2020

REPORT TO SHAREHOLDERS

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

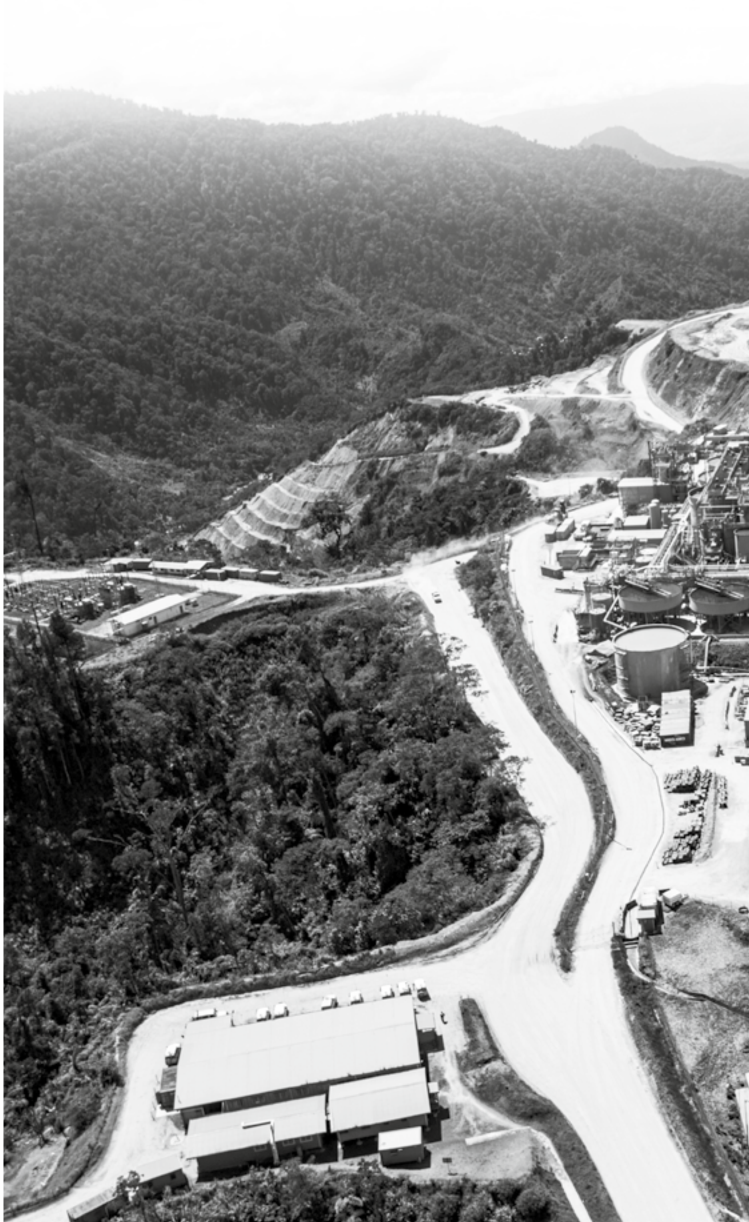
For the past 70 years Harmony has, more than any other gold mining company in South Africa, demonstrated true sustainability. From our enduring history, to the product we mine and the way in which it is mined, to the care we take to preserve the environment and the support we provide to our communities,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



REFERENCE

A full glossary of terms is available on the website, *www.har.co.za*.

Throughout this report "PGK" refers to kina, the currency of Papua New Guinea, "Moz" to million ounces, "Mt"to million tonnes and Mlb to million pounds. All production volumes are in metric tonnes (t), unless specifically stated as imperial tons.

While our reporting currency is the South African rand, the US dollar equivalents of significant financial metrics, together with the applicable percentage movements, are also provided to aid sector and peer comparisons.

OUR REPORTS ONLINE

Harmony's full set of 2020 reports and supporting documents are available at *www.har.co.za*.

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

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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

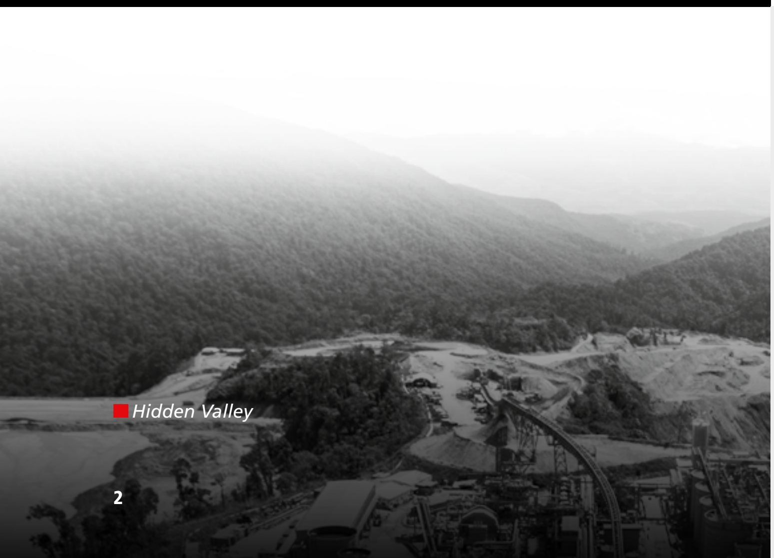
OUR BUSINESS

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

No matter the circumstances, safety is our main priority (SAFETY)

We are all accountable for delivering on our commitments (ACCOUNTABLE)

Achievement is core to our success (ACHIEVEMENT)

We are all connected as one team (CONNECTED)

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

BUSINESS MODEL

HOW WE CREATE VALUE YEAR ON YEAR

INPUTS

NATURAL CAPITAL

The natural resources, such as our orebodies, water and energy, that are used in the functioning of the business

- Mineral Reserve of **36.50Moz** of gold and gold equivalents (FY19: 36.45Moz)
- Land under management
- Volume of ore milled **25.43Mt** (FY19: 25.98Mt)
- Resources consumed:
  - Water used for primary activities **19 692 000m³** (FY19: 23 158 000m³)
  - Group electricity consumption **3 171 000 MWh** (FY19: 3 340 677MWh)

See *Mineral Resources and Reserves* and *Environmental management and stewardship* for more information.

MANUFACTURED CAPITAL

This pertains to the physical infrastructure or technology used by the company

- Operational infrastructure, associated infrastructure and equipment
- Production costs **R22.05 billion** (FY19: R20.32 billion)
- Mining rights and leases
- Exploration and growth projects
- Exploration spend, including Wafi-Golpu, **R259 million** (FY19: R498 million)

See *Operational performance* and *Exploration and projects* for more information.

HUMAN CAPITAL

The skills and know-how of an organisation's workforce

- A total of **39 714** permanent and contract employees across the Group (FY19: 39 773)
- A transformation that endeavours to create a more gender diverse and racially representative workforce with a focus on recruiting from local communities

See *Employee relations* and *Remuneration report* for more information.

FINANCIAL CAPITAL

The traditional yardstick of performance, this capital includes funds obtained through financing or generated by means of productivity

- Total equity **R23.4 billion** (FY19: R22.6 billion)
- Placement of ordinary shares to raise equity capital of **$200 million**
- Cash generated by operating activities **R4 723 million** (FY19: R4 679 million)

See *Financial director's report* for more information.

INTELLECTUAL CAPITAL

This accounts for the intangibles associated with the brand and reputation, organisational systems and related procedures

- The requisite skills and expertise required in being the global leader in deep-level gold mining
- Digitisation of the organisation is underway, including upgrades to enterprise resource planning and human resources systems
- Systems and processes

SOCIAL AND RELATIONSHIP CAPITAL

This encompasses the relationships between the company and all its stakeholders

- Values and code of ethics guiding stakeholder engagement
- Governance and corporate responsibilities
- **Stakeholders include:** investors, employees, government and regulators, communities and suppliers

See *Socio-economic development* and *ESG report* for more information.

OPERATING

ACTIVITIES

Our activities are focused on mining gold from both mature deep-level and surface operations, processing ore and selling the product onto the market for further refinement. Additionally, we deliver on capital projects

OUR STRATEGY

To produce safe, profitable ounces and improve margins through responsible stewardship, operational excellence and effective capital allocation

SOCIAL LICENCE TO OPERATE

We prioritise stakeholder engagement and shared value creation so that we, at all times, maintain our social licence to operate

FACTORS IMPACTING OUR BUSINESS

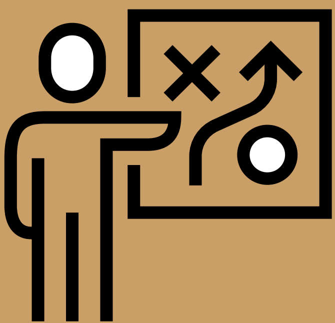
What we can manage:

- Safety
- Grade and volume mined
- Costs, efficiencies and productivity
- Stakeholder relations

CONTEXT

OUR COMPETITIVE ADVANTAGE

Harmony is a world leader in surface and deep-level mature asset mining. We are uniquely skilled, and have extensive institutional knowledge, in prolonging the operating lives of mining assets. We are also well-versed in mutually beneficial stakeholder engagement and, thus, are able to thrive in emerging markets



OUTLOOK

Harmony has been in operation for the past 70 years and it is our intention to extend our longevity by at least another 70 years by organically growing our mineral reserve base and pursuing value-accretive acquisitions

What is beyond our control:

- Gold price and global market
- Exchange rate volatility
- Regulatory policy and political uncertainty
- Mounting community expectation and socio-economic challenges

OUTPUT

Gold produced
1.22Moz
(FY19: 1.44Moz)

Revenue generated
R29.2 billion
(FY19: R26.9 billion)

Total economic value distributed
R26.4 billion
(FY19: R26.8 billion)

Total CO_2 emissions
4 012 110t
(FY19: 3 858 566t)

Mining waste generated
Total milled
25.5Mt
(FY19: 26.0Mt)

Hazardous waste to landfill
250t
(FY19: 399t)

OUTCOMES

HUMAN CAPITAL

- ✗ Tragically, there were six loss-of-life incidents
- ✓ Recorded an overall improvement of 33.3% in the fatal injury frequency rate compared to FY19
- ✓ A year of no strikes indicates a strong and mature relationship with the unions
- ✓ Focus on gender diversity
- ✓ A transformed workforce in South Africa, with **60%** of management across all levels being HDPs
- ✓ **R11.7 billion (US$744 million)** spent on wages and salaries
- ✓ **R458 million** spent on skills training and human resource development (FY19: R484 million)
- ✓ Rapid, proactive Covid-19 response and mitigation strategies

FINANCIAL CAPITAL

- ✗ Headline loss – **R828 million (US$53 million)** (headline earnings in FY19 of R1.1 billion, US$75 million)
- ✓ Our share price increased by **126%** during FY20 positively influencing our market capitalisation, which closed at **R43.3 billion** on 30 June 2020.
- ✓ Net debt decreased to **R1.36 billion (US$79 million)** (FY19: R4.92 billion; US$348 billion)
- ✓ Production profit – **R7.2 billion (US$459 million)** (FY19: R6.6 billion; US$465 million)

SOCIAL AND RELATIONSHIP CAPITAL

- ✓ Invested **R65 million** and **R36 million** in South Africa and Papua New Guinea respectively, in our social licence to operate, which included mine community development initiatives
- ✓ Focused on preferential/local procurement, spending **R5.08 billion** in South Africa and **R1.25 billion** in Papua New Guinea
- ✓ **R342 million** paid in taxes and royalties
- ✓ Improved relationship with host community stakeholders
- ✓ Hygiene products, food parcels and other essential supplies provided to the most vulnerable households in host communities
- ✓ Constructive relations with the governments of South Africa and Papua New Guinea

MANUFACTURED CAPITAL

- ✓ Acquisition of Mponeng mine and Mine Waste Solutions (deal concluded post-year-end in September 2020)
- ✓ Progressed our 30MW Nyala solar generation project to reduce our dependency on fossil fuel-generated electricity

INTELLECTUAL CAPITAL

- ✓ A total of **31 533** employees completed training in FY20
- ✓ Supported **84** bursaries at tertiary level
- ✓ More digitalised business equipped to operate effectively in the twenty-first century

NATURAL CAPITAL

- ✓ The Group spent **R161 million** (US$10 million) (FY19: R199 million; US$14 million) on land rehabilitation initiatives and environmental stewardship
- ✓ **44.19ha** was rehabilitated

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

B Lekubo
Financial director
Randfontein
South Africa

23 October 2020

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

SUMMARISED CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

		SA Rand		
Figures in million	**Notes**	**2020**	**2019**	**2018**
Revenue	4	**29 245**	26 912	20 452
Cost of sales	5	**(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	12	**(1 678)**	484	99
Other operating expenses	6	**(1 201)**	(186)	(667)
Operating loss		**(358)**	(2 538)	(4 660)
Share of profits from associate		**94**	59	38
Acquisition-related costs	18	**(45)**	—	(98)
Investment income		**375**	308	343
Finance costs		**(661)**	(575)	(330)
Loss before taxation		**(595)**	(2 746)	(4 707)
Taxation	7	**(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	8	**(164)**	(498)	(1 003)
Diluted loss per ordinary share (cents)				
Total diluted loss	8	**(166)**	(500)	(1 004)

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

SUMMARISED CONSOLIDATED 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		**(1 998)**	(677)	(647)
Foreign exchange translation gain/(loss)	3	**1 199**	(50)	83
Remeasurement of gold hedging contracts	12	**(3 197)**	(627)	(730)
Items that will not be reclassified to profit or loss:		**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 summarised consolidated financial statements.

SUMMARISED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2020

Figures in million	Notes	SA Rand At 30 June 2020	SA Rand At 30 June 2019
ASSETS			
Non-current assets			
Property, plant and equipment	9	**29 186**	27 749
Intangible assets		**536**	533
Restricted cash		**107**	92
Restricted investments		**3 535**	3 301
Investments in associates		**146**	110
Inventories		**47**	43
Deferred tax assets	7	**531**	1
Other non-current assets		**388**	333
Derivative financial assets	12	**50**	197
Total non-current assets		**34 526**	32 359
Current assets			
Inventories	13	**2 421**	1 967
Restricted cash		**62**	44
Trade and other receivables	11	**1 308**	1 064
Derivative financial assets	12	**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	18	**32 937**	29 551
Other reserves		**3 017**	4 773
Accumulated loss		**(12 583)**	(11 710)
Non-controlling interest	17	**4**	—
Total equity		**23 375**	22 614
Non-current liabilities			
Deferred tax liabilities	7	**996**	688
Provision for environmental rehabilitation	14	**3 408**	3 054
Provision for silicosis settlement	15	**717**	942
Retirement benefit obligation		**193**	201
Borrowings	16	**7 463**	5 826
Other non-current liabilities		**101**	5
Derivative financial liabilities	12	**879**	172
Total non-current liabilities		**13 757**	10 888
Current liabilities			
Provision for silicosis settlement	15	**175**	—
Borrowings	16	**255**	89
Trade and other payables		**3 006**	2 875
Derivative financial liabilities	12	**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 summarised consolidated financial statements.

SUMMARISED CONSOLIDATED 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	18	18			17	
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 summarised consolidated financial statements.

SUMMARISED CONSOLIDATED 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		**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		**5**	187	—
Acquisition of Moab Khotsong		**—**	—	(3 474)
Additions to intangible assets		**(8)**	(1)	(9)
Redemption of preference shares from associates		**59**	32	—
Capital distributions from investments		**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	16	**6 541**	1 522	6 937
Borrowings repaid	16	**(5 661)**	(1 353)	(4 063)
Proceeds from the issue of shares	18	**3 466**	211	1 003
Dividends paid	17	**(3)**	—	(154)
Lease payments	10	**(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 summarised consolidated financial statements.

NOTES TO THE SUMMARISED CONSOLIDATED 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 summarised consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, and the requirements of the Companies Act applicable to summarised financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurements and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. The summarised consolidated financial statements should be read in conjunction with the consolidated annual financial statements for the year ended 30 June 2020 (included in the Financial Report 2020 available at *www.har.co.za/20/download/HAR-FR20.pdf*), which have been prepared in accordance with IFRS. The accounting policies are consistent with those described in the consolidated annual financial statements. 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 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 10 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.

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 10 for the policy.

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 18. The amendments are not expected to have a material impact on the group.

3 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.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

3 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 19 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 16 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.

3 COVID-19 IMPACT 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 5 for further details on the assumptions used in the impairment test.

3 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 12 and 19 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.

4 REVENUE

	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 12 for further information.

4 A geographical analysis of revenue is provided in the segment report in note 22.

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.

5 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	**99**	93	102
Rehabilitation expenditure	**47**	33	67
Care and maintenance costs of restructured shafts	**146**	134	128
Employment termination and restructuring costs	**40**	242	208
Share-based payments	**130**	155	244
Impairment of assets (c)	**—**	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.

5 COST OF SALES continued

(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.

(c) 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.

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 in discounted cash flow models and attributable resource values. These are fair value measurements classified as level 3.

5 COST OF SALES continued

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.

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.

5 COST OF SALES continued

Critical accounting estimates and judgements – impairment of assets continued

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. 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 dependent 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.

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.

5 COST OF SALES 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.

6 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	**62**	21	1
Foreign exchange translation loss (a)	**892**	86	682
Silicosis settlement provision/(reversal of provision) (b)	**36**	(62)	(68)
Reversal of provision for ARM BBEE Trust loan	**—**	—	(43)
Loss allowance	**63**	7	12
Other (income)/expenses - net	**5**	(21)	10
Total other operating expenses	**1 201**	186	667

(a) The foreign exchange loss is driven primarily by the prevailing exchange rates at the drawdown and repayment dates of the US$-denominated loans as well as the exchange rate movements during the year. Refer to note 16 for the details of the foreign exchange translation loss on the US$ borrowings.

(b) Refer to note 15 for details on the movement in the silicosis settlement provision.

7 TAXATION

	SA Rand		
Figures in million	**2020**	**2019**	**2018**
SA taxation			
Mining tax	**(56)**	(19)	(42)
Non-mining tax (a)	**(2)**	(124)	(163)
Deferred tax (b)	**(197)**	282	439
Total taxation (expense)/credit	**(255)**	139	234

(a) Non-mining taxable income of mining companies and the taxable income for non-mining companies are taxed at the statutory corporate rate of 28%.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 12 for details on the group's derivative gains and losses recorded.

(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.

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 rates than in the prior year. Refer to note 5 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 12 and 19 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.
- 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 an assessed 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 assessed loss and the current taxable temporary differences existing at the reporting date can be utilised.

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FOR THE YEAR ENDED 30 JUNE 2020

7 TAXATION continued

(b) Deferred tax continued

Consequently, a deferred tax asset of R492 million has been recognised, consisting of R171 million relating to the assessed 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.

Income and mining tax rates

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

8 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
Basic weighted average number of ordinary shares in issue ('000)	**535 336**	523 809	445 896
Total net loss attributable to shareholders (R million)	**(878)**	(2 607)	(4 473)
Total basic loss per share (SA cents)	**(164)**	(498)	(1 003)

Diluted earnings/(loss) per share

	2020	2019	2018
Weighted average number of ordinary shares for diluted earnings per share[1] ('000)	**547 194**	533 346	465 319
Total diluted loss per share (SA 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 17), 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.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

9 PROPERTY, PLANT AND EQUIPMENT

Joel Operation

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.

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. 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.

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.

10 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).

10 LEASES continued

Accounting policy continued

- 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.

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.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

10 LEASES continued

Accounting policy continued

Critical accounting estimates and judgements continued

The movement in the lease liabilities is as follows:

Figures in million	SA Rand 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:

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

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.

10 LEASES continued

Accounting policy continued

Critical accounting estimates and judgements continued

The amounts included in the income statement relating to leases:

	SA Rand
Figures in million	**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:

	SA Rand
Figures in million	**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**

11 TRADE AND OTHER RECEIVABLES

The balance at 30 June 2020 includes an increase of R175 million in the metals debtor as well as R144 million in the VAT/GST receivable.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

12 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**

12 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
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

12 DERIVATIVE FINANCIAL INSTRUMENTS 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)

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. Refer to note 19 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.

12 DERIVATIVE FINANCIAL INSTRUMENTS continued

(a) Rand gold contracts continued

Restructuring of contracts continued

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.

13 INVENTORIES

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.

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.

14 PROVISION FOR ENVIRONMENTAL REHABILITATION

The balance at 30 June 2020 increased by R354 million, of which R208 million relates to the translation of the balance related to Hidden Valley. The remaining increase relates to the unwinding of the time value of money due to the passage of time.

15 PROVISION FOR SILICOSIS SETTLEMENT

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.

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.

16 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 + 3.1%		
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%		
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 24 for details on subsequent events.

[2] This facility was subsequently cancelled on 6 July 2020. Refer to note 24 for details on subsequent events.

16 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		
R2 billion facility	**1 351**	1 489
Westpac fleet loan	**132**	194
US$350 million facility	**—**	4 143
US$400 million facility	**5 980**	—
Total non-current borrowings	**7 463**	5 826
Current borrowings		
R2 billion facility	**150**	—
Westpac fleet loan	**105**	89
Total current borrowings	**255**	89
Total interest-bearing borrowings	**7 718**	5 915

	SA Rand	
Figures in million	**2020**	**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

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

Refer to note 24 for subsequent events relating to the borrowings.

17 NON-CONTROLLING INTEREST

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.

18 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 24.

18 ACQUISITIONS AND BUSINESS COMBINATIONS continued

Funding of acquisition consideration through debt and shares

Harmony concluded a bridge loan to fund the acquisition consideration. Refer to note 16 and note 24 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.

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 24 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.

19 FINANCIAL RISK MANAGEMENT

Foreign exchange risk

Harmony's revenues are sensitive to the R/US$ exchange rate as all revenues are generated by gold 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 12 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.

19 FINANCIAL RISK MANAGEMENT continued

Foreign exchange risk continued

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. The Rand's levels impacted negatively on the translation of the US$ debt facilities at 30 June 2020. Refer to note 16 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.

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.

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.

Interest rate risk

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.

Credit risk

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).

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 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. 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.

19 FINANCIAL RISK MANAGEMENT continued

Capital risk management

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 18). 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 16). 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.

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	**—**	**77**	—	59
Fair value through profit or loss				
Restricted investments (a)	**837**	**—**	1 256	—
Derivative financial assets (b)	**68**	**—**	506	—
Derivative financial liabilities (b)	**(5 003)**	**—**	(422)	—
Loan to ARM BBEE Trust (c)	**—**	**306**	—	271

(a) 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.

(b) The mark-to market remeasurement of the derivative contracts was determined as follows:
- Foreign exchange contracts comprise 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.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

19 FINANCIAL RISK MANAGEMENT continued

Fair value determination for financial assets and liabilities continued

(c) The increase in level 3 fair value measurement relates to the ARM BBEE loan that was previously carried at amortised cost. 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. 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.

20 COMMITMENTS AND CONTINGENCIES

Commitments and guarantees

	SA Rand	
Figures in million	**2020**	**2019**
Capital expenditure commitments		
Contracts for capital expenditure	**262**	313
Share of joint venture'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.

	SA Rand	
Figures in million	**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.

Contingent liabilities

For detailed disclosure on contingent liabilities, refer to the Financial Report 2020 (available at *www.har.co.za/20/download/JAR-FR20.pdf*). There have been no significant changes in contingencies since 30 June 2019.

21 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.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the group. The remuneration of directors, prescribed officers and executive management is fully disclosed in Annexure B of the Financial Report 2020.

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, remains on the board as an executive director and assumed responsibility for business development, effective from 3 March 2020.

21 RELATED PARTIES continued

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 24 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.

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

A list of the group's subsidiaries, associates and joint operations has been included in Annexure A of the Financial Report 2020.

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.

22 SEGMENT REPORT

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

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 23.

22 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.

23 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 SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

23 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

24 SUBSEQUENT EVENTS

(a) On 6 July 2020 Harmony and its subsidiaries cancelled the bridge loan of US$200 million (refer to note 16). The cancellation followed the successful equity raise on 24 June 2020 (refer to note 18).

(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 facility of R600 million on 6 October 2020 and 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 18 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.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to shareholders that the annual general meeting (**"AGM"**) of Harmony Gold Mining Company Limited (**"Company"**) of **"Harmony"**) will, as contemplated by section 63(2)(a) of the Companies Act 71 of 2008, as amended (**"Act"**) and clause 19 of the Company's memorandum of incorporation (**"MOI"**), be held entirely by electronic communication on **Friday, 20 November 2020 at 14:00 (SA time)** to conduct the business set out below and to consider, and adopt, if deemed fit, with or without modification, the ordinary and special resolutions set out in this Notice of AGM.

The reason for the holding of the AGM entirely by way of electronic communication is as a result of the COVID-19 pandemic and restrictions on public gatherings. For more information about the online facility and the prescribed procedures and means of connecting thereto, please see the section titled **"Electronic Participation"** below and in this Notice of AGM.

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

- receive the Notice of AGM (being the date on which a shareholder must be registered in the Company's securities register to receive this Notice of AGM) as 16 October 2020; and
- participate in and vote at the AGM (being the date on which a shareholder must be registered in the Company's securities register to participate in and vote at the AGM) as 13 November 2020.

As the AGM will cater for Electronic Participation only, it will not be desirable nor practical for voting to take place by way of show of hands. Accordingly, the chairperson has already determined that all voting will be by way of poll through the facility provided by the electronic online facilities. See further the section set forth at the end of this Notice of AGM under the title: **"Electronic Participation"**.

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The audited consolidated annual financial statements of the Company, incorporating the reports of the auditors, the audit and risk committee, and the directors for the year ended 30 June 2020 will be presented to the shareholders of the Company as required in terms of section 30(3)(d) of the Act, read with section 61(8)(a) of the Act.

Summarised consolidated financial statements are included in this document on pages 7 to 42.

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

PRESENTATION OF GROUP SOCIAL AND ETHICS COMMITTEE REPORT

In accordance with regulation 43(5)(c) of the Act, the social and ethics committee's report in the Integrated Annual Report 2020 (available at *www.har.co.za)* will be presented to shareholders at the AGM.

RESOLUTIONS FOR CONSIDERATION AND ADOPTION

1. Ordinary Resolution Number 1:

Election of director

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

Boipelo was appointed financial director on 3 March 2020, having joined Harmony on 1 June 2017 as chief financial officer. She is a chartered accountant (SA) by profession with extensive experience in group financial management and reporting within the mining industry. Her previous roles include that of chief financial officer of Atlatsa Resources Corporation and financial manager of Northam Platinum Limited. She served as an independent non-executive director of Trans Hex Group Limited from August 2013 until March 2017 and currently serves as an independent non-executive director on the boards of African Rainbow Capital Proprietary Limited and UBI General Partner Proprietary Limited, where she was appointed on 7 June 2018.

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

2. Ordinary Resolution Number 2:

Re-election of director

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

Dr Patrice Motsepe was elected chairman of the Harmony board in 2004 following the merger of ARMgold/Harmony and Avmin. In 1994, Dr Motsepe founded Future Mining which grew rapidly to become a successful contract mining company. He then formed ARMgold in 1997 which listed on the JSE in 2002.

In 2003 Dr Motsepe led ARMgold into a merger with Avmin and Harmony. Following the merger Avmin changed its name to African Rainbow Minerals (ARM) and he became the founder and Executive Chairman of ARM.

Dr Motsepe was a partner in one of the largest law firms in South Africa, Bowmans and was also a visiting attorney in the USA with the law firm, McGuireWoods.

In 2002 Dr Motsepe was voted South Africa's Business Leader of the Year by the chief executive officers of the top 100 companies in South Africa. In the same year, he was the winner of the Ernst & Young Best Entrepreneur of the Year Award.

In 2017 Forbes Magazine commemorated its 100th Anniversary and honoured Dr Motsepe as one of the "100 Greatest Living Business Minds" in the world alongside many prominent global business leaders. He is the only person living on the African continent to be recognized and honoured as one of the "100 Greatest Living Business Minds" in the world.

Dr Motsepe is also the founder and Chairman of Ubuntu-Botho Investments, African Rainbow Capital (ARC), African Rainbow Energy and Power (AREP) and UBI General Partner Pty Ltd. He is also the Deputy Chairman of Sanlam, Chairman of Harmony Gold and President of Mamelodi Sundowns Football Club.

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

His past business responsibilities include being the President of National African Federated Chamber of Commerce and Industry (NAFCOC) from 2002 to 2006, Founding President of Business Unity South Africa (BUSA) from January 2004 to May 2008, Founding President of Chambers of Commerce and Industry South Africa (CHAMSA), President of the Black Business Council (BBC), and the Founding Chairman of the BRICS (Brazil, Russia, India, China, South Africa) Business Council in March 2013.

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

- Sunday Times Lifetime Achiever Award, 2017;
- Harvard University Veritas Award for Excellence in Global Business and Philanthropy, 2014;
- BRICS Business Council, Outstanding Leadership Award, 2014;
- The Black Management Forum (BMF) Presidential Award for Business Excellence, 2010;
- McGuireWoods Outstanding Alumnus Awards, 2009;
- African Business Roundtable, USA, Entrepreneur & Freedom of Trade Award, 2009;
- South African Jewish Report, Special Board Members Award for Outstanding Achievement, 2004;
- Afrikaanse Handelsinstituut, MS Louw Award for Exceptional Business Achievement, 2003; and
- World Economic Forum Global Leader of Tomorrow, 1999.

In January 2013 Dr Motsepe and his wife, Dr Precious Moloi-Motsepe joined the Giving Pledge which was started by Warren Buffett and Bill and Melinda Gates. Dr Motsepe committed to give half of the wealth, which is owned by the Motsepe family to the poor and for philanthropic purposes during his lifetime and that of his wife and beyond. In April 2019, Forbes Magazine stated that US$500 million was donated by the Motsepe family to the poor and for philanthropic purposes.

Dr Motsepe announced on 28 March 2020 that his family, in partnership with companies and organisations that they are associated with, including ARM, pledge R1 billion to assist with South Africa and Africa's response to the challenges presented by the COVID-19 pandemic.

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

3. Ordinary Resolution Number 3:

Re-election of director

"RESOLVED THAT John Wetton, who retires by rotation at this AGM in accordance with the Company's MOI, and who is eligible and available for re-election, be and is hereby re-elected as a director of the Company with immediate effect." (See John Wetton's resumé below).

John was appointed to the board on 1 July 2011. He spent his professional career with Ernst & Young mainly in corporate audit. John also had a business development role across Africa and was part of the team that led the strategic integration of Ernst & Young's practices throughout sub Saharan Africa. For a number of years he led Ernst & Young's mining group and acted as senior partner for many of the firm's major mining and construction clients. He was a member of Ernst & Young's executive management committee and was, until retirement, a member of the Ernst & Young Africa governance board.

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

4. Ordinary Resolution Number 4:

Re-election of director

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

Joaquim was appointed to the board on 20 April 2005. A former president of Mozambique (1986-2005), he also served as chairman of the African Union for 2003-2004. On leaving the presidency, he established the Joaquim Chissano Foundation for Peace Development and Culture, and has led various international peace initiatives on behalf of the United Nations, the African Union and the Southern African Development Community to Guinea-Bissau, the Democratic Republic of the Congo, Uganda and Madagascar. In 2006, he was awarded the annual Chatham House prize for significant contributions to improving international relations, and, in 2007, he received the inaugural Mo Ibrahim Prize for Achievement in African Leadership. Joaquim was appointed to the global development programme advisory panel of the Bill and Melinda Gates Foundation in December 2009. In 2016, he was awarded the 2015 North-South Prize by the Council of Europe for his contribution to human rights, democracy and world peace, thus promoting global interdependence and solidarity. Recently, in 2018, he received the Companions of Oliver R. Tambo award for his contribution to the eradication of apartheid and the City of Athens Democracy award for his commitment to the advancement of democracy in the world.

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

5. Ordinary Resolution Number 5:

Re-election of director

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

Modise was appointed to the board on 30 July 2004. He is the Founder and Chief Executive Officer of Tysys Capital Group Proprietary Limited, a 100% black-owned, managed and controlled niche financial services and investment group with expertise in corporate financial advisory, fund management, wealth, SMME development and finance and principal investments. He has more than 26 years' working experience in the financial sector both in South Africa and the United States.

He has extensive experience in board leadership of listed and non-listed companies spanning more than 15 years in major sectors and areas such as banking (investment banking and development finance institutions), fund management, insurance, mining, business strategy, governance, transformation, banking regulation, non-banking regulation, business leadership and business organisations leadership.

Modise has also held the following positions:

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

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

6. Ordinary Resolution Number 6:

Re-election of director

"RESOLVED THAT Mavuso Msimang, who retires by rotation at this AGM in accordance with the Company's MOI, and who is eligible and available for re-election, be and is hereby re-elected as a director of the Company with immediate effect." (See Mavuso Msimang's resumé below).

Mavuso was appointed to the board on 26 March 2011. He has 28 years' experience in management at executive level and was involved in the successful transformation and restructuring of various state-owned entities over a period of 16 years until 2010.

Mavuso held several senior positions in public sector organisations, including South African Tourism, South African National Parks and the State IT Agency (SITA), where he successively served as chief executive officer. He retired from the civil service in 2010 following a three-year stint as Director-General at the Department of Home Affairs. He has also worked for international development agencies such as the World University Service of Canada and CARE International in Ethiopia and Kenya. He also held senior management positions with the United Nations Children's Fund and the World Food Programme. Msimang currently serves on various civic society, environmental management and private sector boards. He is also chairman of Corruption Watch and is an outspoken critic of public sector corruption and maladministration.

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

7. Ordinary Resolution Number 7:

Re-election of audit and risk committee member

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

Fikile was appointed to the board on 30 March 2006. A chartered certified accountant, she was the second person to obtain this qualification in Botswana. She was awarded the Stuart Crystal Prize for Best Accounting Student at Birmingham Polytechnic (UK), now Birmingham University, the first black overseas student to be awarded this prize.

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

She has 24 years' experience in financial reporting at executive level. Fikile is a director of D&D Company Proprietary Limited, and a non-executive director of Mercedes Benz South Africa Ltd, where she is chairman of the audit committee and a member of the social and ethics committee. She was also appointed a non-executive director of AECI Limited on 1 June 2019. Fikile is the South Africa Chapter President of the Global Forum of Women Entrepreneurs. She was included in the coffee table book, "South Africa's Most Inspirational Women" (2011). Fikile mentors a number of young people, mostly women. She is also a member of Women in Mining South Africa.

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

8. Ordinary Resolution Number 8:

Re-election of audit and risk committee member

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

Karabo was appointed to the board on 3 May 2013. She is an executive director of KM Capital, an investment holding company with interests in the supply of products and services to the mining, engineering and manufacturing industries. She has held various roles at Vodacom Group Limited including that of executive head of Vodacom Business as well as of Vodacom Group's mergers and acquisitions. She was inaugural chief executive officer of AWCA Investment Holdings Limited and former head of global market operations at Rand Refinery Proprietary Limited. She was an associate and executive assistant to the former executive chairman at Shanduka Group. She was seconded to Shanduka Coal, where she was a shareholder representative, and also served on various boards representing Shanduka's interests. She is a qualified chartered accountant, a member of the South African Institute of Chartered Accountants and of African Women Chartered Accountants. She is an independent non-executive director of Sanlam Limited and Richards Bay Coal Terminal. She is on the advisory board of Senatla Capital, a Trustee of Ubuntu-Botho Women's Trust and Mabindu Trust.

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

9. Ordinary Resolution Number 9:

Re-election of audit and risk committee member

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

Simo joined the board on 18 October 2002. He was previously a general manager at Spoornet (Rail and Terminal Services division), was vice president of Lonmin Plc and chief executive of Rand Water. He is a non-executive director on the board of Cashbuild Limited. He facilitates programmes on corporate governance for the Institute of Directors (South Africa), of which he is a member. He was also appointed as an administrator of the South African Post Office in November 2014 to stabilise the organisation and develop a strategic turnaround plan following the resignation of its board. He later became chairman of the board of directors of the South African Post Office, a position he held until December 2016. Previously, he was chairman of the boards of Spescom Limited and Pikitup (Johannesburg), and a director of the Trans-Caledon Tunnel Authority, the Water Research Commission, Rand Water and a member of council for the University of Johannesburg.

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

10. Ordinary Resolution Number 10:

Re-election of audit and risk committee member

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

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

11. Ordinary Resolution Number 11:

Re-election of audit and risk committee member

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

Given was appointed to the board on 13 May 2019. She is a Chartered Accountant and until 31 August 2014 was Head: Internal Audit at SekelaXabiso (Pty) Ltd. She has over 29 years' experience in internal and external auditing, risk management, management consulting, corporate governance and forensic auditing. Prior to joining SekelaXabiso, she spent nine years at SizweNtsaluba VSP where she was Director: Forensics and where in 2005 she was transferred to the firm's Corporate Governance Services Division. She also worked for Anglo American Corporation as an internal auditor in the Group Audit Services Department from April 1994 to May 1996. Prior to that, she served articles at KPMG Aiken & Peat from 1991 to early 1994. She has served as a member of the audit & risk committee for a number of entities, including as chairperson of the audit committee for Basil Read Holdings Ltd, South African Express Airways SOC Ltd and Brand South Africa. She currently serves as a non-executive board member of Ithala SOC Ltd, and is an audit committee chairperson of The Presidency and the National Bargaining Council for Rail, Freight and Logistics Industry (NBCRFLI), among others.

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

12. Ordinary Resolution Number 12:

Re-appointment of external auditors

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

The percentage of voting rights required for ordinary resolution number 12 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders of the Company present at the AGM or represented by proxy and entitled to exercise voting rights on ordinary resolution number 12.

13. Ordinary Resolution Number 13:

Approval of remuneration policy

"RESOLVED, as a non-binding advisory vote in accordance with the recommendations of King IV, that the remuneration policy of the Company, as set out in the Integrated Annual Report 2020 (available at *www.har.co.za*), be and is hereby approved."

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

14. Ordinary Resolution Number 14:

Approval of the implementation report

"RESOLVED, as a non-binding advisory vote in accordance with the recommendations of King IV, that the implementation report of the Company, as set out in the Integrated Annual Report 2020 (available at *www.har.co.za*) be and is hereby approved."

As this matter is non-binding, no minimum voting threshold is needed. However, if 25% (twenty five percent) or more of the voting rights exercised on ordinary resolution number 14 are against such resolution, the Board will commit to implementing the measures set out in the implementation report read with King IV.

15. Ordinary Resolution Number 15:

General authority to issue shares for cash

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

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

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

(c) securities which are the subject of general issues for cash in the aggregate may not exceed 5% (five percent) of the Company's shares in issue as at the date of this Notice of AGM, excluding treasury shares – the number of shares available for the issue of shares for cash will therefore be limited to 29 862 526 shares;

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

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

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

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

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

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

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

16. Special Resolution Number 1:

Pre-approval of non-executive directors' remuneration

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

Directors' remuneration (R'000)

	Board					Committee											
	Annual Retainer				Attendance Fee*	Audit and risk		Social and ethics		Remuneration		Nomination		Investment		Technical	
	Chairman	Deputy chair	LID**	Member	Member	Chair	Member	Chair	Member	Chair	Member	Chair	Member	Chair	Member	Chair	Member
Current	1 195.8	518.2	392.9	274.5	21.6	301.6	151.9	231.5	120.3	231.5	120.3	231.5	120.3	231.5	120.3	231.5	120.3
Proposed	1 249.6	541.5	410.6	286.9	22.6	315.2	158.7	241.9	125.7	241.9	125.7	241.9	125.7	241.9	125.7	241.9	125.7

* *Only payable per board meeting attended*

***Lead independent director*

Ad hoc fees: R19 124 ad hoc meeting/attendance to company business per day.

16. Special Resolution Number 1: continued

Pre-approval of non-executive directors' remuneration continued

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

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

ELECTRONIC PARTICIPATION

In light of the restrictions on public gatherings arising from the COVID-19 pandemic, and in accordance with the provisions of the Act and the MOI, the AGM will be conducted entirely through electronic communication. The electronic meeting facilities will permit all participants to be able to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the meeting. Voting via the electronic facility will be the only method available to shareholders to vote their shares at the AGM.

Shareholders who wish to electronically participate in and/or vote at the AGM are required to complete the Electronic Participation Application Form attached hereto and email same to The Meeting Specialist (Proprietary) Limited (**"TMS"**) at proxy@tmsmeetings.co.za or contact them on +27 11 520 7950/1/2 as soon as possible, but in any event no later than 11:00 (SA time) on Wednesday, 18 November 2020.

If shareholders wish to participate in the AGM, they should instruct their Central Securities Depository Participant (**"CSDP"**) or Broker to issue them with the necessary letter of representation to participate in the AGM, in the manner stipulated in their Custody Agreement. These instructions must be provided to the CSDP or Broker by the cut-off time and date advised by the CSDP or Broker, to accommodate such requests.

TMS will assist shareholders with the requirements for electronic participation in, and/or voting at the AGM. TMS is further obliged to validate (in correspondence with Harmony and, in particular, the transfer secretaries and Shareholders' CSDPs) each such shareholder's entitlement to participate in and/or vote at the AGM, before providing it with the necessary means to access the AGM and/or the associated voting platform.

Shareholders will be liable for their own network charges in relation to electronic participation in and/ or voting at the AGM. Any such charges will not be for the account of the JSE, Harmony, the Transfer Secretaries and/or TMS.

None of the JSE, Harmony, the Transfer Secretaries or TMS can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such Shareholder from participating in and/or voting at the AGM.

Shareholders are strongly encouraged to have a stable internet connection with sufficient bandwidth capabilities to participate in the AGM. Shareholders are strongly encouraged to submit their proxies beforehand, even if they intend to attend the AGM, to ensure that their votes are counted in the event of any delays or disruptions to the shareholder's network connectivity and/or loss of network connectivity by such shareholder during any part of the AGM.

IDENTIFICATION, PROXIES AND VOTING

Shareholders are reminded that:

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

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

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

Forms of proxy attached hereto must be dated and signed by the shareholder of the Company appointing a proxy and, for the sake of good order, are urged (but not required) to be submitted to the offices of the transfer secretaries, Link Market Services South Africa Proprietary Limited by no later than 11:00 (SA time) on Wednesday, 18 November 2020.

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

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

Attention is also drawn to the notes to the form of proxy.

Completing a form of proxy does not preclude any shareholder of the Company from attending the AGM.

By order of the Board

Harmony Gold Mining Company Limited
S Mohatla
Company secretary
Randfontein

23 October 2020

ANNUAL GENERAL MEETING EXPLANATORY NOTES

Presentation of annual financial statements

At the AGM, the directors must present the annual financial statements for the year ended 30 June 2020 to shareholders as required in terms of section 30(3)(d) of the Act, together with the reports of the directors, audit and risk committee and the auditors. These are included in the Integrated Annual Report 2020.

Presentation of group social and ethics committee report

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

Ordinary Resolution Number 1:

Election of a director

In accordance with the JSE Listings Requirements, the Company's MOI, section 68(1) read with section 70(3)(b)(i) of the Act, Boipelo Lekubo's appointment by the Board as a director of the Company must be confirmed at this AGM of the Company by a new election. (See Boipelo Lekubo's resumé under ordinary resolution number 1).

Ordinary Resolutions Number 2 to 6:

Re-election of directors

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

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

- Dr Patrice Motsepe
- John Wetton
- Joaquim Chissano
- Modise Motloba
- Mavuso Msimang

See their resumés on pages 44 to 46 of this notice.

Ordinary Resolutions Number 7 to 11:

Re-election and election of audit and risk committee

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

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

Ordinary Resolution Number 12:

Re-appointment of external auditors

PricewaterhouseCoopers Incorporated has indicated its willingness to continue in office and ordinary resolution 12 proposes the reappointment of that firm as the Company's auditors. Section 90(3) of the Act requires the designated audit partner to meet the criteria as set out in section 90(2) of the Act.

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

Ordinary Resolution Number 13:

Remuneration policy

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

Ordinary Resolution Number 14:

Approval of Implementation report

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

Ordinary Resolution Number 15:

General authority to issue shares for cash

Ordinary resolution number 15 seeks to give the directors authority to issue the Company's listed securities for cash as permitted by the Act, the Company's MOI and the JSE Listings Requirements.

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

Special Resolution Number 1:

Pre-approval of non-executive directors' remuneration

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

GENERAL

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

FORM OF PROXY

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

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

For use by certificated shareholders and dematerialised shareholders with "own-name" registration who are unable to attend and vote at the AGM of Harmony to be held entirely by electronic communication on Friday, 20 November 2020 at 14:00 (South African Standard Time) or at any adjournment thereof.

Dematerialised Shareholders without "own-name" registration must not complete this Form of Proxy but should timeously inform their nominee, or, if applicable, their CSDP or stockbroker of their intention to attend the AGM electronically and request such nominee, CSDP or stockbroker to issue them with the necessary letter of representation to attend or provide such nominee, CSDP or stockbroker with their voting instructions should they not wish to attend the AGM electronically but wish to be represented by proxy at such meeting. Such shareholders must not return this Form of Proxy to the Transfer Secretaries.

Each Shareholder is entitled to appoint a proxy (who need not be a member of the Company) to attend, speak and vote in place of that Shareholder at the AGM. Please read the notes to this form of proxy below.

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

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

ORDINARY RESOLUTIONS	For	Against	Abstain
Ordinary Resolution Number 1: To elect Boipelo Lekubo as a director			
Ordinary Resolution Number 2: To re-elect Dr Patrice Motsepe a director			
Ordinary Resolution Number 3: To re-elect John Wetton as a director			
Ordinary Resolution Number 4: To re-elect Joaquim Chissano as a director			
Ordinary Resolution Number 5: To re-elect Modise Motloba as a director			
Ordinary Resolution Number 6: To re-elect Mavuso Msimang as a director			
Ordinary Resolution Number 7: To re-elect Fikile De Buck as a member of the audit and risk committee			
Ordinary Resolution Number 8: To re-elect Karabo Nondumo as a member of the audit and risk committee			
Ordinary Resolution Number 9: To re-elect Dr Simo Lushaba as a member of the audit and risk committee			
Ordinary Resolution Number 10: To re-elect John Wetton as a member of the audit and risk committee			
Ordinary Resolution Number 11: To re-elect Given Sibiya as a member of the audit and risk committee			
Ordinary Resolution Number 12: To reappoint the external auditors			
Ordinary Resolution Number 13: To approve the remuneration policy			
Ordinary Resolution Number 14: To approve the implementation report			
Ordinary Resolution Number 15: To give authority to issue shares for cash			
SPECIAL RESOLUTIONS			
Special Resolution Number 1: To pre-approve non-executive directors' remuneration			

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

Signed at	this	day of	2020
Signature			
Assisted by me, where applicable (name and signature)			

Completed Forms of Proxy must be dated and signed by the shareholder appointing a proxy and must be lodged electronically with Link Market Services South Africa Proprietary Limited. Shareholders are urged to electronically deliver their completed Form of Proxy by no later than **11:00 (SA time)** on **Wednesday, 18 November 2020** to meetfax@linkmarketservices.co.za.

Please read the notes and instructions on the reverse side.

NOTES TO FORM OF PROXY

1. A Form of Proxy is only to be completed by those shareholders who are:
   - registered holders of shares in certificated form; or
   - holders of dematerialised shares of the Company in their own name.
2. If you have already dematerialised your shares through a CSDP or broker and wish to attend the AGM, you must request your CSDP or broker to provide you with a letter of representation or instruct your CSDP or broker to vote by proxy on your behalf in terms of the agreement entered into between yourself and your CSDP or broker.
3. A shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space provided. The person whose name stands first on the Form of Proxy and who is present at the AGM will be entitled to act to the exclusion of those whose names follow.
4. On a poll, a shareholder who is present or represented by proxy will be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by him/her bears to the aggregate amount of the nominal value of all the shares issued by the Company.
5. A shareholder's instructions to the proxy must be indicated by inserting the relevant numbers of votes exercisable by the shareholder in the appropriate box. Failure to comply will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/ she deems fit in respect of all the shareholder's votes exercisable. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of votes cast and in respect of which abstention is recorded may not exceed the total of votes exercisable by the shareholder or by the proxy.
6. Forms of Proxy (enclosed) must be dated and signed by the shareholder appointing a proxy and must be lodged electronically with Link Market Services South Africa Proprietary Limited. Shareholders are urged to electronically deliver their completed Form of Proxy by no later than 11:00 (SA time) on Wednesday, 18 November 2020 to the offices of the Transfer Secretaries, Link Market Services South Africa Proprietary Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000, fax number: +27 86 674 2450, email **meetfax@linkmarketservices.co.za**).
7. Completing and lodging this Form of Proxy will not preclude the relevant shareholder from electronically attending the AGM and speaking and voting electronically to the exclusion of any proxy appointed in terms hereof.
8. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity or other legal capacity must be attached to this Form of Proxy, unless previously recorded by the transfer secretaries or waived by the chairman of the AGM.
9. The completion of blank spaces overleaf need not be initialled. Any alteration or correction made to this Form of Proxy must be initialled by the signatory/ies.
10. Despite the aforegoing, the chairman of the AGM may waive any formalities that would otherwise be a prerequisite for a valid proxy.
11. If any shares are jointly held, all joint shareholders must sign this Form of Proxy. If more than one of those shareholders is present at the AGM either electronically or by proxy, the person whose name appears first in the Register will be entitled to vote.

Harmony Gold Mining Company Limited
(Incorporated in South Africa)
(Registration number: 1950/038232/06)JSE share code: HAR
ISIN: ZAE000015228 JSE share code: HAR NYSE: HMY
(**"Harmony"** or the **"Company"**)

ELECTRONIC PARTICIPATION FORM

ELECTRONIC PARTICIPATION IN THE HARMONY GOLD MINING COMPANY LIMITED ELECTRONIC ANNUAL GENERAL MEETING TO BE HELD ON 20 NOVEMBER 2020

- Shareholders or their proxies who wish to participate in the annual general meeting via electronic communication (**"Participants"**), must apply to the Company's meeting scrutineers to do so by e-mailing the form below (**"the application"**) to the e-mail address of the Company's meeting scrutineers, The Meeting Specialist (Proprietary) Ltd (**"TMS"**), by no later than 11:00 (SA time) on 18 November 2020. The e-mail address is as follows: **proxy@tmsmeetings.co.za**
- Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with 'own name' registration, should contact their Central Securities Depository Participant (**"CSDP"**) or broker in the manner and time stipulated in their agreement with their CSDP or Broker:
  - to furnish them with their voting instructions; and
  - in the event that they wish to participate in the meeting, to obtain the necessary authority to do so.
- Participants will be able to vote during the annual general meeting through an electronic participation platform. Such participants, should they wish to have their vote(s) counted at the annual general meeting, must provide TMS with the information requested below.
- Each shareholder, who has complied with the requirements below, will be contacted between 19 and 20 November 2020 via email/mobile with a unique link to allow them to participate in the electronic annual general meeting.
- The cost of the participant's phone call or data usage will be at his/her own expense and will be billed separately by his/her own telephone service provider.
- The cut-off time, for administrative purposes, to participate in the meeting will be **11:00am (SA time) on 20 November 2020**.
- The participant's unique access credentials will be forwarded to the email/mobile telephone provided below.

APPLICATION FORM

Name and surname of shareholder	
Name and surname of shareholder representative *(if applicable)*	
ID number of shareholder or representative	
Email address	
Mobile/cell number	
Telephone number	
Name of CSDP or Broker *(if shares are held in dematerialised format)*	
SCA number/Broker account number or	
Own name account number	
Number of shares	
Signature	
Date	

By signing this form, I agree and consent to the processing of my personal information above for the purpose of participation in the general meeting.

TERMS AND CONDITIONS FOR PARTICIPATION AT THE HARMONY GOLD MINING COMPANY LIMITED ANNUAL GENERAL MEETING TO BE HELD ON 20 NOVEMBER 2020 VIA ELECTRONIC COMMUNICATION

- The cost of dialling in using a telecommunication line/webcast/web-streaming to participate in the annual general meeting is for the expense of the participant and will be billed separately by the participant's own telephone service provider.
- The participant acknowledges that the telecommunication lines/webcast/web-streaming are provided by a third party and indemnifies Harmony Gold Mining Company Limited, the JSE Limited and TMS and/or their third party service providers against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines/webcast/web-streaming, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against Harmony Gold Mining Company Limited, the JSE Limited and TMS and/or its third party service providers, whether for consequential damages or otherwise, arising from the use of the telecommunication lines/webcast/web-streaming or any defect in it or from total or partial failure of the telecommunication lines/webcast/web-streaming and connections linking the telecommunication lines/webcast/web-streaming to the annual general meeting.
- Participants will be able to vote during the annual general meeting through an electronic participation platform. Such participants, should they wish to have their vote(s) counted at the annual general meeting, must act in accordance with the requirements set out above.
- Once the participant has received the link, the onus to safeguard this information remains with the participant.
- The application will only be deemed successful if this application form has been fully completed and signed by the participant and delivered or e-mailed to **TMS at proxy@tmsmeetings.co.za**

Shareholder name: ______________________

Signature: ______________________

Date: ______________________

Important: You are required to attach a copy of your identity document/driver's licence/passport when submitting the application.

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.

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DIRECTORATE AND ADMINISTRATION

HARMONY GOLD MINING COMPANY LIMITED

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

Registration number: 1950/038232/06

Corporate office
Randfontein Office Park
PO Box 2, Randfontein 1760, South Africa
Corner Main Reef Road and Ward Avenue,
Randfontein, 1759, South Africa

Telephone: +27 11 411 2000

Website: *www.harmony.co.za*

DIRECTORS

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 DSS Lushaba*^

HG Motau*^

KT Nondumo*^

VP Pillay*^

GR Sibiya*^

JL Wetton*^

AJ Wilkens*

** Non-executive*
*** Executive*
^ Independent
 # Mozambican

INVESTOR RELATIONS

E-mail: *HarmonyIR@harmony.co.za*
Telephone: +27 11 411 2314 or +27 82 759 1775
Website: *www.harmony.co.za*

GROUP COMPANY SECRETARY

Shela Mohatla
E-mail: companysecretariat@harmony.co.za

TRANSFER SECRETARIES

Link Market Services South Africa (Proprietary) Limited
(Registration number 2000/007239/07)
13th Floor, Rennie House, Ameshoff Street, Braamfontein
Johannesburg, South Africa

PO Box 4844, Johannesburg, 2000, South Africa

E-mail: info@linkmarketservices.co.za

Telephone: +27 861 546 572 (South Africa)
Fax: +27 86 674 2450

ADR* DEPOSITARY

Deutsche Bank Trust Company Americas
c/o American Stock Transfer and Trust Company
Operations Centre, 6201 15th Avenue, Brooklyn,
NY11219, United States

E-mail queries: db@astfinancial.com

Toll free (within US): +1-886-249-2593
Int: +1-718-921-8137
Fax: +1-718-921-8334

**ADR: American Depositary Receipts*

SPONSOR

JP Morgan Equities South Africa (Proprietary) Ltd
1 Fricker Road, corner Hurlingham Road, Illovo
Johannesburg, 2196, South Africa
Private Bag X9936, Sandton, 2146, South Africa

Telephone: +27 11 507 0300
Fax: +27 11 507 0503

TRADING SYMBOLS

JSE: HAR
NYSE: HMY
ISIN: ZAE 000015228

HARMONY™

www.harmony.co.za