



Working with our communities 2013



Working with our communities

SCOPE OF SUPPLEMENTAL INFORMATION

The supplemental information on our website supplements the integrated annual report and covers the financial year from 1 July 2012 to 30 June 2013 (FY13). It follows a standalone but similarly comprehensive report for FY12. In line with its commitment to the principle of integrated reporting, Harmony Gold Mining Company Limited (Harmony) has again incorporated its broader social, environmental and economic performance throughout this report in line with the requirements of the King Report on Governance for South Africa (King III).

The aim of this information is to give all our stakeholders – shareholders, investors, employees, suppliers, regulatory authorities and governments around the world – an informative description of Harmony’s business and operations, their impacts and the sustainable value we create.

The integrated annual report and supplemental information cover all Harmony’s wholly owned operations in South Africa as well as its joint venture in Papua New Guinea (PNG). They exclude discontinued operations, unless otherwise stated.

This data has been compiled in accordance with the G3 guidelines of the Global Reporting Initiative (GRI) and King III. All information covers FY13 with comparative annual data provided for information. Financial data is aligned with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, the South African Companies Act, No 71 of 2008 (the act) and the Listings Requirements of the JSE Limited (JSE).

Any material restatements and changes are fully described in the relevant sections or at the beginning of the integrated annual report if their impact is company-wide.

Group material issues are disclosed in the integrated annual report, while discipline-specific issues precede each section in the supplemental information.

Harmony is committed to accurate, meaningful reporting. Acknowledging that this is a process of continual improvement, key sustainability indicators are externally assured each year, while preparatory work is completed on other indicators to ensure we steadily expand the scope of assurance. The report of our external assurers is on page 86 of the integrated annual report.

Detailed disclosure on Harmony, including regulatory filings, press releases, stock exchange announcements and quarterly reports, is available on our website at www.harmony.co.za.



FEEDBACK

We welcome your feedback to ensure we report on issues that matter to you. Go to www.harmony.co.za for the feedback form.

Specific comments and suggestions can also be directed to:

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Throughout this report, unless otherwise stated:

- \$ or dollar refers to US dollars
- K refers to the currency of Papua New Guinea (kina)
- All production volumes are in metric tonnes (t)

For a full glossary of terms and acronyms please see our supplemental information suite at

www.harmony.co.za/investors

Working with our Communities



HIGHLIGHTS

- In FY13 we spent R130.5 million on our communities (including Evander); in South Africa, R106 million on local economic development projects and R11.4 million on corporate social responsibility projects, while in Papua New Guinea (PNG) we spent K3.05 million (US\$1.5 million) on community programmes
- We spent R2.5 billion on preferential procurement in FY13
- New social and labour plans (SLPs) in South Africa for the five years to 2017 have been submitted
- In PNG, the Hidden Valley memorandum of agreement is being reviewed, with the next review in 2016

Material issues*

- Maximising and maintaining benefits for our communities from the available budget
- Compliance – maintaining our licence to operate by developing corporate social responsibility, local economic development and preferential procurement strategies that fulfil our role as a responsible corporate citizen and, at a minimum, meet compliance standards
- Stakeholder engagement – building sound and responsive internal and external relationships in South Africa and PNG

Procurement

- Small base of qualifying suppliers with the requisite skills
- Inability of current (non-compliant) suppliers to transform to meet Mining Charter definition of a black economic empowerment or BEE entity
- Rapidly escalating Mining Charter Black Economic Empowerment (BEE) expenditure targets

* The section on Harmony's approach to sustainability (page 72 of the integrated annual report) details how we identified our material issues

Working with our communities

Management approach

Harmony is committed to the sustainable socio-economic development and well-being of the communities where we operate and from which we draw our employees. This makes good business sense because functioning communities produce quality employees – the cornerstone of our business.

Apart from being a statutory requirement, our strategic objective is to remain relevant to these communities by contributing to development that is sustainable long after mining operations have ended. Our ability to honour this commitment over time will, however, always be linked to our profitability as a mining company.

Globally, corporate social responsibility (CSR) is being integrated into sustainable business practices. In the mining industry in South Africa and PNG, community development is part of our licence to operate while King III emphasises that social reporting is critical to both corporate citizenship and governance.

Our CSR policy for group operations recognises the need for socio-economic development in South Africa and PNG, starting with the broader communities in which we operate, as well as our labour-sending communities such as Lesotho and Mozambique. This policy includes local economic development (LED) initiatives executed in terms of the Mining Charter, Mineral and Petroleum Resources Development Act (MPRDA) regulations and codes of good practice for the minerals and mining industry. In PNG, we comply with local legislation, licence conditions and agreements with associated communities and landowners. The true impact of CSR on Harmony's standing as a good corporate citizen is objectively measured.

Guided by a stakeholder management approach in implementing our CSR programme, these activities are monitored by the social and ethics committee of the board. In South Africa, projects and programmes are considered, approved and monitored by a CSR committee. Due to the different socio-economic dynamics in PNG, this responsibility vests with the head of our South East Australian operations, within the ambit of company policy.

We identify suitable programmes through stakeholder engagement and partnerships with the Chamber of Mines' community development forum or non-governmental organisations (NGOs) with specific expertise aligned to our CSR policy, communities/beneficiaries, government departments, relevant municipalities, education institutions such as schools and universities, and the governments of Lesotho, Mozambique and Swaziland.

Formal agreements with each NGO guide relationships and responsibilities, backed by quarterly progress reports. To provide strategic direction and support, Harmony is represented on the boards of these NGOs.

New programmes valued at over R500 000 are approved by the CSR committee which reports quarterly to the social and ethics committee and the Harmony board.

Similar to South Africa where activities are guided by approved social and labour plans, memorandums of agreement govern our established operations in PNG. At Hidden Valley, the founding three-year memorandum is being reviewed with stakeholders and should be complete by mid-FY14.

The purpose of the Hidden Valley review is to monitor progress towards delivering the expected community benefits and address any major issues. This needs to be balanced by the current operational performance of Hidden Valley against baseline commercial forecasts used in the original negotiations. While the ongoing review has generally been favourable about the mine's performance, it has highlighted the need for government (local and provincial) to revise benefit distribution mechanisms to ensure more equitable community development outcomes and better governance of landowner businesses and identifying additional business development opportunities for landowner participation.

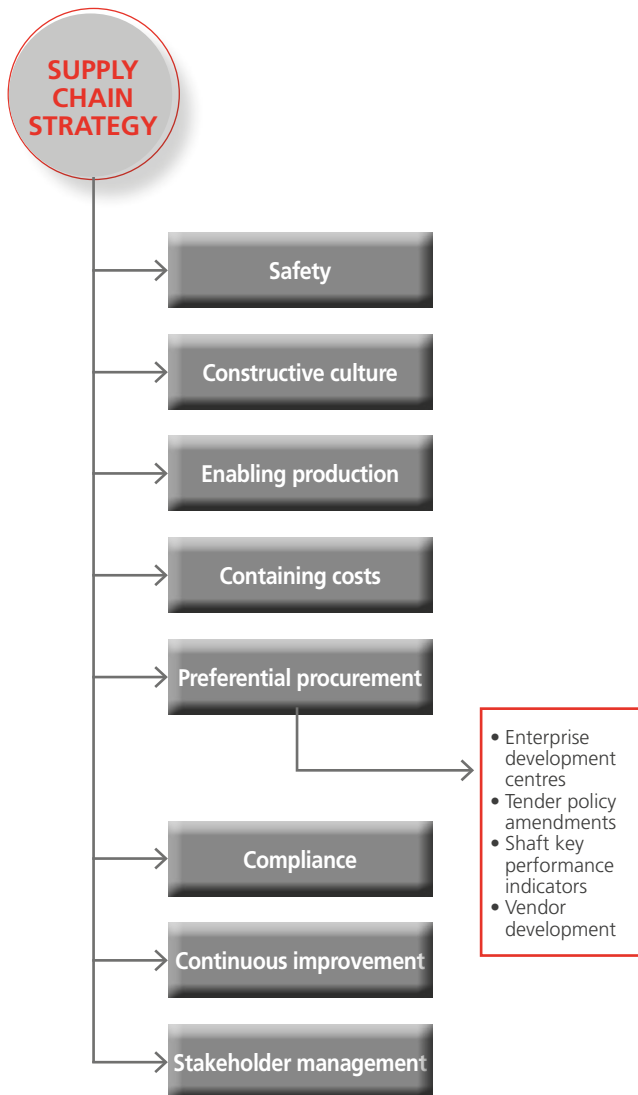
In Wafi-Golpu host communities, assessments have been conducted to determine the scope of possible community development before drawing up formal agreements. The goal of each assessment is to establish realistic needs, set practical expectations (considering the current stage of the project) in the community and identify partners to help fund and implement the programmes.

From FY13, we have included preferential procurement under our community initiatives, given the scale of this investment and the far-reaching steps we are taking to develop black-owned business.

Working with our communities

PROCUREMENT

Harmony's preferential procurement strategy complies with South African legislation to deliver maximum benefits for qualifying suppliers. Preferential procurement is, however, just one element of a broader supply chain strategy focused on supporting the company's short- and long-term business goals. Our multi-faceted approach is supported by eight strategic pillars:



Reinforcing our commitment to progressively transforming our procurement practices and performance, our preferential procurement strategy encompasses:

- Regional enterprise development centres to make it easier for small, medium and micro enterprises (SMME) suppliers from the local community to deal with Harmony and become financially sustainable. These facilities are being phased in:
 - Physical infrastructure – buildings, furniture and equipment
 - Centre staffing
 - Centre procedures and systems
 - Commodity set-asides

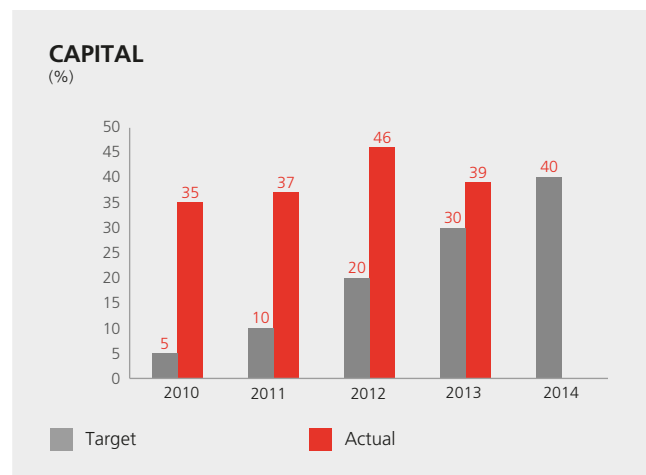
- Vendor database development
- Regular reviews
- Historically disadvantaged South African (HDSA) supplier identification for development
- Amending tender policies to enhance Harmony's ability to meet charter requirements through HDSA procurement
- Measuring each mine's performance (mine key performance indicators) on HDSA spend against targets in the new charter scorecard
- SMME HDSA compliant vendor development that will enable suppliers to deliver services and goods at acceptable standards.

We have also engaged with some of our larger contracted suppliers on their production carbon emissions. This will help determine Harmony's indirect/downstream (scope 3) carbon emissions by procuring commodities and services from these suppliers, as part of our focus on the impact the company has on the environment.

Harmony's preferential procurement strategy promotes expenditure with companies recognised as BEE entities under the Mining Charter. To ensure compliance, we only claim procurement spend for suppliers complying with the ownership requirement described in the charter as: *BEE entity means an entity of which a minimum of 25% + one vote of share capital is directly owned by HDSA as measured in accordance with flow-through principle.*

On this basis, procurement expenditure with BEE entities in FY13 was R2 459 million (44% of total discretionary expenditure including the value of overhead spend) (FY12: R2 138 million or 43% of total discretionary spend). Expenditure by Mining Charter category (based on the Department of Mineral Resources (DMR) reporting period January 2013 to Harmony's year end) is shown on pages 4 and 5.

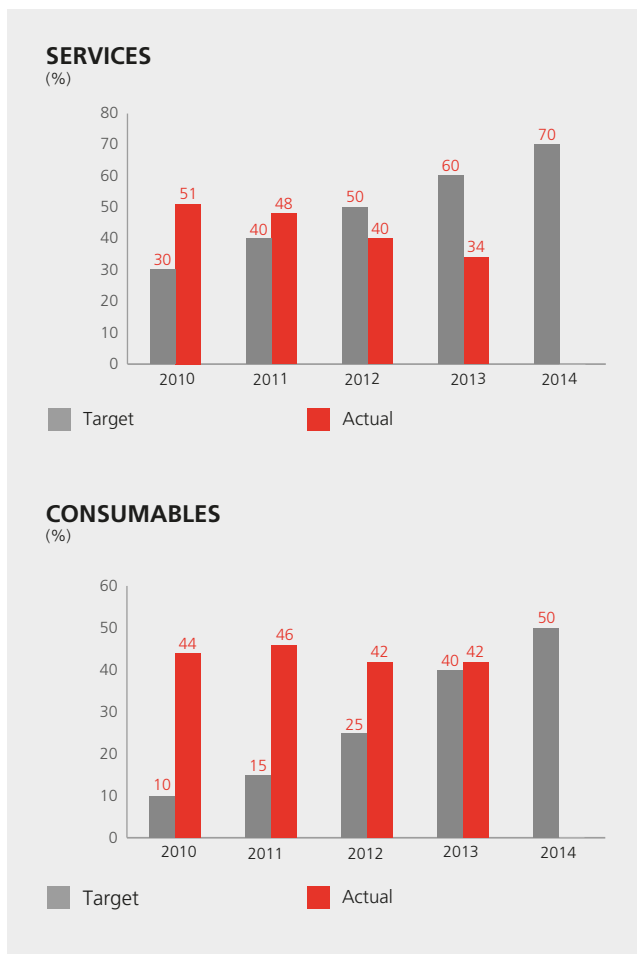
PROCUREMENT EXPENDITURE WITH BEE ENTITIES



*Years 2010 to 2013 include Evander.

The graph reflects the DMR's reporting period January to December.

Working with our communities



The graphs reflect the DMR's reporting period January to December.

While we exceed targets for capital and consumables spending, we have not achieved the target in services expenditure, which accounts for 33% of our total discretionary spending. The challenge is twofold: limited skills in the supplier database and qualifying companies that are not familiar with the requirements of dealing with a regulated, listed mining company.

Our enterprise development programmes and centres are focused on addressing these challenges.

Harmony's enterprise development centres in Welkom and Soweto (with Carletonville opening in April 2014) are structured to support affirmative procurement and make it easier for qualifying suppliers to do business with our company. The development of the centres is being implemented in two phases:

- In phase 1 (complete), we developed a database of local 100% black-owned suppliers and documented their competencies. The business development centres alert these suppliers to new opportunities from Harmony and assist them with tender and vendor processes. We also provide support to these suppliers in executing their orders

to ensure efficiency, and in forming joint ventures with traditional suppliers

- Phase 2, which is under way, incorporates skills assessments, business development, providing business facilities and administrative support to local 100% black-owned suppliers. To date, 55 suppliers have benefited from this service.
- To broaden our database, advertisements in local newspapers during the review period attracted over 540 suppliers. Similar advertisements as the one below will be placed in local newspapers in other areas where Harmony operates.

SUPPLY OPPORTUNITIES AT HARMONY

Harmony Gold Mining Company Limited (Harmony) is looking for compliant Matjhabeng-based suppliers for the provision of the following commodities to the mine:

DREDGING SERVICES	HEALTH SERVICES
FUEL AND LUBRICATION PRODUCTS	WATER TREATMENT SERVICES
SECURITY SERVICES	RAIL PRODUCTS
UNDERGROUND MECHANISED VEHICLES	VALVE PRODUCTS
PUMP PRODUCTS	PEOPLE TRANSPORT SERVICES
LIME AND CYANIDE REAGENT MATERIAL	FINANCIAL SERVICES
DRILLING SERVICES	FAN EQUIPMENT
ELECTRICAL SERVICES	BATTERY PRODUCTS
PPE PRODUCTS	GEOLOGICAL SERVICES
HYDRAULIC SERVICES	DEMOLITION SERVICES
MOTOR SPARES	ORE TRANSPORTATION
MINE VACUUM SERVICES	

If you are a black empowered supplier with black ownership greater than 25% and based in the Matjhabeng area, you are invited to register your company details at www.harmony.co.za/suppliers

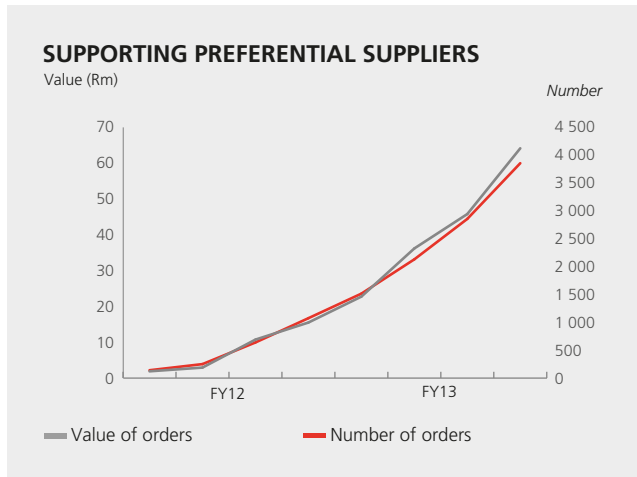
Harmony Gold Mining Company Limited
www.harmony.co.za
Reg No. 1959038223/06

- We have developed an online facility that allows suppliers to promote their service/product offering to our procurement departments. This facility is also used for walk-in candidates at our business development centres. www.harmony.co.za/suppliers

We also engaged with non-compliant key vendors to accelerate progress towards BEE compliance. This ongoing programme has already produced encouraging results.

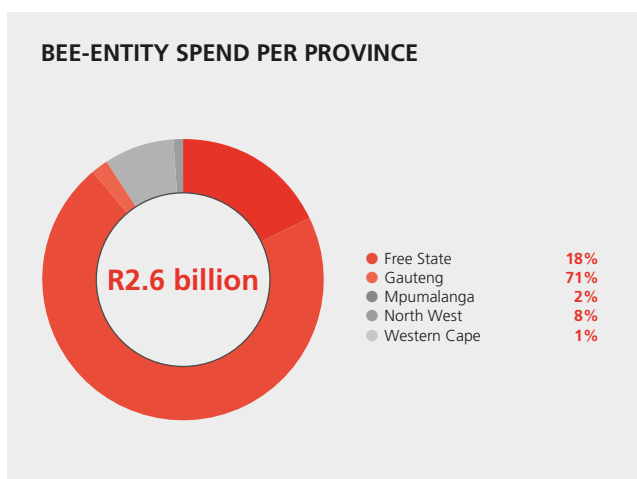
Working with our communities

As a result of this focused activity, the cumulative number and value of set-aside purchase orders placed on small, local, wholly black-owned suppliers by the centres more than doubled during the year.



The final procurement challenge involves the Mining Charter requirement of multinational support for socio-economic development. Harmony defines a multi-national supplier as a supplier who has outlets in South Africa, however, their head office is located outside the boundaries of South Africa and as such will most likely not be in possession of a BEE certificate. With the definition of a multinational supplier established, we now have 56 multi-national suppliers on the enterprise resource planning (ERP) system. Because there is currently no appropriate legislative vehicle to house the contributions of our multinational suppliers, we registered a trust for this purpose post year end, meaning Harmony does not yet comply with this aspect of the Mining Charter scorecard. The objectives of the trust are to improve the quality of life in communities through sustainable legacy projects – particularly in health, skills development and education – that advance social upliftment, alleviate poverty and promote job-creation initiatives.

Our BEE procurement expenditure per province in South Africa is shown below:



In PNG, under agreements with local authorities, landowners and communities, we issue contracts to local citizens wherever possible. During the year, contracts valued at R431 million were awarded to local companies for activities ranging from environmental rehabilitation to electrical maintenance. Over 60% of our discretionary expenditure is spent in PNG and the bulk of that in Morobe Province.

PROGRESS DURING THE YEAR

In South Africa, social and labour plans (SLPs) are in place for each of Harmony's mining rights in line with the requirements of the Mining Charter. During the year, a new SLP for each mining right spanning 2013 – 2017 was developed and awaits final approval by the DMR.

The new regional cluster for economic development met three times during the review period. This Harmony-led forum brings together various development stakeholders to discuss and agree on key projects for the Free State goldfields region. Participants in the forum so far include:

- Department of Trade and Industry
- Department of Environment, Tourism and Economic Affairs in Free State province
- Free State Development Corporation
- National Empowerment Fund
- Small Enterprise Finance Agency
- Small Enterprise Development Agency
- Lejweleputswa Development Agency
- Lejweleputswa District Municipality
- Matjhabeng Local Municipality
- Department of Mineral Resources (observer status)
- Other mining companies.

The main purpose of the forum is to identify and jointly develop industries lacking in the local economy, as well as to develop enterprises that will service or participate in those industries or sectors of the economy. These include:

- Poultry
- Jewellery design and manufacturing
- Incubation centre at the Welkom Business Development Centre
- Solar farm
- Mining (industry analysis to identify opportunities for local procurement).

Forum participants meet outside the structure to work on projects relevant to their goals, for example Harmony facilitated loan funding of R9 million for a poultry project through the National Empowerment Fund in FY13.

Working with our communities

In FY13 Harmony spent R106 million on LED projects in South Africa (FY12: R49.9 million) including Evander. Key projects are summarised below:

Project	Objectives	Beneficiaries/investment
Soweto and Welkom enterprise development centres	Harmony manages these centres to develop and enhance the business and management skills of owners of SMME. Staff were recruited and trained for the Carletonville business centre, which will open in April 2014.	There are over 400 SMMEs on our database, with about 10% registered as vendors. FY13: orders totalling R65 million
Training for SMMEs	Current and prospective suppliers as well as SMMEs from the community were trained. Some of these will participate in the incubation programme being developed.	60 SMMEs trained Investment: R300 000
Regional taxi ranks	After constructing a taxi rank in Kutloanong in a joint venture with the local municipality, Harmony is engaging with the Matjhabeng local municipality on the possibility of two more taxi ranks in Meloding next to the Merriespruit 3 hostel conversion project.	Making commuters' lives much easier by providing shelter and convenience shopping on site Investment: Kutloanong R3.5 million
Harmony Jewellery School	Education and training in jewellery design and manufacturing, fully funded by the company. A number of jewellery students who have completed their training enrol for other diploma courses offered by the Central University of Technology under a partnership with Harmony. In FY13, the school received Mining Qualifications Authority (MQA) accreditation and can now provide learnerships and other programmes under the auspices of that body. It is now also accredited against ISO 9001 quality standards.	FY13: 47 (FY12: 46) students enrolled, ten with Harmony bursaries FY13 investment: R3.8 million
Poultry project	With the support of Harmony and other parties, the Dihoai poultry project has received funding of R9 million from the National Empowerment Fund to establish a feed mill. The mill will supply affordable feed to the many broiler projects in the Free State. These, in turn, will raise chickens for the Dihoai abattoir for supply to the market, including Harmony.	FY14: Harmony is investing in renovation of the abattoir and purchasing equipment.
Brick-making project	In Masilonyana municipality, Harmony and two other mining companies in the area initiated a R3 million project, with Harmony contributing one third to date. The project produced its first batch of bricks late in the prior year which are being used to construct an administration office and ablution facilities on site. The rest will be sold to the open market. The primary markets for these bricks are expected to be the Department of Human Settlements for its low-cost housing programme and paving roads in municipal towns. The municipality is currently negotiating offtake agreements.	The project has been halted until concessions have been agreed with government.
Waste recycling project	This is a collaborative project between three mining houses, Merafong local municipality and an NGO as the implementing agent. Each mining house will contribute R1 million for three years. The project is sited at Fochville within the local municipality, and aimed at community empowerment, job creation, recycling waste in the area and addressing environment issues. The project is going well despite initial challenges: eight permanent jobs have been created and participation by local communities, including the school, is growing. After securing a contract with a large recycling company to collect all waste on site from July 2013, the project has started generating revenue.	Communities around Merafong local municipality Investment to date: R1.5 million
Educational support	In Slovoville, Soweto, Harmony renovated 18 classrooms, built two new classrooms and a library. The library was equipped with 15 computers, colour printer and workstations, and plasma TV. Where appropriate, we support initiatives run by local authorities. As example, Harmony contributed R2.4 million to mayoral bursary schemes in the local municipalities of Matjhabeng and Masilonyana in the Free State, benefiting 14 students from local towns in FY13.	School learners Investment to date: R1.3 million

Working with our communities

Project	Objectives	Beneficiaries/investment
Merafong digital hub	This is a collaborative project between Harmony and another gold miner to establish a community digital hub in the Khutsong Business Centre. The project's objectives include enabling young people to develop digital media skills; fostering innovation, technological development and creativity in a supportive, entrepreneurial environment. The hub will also enable members of the local community to develop IT skills with digital media training. It will also provide community services normally only available some distance away and at higher prices. The hub was operational by September 2013.	Investment to date: R500 000
Community skills and SMME development centre	A community skills and SMME development centre is being constructed at Kraaipan, near Kalgold. Phase 1 was completed in November 2012, and procurement processes for phase 2 are under way.	30 jobs created during construction
Labour-sending area, Lesotho (Harmony's largest source of labour outside South Africa)	Nyakosoba-Harmony high school in the rural part of Maseru district serves nearby villages. In FY13, phase 3 was completed – fully equipped science laboratory at a cost of R1 million.	Some 500 learners Total educational investment: R3.5 million
	Harmony provided the infrastructure for electricity at a clinic in Leribe district, after which proper medical care and procedures could be applied. Nearby Likhakeng village now also draws electricity from this source.	Beneficiaries Investment: R288 000
Labour-sending area, Mozambique	The gold water project is a multi-partner initiative focused on repairing 200 water points in selected labour-sending areas.	Beneficiaries: residents of 200 villages Investment in phase 1: R1.5 million

CORPORATE SOCIAL RESPONSIBILITY

Harmony's CSR priorities in FY13 again concentrated on implementing programmes in mathematics, science, engineering and technology development. We also ensure our programmes address key social issues faced by our communities from HIV/Aids education, research and vaccine development, to socio-economic developmental issues such as enterprise development.

In FY13, Harmony spent R11.4 million (FY12: R10.2 million) on CSR projects in South Africa, with key projects focused on:

- Education support
- Social development
- Community support
- Sports development and culture
- Communicable diseases.

Education

Harmony recognises the critical role of education in transforming South Africa and PNG as these regions become increasingly competitive in the global economy.

In line with the nature of our business, we concentrate on the fields of science and mathematics. We also identify sustainable initiatives focused on building and supporting

education systems and processes in South Africa and PNG, including infrastructure.

Examples of our initiatives during FY13 in South Africa are:

Minerals Education Trust Fund

The METF was founded by the Chamber of Mines tertiary education support programme. As its support base broadened, it became an independently constituted and administered trust in 2000.

To deliver the calibre of graduates required by the mining industry, the trust aims to attract, retain and develop undergraduate teaching staff, create academic centres of excellence and foster institutional collaboration.

The METF currently supports the following tertiary institutions in the disciplines of mining engineering, metallurgy/chemical engineering and geology:

- University of the Witwatersrand
- University of Pretoria
- University of Cape Town
- University of Stellenbosch
- University of KwaZulu-Natal

Working with our communities

- North West University (Potch)
- University of Johannesburg
- Unisa
- University of the Free State.

Harmony contributed R1.4 million in 2013 for 113 graduates (recorded on 1 July 2012) in mining, geology and metallurgy. This number has dropped to 110 after the Evander sale.

Discipline	1 July 2012 for 2013	1 July 2013 for 2014
Metallurgy	37	31
Mining	34	31
Geology	42	48
Total	113	110

Enactus

Harmony has partnered with Enactus (formerly Students in Free Enterprise, SIFE) for youth and student leadership development since 2001, helping to increase capacity in South Africa to uplift the poor and fast-track enterprise or socio-economic development initiatives. Enactus believes the change of name better reflects its goal of producing effective, responsible business talent by working with the country's future leaders – our youth.

To date, Harmony has invested some R12.5 million (FY13: R2.5 million) in developing communities in which it operates and in its labour-sending areas (including Swaziland). The partnership agreement between Harmony and Enactus is reviewed annually.

Some 2 500 students from 27 institutions of higher learning in South Africa were enrolled as active members of the Enactus programme in FY13. Key initiatives during the year included:

This Harmony-initiated LED programme is aimed at building the competitiveness of an area to improve its economic future and the quality of life for all. Through this process public, private and non-governmental sector partners work together to create better conditions for economic growth and employment generation.

In South Africa, Enactus teams from the Central University of Technology and University of Free State are developing plans to support an industrial area in Thabong, in line with the local municipality's integrated development plan and Harmony's social and labour plans (SLPs).

In Swaziland, Enactus teams are focused on developing women entrepreneurs and broadening the basic management skills of beneficiaries.

World competition

Two Harmony-sponsored countries, South Africa and Swaziland, participate in the Enactus World Cup Competition which pits national champion teams from some 38 countries against each other, eventually narrowing the field to four teams vying for the title of world champion.

National champion teams from the University of KwaZulu-Natal (South Africa) and Kwaluseni Campus (Swaziland) represented their countries at the 2012 World Cup in Washington DC in October 2012.

South Africa Agency for Science and Technology Advancement

In collaboration with Harmony, SAASTA continues to increase the pool of learners with potential to be the scientists and innovators of the future through the National Science Olympiad, as part of the agency's broader strategies.

SAASTA's National Science Olympiad is increasing both learner participation and performance in mathematics, physical and life sciences to broaden the human capital in the science, engineering and technology disciplines. Harmony has been the primary sponsor of this Olympiad since 2009, benefiting 17 schools and over 5 000 learners in its operating provinces. Our total investment to date is R10 million (FY13: R2.5 million), and the one-year agreement with SAASTA is reviewed annually.

With the number of participants almost one third higher in 2013 (over 30 000), and supported by tracking studies, this Olympiad is playing a vital role in identifying and nurturing talent in the critical areas of science, engineering and technology.

The 2012 National Science Olympiad's top seven learners attended two-week international youth science forums. Seven learners travelled to Imperial College, London in August 2012 and two attended the forum in Australia in January 2013.

South Africa Mathematics Foundation

Harmony has partnered with SAMF, a registered non-profit organisation, since 2005 to improve mathematics performance through learner and teacher development in its mining communities. This initiative forms part of our commitment to the sustainable socio-economic development and well-being of these communities.

Working with our communities

Harmony's total investment to date is R10.5 million (FY13: R3 million) and the agreement with SAMF is reviewed annually.

The foundation runs the biggest Olympiad in the country, with over 60 000 learners participating in the first round of the South African Maths Olympiad. Importantly, the number of entries from the Department of Education's Dinaledi schools in 2012 more than doubled to 36 000 (from 236 schools).

The maths Olympiad training programme continues to develop the mathematical ability of promising learners, and provides valuable experience for university entrance examinations. This is a free distance-learning (correspondence or online) course in problem-solving at junior and senior levels.

Harmony teacher development project

This programme provides hands-on training for qualified maths teachers (grades 8 – 12) by exposing them to a variety of problem-solving strategies and techniques while enhancing their skills in solving Olympiad-type problems. In turn, this will improve learners' appreciation for solving mathematical problems. Encouragingly, in 2013, 152 teachers registered compared to 32 in 2012.

Socio-economic development

Harmony has long been involved in socio-economic development and we continue to invest in promoting health, creating jobs to eliminate poverty and community safety.

Local economic development is part of each operation's strategic plan and budget as per its mining right in terms of the Mining Charter and its social and labour plans. We partner with municipalities or local communities around our mining operations and major labour-sending areas to identify areas of need in line with local integrated development plans. We also partner with other stakeholders active in socio-economic development, including non-governmental organisations in South Africa and PNG.

We recognise the importance of partnerships with all spheres of government. Several group initiatives benefit from the active involvement of government departments, such as our affordable housing developments in the Free State.

Economic empowerment, enterprise development and localisation

We contribute to developing small or emerging businesses in our mining communities and labour-sending areas. In South Africa, the emphasis is on black economic empowerment (BEE) support and businesses that produce goods and services that may be used by Harmony operations. In PNG, we support transformation, empowerment and localisation processes in line with the relevant mining law and agreements with landowners in our mining communities.

Arts, culture, sports and recreation

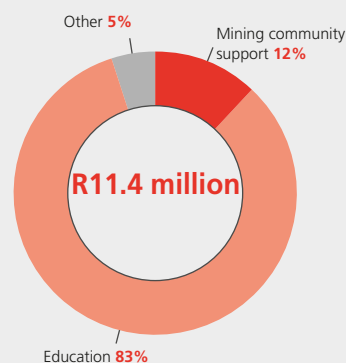
Arts, culture, sports and recreation are part of the soul and history of a nation. Accordingly, we invest in these areas, forming partnerships with various organisations to identify opportunities that will benefit communities and the country.

Harmony also actively identifies other areas for support, depending on the nature of the need and benefit to society, especially mining communities and major labour-sending areas. In balancing operational and societal needs, we focus on projects linked to the requirements of the Mining Charter and legislation in both South Africa and PNG.

In FY13, Harmony invested R1.14 million in the fourth multipurpose sport court in its mining community of Nyakallong in the Free State close to our Target 1 and Target 3 operations in Matjhabeng local municipality. Similar courts were completed in the prior year in the communities of Khutsong (Carletonville), Slovoville (Roodepoort, near Doornkop) and Meloding (Virginia).

The Sports Trust is Harmony's implementation partner in these projects, with an investment to date of R4.24 million for the four courts.

SOUTH AFRICA CSR SPEND BY FOCUS AREA, FY13



Working with our communities

Communities in PNG

In PNG, Harmony spent K3.05 million (US\$1.5 million) on community programmes. Harmony is building long-term partnerships with government and established NGOs to develop opportunities for surrounding communities, and to mitigate any mine impacts on communities along the Watut River. A formal trust with a board of governors ensures equitable distribution of benefits among stakeholders. We are establishing and training village planning committees in our communities to empower them to work with this trust as well as ward and local government development committees.

In the prior period, the board approved a number of projects for mine villages, including a truck and small-scale sawmill for each village to assist with housing projects. By the end of the review period, three trucks and one sawmill had been delivered.

In terms of social development, the Wau Library refurbishment project was completed. Our partner in this initiative was stakeholder group NKW Holdings.

In line with the goal of generating sustainable benefits for these communities, in FY13 the focus remained on health, education, agriculture and infrastructure.

Health

The Morobe Mining Joint Venture (MMJV) community health team has partnered with the Bulolo hospital, Wau health centre and Mumeng to enable medical visits to the Hidden Valley area, Garawaria and the Wafi-Golpu project areas. During the year, 4 300 outpatients were treated, and 2 400 children immunised against water-borne diseases. These visits are creating a positive perception of MMJV and its ability to mobilise resources to local areas in need of basic health care. As example, for one village, it was the first benefit of its kind in almost four decades.

The health patrols included school health visits, which covered dental, spleen and eye examinations, as well as immunisations for elementary and grade 8 students.

A public health and biomedical survey was conducted in 15 Watut River and Hidden Valley mine area communities during the year. Results showed no adverse health impacts on these communities from the Hidden Valley mine and provided focus areas for future community health programmes.

The aid post at Pokwaluma was renovated, and a health worker appointed in April 2013. Hidden Valley has three aid posts in its mine villages.

A highlight of the year was the successful results from the village birth attendant refresher course where they presented success stories and delivery statistics from each of their villages. Their statistics show a significant increase in the number of supervised deliveries in the community with 82 deliveries supervised by village birth attendants in the lower Watut region.

MMJV is also reporting a significant drop in malaria cases, underscoring the effectiveness of onsite awareness campaigns at Hidden Valley. To date, over 5 000 mosquito nets have been distributed to staff at Hidden Valley, Wafi-Golpu and MMJV exploration sites

Water supply and sanitation

In total, 34 water supply and sanitation projects have now been completed, servicing a combined population of 22 400. Many of these have been constructed by local contractors, including local NGOs once working in opposition to Hidden Valley. In FY13 seven projects were completed in the upper and middle Watut areas.

A large water project for the upper Watut communities is being designed for tendering to local contractors, and additional projects have progressed to tender stage. Projects under way in the middle Watut area are at various stages of completion.

Education projects

For the 2013 academic year, MMJV invested K84 000 (US\$40 814) for 47 students from the community. This is considerably lower than prior years given the introduction of the PNG government's free education policy for grades 1 – 10 and substantially reduced fees for grades 11 and 12.

A draft education strategy was finalised by year end, incorporating a revised community education assistance policy to accommodate the change in government education policy. This will be implemented in the 2014 academic year.

MMJV also offers an education assistance benefit for dependants of employees. During the year, over 300 employees benefited from K573 000 (US\$278 412) in school fees paid by the company.

MMJV began a three-year programme of teacher support for the six elementary teachers at Nauti, Winima and Kuembu elementary schools.

Working with our communities

In recent years, Hidden Valley has funded new educational facilities for six high and primary schools in the region. During the review period, four primary schools in Bulolo completed their IT laboratories, with financial support from MMJV.

Agriculture

The primary objective of these initiatives is to increase income levels in the community and reduce dependency on mining-related activities.

The agriculture team, in partnership with the Morobe fresh produce development team and Bulolo district rural development office, completed a survey in the Wau, Bulolo and Zenag areas to identify what fresh produce is available and what could be grown to satisfy the needs of local consumers and businesses. The aim is to establish potential for a cooperative business that could service the region.

In coffee production, the agriculture team successfully completed training for 173 coffee farmers.

In cocoa production, research indicates an increase of 100 new cocoa farmers and over 100 000 new plantings following MMJV's involvement in the region. This is particularly beneficial for the many village youths without formal education – through the training and assistance under MMJV's primary industry programme, they develop the skills and knowledge to cultivate cocoa and earn a living.

Basic fish husbandry training was completed for Winima and Gawapu villages, benefiting 83 participants. A fish feed training course was conducted at Pelengkoa village for the Mumeng Inland Fish Farmers Cooperative Societies. Our support for aquaculture initiatives is focused on improving family nutrition while developing income-generating opportunities.

Infrastructure

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

In the prior year, engineering survey and site investigations were completed for footbridges at Samsam, Sambio and Taiek in the middle Watut region and Venembeli and Henkeng in the Wafi exploration region. These bridges will give communities better access to services including schools, health, communication, business and gardens. In FY13 the Sambio, Taiek and Samsam footbridges were completed.

Heavy flooding in January affected a 1km stretch of the Kumalu section of the Lae-Bulolo road. This portion of the road was buried under heavy sediment, affecting normal flow of traffic for a week. Access was restored by mobilising contractor equipment to do the work, and several contractors were commissioned to undertake major river-draining work, both upstream and downstream.

As part of Wafi community development, we completed the Hekeng water supply project, rehabilitated a flood-damaged school and completed the Pokwaluma health and education buildings. Additional community health and elementary education infrastructure was completed at Timini, Bavaga, Zindaga, Pekumbe and Zilani to assist these communities in preparing for increased activities on the Wafi project.

Expenditure to date exceeds K3.3 million (US\$1.6 million).

Building community capacity

During the year, 140 participants (including 46 women) received training on starting a business. This was followed by financial literacy training for a similar-sized group. Senior management from the three landowner investment companies attended training at the University of Technology in Lae to equip them with basic knowledge in bookkeeping and preparing financial reports.

Forty people from Nauti, Kuembu, Winima, and upper and middle Watut villages completed the second level of training in small-scale mining. There were 18 women in this group.

Working with our communities

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FORWARD-LOOKING STATEMENTS

Private Securities Litigation Reform Act

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This report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and 21E of the Securities Exchange Act of 1934, as amended, that are intended to be covered by the safe harbour created by such sections. These statements may be identified by words such as "expects", "looks forward to", "anticipates", "intends", "believes", "seeks", "estimates", "will", "project" or words of similar meaning. All statements other than those of historical facts included in this report are forward-looking statements, including, without limitation, (i) estimates of future earnings, and the sensitivity of earnings to the gold and other metals prices; (ii) estimates of future gold and other metals production and sales, (iii) estimates of future cash costs; (iv) estimates of future cash flows, and the sensitivity of cash flows to the gold and other metals prices; (v) statements regarding future debt repayments; (vi) estimates of future capital expenditures; and (vii) estimates of reserves, and statements regarding future exploration results and the replacement of reserves. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, gold and other metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, project cost overruns, as well as political, economic and operational risks in the countries in which we operate and governmental regulation and judicial outcomes. For a more detailed discussion of such risks and other factors (such as availability of credit or other sources of financing), see the Company's latest Annual Report on Form 20-F which is on file with the Securities and Exchange Commission, as well as the Company's other SEC filings. The Company does not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events or circumstances after the date of this report, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.



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