring on the group's workforce, to put measures in place to ensure that the technical and life skills of the group's workforce are developed and to develop the group's workforce in such a manner as to avoid or minimise the effect of job losses and a decline in employment through turnaround or redeployment strategies.

The Social Trust Fund investment comprises a unit trust portfolio that is exposed to the fair value changes in the equity market and is classified as a fair value through profit or loss investment.

Reconciliation of the movement in the investment held by the Social Trust Fund:

	SA Rand	
Figures in million	**2020**	2019
Balance at beginning of year	**28**	33
Loss on realisation of asset	**(4)**	—
Interest income	**1**	1
Fair value gain	**2**	—
Claims paid	**(5)**	(6)
Balance at end of year	**22**	28

12 TRADE AND OTHER RECEIVABLES

Figures in million	SA Rand 2020	2019
Current assets		
Financial assets		
Trade receivables (metals)	**624**	448
Other trade receivables	**58**	66
Loss allowance	**(25)**	(14)
Trade receivables - net	**657**	500
Interest and other receivables	**15**	5
Employee receivables	**13**	10
Other loans receivable	**—**	11
Non-financial assets		
Prepayments	**16**	22
Income and mining taxes	**—**	68
Total trade and other receivables	**701**	616

The movement in the loss allowance for trade and other receivables during the year was as follows (refer to note 33 for details):

Figures in million	SA Rand 2020	2019
Balance at beginning of year	**14**	12
Increase in loss allowance recognised during the year	**21**	2
Reversal of loss allowance during the year	**(10)**	—
Balance at end of year	**25**	14

The loss allowance for trade and other receivables stratified according to ageing profile at the reporting date is as follows:

	30 June 2020 SA Rand		30 June 2019 SA Rand	
Figures in million	Gross	Loss allowance	Gross	Loss allowance
Not past due	**642**	**—**	474	—
Past due by 1 to 30 days	**2**	**—**	1	—
Past due by 31 to 60 days	**1**	**—**	19	—
Past due by 61 to 90 days	**10**	**—**	6	—
Past due by more than 90 days	**12**	**11**	4	4
Past due by more than 361 days	**15**	**14**	10	10
	682	**25**	514	14

Refer to note 37 of the group financial statements for details on how the provision was calculated.

During the 2020 and 2019 years there was no renegotiation of the terms of any receivable. The company does not hold any collateral in respect of these receivables.

13 DERIVATIVE FINANCIAL INSTRUMENTS

Figures in million (SA Rand)	Rand gold hedging contracts (a)	US$ gold contracts (b)	US$ silver contracts (b)	Foreign exchange contracts (c)	Rand gold derivative contracts (a)	Total
As at 30 June 2020						
Derivative financial assets	—	364	15	718	3 498	4 595
Non-current	—	101	6	89	659	855
Current	—	263	9	629	2 839	3 740
Derivative financial liabilities	—	(364)	(15)	(787)	(3 900)	(5 066)
Non-current	—	(101)	(6)	(92)	(726)	(925)
Current	—	(263)	(9)	(695)	(3 174)	(4 141)
Net derivative financial instruments	—	—	—	(69)	(402)	(471)
Unamortised day one net loss included above	—	—	—	—	2	2
Movements for the year ended 30 June 2020						
Realised losses included in revenue	130	—	—	—	—	130
Unrealised losses on gold contracts recognised in other comprehensive income	(183)	—	—	—	—	(183)
Losses on derivatives	—	—	—	(116)	(497)	(613)
Unrealised losses reclassified to profit and loss as a result of discontinuance of hedge accounting	(56)	—	—	—	—	(56)
Day one loss amortisation	(5)	—	—	—	—	(5)
Total losses on derivatives	(61)	—	—	(116)	(497)	(674)
Hedge effectiveness						
Change in the fair value of the hedging instrument used as the basis for recognising hedge ineffectiveness	(183)	—	—	—	—	(183)
Change in the fair value of the hedged item used as the basis for recognising hedge ineffectiveness.	183	—	—	—	—	183

Figures in million (SA Rand)	Rand gold hedging contracts (a)	US$ gold contracts (b)	US$ silver contracts (b)	Foreign exchange contracts (c)	Rand gold derivative contracts (a)	Total
As at 30 June 2019 (restated)*						
Derivative financial assets	—	59	3	453	388	903
Non-current	—	15	—	173	167	355
Current	—	44	3	280	221	548
Derivative financial liabilities	(4)	(59)	(3)	(412)	(418)	(896)
Non-current	—	(15)	—	(156)	(179)	(350)
Current	(4)	(44)	(3)	(256)	(239)	(546)
Net derivative financial instruments	(4)	—	—	41	(30)	7
Unamortised day one net loss included above	—	—	—	—	5	5
Unrealised losses included in other reserves, net of tax	(4)	—	—	—	—	(4)
Movements for the year ended 30 June 2019						
Unrealised losses on gold contracts recognised in other comprehensive income	(4)	—	—	—	—	(4)
Gains/(losses) included in gains on derivatives	—	—	—	122	(34)	88
Day one loss amortisation	(4)	—	—	—	—	(4)
Total gains/(losses) on derivatives	(4)	—	—	122	(34)	84
Hedge effectiveness						
Change in the fair value of the hedging instrument used as the basis for recognising hedge ineffectiveness	(4)	—	—	—	—	(4)
Change in the fair value of the hedged item used as the basis for recognising hedge ineffectiveness.	4	—	—	—	—	4

* Refer to note 1 for details on the restatement.

Harmony enters into derivative contracts with various financial institutions on behalf of its operations as well as those of its subsidiaries. The tables above show the gross position for Harmony as the counterparty with the financial institutions as well as its subsidiaries as at the reporting dates. Due to the position for the subsidiaries being the opposite to Harmony's position with the financial institutions, the net position shown relates to Harmony's own operations. As the movements through the income statement for the derivative contracts with the subsidiaries would be opposite to those for Harmony's derivative contracts with the financial institutions, the impact on gains/(losses) for derivatives is the net movement for Harmony's own operations.

(a) **Rand gold contracts**

Hedge accounting

Harmony has entered into Rand gold forward sale derivative contracts to manage the risk of lower gold prices. Cash flow hedge accounting is applied to a portion of these contracts, resulting in the effective portion of the unrealised gains and losses being recorded in other comprehensive income (other reserves - refer to note 20). Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments.

The group enters into gold forward contracts that have similar terms as the hedged item, such as notional amount, maturity date and reference gold spot price thereby ensuring that an economic relationship exists between the hedging instrument and the hedged item and resulting in a hedge ratio of 1:1. Potential sources of hedge ineffectiveness include counterparty and own credit risk, day one gains and losses, a mismatch in the timing of the derivative and underlying gold sale maturities, location differential and the refining margin. Hedge ineffectiveness is measured by comparing the change in the expected cash flows from a forward sale contract versus the sale of an equivalent quantity of gold in the open market. Ineffectiveness results when the changes in the fair values in the hedging instruments exceed the fair value changes in the hedged item. A negligible amount of hedge ineffectiveness was experienced in the years presented.

The gains and losses from derivative contracts to which hedge accounting is not applied is included in gains/(losses) on derivatives.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 30 June 2020

13 DERIVATIVE FINANCIAL INSTRUMENTS continued

(a) **Rand gold contracts** continued

Discontinuance of hedge accounting and restructuring

As a result of the original 21-day lockdown announced in South Africa, effective 27 March 2020, aimed to slow the spread of COVID-19, Harmony Gold closed all deep-level underground mines in South Africa. As a result of the closure, a significant volume of the underlying exposure that was originally intended to be hedged was delayed.

A total of 8 500 ounces of gold forwards were originally set to mature in the months of April and May 2020. After assessing forecasts of gold production at 1 April 2020, the hedged items, being the sales of gold, relating to 5 000 ounces of gold forwards were assessed to no longer be probable. The hedged items relating to the remaining balance of gold forwards were still considered to be highly probable.

Due to the fact that the occurrence of the forecast transactions/hedged items were no longer considered probable, there was no longer an effective hedging relationship and therefore hedge accounting for these hedges was discontinued. Unrealised losses relating to the hedges amounting to R 56 million, previously recognised in other comprehensive income, were immediately reclassified to profit or loss as losses on derivatives.

In response to the gold forwards' underlying items no longer occurring and in order to better match the cash flows relating to the underlying exposure, certain of the Rand gold forwards with maturities between 15 April 2020 and 31 May 2020 were effectively extended to mature between the periods July 2020 and March 2021. The restructured gold forwards retained the pricing of the original forwards.

At 30 June 2020, all open contracts have an average forward sale price of R743 475/kg. Refer to note 18 of the group financial statements for all open positions held. The following table shows the open position of Rand gold forward contracts at the reporting date relating to Harmony:

	Nominal value	**Quarterly tranche average spread**
- Harmony's Rand gold forward contracts	1 230 kg (43 402 oz)	2 years

(b) **US$ commodity contracts**

Harmony maintains a derivative programme for Hidden Valley by entering into commodity derivative contracts. The contracts comprise US$ gold forward sale contracts as well as silver zero cost collars which establish a minimum (floor) and maximum (cap) silver sales price.

(c) **Foreign exchange contracts**

Included in the foreign exchange derivative contracts (forex derivative contracts) are zero cost collars and forward exchange contracts. Refer to note 18 of the group financial statements for all open positions held. The zero cost collars establish a floor and cap Rand/US$ exchange rate at which to convert US dollars to Rands. The nominal value of the open zero cost collars in Harmony at 30 June 2020 is US$48 million (30 June 2019: US$41 million). The weighted average prices for the forward exchange contracts are as follows: cap R17.09 and floor R15.81.The nominal value of open forex forwards at 30 June 2020 is US$17 million (30 June 2019: US$38 million) and the weighted average exchange rate is R16.38.

As hedge accounting is not applied to these contracts, the resulting gains and losses have been recorded in gains/(losses) on derivatives in the income statement.

Refer to note 33 for a summary of the risk management strategy applied and details of the fair value measurements as at reporting date.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 30 June 2020

14 OTHER NON-CURRENT ASSETS

	SA Rand	
Figures in million	**2020**	2019
Non-current assets		
Debt instruments	**311**	275
Loans to associates (a)	**116**	116
Loan to ARM BBEE Trust (b)	**306**	271
Other loans receivable	**5**	4
Loss allowance (a)	**(116)**	(116)
Equity instruments	**73**	55
Rand Mutual Assurance (c)	**69**	52
Other	**4**	3
Total other non-current assets	**384**	330

(a) The balance relates to a loan of R116 million (2019: R116 million) owed by Pamodzi. Pamodzi was placed into liquidation during 2009 and the loan was provided for in full. The company is a concurrent creditor in the Pamodzi Orkney liquidation.

(b) During 2016, Harmony advanced R200 million to the ARM BBEE Trust, shareholder of African Rainbow Minerals Limited (ARM). The trust is controlled and consolidated by ARM, who holds 12.38% of Harmony's shares. Harmony is a trustee of the ARM BBEE Trust. The loan is subordinated and unsecured. The interest is market related (3 months JIBAR plus 4.25%) and is receivable on the maturity of the loan on 31 December 2022. On adoption of IFRS 9 in 2019, it was assessed that the contractual cash flows fail the solely payments of principal and interest (SPPI) characteristics and that the loan will therefore be carried at fair value through profit or loss. At 30 June 2020 the loan was remeasured to its fair value of R306 million (2019: R271 million).

(c) Refer to note 17 in the group financial statements.

The movement in the loss allowance for debt instruments during the year was as follows:

	SA Rand	
Figures in million	**2020**	2019
Balance at beginning of year	**116**	119
Impact of adopting IFRS 9 (refer to (b) above)	**—**	(3)
Balance at end of year	**116**	116

15 INVESTMENTS IN SUBSIDIARIES AND LOANS TO/FROM SUBSIDIARIES

ACCOUNTING POLICY

Investments in subsidiaries are accounted for at cost less impairment. Harmony charges its subsidiaries for the employee share incentive plans granted to the subsidiaries' employees. The movement in equity in the company's financial statements relating to the recharge of the share-based payments of subsidiaries is accounted for against investments in subsidiaries. Investments in subsidiaries are tested annually for impairment or when there is an indication of impairment and an impairment loss is recognised for the amount by which the carrying amount of the investment in a subsidiary exceeds its recoverable amount. The recoverable amount of investments in subsidiaries are generally determined with reference to future cash generated by the subsidiaries. For further detail, see critical accounting estimates and judgements below. Any impairment losses are included in impairment of investments in subsidiaries in the income statement.

Loans to/from subsidiaries are measured initially at fair value. Loans to subsidiaries held within a business model with the objective to hold assets to collect contractual cash flows and with contractual terms giving rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost. All other loans to subsidiaries are measured subsequently at fair value. The company currently has no such loans. Loans from subsidiaries are subsequently measured at amortised cost. The loans to subsidiaries are subject to the expected credit loss model.

The recoverability of loans to subsidiaries are assessed at each reporting period using a forward-looking expected credit loss (ECL) approach. The ECL is measured as the probability-weighted estimate of credit losses, which is the present value of all cash shortfalls (i.e. the difference between the cash flows due to the company in accordance with the contract and the cash flows that the company expects to receive).

15 INVESTMENTS IN SUBSIDIARIES AND LOANS TO/FROM SUBSIDIARIES continued

ACCOUNTING POLICY continued

This was measured using the probability of default (PD), loss given default (LGD), exposure at default (EAD) methodology. The LGD depends on the expected cash flows generated by each operating subsidiary with reference to the approved life-of-mine plans of each operation. The estimations of future cash generated by subsidiaries takes into account forward-looking information as described under critical accounting estimates and judgements below. Any impairment losses are included in other operating expenses in the income statement.

Investments in and loans to dormant subsidiaries with no significant assets are written off as the carrying amount cannot be recovered and the counterparties do not have the capacity to meet their contractual obligations.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The recoverable amount of an investment in a subsidiary is the higher of the investment's fair value less costs to sell and value in use. Fair value less cost to sell is generally determined by using discounted estimated after-tax future cash flows. Future cash flows are estimated based on the assumptions described below.

For loans to subsidiaries, as these loans are repayable on demand, the expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. Given the liquidity situations of most of the operating subsidiaries, the probability that the entities would not be able to repay immediately is almost certain, hence the expected manner of recovery was determined based on the ability to repay the loan over time, taking into account the future cash flows the company expects to receive.

Future cash flows are estimated based on quantities of recoverable minerals, expected gold prices (considering current and historical prices, price trends and related factors), production levels and cash costs of production, all based on life-of-mine (LoM) plans. Future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and risk specific to the subsidiaries' operations. Refer to note 13 of the group financial statements for the detail on the critical accounting estimates and judgements applied in calculating the future cash flows.

Cash flows are allocated to recover firstly any loans to subsidiaries and thereafter the investments in subsidiaries.

	SA Rand	
Figures in million	**2020**	2019
Shares at cost less accumulated impairment (a) and (d)	**24 542**	24 400
Shares at cost	**30 267**	30 128
Accumulated impairment	**(5 725)**	(5 728)
Loans to subsidiaries	**5 307**	5 945
Gross non-current loan to subsidiary (b)(i)	**—**	122
Gross current loans to subsidiary companies (b)(i) and (ii)	**7 033**	7 486
Provision for irrecoverable loans (c)	**(1 726)**	(1 663)
Loans from subsidiaries	**(5 381)**	(5 409)
Total investments in subsidiaries	**24 468**	24 936

(a) Includes amounts relating to the share-based payment expense for the subsidiary companies' employees. On 31 December 2019, the option to acquire 25% of Tswelopele Beneficiation Operation (TBO) was exercised by the BEE partners. Profit of R41 million was recognised in the income statement for the disposal of the 25% investment. Refer to note 30 for more information on this transaction.

(b) (i) Included in loans to subsidiaries is a loan to TBO of R68 million (2019: R181 million) and is due in December 2020. Refer to note 30 for details on the Phoenix transaction. The fair value of the loan is not materially different to its carrying amount since interest charged is at a floating interest rate. The fair value of the loan is based on discounted cash flows using a current interest rate. The determination of the fair value is level 3 in the fair value hierarchy due to the use of unobservable inputs.

(ii) Included in the loans to subsidiary company is a loan of R2.1 billion (2019: R3 billion) to Harmony Moab Khotsong Operations Proprietary Limited. The loan was advanced for the purchase of assets in 2018. The loan is unsecured and repayable on demand. Interest on the loan is charged at JIBAR + 2.9%. Refer to note 12 of the group financial statements for more information on the transaction.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

15 INVESTMENTS IN SUBSIDIARIES AND LOANS TO/FROM SUBSIDIARIES continued

(c) Includes an increase in provision for irrecoverable loans to ARMgold of R60 million. The provision for loans to Harmony Copper Limited increased by R3 million.

(d) At 30 June 2019, an impairment of R2.8 billion was recorded against Harmony's investment in ARMgold. The impairment mainly related to the decreased estimated profitability of the Freegold operations. An impairment of R1.1 billion was recorded against Harmony's investment in Avgold Limited at 30 June 2019 which mainly related to the reduction of outside LOM years and grade at its Target 1 operation.

The majority of the loans to/from subsidiaries are repayable on demand and therefore not past due. Refer to Annexure A for a detailed listing of the company's investments in subsidiaries and the loans to and from these companies.

16 INVESTMENTS IN ASSOCIATES

ACCOUNTING POLICY

Investments in associates are accounted for at cost and are adjusted for impairments where appropriate.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The investments in associates are evaluated for impairment by comparing the entire carrying value of the investment (including loans to associates and preference shares) to the recoverable amount, which is the higher of value in use or fair value less costs to sell. Discounted cash flow models are used to calculate the net present value of the investments. The cash flows in the models include expected interest and capital payments on loans, dividends, redemption amounts and proceeds on disposal.

(a) Pamodzi was a gold mining company listed on the JSE with operations in South Africa. Harmony acquired 32.4% of Pamodzi when the group sold the Orkney operation in 2008 in exchange for a consideration of 30 million Pamodzi shares, initially valued at R345 million. Pamodzi was placed in liquidation in March 2009. The company had historically recognised accumulated impairments of R345 million reducing the carrying value of the investment to Rnil. Refer to note 17 of the group financial statements for further details. Refer to note 14 for detail of loans and receivables provided for by the company.

(b) Rand Refinery provides precious metal smelting and refining services in South Africa. Harmony effectively holds a 10.38% share in Rand Refinery. This investment is a strategic investment for the group as Rand Refinery is the only company that provides such services in South Africa. Although the group holds less than 20% of the equity shares of Rand Refinery, the group is able to exercise significant influence by virtue of having a right to appoint a director on the board. Through the 10.38% shareholding and the right to appoint a director on the board, the investment has been accounted for as an associate.

In December 2014, Rand Refinery drew down on a shareholder's loan of which Harmony's portion thereof was R120 million. Following an amended loan agreement signed on 5 June 2017, the loan was converted into cumulative redeemable preference shares of no par value. During 2020 Rand Refinery redeemed preference shares to the value of R58 million (2019: R32 million). The value of the preference shares redeemed exceeded the value of the investment by R19 million and is recognised on the income statement as gain on redemption of preference shares from associate..

The movement in the investment in associate during the year is as follows:

	SA Rand	
Figures in million	**2020**	2019
Balance at beginning of year	**39**	71
Redemption of preference shares	**(39)**	(32)
Balance at end of year	**—**	39

17 INVESTMENT IN JOINT OPERATIONS

DOORNKOP JV AGREEMENT

During the 2010 financial year, Harmony and Randfontein Estates Limited, a subsidiary of Harmony, entered into a joint arrangement for the operation of the Doornkop mine following Harmony's purchase of a 26% interest in the Doornkop mining right from African Vanguard Resources (Proprietary) Limited (AVRD) for a purchase consideration of R398 million. Harmony recognised the cost of the mineral rights as part of property, plant and equipment. The joint venture agreement entitles the company to a 16% share of the production profit or loss of the Doornkop mine.

18 INVENTORIES

Figures in million	SA Rand 2020	2019
Gold in-process and bullion on hand	**17**	43
Consumables at weighted average cost (net of provision)	**279**	223
Total current inventories	**296**	266
Inventory valued at net realisable value[1]	**4**	3

[1] During the 2020 financial year, a revaluation of R1 million(2019: Rnil million) was recorded for the net realisable value adjustment for gold in lock-up. The balance at 30 June 2020 is R4 million (2019: R3 million) and is classified as non-current.

The total provision for slow-moving and redundant stock at 30 June 2020 was R32 million (2019: R17 million).

19 SHARE CAPITAL

AUTHORISED

1 200 000 000 (2019: 1 200 000 000) ordinary shares with no par value.
4 400 000 (2019: 4 400 000) convertible preference shares with no par value.

ISSUED

603 142 706 (2019: 539 841 195) ordinary shares with no par value. All issued shares are fully paid.
4 400 000 (2019: 4 400 000) convertible preference shares with no par value.

SHARE ISSUES

Share placing
During June 2020, Harmony conducted a placement of ordinary shares with existing and new institutional investors. A total 60 278 260 new ordinary shares were placed at a price of R57.50 per share, raising gross proceeds of approximately R3.466 billion. The Placing Shares issued represent, in aggregate, approximately 11.1% of the company's issued ordinary share capital before the Placing. The Placing Price represents a discount of 5.4% to the closing share price on 24 June 2020 and a 3.5% discount to the 30-day volume-weighted average price (VWAP). The Placing Shares rank *pari passu* in all respects with the existing Harmony ordinary shares, including the right to receive all dividends and other distributions declared, made or paid after the date of issue thereof. The proceeds of the Placing will be used by Harmony to discharge the US$200 million consideration to acquire AngloGold Ashanti's remaining South African assets (refer to note 12 in the group financial statements). The share issue costs amounted to R80 million.

Accelerated bookbuild
During June 2018, Harmony conducted a placement of 55 055 050 new ordinary shares to qualifying investors through an accelerated bookbuild. ARM subscribed for an additional 11 032 623 shares at R19.12 a share, totalling R211 million, in July 2018. The issue resulted in ARM maintaining its shareholding of 14.29% post the placement of shares. In total, gross proceeds of R1.26 billion were raised to fund part of the outstanding bridge loan raised for the acquisition of the Moab Khotsong operations.

Share issues relating to employee share options
An additional 3 023 251 (2019: 21 856 821) shares were issued to settle the exercise of share options by employees relating to Harmony's management share option schemes. During the 2019 financial year, Harmony implemented a new employee share option scheme referred to as the Sisonke Employee Share Ownership Plan. An amount of 6 700 000 shares were issued to the Harmony ESOP Trust as part of the new scheme. Note 30 sets out the details in respect of the share option schemes.

Convertible preference shares
On 20 February 2019, Harmony issued 4 400 000 convertible preference shares to the Harmony Gold Community Trust. The convertible preference shares carry a minimum annual preference dividend of R2 per share and are convertible into ordinary shares on a 1:1 basis after the tenth anniversary of the date on which the shares were issued. The conversion is at the election of Harmony.

19 SHARE CAPITAL continued

TREASURY SHARES

Included in the total of issued shares are the following treasury shares:

	Number of shares	
	2020	2019
Ordinary shares		
Lydenburg Exploration Limited[1]	**335**	335
Kalgold Share Trust[2]	**47 046**	47 046
Harmony ESOP Trust[2]	**6 335 629**	6 592 900
Convertible preference shares		
Harmony Gold Community Trust[2]	**4 400 000**	4 400 000

[1] A wholly-owned subsidiary of Harmony.
[2] Trust controlled by the group of which Harmony is the parent company.

Refer to note 11 of the group financial statements for details on dividends declared and paid.

20 OTHER RESERVES

	SA Rand	
Figures in million	**2020**	2019
Equity instruments designated at fair value through other comprehensive income (a)	**107**	80
Repurchase of equity interest (b)	**3**	3
Equity component of convertible bond (c)	**277**	277
Share-based payments (d)	**2 378**	2 199
Post-retirement benefit actuarial gain (e)	**4**	4
Hedge reserve (f)	**—**	(3)
Total other reserves	**2 769**	2 560

(a) Includes R106 million (2019: R 82 million) related to the cumulative fair value movement of Harmony's interest in Rand Mutual Assurance. Refer to note 14.

(b) The sale of 26% of the AVRD mining titles resulted in a R3 million repurchase of a call option (equity interest) by the company. Refer to note 24 of the group financial statements.

(c) Refer to note 24 of the group financial statements.

(d) The reconciliation of the movement in share-based payments is as follows:

	SA Rand	
Figures in million	**2020**	2019
Balance at beginning of year	**2 199**	1 834
Share-based payments expensed (i)	**23**	171
Subsidiary employees share-based payments (ii)	**156**	194
Balance at the end of year	**2 378**	2 199

(i) Refer to note 34 in the group financial statements as well as note 30 in the company's financial statements.

(ii) Awards offered to employees providing services related to their employment in the group results in an increase in investment in subsidiaries. Refer to note 15.

20 OTHER RESERVES continued

(e) The actuarial gains or losses related to the post-retirement benefit obligation will not be reclassified to the income statement. The movement is as follows:

	SA Rand	
Figures in million	**2020**	2019
Balance at beginning of year	**4**	7
Actuarial gain/(loss) for the year	**—**	(4)
Deferred tax	**—**	1
Balance at the end of year	**4**	4

(f) Harmony entered into Rand gold hedging contracts. Cash flow hedge accounting is applied to certain of these contracts, resulting in the effective portion of the unrealised gains and losses being recorded in other comprehensive income (other reserves). Refer to note 13 for further information.

	SA Rand	
Figures in million	**2020**	2019
Balance at beginning of year	**(3)**	—
Remeasurement of gold hedging contracts	**3**	(3)
Net gain/(loss) on gold contracts	**(183)**	(4)
Released to revenue	**130**	—
Unrealised losses reclassified to profit or loss as a result of discontinuance of hedge accounting	**56**	—
Deferred tax thereon	**—**	1
Balance at end of year	**—**	(3)

21 PROVISION FOR ENVIRONMENTAL REHABILITATION

The company's mining and exploration activities are subject to extensive environmental laws and regulations. The company has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements.

The following is a reconciliation of the total provision for environmental rehabilitation:

	SA Rand	
Figures in million	**2020**	2019
Balance at beginning of year	**608**	552
Change in estimate - Balance sheet	**(7)**	(13)
Change in estimate - Income statement	**18**	75
Utilisation of provision	**(48)**	(46)
Time value of money and inflation component of rehabilitation costs	**29**	40
Balance at end of year	**600**	608

Refer to note 25 of the group financial statements for estimations and judgements used in the calculation.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

21 PROVISION FOR ENVIRONMENTAL REHABILITATION continued

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, the company has estimated its undiscounted cost for the operations, based on current environmental and regulatory requirements, as follows:

	SA Rand	
Figures in million	**2020**	2019
Future net undiscounted obligation		
Ultimate estimated rehabilitation cost	**707**	709
Amounts invested in environmental trust funds (refer to note 11)	**(430)**	(399)
Total future net undiscounted obligation	**277**	310

The company intends to finance the ultimate rehabilitation costs from the money invested with environmental trust funds, as well as the proceeds on sale of assets and gold from plant clean-up at the time of mine closure. The company has guarantees, some cash-backed, in place relating to some of the environmental liabilities. Refer to note 10 and 32.

22 PROVISION FOR SILICOSIS SETTLEMENT

Refer to note 26 of the group financial statements for a discussion on the settlement provision. The following is a reconciliation of the company's provision for the silicosis settlement:

	SA Rand	
Figures in million	**2020**	2019
Balance at beginning of year	**738**	724
Change in estimate	**28**	(48)
Time value of money and inflation component	**54**	62
Payments to Tshiamso Trust and claimant attorneys	**(122)**	—
Balance at end of year	**698**	738
Current portion of silicosis settlement provision	**137**	—
Non-current portion of silicosis settlement provision	**561**	738

The group's obligation has been allocated to the companies within the group that form part of the court settlement agreement based on the number of employees at an operation over a period of time. As holding company of the group, Harmony is liable for and will be obligated to settle the portion for companies that no longer form a part of the group.

Sensitivity analysis

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

	SA Rand	
Figures in million	**2020**	2019
Effect of an increase in the assumption:		
Change in benefit take-up rate[1]	**57**	52
Change in silicosis prevalence[2]	**57**	52
Change in disease progression rates[3]	**28**	26
Effect of a decrease in the assumption:		
Change in benefit take-up rate[1]	**(57)**	(52)
Change in silicosis prevalence[2]	**(57)**	(52)
Change in disease progression rates[3]	**(28)**	(26)

[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 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 10% shorter/longer disease progression period was used. This assumption is not applicable to the dependant or TB classes.

23 RETIREMENT BENEFIT OBLIGATION

Pension and provident funds: Refer to note 27(a) of the group financial statements. Funds contributed by the company for the 2020 financial year amounted to R146 million (2019: R135 million).

Post-retirement benefits other than pensions: Refer to note 27(b) of the group financial statements for a discussion of the obligation, risks and assumptions used. The disclosure below relates to the company only.

	SA Rand	
Figures in million	**2020**	2019
Present value of unfunded obligations	**24**	23
Current employees	**10**	10
Retired employees	**14**	13
The reconciliation of the liability is as follows:		
Balance at beginning of year	**23**	19
Contributions paid	**(1)**	(2)
Finance costs	**2**	2
Net actuarial (gain)/loss recognised during the year[1]	**—**	4
Balance at end of year	**24**	23

[1] The net actuarial gain/loss has been recorded in other comprehensive income.

	SA Rand	
Figures in million	**2020**	2019
The net liability of the defined benefit plan is as follows:		
Present value of defined benefit obligation	**24**	23
Fair value of plan assets	**—**	—
Net liability of defined benefit plan	**24**	23

The impact of a percentage point increase and decrease in the assumed medical cost trend rate is as follows:

	SA Rand	
Figures in million	**2020**	2019
Effect of a 1% increase on:		
Aggregate of service cost and finance costs	**—**	—
Defined benefit obligation	**3**	3
Effect of a 1% decrease on:		
Aggregate of service cost and finance costs	**—**	—
Defined benefit obligation	**(2)**	(2)

The above sensitivity analysis is 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. The analysis is performed on the same basis for 2019.

The weighted average duration of the defined benefit obligation is 12.5 years. The company expects to contribute approximately R1 million to the benefit plan in 2020.

24 LEASES

The company leases various assets including buildings, plant, equipment, containers and machinery. The right-of-use assets arising from these leases are included in the property, plant and equipment balance in the balance sheet. The movement in the right-of-use assets is as follows:

	SA Rand
Figures in million	**2020**
Balance at beginning of year	**—**
Impact of adopting IFRS 16 at 1 July 2019	**4**
Additions	**1**
Depreciation	**(2)**
Balance at end of period	**3**

The non-current and current portions of the lease liability is included in other non-current liabilities and trade and other payables in the balance sheet respectively.

The movement in the lease liabilities is as follows:

	SA Rand
Figures in million	**2020**
Balance at beginning of year	**—**
Impact of adopting IFRS 16 at 1 July 2019	**4**
Additions	**1**
Interest expense on lease liabilities	**—**
Lease payments made	**(2)**
Balance at end of year	**3**
Current portion of lease liabilities	**2**
Non-current portion of lease liabilities	**1**

The maturity of the company's undiscounted lease payments is as follows:

	SA Rand
Figures in million	**2020**
Less than and including one year	**2**
Between one and five years	**1**
Five years and more	**—**
Total	**3**

Reconciliation between lease commitments at 30 June 2019 and IFRS 16 lease liability at 1 July 2019:

	SA Rand
Figures in million	**2020**
Lease commitments at 30 June 2019[1]	**—**
Effect of options to extend the lease term	**4**
Discounting of lease liabilities	**—**
Impact of adopting IFRS 16 at 1 July 2019	**4**

[1] The lease commitments represent solely payments under non-cancellable periods per the contracts and exclude any options to extend the lease term.

The weighted average incremental borrowing rate at the date of initial application is 9.82%.

24 LEASES continued

The amounts included in the income statement relating to leases:

Figures in million	SA Rand 2020
Depreciation of right-of-use assets[1]	2
Interest expense on lease liabilities[2]	—
Short-term leases expensed[3, 4]	18
Leases of low value assets expensed[3]	2
Variable lease payments expensed[3, 5]	41

[1] Included in depreciation and amortisation.
[2] Included in finance costs.
[3] Included in production costs and corporate, administration and other expenditure.
[4] The amount includes leases that expire within 12 months of adoption as management elected the short-term expedient.
[5] These were driven by consumption patterns and are not linked to a rate or index.These payments relate mostly to mining, printing and drilling contracts. Variable lease payments made comprise 65% of the total lease payments made during the period.

The total cash outflows for leases are:

Figures in million	SA Rand 2020
Lease payments made for lease liabilities	2
Short-term lease payments	18
Lease payments of low value assets leased	2
Variable lease payments	41
Total cash outflows for leases	**63**

25 OTHER NON-CURRENT LIABILITES

Figures in million	SA Rand 2020	2019
Non-financial liabilities		
TBO share-based payment liability (a)	—	58
Preference share liability (b)	44	48
Lease liability - non-current[1]	1	—
Total other non-current liabilities	**45**	106

[1] Refer to note 24 for an analysis of the lease liability.

(a) The liability relates to the disposal of an equity interest of TBO to BEE shareholders by Harmony on 25 June 2013. The award to the BEE partners has been accounted for as in-substance options, as the BEE partners will only share in the upside, and not the downside, of their equity interest in TBO until the date the financial assistance provided by Harmony is fully paid. The award of the options to the BEE partners is accounted for as a cash-settled share-based payment arrangement in the company financial statements as the award will be settled through the issue of shares in TBO. The liability was settled during December 2019. Refer to note 30 for more information.

(b) In 2019, Harmony issued 4 400 000 convertible preference shares to the Harmony Community Trust. The shares carry a minimum preference dividend of R2 per annum for the duration of a lock-in period of ten years and are convertible into ordinary shares at Harmony's election after the expiry of the lock-in period. The liability represents the non-current portion of the present value of the future preference divided payments. The current portion is included in trade and other payables.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 30 June 2020

26 BORROWINGS

SUMMARY OF FACILITIES' TERMS

	Commenced	Tenor (Years)	Matures	Secured	Security	Interest payment basis	Interest charge	Repayment term	Repaid
Existing									
R2 billion facility	November 2018	Four	November 2022	Yes	Cession and pledge of operating subsidiaries' shares and claims	Variable			n/a
- R600 million term loan							JIBAR + 2.9%	Eight equal quarterly instalments starting from February 2021 with the final instalment on maturity	
- R1.4 billion revolving credit facility							JIBAR + 2.8%	On maturity	
US$400 million facility	August 2019	Three, Extendable by 1 Year	September 2023[1]	Yes	Cession and pledge of operating subsidiaries' shares and claims	Variable		On maturity	n/a
- US$200 million revolving credit facility							LIBOR + 2.9%		
- US$200 million term loan							LIBOR + 3.05%		

[1] The syndicate of lenders for the US$400 million facility agreed to the one year extension during July 2020, extending the maturity date to September 2023.

26 BORROWINGS continued

	Commenced	Tenor (Years)	Matures	Secured	Security	Interest payment basis	Interest charge	Repayment term	Repaid
Matured									
R1 billion revolving credit facility	February 2017	Three	February 2020	Yes	Cession and pledge of operating subsidiaries' shares and claims	Variable	JIBAR + 3.15%	On maturity	November 2018
US$350 million facility	July 2017	Three	July 2020	Yes	Cession and pledge of operating subsidiaries' shares and claims	Variable		On maturity	October 2019
- US$175 million revolving credit facility							LIBOR + 3.0%		
- US$175 million term loan							LIBOR + 3.15%		
US$200 million bridge loan	October 2017	One	October 2018	Yes	Cession and pledge of operating subsidiaries' shares and claims	Variable		On maturity	July 2018
						First 6 months	LIBOR + 2.5%		
						Next 3 months	LIBOR + 3.0%		
						Last 3 months	LIBOR + 3.5%		

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

26 BORROWINGS continued

DEBT COVENANTS

The debt covenant tests for both the Rand and US dollar revolving credit facilities are as follows:

- The group's interest cover ratio shall be more than five times (EBITDA[1]/Total interest paid);
- Tangible Net Worth[2] to total net debt ratio shall not be less than four times or six 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. During June 2020, lenders agreed to relax the Tangible Net Worth to Net Debt covenant from 4 times to 2 times until December 2020, in order to provide flexibility to the group following the disruptions from the COVID-19 pandemic.
[3] Leverage is defined as total net debt to EBITDA.

No breaches of the covenants were identified during the tests in the 2019 and 2020 financial years.

INTEREST BEARING BORROWINGS

	SA Rand	
Figures in million	**2020**	2019
Non-current borrowings		
R1 billion revolving credit facility	**—**	—
Balance at beginning of year	**—**	497
Draw down	**—**	500
Refinancing	**—**	(997)
R2 billion facility	**1 351**	1 489
Balance at beginning of year	**1 489**	—
Refinancing	**—**	1 000
Draw down	**1 100**	700
Repayments	**(1 100)**	(200)
Transferred to current liabilities	**(150)**	—
Issue costs	**—**	(16)
Amortisation of issue costs	**12**	5
US$350 million facility	**—**	4 143
Balance at beginning of year	**4 143**	4 427
Repayments	**(4 465)**	(422)
Amortisation of issue costs	**24**	44
Translation	**298**	94
US$400 million facility	**5 980**	—
Draw down	**5 441**	—
Issue cost	**(95)**	—
Amortisation of issue costs	**12**	—
Translation	**622**	—
Total non-current borrowings	**7 331**	5 632

26 BORROWINGS continued

INTEREST BEARING BORROWINGS continued

	SA Rand	
Figures in million	**2020**	2019
Current borrowings		
R1 billion revolving credit facility	**—**	—
Balance at beginning of year	**—**	3
Refinancing	**—**	(3)
R2 billion revolving credit facility	**150**	—
Transferred from non-current liabilities	**150**	—
US$200 million bridge loan	**—**	—
Balance at beginning of year	**—**	687
Repayments	**—**	(667)
Translation	**—**	(20)
Total current borrowings	**150**	—
Total interest-bearing borrowings	**7 481**	5 632

	SA Rand	
Figures in million	**2020**	2019
The maturity of borrowings is as follows:		
Current	**150**	—
Between one to two years	**300**	4 143
Between two to five years	**7 031**	1 489
	7 481	5 632
Undrawn committed borrowing facilities:		
Expiring within one year	**—**	—
Expiring after one year	**1 366**	1 277
	1 366	1 277

EFFECTIVE INTEREST RATES

	2020 %	2019 %
R1 billion revolving credit facility	**—**	10.1
R2 billion facility	**9.3**	10.0
US$400 million revolving credit facility	**3.7**	—
US$350 million facility	**5.6**	5.6
US$200 million bridge loan	**—**	5.1

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 30 June 2020

27 TRADE AND OTHER PAYABLES

Figures in million	SA Rand 2020	2019
Financial liabilities		
Trade payables	**271**	254
Lease liability - current[1]	**2**	—
Other liabilities	**113**	59
Non-financial liabilities		
Payroll accruals	**344**	310
Leave liability (a)	**79**	87
Shaft related and other accruals	**112**	80
Value added tax	**85**	98
Total trade and other payables	**1 006**	888

[1] Refer to note 24 for an analysis of the lease liability.

(a) Leave liabilities

Employee entitlements to annual leave are recognised on an ongoing basis. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. The movement in the liability recognised in the balance sheet is as follows:

Figures in million	SA Rand 2020	2019
Balance at beginning of year	**87**	83
Benefits paid	**(90)**	(93)
Total expense per income statement	**82**	97
Balance at end of year	**79**	87

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 30 June 2020

28 CASH GENERATED/(UTILISED) BY OPERATIONS

	SA Rand	
Figures in million	**2020**	2019
Reconciliation of loss before taxation to cash generated by operations:		
Loss before taxation	**(1 089)**	(4 013)
Adjustments for:		
Amortisation and depreciation	**261**	234
Loss on scrapping of property, plant and equipment	**14**	3
Share-based payments	**23**	172
Net increase/(decrease) in provision for environmental rehabilitation	**(30)**	29
(Reversal of impairment)/Impairment of investments in subsidiaries	**(4)**	3 887
Net gain on financial instruments	**(49)**	(21)
Dividends received	**(7)**	(4)
Interest received	**(447)**	(516)
Finance costs	**501**	487
Inventory adjustment	**30**	(18)
Loss allowance	**75**	(27)
Silicosis settlement provision	**28**	(48)
Foreign exchange translation	**925**	74
Profit on associate	**(19)**	—
Profit on sale of investments in subsidiaries	**(41)**	—
Non-cash portion of gains on derivatives	**204**	(47)
Preference share dividend liability expense	**—**	55
Other non-cash adjustments	**2**	78
Effect of changes in operating working capital items		
(Increase)/decrease in Receivables	**(144)**	(74)
(Increase)/decrease in Inventories	**(75)**	13
Increase/(decrease) in Payables	**(131)**	19
Cash generated/(utilised) by operations	**27**	283

ADDITIONAL CASH FLOW INFORMATION

The income and mining taxes paid in the statement of cash flow represents actual cash paid less refunds received.

At 30 June 2020, R1 366 million (2019: R1 277 million) of borrowing facilities had not been drawn down and is therefore available for future operating activities and future capital commitments. Refer to note 26.

The share issue costs were accrued at year-end and do not reflect in the financing section of the cash flow.

Principal non-cash transactions

Share-based payments (refer to note 30).

Investment in subsidiaries arising from share-based payments (refer to note 15).

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 30 June 2020

29 EMPLOYEE BENEFITS

Figures in million	SA Rand 2020	2019
Aggregate earnings		
The aggregate earnings of employees including executive directors were:		
Salaries and wages and other benefits (excluding share-based payments)	**1 657**	1 734
Retirement benefit costs	**146**	135
Medical aid contributions	**54**	53
Total aggregated earnings*	**1 857**	1 922
Number of permanent employees as at 30 June	**4 243**	4 457

* These amounts have been included in cost of sales, corporate expenditure and capital expenditure.

Remuneration for directors and executive management is fully disclosed in Annexure B of this report.

During the 2020 financial year R22 million (2019: R35 million) was included in the payroll cost for termination costs. Termination costs include the costs relating to the voluntary retrenchment process as well as retrenchments due to shaft closures.

30 SHARE-BASED PAYMENTS

The total cost relating to share-based payments for the company is made up as follows:

Figures in million	SA Rand 2020	2019
2006 share plan	**13**	32
Sisonke Employee Share Ownership Plan	**7**	4
Management Deferred Share Plan	**3**	—
Harmony Community Trust Preference Shares	**—**	136
Total share-based payments	**23**	172

EMPLOYEE SHARE-BASED PAYMENTS

The objective of the group's share-based payment schemes is to recognise the contributions of employees to the group's financial position and performance and to retain key employees.

Options granted under the 2006 share plan

Refer to note 34 of the group financial statements for the information relating to the 2006 share plan. The following information relates specifically to the company:

30 SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE-BASED PAYMENTS continued

Options granted under the 2006 share plan continued

Activity on share options

	SARs		PS	RS
Activity on options and rights granted but not yet exercised	**Number of options and rights**	**Weighted average option price (SA Rand)**	**Number of rights**	**Number of rights**
For the year ended 30 June 2020				
Balance at beginning of year	**3 556 540**	**26.39**	**12 762 453**	**—**
Options exercised	**(3 284 865)**	**50.37**	**—**	**—**
Options forfeited and lapsed	**(66 572)**	**24.22**	**(4 860 744)**	**—**
Balance at end of year	**205 103**	**18.41**	**7 901 709**	**—**
For the year ended 30 June 2019				
Balance at beginning of year	5 144 886	30.30	24 964 324	394 056
Options exercised	(731 607)	27.29	(11 726 525)	(394 056)
Options forfeited and lapsed	(856 739)	56.97	(475 346)	—
Balance at end of year	3 556 540	26.39	12 762 453	—

	SARs		PS and RS	
Options and rights vested but not exercised at year end	**2020**	2019	**2020**	2019
Options and rights vested but not exercised	**205 103**	3 011 432	**—**	—
Weighted average option price (SA Rand)	**18.41**	27.83	**n/a**	n/a

List of options and rights granted but not yet exercised (listed by allocation date)	**Number of options and rights**	**Award price (SA Rand)**	**Remaining life (years)**
As at 30 June 2020			
Share appreciation rights			
17 November 2014	**205 103**	**18.41**	**0.4**
	205 103		
Performance shares			
15 November 2017	**7 901 709**	**n/a**	**0.4**
	7 901 709		
Total options and rights granted but not yet exercised	**8 106 812**		

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

30 SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE-BASED PAYMENTS continued

Options granted under the 2006 share plan continued

Activity on share options continued

Figures in million	SA Rand 2020	SA Rand 2019
Gain realised by participants on options and rights traded during the year	**77**	278
Fair value of options and rights exercised during the year	**78**	280

Options granted under the Sisonke ESOP

Refer to note 34 of the group financial statements for the information relating to the Sisonke ESOP. The following information relates specifically to the company:

Activity on share options

Activity on PU granted	Number of PU 2020	Number of PU 2019
Balance at beginning of year	**761 908**	—
Options granted and accepted	**10 836**	784 684
Options exercised	**(29 759)**	(19 718)
Transfers	**(24 070)**	—
Options forfeited and lapsed	**(10 985)**	(3 058)
Balance at end of year	**707 930**	761 908

	2020	2019
Gain realised by participants on options exercised during the year (R'million)	**2**	1
Weighted average share price at the date of exercise (SA Rand)	**46.12**	26.98
Remaining life (years)	**1.5**	2.5

Options granted under the Management Deferred Share Plan

Refer to note 34 of the group financial statements for the information relating to the Deferred Share Plan. The following information relates specifically to the company:

Activity on DS granted but not exercised	Number of DS 2020
Balance at beginning of year	**—**
Options granted	**662 478**
Options exercised	**—**
Options forfeited and lapsed	**(28 653)**
Balance at end of year	**633 825**

30 SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE-BASED PAYMENTS continued

Options granted under the Management Deferred Share Plan continued

List of options granted but not yet exercised (listed by grant date)	Number of options	Award price (SA Rand)	Remaining life (years)
As at 30 June 2020			
Deferred shares			
18 September 2019 - 3 years	**405 098**	**n/a**	**2.2**
18 September 2019 - 5 years	**228 727**	**n/a**	**4.2**
Total options granted but not yet exercised	**633 825**		

OTHER SHARE-BASED PAYMENTS

Harmony Community Trust Preference Shares

During the 2019 financial period, Harmony issued 4 400 000 convertible preference shares to the Harmony Community Trust (the HCT). The purpose of the transaction is to increase the benefits flowing to the communities in which Harmony operates. The preference shares rank *pari passu* with the ordinary shares of the company except for the following:

- The HCT is prohibited from disposing of the preference shares for a restricted period of ten years;
- The preference shares are convertible in to ordinary shares after the expiry of the restricted period at the company's election;
- For the duration of the restricted period, the HCT is entitled to exercise and enjoy the benefit of all voting and dividend and other rights attached to the preference shares;
- For the duration of the restricted period, the preference shares will be entitled to a minimum dividend of R2 per preference share;
- On expiry of the restricted period, the company has the first option to purchase the shares should the HCT intend to dispose of its shareholding.

Measurement

The transaction is an equity-settled share-based payment arrangement and vested on the date of issue of the preference shares. An amount of R136 million is included in the share-based payment reserve relating to the transaction. The amount was determined with reference to the spot share price of R30.83 on the issue date as there were no vesting conditions attached to the issue.

Phoenix option

On 20 March 2013 Harmony signed transaction and funding agreements to give effect to an empowerment transaction to dispose of 30% of its Free State based Phoenix operation (Phoenix) to BEE shareholders, which includes a free-carry allocation of 5% to a community trust that has been created and is currently controlled by Harmony. The transaction closed on 25 June 2013, following the fulfilment of the last condition precedent. In terms of the agreements Phoenix was transferred to a newly incorporated subsidiary Tswelopele Beneficiation Operation (TBO).

The awards to the BEE partners have been accounted for as in-substance options as the BEE partners will only share in the upside, and not the downside of their equity interest in TBO until the date the financing provided by Harmony is fully repaid. On this date the options will be exercised. The award of the options to the BEE partners is accounted for by the company as a cash-settled share-based payment arrangement, as the company is settling the transaction in TBO's shares and not its own equity instruments.

The cash-settled share-based payment has been recognised as a liability in the balance sheet, the fair value of which will be remeasured at each reporting date. Any changes in fair value are recognised against the company's investment in TBO.

At 30 June 2020, the carrying value of the liability is Rnil (2019: R58 million). The liability was settled during December 2019 at the carrying value of R53 million. Refer to note 25.

30 SHARE-BASED PAYMENTS continued

OTHER SHARE-BASED PAYMENTS continued

Phoenix option continued

Measurement

The share-based cost was calculated using the Monte Carlo simulation. The fair value of the option is the difference between the expected future enterprise value of TBO and the expected loan balances at redemption date, and the present value of the trickle dividend determined in accordance with the cash flow waterfall per the signed transaction and funding arrangements.

The measurement date for 2020 is the date that the option was exercised, being 31 December 2019.

The following assumptions were applied:

	2020	2019
Business value (R'million)	**339**	370
Exercise price (R'million)	**2**	2
Risk-free interest rate	**6.80%**	6.94%
Expected volatility*	**53.86%**	51.68%
Expected dividend yield	**1.01%**	1.84%
Vesting period (from grant date)	**7.5 years**	7.5 years
Equity value attributable to the BEE partners	**25.00%**	25.00%

* The volatility is measured in relation to a comparable listed company's share price volatility.

31 RELATED PARTIES

Refer to note 35 in the group financial statements for a discussion on related parties.

The services rendered to the subsidiary companies relate primarily to general administration and financial functions.

All the production of the company is sent to Rand Refinery in which Harmony holds a 10.38% interest. Refer to note 16.

	SA Rand	
Figures in million	**2020**	2019
Sales and services rendered to related parties		
Direct subsidiaries	**20 626**	20 050
Indirect subsidiaries	**856**	816
Total	**21 482**	20 866
Purchases and services acquired from related parties		
Direct subsidiaries	**1**	1
Directors	**5**	4
Total	**6**	5

31 RELATED PARTIES continued

Annexure A of this report contains a full list of the loans to and from subsidiaries. Refer to note 15 for details of provisions made against these loans. All loans except as stated otherwise are unsecured and interest-free and there are no special terms and conditions that apply.

	SA Rand	
Figures in million	**2020**	2019
Outstanding balances due by related parties		
Direct subsidiaries	**5 307**	5 945
Total	**5 307**	5 945
Outstanding balances due to related parties		
Direct subsidiaries	**4 792**	4 908
Indirect subsidiaries	**589**	501
Total	**5 381**	5 409

Details of the derivative financial instruments are included in note 13. The balances and movements below relate to the derivative instruments where Harmony and the subsidiaries are the counterparties.

	SA Rand	
Figures in million	**2020**	2019
Derivative assets		
Direct subsidiaries	**4 018**	326
Indirect subsidiaries	**509**	70
Total assets	**4 527**	396
Derivative liabilities		
Direct subsidiaries	**42**	433
Indirect subsidiaries	**21**	21
Total liabilities	**63**	454
Gains/(losses) from back-to-back derivatives with related parties		
Direct subsidiaries	**6 843**	(540)
Indirect subsidiaries	**717**	33
Total	**7 560**	(507)

32 COMMITMENTS AND CONTINGENCIES

COMMITMENTS AND GUARANTEES

	SA Rand	
Figures in million	**2020**	2019
Capital expenditure commitments		
Contracts for capital expenditure	**39**	30
Authorised by the directors but not contracted for	**38**	19
Total capital commitments	**77**	49

This expenditure will be financed from existing resources and, where appropriate, borrowings.

	SA Rand	
Figures in million	**2020**	2019
Guarantees		
Guarantees and suretyships	**7**	7
Environmental guarantees	**317**	317
Total guarantees	**324**	324

At 30 June 2020, R104 million (2019: R89 million) has been pledged as collateral for environmental guarantees in favour of certain financial institutions. Refer to note 10.

CONTINGENT LIABILITIES

Refer to note 36 (b), (c) and (d) of the group financial statements for a discussion on contingent liabilities relevant to the company.

33 FINANCIAL RISK MANAGEMENT

The company's financial instruments expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and other price risk), credit risk and liquidity risk. The company may use derivative financial instruments to hedge certain risk exposures. The company's financial assets and liabilities are set out below:

Figures in million (SA Rand)	Debt instruments at amortised cost	Equity instruments designated at fair value through OCI	Derivatives designated as cash flow hedges	Derivatives at fair value through profit or loss	Debt instruments at fair value through profit or loss	Financial liabilities at amortised cost
At 30 June 2020						
Financial assets						
Restricted cash	104	—	—	—	—	—
Restricted investments	370	—	—	—	82	—
Loans to subsidiaries	5 307	—	—	—	—	—
Other non-current assets	5	73	—	—	306	—
Non-current derivative financial instruments	—	—	—	855	—	—
- US$ gold contracts	—	—	—	101	—	—
- US$ silver contracts	—	—	—	6	—	—
- Foreign exchange contracts	—	—	—	89	—	—
- Rand gold derivative contracts	—	—	—	659	—	—
Current derivative financial instruments	—	—	—	3 740	—	—
- Rand gold hedging contracts	—	—	—	—	—	—
- US$ gold contracts	—	—	—	263	—	—
- US$ silver contracts	—	—	—	9	—	—
- Foreign exchange contracts	—	—	—	629	—	—
- Rand gold derivative contracts	—	—	—	2 839	—	—
Trade and other receivables	685	—	—	—	—	—
Cash and cash equivalents	5 883	—	—	—	—	—
Financial liabilities						
Non-current derivative financial instruments	—	—	—	925	—	—
- Rand gold hedging contracts	—	—	—	—	—	—
- US$ gold contracts	—	—	—	101	—	—
- US$ silver contracts	—	—	—	6	—	—
- Foreign exchange contracts	—	—	—	92	—	—
- Rand gold derivative contracts	—	—	—	726	—	—
Current derivative financial instruments	—	—	—	4 141	—	—
- Rand gold hedging contracts	—	—	—	—	—	—
- US$ gold contracts	—	—	—	263	—	—
- US$ silver contracts	—	—	—	9	—	—
- Foreign exchange contracts	—	—	—	695	—	—
- Rand gold derivative contracts	—	—	—	3 174	—	—
Borrowings	—	—	—	—	—	7 481
Other non-current liabilities	—	—	—	—	—	45
Loans from subsidiaries	—	—	—	—	—	5 381
Trade and other payables	—	—	—	—	—	387

33 FINANCIAL RISK MANAGEMENT continued

Figures in million (SA Rand)	Debt instruments at amortised cost	Equity instruments designated at fair value through OCI	Derivatives designated as cash flow hedges	Derivatives at fair value through profit or loss	Debt instruments at fair value through profit or loss	Financial liabilities at amortised cost
At 30 June 2019 (restated)*						
Financial assets						
Restricted cash	89	—	—	—	—	—
Restricted investments	274	—	—	—	153	—
Loans to subsidiaries	5 945	—	—	—	—	—
Other non-current assets	4	55	—	—	271	—
Non-current derivative financial instruments	—	—	—	355	—	—
- US$ gold contracts	—	—	—	15	—	—
- Foreign exchange contracts	—	—	—	173	—	—
- Rand gold derivative contracts	—	—	—	167	—	—
Current derivative financial instruments	—	—	—	548	—	—
- US$ gold contracts	—	—	—	44	—	—
- US$ silver contracts	—	—	—	3	—	—
- Foreign exchange contracts	—	—	—	280	—	—
- Rand gold derivative contracts	—	—	—	221	—	—
Trade and other receivables	526	—	—	—	—	—
Cash and cash equivalents	613	—	—	—	—	—
Financial liabilities						
Non-current derivative financial instruments	—	—	—	350	—	—
- US$ gold contracts	—	—	—	15	—	—
- Foreign exchange contracts	—	—	—	156	—	—
- Rand gold derivative contracts	—	—	—	179	—	—
Current derivative financial instruments	—	—	4	542	—	—
- Rand gold hedging contracts	—	—	4	—	—	—
- US$ gold contracts	—	—	—	44	—	—
- US$ silver contracts	—	—	—	3	—	—
- Foreign exchange contracts	—	—	—	256	—	—
- Rand gold derivative contracts	—	—	—	239	—	—
Borrowings	—	—	—	—	—	5 632
Other non-current liabilities	—	—	—	—	—	48
Loans from subsidiaries	—	—	—	—	—	5 409
Trade and other payables	—	—	—	—	—	313

* Refer to note 1 for details on the restatement.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges certain selected financial risks in close co-operation with the group's operating units.

The audit and risk committee and the board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity.

Since March 2020, the COVID-19 pandemic has impacted on various aspects of Harmony's operating environment. Where relevant, reference is made to certain impacts in the discussions below, however a detailed discussion thereof is included in note 4 of the group financial statements.

33 FINANCIAL RISK MANAGEMENT continued

MARKET RISK

Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised financial assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised financial assets or liabilities are denominated in a currency that is not the entity's functional currency. There is foreign exchange risk arises from various currency exposures, primarily with respect to the US dollar (US$). Harmony's revenues are sensitive to the R/US$ exchange rate as all revenues are generated by gold sales denominated in US$.

Harmony maintains a foreign currency derivative programme in order to manage the foreign exchange risk. Refer to note 13 for details of the contracts. The audit and risk committee review the details of the programme quarterly.

The Rand has weakened significantly during the 2020 year, especially during the June 2020 quarter as a result of the COVID-19 pandemic, closing at R17.32/US$1 on 30 June 2020 (2019: R14.13/US$1).This negatively impacted on the valuation of contracts that matured during the quarter and that were outstanding at 30 June 2020. However Harmony continues to enjoy favourable foreign exchange pricing on the uncovered portion of its exposure, while simultaneously locking-in the current higher prices as part of its derivative programme.

The company is exposed to foreign exchange risk arising from borrowings and cash denominated in a currency other than the functional currency of the entity, primarily to the US$. The Rand's levels impacted negatively on the translation of the US$ debt facilities at 30 June 2020. Refer to note 26 for further detail.

The company has reviewed its foreign currency exposure on financial assets and financial liabilities and has identified the following sensitivities for a 10% change in the exchange rate that would affect profit or loss. Management considers a range between 10% and 20% to be a reasonable change given the volatility in the market. The analysis has been performed on the same basis for 2019.

	SA Rand	
Figures in million	**2020**	2019
Sensitivity analysis - borrowings		
Rand against US$		
Balance at 30 June	**5 990**	4 143
Strengthen by 10%	**599**	414
Weaken by 10%	**(599)**	(414)
Closing rate	**17.32**	14.13
Sensitivity analysis - financial instruments		
Rand against US$		
Balance at 30 June	**69**	41
Strengthen by 10%	**90**	51
Weaken by 10%	**(104)**	(136)
Closing rate	**17.32**	14.13

33 FINANCIAL RISK MANAGEMENT continued

MARKET RISK continued

Commodity price sensitivity

The profitability of the company's operations, and the cash flows generated by those operations, are affected by changes in the market price of gold. Harmony entered into derivative contracts to manage the variability in cash flows from the company's production, in order to create cash certainty and protect the company against lower commodity prices. The general limit for gold hedging currently set by the board is 20% for a 24-month period for the Harmony group. In response to the increase in the rand gold price, this limit was temporarily increased to 24% just before year-end to accommodate additional hedging for certain more marginal operations. The additional hedging includes Harmony company's Unisel and Masimong operations for which cash flow hedging is applied to 50% of these operation's production for the 2020 financial year. This increased limit normalises back to 20% by the end of the 2020 financial year.

Management continues to top up these programmes as and when opportunities arise to lock in attractive margins for the business, but are not required to maintain hedging at these levels. The audit and risk committee review the details of the programme quarterly.

Refer to note 13 and the fair value determination for financial assets and liabilities section below for further detail on these contracts.

The company has reviewed its exposure to commodity linked instruments and has identified the following sensitivities for a 10% change in the commodity price specified per contract that would affect other comprehensive income or profit and loss . Management considers a range between 10% and 20% to be a reasonable change given the recent volatility in the market. The analysis has been performed on the same basis for 2019.

	SA Rand	
Figures in million	**2020**	2019
Sensitivity analysis		
Rand gold derivatives		
Profit or loss		
Increase by 10%	**(325)**	111
Decrease by 10%	**(234)**	(111)
Other comprehensive income		
Increase by 10%	**—**	17
Decrease by 10%	**—**	(17)

Other price risk

The company is exposed to the risk of fluctuations in the fair value of the fair value through profit or loss financial assets as a result of changes in market prices (other than changes in interest rates and foreign currencies). Harmony generally does not use any derivative instruments to manage this risk.

Sensitivity analysis

Certain of the restricted investments are linked to the Top 40 Index on the JSE. A 10% increase or decrease in the Top 40 index at the reporting date, with all other variables held constant, would not have a significant impact on profit or loss.

33 FINANCIAL RISK MANAGEMENT continued

MARKET RISK continued

Interest rate risk

The company's interest rate risk arises mainly from long-term borrowings. The company has variable interest rate borrowings. Variable rate borrowings expose the company to cash flow interest rate risk. The company has not entered into interest rate swap agreements as this is a risk that management is prepared to take. The audit and risk committee reviews the exposures quarterly.

Interest rate risk arising from long-term borrowings is offset by cash, restricted cash and restricted investments held at variable rates.

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis was performed on the same basis for 2019.

	SA Rand	
Figures in million	**2020**	2019
Sensitivity analysis - borrowings (finance costs)		
Increase by 100 basis points	**(75)**	(58)
Decrease by 100 basis points	**75**	58
Sensitivity analysis - financial assets (interest received)		
Increase by 100 basis points (a)	**29**	50
Decrease by 100 basis points (a)	**(29)**	(50)

(a) The computed sensitivity analysis permissibly excludes cash received on 30 June 2020 as a result of the the equity raise in note 12 of the group financial statements.

CREDIT RISK

Credit risk is the risk that a counterparty may default or not meet its obligations timeously. Financial instruments which subject the company to concentrations of credit risk consist predominantly of restricted cash, restricted investments, derivative financial assets, trade and other receivables (excluding non-financial instruments) and cash and cash equivalents.

Exposure to credit risk on trade and other receivables is monitored on a regular basis. The credit risk arising from restricted cash, cash and cash equivalents and restricted investments is managed by ensuring amounts are only invested with financial institutions of good credit quality. The contracts for derivative financial assets were entered into with counterparties that satisfy the criterion set by the board. The company has policies that limit the amount of credit exposure to any one financial institution. The audit and risk committee reviews the exposure on a quarterly basis. Refer to note 37 in the group financial statements for a discussion on South Africa's credit ratings.

The method of assessing the exposure to credit risk for the loans to the company's subsidiaries is detailed in note 15.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 30 June 2020

33 FINANCIAL RISK MANAGEMENT continued

CREDIT RISK continued

Financial institutions' credit rating by exposure (Source: Fitch Ratings and Global Credit Ratings)

	SA Rand	
Figures in million	**2020**	2019
Cash and cash equivalents		
AA-	**5 883**	613
	5 883	613
Restricted cash		
AA-	**104**	89
	104	89
Restricted investments (environmental trusts)		
AA -	**430**	399
	430	399
Derivative financial assets		
AA (a)	**10**	393
AA- (a)	**41**	69
A+ (a)	**15**	44
	66	506

(a) The amounts disclosed in accordance with each counterparties risk relate to the entire Harmony group. As at 30 June 2020 7% (2019: 10%) is attributable to the Harmony company, while 93% (2019: 90%) is attributable to the subsidiaries of the group.

The Social Plan Trust fund of R22 million (2019: R28 million) has been invested in unit trusts comprising shares in listed companies.

The company's maximum exposure to credit risk is represented by the carrying amount of all financial assets determined to be exposed to credit risk, amounting to R17 337 million as at 30 June 2020 (2019: R8 778 million).

Expected credit loss assessment

The company determines expected credit losses on cash and cash equivalents, restricted cash, restricted investments and trade and other receivables on the same basis as described in note 37 of the consolidated financial statements. Expected credit losses on loans to subsidiaries are determined as described in note 15 of the company financial statements. The majority of the loans to subsidiaries are repayable on demand and therefore not past due.

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

In the ordinary course of business, the company receives cash from its operations and is required to fund working capital and capital expenditure requirements. Management prepares cash flow forecasts weekly and ensures that surplus funds are invested in a manner to achieve market related returns and to provide sufficient liquidity at the minimum risk. The group maintains and refinances committed credit facilities as medium-term forecasts require. The audit and risk committee reviews the updated forecasts quarterly. The company is able to actively source financing at competitive rates. Where necessary, funds will be drawn from its revolving credit facilities (refer to note 26).

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

33 FINANCIAL RISK MANAGEMENT continued

LIQUIDITY RISK continued

The following are the undiscounted contractual maturities of financial liabilities (including principal and interest payments assuming the closing R/US$ exchange rate and interest rate at year end):

	SA Rand	
Figures in million	**Current**	**More than 1 year**
2020		
Trade and other payables (excluding non-financial liabilities)	**387**	**—**
Other non-current liabilities	**—**	**45**
Derivative financial liabilities*	**413**	**81**
Loans from subsidiaries[1]	**5 381**	**—**
Borrowings		
Due between 0 to six months	**199**	**—**
Due between six to 12 months	**343**	**—**
Due between one to two years	**—**	**670**
Due between two to four years	**—**	**7 509**
	6 723	**8 305**

[1] Loans from subsidiaries are payable on demand. Refer to note 15 for details.

*Derivative financial liabilities are a result of the following:

	SA Rand	
Figures in million	**Current**	**More than 1 year**
2020		
Derivative financial liabilities	**413**	**81**
Attributable to:		
Payable to external counterparties	**4 238**	**962**
Receivable from Harmony subsidiaries	**(3 825)**	**(881)**
	413	**81**

	SA Rand	
Figures in million	**Current**	**More than 1 year**
2019		
Trade and other payables (excluding non-financial liabilities)	313	—
Other non-current liabilities	—	48
Derivative financial liabilities*	29	20
Loans from subsidiaries[1]	5 409	—
Borrowings		
Due between 0 to six months	192	—
Due between six to 12 months	192	—
Due between one to two years	—	4 483
Due between two to five years	—	1 512
	6 135	6 063

[1] Loans from subsidiaries are payable on demand. Refer to note 15 for details.

33 FINANCIAL RISK MANAGEMENT continued

LIQUIDITY RISK continued

*Derivative financial liabilities are a result of the following:

	SA Rand	
Figures in million	**Current**	**More than 1 year**
2019		
Derivative financial liabilities	29	20
Attributable to:		
Payable to external counterparties	280	194
Receivable from Harmony subsidiaries	(251)	(174)
	29	20

CAPITAL RISK MANAGEMENT

The primary objective of managing the company's capital is to ensure that there is sufficient capital available to support the funding requirements of the company, in a way that optimises the cost of capital and matches the current strategic business plan.

The company manages and makes adjustments to the capital structure, which consists of debt and equity as and when borrowings mature or when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof. In doing so, the company ensures it stays within the debt covenants agreed with lenders (refer to note 26 for details on the covenants). The company may also sell assets to reduce debt or schedule projects to manage the capital structure.

On 30 June 2020 the company received R3 466 million, through an equity raise, in order to fund the acquisition of AGA's remaining South African assets (refer to note 12 of the group notes). This capital injection has in part attributed to the increase in cash reserves and the consequential decline in the net debt balance.

Harmony drew down additional funds from its debt facilities to sustain ordinary operations and resist any detrimental impacts of COVID-19, resulting in an increase in borrowings (refer to note 26). The levels in Rand terms were also impacted by the translation impact following the weakening of the Rand.

It is the group's objective to adhere to a conservative approach to debt and maintain low levels of gearing.

Net debt is as follows:

	SA Rand	
Figures in million	**2020**	2019
Cash and cash equivalents	**5 883**	613
Borrowings	**(7 481)**	(5 632)
Net debt	**(1 598)**	(5 019)

There were no changes to the company's approach to capital management during the year.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 30 June 2020

33 FINANCIAL RISK MANAGEMENT continued

FAIR VALUE DETERMINATION OF 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 sets out the company's assets and liabilities measured at fair value by level within the fair value hierarchy:

	SA Rand			
Figures in million	**At 30 June 2020**		**At 30 June 2019**	
	Level 2	**Level 3**	**Level 2**	**Level 3**
Fair value through other comprehensive income				
Other non-current assets (a)	**—**	**73**	—	55
Fair value through profit or loss				
Restricted investments (b)	**82**	**—**	153	—
Derivative financial assets (c)	**5**	**—**	52	—
Derivative financial liabilities (c)	**(476)**	**—**	(45)	—
Other non-current assets (d)	**—**	**306**	—	271

(a) The increase in level 3 fair value measurement relates to the equity investment in Rand Mutual Assurance previously carried at cost. The fair value of the investment was estimated with reference to an independent valuation. A combination of the "Embedded Valuation" and "Net Asset Value" techniques were applied to revalue the investment as at 30 June 2020. In evaluating the company's share of the business, common practice marketability and minority discounts as well as additional specific risk discounts were applied.

(b) The majority of the balance is directly derived from the Top 40 index on the JSE, and is 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 carried at amortised cost and therefore not disclosed here.

(c) The mark-to market remeasurement of the derivative contracts was determined as follows:
- Foreign exchange contracts comprise of zero cost collars and FECs: The zero cost collars were valued using 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). The value of the FECs is derived from the forward Rand/US$ exchange rate and discounted at market interest rate (zero-coupon interest rate curve).
- Rand gold 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.

(d) The increase in level 3 fair value measurement relates to the ARM BBEE loan that was carried at amortised cost prior to 1 July 2018. Refer to note 14. The fair value was calculated using a discounted cash flow model taking into account projected interest payments and the projected share price for African Rainbow Minerals Limited (ARM) on the expected repayment date. A 10% change in the discount rate of 9.8% would not cause a material change to the fair value of the loan. The fair value of the loan balance is limited to the sum of the capital amounts plus cumulative interest not paid, being R316 million.

The carrying values (less any impairment allowance) of short-term financial instruments are assumed to approximate their fair values. This includes restricted investments carried at amortised cost and the loans to subsidiaries for the operating companies.

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.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued
for the year ended 30 June 2020

34 GOING CONCERN

The financial statements are prepared on a going concern basis. In accordance with the solvency and liquidity test in terms of section 4 of the Companies Act, the board is of the opinion that the company has adequate resources and that:

* the company's assets, fairly valued, exceeds its liabilities, fairly valued; and
* the company will be able to pay its debts as they become due in the ordinary course of business for the 12 months following 30 June 2020.

35 SUBSEQUENT EVENTS

(a) On 6 July 2020 Harmony and its subsidiaries cancelled the bridge loan of US$200 million (refer to note 26). The cancellation followed the successful equity raise on 24 June 2020.

(b) On 6 July 2020 a payment of R300 million was made on the R2 billion facility while two payments of US$20 million each were made on 2 July 2020 (R340 million) and 8 July 2020 (R339 million) respectively on the US$400 million facility. Additional payments were made on the R2 billion facility and US$400 million of R600 million on 6 October 2020 and of US$30 million (R497 million) on 8 October 2020 respectively.

(c) The syndicate of lenders for the US$400 million facility agreed to the one year extension during July 2020, extending the maturity date to September 2023.

(d) On 14 August 2020, Ms Shela Mohatla was appointed as Group Company Secretary by the board of directors. At the same time Mrs Marian van der Walt was appointed as Senior Group Executive: Enterprise Risk and Investor Relations and will be regarded as a prescribed officer going forward.

(e) By 1 September 2020, Harmony had completed the recall of all operational employees.

(f) The last condition precedent for the acquisition of AGA's remaining South African assets (refer note 12 of the group financial statements for further detail) was fulfilled during September 2020. The cash consideration of US$200 million was paid on 30 September 2020 and amounted to R3.366 billion based on the average exchange rate set out in the agreement. Control transferred to Harmony on 1 October 2020.

Following the effective date, management has started with a fair value exercise process in accordance with IFRS 3, *Business Combinations*. An updated life-of-mine plan will be prepared for the various operations that have been acquired.

(g) On 30 September 2020, Harmony announced the resignations of Mr Ken Dicks and Mr Max Sisulu as independent non-executive directors as well as the retirement of Mr Frank Abbott as executive director with immediate effect.

(h) On 2 August 2020, Harmony declared a preference divided of R9m to the Harmony Gold Community Trust which was paid on 5 August 2020. Refer to note 25 (b).

ANNEXURE A

Statement of group companies at 30 June 2020

Company	Country incorporated in	Issued share capital R'000	Effective group interest 2020 %	Effective group interest 2019 %	Cost of investment by holding company 2020 Rm	Cost of investment by holding company 2019 Rm	Loans from/(to) holding company 2020 Rm	Loans from/(to) holding company 2019 Rm
Direct subsidiaries:								
Dormant								
Coreland Property Management (Proprietary) Limited[1]	(a)	#	**100**	100	**—**	—	**—**	—
Harmony Engineering (Proprietary) Limited[1]	(a)	#	**100**	100	**2**	2	**(4)**	(4)
Harmony Gold (Management Services) (Proprietary) Limited[1]	(a)	#	**100**	100	**—**	—	**—**	—
Harmony Gold Limited	(b)	#	**100**	100	**—**	—	**—**	—
Harmony Pharmacies (Proprietary) Limited[1]	(a)	#	**100**	100	**—**	—	**—**	—
Harmony Precision Casting Company (Proprietary) Limited	(a)	358	**100**	100	**—**	—	**—**	—
Musuku Beneficiation Systems (Proprietary) Limited[1]	(a)	#	**100**	100	**—**	—	**—**	—
Unisel Gold Mines Limited	(a)	23 136	**100**	100	**89**	89	**(89)**	(89)
Virginia Salvage (Proprietary) Limited[2]	(a)	2	**90**	90	**—**	—	**—**	—
Exploration								
Lydenburg Exploration Limited	(a)	42 792	**100**	100	**103**	103	**(106)**	(106)
Gold mining								
African Rainbow Minerals Gold Limited	(a)	96	**100**	100	**3 750**	3 750	**—**	—
Avgold Limited	(a)	6 827	**100**	100	**4 477**	4 464	**1 186**	563
Freegold (Harmony) (Proprietary) Limited	(a)	20	**100**	100	**771**	705	**(4 454)**	(4 587)
Randfontein Estates Limited	(a)	19 882	**100**	100	**1 742**	1 700	**1 875**	2 121
Tswelopele Beneficiation Operation (Proprietary) Limited[4]	(a)	5 996	**75**	100	**45**	59	**45**	182
Harmony Moab Khotsong Operations (Proprietary) Limited	(a)	#	**100**	100	**21**	7	**2 141**	3 078
Golden Core Trade and Invest (Proprietary) Limited[3]	(a)	#	**100**	—	**—**	—	**59**	—
Investment holding								
ARMgold/Harmony Joint Investment Company (Proprietary) Limited	(a)	#	**100**	100	**—**	—	**—**	—
Own Kind Mineral Resources (Pty) Limited	(d)	#	**100**	100	**—**	—	**—**	—
Harmony Copper Limited	(a)	12 955 523	**100**	100	**12 956**	12 956	**(112)**	(96)
West Rand Consolidated Mines Limited	(a)	17 967	**100**	100	**321**	321	**(26)**	(26)
Bokamoso Claims Management Systems (Pty) Ltd	(a)	#	**100**	—	**—**	—	**—**	—
Property holding and development								
La Riviera (Proprietary) Limited	(a)	#	**100**	100	**—**	—	**—**	—
Coreland Property Development Company (Proprietary) Limited	(a)	#	**100**	100	**—**	—	**—**	1
Lozitone (Proprietary) Limited	(a)	#	**100**	100	**—**	—	**—**	—

ANNEXURE A continued

Company	Country incorporated in	Issued share capital R'000	Effective group interest 2020 %	Effective group interest 2019 %	Cost of investment by holding company 2020 Rm	Cost of investment by holding company 2019 Rm	Loans from/(to) holding company 2020 Rm	Loans from/(to) holding company 2019 Rm
Indirect subsidiaries:								
Dormant								
Aurora Gold (WA) (Proprietary) Limited	(c)	163 115	**100**	100	**—**	—	**—**	—
Aurora Gold Australia (Proprietary) Limited	(c)	58	**100**	100	**—**	—	**—**	—
Australian Ores & Minerals (Proprietary) Limited	(c)	8 766	**100**	100	**—**	—	**—**	—
Carr Boyd Minerals (Proprietary) Limited	(c)	402 414	**100**	100	**—**	—	**—**	—
Harmony Gold No.1 Limited	(e)	#	**100**	100	**—**	—	**—**	—
Harmony Gold Securities (Proprietary) Limited	(c)	#	**100**	100	**—**	—	**—**	—
Harmony Gold WA (Proprietary) Limited	(c)	#	**100**	100	**—**	—	**—**	—
Jeanette Gold Mines (Proprietary) Limited	(a)	#	**87**	87	**—**	—	**—**	—
Loraine Gold Mines Limited	(a)	#	**100**	100	**—**	—	**—**	—
Middelvlei Development Company (Proprietary) Limited	(a)	#	**100**	100	**—**	—	**—**	—
New Hampton Goldfields Limited	(c)	196 248	**100**	100	**—**	—	**—**	—
Potchefstroom Gold Areas Limited[1]	(a)	8 407	**100**	100	**—**	—	**—**	—
Potchefstroom Gold Holdings (Proprietary) Limited[1]	(a)	2	**100**	100	**—**	—	**—**	—
Remaining Extent and Portion 15 Wildebeestfontein (Proprietary) Limited [1]	(a)	#	**67**	67	**—**	—	**—**	—
Venda Gold Mining Company (Proprietary) Limited[2]	(a)	#	**100**	100	**—**	—	**—**	—
Exploration								
Harmony Gold (Exploration) (Proprietary) Limited	(a)	10	**100**	100	**—**	—	**(3)**	(3)
Harmony Gold (PNG) Exploration Limited	(e)	#	**100**	100	**—**	—	**—**	—
Morobe Exploration Limited	(e)	1 104	**100**	100	**—**	—	**—**	—
Gold mining								
Harmony Gold PNG Limited	(e)	#	**100**	100	**—**	—	**—**	—
Kalahari Goldridge Mining Company Limited	(a)	1 275	**100**	100	**57**	53	**(586)**	(498)
Investment								
Abelle Limited	(c)	488 062	**100**	100	**—**	—	**—**	—
Aurora Gold Finance (Proprietary) Limited	(c)	#	**100**	100	**—**	—	**—**	—
Aurora Gold Limited	(c)	685 006	**100**	100	**—**	—	**—**	—
Aurora Gold (Wafi) (Proprietary) Limited	(c)	#	**100**	100	**—**	—	**—**	—
Harmony Gold Australia (Proprietary) Limited[5]	(c)	14 103 743	**100**	100	**208**	191	**—**	—
Harmony Gold Operations Limited	(c)	405 054	**100**	100	**—**	—	**—**	—
Mineral right investment								
Morobe Consolidated Goldfields Limited	(e)	#	**100**	100	**—**	—	**—**	—
Wafi Mining Limited	(e)	#	**100**	100	**—**	—	**—**	—
Property and development								
Quarrytown Limited	(a)	#	**100**	100	**—**	—	**—**	—
Mining related services								
Harmony Gold (PNG Services) (Proprietary) Limited	(c)	#	**100**	100	**—**	—	**—**	—
Harmony Gold Morobe Province Services Limited	(e)	#	**100**	100	**—**	—	**—**	—

ANNEXURE A continued

Company	Country incorporated in	Issued share capital R'000	Effective group interest 2020 %	Effective group interest 2019 %	Cost of investment by holding company 2020 Rm	Cost of investment by holding company 2019 Rm	Loans from/(to) holding company 2020 Rm	Loans from/(to) holding company 2019 Rm
Other								
Nufcor Fuels Corporation of South Africa (Proprietary) Limited	(a)	#	**100**	100	**—**	—	**—**	—
Margaret Water Company NPC	(a)	#	66	66	—	—	—	—
Harmony BEE SPV (Proprietary) Limited	(a)	#	100	100	—	—	—	—
Total					**24 542**	24 400	**(74)**	536
Total investments							**24 468**	24 936
Joint operations - indirect:								
Morobe Exploration Services Limited	(e)	$	**50**	50	**—**	—	**—**	—
Wafi Golpu Services Limited	(e)	$	**50**	50	**—**	—	**—**	—
Morobe Mining JV Services (Australia) (Proprietary) Limited	(c)	$	**50**	50	**—**	—	**—**	—

For its interest in joint operations, the group includes its share of the joint operations' individual income and expenses, assets and liabilities in the relevant components of the financial statements on a line-by-line basis.

Company	Country incorporated in	Issued share capital R'000	Effective group interest 2020 %	Effective group interest 2019 %	Cost of investment by holding company 2020 Rm	Cost of investment by holding company 2019 Rm	Loans from/(to) holding company 2020 Rm	Loans from/(to) holding company 2019 Rm
Associate company - direct:								
Gold mining company								
Pamodzi Gold Limited	(a)	30	**32**	32	**—**	—	**—**	—
Associate company - indirect:								
Gold refining								
Rand Refinery	(a)	786	**10**	10	**—**	39	**—**	—
Exploration								
Jelani Resources (Proprietary) Limited	(a)	#	**35**	35	**—**	—	**—**	—

Investments in associates are accounted for by using the equity method of accounting. Equity accounting involves recognising in the income statement the group's share of associates' profit or loss for the period. The group's interest in the associate is carried on the balance sheet at an amount that reflects the cost of the investment, the share of post-acquisition earnings and other movement in the reserves.

[1] Liquidation process commenced.
[2] In final stages of liquidation order.
[3] The company was acquired to purchase AngloGold Ashanti Limited's remaining South African producing assets and related liabilities. Refer to note 12 in the group financial statements.
[4] On 20 March 2013 Harmony signed transaction and funding agreements to give effect to an empowerment transaction to dispose of 25% of Tswelopele Beneficiation Operation (TBO) to BEE shareholders. The award of the options to the BEE partners is accounted for by the group as an equity-settled share-based payment arrangement. On 31 December 2019, the option was exercised and the 25% interest in the investment is deemed to have transferred. Refer to note 15.
[5] The R208 million (2019: R191 million) relates to the share-based payments from Harmony to employees of its indirect subsidiary, shown as an investment.

$ Indicates a share in the joint venture's capital assets
 # Indicates issued share capital of R1 000 or less
(a) Incorporated in the Republic of South Africa
(b) Incorporated in the Isle of Man
(c) Incorporated in Australia
(d) Incorporated in Zimbabwe
(e) Incorporated in Papua New Guinea

ANNEXURE B

Directors' emoluments (R'000)

Name	Directors' Fees[1] 2020	Salaries and Benefits 2020	Retirement Savings & Contributions during the year 2020	Bonuses paid[2] 2020	Total 2020	Total 2019
Non-executive						
Patrice Motsepe	1 377	—	—	—	1 377	1 365
Joachim Chissano	611	—	—	—	611	570
Fikile De Buck	1 479	—	—	—	1 479	1 486
Ken Dicks[3]	670	—	—	—	670	769
Dr Simo Lushaba	1 205	—	—	—	1 205	1 153
Grathel Motau	572	—	—	—	572	79
Modise Motloba	1 592	—	—	—	1 592	1 406
Mavuso Msimang	822	—	—	—	822	960
Karabo Nondumo	852	—	—	—	852	969
Vishnu Pillay	1 023	—	—	—	1 023	1 096
Given Sibiya	669	—	—	—	669	79
Max Sisulu[3]	382	—	—	—	382	508
John Wetton	1 033	—	—	—	1 033	1 031
Andre Wilkens	933	—	—	—	933	971
Executive						
Frank Abbott[4]	—	5 678	668	1 438	7 784	10 674
Boipelo Lekubo[5]		1 704	132	—	1 836	—
Mashego Mashego	—	4 149	614	1 038	5 801	7 736
Peter Steenkamp	—	8 034	1 454	2 433	11 921	15 927
Prescribed officers						
Beyers Nel	—	4 544	791	1 031	6 366	8 955
Phillip Tobias	—	4 699	667	1 210	6 576	8 971
Johannes van Heerden[6]	—	8 294	261	2 003	10 558	11 437
Total	13 220	37 102	4 587	9 153	64 062	76 142

[1] Directors' remuneration excludes value added tax.
[2] Reflects amounts actually paid during the year.
[3] Resigned as non-executive director effective 30 September 2020.
[4] Resigned as Financial Director on 3 March 2020 and appointed as executive director: new business development. Retired as executive director effect 30 September 2020.
[5] Appointed as Financial Director on 3 March 2020.
[6] Salary is paid in A$ and the Rand equivalent is influenced by the weakening or strengthening of the Rand/A$ exchange rate.

ANNEXURE B continued

EXECUTIVE DIRECTORS AND MANAGEMENT SHARE INCENTIVES

As at 30 June 2020

	Executive directors								Prescribed officers						Other		Total	
	Peter Steenkamp		Boipelo Lekubo		Frank Abbott		Mashego Mashego		Johannes Van Heerden		Beyers Nel		Phillip Tobias		Other management			
Movements on share incentives	Number of awards	Average price (Rands)	Number of awards	Average price (Rands)	Number of awards	Average price (Rands)	Number of awards	Average price (Rands)	Number of awards	Average price (Rands)	Number of awards	Average price (Rands)	Number of awards	Average price (Rands)	Number of awards	Average price (Rands)	Number of awards	Average price (Rands)
Deferred management shares																		
Opening balance at 1 July 2019	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a
Awards granted	77 838	n/a	20 084	n/a	46 002	n/a	33 197	n/a	61 566	n/a	32 976	n/a	38 714	n/a	907 636	n/a	1 218 013	n/a
– Gain realised on awards exercised and settled (SA rand)		—		—		—		—		—		—		—		—		—
Awards forfeited and lapsed	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a	(55 861)	n/a	(55 861)	n/a
Closing balance at 30 June 2020	**77 838**	**n/a**	**20 084**	**n/a**	**46 002**	**n/a**	**33 197**	**n/a**	**61 566**	**n/a**	**32 976**	**n/a**	**38 714**	**n/a**	**851 775**	**n/a**	**1 162 152**	**n/a**
Performance shares																		
Opening balance at 1 July 2019	1 016 850	n/a	225 313	n/a	820 723	n/a	403 813	n/a	445 645	n/a	495 853	n/a	502 086	n/a	17 097 313	n/a	21 007 596	n/a
Awards forfeited and lapsed	(420 423)	n/a	—	n/a	(330 833)	n/a	(152 091)	n/a	(152 091)	n/a	(177 366)	n/a	(177 366)	n/a	(7 182 402)	n/a	(8 592 572)	n/a
Closing balance at 30 June 2020	**596 427**	**n/a**	**225 313**	**n/a**	**489 890**	**n/a**	**251 722**	**n/a**	**293 554**	**n/a**	**318 487**	**n/a**	**324 720**	**n/a**	**9 914 911**	**n/a**	**12 415 024**	**n/a**
Share appreciation rights																		
Opening balance at 1 July 2019	—	n/a	—	n/a	116 573	25.12	84 125	25.12	53 517	28.96	63 939	24.52	46 850	18.41	6 348 040	26.55	6 713 044	26.45
Rights exercised	—	n/a	—	n/a	(95 365)		(84 125)	n/a	(53 517)	n/a	(63 939)	n/a	(31 232)	n/a	(5 758 074)	n/a	(6 086 252)	n/a
– Average sales price	—	n/a	—	n/a		48.12	—	48.21	—	54.34	—	50.87	—	49.87	—	50.18	—	50.16
– Gain realised on awards exercised and settled (SA Rand)		—		—		2 051 680		1 942 650		1 358 646		1 684 549		982 487		132 746 754		140 766 766
Rights forfeited and lapsed	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a	(249 459)	23.97	(249 459)	23.97
Closing balance at 30 June 2020	**—**	**n/a**	**—**	**n/a**	**21 208**	**18.41**	**—**	**n/a**	**—**	**n/a**	**—**	**n/a**	**15 618**	**18.41**	**340 507**	**18.41**	**377 333**	**18.41**
Gain realised on awards exercised (SA Rand)		—		—		2 051 680		1 942 650		1 358 646		1 684 549		982 487		132 746 754		140 766 766

Outstanding awards (listed by allocation date)																		
Deferred management shares	**77 838**		**20 084**		**46 002**		**33 197**		**61 566**		**32 976**		**38 714**		**851 775**		**1 162 152**	
18 September 2019	77 838	n/a	20 084	n/a	46 002	n/a	33 197	n/a	61 566	n/a	32 976	n/a	38 714	n/a	851 775	n/a	1 162 152	n/a
Performance shares	**596 427**		**225 313**		**489 890**		**251 722**		**293 554**		**318 487**		**324 720**		**9 914 911**		**12 415 024**	
15 November 2017	596 427	n/a	225 313	n/a	489 890	n/a	251 722	n/a	293 554	n/a	318 487	n/a	324 720	n/a	9 914 911	n/a	12 415 024	n/a
Share appreciation rights	**—**		**—**		**21 208**		**—**		**—**		**—**		**15 618**		**340 507**		**377 333**	
17 November 2014	—	n/a	—	n/a	21 208	18.41	—	n/a	—	n/a	—	n/a	15 618	18.41	340 507	18.41	377 333	18.41
Closing balance at 30 June 2020	**674 265**		**245 397**		**557 100**		**284 919**		**355 120**		**351 463**		**379 052**		**11 107 193**		**13 954 509**	

SHAREHOLDER INFORMATION

STOCK EXCHANGE LISTINGS AND TICKER CODES

Harmony's primary listing is on the Johannesburg Stock Exchange. It is also quoted in the form of American depositary receipts on the New York Stock Exchange.

Harmony's ticker codes on these exchanges are as follows:

Johannesburg Stock Exchange	**HAR**
New York Stock Exchange	**HMY**

Share information

Sector		Resources
Sub-sector		Gold
Issued share capital as at 30 June 2020		603 142 706
Market capitalisation		
at 30 June 2020		R43.3 billion or US$2.5 billion
at 30 June 2019		R17.1 billion or US$1.2 billion
Share price statistics – FY20		
Johannesburg Stock Exchange:	12-month high	R73.69
	12-month low	R30.31
	Closing price as at 30 June 2020	R71.86
New York Stock Exchange:	12-month high	US$4.21
	12-month low	US$1.93
	Closing price as at 30 June 2020	US$2.27
Free float		100%
ADR ratio		1:1

Shareholder spread as at 30 June 2020

Shareholder spread	Number of shareholders	% of shareholders	Number of shares	% of issued share capital
1—1 000 shares	10 585	86.21	1 440 059	0.24
1 001—10 000 shares	1 155	9.41	3 734 624	0.62
10 001—100 000 shares	360	2.93	11 715 188	1.94
100 001—1 000 000 shares	141	1.15	40 946 227	6.79
1 000 001 shares and above	37	0.30	545 306 608	90.41
Total	**12 278**	**100.00**	**603 142 706**	**100.00**

Analysis of ordinary shares as at 30 June 2020

Shareholder type	Number of shareholders	% of shareholders	Number of shares	% of issued share capital
Public shareholders	12 268	99.92	266 770 155	44.23
Non-public shareholders*	10	0.08	336 372 551	55.77
Total	**12 278**	**100.00**	**603 142 706**	**100.00**
** Breakdown of non-public shareholders:*				
Share option scheme	*3*	*0.02*	*6 415 838*	*1.18*
Holdings of more than 10%	*2*	*0.02*	*328 944 163*	*54.54*
Directors[#]	*4*	*0.03*	*1 753 311*	*0.29*
Subsidiaries	*1*	*0.01*	*335*	*0.00*

[#] Held by Frank Abbott (retired 30 September 2020), Ken Dicks (resigned 30 September 2020), Peter Steenkamp and André Wilkens

DOING WHAT WE KNOW BEST

SOUTH AFRICAN GOLD MINING CHAMPION – DELIVERING VALUE-ENHANCING CONSOLIDATION

- Emerging market specialist (South Africa and Papua New Guinea)
- Significant increase in South African production from initial Moab Khotsong acquisition and now from the Mponeng and Mine Waste Solutions acquisitions
- Meaningful value-enhancing improvement in overall South African recovered grade through acquisition, development
- Acquisition synergies and other investments have potential to reduce all-in sustaining costs
- Regional consolidation in South Africa will unlock significant value, synergies and scale

PROVEN EXPERTISE IN DRIVING EFFICIENCIES SAFELY

- Safety a core value
- Focus – quality ounces and cost reduction aimed at lowering all-in sustaining costs
- Proven track record – sustaining and prolonging operating lives of deep-level mines
- Wealth of mining expertise throughout the company – combined, senior executive management and prescribed officers have decades of industry experience

ELEVATED MARGINS AND OPERATING FREE CASH FLOW

- Positioned to benefit from gold price and foreign exchange (operating free cash flow highly geared to current gold price environment)
- Locking in high margin for future returns
- Strengthened balance sheet enables future growth, capital returns
- Regional consolidation in South Africa will unlock significant value, synergies and scale
- Portfolio value supported by joint ownership of Wafi-Golpu asset

Ownership summary as at 30 June 2020 – top 10 shareholders (by group)

Rank	Institution	% of total shares outstanding 30 June 2020
1	African Rainbow Minerals Ltd	12.38
2	VanEck Associates Corporation	10.11
3	Fairtree Capital	5.40
4	Public Investment Corporation of South Africa	4.85
5	BlackRock Inc	2.75
6	The Vanguard Group, Inc.	2.69
7	Exor Investments UK LLP	2.52
8	Wellington Management Company	2.34
9	Renaissance Technologies LLC (US)	2.34
10	Dimensional Fund Advisors	2.20

SHAREHOLDER INFORMATION CONTINUED

** Includes Mponeng and Mine Waste Solutions*

Shareholders' diary

Financial year-end	30 June
Integrated Annual Report issued	23 October 2020
Form 20-F issued	29 October 2020
Annual general meeting	22 November 2020
Results presentations FY21*	
Interim results	February 2021
Full-year results	August 2021

** See website for diary updates*

CONTACT

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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 to this report, 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 (including as a result of the coronavirus disease ("Covid-19") pandemic)
- 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 gold and other metals prices
- Estimates of provision for silicosis settlement and the spread of other contagious diseases, such as Covid-19
- Estimates of future tax liabilities under the Carbon Tax Act (South Africa)
- Statements regarding future debt repayments
- Estimates of future capital expenditures
- The success of our business strategy, exploration and 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 related to industrial action or health and safety incidents
- 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
- Our ability to hire and retain senior management, sufficiently technically-skilled employees, as well as our ability to achieve sufficient representation of historically disadvantaged persons in management positions
- Our ability to comply with requirements that we operate in a sustainable manner and provide benefits to affected communities
- Potential liabilities related to occupational health diseases
- Changes in government regulation and the political environment, particularly tax and royalties, mining rights, health, safety, environmental regulation and business ownership including any interpretation thereof; court decisions affecting the mining industry, including, without limitation, regarding the interpretation of mining rights
- Our ability to protect our information technology and communication systems and the personal data we retain
- Risks related to the failure of internal controls
- The outcome of pending or future litigation or regulatory proceedings
- Fluctuations in exchange rates and currency devaluations and other macroeconomic monetary policies
- The adequacy of the Group's insurance coverage
- Any further downgrade of South Africa's credit rating
- Socio-economic or political instability in South Africa, Papua New Guinea and other countries in which we operate

For a more detailed discussion of such risks and other factors (such as availability of credit or other sources of financing), see the Company's latest Integrated Report and Form 20-F which is on file with the Securities and Exchange Commission, as well as the Company's other Securities and Exchange Commission filings. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events, except as required by law. The foregoing factors and others described under "Risk Factors" should not be construed as exhaustive. The forward-looking financial information has not been reviewed and reported on by the Company's auditors.

COMPETENT PERSON'S STATEMENT

The information in this presentation that relates to Mineral Resources or Ore Reserves has been extracted from our Reserves and Resources statement published on 15 September 2020. Harmony confirms that it is not aware of any new information or data that materially affects the information included in the statement, in the case of Mineral Resources or Mineral Reserves, that all material assumptions and technical parameters underpinning the estimates in the original release continue to apply and have not materially changed. Harmony confirms that the form and context in which the competent person's findings are presented have not been materially modified from the original release.

CONTACT DETAILS

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

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DIRECTORS

Dr PT Motsepe* (chairman)

JM Motlaba* (deputy chairman)

M Msimang*^ (lead independent director)

PW Steenkamp** (chief executive officer)

BP Lekubo** (financial director)

HE Mashego** (executive director)

JA Chissano*#^

FFT De Buck*^

Dr DS Lushaba*^

HG Motau*^

KT Nondumo*^

VP Pillay*^

GR Sibiya*^

JL Wetton*^

AJ Wilkens*

** Non-executive*
*** Executive*
^ Independent
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**ADR: American Depositary Receipts*

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TRADING SYMBOLS

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HARMONY™

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