HARMONY

FINANCIAL REPORT

2018

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

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

REFERENCE

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

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

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

"Moz" refers to million ounces and "Mt"refers to million tonnes.

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

KEY FEATURES YEAR-ON-YEAR

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

OUR 2018 REPORTS

Integrated Annual Report 2018

Financial Report 2018

Mineral Resources and Mineral Reserves 2018

Report to Shareholders 2018

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

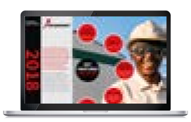
The full set of the 2018 reports and accompanying supplementary documents are available online at *www.har.co.za*

CONTENTS

FTSE4Good

Harmony included in the FTSE4Good Index Series

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



OUR REPORTS ONLINE

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

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

CORPORATE PROFILE

WHO WE ARE

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

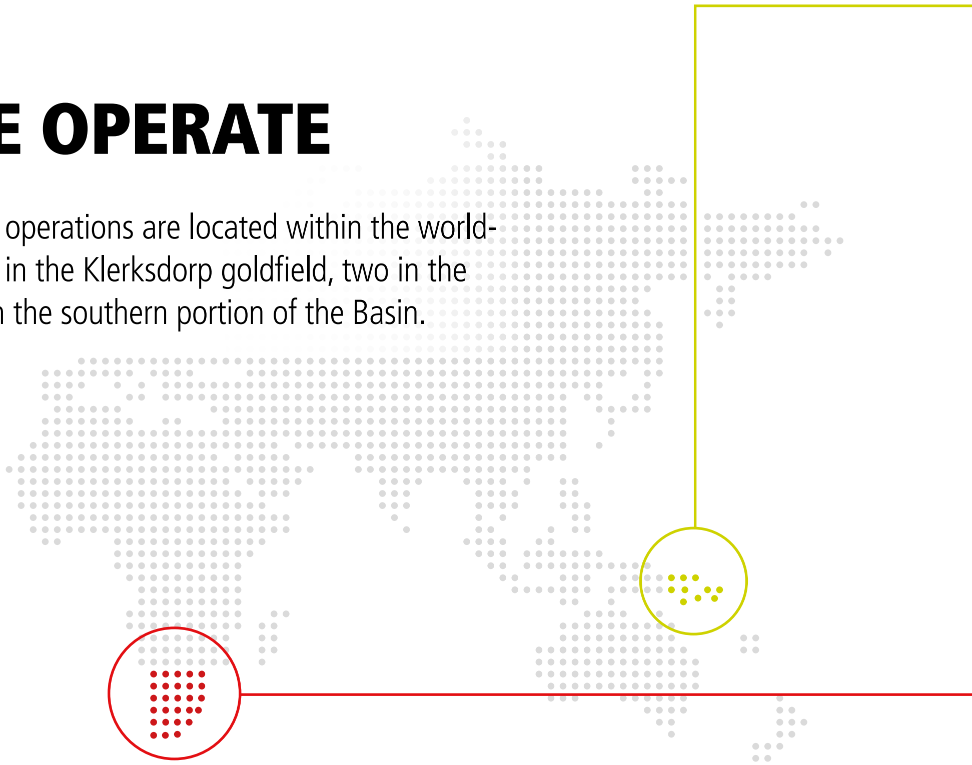
Headquartered in Randfontein, South Africa, Harmony is listed on the Johannesburg Stock Exchange and on the New York Stock Exchange, on which its shares are quoted as American Depositary Receipts. At 30 June 2018, our market capitalisation was R10.6 billion (US$769 million) (FY17: R9.5 billion; US$728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

WHERE WE OPERATE

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

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

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



OPERATING STATISTICS

Gold production increased to

1.23Moz
(FY17: 1.09Moz)

- 13% increase year on year
- Exceeded guidance

Costs contained

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

Underground recovered grade improved by

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

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

Mineral resources increased 13.0% to

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

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

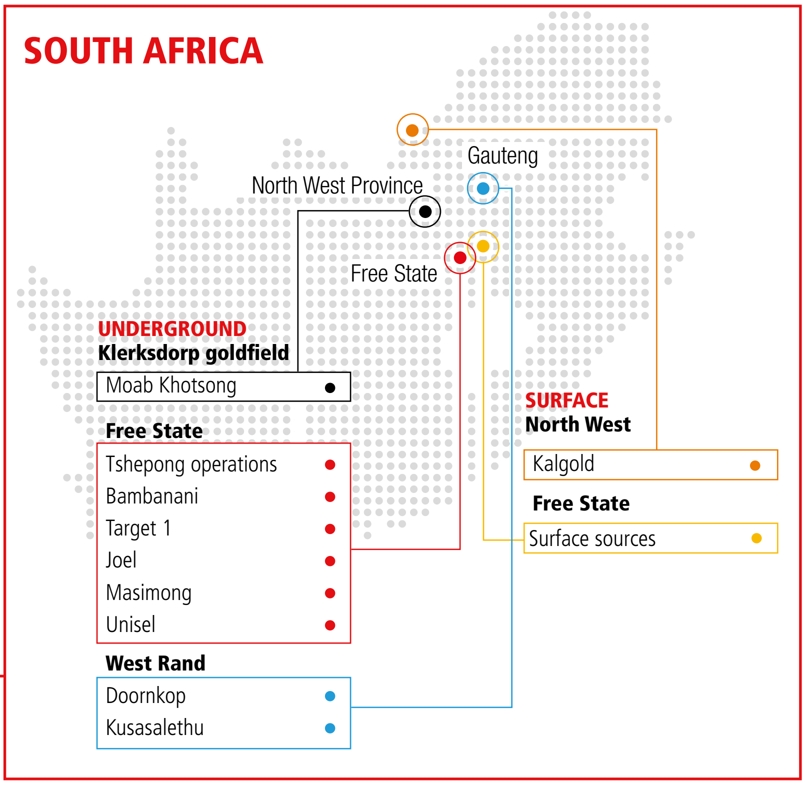
WHAT WE DO

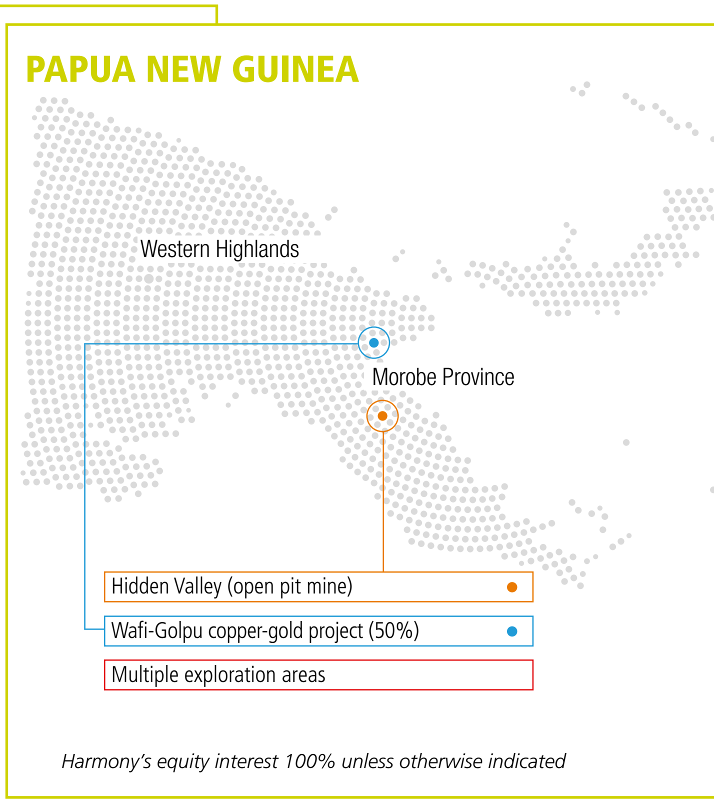
Exploration and acquisition
Exploring for and evaluating economically viable orebodies and/or value-accretive acquisitions

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

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

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





EXTERNAL OPERATING CONTEXT

Factors affecting our ability to generate value:

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

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

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

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

HOW WE PERFORMED – FIVE-YEAR REVIEW

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

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

[2] *As per income statement*

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

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

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

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

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

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

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

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

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

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

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

* *Not previously assured*

FINANCIAL DIRECTOR'S REPORT

"We're delivering on our growth aspirations through the acquisition of Moab Khotsong and the Hidden Valley re-investment plan."

Frank Abbott Financial director

KEY OUTCOMES FY18

- Successfully acquired and integrated Moab Khotsong
- Hidden Valley re-investment plan delivered safely, on schedule and within budget
- R1.8 billion generated in cash flow through the group's hedging strategy

Moab Khotsong acquisition

On 1 March 2018, Harmony acquired the Moab Khotsong and Great Noligwa mines and related infrastructure (collectively Moab Khotsong) from AngloGold Ashanti. In the four months to year end, Moab Khotsong contributed:

REVENUE
R1.7 billion (US$140 million)

OPERATIONAL FREE CASH FLOW
R460 million (US$36 million)

NET PROFIT
R208 million (US$17 million)

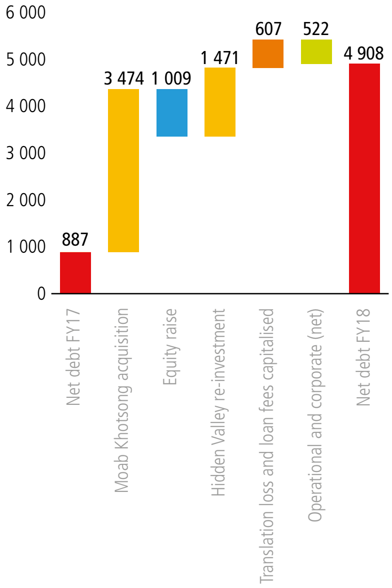
The acquisition has enhanced group production, underground recovered grade, all-in sustaining unit costs and operating free cash flow. Work continues on further optimising operational performance at Moab Khotsong so as to enhancing synergies.

The acquisition purchase price was a cash consideration of the rand equivalent of US$300 million (R3.5 billion), of which US$100 million was funded using the existing US$350 million syndicated facility and the remaining US$200 million was funded using a bridge loan.

The group successfully conducted a two-part share placement to raise up to R1.3 billion (US$100 million), the proceeds of which, together with internally generated cash resources, were used to repay the bridge loan. US$150 million of the bridge loan was repaid during the financial year and the remaining outstanding balance of US$50 million was settled post financial year end.

At 30 June 2018, the group's net debt/EBITDA ratio stood at 1.0x (0.3x at 30 June 2017), largely as a result of the debt drawn to fund the Moab Khotsong acquisition. A ratio of 1.0x compares favourably to South African and international gold mining peers, and the group will target a ratio of less than 1.0x. A reduced ratio will be achieved through continued implementation of our strategy to increase margins and repay debt.

Funding quality growth
(R million)



Cash certainty

Realised cash gains from the hedging programmes in FY18 were as follows:

- Currency hedges – R698 million (US$54 million)
- Commodity hedges – R1.1 billion (US$87 million)

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

Open hedging contracts as at 30 June 2018:

		FY2019		FY2020		Total
		H1	H2	H1	H2	
Rand gold						
Forward contracts	000oz	105	94	77	24	300
	R000/kg	660	623	631	640	639
Dollar gold						
Forward contracts	000oz	48	38	10	–	96
	US$/oz	1 290	1 336	1 382	–	1 318
Total gold contracts	**000oz**	**153**	**132**	**87**	**24**	**396**
Currency hedges rand dollar						
Zero cost collars	$m	147	105	–	–	252
	Floor (R/US$)	14.11	13.11	–	–	13.69
	Cap (R/US$)	15.09	13.78	–	–	14.54
Forward contracts	$m	67	134	36	36	273
	R/US$	13.51	13.69	14.68	15.03	13.95
Total rand dollar	**$m**	**214**	**239**	**36**	**36**	**525**
Dollar silver						
Zero cost collars	000oz	480	180	90	–	750
	Floor (R/US$)	17.10	17.30	17.40	–	17.19
	Cap (R/US$)	18.10	18.30	18.40	–	18.19

Impairment

An impairment of R5.3 billion (US$386 million) was recognised during the year, driven largely by cost inflation coupled with a subdued forecast gold price of R535 000/kg (US$1 250 at R/US$13.30) and the resulting effect on margins.

Given the lower prices paid for resources in recent times, particularly among South African gold resource companies, lower resource multiples were used to value our outside life-of-mine resources, resulting in reduced resource valuations. This affected our undeveloped Target North property as well as a certain portion of the Doornkop operation's outside life-of-mine resources.

The FY18 impairment was made up as follows:

Operation	Impairment R million
Target North*	1 458
Tshepong operations	988
Target 1	699
Kusasalethu	579
Unisel	487
Masimong	329
Doornkop*	317
Other assets	319
Joel	160
Total impairment	**5 336**

* *Impairment primarily driven by lower resource multiples*

- Tshepong operations and Joel presented a decrease in recovered grade as per their respective updated life-of-mine plans
- Drilling results at Target 1 pointed to lower grade estimates within certain blocks that have now been excluded from the life-of-mine plans
- Kusasalethu's old mine was excluded from the operation's FY19 life-of-mine plan
- Unisel took on a reduced life-of-mine plan as the mining focus was re-directed to higher-grade areas
- Masimong depleted its higher-grade Basal Reef and its life-of-mine plan was thus reduced

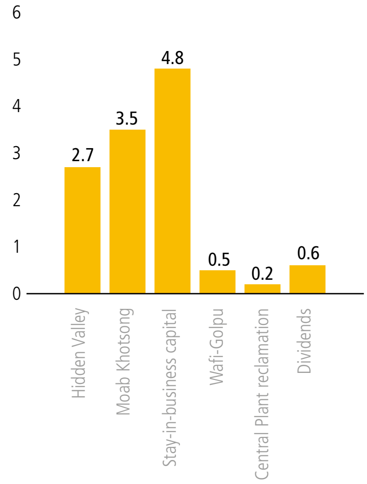
Continuous evaluation of the group's orebodies and the exclusion of lower-grade mining areas enabled the group to effectively allocate capital and resources in line with its strategy to produce safe, profitable ounces and to increase margins.

Capital allocation

Capital expenditure in FY18 increased by 16% to R4.3 billion (23% to US$333 million) of which R1.5 billion (US$116 million) was spent at Hidden Valley.

Capital expenditure at our South African operations increased by 16% or R366 million (22% or US$38 million). Capital expenditure of R4.6 billion (US$343 million) is planned for FY19.

FY17 and FY18 capital allocation
(R billion)



The group's focus is to sustain the current revamped portfolio while simultaneously evaluating organic growth opportunities with particular emphases on Moab Khotsong, Hidden Valley and Wafi-Golpu. Key milestones in FY19 will be the completion of prefeasibility studies for the Mispah tailings, Hidden Valley extension and the Zaaiplaats projects.

Financial performance

Our FY18 performance was substantially affected by the addition of Moab Khotsong and the hedging programmes that continued to contribute to favourable cash margins.

Key drivers of financial performance FY18

		FY18	FY17	Change %
Gold produced	kg	**38 193**	33 836	13
	oz	**1 227 934**	1 087 852	13
Underground grade recovered	g/t	**5.48**	5.07	8
Gold price received	R/kg	**570 709**	570 164	–
	US$/oz	**1 380**	1 304	6
Production profit	Rm	**5 356**	4 452	20
	US$m	**416**	327	27
All-in sustaining costs	R/kg	**508 970**	516 687	1
	US$/oz	**1 231**	1 182	(4)
Net debt	Rm	**4 908**	887	>(100)
	US$m	**356**	68	>(100)
Net debt/EBITDA ratio	times	**1.0x**	0.3x	
Average exchange rate	R/US$	**12.85**	13.60	(6)

Income statement – extract

	FY18	FY17	Change %
Revenue	**20 359**	19 264	6
Production costs	**14 991**	14 812	(1)
Impairment of assets	**5 336**	1 718	>(100)
Corporate administration and other expenditure	**813**	517	(57)
Gains on derivatives	**99**	1 025	(90)
Net profit/(loss) for the year	**(4 473)**	362	>(100)
Headline earnings per share (SA cents per share)	**171**	298	(43)

Revenue and production costs were impacted mostly by the inclusion of Moab Khotsong for four months of FY18, with the benefits of that being offset by Hidden Valley's stages 5 and 6 development, resulting in revenue and production costs being capitalised to property, plant and equipment.

Revenue increased 6% by R1.1 billion (US$168 million) to R20.4 billion (US$1.6 billion). Moab Khotsong contributed R1.7 billion (US$140 million), which was offset by Hidden Valley (R1.1 billion (US$80 million)) in comparison to the previous year.

Production costs included R1.0 billion (US$79 million) as a result of the addition of Moab Khotsong. This was offset by Hidden Valley operating costs which were lower by R1.1 billion (US$84 million).

Corporate, administration and other expenditure increased by 57% to R813 million (66% to US$63 million), relating mostly to the once-off financing and integration costs associated with the acquisition of Moab Khotsong.

Gains on derivatives recorded a net gain of R99 million (US$8 million) in FY18 compared with a net gain of R1 billion (US$75 million) in FY17. The gain was largely due to the foreign exchange hedging contracts following favourable exchange rate movements in FY17, a substantial portion of which was realised in FY18.

Headline earnings were impacted by lower gains on derivatives, as discussed above, as well as a foreign exchange translation loss of R682 million (US$53 million) compared with a foreign exchange gain of R194 million (US$14 million) in FY17.

Frank Abbott
Financial director
25 October 2018

AUDIT AND RISK COMMITTEE: CHAIRMAN'S REPORT

"The committee's diverse perspectives, independence, knowledge and experience increases the value of Harmony's governance structures"

Fikile De Buck: Chairman audit and risk committee

Harmony's audit and risk committee (the committee) is pleased to present its report for the financial year ended 30 June 2018 (FY 18). This report addresses various material issues beyond compliance with the statutory requirements relating to an audit committee.

Introduction

The committee is an independent statutory committee appointed by Harmony's shareholders. In compliance with section 94 of the Companies Act of 2008 (the Act) and the principles of good governance, shareholders annually appoint certain independent directors as members of the audit committee to fulfil the statutory duties as prescribed by the Act.

In addition, Harmony's board of directors (the board) delegates specific oversight functions to the committee.

This report considers these statutory and delegated duties as well as the committee's responsibilities in terms of the JSE Listings Requirements. It also addresses some of the matters that the King IV Code on Corporate Governance, 2016 (King IV) advises should be considered by an audit committee.

Terms of reference

The committee has formal terms of reference, which are reviewed and updated annually as necessary (or more frequently if required) by both the committee and the board. The committee is satisfied that it has conducted its affairs in accordance with its terms of reference and has discharged its responsibilities.

The committee's terms of reference can be accessed at our corporate website, *www.harmony.co.za*.

Composition and function

During the course of the year, the nomination committee considered the composition and roles of the board committees. This process ensures independence and that these committees remain refreshed. As a result of this process, it was agreed that John Wetton be replaced by Ms Fikile De Buck as chairman of the committee. Mr Wetton remains a committee member and also serves as the deputy chairman of the committee. The committee thanks Mr Wetton for his invaluable commitment and service throughout his tenure as chairman of the committee.

The committee's diverse perspectives, independence, knowledge and experience increase the value of Harmony's governance structures. For details of the qualifications, expertise and experience of the members of the audit and risk committee, refer to *Board of directors* in the *Integrated annual report 2018*.

Recommendations for the appointment of members to the committee for the new financial year can be found in the notice of annual general meeting in the *Report to shareholders 2018* that accompanies the annual financial statements.

The group chief executive, the financial director, the executive: risk management and services improvement, the executive: ore reserves, the group IT manager, the external auditors, the chief audit executive and other assurance providers attend meetings either by standing invitation or as and when required.

As at the date of this report, the committee comprised the following independent members:

Name	Status	Date appointed
Fikile De Buck (chairman)	Independent non-executive director	30 March 2006 (Chairman with effect from 10 May 2018)
John Wetton	Independent non-executive director	1 July 2011
Dr Simo Lushaba	Independent non-executive director	18 October 2002
Modise Motloba	Independent non-executive director	30 July 2004
Karabo Nondumo	Independent non-executive director	3 May 2013

AUDIT AND RISK COMMITTEE: CHAIRMAN'S REPORT CONTINUED

Roles and responsibilities

The committee is satisfied that it complied with its legal, regulatory and other responsibilities during the past financial year. The committee's primary objective is to assist the board with its responsibilities of ensuring the integrity of financial statements, the management of risk and cyber security, as well as the safeguarding of assets. Additionally, the committee is mandated to provide oversight of financial control and reporting on internal controls, shareholder reporting and corporate governance, particularly relating to legislative and regulatory compliance.

The committee's roles and responsibilities include statutory and regulatory duties as per the Act, the JSE Listings Requirements and those items recommended in the interest of good governance according to King IV. In addition, the board has assigned other ad hoc duties to the committee, embodied in its terms of reference.

The board conducts annual reviews of the committee's duties and terms of reference as well as annual assessments of its performance, in a manner determined by the board.

No major concerns were raised by any member of the committee in FY18.

For more on the committee and its activities during the year under review, see *Corporate governance* in the *Integrated annual report 2018*.

The integrated annual report

The committee is responsible for overseeing the group's integrated annual report and the reporting process. This integrated annual report, which has been reviewed by the committee, focuses not only on the group's financial performance, but also its economic, social and environmental performance. This report sets out how the group has engaged with stakeholders, addressed its material issues and governed its business. The committee is satisfied with the quality and integrity of the information contained in the integrated annual report 2018 and recommended it to the board for approval.

Annual report filed on Form 20-F with the United States Securities and Exchange Commission

The committee has reviewed the annual report filed on Form 20-F for the year ended 30 June 2018 and recommended the report to the board for approval.

Annual financial statements and accounting practices

The committee reviewed the audited annual financial statements and summarised consolidated financial statements for the year ended 30 June 2018. The statements comply with International Financial Reporting Standards and no significant matters were identified by the committee in that regard. The committee submits that they present a balanced view of the group's performance for the period under review.

The committee considered the JSE's most recent report back on proactive monitoring of financial statements, and where necessary those of previous periods, and has taken appropriate action where necessary to respond to the findings as highlighted in the JSE report when preparing the annual financial statements.

The committee recommended the annual financial statements and summarised consolidated financial statements to the board for approval.

External auditor appointment and independence

The committee is satisfied that the external auditor, PricewaterhouseCoopers (PwC), is independent of the group, as set out in section 94(8) of the Act. This opinion is based on consideration of previous appointments of the auditor and the extent of other work the auditor has undertaken for the group. In a written statement addressed to the committee, PwC confirmed that their independence complies with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors, the Public Company Accounting Oversight Board, the American Institute of Certified Public Accountants and the Securities and Exchange Commission. Requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its independence.

The committee ensured that the appointment of the auditor complies with the requirements of the Act and other applicable legislation relating to the appointment of auditors. The committee, in consultation with management, agreed to the engagement letter and terms, and to the audit plan as well as scope of work performed and budgeted audit fees for the 2018/19 year.

A formal procedure has been adopted to govern the process whereby the external auditor may be considered for non-audit services and the extent of these services is closely monitored by the committee.

Fees paid to the external auditor for the year were R35.8 million, of which R35.1 million was for audit related services, R0.2 million for non-audit services and R0.5 million for tax services.

Tenure of the audit firm

PwC has been the group's external auditor for 68 years. At the annual general meeting held on 23 November 2017, PwC was reappointed as the independent external auditor and undertook to hold office until the conclusion of the 2018 annual general meeting.

The committee considered the suitability of PwC and designated audit partner as required by paragraph 3.84(g) (iii) of the JSE Listings Requirements and found same to be adequate based on PwC's submission of the relevant information as required by paragraph 22.15 (h) of the JSE Listings Requirements.

The individual registered auditor responsible for the audit for the financial year ended 30 June 2018 was Mr HP Odendaal. As PwC is required to rotate the audit partner responsible for the group audit every five years, the current lead audit partner will be required to change from FY21 onwards.

As part of Harmony's commitment to transformation, PwC continued to partner with Ngubane & Co., a black audit firm, as part of the PwC engagement team. To facilitate the transfer of skills in the audit of mining companies and SEC registrants, Ngubane & Co. assisted PwC on the audit of Harmony's South African operations. PwC had overall responsibility for the audit and signed off the financial statements. Ngubane & Co. is a level 1 broad-based black economic empowerment company.

The committee has recommended to the board that PwC be re-appointed as the group's independent external auditor, to hold office until the conclusion of the 2019 annual general meeting.

The directors will propose the re-appointment of PwC at the annual general meeting to be held on 7 December 2018. Details can be found in the notice of the annual general meeting in the Report to shareholders 2018 that accompanies the annual financial statements.

Mandatory audit firm rotation is effective from financial years commencing on or after 1 April 2023 and is applicable to listed companies, as well as all public interest entities, to promote superior audit quality and audit independence. Harmony is supports the process, and further details will be provided to shareholders at the 2019 annual general meeting.

Internal controls

The committee considers significant control deficiencies raised by management and by the internal and external auditors, and reports its findings to the board. Where weaknesses are identified, the committee ensures that management takes appropriate action.

Based on a review of the design, implementation and effectiveness of the group's system of internal financial controls conducted by the internal audit function during the year under review, and on reports made by the independent external auditors on the results of their audit and management reports, the committee is satisfied that the company's system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements. No findings have come to the attention of the committee to indicate that any material breakdown in internal controls occurred during the past financial year.

Internal audit

In accordance with the requirements of King IV, the committee confirms that, having considered the effectiveness of the chief audit executive, Ms Besky Ngunjiri, it is satisfied that she has the appropriate expertise and experience to meet the responsibilities of this position. The committee is also satisfied that the internal audit function is adequately resourced with technically competent individuals and operates both effectively and efficiently.

The committee is responsible for:

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

The chief audit executive is responsible for regularly reporting the findings of the internal audit work against the agreed internal audit plan to the committee. She has direct access to the committee, primarily through its chairman.

During the year, the committee met with the external auditors and with the chief audit executive without management being present.

The committee is satisfied that the group internal audit follows an approved risk-based internal audit plan and regularly reviews the group's risk profile with necessary changes to the internal audit plan being proposed as and when deemed appropriate. Internal audit provides an overall statement as to the effectiveness of the group's governance, risk management and control processes.

Combined assurance

The committee is satisfied that the group has optimised the assurance coverage obtained from management, and internal and external assurance providers, in accordance with an appropriate approved combined assurance model. The committee is also satisfied that the combined assurance model and related systems and procedures are effective in achieving the following objectives:

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

Going concern

The audit committee has reviewed a documented assessment, including key assumptions prepared by management, of the going-concern status of the group. The board's statement on the going-concern status of the group, as supported by the audit committee, appears in the directors' responsibility for financial reporting section of the integrated annual report.

Governance of risk

The audit committee fulfils a dual function, being both an audit committee and a risk committee. Internal audit conducts regular and full assessments of the risk management function and framework. The committee is satisfied with the effectiveness of its oversight of the governance of risk in the group. A detailed report on risk, as recommended in King IV, is contained in this integrated annual report. See *Managing our risks and opportunities* in the *Integrated annual report 2018*.

Information and technology governance

The board recognises that technology is now more than just an enabler, but that technology is both a source for future opportunities and platforms on which our organisation conducts its business.

The audit and risk committee has delegated responsibility to management for implementing the policy on enterprise-wide information and technology management, and for embedding it into the day-to-day, medium- and long-term decision-making activities and culture of the organisation.

During the period under review, *inter alia*, management reviewed and expanded governance of the information technology (IT) project management office, implemented an information security management system , integrated its IT systems at Moab Khotsong and ensured the alignment of adequately skilled resources to support operational and project initiatives as per the approved strategy.

Events subsequent to June 2018

- On 12 July 2018, shareholders approved a special resolution to issue 11 032 623 new ordinary shares to African Rainbow Minerals Limited at the placing price of R19.12 (ARM Placing). The proceeds of R211 million (US$16 million) raised from the ARM Placing were used to repay part of the outstanding bridge loan raised for the acquisition of Moab Khotsong
- On 18 July 2018, the remaining outstanding balance of US$50 million (R670 million) was repaid on the US$200 million bridge loan
- On 4 October 2018, Harmony reached a mutually acceptable settlement with the Financial Sector Conduct Authority of South Africa. The dispute related to incorrect financial results reported for the March 2007 quarter. Harmony informed shareholders and the authorities of the error in August 2007. Subsequently Harmony reviewed all financial accounting procedures and systems to ensure that a similar error would not occur. Following various discussions with the authorities, an administrative penalty of R30 million was imposed and paid by Harmony

Fikile De Buck
Audit and risk committee: Chairman
25 October 2018

DIRECTORS' REPORT

OUR BUSINESS

The Harmony group of companies has underground and surface operations and conducts gold mining and exploration in South Africa and Papua New Guinea. A general review of the group's business and operations is provided in *Operations 2018,* available at *www.har.co.za*.

The company does not have a controlling shareholder and is managed by its directors on behalf of all of its shareholders. The company's primary listing is in South Africa on the JSE. Harmony's ordinary shares are also listed in the form of American Depositary Receipts on the New York Stock Exchange.

Annual integrated report 2018

As required by the King IV Report on Governance for South Africa, 2016 (King IV report) and the JSE Listings Requirements, the board has reviewed and approved the Integrated Annual Report 2018 on the recommendation of the audit and risk committee, supported by the social and ethics committee.

Statement by the board

The board of directors is of the opinion that the Integrated Annual Report 2018 and the accompanying consolidated financial statements fairly reflect the true financial position of the group at 30 June 2018 and its performance for the year.

Company secretary

The company secretary is Riana Bisschoff. Her business and postal addresses appear on the inside back cover of this report. The company secretary's certificate is found overleaf.

Board of directors

On 31 January 2018, the board appointed Mr Max Vuyisile Sisulu as an independent non-executive director.

The board appointed Mr Mavuso Msimang as the new lead independent director, effective 10 May 2018. Further changes include the restructuring of the board committees as explained in more detail in *Corporate governance* in the *Integrated annual report 2018*.

Directors' shareholdings

At 30 June 2018, the financial director, Frank Abbott, held 747 817 shares and executive director, Mashego Mashego, held 593 shares in Harmony while non-executive directors André Wilkens and Ken Dicks, held 101 301 and 35 000 shares in Harmony respectively. None of the directors' immediate families and associates held any direct shareholding in the company's issued share capital. No other director held or acquired any shares in the company, other than through share incentive schemes (executive directors only) during FY18. Refer to the *Remuneration report* in the *Integrated annual report 2018* for details of share incentives awarded to executive directors.

Going concern

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

- company's assets, fairly valued, exceed the fair value of its liabilities
- company will be able to pay its debts as they become due in the ordinary course of business for the 12 months following 30 June 2018

Financial results

Details of the group's financial performance are discussed in the Financial Director's Report. The audited consolidated and company annual financial statements are included in the Financial Report 2018 which is available online at *www.har.co.za*.

Share capital

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

Harmony conducted a placement of new ordinary shares to qualifying investors to raise proceeds to pay down part of the outstanding bridge loan raised for the acquisition of the Moab Khotsong operations. The placement was conducted through an accelerated bookbuild.

Full details of the authorised, issued and unissued share capital of the company as at 30 June 2018 are set out in the consolidated statements of changes in shareholders' equity in the Financial Report 2018 (*www.har.co.za*).

Shareholders

Information on shareholder spread, the range of shareholdings and public shareholders, as well as major shareholders, is presented in the Shareholders' information section in this Integrated Annual Report 2018.

Investments

A schedule of investments in subsidiaries, associates and joint arrangements appears in the Financial Report 2018 (*www.har.co.za*).

Contingencies

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

Borrowings

(i) Movement in borrowings: see note 29 to the consolidated financial statements

(ii) Borrowing powers are detailed in the company's memorandum of incorporation

Disposals

There were no material disposals during FY18.

Acquisitions

On 19 October 2017, Harmony announced the proposed acquisition of AngloGold Ashanti Limited's Moab Khotsong and Great Noligwa mines together with other assets and related infrastructure (Moab Khotsong operations), for a cash consideration of the rand equivalent of US$300 million. All conditions precedent were completed on 20 February 2018. The transaction became effective on 1 March 2018 when Harmony gained control of the Moab Khotsong operations.

Related party transactions

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

Modise Motloba, Harmony's deputy chairman, is a director of Tysys Limited. Tysys Limited entered into a contract with the group in February 2017 to provide services relating to the group's small and medium enterprise development projects. Approximately R6 million was paid to Tysys Limited during FY18. The contract has a 30-day notice period.

Material transactions with associates, joint arrangements and structured entities

Refer to note 34 of the consolidated financial statements for details on transactions conducted during the period under review.

Recent developments

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

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

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

Independent auditor's report

To the Shareholders of Harmony Gold Mining Company Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Harmony Gold Mining Company Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2018, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Harmony Gold Mining Company Limited's consolidated and separate financial statements set out on pages 23 to 143 comprise:

- the group balance sheets and the company balance sheets as at 30 June 2018;
- the group income statements and company income statements for the year then ended;
- the group statements of comprehensive income and the company statements of comprehensive income for the year then ended;
- the group statements of changes in shareholders' equity and the company statements of changes in shareholders' equity for the year then ended;
- the group cash flow statements and company cash flow statements for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies; and
- Annexure A - Statement of group companies and Annexure B - Directors' emoluments.

Basis for opinion

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

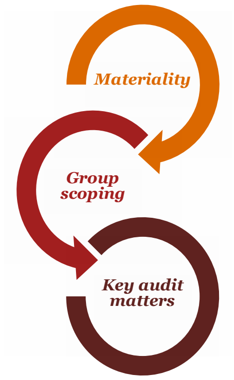
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Our audit approach

Overview



Overall group materiality

- Overall group materiality: R 120 million, which represents 5% of the three year adjusted average consolidated profit or loss before tax from continuing operations.

Group audit scope

- The Group consists of operations in South Africa and Papua New Guinea (PNG). Full scope audits were performed for eight operating gold mining companies.

Key audit matters

- Impairment of non-financial assets and life-of-mine (LOM) estimation; and
- Acquisition of Moab Khotsong Operations.

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

Materiality

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

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

Overall group materiality	R 120 million
How we determined it	Consistent with the methodology applied in the prior year, we have determined materiality by using 5% of the three year adjusted average consolidated profit or loss before tax from continuing operations.
Rationale for the materiality benchmark applied	We consider this approach of using a 3-year average to be more appropriate than an assessment based on current year results alone given the nature of the mining industry which is exposed to cyclical commodity price fluctuations and to therefore provide a more stable base reflective of the scale of the Group's size and operations. The consolidated profit or loss before tax was adjusted to exclude exceptional once-off items such as the acquisition costs of Moab Khotsong and the gain on bargain purchase recorded within the financial periods

	ended 30 June 2018 and 30 June 2017 respectively. These once off items are not reflective of the ongoing operations of the business. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

How we tailored our group audit scope

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

The Group operates in two countries: South Africa and Papua New Guinea with eight operating gold mining companies. We conducted full scope audit procedures at all eight operating gold mining companies. The operating gold mining entities are split into separate mining operations, namely South Africa Underground, South Africa Surface and International operations – refer to segment information (note 38). The operating gold mining companies were identified to be in scope for a full scope audit based on scoping benchmarks such as the company's contribution to key financial statement line items (revenue and profit or loss before tax), risk associated with the company and considerations relating to aggregation risk within the group. We concluded that all other entities within the Group are financially inconsequential individually and in aggregate.

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

Key audit matters

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

Consolidated and separate financial statements

Key audit matter	***How our audit addressed the key audit matter***
Impairment of non-financial assets and life- of-mine (LOM) estimation *This key audit matter relates to the consolidated and separate financial statements.* *Refer to note 6 (Cost of sales), note 15 (Property, plant and equipment) and note 16 (Intangible assets) to the consolidated financial statements on pages 44, 57 and 65 and note 1 (Cost of sales) and note 8 (Property, plant and equipment) of the separate financial statements on pages 106 and 111.* For the purpose of assessing impairment of non-financial assets, assets are grouped at the lowest level for which there are separately identifiable	We held discussions with management to obtain an understanding of management's process for identifying impairment indicators, as well as their conclusions reached. We further gained an understanding as to how impairments were considered by management across the CGUs as well as the methodologies and models used in determining the fair value less costs to sell. We evaluated the design, implementation and operating effectiveness of internal controls over the review of the impairment and life-of-mine models, budgeting and forecasting process and

cash flows (cash generating units or CGUs). Management has identified each operating shaft, along with allocated common assets such as plant and administrative offices, as a CGU. In performing the impairment assessment for CGUs, management have used discounted cash flow models and/or valuation of mineral resources beyond approved mine plans. For purposes of management's impairment assessment of the undeveloped properties, the recoverable amount is based on the fair value of attributable resource values. Key input assumptions for the calculations of the recoverable amounts are the commodity prices, resource values, market discount rates, exchange rates and the annual life-of-mine plans derived from the Reserve Declaration. Impairment losses were recognised for eight CGUs where the carrying value was greater than the estimated recoverable value. The impairment assessment was a matter of most significance to our current year audit due to the significant judgment involved in the valuation of those CGUs as well as the magnitude of the impairments recognised in the current year.	determination of key assumptions (including the determination of the reserves and resources used within the valuations of the CGUs, resource multiples, post-tax real discount rates applied, commodity prices and exchange rates assumptions). We evaluated management's discounted cash flow models for the CGUs against life-of-mine plans and our understanding of the operations, and tested the key estimates and assumptions used by management in each discounted cash flow model by performing procedures which included: • We used our valuation expertise to independently calculate the cash flows and we agreed the inputs to supporting documentation, such as the approved business plan and life-of-mine plan; • We assessed the reasonableness of management's future forecasts of annual production volumes, recovery grade, capital expenditure and operating unit costs included in the cash flow forecasts and noted these to be reasonable by comparing them to current and historical operational results, reserves signed off by the Group's Competent Person and to board approved budgets; • We used our valuations expertise to test the long-term real commodity prices and exchange rates (R/US$ and PGK/US$) by benchmarking them against analysts' forecasts. Based on the work performed, we found management's assumptions to be within a reasonable range of possible prices; • We further made use of our valuation expertise to independently calculate the discount rates used in performing the impairment assessments. This included using relevant third party sources and data such as the cost of debt, risk-free rates in the market, market risk premiums, debt/equity ratios, the beta of comparable companies, as well as the impact of economic and industry factors. In cases where discount rates determined by us differed from those used by management we gained an understanding of the differences and assessed there to be no material impact on the impairment assessment; and • We tested the outside life-of-mine cash

	flows and resource ounces by reconciling the remaining ounces of total resources as signed off by the Group's Competent Person after the deduction of the in life-of-mine resource ounces to the outside life-of-mine resource ounces used within the valuation calculation of the CGUs and noted the resources declared to be sufficient. In considering the accuracy of the value of outside life-of-mine resource multiples for the Target North undeveloped property and Doornkop's Kimberley reef, we used our valuations expertise to independently calculate the resource multiples by benchmarking the valuation against recent transactions within the African gold mining industry. Based on our independent calculation, management's resource multiple was found to be reasonable. We assessed management's sensitivity assessments by performing our own sensitivity calculations in respect of short- and long term gold and silver prices, discount rates, inflation rates and operational performance, and considered the disclosures given in the notes to the financial statements to be appropriate.
Acquisition of Moab Khotsong Operations *This key audit matter relates to the consolidated financial statements.* *Refer to note 14 (Acquisition of the Moab Khotsong Operations) to the consolidated financial statements on page 54.* As a result of the acquisition of the Moab Khotsong Operations, goodwill amounting to R272 million was recorded in the group balance sheet. The goodwill arose as the difference between the cash consideration paid of R3,474 million (US$300 million) and the fair value of identifiable net assets acquired of R3,202 million. The purchase price allocation (PPA) was prepared by management on a provisional basis in accordance with IFRS 3 Business Combinations (IFRS 3). Management engaged external valuation experts to assist in determining the fair value of the net assets acquired. The determination of the fair value assets and liabilities is complex and management have applied significant estimates and judgements in determining the key assumptions. Key assumptions for the calculation of the fair value of net assets acquired are the commodity prices, resource values, market discount rates,	We held discussions with management to obtain an understanding of management's process for identifying all the separately identifiable assets acquired and liabilities assumed through inquiry and inspection of management's documented process. We tested the internal controls over the review of the PPA. This includes determination of separately identifiable cash generating units, valuation approaches applied and determination of key inputs to cash flow models such as production volumes, operating unit costs, future capital expenditure, commodity prices, resource values, market discount rates and exchange rates. We assessed the independence, professional competence, objectivity and capabilities of management's external valuations experts involved in the valuation of the Moab Khotsong operations at the transaction date. We used our valuations expertise to test the valuation approaches applied in the valuation of all separately identifiable assets acquired and liabilities assumed and determined the approaches to be reasonable. In evaluating management's discounted cash flow models we tested the key estimates and

exchange rates, the cash flow models, the deferred tax rate and effective tax valuation applied to the transaction.

The acquisition was a matter of most significance to our current year audit due to the significant judgment involved in the valuation of the fair value of net assets acquired as well as the magnitude of the acquired net assets within the group.

assumptions used by management on the transaction date by performing, amongst others, the following procedures:

- We tested the accuracy of the cash flow models used by management through independent calculation of management's models and by agreeing the inputs to supporting documentation such as approved business plans, approved forecasted cash flows derived from data of operations/projects of similar size and nature, existing pre-feasibility and feasibility studies, Competent Person's report on Moab Khotsong Operations and existing life-of-mine plans;
- We compared the forecasted production volumes, operating and capital costs and unit costs incurred to actual and historical results and found them to be reasonable;
- Utilising our valuations expertise, we tested the commodity prices, market discount rates and exchange rates by benchmarking the assumptions against analysts' forecasts and independently obtained economic data; and
- We further utilised our valuation expertise to independently reperform the fair value calculation using our independently determined commodity prices, market discount rates and exchange rates. The valuation results were found to be within an acceptable range.

We used our internal tax specialists to evaluate tax principles applied to the transaction, the deferred tax rate applied and the effective valuation allocation rate at the transaction date and determined them to be in line with industry practice.

We agreed the consideration paid to supporting documentation and recalculated the Goodwill recognised in the balance sheet of the group.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Harmony Gold Mining Company Limited Financial Report for the year ended 30 June 2018 and the Harmony Gold Mining Company Limited Integrated Annual Report 2018, which includes the Directors' Report, the Audit and risk Committee: chairman's report and the Company Secretary's Certificate as required by the Companies Act of South Africa. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.

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

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

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

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

Report on other legal and regulatory requirements

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

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.

Director: HP Odendaal

Registered Auditor

Waterfall City

25 October 2018

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 2018 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 Boipelo Lekubo CA(SA). This process was supervised by the financial director, Frank Abbott CA(SA). The directors take full responsibility for the preparation of the summarised report and the financial information has been correctly extracted from the underlying consolidated annual financial statements.

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

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

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

APPROVAL

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

PW Steenkamp
Chief executive officer
Randfontein
South Africa

F Abbott
Financial director
Randfontein
South Africa

25 October 2018

GROUP INCOME STATEMENTS
for the years ended 30 June 2018

SA rand				US dollar	
2017	2018	*Figures in million*	Notes	2018	2017
19 264	**20 359**	Revenue	5	**1 584**	1 416
(19 639)	**(23 503)**	Cost of sales	6	**(1 800)**	(1 448)
(14 812)	**(14 991)**	Production costs		**(1 167)**	(1 089)
(2 519)	**(2 570)**	Amortisation and depreciation		**(200)**	(185)
(1 718)	**(5 336)**	Impairment of assets		**(386)**	(131)
(590)	**(606)**	Other items		**(47)**	(43)
(375)	**(3 144)**	**Gross loss**		**(216)**	(32)
(517)	**(813)**	Corporate, administration and other expenditure		**(63)**	(38)
(241)	**(135)**	Exploration expenditure		**(11)**	(18)
1 025	**99**	Gains on derivatives	7	**8**	75
(886)	**(667)**	Other operating expenses	8	**(53)**	(68)
(994)	**(4 660)**	**Operating loss**	9	**(335)**	(81)
848	**—**	Gain on bargain purchase	14	**—**	60
(14)	**—**	Loss on liquidation of subsidiaries		**—**	(1)
(22)	**38**	Share of profit/(loss) from associate	21	**3**	(1)
—	**(98)**	Acquisition-related costs	14	**(8)**	—
268	**343**	Investment income	10	**27**	20
(234)	**(330)**	Finance costs	11	**(26)**	(17)
(148)	**(4 707)**	**Loss before taxation**		**(339)**	(20)
510	**234**	Taxation	12	**18**	37
362	**(4 473)**	**Net profit/(loss) for the year**		**(321)**	17
		Attributable to:			
362	**(4 473)**	Owners of the parent		**(321)**	17
		Earnings/(loss) per ordinary share (cents)			
82	**(1 003)**	**Total earnings/(loss)**	13	**(72)**	4
		Diluted earnings/(loss) per ordinary share (cents)			
79	**(1 004)**	**Total diluted earnings/(loss)**	13	**(72)**	4

These are the consolidated financial statements of Harmony Gold Mining Company Limited and its subsidiaries. For the separate financial statements of the company, refer to page 101 to 140.

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

GROUP STATEMENTS OF COMPREHENSIVE INCOME
for the years ended 30 June 2018

SA rand				US dollar	
2017	2018	*Figures in million*	Notes	2018	2017
362	**(4 473)**	Net profit/(loss) for the year		**(321)**	17
818	**(660)**	Other comprehensive income/(loss) for the year, net of income tax		**(175)**	309
821	**(647)**	Items that may be reclassified subsequently to profit or loss	25	**(174)**	309
(322)	**83**	Foreign exchange translation gain/(loss)		**(117)**	225
1 143	**(730)**	Remeasurement of Rand gold hedging contracts		**(57)**	84
(3)	**(13)**	Items that will not be reclassified to profit or loss:	25	**(1)**	—
(3)	**(13)**	Remeasurement of retirement benefit obligation		**(1)**	—
1 180	**(5 133)**	**Total comprehensive income/(loss) for the year**		**(496)**	326
		Attributable to:			
1 180	**(5 133)**	Owners of the parent		**(496)**	326

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

GROUP BALANCE SHEETS

SA rand				US dollar	
At 30 June 2017	**At 30 June 2018**	*Figures in million*	Notes	**At 30 June 2018**	At 30 June 2017
		ASSETS			
		Non-current assets			
30 044	**31 001**	Property, plant and equipment	15	**2 245**	2 292
603	**515**	Intangible assets	16	**37**	46
64	**77**	Restricted cash	17	**6**	5
2 658	**3 271**	Restricted investments	18	**237**	203
46	**84**	Investments in associates	21	**6**	4
38	**46**	Inventories	23	**3**	3
185	**253**	Trade and other receivables	19	**18**	14
306	**84**	Derivative financial instruments	20	**6**	24
4	**11**	Other non-current assets		**1**	—
33 948	**35 342**	**Total non-current assets**		**2 559**	2 591
		Current assets			
1 127	**1 759**	Inventories	23	**127**	86
18	**38**	Restricted cash	17	**3**	1
1 003	**1 139**	Trade and other receivables	19	**83**	76
1 541	**539**	Derivative financial instruments	20	**39**	117
1 246	**706**	Cash and cash equivalents		**51**	95
4 935	**4 181**	**Total current assets**		**303**	375
38 883	**39 523**	**Total assets**		**2 862**	2 966
		EQUITY AND LIABILITIES			
		Share capital and reserves			
28 336	**29 340**	Share capital and premium	24	**4 115**	4 036
5 441	**5 145**	Other reserves	25	**(1 402)**	(1 255)
(4 486)	**(9 103)**	Accumulated loss		**(878)**	(547)
29 291	**25 382**	**Total equity**		**1 835**	2 234
		Non-current liabilities			
1 702	**1 147**	Deferred tax liabilities	12	**83**	130
2 638	**3 309**	Provision for environmental rehabilitation	26	**240**	201
917	**925**	Provision for silicosis settlement	27	**67**	70
179	**186**	Retirement benefit obligation	28	**13**	14
299	**4 924**	Borrowings	29	**357**	23
13	**41**	Other non-current liabilities	30	**3**	1
—	**10**	Derivative financial instruments	20	**1**	—
5 748	**10 542**	**Total non-current liabilities**		**764**	439
		Current liabilities			
1 834	**690**	Borrowings	29	**50**	140
2 010	**2 704**	Trade and other payables	31	**198**	153
—	**205**	Derivative financial instruments	20	**15**	—
3 844	**3 599**	**Total current liabilities**		**263**	293
38 883	**39 523**	**Total equity and liabilities**		**2 862**	2 966

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

GROUP STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

for the years ended 30 June 2018

	Number of ordinary shares issued	Share capital and premium	Accumulated loss	Other reserves	Total
Notes	24	24		25	
Figures in million (SA rand)					
Balance - 30 June 2016	437 299 479	28 336	(4 409)	4 252	28 179
Issue of shares					
- Exercise of employee share options	2 657 720	—	—	—	—
Share-based payments	—	—	—	371	371
Net profit for the year	—	—	362	—	362
Other comprehensive income for the year	—	—	—	818	818
Dividends paid	—	—	(439)	—	(439)
Balance - 30 June 2017	439 957 199	28 336	(4 486)	5 441	29 291
Issue of shares					
- Shares issued and fully paid	**55 055 050**	**1 004**	**—**	**—**	**1 004**
- Exercise of employee share options	**5 239 502**	**—**	**—**	**—**	**—**
Share-based payments	**—**	**—**	**—**	**374**	**374**
Net loss for the year	**—**	**—**	**(4 473)**	**—**	**(4 473)**
Other comprehensive loss 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**
Figures in million (US dollar)					
Balance - 30 June 2016	437 299 479	4 036	(531)	(1 591)	1 914
Issue of shares					
- Exercise of employee share options	2 657 720	—	—	—	—
Share-based payments	—	—	—	27	27
Net profit for the year	—	—	17	—	17
Other comprehensive income for the year	—	—	—	309	309
Dividends paid	—	—	(33)	—	(33)
Balance - 30 June 2017	439 957 199	4 036	(547)	(1 255)	2 234
Issue of shares					
- Shares issued and fully paid	**55 055 050**	**79**	**—**	**—**	**79**
- Exercise of employee share options	**5 239 502**	**—**	**—**	**—**	**—**
Share-based payments	**—**	**—**	**—**	**29**	**29**
Net loss for the year	**—**	**—**	**(321)**	**—**	**(321)**
Other comprehensive loss for the year	**—**	**—**	**—**	**(175)**	**(175)**
Reclassification from other reserves	**—**	**—**	**1**	**(1)**	**—**
Dividends paid	**—**	**—**	**(11)**	**—**	**(11)**
Balance - 30 June 2018	**500 251 751**	**4 115**	**(878)**	**(1 402)**	**1 835**

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

GROUP CASH FLOW STATEMENTS

for the years ended 30 June 2018

SA rand				US dollar	
2017	2018	Figures in million	Notes	2018	2017
		CASH FLOW FROM OPERATING ACTIVITIES			
4 346	**4 289**	Cash generated by operations	32	**334**	320
75	**82**	Interest received		**6**	6
(79)	**(180)**	Interest paid		**(14)**	(6)
(538)	**(307)**	Income and mining taxes paid		**(23)**	(40)
3 804	**3 884**	**Cash generated by operating activities**		**303**	280
		CASH FLOW FROM INVESTING ACTIVITIES			
(1)	**(32)**	Increase in restricted cash		**(2)**	—
7	**—**	Decrease in amounts invested in restricted investments		**—**	1
459	**—**	Cash on acquisition of Hidden Valley	14	**—**	33
—	**(3 474)**	Acquisition of Moab Khotsong	14	**(300)**	—
—	**(9)**	Additions to intangible assets		**(1)**	—
42	**2**	Proceeds from disposal of property, plant and equipment		**—**	3
(3 890)	**(4 562)**	Additions to property, plant and equipment		**(355)**	(286)
(3 383)	**(8 075)**	**Cash utilised by investing activities**		**(658)**	(249)
		CASH FLOW FROM FINANCING ACTIVITIES			
699	**6 937**	Borrowings raised	29	**565**	54
(710)	**(4 063)**	Borrowings repaid	29	**(312)**	(50)
—	**1 003**	Proceeds from the issue of shares[1]	24	**79**	—
(439)	**(154)**	Dividends paid		**(12)**	(33)
(450)	**3 723**	**Cash generated from/(utilised by) financing activities**		**320**	(29)
19	**(72)**	**Foreign currency translation adjustments**		**(9)**	8
(10)	**(540)**	Net increase/(decrease) in cash and cash equivalents		**(44)**	10
1 256	**1 246**	Cash and cash equivalents - beginning of year		**95**	85
1 246	**706**	**Cash and cash equivalents - end of year**		**51**	95

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

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

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the years ended 30 June 2018

1 GENERAL INFORMATION

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

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

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

2 ACCOUNTING POLICIES

BASIS OF PREPARATION

The principal accounting policies applied in the preparation of the annual financial statements have been consistently applied in all years presented.

Share capital and share premium, which were presented separately in the statements of changes in equity in 2017, have been combined into a single share capital and premium column for 2018.

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

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

The annual 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

The standards and amendments to standards that became effective during the 2018 year did not have an impact on the consolidated financial statements with the exception of the following:

Pronouncement	Title	Effective date
IAS 7 (Amendments)	*Statement of Cash Flows* - Disclosure initiative	1 January 2017

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.

The effective dates below are for the financial periods beginning on or after the given date.

The following standards, amendments to standards and interpretations to existing standards may possibly have an impact on the group:

Pronouncement	Title	Effective date
IFRS 9	*Financial Instruments* This standard on classification and measurement of financial assets and financial liabilities will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 has two measurement categories: amortised cost and fair value.	1 January 2018

2 ACCOUNTING POLICIES continued

RECENT ACCOUNTING DEVELOPMENTS continued

Pronouncement	Title	Effective date
IFRS 9	*Financial Instruments* continued The group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets for the following reasons: – The equity instruments that are currently classified as available-for-sale financial assets appear to satisfy the conditions for classification as at fair value through other comprehensive income and hence there will be no change to the accounting for these assets. – A fair value through other comprehensive income (FVOCI) election is available for the equity instruments which are currently classified as available-for-sale. – Equity investments currently measured at fair value through profit or loss (FVPL) will likely continue to be measured on the same basis under IFRS 9. – Debt instruments currently classified as held-to-maturity and measured at amortised cost appear to meet the conditions for classification at amortised cost under IFRS 9. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules for all financial instruments have been transferred from IAS 39. Hedge accounting The new hedge accounting rules will align the accounting for hedging instruments more closely with the group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. However, at this stage the group does not expect to identify any new hedge relationships. The group's existing hedge relationships appear to qualify as continuing hedges upon the adoption of IFRS 9. As a consequence, the group does not expect a significant impact on the accounting for its hedging relationships. Expected credit losses The impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. The impact of the new impairment requirements is not expected to be material for the following reasons: – The group does not generally carry significant assets that are subject to the new impairment requirements; and – The group expects to make use of practical expedients when measuring expected credit losses on trade receivables. Disclosures Extensive disclosures are required, including reconciliations from opening to closing amounts of the ECL provision, assumptions and inputs and a reconciliation on transition of the original classification categories under IAS 39 to the new classification categories in IFRS 9. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard. Transition The group expects to apply the standard prospectively without restating any comparative figures. The difference between the carrying amount of financial instruments before the adoption of IFRS 9 and the new carrying amount calculated in accordance with the standard at the beginning of the annual reporting period that includes the date of initial application will be recognised directly in the opening balance of equity in the annual reporting period that includes the date of initial application.	1 January 2018

2 ACCOUNTING POLICIES continued

RECENT ACCOUNTING DEVELOPMENTS continued

Pronouncement	Title	Effective date
IFRS 15	*Revenue from Contracts with Customers* Revenue is currently recognised when the goods are delivered and a certificate of sale is issued by the customer, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods. Under IFRS 15, revenue will be recognised when a customer obtains control of the goods. The group expects that the certificate of sale will continue to drive revenue recognition as this is the point when control of the goods effectively transfers to the customer. However, we expect that the adoption of IFRS 15 will result in the recognition of by-product revenue in "revenue from product sales". Revenue from product sales includes gold income and by-product revenue. This change in classification results in a consequential increase in costs of sales, and therefore will not have an impact on previously reported gross profit or loss. The group expects to apply the standard retrospectively to each prior reporting period presented in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.*	1 January 2018
IFRS 16	*Leases* The new standard requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts (with limited exceptions), whereas previously, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). The guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts) has been updated, affecting lessors, although the accounting remains almost unchanged. The new accounting model for lessees is expected to impact negotiations between lessors and lessees. The group is still assessing the impact of the new standard. In general, it is expected that assets and liabilities will increase as right of use assets and lease liabilities will be recognised for most of the group's leases. This is expected to lead to an increase in depreciation and interest expense and a change in the classification of cash flows.	1 January 2019

MEASUREMENT BASIS

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss and cash-settled share-based payments.

GROUP ACCOUNTING POLICIES

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

2 ACCOUNTING POLICIES continued

GROUP ACCOUNTING POLICIES continued

2.1 Consolidation

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

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

Control

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

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

(i) Subsidiaries

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

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

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

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

Investments in subsidiaries in the company's separate financial statements are accounted for at cost less impairment.

(ii) Associates

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

Investments in associates are accounted for by using the equity method of accounting, and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition. Cumulative post-acquisition movements are adjusted against the carrying amount of the investment. The group's share of the associates' post-acquisition profits or losses is recognised in the income statement, and its share of post acquisition movement in reserves is recognised in other reserves.

When the group's share of losses in an associate equals or exceeds its interest in the associate, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

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

Investments in associates are accounted for at cost and are adjusted for impairments where appropriate in the company's separate financial statements.

2 ACCOUNTING POLICIES continued

GROUP ACCOUNTING POLICIES continued

2.1 Consolidation continued

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

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

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

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

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

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

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

2.2 Foreign currency translation

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

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

The translation effect from rand to US dollar is included in other comprehensive income in the US$ financial statements.

References to “A$” refers to Australian currency, “R” to South African currency, “$” or “US$” to United States currency and “K” or “kina” to Papua New Guinean currency.

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

(iii) Group companies
The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet while equity items are translated at historic rates;
- Income and expenses for each income statement are translated at average exchange rates (the rate on the date of the transaction is used if the average is not a reasonable rate for the translation of the transaction);
- All resulting exchange differences are recognised as a separate component of other comprehensive income.

2 ACCOUNTING POLICIES continued

GROUP ACCOUNTING POLICIES continued

2.2 Foreign currency translation continued

(iii) Group companies continued

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

2.3 Derivatives and hedging activities

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

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

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

(i) Cash flow hedge
The group designates certain derivatives as hedges of a particular risk associated with the cash flows of highly probable forecast transactions (cash flow hedges). The group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

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

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

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

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

2.4 Exploration expenditure

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

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

2 ACCOUNTING POLICIES continued

GROUP ACCOUNTING POLICIES continued

2.4 Exploration expenditure continued

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

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

2.5 Impairment of non-financial assets

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

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

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

Fair value less cost to sell is generally determined by using discounted estimated after-tax future cash flows. Future cash flows are estimated based on quantities of recoverable minerals, expected gold prices (considering current and historical prices, price trends and related factors), production levels and cash costs of production, all based on life-of-mine (LoM) plans. Future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset. Refer to note 15 for detail.

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

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

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

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

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

2 ACCOUNTING POLICIES continued

GROUP ACCOUNTING POLICIES continued

2.6 Operating profit

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

- Valuation of derivative financial instruments – note 4;
- Estimate of taxation – note 12;
- Valuation of acquired assets and assumed liabilities for Moab Khotsong and Hidden Valley – note 14;
- Gold mineral reserves and resources – note 15;
- Production start date – note 15;
- Stripping activities – note 15;
- Impairment of assets – note 15;
- Depreciation of property plant and equipment – note 15;
- Impairment of goodwill – note 16;
- Valuation of loans receivable – note 19;
- Valuation of interest in associate – note 21;
- Provision for stock obsolescence - note 23;
- Estimate of exposure and liabilities with regard to rehabilitation costs – note 26;
- Estimate of provision for silicosis settlement – note 27;
- Estimate of employee benefit liabilities – note 28;
- Fair value of share-based payments – note 34;
- Assessment of contingencies – note 36.

4 FINANCIAL RISK MANAGEMENT

The group's operating activities expose it to a variety of financial risks: market risk (including commodity price risk, currency risk, cash flow interest rate risk and other price risk), credit risk and liquidity risk. The group may use derivative financial instruments to hedge certain risk exposures.

The group's financial assets and liabilities are set out below:

Figures in million (SA rand)	Loans and receivables	Available-for-sale financial assets	Held-to-maturity investments	Hedging instruments	Fair value through profit or loss	Financial liabilities at amortised cost
At 30 June 2018						
Financial assets						
Restricted cash	**115**	**—**	**—**	**—**	**—**	**—**
Restricted investments	**23**	**—**	**2 335**	**—**	**913**	**—**
Investments in financial assets	**—**	**8**	**—**	**—**	**—**	**—**
Other non-current receivables	**253**	**—**	**—**	**—**	**—**	**—**
Derivative financial instruments	**—**	**—**	**—**	**482**	**141**	**—**
Trade and other receivables	**626**	**—**	**—**	**—**	**—**	**—**
Cash and cash equivalents	**706**	**—**	**—**	**—**	**—**	**—**
Financial liabilities						
Derivative financial instruments	**—**	**—**	**—**	**—**	**215**	**—**
Borrowings	**—**	**—**	**—**	**—**	**—**	**5 614**
Other non-current liabilities	**—**	**—**	**—**	**—**	**—**	**1**
Trade and other payables	**—**	**—**	**—**	**—**	**—**	**769**
At 30 June 2017						
Financial assets						
Restricted cash	82	—	—	—	—	—
Restricted investments	32	—	1 787	—	839	—
Investments in financial assets	—	4	—	—	—	—
Other non-current receivables	185	—	—	—	—	—
Derivative financial instruments	—	—	—	1 378	469	—
Trade and other receivables	517	—	—	—	—	—
Cash and cash equivalents	1 246	—	—	—	—	—
Financial liabilities						
Borrowings	—	—	—	—	—	2 133
Other non-current payables	—	—	—	—	—	13
Trade and other payables	—	—	—	—	—	610

4 FINANCIAL RISK MANAGEMENT continued

Figures in million (US dollars)	Loans and receivables	Available-for-sale financial assets	Held-to-maturity investments	Hedging instruments	Fair value through profit or loss	Financial liabilities at amortised cost
At 30 June 2018						
Financial assets						
Restricted cash	**9**	**—**	**—**	**—**	**—**	**—**
Restricted investments	**2**	**—**	**169**	**—**	**66**	**—**
Investments in financial assets	**—**	**1**	**—**	**—**	**—**	**—**
Other non-current receivables	**18**	**—**	**—**	**—**	**—**	**—**
Derivative financial instruments	**—**	**—**	**—**	**34**	**11**	**—**
Trade and other receivables	**45**	**—**	**—**	**—**	**—**	**—**
Cash and cash equivalents	**51**	**—**	**—**	**—**	**—**	**—**
Financial liabilities						
Derivative financial instruments	**—**	**—**	**—**	**—**	**16**	**—**
Borrowings	**—**	**—**	**—**	**—**	**—**	**407**
Trade and other payables	**—**	**—**	**—**	**—**	**—**	**56**
At 30 June 2017						
Financial assets						
Restricted cash	6	—	—	—	—	—
Restricted investments	2	—	137	—	64	—
Other non-current receivables	14	—	—	—	—	—
Derivative financial instruments	—	—	—	105	36	—
Trade and other receivables	39	—	—	—	—	—
Cash and cash equivalents	95	—	—	—	—	—
Financial liabilities						
Borrowings	—	—	—	—	—	163
Other non-current payables	—	—	—	—	—	1
Trade and other payables	—	—	—	—	—	47

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges certain selected financial risks in close cooperation with the group's operating units. The audit and risk committee and the board provides written principles for overall risk management, as well as written policies covering specific areas, such as commodity price risk, foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity.

MARKET RISK

(i) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar (US$). Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity’s functional currency. Harmony’s revenues are sensitive to the R/US$ exchange rate as all revenues are generated by gold sales denominated in US$. Harmony may enter into hedging transactions to reduce this risk. The limit set by the board is 15% of the group's foreign exchange risk exposure over two years. Subsequent to year-end the board approved for the limit to be set at 25% of the group's foreign exchange risk exposure over two years. Refer to note 20 for details of the contracts. The audit and risk committee review the details of the programme quarterly.

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 group has reviewed its foreign currency exposure on financial assets and financial liabilities and has identified the following sensitivities for a 10% change in the exchange rate that would affect profit or loss. Management considers a range between 10% and 20% to be a reasonable change given the volatility in the market.

4 FINANCIAL RISK MANAGEMENT continued

MARKET RISK continued

(i) Foreign exchange risk continued

SA rand			US Dollar	
2017	**2018**	*Figures in million*	**2018**	2017
		Sensitivity analysis - borrowings		
		Rand against US$		
1 831	**5 114**	Balance at 30 June	**370**	140
183	**511**	Strengthen by 10%	**37**	14
(183)	**(511)**	Weaken by 10%	**(37)**	(14)
13.11	**13.81**	**Closing rate**	**13.81**	13.11
		Sensitivity analysis - financial instruments		
		Rand against US$		
449	**(136)**	Balance at 30 June	**(10)**	34
519	**666**	Strengthen by 10%	**48**	40
(450)	**(625)**	Weaken by 10%	**(45)**	(34)
13.11	**13.81**	**Closing rate**	**13.81**	13.11
		US$ against Kina		
89	**30**	Balance at 30 June	**2**	7
8	**3**	Strengthen by 10%	**—**	1
(10)	**(3)**	Weaken by 10%	**—**	(1)
0.32	**0.30**	**Closing rate**	**0.30**	0.32

(ii) 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. During July 2016, Harmony started entering into derivative 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 limits currently set by the Board are for 20% of the production from gold and 25% from silver over a 24-month period. Subsequent to year end the permitted level of cover for the silver has been increased to 50%. Management continues to top up these programmes as and when opportunities arise to lock in attractive margins for the business, but are not required to maintain hedging at these levels. The audit and risk committee review the details of the programme quarterly.

The exposure to the variability in the price of gold is managed by entering into gold forward sales contracts for a portion of the group's production. A portion of the production of the South African operations is hedged by Rand gold forward contracts. These contracts have been designated as cash flow hedging instruments and hedge accounting has been applied. US$ gold forward contracts entered into are for the production from Hidden Valley which were not designated as hedging instruments for hedge accounting and the gains and losses are accounted for in the income statement.

The exposure to the variability in the price of silver for Hidden Valley is managed by entering into US$/silver zero cost collars. These transactions have not been designated as hedging instruments for hedge accounting and the gains and losses are accounted for in the income statement.

Refer to note 7 and 20 and the fair value determination for financial assets and liabilities section below for further detail on these contracts.

The group has reviewed its exposure to commodity linked instruments and has identified the following sensitivities for a 10% change in the commodity price specified per contract that would affect other comprehensive income and profit or loss. Management considers a range between 10% and 20% to be a reasonable change given the recent volatility in the market.

4 FINANCIAL RISK MANAGEMENT continued

MARKET RISK continued

(ii) Commodity price sensitivity continued

SA rand 2017	SA rand 2018	Figures in million	US dollar 2018	US dollar 2017
		Sensitivity analysis		
		Rand gold derivatives		
		Other comprehensive income		
(532)	**(522)**	Increase by 10%	**(38)**	(41)
524	**515**	Decrease by 10%	**37**	40
		US$ gold derivatives		
		Profit or loss		
(104)	**(166)**	Increase by 10%	**(12)**	(8)
104	**167**	Decrease by 10%	**12**	8
		US$ silver derivatives		
		Profit or loss		
(19)	**(14)**	Increase by 10%	**(1)**	(1)
19	**15**	Decrease by 10%	**1**	1

(iii) Other price risk

The group is exposed to the risk of fluctuations in the fair value of the available-for-sale financial assets and fair value through profit or loss financial assets as a result of changes in market prices (other than changes in interest rates and foreign currencies). Harmony generally does not use any derivative instruments to manage this risk.

Sensitivity analysis

Certain of the restricted investments are linked to the Top 40 Index on the JSE. A 10% increase in the Top 40 index at the reporting date, with all other variables held constant, would have increased profit or loss by R42 million (US$3.3 million) (2017: R31.0 million (US$2.4 million)); an equal change in the opposite direction would have decreased profit or loss by R32 million (US$2.5 million) (2017: R20 million (US$1.6 million)).

(iv) Interest rate risk

The group's interest rate risk arises mainly from long-term borrowings. The group has variable interest rate borrowings. Variable rate borrowings expose the group to cash flow interest rate risk. The group has not entered into interest rate swap agreements as this is a risk that management is prepared to take. The audit and risk committee reviews the exposures quarterly.

Interest rate risk arising from long-term borrowings is offset by cash, restricted cash and restricted investments held at variable rates.

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2017.

SA rand 2017	SA rand 2018	Figures in million	US dollar 2018	US dollar 2017
		Sensitivity analysis - borrowings (finance costs)		
(21)	**(56)**	Increase by 100 basis points	**(4)**	(2)
21	**56**	Decrease by 100 basis points	**4**	2

4 FINANCIAL RISK MANAGEMENT continued

MARKET RISK continued

(iv) Interest rate risk continued

SA rand 2017	SA rand 2018	Figures in million	US dollar 2018	US dollar 2017
		Sensitivity analysis - financial assets (interest received)		
31	**32**	Increase by 100 basis points	**2**	2
(31)	**(32)**	Decrease by 100 basis points	**(2)**	(2)

CREDIT RISK

Credit risk is the risk that a counterparty may default or not meet its obligations in a timely manner. Financial instruments, which subject the group to concentrations of credit risk, consist predominantly of restricted cash, restricted investments, derivative financial assets, trade and other receivables (excluding non-financial instruments) and cash and cash equivalents.

Assessment of credit risk

In April 2017, two of the three international rating agencies, Standard and Poor's and Fitch, downgraded South Africa's long-term sovereign credit rating. Moody's has kept the sovereign credit risk of South Africa as investment grade. This was largely limited to international scale ratings, not the national scale ratings. The group has identified the following risks as a result of this downgrade, which are:

- Increased credit risk;
- Increased cost of capital; and
- Difficulty in obtaining funding.

In assessing the credit worthiness of local institutions, management uses the national scale long-term ratings which are unchanged. Management will continue monitoring these ratings.

Exposure to credit risk on trade and other receivables is monitored on a regular basis. Refer to note 19 for management's assessment. The credit risk arising from restricted cash, cash and cash equivalents and restricted investments is managed by ensuring amounts are only invested with financial institutions of good credit quality. The contracts for derivative financial assets were entered into with counterparties of good credit quality. The group has policies that limit the amount of credit exposure to any one financial institution. The audit and risk committee reviews the exposure on a quarterly basis.

The group's maximum exposure to credit risk is represented by the carrying amount of all financial assets determined to be exposed to credit risk, amounting to R5 602 million (US$405.7 million) as at 30 June 2018 (2017: R6 539 million (US$498.7 million)).

The social plan trust fund of R33 million (US$2.4 million) (2017: R37 million (US$2.8 million)) has been invested in unit trusts comprising shares in listed companies.

Financial institutions' credit rating by exposure (Source: Fitch Ratings and Global Credit Ratings)

SA rand 2017	SA rand 2018	Figures in million	US dollar 2018	US dollar 2017
		Cash and cash equivalents		
565	**—**	AA+	**—**	43
396	**623**	AA	**45**	30
285	**83**	AA-	**6**	22
1 246	**706**		**51**	95
		Restricted cash		
80	**94**	AA	**7**	6
2	**21**	AA-	**2**	—
82	**115**		**9**	6

4 FINANCIAL RISK MANAGEMENT continued

CREDIT RISK continued

Assessment of credit risk continued

Financial institutions' credit rating by exposure (Source: Fitch Ratings and Global Credit Ratings)

SA rand 2017	SA rand 2018	*Figures in million*	US dollar 2018	US dollar 2017
		Restricted investments (environmental trusts)		
1 129	**1 498**	AA+	**109**	86
1 181	**1 740**	AA	**126**	90
311	**—**	AA-	**—**	24
2 621	**3 238**		**235**	200
		Derivative financial assets		
715	**130**	AA+	**9**	54
21	**354**	AA	**26**	2
1 111	**139**	AA-	**10**	85
1 847	**623**		**45**	141

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

In the ordinary course of business, the group receives cash from its operations and is required to fund working capital and capital expenditure requirements. Management prepares cash flow forecasts weekly and ensures that surplus funds are invested in a manner to achieve market-related returns and to provide sufficient liquidity at the minimum risk. The group maintains and refinances committed credit facilities as medium-term forecasts require. The audit and risk committee reviews the updated forecasts quarterly. The group is able to actively source financing at competitive rates. Where necessary, funds will be drawn from its revolving credit facilities (refer to note 29).

The following are the contractual maturities of financial liabilities (including principal and interest payments assuming the closing R/US$ exchange rate and interest rate at year end):

SA rand More than 1 year	SA rand Current	*Figures in million*	US dollar Current	US dollar More than 1 year
		2018		
1	**—**	Other non-current liabilities	**—**	**—**
—	**769**	Trade and other payables (excluding non-financial liabilities)	**56**	**—**
95	**124**	Derivative financial liabilities	**9**	**7**
		Borrowings		
—	**702**	Due between 0 to six months	**51**	**—**
—	**—**	Due between six to 12 months	**—**	**—**
584	**—**	Due between one to two years	**—**	**42**
5 002	**—**	Due between two to five years	**—**	**362**
5 682	**1 595**		**116**	**411**

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the years ended 30 June 2018

4 FINANCIAL RISK MANAGEMENT continued

LIQUIDITY RISK continued

SA rand			US dollar	
More than 1 year	Current	*Figures in million*	Current	More than 1 year
		2017		
13	—	Other non-current liabilities	—	1
—	610	Trade and other payables (excluding non-financial liabilities)	47	—
		Borrowings		
—	55	Due between 0 to six months	4	—
—	1 864	Due between six to 12 months	142	—
31	—	Due between one to two years	—	2
321	—	Due between two to five years	—	24
365	2 529		193	27

CAPITAL RISK MANAGEMENT

The primary objective of managing the group's capital is to ensure that there is sufficient capital available to support the funding requirements of the group, in a way that optimises the cost of capital and matches the current strategic business plan.

The group manages and makes adjustments to the capital structure, which consists of debt and equity, as and when borrowings mature or when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof. In doing so, the group ensures it stays within the debt covenants agreed with lenders. The group may also sell assets to reduce debt or schedule projects to manage the capital structure.

During the 2018 financial year the level of gearing increased due to the funding required for the acquisition of the Moab Khotsong operations (refer to note 14). Notwithstanding, the group continues to follow a conservative approach to debt and prefers to maintain low levels of gearing. Net debt is as follows:

SA rand			US dollar	
2017	**2018**	*Figures in million*	**2018**	2017
1 246	**706**	Cash and cash equivalents	**51**	95
(2 133)	**(5 614)**	Borrowings	**(407)**	(163)
(887)	**(4 908)**	**Net debt**	**(356)**	(68)

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 for identical assets;
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from other prices);
Level 3: Inputs for the asset that are not based on observable market data (that is, unobservable inputs).

4 FINANCIAL RISK MANAGEMENT continued

FAIR VALUE DETERMINATION FOR FINANCIAL ASSETS AND LIABILITIES continued

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

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

Figures in million (US dollar)	Fair value hierarchy level	At 30 June 2018	At 30 June 2017
Available-for-sale financial assets			
Investment in financial assets[1]		**1**	—
Fair value through profit and loss financial assets and liabilities			
Restricted investments[2]	**Level 2**	**66**	64
Derivative financial instruments[3]		**29**	141
Forex hedging contracts	**Level 2**	**(10)**	34
Rand gold hedging contracts	**Level 2**	**33**	105
Commodities hedging contracts	**Level 2**	**6**	2

[1] Level 3 fair values have been valued by the directors by performing independent valuations on an annual basis.
[2] The majority of the level 2 fair values are directly derived from the Top 40 index on the JSE, and are discounted at market interest rate. This relates to equity-linked deposits in the group's environmental rehabilitation trust funds. The balance of the environmental trust funds are held to maturity and therefore not disclosed here.
[3] The fair value measurements are derived as follows:

Forex hedging contracts

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

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

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

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

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

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

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

5 REVENUE

ACCOUNTING POLICY

The group has determined that gold is its primary product and other metals produced as part of the extraction process are considered to be by-products of gold. Revenue arising from metal sales is only recognised when the significant risks and rewards of ownership have been transferred, neither continuing managerial involvement nor effective control over the metals sold has been retained, the amount of revenue and costs incurred can be measured reliably and it is probable that the economic benefits associated with the sale will flow to the group. These conditions are satisfied when the gold has been delivered in terms of the contract and the sales price fixed, as evidenced by the certificate of sale issued by the refinery. The sales price for the majority of the group's gold is based on the gold spot price according to the afternoon London Bullion Market fixing price for gold on the date the sale is concluded.

Revenues from by-product sales such as silver and uranium are credited to production costs as a by-product credit.

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

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

[1] Relates to the realised effective portion of the Rand gold hedge. Refer to note 20 for further information.

6 COST OF SALES

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

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

Production costs for 2018 include R1.0 billion (US$78.6 million) related to the Moab Khotsong operations. Production costs related to Hidden Valley were R1.1 billion (US$78.5 million) lower than the comparative period due to the capitalisation of costs during the plant upgrade and the development of the stage 5 and 6 cut back. Refer to note 15 for further information.

6 COST OF SALES continued

(a) Production costs continued
Production costs, analysed by nature, consist of the following:

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
9 006	**9 750**	Labour costs, including contractors[1]	**759**	662
3 614	**3 418**	Consumables	**266**	266
2 316	**2 551**	Water and electricity	**199**	170
91	**86**	Insurance	**7**	7
177	**121**	Transportation	**9**	13
370	**(211)**	Change in inventory[2]	**(16)**	27
(1 321)	**(1 552)**	Capitalisation of mine development costs	**(121)**	(97)
(77)	**(167)**	Stripping activities[3]	**(13)**	(6)
(230)	**(93)**	By-product sales	**(7)**	(17)
211	**121**	Royalty expense	**9**	16
655	**967**	Other	**75**	48
14 812	**14 991**	**Total production costs**	**1 167**	1 089

[1] Labour costs increased as a result of the acquisition of the Moab Khotsong operations, annual increases and bonuses.
[2] Change in inventory decreased as the physical gold stock increased mainly due to the acquisition of Moab Khotsong. The change in 2017 relates primarily to the effect of treating the run-of-mine stockpiles at Hidden Valley when the mining of stage 4 concluded.
[3] Stripping activities increased as a result of increased development at Hidden Valley.

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

(c) For the assumptions used to calculate the rehabilitation costs, refer to note 26. This expense includes the change in estimate for the rehabilitation provision where an asset no longer exists as well as costs related to the rehabilitation process. For 2018, R94 million (US$7.3 million) (2017: R96 million (US$7.1 million)) was spent on rehabilitation in South Africa.

(d) The employment termination and restructuring costs in 2018 relates to a voluntary severance programme. The 2017 amount includes contractor fees for the optimisation of the Hidden Valley operation of R61 million (US$4.8 million).

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

(f) Impairment recognised during the year is an outcome of forecast cost inflation, a subdued forecast gold price and the resultant impact on margins. Lower resource values at Doornkop's Kimberley Reef and Target North further contributed to the impairment recognised. Refer to note 15 for further information. The impairment of assets consists of the following:

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

6 COST OF SALES continued

(f) Impairment continued

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

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

The recoverable amounts of the CGU's where impairments were recognised or reversed as at 30 June 2017 are as follows:

Operation	Impairment assessment	Recoverable amount	
Figures in million		SA rand	US dollar
Tshepong Operations	The impairment was mainly driven by the restriction on hoisting capacity at Phakisa along with the general pressure on margins.	7 780	595
Target 1	Information gained from the underground drilling during the year indicated that some areas of the bottom reef of the Dreyerskuil are highly channelised, which negatively impacted on the overall grade for the operation. These areas were subsequently excluded from the life-of-mine plan. This, together with the general pressure on margins, reduced the profitability of the operation over its life and contributed to the decrease in the recoverable amount.	1 996	153
Kusasalethu	The impairment was driven by a reduction in the additional attributable resource value as a result of a decrease in the ounces. The company investigated the viability of a decline to extend the life. The business case showed that the option was not feasible and therefore the resource ounces were reduced.	2 783	214

The recoverable amounts for these assets have been determined on a fair value less costs to sell basis using the assumptions per note 15 in discounted cash flow models and attributable resource values. These are fair value measurements classified as level 3.

During 2018, the resource multiples were reassessed in order to be reflective of current market conditions using multiples derived from past transactions with an adjustment for the gold price. The transactions were used to derive US$/oz multiples for resources. The resource per ounce values have decreased substantially as a result of the low levels of merger and acquisition activity influencing the marketability of resource companies in South Africa, and more specifically gold mining companies.

7 GAINS ON DERIVATIVES

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

7 GAINS ON DERIVATIVES continued

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

[1] Relates primarily to the foreign exchange hedging contracts (refer to note 20).

8 OTHER OPERATING EXPENSES

SA rand 2017	SA rand 2018	Figures in million	US dollar 2018	US dollar 2017
(42)	**(2)**	Profit on sale of property, plant and equipment	**—**	(3)
74	**73**	Social investment expenditure	**6**	6
140	**1**	Loss on scrapping of property, plant and equipment (refer to note 15)	**—**	10
(194)	**682**	Foreign exchange translation (gain)/loss (a)	**53**	(14)
917	**(68)**	Silicosis settlement provision/(reversal of provision) (b)	**(5)**	70
13	**(43)**	Provision/(reversal of provision) for ARM BEE loan (c)	**(3)**	1
(22)	**24**	Other (income)/expenses - net	**2**	(2)
886	**667**	**Total other operating expenses**	**53**	68

(a) The majority of the foreign exchange gains and losses relates to the US$ borrowings. Refer to note 29 for more details.

(b) Refer to note 27 for details on the movement in the silicosis settlement provision

(c) The provision was reversed following an increase in African Rainbow Minerals Limited's (ARM) share price and dividends paid in the period between July 2017 and June 2018, which form part of the recoverability test at 30 June 2018. Refer to note 19 for further details on the ARM BEE loan.

9 OPERATING LOSS

The following have been included in operating loss:

SA rand 2017	SA rand 2018	Figures in million	US dollar 2018	US dollar 2017
		Auditor's remuneration		
		Made up as follows:		
		External		
23	**34**	Fees - current year	**3**	2
1	**1**	Fees - other services	**—**	—
24	**35**	**Total auditor's remuneration**	**3**	2

10 INVESTMENT INCOME

ACCOUNTING POLICY

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

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

10 INVESTMENT INCOME continued

SA rand 2017	SA rand 2018	Figures in million	US dollar 2018	US dollar 2017
264	**272**	Interest income	**21**	20
7	**2**	Loans and receivables	**—**	1
154	**157**	Held-to-maturity investments	**12**	11
103	**110**	Cash and cash equivalents	**9**	8
—	**3**	South African Revenue Service (SARS)	**—**	—
4	**71**	Net gain on financial instruments[1]	**6**	—
268	**343**	**Total investment income**	**27**	20

[1] Relates to the environmental trust funds and the social trust fund. Refer to note 18.

11 FINANCE COSTS

ACCOUNTING POLICY

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

SA rand 2017	SA rand 2018	Figures in million	US dollar 2018	US dollar 2017
		Financial liabilities		
110	**227**	Borrowings	**18**	8
—	**1**	Other creditors and liabilities	**—**	—
110	**228**	Total finance costs from financial liabilities	**18**	8
		Non-financial liabilities		
16	**18**	Post-retirement benefits	**1**	1
—	**76**	Time value of money and component of silicosis provision	**6**	—
173	**191**	Time value of money and inflation component of rehabilitation costs	**15**	13
189	**285**	Total finance costs from non-financial liabilities	**22**	14
299	**513**	Total finance costs before interest capitalised	**40**	22
(65)	**(183)**	Interest capitalised (a)	**(14)**	(5)
234	**330**	**Total finance costs**	**26**	17

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

	2018 %	2017 %
Capitalisation rate	**10.5%**	4%

The change in the rate from 2017 to 2018 is due to the effect of the foreign exchange translation loss in 2018 compared with a gain in 2017 on the calculation of the rate.

12 TAXATION

ACCOUNTING POLICY

Taxation is made up of current and deferred taxation. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the group operates and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which the temporary differences are expected to reverse. At the group's South African operations, such average tax rates are directly impacted by the profitability of the relevant mine. The deferred tax rate is therefore based on the current estimate of future profitability of an operation when temporary differences will reverse, based on tax rates and tax laws that have been enacted at the balance sheet date. The future profitability of each mine, in turn, is determined by reference to the LoM plan for that operation. The LoM plan is influenced by factors as disclosed in note 15, which may differ from one year to the next and normally result in the deferred tax rate changing from one year to the next.

12 TAXATION continued

The taxation credit for the year is as follows:

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

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

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

(b) Non-mining taxable income of mining companies and the taxable income for non-mining companies are taxed at the statutory corporate rate of 28% (2017: 28%).The expense relates to non-mining tax arising from derivative gains (realised and unrealised) recognised on the foreign currency derivatives as well as the realised gains on the gold forward sale contracts. Refer to note 5 and 7 for details on the group's derivative gains recorded.

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

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

(d) Mining and non-mining income of Australian entities and PNG operation are taxed at a standard rate of 30% (2017: 30%).

12 TAXATION continued

INCOME AND MINING TAX RATES

The tax rate remains unchanged for the 2017 and 2018 years.

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

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
50	1 600	Tax on net loss at the mining statutory tax rate	115	6
(77)	(513)	Non-allowable deductions	(30)	(6)
288	—	Gain on bargain purchase	—	21
(104)	(104)	Share-based payments	(8)	(8)
(87)	(219)	Impairment of assets	(17)	(6)
(50)	(74)	Exploration expenditure	(5)	(4)
(37)	(54)	Finance costs	(4)	(3)
(87)	(62)	Other	4	(6)
143	(431)	Difference between effective mining tax rate and statutory mining rate on mining income	(34)	10
55	35	Difference between non-mining tax rate and statutory mining rate on non-mining income	3	4
(126)	(692)	Effect on temporary differences due to changes in effective tax rates[1]	(54)	(10)
7	—	Prior year adjustment	—	—
588	659	Capital allowances, sale of business and other rate differences[2]	51	43
(130)	(424)	Deferred tax asset not recognised[3]	(33)	(10)
510	234	**Income and mining taxation**	18	37
347	5	**Effective income and mining tax rate (%)**	5	185

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

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

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

DEFERRED TAX

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

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
(419)	(388)	Deferred tax assets	(29)	(32)
(199)	(239)	Deferred tax asset to be recovered after more than 12 months	(18)	(15)
(220)	(149)	Deferred tax asset to be recovered within 12 months	(11)	(17)
2 121	1 535	Deferred tax liabilities	112	162
1 772	1 387	Deferred tax liability to be recovered after more than 12 months	101	135
349	148	Deferred tax liability to be recovered within 12 months	11	27
1 702	1 147	**Net deferred tax liability**	83	130

12 TAXATION continued

DEFERRED TAX continued

Deferred tax liabilities and assets on the balance sheet as of 30 June 2018 and 30 June 2017 relate to the following:

SA rand 2017	SA rand 2018	*Figures in million*	US dollar 2018	US dollar 2017
2 121	**1 535**	Gross deferred tax liabilities	**112**	162
1 834	**1 442**	Amortisation and depreciation	**105**	140
285	**90**	Derivative assets	**7**	22
2	**3**	Other	**—**	—
(419)	**(388)**	Gross deferred tax assets	**(29)**	(32)
(127)	**(277)**	Unredeemed capital expenditure	**(20)**	(10)
(265)	**(104)**	Provisions, including non-current provisions	**(8)**	(20)
(27)	**(7)**	Tax losses	**(1)**	(2)
1 702	**1 147**	**Net deferred tax liability**	**83**	130

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

SA rand 2017	SA rand 2018	*Figures in million*	US dollar 2018	US dollar 2017
2 413	**1 702**	Balance at beginning of year	**130**	164
(998)	**(439)**	Credit per income statement	**(34)**	(73)
287	**(193)**	Tax directly charged to other comprehensive income	**(15)**	21
—	**77**	Moab Khotsong acquisition	**7**	—
—	**—**	Translation	**(5)**	18
1 702	**1 147**	**Balance at end of year**	**83**	130

SA rand 2017	SA rand 2018	*Figures in million*	US dollar 2018	US dollar 2017
		As at 30 June, the group had the following potential future tax deductions:		
34 164	**38 711**	Unredeemed capital expenditure available for utilisation against future mining taxable income[1]	**2 803**	2 606
4 951	**4 334**	Tax losses carried forward utilisable against mining taxable income[2]	**314**	378
570	**571**	Capital Gains Tax (CGT) losses available to be utilised against future CGT gains	**41**	43
11 580	**12 215**	As at 30 June, the group has not recognised the following deferred tax asset amounts relating to the above	**885**	883
		The unrecognised temporary differences are:		
31 845	**34 021**	Unredeemed capital expenditure[3]	**2 464**	2 429
4 317	**4 196**	Tax losses[2]	**304**	329
570	**571**	CGT losses[4]	**41**	43

[1] Includes Avgold R16 991 million (US$1 230.4 million) (2017: R15 100 million (US$1 151.6 million)), Randfontein R2 163 million (US$156.6 million) (2017: R2 059 million (US$157 million)), Moab Khotsong R2 091 million (US$151.4 million) and Hidden Valley R17 030 million (US$1 233.3 million) (2017: R16 745 million (US$1 277.1 million)). These have an unlimited carry-forward period.
[2] Relates mainly to Hidden Valley and the PNG exploration operations. These have an unlimited carry-forward period.
[3] Relates to Avgold and Hidden Valley.
[4] The CGT losses relate to the gross CGT losses available to be utilised against future CGT gains.

12 TAXATION continued

DIVIDEND TAX (DT)

The withholding tax on dividends remained unchanged at 20% in 2017 and 2018.

13 EARNINGS/(LOSS) PER SHARE

BASIC EARNINGS/(LOSS) PER SHARE

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

2017	2018		2018	2017
439 957	**500 252**	Ordinary shares in issue ('000)	**500 252**	439 957
(1 077)	**(54 304)**	Adjustment for weighted number of ordinary shares in issue ('000)	**(54 304)**	(1 077)
438 880	**445 948**	Weighted number of ordinary shares in issue ('000)	**445 948**	438 880
(437)	**(52)**	Treasury shares ('000)	**(52)**	(437)
438 443	**445 896**	Basic weighted average number of ordinary shares in issue ('000)	**445 896**	438 443

SA rand			US dollar	
2017	2018		2018	2017
362	**(4 473)**	Total net earnings/(loss) attributable to shareholders (millions)	**(321)**	17
82	**(1 003)**	Total basic earnings/(loss) per share (cents)	**(72)**	4

DILUTED EARNINGS/(LOSS) PER SHARE

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

2017	2018		2018	2017
438 443	**445 896**	Weighted average number of ordinary shares in issue ('000)	**445 896**	438 443
20 777	**19 423**	Potential ordinary shares[1] ('000)	**19 423**	20 777
459 220	**465 319**	Weighted average number of ordinary shares for diluted earnings per share[1] ('000)	**465 319**	459 220

SA rand			US dollar	
2017	2018		2018	2017
79	**(1 004)**	**Total diluted earnings/(loss) per share (cents)[2]**	**(72)**	4

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

[2] The dilution in 2018 is as a result of the potential reduction in earnings attributable to equity holders of the parent company as a result of the exercise of the Tswelopele Beneficiation Operation option - refer to note 34 for further information.

13 EARNINGS/(LOSS) PER SHARE continued

HEADLINE EARNINGS PER SHARE

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

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

[1] There is no taxation effect on these items.
[2] The inclusion of the share options as potential ordinary shares had a dilutive effect on the headline earnings per share and were therefore taken into account in the 2018 and 2017 calculation.

DIVIDENDS

ACCOUNTING POLICY

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

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

On 17 August 2017, the board declared a dividend of 35 SA cents (3 US cents) for the year ended 30 June 2017. R154 million (US$11.4 million) was paid on 16 October 2017. On 15 August 2016, the board declared a dividend of 50 SA cents (4 US cents) for the year ended 30 June 2016. R218 million (US$14.9 million) was paid on 19 September 2016. On 31 January 2017, the board declared an interim dividend of 50 SA cents (4 US cents). R221 million (US$17.5 million) was paid on 20 March 2017.

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

14 ACQUISITIONS AND BUSINESS COMBINATIONS

ACQUISITION OF THE MOAB KHOTSONG OPERATIONS

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

14 ACQUISITIONS AND BUSINESS COMBINATIONS continued

ACQUISITION OF THE MOAB KHOTSONG OPERATIONS continued

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

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

Consideration transferred

The cash consideration paid to acquire the Moab Khotsong operations amounted to R3 474 million (US$300.0 million).

Acquisition-related costs

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

Identifiable assets acquired and liabilities assumed

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

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

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

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
—	3 723	Property, plant and equipment	322	—
—	382	Environmental rehabilitation trust funds	33	—
—	72	Inventories	6	—
—	(77)	Deferred tax liabilities	(7)	—
—	(663)	Provision for environmental rehabilitation	(57)	—
—	(10)	Retirement benefit obligation	(1)	—
—	(37)	KOSH decant provision (Refer to note 30)	(3)	—
—	(140)	Leave liabilities	(12)	—
—	(48)	Other payables	(4)	—
—	**3 202**	**Fair value of net identifiable assets acquired**	**277**	—

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

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

The goodwill has been allocated to the Moab Khotsong operations. The goodwill is attributable mainly to the skills and technical talent of the Moab Khotsong operations' work force. None of the goodwill recognised is deductible for tax purposes.

14 ACQUISITIONS AND BUSINESS COMBINATIONS continued

ACQUISITION OF FULL OWNERSHIP OF HIDDEN VALLEY

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

The step-up transaction from joint control to control has been accounted for in terms of IFRS 3 *Business Combinations.*

Identifiable assets acquired and liabilities assumed

The fair values of the assets acquired and liabilities assumed are as follows:

	Previously held interest	Acquired interest[1]	Total (100%)
Figures in million		SA rand	
Fair value of identifiable net assets acquired			
Property, plant and equipment	636	636	1 272
Inventories (current)	491	491	982
Trade and other receivables (current)	22	19	41
Cash and cash equivalents	54	459	513
Provision for environmental rehabilitation	(483)	(483)	(966)
Trade and other payables (current)	(114)	(274)	(388)
	606	848	1 454
Less fair value of previously held interest[2]			(606)
Fair value of net identifiable assets acquired			**848**
Figures in million		US dollar	
Fair value of identifiable net assets acquired			
Property, plant and equipment	46	46	92
Inventories (current)	35	35	70
Trade and other receivables (current)	2	1	3
Cash and cash equivalents	4	33	37
Provision for environmental rehabilitation	(35)	(35)	(70)
Trade and other payables (current)	(8)	(20)	(28)
	44	60	104
Less fair value of previously held interest[2]			(44)
Fair value of net identifiable assets acquired			**60**

[1] Harmony acquired the legal entity which held Newcrest's interest in Hidden Valley. This subsidiary contained certain assets and liabilities which were different to those held by Harmony with respect to its interest in Hidden Valley.

[2] The fair value of the previously held interest equalled the carrying amount of the assets and liabilities recognised by Harmony relating to the previously held interest at the date of acquisition and no gain or loss was recognised with respect to the deemed disposal of the previously held interest.

14 ACQUISITIONS AND BUSINESS COMBINATIONS continued

ACQUISITION OF FULL OWNERSHIP OF HIDDEN VALLEY continued

As a result of the acquisition of Hidden Valley, a gain on bargain purchase was recognised as follows:

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
—	—	Consideration paid	—	—
848	—	Fair value of net identifiable assets acquired	—	60
848	—	**Gain on bargain purchase**	—	60

15 PROPERTY, PLANT AND EQUIPMENT

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
21 307	**24 235**	Mining assets (a)	**1 755**	1 625
3 104	**2 528**	Mining assets under construction (b)	**183**	237
5 428	**3 974**	Undeveloped properties (c)	**288**	414
205	**264**	Other non-mining assets (d)	**19**	16
30 044	**31 001**	**Total property, plant and equipment**	**2 245**	2 292

(a) Mining assets

ACCOUNTING POLICY

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

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

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

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

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

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

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

15 PROPERTY, PLANT AND EQUIPMENT continued

(a) Mining assets continued

ACCOUNTING POLICY continued

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15 PROPERTY, PLANT AND EQUIPMENT continued

(a) Mining assets continued

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – GOLD MINERAL RESERVES AND RESOURCES

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

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

Because the economic assumptions used to estimate the gold mineral reserves and resources change from year to year, and because additional geological data is generated during the course of operations, estimates of the mineral reserves and resources may change from year to year. Changes in the reserves and resources may affect the group's financial results and financial position in a number of ways, including:

- Asset carrying values may be affected due to changes in estimated cash flows;
- Scrapping of assets to be recorded in the income statement, following the derecognition of assets as no future economic benefit expected;
- Depreciation and amortisation charged in the income statement may change as they are calculated on the units-of-production method;
- Environmental provisions may change as the timing and/or cost of these activities may be affected by the change in mineral reserves; and
- Useful life and residual values may be affected by the change in mineral reserves.

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

SENSITIVITY ANALYSIS - GOLD MINERAL RESERVES AND RESOURCES EFFECT ON DEPRECIATION

The group includes certain inferred resources in the denominator and future development costs in the numerator when performing the depreciation calculation for certain of its operations, where proved and probable reserves alone do not provide a realistic indication of the useful life of mine (and related assets). During the periods presented, this related to Doornkop. Had the group only used proved and probable reserves in its calculations, depreciation for 2018 would have amounted to R2 753 million (US$214.2 million) (2017: R2 727 million (US$200.6 million)) compared with the reported totals of R2 570 million (US$200.0 million) (2017: R2 519 million (US$185.3 million)).

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – PRODUCTION START DATE

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

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – STRIPPING ACTIVITIES

The group capitalises stripping costs where they are considered to improve access to ore in future periods. Where the amount to be capitalised cannot be specifically identified, it is determined based on the volume of waste extracted compared with expected volume for the identified component of the orebody. This determination is dependent on an individual mine's design and life-of-mine plan and therefore changes to the design or life-of-mine plan will result in changes to these estimates. Identification of the components of a mine's orebody is made by reference to the life-of-mine plan. The assessment depends on a range of factors including each mine's specific operational features and materiality.

15 PROPERTY, PLANT AND EQUIPMENT continued

(a) Mining assets continued

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – IMPAIRMENT OF ASSETS

The recoverable amount of mining assets is generally determined utilising real discounted future cash flows. 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 and The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC), as well as resources where management has high confidence in the orebody and economical recovery of gold, based on historic and similar geological experience.

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

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

The post-tax real discount rate for Hidden Valley was 9.91% (2017: 11.92%) and the post-tax real discount rates for the South African operations ranged between 8.35% and 10.25% (2017: 8.98% and 11.81%), depending on the asset, were used to determine the recoverable amounts. Cash flows used in the impairment calculations are based on life-of-mine plans which exceed five years for the majority of the mines. Cash flows from potential projects, life-of-mine extensions and residual ounces can also be included in the impairment assessment where deemed appropriate. An additional risk premium is added to the post-tax real discount rates in these instances. Refer to note 6 for details of impairments recorded. The following is the attributable gold resource value assumption:

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

Should management's estimate of the future not reflect actual events, further impairments may be identified.

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

15 PROPERTY, PLANT AND EQUIPMENT continued

(a) Mining assets continued

SENSITIVITY ANALYSIS - IMPAIRMENT OF ASSETS

One of the most significant assumptions that influence the life-of-mine plans and therefore impairments, is the expected commodity prices. The sensitivity scenario of a 10% decrease or increase in the commodity price used in the discounted cash flow models and the resource values used (with all other variables held constant) would have resulted in the following impairment being recorded as at 30 June 2018 and 2017:

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

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

[1] The carrying amounts of these CGU's 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.

15 PROPERTY, PLANT AND EQUIPMENT continued

(a) Mining assets continued

The movement in the mining assets balance is as follows:

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
		Cost		
46 932	**40 570**	Balance at beginning of year	**3 094**	3 189
(4 012)	**—**	Fully depreciated assets no longer in use derecognised	**—**	(295)
2 146	**2 546**	Additions[1]	**198**	158
(4 594)	**—**	Deemed disposal of 50% of Hidden Valley	**—**	(332)
1 056	**—**	Acquisition of 100% of Hidden Valley	**—**	76
—	**3 586**	Acquisition of Moab Khotsong	**310**	—
(9)	**(68)**	Disposals	**(5)**	(1)
(301)	**(2)**	Scrapping of assets	**—**	(23)
(9)	**(175)**	Adjustment to rehabilitation asset	**(13)**	(1)
283	**3 117**	Transfers and other movements	**243**	21
(922)	**199**	Translation	**(223)**	302
40 570	**49 773**	**Balance at end of year**	**3 604**	3 094
		Accumulated depreciation and impairments		
24 251	**19 263**	Balance at beginning of year	**1 469**	1 648
(4 012)	**—**	Fully depreciated assets no longer in use derecognised	**—**	(295)
1 463	**3 460**	Impairment of assets	**251**	112
(4 066)	**—**	Deemed disposal of 50% of Hidden Valley	**—**	(294)
(8)	**(67)**	Disposals	**(5)**	(1)
(161)	**(1)**	Scrapping of assets	**—**	(12)
2 545	**2 789**	Depreciation	**217**	187
(749)	**94**	Translation	**(83)**	124
19 263	**25 538**	**Balance at end of year**	**1 849**	1 469
21 307	**24 235**	**Net carrying value**	**1 755**	1 625

[1] Included in additions for 2018 is an amount of R12 million (US$0.1 million) for capitalised depreciation associated with stripping activities at the Hidden Valley operations.

Acquisition and deemed disposal of assets

On 1 March 2018 the group acquired Moab Khotsong. Included in this acquisition was property, plant and equipment with a fair value of R3 723 million (US$321.5 million). Of the total acquisition costs, R 3 586 million (US$309.7 million) relates to mining assets and R137 million (US$11.8 million) relates to other non-mining assets respectively. Refer to note 14 for more information relating to the acquisition.

During 2017 the group obtained 100% ownership of Hidden Valley, acquiring property, plant and equipment with a fair value of R1 272 million (US$92.6 million). Of the total acquisition costs, R1 056 million (US$76.2 million) related to mining assets and R216 million (US$15.6 million) related to assets under construction respectively.

Loss on scrapping of property, plant and equipment

Losses arising from the de-recognition of property, plant and equipment no longer in use amounted to R1 million (US$0.1 million) (2017: R140 million (US$10.3 million)). No future economic benefits are expected from the use or disposal of these assets.

Stripping activities

Included in the balance for mining assets is an amount of R261 million (US$18.9 million) (2017: R98 million (US$7.2 million)) for stripping activities. The movement for 2018 relates to Kalgold and Hidden Valley. Depreciation of R4 million (US$0.3 million) (2017: R5 million (US$0.4 million)) was recorded for these activities.

15 PROPERTY, PLANT AND EQUIPMENT continued

(a) Mining assets continued

Transfer of assets

Transfer of assets relates to assets under construction transferred to mining assets. On 1 June 2018 commercial levels of production were achieved at Hidden Valley following the plant upgrade and the development of stage 5 and 6 cut back and as a result an amount of R2 707 million (US$213.6 million) was transferred. The remaining transfer of R410 million (US$29.4 million) relates to Tshepong Operations following the completion of a major project.

(b) Mining assets under construction

ACCOUNTING POLICY

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

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

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

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

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

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

SA rand			US dollar	
2017	**2018**	*Figures in million*	**2018**	2017
		Cost		
1 579	**3 104**	Balance at beginning of year	**237**	107
1 651	**1 988**	Additions[1]	**155**	121
101	**312**	Depreciation capitalised[2]	**24**	7
(108)	**—**	Deemed disposal of 50% of Hidden Valley	**—**	(8)
216	**—**	Acquisition of 100% of Hidden Valley	**—**	16
65	**183**	Finance costs capitalised[3]	**14**	5
(274)	**(3 123)**	Transfers and other movements	**(243)**	(20)
(126)	**64**	Translation	**(4)**	9
3 104	**2 528**	**Balance at end of year**	**183**	237

[1] For 2018 pre-production revenue of R1 288 million (2017: Rnil) (US$100.2 million (2017: US$nil)) relating to Hidden Valley was credited against additions.
[2] Relates primarily to Hidden Valley.
[3] Refer to note 11 for further detail on the capitalisation rate applied.

Refer to mining assets above for information relating to the acquisition of assets under construction.

15 PROPERTY, PLANT AND EQUIPMENT continued

(c) Undeveloped properties

ACCOUNTING POLICY

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

The movement in the undeveloped properties balance is as follows:

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
		Cost		
5 468	**5 442**	Balance at beginning of year	**415**	372
(26)	**4**	Translation	**(21)**	43
5 442	**5 446**	**Balance at end of year**	**394**	415
		Accumulated depreciation and impairments		
15	**14**	Balance at beginning of year	**1**	1
—	**1 458**	Impairment[1]	**105**	—
(1)	**—**	Translation	**—**	—
14	**1 472**	**Balance at the end of year**	**106**	1
5 428	**3 974**	**Net carrying value**	**288**	414

[1] The impairment relates to Target North.

(d) Other non-mining assets

ACCOUNTING POLICY

Land is shown at cost and not depreciated. Other non-mining fixed assets are shown at cost less accumulated depreciation and accumulated impairment losses.

Other non-mining fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:
- Vehicles at 20% per year.
- Computer equipment at 33.3% per year.
- Furniture and equipment at 16.67% per year.

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

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

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
		Cost		
421	**441**	Balance at beginning of year	**34**	29
—	**137**	Acquisition of Moab Khotsong	**12**	—
(22)	**—**	Fully depreciated assets no longer in use derecognised	**—**	(1)
45	**37**	Additions	**3**	3
(1)	**(6)**	Transfers and other movements	**(1)**	—
(2)	**—**	Translation	**(4)**	3
441	**609**	**Balance at end of year**	**44**	34

15 PROPERTY, PLANT AND EQUIPMENT continued

(d) Other non-mining assets continued

The movement in the non-mining assets balance continued

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
		Accumulated depreciation and impairments		
215	**236**	Balance at beginning of year	**18**	15
(22)	**—**	Fully depreciated assets no longer in use derecognised	**—**	(1)
44	**56**	Depreciation	**4**	3
—	**51**	Impairment	**4**	—
1	**—**	Transfers and other movements	**—**	—
(2)	**2**	Translation	**(1)**	1
236	**345**	**Balance at end of year**	**25**	18
205	**264**	**Net carrying value**	**19**	16

16 INTANGIBLE ASSETS

ACCOUNTING POLICY

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

Goodwill

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

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

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

Technology-based assets

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

- Computer software at 20% per year.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS - IMPAIRMENT OF GOODWILL

Due to the wasting nature of mining assets and the finite life of a mine's reserves, the allocation of goodwill to a shaft will eventually result in an impairment charge for the goodwill. The group tests annually whether separately identifiable goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.5. These calculations use estimates as per note 15.

16 INTANGIBLE ASSETS continued

SA rand			US Dollar	
2017	2018	*Figures in million*	2018	2017
591	**496**	Goodwill (a)	**36**	45
12	**19**	Technology-based assets (b)	**1**	1
603	**515**	**Total**	**37**	46

(a) Goodwill

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
		Cost		
2 373	**2 373**	Balance at beginning of year	**181**	161
—	**272**	Acquisition of Moab Khotsong	**23**	—
—	**—**	Translation	**(12)**	20
2 373	**2 645**	**Balance at end of year**	**192**	181
		Accumulated amortisation and impairments		
1 527	**1 782**	Balance at beginning of year	**136**	104
255	**367**	Impairment[1]	**27**	19
—	**—**	Translation	**(7)**	13
1 782	**2 149**	**Balance at end of year**	**156**	136
591	**496**	**Net carrying value**	**36**	45
		The net carrying value of goodwill has been allocated to the following cash generating units:		
224	**224**	Bambanani	**16**	17
—	**272**	Moab Khotsong	**20**	—
326	**—**	Tshepong Operations[1]	**—**	25
41	**—**	Joel[1]	**—**	3
591	**496**	**Net carrying value**	**36**	45

[1] In 2018 goodwill impairment of R326 million (US$23.6 million) (2017: R255 million (US$19.4 million)) was recorded for the Tshepong Operations and goodwill impairment of R41 million (US$3.0 million) (2017: Rnil (US$nil)) was recorded for Joel as the carrying values exceeded the recoverable values of the related cash generating units. Refer to note 6 for further details on the impairment assessment.

(b) Technology-based assets

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
		Cost		
197	**33**	Balance at beginning of year	**3**	13
(164)	**—**	Fully depreciated assets no longer in use derecognised	**—**	(11)
—	**6**	Transfers and other movements	**—**	—
—	**9**	Additions	**1**	—
—	**—**	Translation	**(1)**	1
33	**48**	**Balance at end of year**	**3**	3

16 INTANGIBLE ASSETS continued

(b) Technology-based assets continued

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
		Accumulated amortisation and impairments		
173	**21**	Balance at beginning of year	**2**	11
(164)	**—**	Fully depreciated assets no longer in use derecognised	**—**	(11)
12	**8**	Amortisation charge	**1**	1
—	**—**	Translation	**(1)**	1
21	**29**	**Balance at end of year**	**2**	2
12	**19**	**Net carrying value**	**1**	1

ACCOUNTING POLICY - FINANCIAL ASSETS (APPLICABLE TO NOTES 17, 18, 19 AND 20)

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

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

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

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

The group classifies financials assets as follows:

- **Loans and receivables** are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are subsequently measured at amortised cost using the effective interest method. Loans and receivables include trade and other receivables (excluding VAT and prepayments), restricted cash and cash and cash equivalents.
    - **Cash and cash equivalents** are defined as cash on hand, deposits held at call with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents exclude restricted cash.
    - **Trade and other receivables** are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection of the trade receivable is expected in one year or less it is classified as current assets. If not, it is presented as non-current assets. A provision for impairment of receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of a provision for impairment (allowance account) and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

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

ACCOUNTING POLICY - FINANCIAL ASSETS (APPLICABLE TO NOTES 17, 18, 19 AND 20) continued

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

  A portion of restricted investments held by the trust funds (refer to note 18) are classified as held-to-maturity investments.

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

17 RESTRICTED CASH

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
64	**77**	Non-current (a)	**6**	5
18	**38**	Current (b)	**3**	1
82	**115**	**Total restricted cash**	**9**	6

(a) The amount primarily relates to funds set aside to serve as collateral against guarantees made to the Department of Mineral Resources (DMR) in South Africa for environmental and rehabilitation obligations. Refer to note 26. The funds are invested equally in short term money market funds and call accounts.

(b) Cash of R19 million (US$1.4 million) relates to monies released from the environmental trusts as approved by the DMR which may only be used for further rehabilitation.

18 RESTRICTED INVESTMENTS

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
2 621	**3 238**	Investments held by environmental trust funds (a)	**235**	200
37	**33**	Investments held by social trust funds (b)	**2**	3
2 658	**3 271**	**Total restricted investments**	**237**	203

(a) Environmental trust funds

ACCOUNTING POLICY

Contributions are made to the group's environmental trust funds, created in accordance with statutory requirements, to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the life of the group's mines. The trusts are consolidated into the group as the group exercises control of the trusts. The measurement of the investments held by the trust funds is dependent on their classification under financial assets. Income received and gains are treated in accordance with these classifications.

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

18 RESTRICTED INVESTMENTS continued

(a) Environmental trust funds continued

The environmental trust funds consist of:

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
1 787	**2 335**	Held-to-maturity financial assets	**169**	137
32	**23**	Cash and cash equivalents (loans and receivables)	**2**	2
802	**880**	Fair value through profit or loss financial assets	**64**	61
2 621	**3 238**	**Total environmental trust funds**	**235**	200

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

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
2 454	**2 621**	Balance at beginning of year	**200**	167
154	**157**	Interest income	**12**	11
5	**79**	Fair value gain	**6**	—
—	**382**	Acquisition of Moab Khotsong[1]	**33**	—
200	**—**	Equity-linked deposits acquired	**—**	15
(220)	**6**	(Maturity)/acquisition of held-to-maturity investments	**—**	(16)
28	**(7)**	Net acquisition/(disposal) of cash and cash equivalents	**(1)**	2
—	**—**	Translation	**(15)**	21
2 621	**3 238**	**Balance at end of year**	**235**	200

[1] Refer to note 14 for further information. The amount includes R58 million (US$5.0 million) relating to Nufcor SA. Upon receipt the funds were invested into held-to-maturity financial assets.

(b) The social trust fund

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

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

19 TRADE AND OTHER RECEIVABLES

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
		Non-current assets		
		Financial assets		
116	**116**	Loans to associates (b)	**8**	9
229	**256**	Loan to ARM BBEE Trust (c)	**19**	17
2	**—**	Other loans receivable	**—**	—
(162)	**(119)**	Provision for impairment (b) (c)	**(9)**	(12)
185	**253**	**Total non-current trade and other receivables**	**18**	14

19 TRADE AND OTHER RECEIVABLES continued

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
		Current assets		
		Financial assets		
359	**542**	Trade receivables (gold)	**39**	27
112	**123**	Other trade receivables	**9**	9
(51)	**(60)**	Provision for impairment	**(4)**	(4)
420	**605**	Trade receivables - net	**44**	32
84	**7**	Interest and other receivables (a)	**—**	6
13	**14**	Employee receivables	**1**	1
		Non-financial assets		
73	**76**	Prepayments	**6**	6
398	**316**	Value added tax	**23**	30
15	**121**	Income and mining taxes	**9**	1
1 003	**1 139**	**Total current trade and other receivables**	**83**	76

(a) No impairment allowance is necessary in respect of any balances included in interest and other receivables as all amounts are classified as fully performing.

(b) The balance in 2018 comprises R116 million (US8.4 million) (2017: R116 million (US8.8 million)) owed by Pamodzi Gold Limited (Pamodzi). Pamodzi was placed into liquidation during 2009 and the loan was provided in full. Harmony is a concurrent creditor in the Pamodzi Orkney liquidation.

(c) During 2016, Harmony advanced R200 million (US$13.5 million) to the ARM BBEE Trust, shareholder of African Rainbow Minerals Limited (ARM). The trust is controlled and consolidated by ARM, who holds 12.7% of Harmony's shares. Harmony is a trustee of the ARM BBEE Trust. The loan is subordinated and unsecured. The interest is market related (3 month JIBAR plus 4.5%) and is receivable on the maturity of the loan on 31 December 2022. During the year, the loan was tested for impairment and a reversal of R43 million (US$3.2 million) was recognised following an increase in the ARM share price, compared to a provision of R13 million (US$1.0 million) recorded in June 2017. The recoverable amount of R256 million (US$18.5 million) (2017: R183 million (US$14.0 million)) was calculated using a discounted cash flow model. The cash flows in the model includes projected interest payments and projected ARM share price on the expected repayment date.

The movement in the provision for impairment of current trade receivables during the year was as follows:

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
36	**51**	Balance at beginning of year	**4**	2
16	**11**	Impairment loss recognised	**1**	1
(1)	**(2)**	Reversal of impairment loss	**—**	—
—	**—**	Translation	**(1)**	1
51	**60**	**Balance at end of year**	**4**	4

The movement in the provision of non-current loans receivable during the year was as follows:

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
189	**162**	Balance at beginning of year	**12**	13
(40)	**(43)**	Reversal of impairment loss	**(3)**	(3)
13	**—**	Impairment loss recognised	**—**	1
—	**—**	Translation	**—**	1
162	**119**	**Total provision of non-current loans receivable**	**9**	12

19 TRADE AND OTHER RECEIVABLES continued

The ageing of current trade receivables at the reporting date was:

SA rand			US dollar	
Impairment	Gross	*Figures in million*	Gross	Impairment
		30 June 2018		
16	**586**	Fully performing	**42**	**1**
—	**10**	Past due by 1 to 30 days	**1**	**—**
—	**21**	Past due by 31 to 60 days	**2**	**—**
5	**6**	Past due by 61 to 90 days	**—**	**—**
10	**10**	Past due by more than 90 days	**1**	**1**
29	**32**	Past due by more than 361 days	**2**	**2**
60	**665**		**48**	**4**
		30 June 2017		
—	399	Fully performing	31	—
—	19	Past due by 1 to 30 days	1	—
—	2	Past due by 31 to 60 days	—	—
11	11	Past due by 61 to 90 days	1	1
13	13	Past due by more than 90 days	1	1
27	27	Past due by more than 361 days	2	2
51	471		36	4

The ageing of non-current loans receivable at the reporting date was:

SA rand			US dollar	
Impairment	Gross	*Figures in million*	Gross	Impairment
		30 June 2018		
2	**260**	Fully performing	**19**	**1**
—	**—**	Past due by 1 to 30 days	**—**	**—**
—	**—**	Past due by 31 to 60 days	**—**	**—**
—	**—**	Past due by 61 to 90 days	**—**	**—**
116	**116**	Past due by more than 361 days	**8**	**8**
118	**376**		**27**	**9**
		30 June 2017		
46	231	Fully performing	17	3
—	—	Past due by 1 to 30 days	—	—
—	—	Past due by 31 to 60 days	—	—
—	—	Past due by 61 to 90 days	—	—
116	116	Past due by more than 361 days	9	9
162	347		26	12

The majority of fully performing trade receivables are indirectly associated with financial institutions of good credit quality. Provisions for the other loans and receivables have been raised following an assessment of their credit risk by management.

During 2017 and 2018 there was no renegotiation of the terms of any receivable.

As at 30 June 2018 and 30 June 2017, there was no collateral pledged or held for any of the receivables.

20 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial assets consist of the following:

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
		Financial assets		
306	**84**	**Non-current**	**6**	24
298	**70**	Rand gold hedging contracts - hedge accounted (a)	**5**	23
8	**11**	US$ commodity contracts (b)	**1**	1
—	**3**	Foreign exchange hedging contracts (c)	**—**	—
1 541	**539**	**Current**	**39**	117
1 080	**412**	Rand gold hedging contracts - hedge accounted (a)	**29**	82
12	**63**	US$ commodity contracts (b)	**5**	1
449	**64**	Foreign exchange hedging contracts (c)	**5**	34
1 847	**623**	**Total derivative financial assets**	**45**	141

Derivative financial liabilities consist of the following:

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

a) Harmony has entered into rand gold forward sale derivative contracts to hedge the risk of lower rand/gold prices. Cash flow hedge accounting is applied to the majority of these contracts, resulting in the effective portion of the unrealised gains and losses being recorded in other comprehensive income (other reserves - refer to note 25). During the year ended 30 June 2018, the contracts that matured realised a gain of R1 197 million (US$93.2 million) (2017: R744 million (US$54.7 million)), of which R1 197 million (US$93.2 million) (2017: R728 million (US$53.5 million)) has been included in revenue. There was no ineffective portion in the current year (2017: R16 million (US$1.2 million)). The unamortised portion of the day one gain or loss amounted to R11 million (US$0.9 million) at 30 June 2018 (2017: R34 million (US$2.6 million)). The loss from non-hedge accounted rand gold forward sale contracts included in gains on derivatives amounted to R12 million (US$0.9 million) (2017: Rnil (US$nil)).

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

c) Harmony maintains a foreign exchange hedging programme in the form of zero cost collars, which sets a floor and cap US$/Rand exchange rate at which to convert US dollars to Rands, and foreign exchange forward contracts. As hedge accounting is not applied, the resulting gains and losses have been recorded in gains on derivatives in the income statement (refer to note 7). These gains amounted to R113 million (US$8.8 million) (2017: R1 082 million (US$79.6 million)).

20 DERIVATIVE FINANCIAL INSTRUMENTS continued

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

	FY19				FY20				TOTAL
2018	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	
US$ZAR									
Zero cost collars									
US$m	**94**	**53**	**45**	**60**	**—**	**—**	**—**	**—**	**252**
Floor	**14.09**	**14.14**	**13.14**	**13.09**	**—**	**—**	**—**	**—**	**13.69**
Cap	**15.09**	**15.08**	**13.80**	**13.77**	**—**	**—**	**—**	**—**	**14.54**
Forward contracts									
$m	**8**	**59**	**69**	**65**	**18**	**18**	**18**	**18**	**273**
FEC	**13.55**	**13.50**	**13.63**	**13.76**	**14.59**	**14.76**	**14.94**	**15.12**	**13.95**
R/gold									
'000 oz	**54**	**51**	**53**	**41**	**43**	**34**	**15**	**9**	**300**
R'000/kg	**697**	**621**	**630**	**614**	**622**	**643**	**631**	**655**	**639**
US$/gold									
'000 oz	**24**	**24**	**20**	**18**	**6**	**4**	**—**	**—**	**96**
US$/oz	**1 288**	**1 291**	**1 335**	**1 338**	**1 370**	**1 400**	**—**	**—**	**1 318**
Total gold									
'000 oz	**78**	**75**	**73**	**59**	**49**	**38**	**15**	**9**	**396**
US$/silver									
'000 oz	**240**	**240**	**90**	**90**	**90**	**—**	**—**	**—**	**750**
Floor	**17.10**	**17.10**	**17.30**	**17.30**	**17.40**	**—**	**—**	**—**	**17.19**
Cap	**18.10**	**18.10**	**18.30**	**18.30**	**18.40**	**—**	**—**	**—**	**18.19**

Refer to note 4 for the details on the fair value measurements.

21 INVESTMENTS IN ASSOCIATES

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The investments in associates are evaluated for impairment by comparing the entire carrying value of the investment (including loans to associates and preference shares) to the recoverable amount, which is the higher of value in use or fair value less costs to sell.

Discounted cash flow models are used to calculate the net present value of the investments. The cash flows in the models include expected interest and capital payments on loans, dividends, redemption amounts and proceeds on disposal.

(a) Harmony acquired a 32.4% interest in Pamodzi on 27 February 2008, initially valued at US$46.5 million. Pamodzi was listed on the JSE and had interests in operating gold mines in South Africa. Pamodzi was placed in liquidation in March 2009. As at 30 June 2018, the liquidation process has not been concluded. Refer to note 19(b) or details of the loan and provision of impairment of the loan.

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

In December 2014, Rand Refinery drew down R1.02 billion (US$88.1 million) on an irrevocable subordinated shareholders' loan. Harmony's portion of the shareholders' loan was R120 million (US$10.4 million).

21 INVESTMENTS IN ASSOCIATES continued

(b) Rand Refinery continued

The original loan facility agreement allowed for any unpaid balance to be converted to equity after two years. An amended agreement was concluded on 5 June 2017, converting the loan to cumulative, redeemable preference shares of no par value. The fair value of the loan on conversion was R71 million (US$5.6 million), resulting in a loss of R15 million (US$1.2 million).

In 2018, the recoverable amount of the investment in Rand Refinery, after accounting for the current period share in profit, was calculated at R84 million (US$6.1 million) using a discount rate of 15.7%. This resulted in the recognition of an impairment of R16 million (US$1.2 million).

Rand Refinery has a 31 August year-end.

The net investment in Rand Refinery consists of:

SA rand			US dollar	
2017	**2018**	*Figures in million*	**2018**	2017
46	**84**	Investment in associate	**6**	4
—	**—**	Investment in ordinary shares[1]	**—**	—
46	**84**	Redeemable preference shares	**6**	4
46	**84**	**Net investments in associates**	**6**	4

[1] Carried at cost less accumulated impairment.

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

SA rand			US dollar	
2017	**2018**	*Figures in million*	**2018**	2017
—	**46**	Balance at beginning of year	**4**	—
71	**—**	Conversion to preference shares	**—**	6
(25)	**54**	Share of profit/(loss) in associate	**4**	(2)
—	**(16)**	Impairment loss	**(1)**	—
—	**—**	Translation	**(1)**	—
46	**84**	**Balance at end of year**	**6**	4

22 INVESTMENT IN JOINT OPERATIONS

MOROBE MINING JOINT VENTURES (MMJV) PARTNERSHIP AGREEMENT

The group has a 50% interest in the mining and exploration assets located in the Morobe province, PNG. Newcrest owns the remaining 50% interest in these assets. This partnership was formed during the 2009 financial year through a range of transactions and was completed by 30 June 2009. The assets included the Hidden Valley operation and the Wafi-Golpu project. During the 2017 year, Harmony purchased Newcrest's 50% interest in Hidden Valley. The key remaining asset in the joint arrangement is the Wafi-Golpu project. The joint arrangement is accounted for as a joint operation.

23 INVENTORIES

ACCOUNTING POLICY

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

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

23 INVENTORIES continued

ACCOUNTING POLICY continued

Gold in-process inventories represent materials that are currently in the process of being converted to a saleable product. In-process material is measured based on assays of the material fed to process and the projected recoveries at the respective plants.

In-process inventories are valued at the average cost of the material fed to process attributable to the source material coming from the mine or stockpile plus the in-process conversion costs, including the applicable depreciation relating to the process facility, incurred to that point in the process. Gold in-process includes gold in lock-up which is generally measured from the plants onwards.

Gold in lock-up is expected to be extracted when plants are demolished at the end of their useful lives, which is largely dependent on the estimated useful life of the operations feeding the plants.

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

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgement in applied in estimating the provision for stock obsolescence. The provision is recognised, on items not considered critical, as a percentage of the value of the inventory depending on the period elapsed since the inventory was purchased or issued. Inventory held for longer than 5 years is written down to zero unless there is sufficient evidence of a recoverable amount.

SA rand			US dollar	
2017	**2018**	*Figures in million*	**2018**	2017
38	**46**	Gold in lock-up	**3**	3
275	**620**	Gold in-process, ore stockpiles and bullion on hand[1]	**45**	21
852	**1 139**	Consumables at weighted average cost (net of provision)[2]	**82**	65
1 165	**1 805**	Total inventories	**130**	89
(38)	**(46)**	Non-current portion of gold in lock-up and gold in-process	**(3)**	(3)
1 127	**1 759**	**Total current portion of inventories**	**127**	86
		Included in the balance above is:		
203	**205**	Inventory valued at net realisable value	**15**	15

[1] The restoration of run-of-mine stockpiles at Hidden Valley was the main reason for the increase in ore stockpiles.
[2] The increase in consumables is mainly as a result of Hidden Valley and the Moab Khotsong acquisition. Refer to note 14 for more information.

During the year, an increase of R32 million (US$2.3 million) (2017: R37 million (US$2.8 million) to the provision for slow moving and redundant stock was made. The increase in 2018 and 2017 in the provision was primarily the result of additional redundant stock items identified in PNG and provided for. The total provision at 30 June 2018 was R282 million (US$20.4 million) (2017: R250 million (US$19.0 million)).

24 SHARE CAPITAL

ACCOUNTING POLICY

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

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

24 SHARE CAPITAL continued

AUTHORISED

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

ISSUED

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

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

Annexure B set out details in respect of the share option scheme and shares held in trust for the employees of the group.

SHARE ISSUES

Harmony conducted a placement of new ordinary shares to qualifying investors to raise up to R1.26 billion (US$100.0 million), which represented approximately 15 per cent of the group's existing issued ordinary share capital prior to the placement. The placement was conducted through an accelerated bookbuild. The net proceeds of the placement were to be used to pay down part of the outstanding bridge loan raised for the acquisition of the Moab Khotsong operations.

During June 2018, a total of 55 055 050 new ordinary shares were placed with existing and new institutional investors at a price of R19.12 per share, raising gross proceeds of R1 053 million (US$82.7 million). Costs directly attributable to the issue of the shares amounted to R49 million (US$3.7 million).

African Rainbow Minerals Limited (ARM) agreed to subscribe for an additional 11 032 623 shares at R19.12 a share to maintain its shareholding of 14.29% post the placement of shares, subject to Harmony shareholder approval. Refer to note 37 for details on events subsequent to year end.

An additional 5 239 502 (2017: 2 657 720) shares were issued relating to the exercise of share options by employees. Annexure B of this report and note 34 set out the details in respect of the share option scheme.

TREASURY SHARES

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

25 OTHER RESERVES

SA Rand			US dollar	
2017	**2018**	*Figures in million*	**2018**	2017
2 395	**2 439**	Foreign exchange translation reserve (a)	**(1 650)**	(1 528)
1 143	**413**	Hedge reserve (b)	**27**	84
2 160	**2 534**	Share-based payments (c)	**253**	224
(25)	**(12)**	Post-retirement benefit actuarial loss (d)	**(1)**	(2)
(381)	**(381)**	Acquisition of non-controlling interest in subsidiary (e)	**(57)**	(57)
277	**277**	Equity component of convertible bond (f)	**41**	41
(98)	**(98)**	Repurchase of equity interest (g)	**(13)**	(13)
(2)	**(3)**	Fair value movement of available-for-sale financial assets	**—**	—
(28)	**(24)**	Other	**(2)**	(4)
5 441	**5 145**	**Total other reserves**	**(1 402)**	(1 255)

(a) The balance of the foreign exchange translation reserve movement represents the cumulative translation effect of the group's off-shore operations. The US dollar amount includes the translation effect from rand to US dollar.

(b) Harmony entered into Rand gold hedging contracts. Cash flow hedge accounting is applied to these contracts, resulting in the effective portion of the unrealised gains and losses being recorded in other comprehensive income (other reserves). Refer to note 20 for further information. The reconciliation of the hedge reserve is as follows:

25 OTHER RESERVES continued

(b) Hedge reserve continued

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
—	**1 143**	Balance at beginning of year	**84**	—
1 739	**216**		**17**	128
2 172	**273**	Net gain on Rand gold contracts	**21**	160
(433)	**(57)**	Deferred tax thereon	**(4)**	(32)
(583)	**(946)**		**(74)**	(43)
(728)	**(1 197)**	Released to revenue	**(93)**	(54)
145	**251**	Deferred tax thereon	**19**	11
(13)	**—**		**—**	(1)
(16)	**—**	Released to gains on derivatives (hedge ineffectiveness)	**—**	(1)
3	**—**	Deferred tax thereon	**—**	—
1 143	**413**	**Balance at end of year**	**27**	84

(c) Share-based payments

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
1 789	**2 160**	Balance at beginning of year	**224**	197
371	**374**	Share-based payments expensed (i)	**29**	27
2 160	**2 534**	**Balance at end of year**	**253**	224

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

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

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
(22)	**(25)**	Balance at beginning of year	**(2)**	(2)
(2)	**14**	Actuarial loss	**1**	—
(1)	**(1)**	Deferred tax[1]	**—**	—
(25)	**(12)**	**Balance at end of year**	**(1)**	(2)

[1] The deferred tax movement includes the changes in the deferred tax rates on the opening balance.

(e) On 15 March 2004, Harmony announced that it had made an off-market cash offer to acquire all the ordinary shares, listed and unlisted options of Abelle Limited, held by non-controlling interests. The excess of the purchase price of R579 million (US$86.5 million) (A$123 million) over the carrying amount of non-controlling interest acquired, amounting to R381 million (US$57 million), has been accounted for under other reserves.

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

(g) On 19 March 2010, Harmony Gold Mining Company Limited concluded an agreement with African Vanguard Resources (Proprietary) Limited (AVRD), for the purchase of its 26% share of the mining titles of the Doornkop South Reef. The original sale of the 26% share in the mining titles was accounted for as an in-substance call option by AVRD over the 26% mineral right. The agreement to purchase AVRD's 26% interest during the 2010 financial year is therefore considered to be a repurchase of the option (equity interest). The 26% interest was transferred from AVRD to Harmony in exchange for Harmony repaying the AVRD Nedbank loan and the issue of 2 162 359 Harmony shares. The difference between the value of the shares issued of R152 million (US$20.5 million), the liability to the AVRD and transaction costs, have been taken directly to equity.

ACCOUNTING POLICY - PROVISIONS (APPLICABLE TO NOTES 26, 27, 28 AND 30)

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

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

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

26 PROVISION FOR ENVIRONMENTAL REHABILITATION

ACCOUNTING POLICY

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

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

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant judgement is applied in estimating the ultimate rehabilitation cost that will be required in future to rehabilitate the group's mines. Ultimate cost may significantly differ from current estimates.

The following rates were used in the calculation of the provision:

	2018	2017
	%	%
South African operations		
Inflation rate	**5.50**	6.50
Discount rates		
- 12 months	**6.70**	7.50
- one to five years	**7.00**	7.60
- six to nine years	**8.20**	8.40
- ten years or more	**8.60**	9.10
PNG		
Inflation rate	**6.00**	6.60
Discount rates	**6.25**	6.25

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

26 PROVISION FOR ENVIRONMENTAL REHABILITATION continued

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

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
		Provision raised for future rehabilitation		
2 183	**2 638**	Balance at beginning of year	**201**	148
(9)	**(175)**	Change in estimate - Balance sheet	**(13)**	(1)
(15)	**67**	Change in estimate - Income statement	**5**	(1)
(96)	**(94)**	Utilisation of provision	**(7)**	(7)
173	**191**	Time value of money and inflation component of rehabilitation costs	**15**	13
483	**663**	Acquisitions[1]	**57**	35
(81)	**19**	Translation	**(18)**	14
2 638	**3 309**	**Total provision for environmental rehabilitation**	**240**	201

[1] The 2018 acquisition relates to the Moab Khotsong operations (refer to note 14). The 2017 acquisition relates to Hidden Valley.

The provision for environmental rehabilitation for PNG amounts to R969 million (US$71.7 million) (2017: R969 million (US$73.9 million)) and is unfunded.

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

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
		Future net undiscounted obligation		
3 574	**4 338**	Ultimate estimated rehabilitation cost	**338**	273
(2 621)	**(3 238)**	Amounts invested in environmental trust funds (refer to note 18)	**(235)**	(200)
953	**1 100**	**Total future net undiscounted obligation**	**103**	73

With the introduction of the National Environmental Management Act (NEMA) Regulations on Financial Provisioning, effective from February 2020, there may be changes to the estimate of the liability and the way in which the group funds the obligation.

The group intends to finance the ultimate rehabilitation costs from the money invested in environmental trust funds as well as the proceeds on sale of assets and gold from plant clean-up at the time of mine closure. The group has guarantees in place, some cash-backed, relating to some of the environmental liabilities. Refer to notes 17 and 36.

27 PROVISION FOR SILICOSIS SETTLEMENT

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant judgement is applied in estimating the cost that will be required in future to settle any claims against the group's mines. The ultimate cost may differ from current estimates.

The provision amount was based on estimates of number of potential claimants, levels of disease progression and take-up rates. These estimates were informed by historic information, published academic research and professional opinion.

The key assumptions that were made in the determination of the provision amount include:
- Silicosis prevalence rates;
- Estimated settlement per claimant;
- Benefit take-up rates;
- Disease progression rates; and
- Timing of cash flows

A discount rate of 8.5% (2017:8.0%) was used, based on government bonds with similar terms to the obligation. There is uncertainty with regards to the rate at which potential claims would be reported as well as the benefit take-up rates. Refer to sensitivity analysis on the key assumptions below.

27 PROVISION FOR SILICOSIS SETTLEMENT continued

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

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

Management had estimated Harmony's provision towards the silicosis settlement at R925 million (US$67.0 million) (2017: R917 million (US$70.0 million)) as at 30 June 2018. Annual changes in the provision consist of time value of money (recognised as finance costs) and changes in estimates (other operating expenses). The change in estimate is a gain of R68 million (US$4.9 million) due to a change in the timing of expected cashflows. The contributions are expected to be settled by cash flows from the group's South African operations and will occur over a number of years. The nominal amount for Harmony group is R1.2 billion (US$86.3 million).

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

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

Sensitivity analysis

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

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

[1] Change in benefit take-up rate: the take-up rate does not affect the legal cost allocation, but a 10% change results in a proportionate change in the other values.
[2] Change in the silicosis prevalence: the assumptions that will result in a change in the estimated number of cases are either a 10% change in the assumed labour number or a 10% change in the disease risk.
[3] Change in disease progression rates: a one year shorter/longer disease progression period was used. This assumption is not applicable to the dependant or TB classes.

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

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

27 PROVISION FOR SILICOSIS SETTLEMENT continued

The ultimate outcome of these matters remains uncertain, with a possible failure to reach a settlement or to obtain the requisite court approval of the settlement. The provision recorded in the financial statements is consequently subject to adjustment or reversal in the future, depending on the progress of the working group discussions and stakeholder consultations, and the ongoing legal proceedings.

ii) Individual claims.
Harmony and one of its subsidiaries received a summons from Richard Spoor Attorneys on behalf of an employee. The plaintiff was claiming damages from Harmony and one of its subsidiaries, and another gold mining company. The plaintiff had alleged to have contracted silicosis with progressive massive fibrosis during the course of his employment. The action was subsequently withdrawn against Harmony and its subsidiaries.

28 RETIREMENT BENEFIT OBLIGATION

ACCOUNTING POLICY

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

An updated actuarial valuation is carried out at the end of each financial year. Assumptions used to determine the liability include a discount rate of 9.8%, no increases in employer subsidies (in terms of the agreement) and mortality rates according to the SA 1956/62 mortality table (retirement age of 65) and a medical inflation rate of 7.9% (2017: discount rate of 10.0%, retirement age of 60 and 8.0% inflation rate).

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

(a) Pension and provident funds

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

The Australian group companies make contributions to each employee's superannuation (pension) funds in accordance with the Superannuation Guarantee Scheme (SGS). The SGS is a Federal Government initiative enforced by law which compels employers to make regular payments to regulated funds providing for each employee on their retirement. The SGS were set at a minimum of 9.5% of gross salary and wages for the 2018 year (2017: 9.5%). The fund is a defined contribution plan.

The PNG Superannuation Act 2002 requires a compulsory employer contribution of 8.4% (2017: 8.4%) into an approved superannuation (pension) fund if an employee is appointed for a period of three months or more. The approved superannuation funds are defined contribution plans.

Substantially all the group's employees are covered by the above mentioned retirement benefit plans. Funds contributed by the group for the 2018 financial year amounted to R630 million (US$49.0 million) (2017: R551 million (US$40.6 million)).

(b) Post-retirement benefits other than pensions

Harmony inherited a post-retirement medical benefit obligation, which existed at the time of the Freegold acquisition in 2002. The group also inherited various post-retirement medical benefit obligations with the acquisition of the Moab Khotsong operations (refer to note 14). Given the materiality of these new obligations, the details have not been included in the discussion below. Except for the abovementioned employees, Harmony has no other post-retirement obligation for the other group employees.

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

28 RETIREMENT BENEFIT OBLIGATION continued

(b) Post-retirement benefits other than pensions continued

The liability is unfunded and will be settled out of cash and cash equivalents when it becomes due. The liability is based on an actuarial valuation conducted during the year ended 30 June 2018, using the projected unit credit method. The next actuarial valuation will be performed on 30 June 2019.

The principal actuarial assumptions used to determine the present value of unfunded obligations are discussed above. In addition the following was also considered:

- It is assumed that all Continuation and Widow Members (CAWMs) will remain on the current benefit option and income band. For employed members, post-employment contributions were assumed to be equal to the average payable for the current CAWMs membership;
- It is assumed that not all employed members will remain employed until retirement therefore estimated resignation and ill-health retirement rates are also taken into account;
- It is assumed that 90% of employed members will be married at retirement or earlier death and that wives are four years younger than their husbands. It is assumed that the only dependants will be spouses.

Through the post-employment medical plan, the group is exposed to a number of risks, the most significant of which are discussed below:

- **Change in bond yields:** A decrease in the bond yields will increase the plan liability.
- **Inflation risk:** The obligation is linked to inflation and higher inflation will lead to a higher liability.
- **Life expectancy:** The obligation is to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

The net actuarial gain for 2018 was mainly due to exits of employed and retired members being higher than expected (2017: net actuarial loss was mainly due to exists of employed and retired members being lower than expected and actual subsidy inflation being higher than assumed).

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
179	**186**	Present value of unfunded obligations	**13**	14
57	**62**	Current employees	**4**	5
122	**124**	Retired employees	**9**	9

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
		Movement in the liability recognised in the balance sheet		
169	**179**	Balance at beginning of year	**14**	11
(9)	**(10)**	Contributions paid	**(1)**	(1)
2	**2**	Other expenses included in staff costs/current service cost	**—**	—
16	**18**	Finance costs	**1**	1
1	**(13)**	Net actuarial (gain)/ loss recognised during the year[1]	**(1)**	—
—	**10**	Moab Khotsong acquisition (refer to note 14)	**1**	—
—	**—**	Translation	**(1)**	3
179	**186**	**Balance at end of year**	**13**	14

[1] The net actuarial (gain)/loss has been recorded in other comprehensive income.

28 RETIREMENT BENEFIT OBLIGATION continued

(b) Post-retirement benefits other than pensions continued

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
		The net liability of the defined benefit plan is as follows:		
179	**186**	Present value of defined benefit obligation	**13**	14
—	**—**	Fair value of plan assets	**—**	—
179	**186**	**Net liability of defined benefit plan**	**13**	14

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

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
		Effect of a 1% increase on:		
2	**2**	Aggregate of service cost and finance costs	**—**	—
22	**21**	Defined benefit obligation	**2**	2
		Effect of a 1% decrease on:		
(2)	**(2)**	Aggregate of service cost and finance costs	**—**	—
(18)	**(18)**	Defined benefit obligation	**(1)**	(1)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The analysis is performed on the same basis for 2017.

The group expects to contribute approximately R10.3 million (US$0.7 million) to the benefit plan in 2019.

The weighted average duration of the defined benefit obligation is 14 years.

ACCOUNTING POLICY - FINANCIAL LIABILITIES (APPLICABLE TO NOTES 29 AND 31)

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

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

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

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

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

29 BORROWINGS

FACILITIES

Nedbank Limited

The R1 billion (US$76.7 million) Nedbank revolving credit facility (RCF) was entered into on 20 February 2017.
R300 million (US$22.4 million) was repaid on the facility in September 2017. R500 million (US$40.2 million) was drawn down on the same facility in April 2018.

Interest accrues on a day-to-day basis over the term of the loan at a variable interest rate.

US dollar facilities

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

On 18 October 2017, Harmony concluded an agreement for a new 12-month bridge loan of US$200 million in order to partially fund the acquisition of the Moab Khotsong operations (refer to note 14). The facility was concluded with similar terms and covenants as the existing loan facilities. US$200 million (R2 310 million) was drawn down on the bridge loan in February 2018. US$50 million (R596 million) was repaid in April 2018 and a further US$100 million (R1 320 million) was repaid in June 2018. Refer to note 37 for details of events after the reporting date.

TERMS AND DEBT REPAYMENT SCHEDULE AT 30 JUNE 2018

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

DEBT COVENANTS

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

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

[1] Earnings before interest, taxes, depreciation and amortisation (EBITDA) as defined in the agreement excludes unusual items such as impairment and restructuring cost.
[2] Tangible Net Worth is defined as total equity less intangible assets.
[3] Leverage is defined as total net debt to EBITDA.

At the time of entering into the bridge loan the Tangible Net Worth to total net debt ration covenant was renegotiated and relaxed from 6 times to 4 times for the full term of the bridge loan. There were no breaches of the loan covenants for the 2018 and 2017 financial years.

29 BORROWINGS continued

INTEREST BEARING BORROWINGS

SA rand 2017	SA rand 2018	Figures in million	US dollar 2018	US dollar 2017
		Non-current borrowings		
299	**497**	Nedbank Limited (secured loan - R1.0 billion revolving credit facility)	**36**	23
—	**299**	Balance at beginning of year	**23**	—
300	**500**	Draw down	**41**	24
—	**(300)**	Repayments	**(24)**	—
2	**(2)**	Issue cost	**—**	—
(3)	**—**	Transferred to current liabilities	**—**	—
—	**—**	Translation	**(4)**	(1)
—	**—**	US$250 revolving credit facility (secured loan)	**—**	—
2 039	**—**	Balance at beginning of year	**—**	139
399	**—**	Draw down	**—**	30
(410)	**—**	Repayments	**—**	(30)
18	**—**	Amortisation of issue costs	**—**	1
(1 831)	**—**	Transferred to current liabilities	**—**	(140)
(215)	**—**	Translation	**—**	—
—	**4 427**	US$350 facility (secured loan)	**321**	—
—	**4 127**	Draw down	**325**	—
—	**(94)**	Issue cost	**(7)**	—
—	**33**	Amortisation of issue costs	**3**	—
—	**361**	Translation	**—**	—
299	**4 924**	**Total non-current borrowings**	**357**	23
		Current borrowings		
3	**3**	Nedbank Limited (secured loan - R1.0 billion revolving credit facility)	**—**	—
300	**3**	Balance at beginning of year	**—**	20
(300)	**—**	Repayments	**—**	(20)
3	**—**	Transferred from non-current liabilities	**—**	—
1 831	**—**	US$250 revolving credit facility (secured loan)	**—**	140
—	**1 831**	Balance at beginning of year	**140**	—
—	**(1 847)**	Repayments	**(140)**	—
—	**4**	Amortisation of issue costs	**—**	—
—	**12**	Translation	**—**	—
1 831	**—**	Transferred from non-current liabilities	**—**	140
—	**687**	US$200 bridge loan facility (secured loan)	**50**	—
—	**2 310**	Draw down	**200**	—
—	**(1 916)**	Repayments	**(150)**	—
—	**(3)**	Issue cost	**—**	—
—	**296**	Translation	**—**	—
1 834	**690**	**Total current borrowings**	**50**	140
2 133	**5 614**	**Total interest-bearing borrowings**	**407**	163

29 BORROWINGS continued

INTEREST BEARING BORROWINGS continued

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

EFFECTIVE INTEREST RATES

	2018 %	2017 %
Nedbank Limited - rand revolving credit facility	**10.2**	10.5
US$250 million revolving credit facility	**4.2**	3.9
US$350 million facility	**4.8**	—
US$200 million bridge loan	**4.5**	—

30 OTHER NON-CURRENT LIABILITIES

SA rand 2017	SA rand 2018	Figures in million	US dollar 2018	US dollar 2017
—	**37**	KOSH deep groundwater pollution liability (a)	**3**	—
13	**1**	Sibanye Beatrix ground swap royalty	**—**	1
—	**3**	Other	**—**	—
13	**41**	**Total non-current liabilities**	**3**	1

(a) KOSH deep groundwater pollution liability

Harmony purchased selected mining infrastructure in the Klerksdorp, Orkney, Stilfontein, Hartebeesfontein (KOSH) area from AngloGold Ashanti Limited (refer to note 14). During an assessment of the environmental liabilities associated with this purchase, a risk related to the potential decant and pollution of deep ground mine water from the re-watered underground workings was identified.

Due to the interconnected nature of mining operations, any proposed solution needs to be a combined one supported by all the mines located in these gold fields. As a result, the Mineral and Petroleum Resources Development Act (MPRDA) requires that the affected mining companies develop a Regional Mine Closure Strategy to be approved by the Department of Mineral Resources. Harmony has commissioned a detailed assessment of the mine void after closure to provide clarity on the locality and volume of water expected to decant after mine closure and the quality of the decant water. Simulations have shown that the potential impact from this decant is low and that it will not impact on any down-gradient receptors, including the Vaal River.

A contingent liability acquired in a business combination is recognised in the acquisition accounting if it is a present obligation and its fair value can be measured reliably. Based on Harmony's assessment, a liability of R37 million (US$3.2 million) has been raised as part of the liabilities assumed in the business combination.

31 TRADE AND OTHER PAYABLES

ACCOUNTING POLICY

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

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
		Financial liabilities		
521	**587**	Trade payables	**43**	40
89	**182**	Other liabilities (a)	**13**	7
		Non-financial liabilities		
372	**569**	Payroll accruals	**41**	28
395	**504**	Leave liabilities (b)	**38**	30
486	**577**	Shaft related accruals	**42**	37
92	**201**	Other accruals	**15**	7
54	**84**	Value added tax	**6**	4
1	**—**	Income and mining taxes	**—**	—
2 010	**2 704**	**Total current trade and other payables**	**198**	153

During the 2018 financial year, Harmony acquired Moab Khotsong operations. Refer to note 14 for details of the transaction and the balances taken on as a result.

(a) Other liabilities

Includes a loan from Village Main Reef Limited of R50 million (US$3.6 million). The loan was taken-on with the acquisition of the Moab Khotsong operations. The loan is unsecured, interest free and has no fixed terms of payment.

(b) Leave liabilities

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

SA rand			US dollar	
2017	**2018**	*Figures in million*	**2018**	2017
341	**395**	Balance at beginning of year	**30**	23
(401)	**(425)**	Benefits paid	**(31)**	(29)
425	**391**	Total expense per income statement	**29**	31
40	**140**	Acquisitions[1]	**12**	3
(10)	**3**	Translation (gain)/loss	**(2)**	2
395	**504**	**Balance at end of year**	**38**	30

[1] Acquisitions of Moab Khotsong operations in 2018 and Hidden Valley in 2017.

32 CASH GENERATED BY OPERATIONS

SA rand 2017	SA rand 2018	Figures in million	US dollar 2018	US dollar 2017
		Reconciliation of loss before taxation to cash generated by operations:		
(148)	**(4 707)**	Loss before taxation	**(339)**	(20)
		Adjustments for:		
2 519	**2 570**	Amortisation and depreciation	**200**	185
1 718	**5 336**	Impairment of assets	**386**	131
391	**363**	Share-based payments	**28**	29
(9)	**(10)**	Net decrease in provision for post-retirement benefits	**—**	(1)
(111)	**(27)**	Decrease in provision for environmental rehabilitation	**(2)**	(8)
(42)	**(2)**	Profit on sale of property, plant and equipment	**—**	(3)
140	**1**	Loss on scrapping of property, plant and equipment	**—**	10
22	**(38)**	(Profit)/loss from associates	**(3)**	1
(848)	**—**	Gain on bargain purchase	**—**	(60)
(268)	**(343)**	Investment income	**(27)**	(20)
234	**330**	Finance costs	**26**	17
422	**(211)**	Inventory adjustments	**(16)**	31
(224)	**668**	Foreign exchange translation difference	**52**	(16)
(100)	**549**	Non cash portion of gain on derivatives	**43**	(7)
94	**37**	Day one loss amortisation	**3**	6
917	**(68)**	Silicosis settlement provision	**(5)**	70
(88)	**(70)**	Other non-cash adjustments	**(2)**	(5)
		Effect of changes in operating working capital items		
(409)	**(106)**	Receivables	**(8)**	(30)
24	**(351)**	Inventories	**(31)**	2
112	**368**	Payables	**29**	8
4 346	**4 289**	**Cash generated by operations**	**334**	320

ADDITIONAL CASH FLOW INFORMATION

The income and mining taxes paid in the statement of cash flow represents actual cash paid less refunds received.

At 30 June 2018, R845 million (US$61.2 million) (2017: R2 142 million (US$163.4 million)) of borrowing facilities had not been drawn down and is therefore available for future operation activities and future capital commitments. Refer to note 29.

a) Acquisitions of investments/business

The conditions precedent for the acquisition of Moab Khotsong operations in 2018 and full ownership of Hidden Valley in 2017 were fulfilled and the transactions were completed in the respective years. Refer to note 14 for details on the acquired assets, including cash acquired and assumed liabilities.

b) Principal non-cash transactions

Share-based payments (refer to note 34).

33 EMPLOYEE BENEFITS

ACCOUNTING POLICY

- **Pension, provident and medical benefit plans** are funded through monthly contributions. The group pays fixed contributions into a separate entity in terms of the defined contribution pension, provident and medical plans which are charged to the income statement in the year to which they relate. The group's liability is limited to its monthly determined contributions and it has no further liability, legal or constructive, if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Refer to note 28 for details of the post-retirement medical benefit plan.

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

	2018	2017
Number of permanent employees as at 30 June:		
South African operations[1]	**32 520**	26 478
International operations[2]	**1 511**	1 403
Total number of permanent employees	**34 031**	27 881

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
		Aggregate earnings		
		The aggregate earnings of employees including directors were:		
7 657	**8 930**	Salaries and wages and other benefits	**695**	563
556	**638**	Retirement benefit costs	**49**	41
210	**227**	Medical aid contributions	**18**	15
8 423	**9 795**	**Total aggregated earnings[3]**	**762**	619

[1] Increase in 2018 due to the acquisition of the Moab Khotsong operations.
[2] The MMJV employees included in the total is 114 (2017: 103).
[3] These amounts have been included in cost of sales, corporate expenditure and capital expenditure.

Remuneration for directors and executive management is fully disclosed in Annexure B of this report.

During the 2018 financial year R216 million (US$16.8 million) (2017: R88 million (US$6.5 million) was included in the payroll costs for termination costs. Termination costs include the cost relating to the voluntary retrenchment and restructuring process as well as retrenchments due to shaft closures (refer to note 6).

34 SHARE-BASED PAYMENTS

ACCOUNTING POLICY

The group operates an equity-settled share-based payments plan where the group grants share options to certain employees in exchange for services received.

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

34 SHARE-BASED PAYMENTS continued

ACCOUNTING POLICY continued

The impact of the revision of original estimates, if any, is recognised in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. Cash-settled share-based payments are measured at fair value. The liability is remeasured at each balance sheet date until the date of settlement.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The fair value of options granted is being determined using either a binomial, Black-Scholes or a Monte Carlo valuation model. The significant inputs into the model are: vesting period, risk free interest rate, volatility, price on date of grant and dividend yield.

EMPLOYEE SHARE-BASED PAYMENTS

The group's 2012 employee share ownership plan (ESOP) ended in 2017. The plan was an equity-settled and cash settled employee ownership plan.

The group currently has the 2006 share plan that is active. The objective of the scheme is to recognise the contributions of employees to the group's financial position and performance and to retain key employees.

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

SA rand			US dollar	
2017	**2018**	*Figures in million*	**2018**	**2017**
11	—	2012 employee share ownership plan	—	1
380	**363**	2006 share plan	**28**	28
391	**363**	**Total employee share-based payments**	**28**	29

The directors are authorised to issue up to 60 011 669 ordinary shares to participants who have received awards in accordance with Harmony's employee share incentive schemes.

Subsequent to the annual general meeting held on 1 December 2010, 11 115 289 share option awards have been issued in terms of the 2006 share plan. 52 376 102 outstanding share option awards have been granted in terms of the 2006 share plan.

Options granted under the 2006 share plan

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

Award	Vesting	Performance criteria
SARs	SARs will vest in equal thirds in year three, four and five, subject to the performance conditions having been satisfied. The SARs will have an expiry date of six years from the grant date and the offer price equals the closing market prices of the underlying shares on the trading date immediately preceding the grant.	2009 to 2013 allocation: The group's headline earnings per share must have grown since the allocation date by more than the South African Consumer Price Index (CPI).
PS	The PS will vest after three years from the grant date, if and to the extent that the performance conditions have been satisfied.	2015 to 2017 allocation: • 50% of the number of rights awarded are linked to the total shareholder return of the group on an absolute basis. • 50% of the number of rights awarded are linked to the total shareholder return of the group as compared to that of the South African gold index.
RS	The RS will vest after three years from grant date.	The participant is still employed within the group.

Termination of employees' participation in the share plan is based on "no fault" and "fault" definitions.
- Fault: All unvested and unexercised SARs and all PS and RS not yet vested are lapsed and cancelled.
- No fault: Accelerated vesting occurs and all unvested and unexercised share options are settled in accordance with the of the plan.

34 SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE-BASED PAYMENTS continued

Options granted under the 2006 share plan continued

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

Activity on share options

	SARs		PS	RS
Activity on options and rights granted but not yet exercised	**Number of options and rights**	**Weighted average option price (SA rand)**	**Number of rights**	**Number of rights**
For the year ended 30 June 2018				
Balance at beginning of year	**12 476 697**	**32.60**	**37 848 573**	**701 412**
Options granted and accepted	**—**	**—**	**14 406 437**	**—**
Rights vested and locked up	**—**	**—**	**(278 629)**	**—**
Options exercised	**(794 351)**	**24.37**	**(3 594 838)**	**(120 000)**
Options forfeited and lapsed	**(1 834 486)**	**52.86**	**(5 954 259)**	**(30 416)**
Balance at end of year	**9 847 860**	**50.20**	**42 427 284**	**550 996**
For the year ended 30 June 2017				
Balance at beginning of year	14 156 782	34.74	34 978 038	859 974
Options granted and accepted	—	—	9 320 599	—
Options accepted	113 899	21.89	(160 271)	—
Rights vested and locked-up	—	—	—	—
Options exercised	(451 187)	27.49	(2 171 953)	(158 562)
Options forfeited and lapsed	(1 342 797)	47.39	(4 117 840)	—
Balance at end of year	12 476 697	32.60	37 848 573	701 412

	SARs		PS		RS	
Options and rights vested but not exercised at year end	**2018**	2017	**2018**	2017	**2018**	2017
Options and rights vested but not exercised	**5 331 335**	2 869 859	**—**	—	**—**	—
Weighted average option price (SA rand)	**36.26**	57.52	**n/a**	n/a	**n/a**	n/a

34 SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE-BASED PAYMENTS continued

Options granted under the 2006 share plan continued

Activity on share options continued

List of options and rights granted but not yet exercised (listed by grant date)	Number of options and rights	Award price (SA rand)	Remaining life (years)
As at 30 June 2018			
Share appreciation rights			
November 15, 2011	—	—	—
16 November 2012	1 127 510	68.84	0.4
15 November 2013	3 891 126	33.18	1.4
17 November 2014	4 829 224	18.41	2.4
	9 847 860		
Performance shares			
16 November 2015	19 950 203	n/a	0.4
17 February 2016	512 000	n/a	0.4
29 November 2016	8 360 578	n/a	1.4
15 November 2017	13 604 503	n/a	2.4
	42 427 284		
Restricted shares[1]			
16 November 2012	137 749	n/a	0.4
16 November 2015	413 247	n/a	0.4
	550 996		
Total options and rights granted but not yet exercised	52 826 140		

[1] The 2012 and 2015 restricted shares vested in November 2015 and November 2018 respectively. Restricted shares that were not exercised, partially or fully, at that time remain restricted for a further three years, but were supplemented by a matching grant of restricted shares. All restricted shares are then only settled after the end of a further three year period.

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
107	164	Gain realised by participants on options and rights traded during the year	13	8
113	181	Fair value of options and rights exercised during the year	14	8

Measurement

The fair value of equity instruments granted during the year was valued using the Monte Carlo simulation on the market-linked PS, Cox-Ross- Rubinstein binomial tree on the SARs and spot share price on grant date for the RS.

(i) Assumptions applied at grant date for awards granted during the year

	Performance shares
15 November 2017 allocation	
Risk-free interest rate	7.41%
Expected volatility[1]	47.66%
Expected dividend yield	0.00%
Vesting period (from grant date)	3 years

[1] The volatility is measured as annualised standard deviation of historical share price returns, using an exponentially weighted moving average (EWMA) model, with a lambda of 0.99. The volatility is calculated on the grant date, and takes into account the previous three years of historical data.

34 SHARE-BASED PAYMENTS continued

OTHER SHARE-BASED PAYMENTS

On 20 March 2013 Harmony signed transaction and funding agreements to give effect to an empowerment transaction to dispose of 30% of its Free State based Phoenix operation (Phoenix) to BEE shareholders, which includes a free-carry allocation of 5% to a community trust that has been created and is currently controlled by Harmony. The transaction closed on 25 June 2013, following the fulfilment of the last condition precedent. In terms of the agreements Phoenix was transferred to a newly incorporated subsidiary; 'PhoenixCo' which subsequently changed its name to Tswelopele Beneficiation Operation (TBO).

The awards to the BEE partners have been accounted for as in-substance options as the BEE partners will only share in the upside, and not the downside of their equity interest in TBO until the date the financing provided by Harmony is fully repaid. On this date the options will be exercised and a non-controlling interest in TBO will be recognised. The award of the options to the BEE partners is accounted for by the group as an equity-settled share-based payment arrangement. The in-substance options carry no vesting conditions and the fair value of the options of R23 million (US$2.3 million) was expensed on the grant date, 25 June 2013.

35 RELATED PARTIES

None of the directors or major shareholders of Harmony or, to the knowledge of Harmony, their families, had an interest, directly or indirectly, in any transaction from 1 July 2016 or in any proposed transaction that has affected or will materially affect Harmony or its subsidiaries, other than as stated below.

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

The following directors and prescribed officers own shares in Harmony at year-end:

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

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

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

All the production of the group's South African operations is sent to Rand Refinery in which Harmony holds a 10.38% interest. Refer to note 21.

A list of the group's subsidiaries, associates and joint operations has been included in Annexure A of this report.

35 RELATED PARTIES continued

SA rand 2017	SA rand 2018	Figures in million	US dollar 2018	US dollar 2017
		Sales and services rendered to related parties		
6	**11**	Joint operations	**1**	—
6	**—**	Associates[1]	**—**	—
12	**11**	Total	**1**	—
		Purchases and services acquired from related parties		
1	**6**	Directors	**—**	—
31	**41**	Associates	**3**	2
32	**47**	Total	**3**	2

[1] Refer to note 19 and 21 for details relating to the loan to associate. During 2017, the loan was converted to redeemable preference shares.

36 COMMITMENTS AND CONTINGENCIES

COMMITMENTS AND GUARANTEES

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

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

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

[1] At 30 June 2018, R75 million (US$5.4 million) (2017: R61 million (US$4.7 million)) has been pledged as collateral for environmental guarantees in favour of certain financial institutions. Refer to note 17.

CONTINGENT LIABILITIES

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Contingencies will only realise when one or more future events occur or fail to occur. The exercise of significant judgement and estimates of the outcome of future events are required during the assessment of the impact of such contingencies.

Litigation and other judicial proceedings as a rule raise difficult and complex legal issues and are subject to uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which the suit is brought and differences in applicable law. Upon resolution of any pending legal matter, the group may be forced to incur charges in excess of the presently established provisions and related insurance coverage. It is possible that the financial position, results of operations or cash flows of the group could be materially affected by the outcome of the litigation.

36 COMMITMENTS AND CONTINGENCIES continued

CONTINGENT LIABILITIES continued

The following contingent liabilities have been identified:

(a) On 1 December 2008, Harmony issued 3 364 675 Harmony shares to Rio Tinto Limited (Rio Tinto) for the purchase of Rio Tinto's rights to the royalty agreement entered into prior to our acquisition of the Wafi deposits in PNG. The shares were valued at R242 million (US$23 million) on the transaction date. An additional US$10 million in cash will be payable when the decision to mine is made. Of this amount, Harmony is responsible for paying the first US$6 million, with the balance of US$4 million being borne equally by the joint operators.

(b) The group may have a potential exposure to rehabilitate groundwater and radiation that may exist where the group has and/or continues to operate. The group has initiated analytical assessments to identify, quantify and mitigate impacts if and when (or as and where) they arise. Numerous scientific, technical and legal studies are underway to assist in determining the magnitude of the contamination and to find sustainable remediation solutions. The group has instituted processes to reduce future potential seepage and it has been demonstrated that Monitored Natural Attenuation (MNA) by the existing environment will contribute to improvement in some instances. Water treatment facilities were successfully implemented at both Doornkop and Kusasalethu. These facilities are now assisting in reducing our dependency on Rand Water and will be key in managing any post closure decant should it arise.

In terms of Free State operations, Harmony has taken the initiative to develop a comprehensive regional closure plan which will ensure that there is sufficient water for our organic growth initiatives. The geohydrological studies confirm that there is no risk of decant in Welkom.

Should the group determine that any part of these contingencies require them being recorded and accounted for as liabilities, that is where they become estimable and probable, it could have a material impact on the financial statements of the group.

(c) Due to the interconnected nature of mining operations in South Africa, any proposed solution for potential flooding and potential decant risk posed by deep groundwater needs to be a combined one, supported by all the mines located in these goldfields. As a result, the Department of Mineral Resource and affected mining companies are involved in the development of a regional mine closure strategy. Harmony operations have conducted a number of specialist studies and the risk of surface decant due to rising groundwater levels has been obviated at the entire Free State region and Kalgold. Therefore, there is no contingency arising from these operations. Additional studies have been commissioned at Doornkop and Kusasalethu. In view of the limitation of current information for accurate estimation of a liability, no reliable estimate can be made for these operations.

(d) The individual Harmony mining operations have applied for the respective National Water Act, Section 21 Water Use Licenses (WUL) to the Department of Water and Sanitation (DWS). As part of the Water Use License Application (WULA) process for the respective operations, Harmony has requested certain exemptions (relevant to the respective mining operations) from GNR 704 of 4 June 1999, "Regulations on the use of water for mining and related activities aimed at the protection of water resources". The respective WULA's have subsequently not yet been approved by DWS. Two Water Use Licences have been issued by DWS for Kalgold and Kusasalethu, with neither licence having any material impact to the operation. The remaining WULA's have not yet been approved by DWS. The WUL conditions for the respective operations are subsequently not yet known and the subsequent potential water resource impact liability as part of the mine rehabilitation and closure process (to which DWS is an important participant and decision maker) is uncertain. The existing WUL for Moab Khotsong, which was recently acquired by Harmony, has already been approved by the DWS. The transferral of the licence and its conditions to Harmony is currently being processed.

(e) In terms of the sale agreements entered into with Rand Uranium, Harmony retained financial exposure relating to environmental disturbances and degradation caused by it before the effective date, in excess of R75 million (US$5.1 million) of potential claims. Rand Uranium is therefore liable for all claims up to R75 million (US$5.1 million) and retains legal liability. The likelihood of potential claims cannot be determined presently and no provision for any liability has been made in the financial statements.

(f) Legal proceedings commenced in December 2010 against the Hidden Valley mine in PNG over alleged damage to the Watut River (which runs adjacent to the Hidden Valley mine), alleged to have been caused by waste rock and overburden run-off from the mine. The damages sought by the plaintiffs were not specified. The defendants intend to defend the claims. No active steps have been taken by the plaintiffs in this proceeding for more than five years. It is not practicable to make any reasonable assessment of the prospects of the plaintiffs succeeding should they proceed with these claims, nor the potential liability of the defendants if the plaintiffs were to succeed. As a result, no provision has been recognised in the financial statements for this matter.

37 SUBSEQUENT EVENTS

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

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

(c) On 4 October 2018, Harmony reached a mutually acceptable settlement with the Financial Sector Conduct Authority of South Africa. The dispute related to incorrect financial results reported for the March 2007 quarter. Harmony informed shareholders and the authorities of the error in August 2007. Subsequently Harmony reviewed all financial accounting procedures and systems to ensure that a similar error would not occur. Following various discussions with the authorities, an administrative penalty of R30 million (US$2.2 million) was imposed and paid by Harmony.

38 SEGMENT REPORT

ACCOUNTING POLICY

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The chief operating decision-maker has been identified as the CEO's office.

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

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

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

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

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

A reconciliation of the segment totals to the group financial statements has been included in note 39.

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the years ended 30 June 2018

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

Capital expenditure for international operations excludes expenditure spent on Wafi-Golpu of R288 million (2017: R197 million).
* Production statistics are unaudited.
(a) Tshepong and Phakisa were two separate segments for the 2017 financial year. As of 1 July 2017, they have been integrated into Tshepong Operations and have been treated as one segment for the 2018 financial year. June 2017 amounts have been re-presented as a result of the integration.
(b) Capital expenditure for the year 2018 comprises of expenditure of R2 609 million net of capitalised revenue of R1 046 million. No revenue was capitalised in 2017.

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the years ended 30 June 2018

38 SEGMENT REPORT continued

	Revenue 30 June		Production cost 30 June		Production profit/ (loss) 30 June		Mining assets 30 June		Capital expenditure# 30 June		Ounces produced* 30 June		Tons milled* 30 June	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	US$ million		US$ million		US$ million		US$ million		US$ million		oz		t'000	
South Africa														
Underground														
Tshepong Operations[(a)]	**419**	372	**296**	270	**123**	102	**585**	645	**78**	52	**302 026**	283 827	**1 893**	1 869
Moab Khotsong	**130**	—	**74**	—	**56**	—	**268**	—	**13**	—	**105 969**	—	**360**	—
Bambanani	**126**	116	**70**	64	**56**	52	**48**	57	**5**	6	**90 698**	88 415	**257**	254
Joel	**74**	96	**72**	69	**2**	27	**72**	69	**19**	18	**52 566**	72 211	**501**	567
Doornkop	**152**	114	**110**	91	**42**	23	**197**	227	**21**	18	**110 245**	85 939	**767**	706
Target 1	**127**	111	**103**	99	**24**	12	**91**	154	**24**	24	**91 758**	85 809	**749**	822
Kusasalethu	**193**	189	**158**	153	**35**	36	**156**	217	**22**	21	**142 395**	141 270	**738**	670
Masimong	**117**	107	**90**	82	**27**	25	**4**	33	**10**	9	**84 332**	81 599	**714**	706
Unisel	**57**	67	**60**	62	**(3)**	5	**3**	40	**7**	6	**41 152**	51 280	**415**	436
Surface														
All other surface operations	**157**	134	**116**	102	**41**	32	**40**	37	**12**	19	**114 778**	102 175	**15 595**	12 179
Total South Africa	**1 552**	1 306	**1 149**	992	**403**	314	**1 464**	1 479	**211**	173	**1 135 919**	992 525	**21 989**	18 209
International														
Hidden Valley[(b)]	**32**	110	**18**	97	**14**	13	**281**	175	**122**	98	**92 015**	95 327	**2 757**	3 186
Total international	**32**	110	**18**	97	**14**	13	**281**	175	**122**	98	**92 015**	95 327	**2 757**	3 186
Total operations	**1 584**	1 416	**1 167**	1 089	**417**	327	**1 745**	1 654	**333**	271	**1 227 934**	1 087 852	**24 746**	21 395
Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 39)	**—**	—	**—**	—	**—**	—	**1 117**	1 312						
	1 584	1 416	**1 167**	1 089	**417**	327	**2 862**	2 966	**333**	271	**1 227 934**	1 087 852	**24 746**	21 395

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

* Production statistics are unaudited.

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

(b) Capital expenditure comprises of expenditure of US$203.0 million net of capitalised revenue of US$81.4 million. No revenue was capitalised in 2017

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

SA rand			US dollar	
2017	2018	*Figures in million*	2018	2017
		Reconciliation of production profit to consolidated profit/(loss) before taxation		
19 264	**20 358**	Total segment revenue	**1 584**	1 416
(14 812)	**(15 002)**	Total segment production costs	**(1 167)**	(1 089)
4 452	**5 356**	Production profit	**417**	327
—	**1**	Revenue not included in segments	**—**	—
—	**11**	Production cost adjustments not included in segments	**—**	—
(4 827)	**(8 512)**	Cost of sales items other than production costs	**(633)**	(359)
(2 441)	**(2 468)**	Amortisation and depreciation of mining assets	**(192)**	(179)
(78)	**(102)**	Amortisation and depreciation of assets other than mining assets	**(8)**	(6)
(23)	**(67)**	Rehabilitation credit (net)	**(5)**	(2)
(109)	**(128)**	Care and maintenance cost of restructured shafts	**(10)**	(8)
(74)	**(208)**	Employment termination and restructuring costs	**(16)**	(5)
(391)	**(244)**	Share-based payments	**(19)**	(29)
(1 718)	**(5 336)**	Impairment of assets	**(386)**	(131)
7	**41**	Other	**3**	1
(375)	**(3 144)**	Gross loss	**(216)**	(32)
(517)	**(813)**	Corporate, administration and other expenditure	**(63)**	(38)
(241)	**(135)**	Exploration expenditure	**(11)**	(18)
1 025	**99**	Gain on derivatives	**8**	75
(886)	**(667)**	Other operating expenses	**(53)**	(68)
(994)	**(4 660)**	Operating loss	**(335)**	(81)
848	**—**	Gain on bargain purchase	**—**	60
(14)	**—**	Loss on liquidation of subsidiaries	**—**	(1)
(22)	**38**	Share of profit/(loss) from associate	**3**	(1)
—	**(98)**	Acquisition related costs	**(8)**	—
268	**343**	Investment income	**27**	20
(234)	**(330)**	Finance costs	**(26)**	(17)
(148)	**(4 707)**	Loss before taxation	**(339)**	(20)

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

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

COMPANY INCOME STATEMENTS
for the years ended 30 June 2018

		SA rand	
Figures in million	Notes	**2018**	2017
Revenue		**2 690**	2 606
Cost of sales	1	**(3 950)**	(2 727)
Production costs		**(2 366)**	(2 239)
Amortisation and depreciation		**(407)**	(377)
Impairment of assets		**(1 003)**	—
Other items		**(174)**	(111)
Gross loss		**(1 260)**	(121)
Corporate, administration and other expenditure		**(90)**	(53)
Gains on derivatives	2	**94**	421
Other operating expenses	3	**(618)**	(590)
Operating loss	4	**(1 874)**	(343)
Impairment of investment in subsidiaries	14	**(1 530)**	—
Reversal of impairment of investments in subsidiaries	14	**214**	287
Loss on conversion of loan to associate		**—**	(15)
Investment income	5	**300**	176
Finance costs	6	**(328)**	(153)
Loss before taxation		**(3 218)**	(48)
Taxation	7	**24**	10
Net loss for the year		**(3 194)**	(38)

These are the separate financial statements of Harmony Gold Mining Company Limited. For the group financial statements refer to page 23 to 100.

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

COMPANY STATEMENTS OF COMPREHENSIVE INCOME
for the years ended 30 June 2018

		SA rand	
Figures in million	Notes	**2018**	2017
Net loss for the year		**(3 194)**	(38)
Other comprehensive income for the year, net of income tax		**5**	1
Fair value of available-for-sale financial assets		**—**	(1)
Remeasurement of retirement benefit obligation			
Actuarial gain recognised during the year*		**5**	2
Total comprehensive loss for the year		**(3 189)**	(37)

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

* This item in other comprehensive loss will not be reclassified to profit or loss.

COMPANY BALANCE SHEETS

Figures in million	Notes	At 30 June 2018 (SA rand)	At 30 June 2017 (SA rand)
ASSETS			
Non-current assets			
Property, plant and equipment	8	**849**	1 898
Intangible assets	9	**19**	12
Restricted cash	10	**75**	61
Restricted investments	11	**459**	429
Investments in subsidiaries	14	**28 161**	27 100
Investments in associates	15	**71**	71
Investment in financial assets		**3**	3
Inventories	17	**3**	2
Loans to subsidiaries	14	**131**	131
Trade and other receivables	12	**273**	217
Derivative financial instruments	13	**10**	40
Total non-current assets		**30 054**	29 964
Current assets			
Inventories	17	**262**	213
Loans to subsidiaries	14	**5 833**	2 671
Trade and other receivables	12	**530**	444
Derivative financial instruments	13	**68**	204
Cash and cash equivalents		**615**	959
Total current assets		**7 308**	4 491
Total assets		**37 362**	34 455
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital and premium	18	**29 340**	28 336
Other reserves	19	**2 119**	1 751
Accumulated loss		**(7 850)**	(4 502)
Total equity		**23 609**	25 585
Non-current liabilities			
Deferred tax liabilities	7	**8**	31
Provision for environmental rehabilitation	20	**552**	521
Provision for silicosis settlement	21	**724**	717
Retirement benefit obligation	22	**19**	23
Other non-current liabilities	23	**125**	112
Borrowings	24	**4 924**	299
Derivative financial instruments	13	**1**	—
Total non-current liabilities		**6 353**	1 703
Current liabilities			
Borrowings	24	**690**	1 834
Loans from subsidiaries	14	**5 861**	4 695
Trade and other payables	25	**824**	638
Derivative financial instruments	13	**25**	—
Total current liabilities		**7 400**	7 167
Total equity and liabilities		**37 362**	34 455

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

COMPANY STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

for the years ended 30 June 2018

Figures in million (SA rand)	Number of ordinary shares issued	Share capital and premium	Accumulated loss	Other reserves	Total
Notes	18	18		19	
Balance - 30 June 2016	437 299 479	28 336	(4 025)	1 379	25 690
Issue of shares					
- Exercise of employee share options	2 657 720	—	—	—	—
Share-based payments	—	—	—	371	371
Net loss for the year	—	—	(38)	—	(38)
Other comprehensive income for the year	—	—	—	1	1
Dividends paid[1]	—	—	(439)	—	(439)
Balance - 30 June 2017	439 957 199	28 336	(4 502)	1 751	25 585
Issue of shares					
- Shares issued and fully paid	**55 055 050**	**1 004**	**—**	**—**	**—**
- Exercise of employee share options	**5 239 502**	**—**	**—**	**—**	**—**
Share-based payments	**—**	**—**	**—**	**363**	**363**
Net loss for the year	**—**	**—**	**(3 194)**	**—**	**(3 194)**
Other comprehensive income for the year	**—**	**—**	**—**	**5**	**5**
Dividends paid[1]	**—**	**—**	**(154)**	**—**	**(154)**
Balance - 30 June 2018	**500 251 751**	**29 340**	**(7 850)**	**2 119**	**23 609**

[1] Dividends per share is disclosed under the earnings per share note. Refer to note 13 of the group financial statements.

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

COMPANY CASH FLOW STATEMENTS
for the years ended 30 June 2018

		SA rand	
Figures in million	Notes	**2018**	2017
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated by operations	26	**354**	225
Interest received		**105**	114
Dividends received		**4**	4
Interest paid		**(205)**	(82)
Income and mining taxes refunded		**(71)**	—
Cash generated by operating activities		**187**	261
CASH FLOW FROM INVESTING ACTIVITIES			
Increase in restricted cash		**(11)**	(1)
Decrease in amounts invested in restricted investments		**5**	7
Decrease in loans to subsidiaries		**(3 921)**	687
Additions to intangible assets		**(9)**	—
Additions to property, plant and equipment		**(318)**	(442)
Cash (utilised)/generated by investing activities		**(4 254)**	251
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings raised	24	**6 937**	699
Borrowings paid	24	**(4 063)**	(710)
Issue of shares		**1 003**	—
Dividends paid		**(154)**	(439)
Cash generated/(utilised) by financing activities		**3 723**	(450)
Net increase/(decrease) in cash and cash equivalents		**(344)**	62
Cash and cash equivalents - beginning of year		**959**	897
Cash and cash equivalents - end of year		**615**	959

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS
for the years ended 30 June 2018

ACCOUNTING POLICIES

The accounting policies applied in the company financial statements are consistent with the group accounting policies. Refer to note 2 of the group financial statements as well as the relevant notes for the detailed discussions.

1 COST OF SALES

Figures in million	SA rand 2018	2017
Production costs (a)	**2 366**	2 239
Amortisation and depreciation of mining assets	**328**	320
Amortisation and depreciation of assets other than mining assets (b)	**79**	57
Rehabilitation expenditure (c)	**38**	18
Care and maintenance costs of restructured shafts	**41**	39
Employment termination and restructuring costs (d)	**60**	2
Share-based payments (e)	**36**	56
Impairment of assets (f)	**1 003**	—
Other	**(1)**	(4)
Total cost of sales	**3 950**	2 727

(a) Production costs include mine production and transport and refinery costs, applicable general administrative costs, movement in inventories and ore stockpiles and ongoing environmental rehabilitation costs. Employee termination costs are included, except for employee termination costs associated with major restructuring and shaft closures, which are separately disclosed. Production costs, analysed by nature, consist of the following:

Figures in million	SA rand 2018	2017
Labour costs, including contractors	**1 500**	1 493
Consumables	**471**	482
Water and electricity	**325**	337
Transportation	**42**	41
Change in inventory	**(7)**	8
Capitalisation of mine development costs	**(151)**	(168)
Royalty expense	**15**	13
Other	**171**	33
Total production costs	**2 366**	2 239

(b) Amortisation and depreciation of assets other than mining assets relates to the following:

Figures in million	SA rand 2018	2017
Other non-mining assets	**32**	24
Intangible assets	**8**	12
Amortisation of issue costs	**39**	21
Total amortisation and depreciation of assets other than mining assets	**79**	57

(c) For the assumptions used to calculate the rehabilitation costs, refer to note 26 of the group financial statements. This expense includes the change in estimate for the rehabilitation provision where an asset no longer exists as well as rehabilitation costs. During 2018, rehabilitation costs incurred amounted to R36 million (2017: R38 million).

(d) During the 2018 financial year, the group offered voluntary severance packages to management.

(e) Refer to note 28 for details on the share-based payment schemes implemented by the company.

1 COST OF SALES continued

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

	SA rand	
Figures in million	**2018**	2017
Unisel	**487**	—
Masimong	**329**	—
Doornkop[1]	**41**	—
Other mining assets	**146**	—
Total impairment of assets	**1 003**	—

[1] The impairment relates to the company's effective share of the recoverable amount attributable to the Doornkop Joint Venture (Doornkop JV).

The recoverable amounts for Unisel, Masimong and Doornkop were determined on a fair value less costs to sell basis. Refer to note 15 of the group financial statements for details on the assumptions used. The recoverable amounts of the CGU's as at 30 June 2018 are as follows:

Operation	**Impairment assessment**	**Recoverable amount**
Figures in million		SA rand
Unisel	Excluded the Leader Reef from the life-of-mine plan to focus on the higher grade Basal Reef. This reduced the life-of-mine from four years to eighteen months.	**38**
Masimong	The impairment at Masimong was as a result of the depletion of the higher grade B Reef and subsequent reduced life-of-mine.	**58**
Doornkop[1]	The lower recoverable amount for Doornkop, which resulted in the impairment was mainly due to the decreased rand gold price assumption and low production levels in the updated life-of-mine plan.	**437**
Other mining assets	The updated life-of-mine plans for the CGU's in Harmony resulted in the impairment of other mining assets.	**366**

[1] The amount relates to the company's effective share of the recoverable amount attributable to the Doornkop Joint Venture (Doornkop JV).

There were no reversals of impairment recorded in the 2018 or 2017 financial years.

2 GAINS ON DERIVATIVES

Gains on derivatives include the fair value movements of derivatives which have not been designated as hedging instruments for hedge accounting purposes and the amortisation of day one gains and losses for derivatives. Refer to note 13 for further information on the company derivatives. The day one adjustment arises from the difference between the contract price and market price on the day of the transaction.

	SA rand	
Figures in million	**2018**	2017
Foreign exchange hedging contracts	**25**	139
Rand gold contracts	**74**	295
Day one loss amortisation	**(5)**	(13)
Total gains on derivatives	**94**	421

3 OTHER OPERATING EXPENSES

	SA rand	
Figures in million	2018	2017
Bad debts provision (credit)/expense (a)	**(17)**	31
Social investment expenditure	**18**	12
Loss on scrapping of property, plant and equipment (refer to note 8)	**1**	20
Foreign exchange translation (b)	**674**	(196)
Silicosis settlement provision (refer to note 21)	**(53)**	717
Other expenses - net	**(5)**	6
Total other operating expenses	**618**	590

3 OTHER OPERATING EXPENSES continued

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

(b) Refer to note 24 for details on the US$ borrowings.

4 OPERATING LOSS

The operating loss includes R4 million (2017: R3 million) for the current year's external audit fee.

5 INVESTMENT INCOME

	SA rand	
Figures in million	2018	2017
Interest income	**292**	172
Loans and receivables (a)	**161**	49
Held-to-maturity investments	**23**	25
Cash and cash equivalents	**106**	98
South African Revenue Service (SARS)	**2**	—
Dividend income (b)	**4**	4
Net gain on financial instruments	**4**	—
Total investment income	**300**	176

(a) Included in the total interest income is an amount of R134 million (2017: R8 million) related to interest on-charged to Harmony's subsidiaries at an interest rate of JIBAR + 3.15% plus 0.5%.

The increase relates to interest of R120 million charged on a loan of R3.4 billion to Harmony Moab Khotsong Operations Proprietary Limited for the purchase of the Moab Khotsong assets (refer to note 14 of the group financial statements).

Interest income on the loans to Tswelopele Beneficiation Operation (Proprietary) Limited (TBO), a subsidiary, and the BEE partners to purchase their portion of TBO amounted to R21 million (2017: R26 million) and R5 million (2017: R8 million) respectively in the 2018 financial year. Refer to notes 12, 14 and 28.

(b) During the 2018 financial year, dividends of R4 million (2017: R4 million) were received from TBO.

6 FINANCE COSTS

	SA rand	
Figures in million	2018	2017
Financial liabilities		
Borrowings	**227**	110
Other creditors and liabilities	**1**	—
Loan from subsidiary (a)	**2**	3
Total finance costs from financial liabilities	**230**	113
Non-financial liabilities		
Post-retirement benefits	**2**	2
Time value of money component of silicosis provision	**60**	—
Time value of money and inflation component of rehabilitation costs	**36**	38
Total finance costs from non-financial liabilities	**98**	40
Total finance costs	**328**	153

(a) Relates to interest on outstanding net amounts received on behalf of TBO charged at overnight call money-market related interest rates. This loan cannot be offset against the amount owed for the purchase of the Phoenix operation.

7 TAXATION

Figures in million	SA rand 2018	2017
Deferred tax (a)		
- current year	**24**	10
Total taxation credit	**24**	10

(a) 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.

INCOME AND MINING TAX RATES

The tax rate remained unchanged for the 2018 and 2017 years.

Major items causing the income statement provision to differ from the mining statutory tax rate of 34% were:

Figures in million	SA rand 2018	2017
Tax on net loss at the mining statutory tax rate	**1 094**	16
Non-allowable deductions		
Impairment of investments in subsidiaries	**(520)**	—
Reversal of impairment of investments in subsidiaries	**73**	98
Finance costs	**(54)**	(37)
Share based payments	**(18)**	(18)
Impairment of assets	**(94)**	—
Other	**(56)**	3
Deferred tax asset not recognised	**(397)**	—
Effect on temporary differences due to changes in effective tax rate[1]	**(4)**	(52)
Income and mining taxation	**24**	10
Effective income and mining tax rate (%)	**1**	21

[1] The deferred tax rate used for the 2018 financial year was 10.5% (2017: 19.4%).

DEFERRED TAX

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

Figures in million	SA rand 2018	2017
Deferred tax assets	**(55)**	(247)
Deferred tax asset to be recovered after more than 12 months	**(51)**	(76)
Deferred tax asset to be recovered within 12 months	**(4)**	(171)
Deferred tax liabilities	**63**	278
Deferred tax liability to be recovered after more than 12 months	**54**	250
Deferred tax liability to be recovered within 12 months	**9**	28
Net deferred tax liability	**8**	31

7 TAXATION continued

DEFERRED TAX continued

The net deferred tax liabilities on the balance sheet at 30 June 2018 and 30 June 2017 relate to the following:

	SA rand	
Figures in million	**2018**	2017
Gross deferred tax liabilities	**63**	278
Amortisation and depreciation	**54**	242
Derivative assets	**8**	35
Other	**1**	1
Gross deferred tax assets	**(55)**	(247)
Unredeemed capital expenditure	**(38)**	(41)
Provisions, including non-current provisions	**(17)**	(199)
Tax losses	**—**	(7)
Net deferred tax liability	**8**	31

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

	SA rand	
Figures in million	**2018**	2017
Balance at beginning of year	**31**	40
Tax charged directly to other comprehensive income	**1**	1
Total credit per income statement	**(24)**	(10)
Balance at end of year	**8**	31

As at 30 June 2018, the company has mining tax losses of R8 million (2017: Rnil) and non-mining tax losses of R288 million (2017: R34 million), available for utilisation against future taxable income and future non-mining taxable income respectively. These have an unlimited carry forward period.

As at 30 June 2018, the company has a capital gains tax (CGT) loss of R231 million (2017: R231 million) available for utilisation against future capital gains.

As at 30 June 2018, the company had an unrecognised deferred tax asset of R397 million (2017: Rnil). The unrecognised deferred tax asset arises from tax losses and deductible temporary differences for which future taxable profits are uncertain and not considered probable. The tax losses and deductible temporary differences arose as a result of foreign exchange losses on the US dollar loan facility and the silicosis provision recognised in 2017. The recognition of the current period impairment loss severely limited the amount of taxable temporary differences against which the deductible temporary differences could be set off against.

DIVIDEND TAX (DT)

The withholding tax on dividends remains unchanged at 20% in 2017 and 2018.

8 PROPERTY, PLANT AND EQUIPMENT

Figures in million	SA rand 2018	2017
Mining assets (a)	**795**	1 823
Other non-mining assets (b)	**54**	75
Total property, plant and equipment	**849**	1 898
(a) Mining assets		
Cost		
Balance at beginning of year	**4 962**	5 178
Fully depreciated assets no longer in use derecognised	**—**	(540)
Additions[1]	**301**	401
Adjustment to rehabilitation asset	**(9)**	—
Scrapping of assets[2]	**(2)**	(81)
Transfers	**—**	4
Balance at end of year	**5 252**	4 962
Accumulated depreciation and impairments		
Balance at beginning of year	**3 139**	3 420
Fully depreciated assets no longer in use derecognised	**—**	(540)
Impairment of assets[3]	**991**	—
Scrapping of assets[2]	**(1)**	(61)
Depreciation[4]	**328**	320
Balance at end of year	**4 457**	3 139
Net carrying value	**795**	1 823

Figures in million	SA rand 2018	2017
(b) Other non-mining assets		
Cost		
Balance at beginning of year	**122**	88
Fully depreciated assets no longer in use derecognised	**—**	(4)
Additions	**29**	41
Transfers	**(6)**	(3)
Balance at end of year	**145**	122
Accumulated depreciation and impairments		
Balance at beginning of year	**47**	27
Fully depreciated assets no longer in use derecognised	**—**	(4)
Impairment of assets	**12**	—
Depreciation	**32**	24
Balance at end of year	**91**	47
Net carrying value	**54**	75

[1] Includes R29 million (2017: R25 million) attributable to Doornkop JV.
[2] During 2018 and 2017 financial years, the abandonment of individual surface assets that are no longer core to the business or in use and unprofitable areas resulted in derecognition of property, plant and equipment as no future economic benefits are expected from their use or disposal.
[3] The total for 2018 relates to assets attributable to Doornkop JV, Unisel, Other Harmony assets and Masimong. Refer to note 1.
[4] Includes R11 million (2017: R15 million) attributable to Doornkop JV. Refer to note 16.

9 INTANGIBLE ASSETS

Figures in million	SA rand 2018	2017
Cost		
Balance at beginning of year	**33**	197
Fully depreciated assets no longer in use derecognised	**—**	(164)
Transfers and movements	**6**	—
Additions	**9**	—
Balance at end of year	**48**	33
Accumulated amortisation and impairments		
Balance at beginning of year	**21**	173
Fully depreciated assets no longer in use derecognised	**—**	(164)
Amortisation charge	**8**	12
Balance at end of year	**29**	21
Net carrying value	**19**	12

Technology-based assets include computer software and intellectual property which has been acquired and developed for the group. These assets are amortised over five years.

10 RESTRICTED CASH

Figures in million	SA rand 2018	2017
Environmental guarantees	**75**	61

The amount primarily relates to funds set aside to serve as collateral against guarantees made to the Department of Mineral Resources (DMR) in South Africa for environmental and rehabilitation obligations. Refer to note 20. The funds are invested equally in short term money market funds and call accounts.

11 RESTRICTED INVESTMENTS

Figures in million	SA rand 2018	2017
Investments held by environmental trust fund (a)	**426**	392
Held-to-maturity financial assets	**301**	278
Cash and cash equivalents (loans and receivables)	**1**	1
Fair value through profit and loss financial assets	**124**	113
Investments held by social trust fund (b)	**33**	37
Total restricted investments	**459**	429

(a) Environmental trust fund

The environmental trust fund is an irrevocable trust under the company's control. Contributions to the trust are invested in interest-bearing short-term and medium-term cash investments and medium-term equity-linked notes issued by commercial banks that provide guaranteed interest and additional interest or growth linked to the growth of the Top 40 index of the JSE. The equity-linked notes are designated fair value through profit or loss investments and recorded at fair value whilst the interest-bearing short-term investments are classified either as held-to-maturity and recorded at amortised cost or as cash and cash equivalents and recorded at fair value. These investments provide for the estimated cost of rehabilitation at the end of the life of the company's mines. Income earned on the investments is retained in the funds and reinvested.

11 RESTRICTED INVESTMENTS continued

(a) Environmental trust fund continued

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

Figures in million	SA rand 2018	2017
Balance at beginning of year	**392**	366
Interest income	**23**	25
Fair value gain	**11**	—
Equity-linked deposits matured	**—**	23
Acquisition/(maturity) of held-to-maturity investments	**1**	(21)
Net disposal of cash and cash equivalents	**(1)**	(1)
Balance at end of year	**426**	392

(b) Social trust fund

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

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

Reconciliation of the movement in the investment held by the social trust fund:

Figures in million	SA rand 2018	2017
Balance at beginning of year	**37**	42
Interest income	**8**	2
Fair value loss	**(7)**	—
Claims paid	**(5)**	(7)
Balance at end of year	**33**	37

12 TRADE AND OTHER RECEIVABLES

Figures in million	SA rand 2018	2017
Non-current assets		
Financial assets		
Loans to associates (a)	**116**	116
Loan to ARM BBEE Trust (b)	**256**	229
Other loans receivable (c)	**20**	34
Provision for impairment (a) (b)	**(119)**	(162)
Total non-current trade and other receivables	**273**	217

12 TRADE AND OTHER RECEIVABLES continued

	SA rand	
Figures in million	**2018**	2017
Current assets		
Financial assets		
Trade receivables (gold)	**437**	351
Other trade receivables	**21**	12
Provision for impairment	**(12)**	(3)
Trade receivables - net	**446**	360
Interest and other receivables	**31**	39
Employee receivables	**14**	13
Other loans receivable (c)	**23**	23
Non-financial assets		
Prepayments	**16**	9
Total current trade and other receivables	**530**	444

(a) The balance relates to a loan of R116 million (2017: R116 million) owed by Pamodzi. Pamodzi was placed into liquidation during 2009 and the loan was provided in full. The company is a concurrent creditor in the Pamodzi Orkney liquidation.

(b) During 2016, Harmony advanced R200 million to the ARM BBEE Trust, shareholder of ARM. The trust is controlled and consolidated by ARM, which holds 12.7% of Harmony's shares. The loan is subordinated and unsecured. The interest is market related (3 month JIBAR plus 4.5%) and is receivable on the maturity of the loan on 31 December 2022. At year end, the loan was tested for impairment and a reversal of R43 million was recognised following an increase in the ARM share price, compared to a provision of R13 million in 2017. The recoverable amount of R256 million (2017: R183 million) was calculated using a discounted cash flow model. The cash flows in the model includes projected interest payments and projected ARM share price on the expected repayment date.

(c) These loans include the funding given to the BEE partners to purchase their portion of TBO. Refer to note 28 for further details. The fair values of the loans are not materially different to their carrying amounts since interest charged is at a floating interest rate. The fair value of the loans is based on discounted cashflows using a current interest rate. The determination of the fair values is level 3 in the fair value hierarchy due to the use of unobservable inputs.

The movement in the provision for impairment of current trade and other receivables during the year was as follows:

	SA rand	
Figures in million	**2018**	2017
Balance at beginning of year	**3**	2
Impairment loss recognised	**9**	2
Reversal of impairment loss	**—**	(1)
Balance at end of year	**12**	3

The movement in the provision of non-current loans receivable during the year was as follows:

	SA rand	
Figures in million	**2018**	2017
Balance at beginning of year	**162**	189
Impairment loss recognised	**—**	13
Impairment loss derecognised (refer to (b) above)	**(43)**	(40)
Total provision of non-current loans receivable	**119**	162

12 TRADE AND OTHER RECEIVABLES continued

The ageing of current trade receivables at the reporting date was:

	30 June 2018 SA rand		30 June 2017 SA rand	
Figures in million	**Gross**	**Impairment**	**Gross**	**Impairment**
Fully performing	**442**	**—**	356	—
Past due by 1 to 30 days	**4**	**—**	1	—
Past due by 31 to 60 days	**—**	**—**	1	—
Past due by 61 to 90 days	**—**	**—**	1	—
Past due by more than 90 days	**7**	**7**	3	2
Past due by more than 361 days	**5**	**5**	1	1
	458	**12**	363	3

The ageing of non-current loans receivable at the reporting date was:

	30 June 2018 SA rand		30 June 2017 SA rand	
Figures in million	**Gross**	**Impairment**	**Gross**	**Impairment**
Fully performing	**275**	**3**	263	46
Past due by 1 to 30 days	**—**	**—**	—	—
Past due by 31 to 60 days	**—**	**—**	—	—
Past due by 61 to 90 days	**—**	**—**	—	—
Past due by more than 90 days	**—**	**—**	—	—
Past due by more than 361 days	**116**	**116**	116	116
	391	**119**	379	162

The majority of fully performing trade receivables are indirectly associated with financial institutions of good credit quality. Similarly, the loans and receivables noted above, other than those that have been provided for, are fully performing and considered to be a low risk. The company does not hold any collateral in respect of these receivables.

During the 2018 and 2017 years there was no renegotiation of the terms of any receivable.

13 DERIVATIVE FINANCIAL INSTRUMENTS

	SA rand	
Figures in million	**2018**	2017
Financial assets		
Non-current		
Rand gold hedging contracts (a)	**10**	40
Current	**68**	204
Rand gold hedging contracts (a)	**59**	144
Foreign exchange hedging contracts (b)	**9**	60
Total derivative financial assets	**78**	244

13 DERIVATIVE FINANCIAL INSTRUMENTS continued

	SA rand	
Figures in million	**2018**	2017
Financial liabilities		
Non-current		
Rand gold hedging contracts (a)	**1**	—
Current		
Foreign exchange hedging contracts (b)	**25**	—
Total derivative financial liabilities	**26**	—

a) Harmony entered into gold forward sale contracts (rand gold contracts), in order to create cash certainty and protect Harmony against lower gold prices. At 30 June 2018, the volume of open contracts is 1 350kg (43 404oz) spread over 24 months at an average forward sale price of R639 787/kg.

b) Harmony has entered into foreign exchange hedging contracts (forex hedging contracts) in the form of zero cost collars, which establish a floor and cap US$/Rand exchange rate at which to convert US dollars to Rands. The nominal value of the open zero cost collars at 30 June 2018 is US$22 million (30 June 2017: US$56 million). The weighted average prices for the foreign exchange contracts are as follows: cap R14.54 and floor R13.69.

During the year, Harmony entered into forex hedging contracts in the form of forwards. The nominal value of open forwards at 30 June 2018 is US$32 million and the weighted average exchange rate is R13.95.

As hedge accounting was not applied to any of the derivatives, the resulting gains have been recorded in gains on derivatives in the income statement (refer to note 2).

The derivatives are classified as held for trading and the fair value is based upon market valuations. Refer to note 31 for details of the fair value measurements.

14 INVESTMENTS IN SUBSIDIARIES AND LOANS TO/FROM SUBSIDIARIES

	SA rand	
Figures in million	**2018**	2017
Shares at cost less accumulated impairment (a)	**28 161**	27 100
Shares at cost	**30 002**	27 625
Accumulated impairment	**(1 841)**	(525)
Loans to subsidiaries	**5 964**	2 802
Gross non-current loan to subsidiary (b)(i)	**131**	131
Gross current loans to subsidiary companies (b)(i) and (iii)	**7 521**	4 342
Provision for irrecoverable loans (b)(ii)	**(1 688)**	(1 671)
Loans from subsidiaries	**(5 861)**	(4 695)
Total investments in subsidiaries	**28 264**	25 207

Refer to Annexure A for a detailed listing of the company's investments in subsidiaries and the loans to and from these companies. The recoverable amount of investments in subsidiaries has been determined on the fair value less costs to sell model, by comparing the future expected cash flows from subsidiaries, represented by the net investment, with the subsidiaries' net asset value.

(a) (i) At 30 June 2018, Harmony tested the recoverability of its investments in subsidiaries. The recoverable amount of its investment in African Rainbow Minerals Gold Limited (ARMgold) exceeded ARMgold's carrying value and resulted in a reversal of impairment of R214 million (2017: a reversal of R287 million). The reversal mainly relates to the increased estimated profitability of the Freegold operations. The recoverable amount of the net assets was R6.5 billion and determined using the fair value less costs to sell method.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the years ended 30 June 2018

14 INVESTMENTS IN SUBSIDIARIES AND LOANS TO/FROM SUBSIDIARIES continued

(a) (ii) The carrying amount of its investment in Avgold Limited exceeded the recoverable amount and resulted in an impairment of R1 530 million (2017: nil). The impairment mainly relates to the reduction of recoverable resources at its Target 1 operation and a decrease in the Target North resource values. Refer to note 15(a) of the group financial statements for the assumptions used in the calculation.

(ii) At 30 June 2018, Harmony capitalised R2.0 billion (2017: R758 million) of the loan to Harmony Copper Limited in exchange for 306 236 (2017: 116 983) no par value shares.

(iii) The amounts relating to the share-based payment expense for the subsidiary companies' employees have been recognised as a capital contribution. Refer to note 28. Any amount recharged to the subsidiaries is offset against the capital contribution.

(b) (i) Included in loans to subsidiaries is a loan to TBO of R201 million (2017: R194 million). The non-current portion of this loan is R131 million (2017: R131 million). Refer to note 28 for details on the Phoenix transaction. The fair value of the loan is not materially different to its carrying amount since interest charged is at a floating interest rate. The fair value of the loan is based on discounted cashflows using a current interest rate. The determination of the fair value is level 3 in the fair value hierarchy due to the use of unobservable inputs.

(ii) An amount of R18 million (2017: R17 million) was provided for on the loans to subsidiaries during the year.

(iii) During the year, the company advanced a loan of R3.5 billion to a subsidiary company, Harmony Moab Khotsong Operations Proprietary Limited (formerly known as Coreland Property Investment Company (Proprietary) Limited), for the purchase of assets. The loan is unsecured and has no fixed terms of repayment. Interest on the loan is charged at JIBAR + 3.15% plus 0.5%. Refer to note 14 of the group financial statements for more information on the transaction.

15 INVESTMENTS IN ASSOCIATES

(a) Pamodzi was a gold mining company listed on the JSE with operations in South Africa. Harmony acquired 32.4% of Pamodzi when the group sold the Orkney operation in 2008 in exchange for a consideration of 30 million Pamodzi shares, initially valued at R345 million. Pamodzi was placed in liquidation in March 2009. The company had historically recognised accumulated impairments of R345 million reducing the carrying value of the investment to Rnil. Refer to note 21 of the group financial statements for further details. Refer to note 12 for detail of loans and receivables provided for by the company.

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

In December 2014, Rand Refinery drew down R1.02 billion on an irrevocable subordinated shareholders' loan. Harmony's portion of the shareholders' loan was R120 million. The original loan facility agreement allowed for any unpaid balance to be converted to equity after two years. An amended agreement was concluded on 5 June 2017, converting the loan to cumulative, redeemable preference shares of no par value. The fair value of the loan on conversion was R71 million, resulting in a loss of R15 million.

In 2018, the recoverable amount of the investment in Rand Refinery, after accounting for the current period share in profit, was calculated at R84 million using a discount rate of 15.7%. This resulted in the recognition of an impairment of R16 million.

The net investment in Rand Refinery consists of:

	SA rand	
Figures in million	**2018**	2017
Investment in associate	**71**	71
Investment in ordinary shares[1]	**—**	—
Redeemable preference shares	**71**	71
Total net investments in associates	**71**	71

[1] Carried at cost less accumulated impairment.

15 INVESTMENTS IN ASSOCIATES continued

The movement in the investment in associate during the year is as follows:

	SA rand	
Figures in million	**2018**	2017
Balance at beginning of year	**71**	—
Conversion to preference shares	**—**	71
Balance at end of year	**71**	71

16 INVESTMENT IN JOINT OPERATIONS

DOORNKOP JV AGREEMENT

During the 2010 financial year, Harmony and Randfontein Estates Limited, a subsidiary of Harmony, entered into a joint arrangement for the operation of the Doornkop mine following Harmony's purchase of a 26% interest in the Doornkop mining right from African Vanguard Resources (Proprietary) Limited (AVRD) for a purchase consideration of R398 million. Harmony recognised the cost of the mineral rights as part of property, plant and equipment. The joint venture agreement entitles the company to a 16% share of the production profit or loss of the Doornkop mine.

For the 2018 financial year, an impairment of R11 million was recognised on the company's effective share of the recoverable amount attributable to the Doornkop JV as well as R30 million on the mining right from African Vanguard Resources (Proprietary) Limited (AVRD). Refer to note 1 for details.

17 INVENTORIES

	SA rand	
Figures in million	**2018**	2017
Gold in-process and bullion on hand	**30**	24
Consumables at weighted average cost (net of provision)	**232**	189
Total current inventories	**262**	213
Included in the balance above is:		
Inventory valued at net realisable value	**10**	13

During the 2018 financial year, a revaluation of R1 million (2017: Rnil) was recorded for the net realisable value adjustment for gold in lock-up. The balance at 30 June 2018 is R3 million (2017: R2 million) and is classified as non-current.

The total provision for slow moving and redundant stock at 30 June 2018 was R17 million (2017: R12 million).

18 SHARE CAPITAL

AUTHORISED

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

ISSUED

500 251 751 ordinary shares with no par value (2017: 429 957 199 of 50 SA cents each). All issued shares are fully paid.

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

SHARE ISSUES

Harmony conducted a placement of new ordinary shares to qualifying investors to raise up to R1.26 billion which represented approximately 15 per cent of the group's existing issued ordinary share capital prior to the placement. The placement was conducted through an accelerated bookbuild. The net proceeds of the placement were to be used to pay down part of the outstanding bridge loan raised for the acquisition of the Moab Khotsong operations.

18 SHARE CAPITAL continued

SHARE ISSUES continued

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

African Rainbow Minerals Limited (ARM) has agreed to subscribe for an additional 11 032 623 shares at R19.12 a share that will maintain its shareholding of 14.29% post the placement of shares. ARM's participation is subject to Harmony shareholder approval. Refer to note 33 for details on events subsequent to year end.

An additional 5 239 502 (2017: 2 657 720) shares were issued relating to the exercise of share options by employees. Annexure B of this report and note 28 set out the details in respect of the share option scheme.

TREASURY SHARES

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

19 OTHER RESERVES

	SA rand	
Figures in million	**2018**	2017
Fair value movement of available-for-sale financial assets	**(2)**	(2)
Repurchase of equity interest (a)	**3**	3
Equity component of convertible bond (b)	**277**	277
Share-based payments (c)	**1 834**	1 471
Post-retirement benefit actuarial gain/(loss) (d)	**7**	2
Total other reserves	**2 119**	1 751

(a) The sale of 26% of the AVRD mining titles resulted in a R3 million repurchase of a call option (equity interest) by the company. Refer to note 25 of the group financial statements.

(b) Refer to note 25 of the group financial statements.

(c) Share-based payments

	SA rand	
Figures in million	**2018**	2017
Balance at beginning of year	**1 471**	1 100
Share-based payments expensed (i)	**53**	53
Subsidiary employees share-based payments (ii)	**310**	318
Balance at the end of year	**1 834**	1 471

(i) Refer to note 34 in the group financial statements as well as note 28 in the company's financial statements.

(ii) Awards offered to employees providing services related to their employment in the group resulted in an increase in investment in subsidiaries. Refer to note 14.

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

	SA rand	
Figures in million	**2018**	2017
Balance at beginning of year	**2**	—
Actuarial gain for the year	**6**	3
Deferred tax	**(1)**	(1)
Balance at the end of year	**7**	2

20 PROVISION FOR ENVIRONMENTAL REHABILITATION

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

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

	SA rand	
Figures in million	**2018**	2017
Provision raised for future rehabilitation		
Balance at beginning of year	**521**	503
Change in estimate - Balance sheet	**(9)**	—
Change in estimate - Income statement	**40**	18
Utilisation of provision	**(36)**	(38)
Time value of money and inflation component of rehabilitation costs	**36**	38
Total provision for environmental rehabilitation	**552**	521

Refer to note 26 of the group financial statements for estimations and judgements used in the calculation.

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, the company has estimated its undiscounted cost for the mines, based on current environmental and regulatory requirements, as follows:

	SA rand	
Figures in million	**2018**	2017
Future net undiscounted obligation		
Ultimate estimated rehabilitation cost	**660**	623
Amounts invested in environmental trust funds (refer to note 11)	**(426)**	(392)
Total future net undiscounted obligation	**234**	231

The company intends to finance the ultimate rehabilitation costs from the money invested with environmental trust funds, as well as the proceeds on sale of assets and gold from plant clean-up at the time of mine closure. The company has guarantees, some cash-backed, in place relating to some of the environmental liabilities. Refer to note 10 and 31.

21 PROVISION FOR SILICOSIS SETTLEMENT

Refer to note 27 of the group financial statements for a discussion on the settlement provision. The following is a reconciliation of the company's provision for the silicosis settlement:

	SA rand	
Figures in million	**2018**	2017
Provision raised for settlement		
Balance at beginning of year	**717**	—
Initial recognition	**—**	717
Change in estimate	**(53)**	—
Time value of money and inflation component	**60**	—
Total provision for silicosis settlement	**724**	717

The group's obligation has been allocated to the companies within the group based on the number of employees at an operation over a period of time. As holding company of the group, Harmony will be obligated to settle the portion of companies that no longer form a part of the group, but is liable for.

21 PROVISION FOR SILICOSIS SETTLEMENT continued

Sensitivity analysis

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

	SA rand	
Figures in million	**2018**	2017
Effect of an increase in the assumption:		
Change in benefit take-up rate[1]	**51**	65
Change in silicosis prevalence[2]	**51**	65
Change in disease progression rates[3]	**25**	29
Effect of a decrease in the assumption:		
Change in benefit take-up rate[1]	**(51)**	(65)
Change in silicosis prevalence[2]	**(51)**	(65)
Change in disease progression rates[3]	**(25)**	(29)

[1] Change in benefit take-up rate: the take-up rate does not affect the legal cost allocation, but a 10% change results in a proportionate change in the other values.
[2] Change in silicosis prevalence: the assumptions that will result in a change in the estimated number of cases are either a 10% change in the assumed labour number or a 10% change in the disease risk.
[3] Change in disease progression rates: a one year shorter/longer disease progression period was used. This assumption is not applicable to the dependant or TB classes.

22 RETIREMENT BENEFIT OBLIGATION

Pension and provident funds: Refer to note 28(a) of the group financial statements. Funds contributed by the company for the 2018 financial year amounted to R131 million (2017: R127 million).

Post-retirement benefits other than pensions: Refer to note 28(b) of the group financial statements for a discussion of the obligation, risk and assumption used. The disclosure below relates to the company only.

	SA rand	
Figures in million	**2018**	2017
Present value of unfunded obligations	**19**	23
Current employees	**10**	14
Retired employees	**9**	9
Movement in the liability recognised in the balance sheet		
Balance at beginning of year	**23**	24
Contributions paid	**(1)**	(1)
Other expenses included in staff costs/current service costs	**1**	1
Finance costs	**2**	2
Net actuarial gain recognised during the year[1]	**(6)**	(3)
Balance at end of year	**19**	23

[1] The net actuarial gain has been recorded in other comprehensive income.

	SA rand	
Figures in million	**2018**	2017
The net liability of the defined benefit plan is as follows:		
Present value of defined benefit obligation	**19**	23
Fair value of plan assets	**—**	—
Balance at end of year	**19**	23

22 RETIREMENT BENEFIT OBLIGATION continued

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

	SA rand	
Figures in million	**2018**	2017
Effect of a 1% increase on:		
Aggregate of service cost and finance costs	**—**	—
Defined benefit obligation	**2**	3
Effect of a 1% decrease on:		
Aggregate of service cost and finance costs	**—**	—
Defined benefit obligation	**(2)**	(2)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The analysis is performed on the same basis for 2017.

The weighted average duration of the defined benefit obligation is 14 years. The company expects to contribute approximately R1 million to the benefit plan in 2019.

23 OTHER NON-CURRENT LIABILITES

	SA rand	
Figures in million	2018	2017
Non-financial liabilities		
TBO share-based payment liability	**125**	112
Total other non-current liabilities	**125**	112

The liability relates to the disposal of an equity interest of TBO to BEE shareholders by Harmony on 25 June 2013.

The award to the BEE partners has been accounted for as in-substance options, as the BEE partners will only share in the upside, and not the downside, of their equity interest in TBO until the date the financial assistance provided by Harmony is fully paid. The award of the options to the BEE partners is accounted for as a cash-settled share-based payment arrangement in the company.

24 BORROWINGS

FACILITIES

Nedbank Limited

The R1 billion Nedbank revolving credit facility (RCF) was entered into on 20 February 2017.
R300 million was repaid on the facility in September 2017. R500 million was drawn down on the same facility in April 2018.

Interest accrues on a day-to-day basis over the term of the loan at a variable interest rate.

US dollar facilities

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

On 18 October 2017, the company concluded an agreement for a new 12 month bridge loan of US$200 million in order to partially fund the acquisition of the Moab Khotsong operations (refer to note 14 in the group financial statements). The facility was concluded with similar terms and covenants as the existing loan facilities. US$200 million (R2 310 million) was drawn down on the bridge loan in February 2018. US$50 million (R596 million) was repaid in April 2018 and a further US$100 million (R1 320 million) was repaid in June 2018. Refer to note 33 for details of events after the reporting date.

24 BORROWINGS continued

TERMS AND DEBT REPAYMENT SCHEDULE AT 30 JUNE 2018

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

DEBT COVENANTS

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

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

[1] Earnings before interest, taxes, depreciation and amortisation (EBITDA) as defined in the agreement excludes unusual items such as impairment and restructuring cost.
[2] Tangible Net Worth is defined as total equity less intangible assets.
[3] Leverage is defined as total net debt to EBITDA.

At the time of entering into the bridge loan the Tangible Net Worth to total net debt ration covenant was renegotiated and relaxed from 6 times to 4 times for the full term of the bridge loan. There were no breaches of the loan covenants for the 2018 and 2017 financial years.

24 BORROWINGS continued

INTEREST BEARING BORROWINGS

	SA rand	
Figures in million	**2018**	2017
Non-current borrowings continued		
Nedbank Limited (secured loan - R1.0 billion revolving credit facility)	**497**	299
Balance at beginning of year	**299**	—
Draw down	**500**	300
Repayments	**(300)**	
Issue cost	**(2)**	2
Transferred to current liabilities	**—**	(3)
US$250 revolving credit facility (secured loan)	**—**	—
Balance at beginning of year	**—**	2 039
Draw down	**—**	399
Repayments	**—**	(410)
Amortisation of issue costs	**—**	18
Transferred to current liabilities	**—**	(1 831)
Translation	**—**	(215)
US$350 facility (secured loan)	**4 427**	—
Draw down	**4 127**	—
Issue cost	**(94)**	—
Amortisation of issue costs	**33**	—
Translation	**361**	—
Total non-current borrowings	**4 924**	299
Current borrowings		
Nedbank Limited (secured loan - R1.0 billion revolving credit facility)	**3**	3
Balance at beginning of year	**3**	300
Repayments	**—**	(300)
Transferred from non-current liabilities	**—**	3
US$250 revolving credit facility (secured loan)	**—**	1 831
Balance at beginning of year	**1 831**	—
Repayments	**(1 847)**	
Amortisation of issue costs	**4**	—
Translation	**12**	—
Transferred from non-current liabilities	**—**	1 831
US$200 bridge loan facility (secured loan)	**687**	—
Draw down	**2 310**	—
Repayments	**(1 916)**	—
Issue cost	**(3)**	—
Translation	**296**	—
Total current borrowings	**690**	1 834
Total interest-bearing borrowings	**5 614**	2 133

24 BORROWINGS continued

INTEREST BEARING BORROWINGS continued

Figures in million	SA rand 2018	2017
The maturity of borrowings is as follows:		
Current	**702**	1 834
Between one to two years	**497**	—
Between two to five years	**4 415**	299
	5 614	2 133
Undrawn committed borrowing facilities:		
Expiring within one year	**—**	1 442
Expiring after one year	**845**	700
	845	2 142

EFFECTIVE INTEREST RATES

	2018 %	2017 %
Nedbank Limited - rand revolving credit facility	**10.2**	10.5
US$250 million revolving credit facility	**4.2**	3.9
US$350 million facility	**4.8**	—
US$200 million bridge loan	**4.5**	—

25 TRADE AND OTHER PAYABLES

Figures in million	SA rand 2018	2017
Financial liabilities		
Trade payables	**144**	162
Other liabilities	**50**	26
Non-financial liabilities		
Payroll accruals including leave liability (a)	**428**	306
Shaft related and other accruals	**118**	92
Value added tax	**84**	52
Total trade and other payables	**824**	638

(a) Leave liabilities

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

25 TRADE AND OTHER PAYABLES continued

(a) Leave liabilities continued

	SA rand	
Figures in million	**2018**	2017
Balance at beginning of year	**74**	72
Benefits paid	**(88)**	(82)
Total expense per income statement	**97**	84
Balance at end of year	**83**	74

26 CASH GENERATED BY OPERATIONS

	SA rand	
Figures in million	**2018**	2017
Reconciliation of loss before taxation to cash generated by operations:		
Loss before taxation	**(3 218)**	(48)
Adjustments for:		
Amortisation and depreciation	**407**	377
Impairment of assets	**1 003**	—
Share-based payments	**53**	56
Net decrease in provision for post-retirement benefits	**(1)**	—
Net decrease provision for environmental rehabilitation	**1**	(20)
Loss on scrapping of property, plant and equipment	**1**	20
Loss on conversion of loan to associate	**—**	15
Impairment of investment in subsidiaries	**1 530**	—
Reversal of impairment of investments in subsidiaries	**(214)**	(287)
Net gain on financial instruments	**(4)**	—
Dividends received	**(4)**	(4)
Interest received	**(292)**	(172)
Finance costs	**328**	153
Inventory adjustment	**(6)**	—
Provision for doubtful debts expense	**9**	29
Silicosis settlement provision	**(53)**	717
Foreign exchange translation	**668**	(217)
Non-cash portion of gains on derivatives	**161**	(188)
Other non-cash adjustments	**(23)**	(35)
Effect of changes in operating working capital items		
Receivables	**(122)**	(24)
Inventories	**(49)**	(31)
Payables	**179**	(116)
Cash generated by operations	**354**	225

ADDITIONAL CASH FLOW INFORMATION

The income and mining taxes paid in the statement of cash flow represents actual cash paid less refunds received.

At 30 June 2018, R845 million (2017: R2 142 million) of borrowing facilities had not been drawn down and is therefore available for future operating activities and future capital commitments. Refer to note 24.

Principal non-cash transactions

Share-based payments (refer to note 28).
Investment in subsidiaries arising from share-based payments (refer to note 14).
Capitalisation of the Harmony Copper intercompany loan (refer to note 14).
Disposal of the Harmony Australia investment in 2017 (Harmony sold its investment in Harmony Australia to Harmony Copper Limited, a wholly owned subsidiary in a share exchange transaction and the principles of common control were applied).

27 EMPLOYEE BENEFITS

Figures in million	SA rand 2018	2017
Aggregate earnings		
The aggregate earnings of employees including directors were:		
Salaries and wages and other benefits	**1 809**	1 649
Retirement benefit costs	**138**	132
Medical aid contributions	**51**	49
Total aggregated earnings*	**1 998**	1 830
Number of permanent employees as at 30 June	**4 906**	5 677

* These amounts have been included in cost of sales, corporate expenditure and capital expenditure.

Remuneration for directors and executive management is fully disclosed in Annexure B of this report. During the 2018 financial year R62 million (2017: R23 million) was included in the payroll cost for termination costs. Termination costs include the costs relating to the voluntary retrenchment process as well as retrenchments due to shaft closures.

28 SHARE-BASED PAYMENTS

EMPLOYEE SHARE-BASED PAYMENTS

The group has the 2006 share plan that is active. The objective of this scheme is to recognise the contributions of employees to the group's financial position and performance and to retain key employees.

The group's 2012 employee share ownership plan (ESOP) ended in 2017. The plan was an equity-settled and cash settled employee ownership plan.

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

Figures in million	SA rand 2018	2017
2012 employee share ownership plan	**—**	2
2006 share plan	**53**	54
Total employee share-based payments	**53**	56

Options granted under the 2006 share plan

Refer to note 34 of the group financial statements for the information relating to the 2006 share plan. The following information relates specifically to the company.

28 SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE-BASED PAYMENTS continued

Activity on share options

Activity on options and rights granted but not yet exercised

	SARs		PS	RS
	Number of options and rights	Weighted average option price (SA rand)	Number of rights	Number of rights
For the year ended 30 June 2018				
Balance at beginning of year	**6 291 929**	**32.83**	**22 092 730**	**459 048**
Options granted and accepted	**—**	**—**	**8 377 135**	**—**
Transfers	**(101 180)**	**30.30**	**(757 564)**	**23 008**
Rights vested and locked up	**—**	**—**	**(278 629)**	**—**
Options exercised	**(421 823)**	**18.41**	**(1 977 220)**	**(88 000)**
Options forfeited and lapsed	**(624 040)**	**63.92**	**(2 492 128)**	**—**
Balance at end of year	**5 144 886**	**30.30**	**24 964 324**	**394 056**
For the year ended 30 June 2017				
Balance at beginning of year	6 957 329	35.18	19 766 660	527 216
Options granted and accepted	25 960	22.84	5 351 482	—
Rights vested and locked up	—	—	(160 271)	—
Options exercised	(168 720)	28.16	(1 211 343)	(68 168)
Options forfeited and lapsed	(522 640)	57.99	(1 653 798)	—
Balance at end of year	6 291 929	32.83	22 092 730	459 048

Options and rights vested but not exercised at year end

	SARs		PS		RS	
	2018	2017	**2018**	2017	**2018**	2017
Options and rights vested but not exercised	**2 806 294**	1 461 530	**—**	—	**—**	—
Weighted average option price (SA rand)	**36.62**	58.11	**n/a**	n/a	**n/a**	n/a

28 SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE-BASED PAYMENTS continued

Activity on share options continued

List of options and rights granted but not yet exercised (listed by allocation date)

	Number of options and rights	Award price (SA rand)	Remaining life (years)
As at 30 June 2018			
Share appreciation rights			
16 November 2012	612 972	68.84	0.4
15 November 2013	2 048 051	33.18	1.4
17 November 2014	2 483 863	18.41	2.4
	5 144 886		
Performance shares			
16 November 2015	11 364 007	n/a	0.4
17 February 2016	512 000	n/a	0.4
29 November 2016	5 017 529	n/a	1.4
15 November 2017	8 070 788	n/a	1.4
	24 964 324		
Restricted shares[1]			
November 16, 2012	98 514	n/a	0.4
November 16, 2015	295 542	n/a	0.4
	394 056		
Total options and rights granted but not yet exercised	30 503 266		

[1] The 2012 and 2015 restricted shares vested in November 2015 and November 2018 respectively. Restricted shares that were not exercised, partially or fully, at that time remain restricted for a further three years, but were supplemented by a matching grant of restricted shares. All restricted shares are then only settled after the end of a further three year period.

Figures in million	SA rand 2018	2017
Gain realised by participants on options and rights traded during the year	98	56
Fair value of options and rights exercised during the year	110	58

OTHER SHARE-BASED PAYMENTS

On 20 March 2013 Harmony signed transaction and funding agreements to give effect to an empowerment transaction to dispose of 30% of its Free State based Phoenix operation (Phoenix) to BEE shareholders, which includes a free-carry allocation of 5% to a community trust that has been created and is currently controlled by Harmony. The transaction closed on 25 June 2013, following the fulfilment of the last condition precedent. In terms of the agreements Phoenix was transferred to a newly incorporated subsidiary Tswelopele Beneficiation Operation (TBO).

The awards to the BEE partners have been accounted for as in-substance options as the BEE partners will only share in the upside, and not the downside of their equity interest in TBO until the date the financing provided by Harmony is fully repaid. On this date the options will be exercised. The award of the options to the BEE partners is accounted for by the company as a cash-settled share-based payment arrangement, as the company is settling the transaction in TBO's shares and not its own equity instruments.

The cash-settled share-based payment has been recognised as a liability in the balance sheet, the fair value of which will be remeasured at each reporting date. Any changes in fair value are recognised against the company's investment in TBO.

At 30 June 2018, the carrying value of the liability is R125 million (2017: R112 million). Refer to note 23.

28 SHARE-BASED PAYMENTS continued

OTHER SHARE-BASED PAYMENTS continued

Measurement

The share-based cost was calculated using the Monte Carlo simulation. The fair value of the option is the difference between the expected future enterprise value of TBO and the expected loan balances at redemption date, and the present value of the trickle dividend determined in accordance with the cash flow waterfall per the signed transaction and funding arrangements.

The following assumptions were applied:

	2018	2017
Business value (R'million)	**517**	469
Exercise price (R'million)	**2**	2
Risk-free interest rate	**7.41%**	7.36%
Expected volatility*	**55.00%**	41.00%
Expected dividend yield	**9.90%**	8.40%
Vesting period (from grant date)	**7.5 years**	7.5 years
Equity value attributable to the BEE partners	**25.00%**	25.00%
Expected redemption date	**31 December 2020**	31 December 2020

* The volatility is measured in relation to a comparable listed company's share price volatility.

29 RELATED PARTIES

Refer to note 35 in the group financial statements for a discussion on related parties. The services rendered to the subsidiary companies relate primarily to general administration and financial functions.

All the production of the company is sent to Rand Refinery in which Harmony holds a 10.38% interest. Refer to note 15.

All loans except as stated otherwise are unsecured and interest-free and there are no special terms and conditions that apply.

Annexure A of this report contains a full list of the loans to and from subsidiaries. Refer to note 14 for details of provisions made against these loans.

	SA rand	
Figures in million	**2018**	2017
Sales and services rendered to related parties		
Direct subsidiaries	**15 757**	15 209
Indirect subsidiaries	**780**	738
Associates	**—**	6
Total	**16 537**	15 953
Purchases and services acquired from related parties		
Direct subsidiaries	**1**	1
Directors	**6**	1
Total	**7**	2

29 RELATED PARTIES continued

Figures in million	2018	2017
Outstanding balances due by related parties		
Direct subsidiaries	**5 955**	2 802
Indirect subsidiaries	**9**	—
Total	**5 964**	2 802
Outstanding balances due to related parties		
Direct subsidiaries	**5 283**	4 085
Indirect subsidiaries	**578**	610
Total	**5 861**	4 695

30 COMMITMENTS AND CONTINGENCIES

COMMITMENTS AND GUARANTEES

	SA rand	
Figures in million	**2018**	2017
Capital expenditure commitments		
Contracts for capital expenditure	**22**	47
Authorised by the directors but not contracted for	**59**	38
Total capital commitments	**81**	85

This expenditure will be financed from existing resources and, where appropriate, borrowings.

	SA rand	
Figures in million	**2018**	2017
Guarantees		
Guarantees and suretyships	**7**	5
Environmental guarantees	**317**	317
Total guarantees	**324**	322

At 30 June 2018, R75 million (2017: R61 million) has been pledged as collateral for environmental guarantees in favour of certain financial institutions. Refer to note 10.

Refer to note 36 of the group financial statements for a discussion on contingent liabilities.

31 FINANCIAL RISK MANAGEMENT

The company's financial instruments expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and other price risk), credit risk and liquidity risk. The company may use derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges certain selected financial risks in close cooperation with the group's operating units. The audit and risk committee and the board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity.

31 FINANCIAL RISK MANAGEMENT continued

The company's financial assets and liabilities are set out below:

Figures in million (SA rand)	Loans and receivables	Available-for-sale financial assets	Held-to-maturity investments	Fair value through profit or loss	Financial liabilities at amortised cost
At 30 June 2018					
Financial assets					
Restricted cash	**75**	**—**	**—**	**—**	**—**
Restricted investments	**1**	**—**	**301**	**157**	**—**
Investments in financial assets	**—**	**3**	**—**	**—**	**—**
Loans to subsidiaries	**5 964**	**—**	**—**	**—**	**—**
Other non-current receivables	**273**	**—**	**—**	**—**	**—**
Derivative financial instruments	**—**	**—**	**—**	**78**	**—**
Trade and other receivables	**514**	**—**	**—**	**—**	**—**
Cash and cash equivalents	**615**	**—**	**—**	**—**	**—**
Financial liabilities					
Derivative financial instruments	**—**	**—**	**—**	**26**	**—**
Borrowings	**—**	**—**	**—**	**—**	**5 614**
Other non-current liabilities	**—**	**—**	**—**	**—**	**5 861**
Trade and other payables	**—**	**—**	**—**	**—**	**194**
At 30 June 2017					
Financial assets					
Restricted cash	61	—	—	—	—
Restricted investments	1	—	278	150	—
Investments in financial assets	—	3	—	—	—
Loans to subsidiaries	2 802	—	—	—	—
Non-current receivables	217	—	—	—	—
Derivative financial assets	—	—	—	244	—
Trade and other receivables	435	—	—	—	—
Cash and cash equivalents	959	—	—	—	—
Financial liabilities					
Borrowings	—	—	—	—	2 133
Other non-current liabilities	—	—	—	—	4 695
Trade and other payables	—	—	—	—	188

MARKET RISK

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The company has certain investments in foreign operations, where net assets are exposed to foreign currency translation risk. There is also foreign exchange risk arising from borrowings denominated in a currency other than the functional currency of that entity. In addition, foreign exchange risk arises from various currency exposures, primarily with respect to the US dollar (US$). Harmony's revenues are sensitive to the R/US$ exchange rate as all revenues are generated by gold sales denominated in US$.

During 2016, Harmony started a foreign currency hedging programme in order to manage the foreign exchange risk. Refer to note 13 for details of the contracts. The audit and risk committee review the details of the programme quarterly. The 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 company has reviewed its foreign currency exposure on financial assets and financial liabilities as at 30 June 2018 and 2017 and has identified the following sensitivities for a change of 10% in the exchange rate that would affect profit or loss. Management considers a range between 10% and 20% to be a reasonable change given the recent volatility in the market.

31 FINANCIAL RISK MANAGEMENT continued

MARKET RISK continued

(i) Foreign exchange risk continued

	SA rand	
Figures in million	**2018**	2017
Sensitivity analysis - borrowings		
Rand against US$		
Balance at 30 June	**5 114**	1 831
Strengthen by 10%	**511**	183
Weaken by 10%	**(511)**	(183)
Closing rate	**13.81**	13.11
Sensitivity analysis - financial instruments		
Rand against US$		
Balance at 30 June	**(16)**	60
Strengthen by 10%	**96**	69
Weaken by 10%	**(90)**	(60)
Closing rate	**13.81**	13.11

(ii) Commodity price sensitivity

The profitability of the company's operations, and the cash flows generated by those operations, are affected by changes in the market price of gold, During July 2016, Harmony started entering into derivative contracts to manage the variability in cash flows from the company's production, in order to create cash certainty and protect the company against lower commodity prices. The limits currently set by the Board are for 20% of the production from gold for the group. 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 those levels. The audit and risk committee reviews the detail of the programme quarterly.

The exposure to the variability in the price of gold is managed by entering into gold forward sales contracts for the portion of the company's production. The production of the South African operations is linked to Rand gold forward contracts. These contracts have not been designated as hedging instruments for hedge accounting for the company and the gains and losses are accounted for in the income statement.

Refer to note 2 and 13 and the fair value determination for financial assets and liabilities section below for further detail on these contracts.

The company has reviewed its exposure to commodity linked instruments and has identified the following sensitivities for a 10% change in the commodity price specified per contract that would affect profit or loss. Management considers a range between 10% and 20% to be a reasonable change given the recent volatility in the market.

	SA rand	
Figures in million	**2018**	2017
Sensitivity analysis		
Rand gold derivatives		
Increase by 10%	**(75)**	(71)
Decrease by 10%	**74**	70

31 FINANCIAL RISK MANAGEMENT continued

MARKET RISK continued

(iii) Other price risk

The company is exposed to the risk of fluctuations in the fair value of the available-for-sale financial assets and fair value through profit or loss financial assets as a result of changes in market prices (other than changes in interest rates and foreign currencies). Harmony generally does not use any derivative instruments to manage this risk.

Sensitivity analysis

Certain of the restricted investments are linked to the Top 40 Index on the JSE. A 10% increase in the Top 40 index at the reporting date, with all other variables held constant, would have increased profit or loss by R6 million (2017: R4 million); an equal change in the opposite direction would have decreased profit or loss by R5 million (2017: R3 million).

(iv) Interest rate risk

The company's interest rate risk arises mainly from long-term borrowings. The company has variable interest rate borrowings. Variable rate borrowings expose the company to cash flow interest rate risk. The company has not entered into interest rate swap agreements as this is a risk that management is prepared to take. The audit and risk committee reviews the exposures quarterly.

Interest rate risk arising from long-term borrowings is offset by cash, restricted cash and restricted investments held at variable rates.

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2017.

	SA rand	
Figures in million	**2018**	2017
Sensitivity analysis - borrowings (finance costs)		
Increase by 100 basis points	**(56)**	(21)
Decrease by 100 basis points	**56**	21
Sensitivity analysis - financial assets (interest received)		
Increase by 100 basis points	**10**	13
Decrease by 100 basis points	**(10)**	(13)

CREDIT RISK

Credit risk is the risk that a counterparty may default or not meet its obligations timeously. Financial instruments which subject the company to concentrations of credit risk consist predominantly of restricted cash, restricted investments, derivative financial assets, trade and other receivables (excluding non-financial instruments) and cash and cash equivalents.

Exposure to credit risk on trade and other receivables is monitored on a regular basis. Refer to note 12 for management's assessment. The credit risk arising from restricted cash, cash and cash equivalents and restricted investments is managed by ensuring amounts are only invested with financial institutions of good credit quality. The contracts for derivative financial assets were entered into with counter parties that satisfy the criterion set by the board. The company has policies that limit the amount of credit exposure to any one financial institution. The audit and risk committee reviews the exposure on a quarterly basis.

Refer to note 4 in the group financial statements for a discussion on South Africa's credit ratings.

31 FINANCIAL RISK MANAGEMENT continued

CREDIT RISK continued

Financial institutions' credit rating by exposure (Source: Fitch Ratings and Global Credit Ratings)

	SA rand	
Figures in million	**2018**	2017
Cash and cash equivalents		
AA+	**—**	565
AA	**615**	394
	615	959
Restricted cash		
AA+	**53**	—
AA	**22**	61
	75	61
Restricted investments (environmental trusts)		
AA+	**273**	250
AA	**153**	142
	426	392
Derivative financial assets		
AA+	**19**	94
AA	**50**	3
AA-	**9**	147
	78	244

The social plan trust fund of R33 million (2017: R37 million) has been invested in unit trusts comprising shares in listed companies.

The company's maximum exposure to credit risk is represented by the carrying amount of all financial assets determined to be exposed to credit risk, amounting to R2 014 million as at 30 June 2018 (2017: R2 345 million).

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

In the ordinary course of business, the company receives cash from its operations and is required to fund working capital and capital expenditure requirements. Management prepares cash flow forecasts weekly and ensures that surplus funds are invested in a manner to achieve market related returns and to provide sufficient liquidity at the minimum risk. The group maintains and refinances committed credit facilities as medium-term forecasts require. The audit and risk committee reviews the updated forecasts quarterly. The company is able to actively source financing at competitive rates. Where necessary, funds will be drawn from its revolving credit facilities (refer to note 24).

31 FINANCIAL RISK MANAGEMENT continued

LIQUIDITY RISK continued

The following are the contractual maturities of financial liabilities (including principal and interest payments assuming the closing R/US$ exchange rate and interest rate at year end):

	SA rand	
Figures in million	**Current**	**More than 1 year**
2018		
Trade and other payables (excluding non-financial liabilities)	**194**	**—**
Derivative financial liabilities	**15**	**12**
Borrowings		
Due between 0 to six months	**702**	**—**
Due between six to 12 months	**—**	**—**
Due between one to two years	**—**	**584**
Due between two to five years	**—**	**5 002**
	911	**5 598**
2017		
Trade and other payables (excluding non-financial liabilities)	188	—
Borrowings		
Due between 0 to six months	55	—
Due between six to 12 months	1 864	—
Due between one to two years	—	31
Due between two to five years	—	321
	2 107	352

CAPITAL RISK MANAGEMENT

The primary objective of managing the company's capital is to ensure that there is sufficient capital available to support the funding requirements of the company, in a way that optimises the cost of capital and matches the current strategic business plan.

The company manages and makes adjustments to the capital structure, which consists of debt and equity as and when borrowings mature or when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof. In doing so, the group ensures it stays within the debt covenants agreed with lenders (refer to note 24 for details on the covenants). The company may also sell assets to reduce debt or schedule projects to manage the capital structure.

During 2018 the level of gearing increased due to the funding required for the acquisition by the group of the Moab Khotsong operations (refer to note 14 of the group financial statements). However, the group continues to follow a conservative approach to debt and prefers to maintain low levels of gearing. Net debt is as follows:

	SA rand	
Figures in million	**2018**	2017
Cash and cash equivalents	**615**	959
Borrowings	**(5 614)**	(2 133)
Net debt	**(4 999)**	(1 174)

There were no changes to the company's approach to capital management during the year.

31 FINANCIAL RISK MANAGEMENT continued

FAIR VALUE DETERMINATION OF FINANCIAL ASSETS AND LIABILITIES

The fair value levels of hierarchy are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets;
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from other prices);
Level 3: Inputs for the asset that are not based on observable market data (that is, unobservable inputs).

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

Figures in million (SA rand)	Fair value hierarchy level	At 30 June 2018	At 30 June 2017
Available-for-sale financial assets			
Investment in financial assets[1]	Level 3	**3**	3
Fair value through profit or loss financial assets and liabilities			
Restricted investments[2]	Level 2	**157**	150
Derivative financial instruments[3]	Level 2	**52**	244
Forex hedging contracts		**(16)**	60
Rand gold hedging contracts		**68**	184

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

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

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

Forex hedging contracts:

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

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

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

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.

32 GOING CONCERN

The financial statements are prepared on a going concern basis. In accordance with the solvency and liquidity test in terms of section 4 of the Companies Act, the board is of the opinion that the company has adequate resources and that:

* the company's assets, fairly valued, exceeds its liabilities, fairly valued; and
* the company will be able to pay its debts as they become due in the ordinary course of business for the 12 months following 30 June 2018.

33 SUBSEQUENT EVENTS

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

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

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

ANNEXURE A

Statement of group companies at 30 June 2018

Company	Country incorporated in	Issued share capital R'000	Effective group interest 2018 %	Effective group interest 2017 %	Cost of investment by holding company 2018 Rm	Cost of investment by holding company 2017 Rm	Loans from/(to) holding company 2018 Rm	Loans from/(to) holding company 2017 Rm
Direct subsidiaries:								
Dormant								
Coreland Property Management (Proprietary) Limited	(a)	#	**100**	100	**—**	—	**—**	—
Harmony Engineering (Proprietary) Limited	(a)	#	**100**	100	**2**	2	**(4)**	(4)
Harmony Gold (Management Services) (Proprietary) Limited [1]	(a)	#	**100**	100	**—**	—	**—**	—
Harmony Gold Limited	(b)	#	**100**	100	**—**	—	**—**	—
Harmony Pharmacies (Proprietary) Limited [1]	(a)	#	**100**	100	**—**	—	**—**	—
Harmony Precision Casting Company (Proprietary) Limited	(a)	358	**100**	100	**—**	—	**—**	—
Musuku Beneficiation Systems (Proprietary) Limited	(a)	#	**100**	100	**—**	—	**—**	—
Unisel Gold Mines Limited	(a)	23 136	**100**	100	**89**	89	**(89)**	(89)
Virginia Salvage (Proprietary) Limited [2]	(a)	2	**90**	90	**—**	—	**—**	—
Exploration								
Lydenburg Exploration Limited	(a)	42 792	**100**	100	**103**	103	**(106)**	(106)
Gold mining								
African Rainbow Minerals Gold Limited	(a)	96	**100**	100	**6 521**	6 307	**—**	—
Avgold Limited	(a)	6 827	**100**	100	**5 557**	7 057	**220**	67
Freegold (Harmony) (Proprietary) Limited	(a)	20	**100**	100	**619**	474	**(5 058)**	(3 860)
Randfontein Estates Limited	(a)	19 882	**100**	100	**1 649**	1 572	**2 147**	2 541
Tswelopele Beneficiation Operation (Proprietary) Limited	(a)	5 996	**100**	100	**129**	116	**201**	194
Harmony Moab Khotsong Operations (Proprietary) Limited [6]	(a)	#	**100**	100	**—**	—	**3 386**	—
Investment holding								
ARMgold/Harmony Joint Investment Company (Proprietary) Limited	(a)	#	**100**	100	**—**	—	**—**	—
Own Kind Mineral Resources (Pty) Limited	(d)	#	**100**	100	**—**	—	**—**	—
Harmony Copper Limited	(a)	12 955 523	**100**	100	**12 956**	10 903	**—**	—
West Rand Consolidated Mines Limited	(a)	17 967	**100**	100	**321**	321	**(26)**	(26)
Property holding and development								
La Riviera (Proprietary) Limited	(a)	#	**100**	100	**—**	—	**—**	—
Coreland Property Development Company (Proprietary) Limited	(a)	#	**100**	100	**—**	—	**1**	—
Indirect subsidiaries:								
Dormant								
Aurora Gold (WA) (Proprietary) Limited	(c)	163 115	**100**	100	**—**	—	**—**	—
Aurora Gold Australia (Proprietary) Limited	(c)	58	**100**	100	**—**	—	**—**	—
Australian Ores & Minerals (Proprietary) Limited	(c)	8 766	**100**	100	**—**	—	**—**	—
Carr Boyd Minerals (Proprietary) Limited	(c)	402 414	**100**	100	**—**	—	**—**	—
Harmony Gold No.1 Limited	(e)	#	**100**	100	**—**	—	**—**	—
Harmony Gold Securities (Proprietary) Limited	(c)	#	**100**	100	**—**	—	**—**	—
Harmony Gold WA (Proprietary) Limited	(c)	#	**100**	100	**—**	—	**—**	—
Jeanette Gold Mines (Proprietary) Limited	(a)	#	**87**	87	**—**	—	**—**	—
Loraine Gold Mines Limited	(a)	#	**100**	100	**—**	—	**—**	—

Company	Country incorporated in	Issued share capital R'000	Effective group interest 2018 %	Effective group interest 2017 %	Cost of investment by holding company 2018 Rm	Cost of investment by holding company 2017 Rm	Loans from/(to) holding company 2018 Rm	Loans from/(to) holding company 2017 Rm
Indirect subsidiaries continued:								
Dormant continued								
Middelvlei Development Company (Proprietary) Limited	(a)	#	**100**	100	**—**	—	**—**	—
New Hampton Goldfields Limited	(c)	196 248	**100**	100	**—**	—	**—**	—
Potchefstroom Gold Areas Limited	(a)	8 407	**100**	100	**—**	—	**—**	—
Potchefstroom Gold Holdings (Proprietary) Limited	(a)	2	**100**	100	**—**	—	**—**	—
Remaining Extent and Portion 15 Wildebeestfontein (Proprietary) Limited [1]	(a)	#	**67**	67	**—**	—	**—**	—
South Kal Mines (Proprietary) Limited [8]	(c)		**—**	100	**—**	—	**—**	—
Vadessa (Proprietary) Limited	(c)	#	**100**	100	**—**	—	**—**	—
Venda Gold Mining Company (Proprietary) Limited [2]	(a)	#	**100**	100	**—**	—	**—**	—
Exploration								
Harmony Gold (Exploration) (Proprietary) Limited	(a)	10	**100**	100	**—**	—	**(3)**	(3)
Harmony Gold (PNG) Exploration Limited	(e)	#	**100**	100	**—**	—	**—**	—
Morobe Exploration Limited	(e)	1 104	**100**	100	**—**	—	**—**	—
Gold mining								
Harmony Gold PNG Limited	(e)	#	**100**	100	**—**	—	**—**	—
Kalahari Goldridge Mining Company Limited	(a)	1 275	**100**	100	**49**	36	**(575)**	(607)
Investment								
Abelle Limited	(c)	488 062	**100**	100	**—**	—	**—**	—
Aurora Gold Finance (Proprietary) Limited	(c)	#	**100**	100	**—**	—	**—**	—
Aurora Gold Limited	(c)	685 006	**100**	100	**—**	—	**—**	—
Aurora Gold (Wafi) (Proprietary) Limited	(c)	#	**100**	100	**—**	—	**—**	—
Harmony Gold Australia (Proprietary) Limited [5]	(c)	14 103 743	**100**	100	**166**	120	**—**	—
Harmony Gold Operations Limited	(c)	405 054	**100**	100	**—**	—	**—**	—
Mineral right investment								
Harmony PNG 20 Limited [3]	(e)	#	**—**	100	**—**	—	**—**	—
Morobe Consolidated Goldfields Limited [3]	(e)	#	**100**	100	**—**	—	**—**	—
Wafi Mining Limited	(e)	#	**100**	100	**—**	—	**—**	—
Property and development								
Quarrytown Limited	(a)	#	**100**	100	**—**	—	**—**	—
Mining related services								
Harmony Gold (PNG Services) (Proprietary) Limited	(c)	#	**100**	100	**—**	—	**—**	—
Harmony Gold Morobe Province Services Limited	(e)	#	**100**	100	**—**	—	**—**	—
Hidden Valley Services Limited [3]	(e)	#	**—**	100	**—**	—	**—**	—
Other								
Nufcor Fuels Corporation of South Africa (Proprietary) Limited [6]	(a)	#	**100**	—	**—**	—	**9**	—
Margaret Water Company NPC [6]	(a)	#	**66**	—	**—**	—	**—**	—
Harmony BEE SPV (Proprietary) Limited [6]	(a)	#	**100**	—	**—**	—	**—**	—
Total					**28 161**	27 100	**103**	(1 893)
Total investments							**28 264**	25 207

Company	Country incorporated in	Issued share capital R'000	Effective group interest 2018 %	Effective group interest 2017 %	Cost of investment by holding company 2018 Rm	Cost of investment by holding company 2017 Rm	Loans from/(to) holding company 2018 Rm	Loans from/(to) holding company 2017 Rm
Joint operations - indirect:								
Morobe Exploration Services Limited	(e)	$	**50**	50	**—**	—	**—**	—
Wafi Golpu Services Limited	(e)	$	**50**	50	**—**	—	**—**	—
Morobe Mining JV Services (Australia) (Proprietary) Limited	(c)	$	**50**	50	**—**	—	**—**	—

For its interest in joint operations, the group includes its share of the joint operations' individual income and expenses, assets and liabilities in the relevant components of the financial statements on a line-by-line basis.

Company	Country incorporated in	Issued share capital R'000	Effective group interest 2018 %	Effective group interest 2017 %	Cost of investment by holding company 2018 Rm	Cost of investment by holding company 2017 Rm	Loans from/(to) holding company 2018 Rm	Loans from/(to) holding company 2017 Rm
Associate company - direct:								
Gold mining company								
Pamodzi Gold Limited	(a)	30	**32**	32	**—**	—	**—**	—
Associate company - indirect:								
Gold refining								
Rand Refinery [4]	(a)	786	**10**	10	**71**	71	**—**	—
Exploration								
Jelani Resources (Proprietary) Limited [7]	(a)	#	**35**	100	**—**	—	**—**	—

Investments in associates are accounted for by using the equity method of accounting. Equity accounting involves recognising in the income statement the group's share of associates' profit or loss for the period. The group's interest in the associate is carried on the balance sheet at an amount that reflects the cost of the investment, the share of post-acquisition earnings and other movement in the reserves.

[1] Liquidation process commenced.
[2] In final stages of liquidation order
[3] As of 1 July 2017, Harmony PNG 20 Limited and Hidden Valley Services Limited have been amalgamated into Morobe Consolidated Gold Fields Limited.
[4] In June 2017, the shareholder's loan to Rand Refinery was converted into redeemable preference shares. Refer to note 15.
[5] The R166 million relates to the share based payments from Harmony to employees of its indirect subsidiary, shown as an investment.
[6] Effective 1 March 2018 the Harmony group acquired the Moab Khotsong operations. Refer to note 14 of the group financial statements. This investment is housed in Harmony Moab Khotsong Operations Proprietary Limited, formerly Coreland Property Investment Company Proprietary Limited. As part of the transaction, 100% of the issued shares in the Nuclear Fuels Corporation of South Africa (Proprietary) Limited and a 67% members interest in the Margaret Water Company NPC were transferred to Harmony Moab Khotsong Operations Proprietary Limited. Harmony BEE SPV (Proprietary) Limited was incorporated to facilitate the pending BEE transaction relating to the Moab Khotsong acquisition.
[7] Friedshelf 1541 Proprietary Limited ("FS 1541") was previously a 100% owned subsidiary of Avgold with 1 issued share. Additional shares of 65, 10 and 24 were issued to White River (a third party), Loraine Gold Mines Limited and Avgold Limited respectively and the company was renamed to Jelani Resources (Proprietary) Limited. Harmony therefore indirectly retained 35% of the company.
[8] Liquidated during the year.

$ Indicates a share in the joint venture's capital assets

 # Indicates issued share capital of R1 000 or less

(a) Incorporated in the Republic of South Africa

(b) Incorporated in the Isle of Man

(c) Incorporated in Australia

(d) Incorporated in Zimbabwe

(e) Incorporated in Papua New Guinea

The above investments are valued by the directors at carrying value.

ANNEXURE B

Directors' emoluments (R000)

Name	Directors' fees FY18[1]	Salaries and benefits FY18	Retirement savings and contributions during the year (FY17)	Bonuses paid FY18[2]	Total FY18	Total FY17
Non-executive						
Patrice Motsepe	**1 288**	**—**	**—**	**—**	**1 288**	1 150
Joachim Chissano	**489**	**—**	**—**	**—**	**489**	610
Fikile De Buck	**1 255**	**—**	**—**	**—**	**1 255**	1 080
Ken Dicks	**653**	**—**	**—**	**—**	**653**	682
Dr Simo Lushaba	**817**	**—**	**—**	**—**	**817**	828
Cathie Markus[3]	**—**	**—**	**—**	**—**	**—**	438
Modise Motloba	**1 399**	**—**	**—**	**—**	**1 399**	1 142
Mavuso Msimang	**660**	**—**	**—**	**—**	**660**	582
Karabo Nondumo	**762**	**—**	**—**	**—**	**762**	796
Vishnu Pillay	**803**	**—**	**—**	**—**	**803**	622
Max Sisulu[4]	**125**	**—**	**—**	**—**	**125**	—
John Wetton	**1 053**	**—**	**—**	**—**	**1 053**	1 040
Andre Wilkens	**870**	**—**	**—**	**—**	**870**	721
Executive						
Frank Abbott	**—**	**5 404**	**571**	**3 976**	**9 951**	7 534
Mashego Mashego	**—**	**3 951**	**533**	**2 879**	**7 363**	5 597
Peter Steenkamp	**—**	**7 656**	**1 291**	**5 969**	**14 916**	11 232
Prescribed officers						
Beyers Nel	**—**	**4 741**	**697**	**2 854**	**8 292**	6 577
Phillip Tobias	**—**	**4 495**	**574**	**3 357**	**8 426**	6 238
Johannes van Heerden[5]	**—**	**6 104**	**249**	**3 539**	**9 892**	7 650
Total	**10 174**	**32 351**	**3 915**	**22 574**	**69 014**	**54 519**

[1] Directors' remuneration excludes value added tax
[2] Reflects amounts actually paid during the year
[3] Resigned as non-executive director on 9 February 2017
[4] Appointed as non-executive director on 31 January 2018
[5] Salary is paid in AUS$ and is influenced by the movement in the exchange rate

ANNEXURE B continued

EXECUTIVE DIRECTORS AND MANAGEMENT SHARE INCENTIVES

As at 30 June 2018

	Executive directors						Prescribed officers						Other			
	Peter Steenkamp		Frank Abbott		Mashego Mashego		Johannes Van Heerden		Beyers Nel		Phillip Tobias		Other management		Total	
Movements on share incentives	Number of awards	Average price (Rands)	Number of awards	Average price (Rands)	Number of awards	Average price (Rands)	Number of awards	Average price (Rands)	Number of awards	Average price (Rands)	Number of awards	Average price (Rands)	Number of awards	Average price (Rands)	Number of awards	Average price (Rands)
Performance shares																
Opening balance at 1 July 2017	932 423	n/a	1 275 104	n/a	757 564	n/a	757 564	n/a	486 916	n/a	505 248	n/a	33 133 754	n/a	37 848 573	n/a
Awards granted	596 427	n/a	348 815	n/a	251 722	n/a	293 554	n/a	293 554	n/a	293 554	n/a	12 050 182	n/a	14 127 808	n/a
Matched awards granted[1]	—	n/a	141 075	n/a	—	n/a	—	n/a	24 933	n/a	31 166	n/a	81 455	n/a	278 629	n/a
Awards exercised/ pledged	—	n/a	(141 075)	n/a	(101 807)	n/a	(101 807)	n/a	(24 933)	n/a	(31 166)	n/a	(3 472 679)	n/a	(3 873 467)	n/a
– Average sales price	—	n/a	—	24.56	—	24.72	—	24.56	—	24.56	—	24.56	—	35.20	—	32.85
– Gain realised on awards exercised and settled (SA rand)		—		—		2 516 669		2 500 390		612 357		765 440		135 473 327		141 868 183
Awards forfeited and lapsed	—	n/a	(66 387)	n/a	(47 908)	n/a	(47 908)	n/a	(48 397)	n/a	(60 496)	n/a	(5 683 163)	n/a	(5 954 259)	n/a
Closing balance at 30 June 2018	**1 528 850**	**n/a**	**1 557 532**	**n/a**	**859 571**	**n/a**	**901 403**	**n/a**	**732 073**	**n/a**	**738 306**	**n/a**	**36 109 549**	**n/a**	**42 427 284**	**n/a**
Restricted shares																
Opening balance at 1 July 2017	—	n/a	100 544	n/a	62 776	n/a	62 776	n/a	40 084	n/a	—	n/a	435 232	n/a	701 412	n/a
Awards granted	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a
Awards exercised/ vested	—	n/a	(16 000)	n/a	(16 000)	n/a	(16 000)	n/a	(8 000)	n/a	—	n/a	(64 000)	n/a	(120 000)	n/a
– Average sales price	—	n/a	—	24.63	—	24.63	—	24.63	—	24.63	—	n/a	—	24.63	—	24.63
– Gain realised on awards exercised and settled (SA rand)		—		394 071		394 071		394 071		197 035		—		1 576 282		2 955 530
Awards forfeited and lapsed	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a	(30 416)	n/a	(30 416)	n/a
Closing balance at 30 June 2018	**—**	**n/a**	**84 544**	**n/a**	**46 776**	**n/a**	**46 776**	**n/a**	**32 084**	**n/a**	**—**	**n/a**	**340 816**	**n/a**	**550 996**	**n/a**
Share appreciation rights																
Opening balance at 1 July 2017	—	n/a	139 362	33.97	101 180	34.39	101 180	34.39	76 580	34.01	46 850	18.41	12 011 545	32.60	12 476 697	32.60
Rights accepted	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a
Rights exercised	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a	(794 351)	n/a	(794 351)	n/a
– Average sales price	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a	—	24.37	—	24.37
– Gain realised on awards exercised and settled (SA rand)		—		—		—		—		—		—		19 362 208		19 362 208
Rights forfeited and lapsed	—	n/a	(6 585)	104.79	(5 361)	104.79	(5 361)	104.79	(4 620)	104.79	—	n/a	(1 812 559)	78.46	(1 834 486)	52.86
Closing balance at 30 June 2018	**—**	**n/a**	**132 777**	**56.31**	**95 819**	**56.31**	**95 819**	**56.31**	**71 960**	**56.31**	**46 850**	**18.41**	**9 404 635**	**50.11**	**9 847 860**	**50.20**
Gain realised on awards exercised (SA rand)		—		394 071		2 910 740		2 894 461		809 392		765 440		156 411 817		164 185 921

EXECUTIVE DIRECTORS AND MANAGEMENT SHARE INCENTIVES

As at 30 June 2018

	Executive directors						Prescribed officers						Other			
	Peter Steenkamp		Frank Abbott		Mashego Mashego		Johannes Van Heerden		Beyers Nel		Phillip Tobias		Other management		Total	
Outstanding awards (listed by allocation date)																
Performance shares	**1 528 850**		**1 557 532**		**859 571**		**901 403**		**732 073**		**738 306**		**36 109 549**		**42 427 284**	
16 November 2015	—	n/a	736 809	n/a	455 758	n/a	455 758	n/a	236 220	n/a	236 220	n/a	17 829 438	n/a	19 950 203	n/a
17 February 2016	512 000	n/a	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a	—	n/a	512 000	n/a
29 November 2016	420 423	n/a	330 833	n/a	152 091	n/a	152 091	n/a	177 366	n/a	177 366	n/a	6 950 408	n/a	8 360 578	n/a
15 November 2017	596 427	n/a	489 890	n/a	251 722	n/a	293 554	n/a	318 487	n/a	324 720	n/a	11 329 703	n/a	13 604 503	n/a
Restricted shares	**—**		**84 544**		**46 776**		**46 776**		**32 084**		**—**		**340 816**		**550 996**	
16 November 2012	—	n/a	21 136	n/a	11 694	n/a	11 694	n/a	8 021	n/a	—	n/a	85 204	n/a	137 749	n/a
16 November 2015 (2012 award - matching shares)	—	n/a	63 408	n/a	35 082	n/a	35 082	n/a	24 063	n/a	—	n/a	255 612	n/a	413 247	n/a
Share appreciation rights	**—**		**132 777**		**95 819**		**95 819**		**71 960**		**46 850**		**9 404 635**		**9 847 860**	
16 November 2012	—	n/a	16 204	68.84	11 694	68.84	11 694	68.84	8 021	68.84	—	n/a	1 079 897	68.84	1 127 510	68.84
15 November 2013	—	n/a	52 951	33.18	38 212	33.18	38 212	33.18	26 459	33.18	—	n/a	3 735 292	33.18	3 891 126	33.18
17 November 2014	—	n/a	63 622	18.41	45 913	18.41	45 913	18.41	37 480	18.41	46 850	18.41	4 589 446	18.41	4 829 224	18.41
Closing balance at 30 June 2018	**1 528 850**		**1 774 853**		**1 002 166**		**1 043 998**		**836 117**		**785 156**		**45 855 000**		**52 826 140**	

[1] *Performance shares granted in terms of vested awards pledged pursuant to the minimum shareholding requirement.*

SHAREHOLDER INFORMATION

STOCK EXCHANGE LISTINGS AND TICKER CODES

Harmony's primary listing is on the Johannesburg Stock Exchange. It is also quoted in the form of American depositary receipts on the New York Stock Exchange.

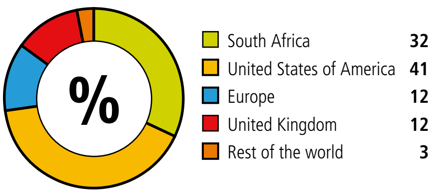
Harmony's ticker codes on these exchanges are as follows:

Johannesburg Stock Exchange	HAR
New York Stock Exchange	HMY

SHARE INFORMATION

Sector		Resources
Sub-sector		Gold
Issued share capital as at 30 June 2018		500 251 751
Market capitalisation		
at 30 June 2018		R10.6 billion or US$769 million
at 30 June 2017		R9.5 billion or US$728 million
Share price statistics – FY18		
Johannesburg Stock Exchange:	12-month high	R28.80
	12-month low	R19.24
	Closing price as at 30 June 2018	R21.22
New York Stock Exchange:	12-month high	US$2.50
	12-month low	US$1.52
	Closing price as at 30 June 2018	US$1.56
Free float		100%
ADR ratio		1:1

Geographic distribution of shares (%)
as at 30 June 2018



Shareholder spread as at 30 June 2018

	Number of shareholders	% of shareholders	Number of shares	% of issued share capital
Public	**8 486**	**99.91**	**435 686 737**	**87.09**
Non-public	**8**	**0.09**	**64 565 014**	**12.91**
Share option scheme	2	0.02	47 046	0.01
Holding 10% +	1	0.01	63 632 922	12.72
Directors*	4	0.05	884 711	0.18
Subsidiaries	1	0.01	335	0.00
Totals	**8 494**	**100.00**	**500 251 751**	**100.00**

** Held by Frank Abbott, Ken Dicks, Mashego Mashego and André Wilkens*

Analysis of ordinary shares	Number of shareholders	% of shareholders	Number of shares	% of issued share capital
Range				
1 – 10 000	8 049	94.76	4 985 217	1.00
10 001 – 100 000	301	3.54	9 491 682	1.90
100 001 – 1 000 000	112	1.32	41 645 476	8.32
1 000 001 – And more	32	0.38	444 129 376	88.78
Totals	**8 494**	**100.00**	**500 251 751**	**100.00**

Ownership summary as at 30 June 2018 – top 10 shareholders

Rank	Institution	% Total shares outstanding 30 June 2018
1	African Rainbow Minerals Ltd*	12.72
2	VanEck Global	11.58
3	Public Investment Corporation of South Africa	4.34
4	Dimensional Fund Advisors, Inc.	3.26
5	Fairtree Capital	2.88
6	RMB Morgan Stanley	2.80
7	Investec Asset Management	2.80
8	Exor Investments (UK) LLP	2.71
9	The Vanguard Group, Inc.	2.46
10	BlackRock Investment Management – Index	1.90

** On 12 July 2018 shareholders approved a resolution to issue 11 032 623 new ordinary shares to African Rainbow Minerals Limited (ARM) to maintain ARM's shareholding at approximately 14.29%*

SHAREHOLDER INFORMATION CONTINUED

DIVIDEND POLICY

In considering the payment of dividends, the board will, with the assistance of the audit and risk, and the investment committees, take into account the following:

- The current financial status of the company and the payment of a proposed dividend subject to the successful application of the solvency and liquidity test as set out in section 4 of the Companies Act of 2008
- The future funding and capital requirements of the company
- The intention to pay a dividend

Dividends declared

FY18:

No dividend declared

FY17:

Interim: Dividend of 50 South African cents per share (4 US cents per share)

Final: Dividend of 35 South African cents per share (3 US cents per share)

SHAREHOLDERS' DIARY

Financial year-end	30 June
Annual financial statements issued	25 October 2018
Form 20-F issued	25 October 2018
Annual general meeting	7 December 2018
Results presentations FY19:	
Interim results	February 2019
Full-year results	August 2019

CONTACT

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FORWARD-LOOKING STATEMENTS

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

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

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

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

DIRECTORATE AND ADMINISTRATION

HARMONY GOLD MINING COMPANY LIMITED

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

Registration number: 1950/038232/06

Corporate office

Randfontein Office Park
PO Box 2
Randfontein, 1760
South Africa

Corner Main Reef Road and Ward Avenue
Randfontein, 1759
South Africa

Telephone: +27 11 411 2000
Website: www.harmony.co.za

DIRECTORS

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

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

INVESTOR RELATIONS

E-mail: HarmonyIR@harmony.co.za
Telephone: +27 11 411 2314
Website: www.harmony.co.za

COMPANY SECRETARY

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

TRANSFER SECRETARIES

Link Market Services South Africa (Proprietary) Limited

(Registration number 2000/007239/07)

13th Floor, Rennie House,
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PO Box 4844
Johannesburg, 2000
South Africa

Telephone: +27 11 713 0800
E-mail: info@linkmarketservices.co.za
Fax: +27 86 674 2450

ADR* DEPOSITARY

Deutsche Bank Trust Company Americas c/o American Stock Transfer and Trust Company

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PO Box 2050
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**ADR: American Depositary Receipts*

SPONSOR

JP Morgan Equities South Africa (Pty) Ltd

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Private Bag X9936 Sandton, 2146

Telephone: +27 11 507 0300
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TRADING SYMBOLS

JSE: HAR
New York Stock Exchange: HMY
ISIN: ZAE 000015228

HARMONY™

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