HARMONY™

Integrated Annual Report 2013

SAFETY ACCOUNTABLE ACHIEVEMENT CONNECTED HONESTY

About this report

In this report we have included references to additional information on certain sections, either in the report itself or online.

This icon tells you where you can find more information online at **www.harmony.co.za.**

Go to **www.harmony.co.za** and click on the **investor tab** where you will find a more detailed account of the environmental, socio-economic and governance (ESG) aspects of Harmony's business for FY13.

QR code links will take you to information suitable to view on your mobile device. Download an application for your phone, take a picture of the code and the relevant page will open in your browser window.

This integrated annual report covers our story for the financial year from 1 July 2012 to 30 June 2013 (FY13) with comparative data for information and follows a similar report for the prior financial year. In line with our commitment to the principle of integrated reporting, Harmony Gold Mining Company Limited (Harmony) incorporates our broader social, environmental and economic performance throughout this report in line with the requirements of the King Report on Governance for South Africa (King III).

Our FY13 report is structured against the latest guidelines of the International Integrated Reporting Committee and stakeholder feedback on our previous reports. This integrated report presents a concise view of the company, its progress and strategy, with readers directed to relevant sections on our website for full disclosure:

- Supplemental information details the environmental, socio-economic and governance (ESG) aspects of Harmony's business. This data has been compiled in accordance with the G3 guidelines of the Global Reporting Initiative (GRI) and the principles of integrated reporting as recommended by King III. The full GRI index is on our website
- Harmony also produces an annual report prepared on a Form 20-F, filed with the US SEC, in compliance with the listings regulations of the NYSE. Electronic copies of this will be available from end-October 2013 free of charge on EDGAR at www.sec.gov and on our corporate website

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

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

The summarised consolidated financial statements in this report and consolidated and company annual financial statements on our website have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, the South African 2008 Companies Act and the listings requirements of the Johannesburg stock exchange (JSE Limited).

The mineral resources and reserves information on our website has been compiled in accordance with the South African Code for Reporting of Exploration Results, Mineral Reserves and Mineral Resources (SAMREC), the Australian Code for Reporting Mineral Resources and Mineral Reserves (JORC) and Industry Guide 7 of the United States' SEC. This information has been gathered, reviewed and confirmed by the relevant competent persons.

Any restatements and changes are fully described in the relevant sections or at the beginning of the report if their impact is company-wide. *For FY13, results exclude Evander (the sale of which was concluded eight months into the review period) with the prior year restated accordingly except where stated otherwise.*

For full glossary of terms and acronyms please see our supplemental information suite at **www.harmony.co.za/investors.**

Throughout this report, $ or dollar refers to US dollars, unless otherwise stated; K refers to the currency of Papua New Guinea (kina). Moz is million ounces. All production volumes are in metric tonnes (t) unless specifically stated as imperial tons.

This document is printed on 350gsm and 115gsm Respecta 100 paper. Respecta is FSC™ certified and produced from 100% post-consumer waste. This coated, fine paper is created to ensure maximum environmental, economic and social responsibility.

Our story is one of rewarding all our stakeholders.

We create opportunities and help to build the nation.

Everyday, we dig a little deeper and work a little harder.

For the notice to shareholders and form of proxy see separate booklet.

ASSURANCE

Harmony is committed to accurate, meaningful reporting. Acknowledging that this is a process of continual improvement, each year key sustainability indicators are externally assured, while preparatory work is completed on other indicators to ensure we steadily expand the scope of assurance. The report of our external assurers is on page 86 and 87.

Additional information on Harmony, including its regulatory filings, press releases, stock exchange announcements and quarterly reports, is available on **www.harmony.co.za**

FEEDBACK

We welcome your feedback on these reports. Comments and suggestions should be directed to:

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Harmony in brief

Profile

Harmony is a gold-mining and exploration company with operations in South Africa and Papua New Guinea (PNG), one of the world's premier new gold regions. Established over six decades ago, Harmony is one of the largest gold mining companies in the world and the third-largest gold producer in South Africa. The company is listed and regulated by stock exchanges in Johannesburg and New York, and is a constituent of the JSE's Socially Responsible Investment index. The company's shares are also quoted in the form of American Depositary Receipts (ADRs) on the New York Stock Exchange and as International Depositary Receipts (IDRs) on the Berlin and Brussels exchanges.

In South Africa, Harmony has 11 underground mines and one open-pit mine and several surface operations mostly in the world-renowned Witwatersrand Basin as well as in the Kraaipan Greenstone Belt. In PNG, Harmony has a 50% joint venture with Newcrest Mining Limited. The joint venture includes the Hidden Valley open-pit gold and silver mine, the Wafi-Golpu project and extensive exploration tenements. Harmony's own (100%-owned) exploration portfolio focuses principally on highly prospective areas in PNG.

Strategically, Harmony understands that delivering long-term value is a process of interlocking elements – both financial and non-financial. The balance between these elements are captured in our company values and guides our activities.

Business model

	Locate and identify exploration targets	Valuation studies	Establish infrastructure and build mines	Acquiring mines
	Obtain geological information: • Drilling • Mapping • Sampling	Feasibility studies to determine economic viability of ore bodies	• Obtain financing • Create infrastructure to access mineral resources	Acquiring long life, quality ounces
South Africa	Brownfield exploration: to develop mineral districts, maximise value from established infrastructure and sustain our operations	Pre-feasibility studies to optimise current mining activities	Deepening projects: • Kusasalethu • Doornkop • Phakisa • Joel	All South African operations acquired • none of Harmony's historical mines are still being mined
Papua New Guinea	Greenfield exploration: to create new opportunities in highly prospective, under-explored mineral provinces and emerging gold districts	Pre-feasibility study to be completed on Wafi-Golpu	Establish infrastructure at Wafi-Golpu	• Hidden Valley and Wafi-Golpu acquired when Abelle Ltd was bought

Distribution and re-investment of revenue (see value creation for FY13 on page 4)

Harmony's values

No matter the circumstances, safety is our main priority

We are all accountable for delivering on our commitments

Our aim is to build a globally competitive gold mining company – one in which experienced teams with strong values are committed to growing profits and paying dividends to shareholders.

In FY13, Harmony produced 1.14Moz of gold (FY12: 1.17Moz) and at year end employed close to 36 000 people (including some 6 000 contractors), mostly in South Africa. At 30 June 2013, the company reported attributable gold equivalent mineral reserves of 51.5Moz[1] and gold mineral resources of 147.7Moz[1] (FY12: 52.9Moz and 150.2Moz respectively). Our resource base in PNG now represents 14% of Harmony's total gold resources (or 28% of the resource on a gold equivalent basis). Significant brownfields exploration is also under way in South Africa.

Our corporate offices are based in Randfontein, South Africa. Harmony is governed by an experienced board of directors. Skilled management teams ensure the company continues to generate robust margins and earnings, while maintaining its low debt levels.

[1] Gold equivalent based on US$1 400/oz Au, US$3.10/lb Cu and US$23.00/oz Ag at 100% recovery for both metals

Mining operations	Marketing and beneficiation	Divestment and closure
Extraction of ore reserves	• Extracting the gold from the ore and refining to 99,99% purity • Selling pure gold to investor and jewellery industry, central banks and other fabrication (electronic, industrial, dental)	• Sold non-core assets • Closed non-profitable mines • Rehabilitating land
• 11 underground mines in SA • 1 opencast mine • Tailings and dumps treatment	• 8 metallurgical plants • 10.38% shareholding in Rand Refinery **Revenue FY13:** R14 713 million	• Sold Evander • 19 Headgear removed from closed operations – land rehabilitated
• 1 opencast mine at Hidden Valley	• One metallurgical plant **Revenue FY13:** R1 189 million	• n/a (new mine)

Distribution and re-investment of revenue (see value creation for FY13 on page 4)

Achievement is core to our success

We are all **connected** as one team

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

Value creation for FY13

Dividends

FY13: **R435 million**

Tax and royalties

SA FY13: **R462 million**
PNG FY13: **R29 million**

Community spend

SA FY13: **R113 million**
PNG FY13: **R14 million**

Labour and contractor spend

SA FY13: **R6 659 million**
PNG FY13: **R667 million**

Revenue = R15 902 million

Rehabilitation

SA **FY13:** **R65 million**

Capital investment

SA **FY13:** **R2 606 million**
PNG **FY13:** **R1 043 million**

Electricity spend

SA **FY13:** **R1 611 million**
PNG **FY13:** **R34 million**

Consumables

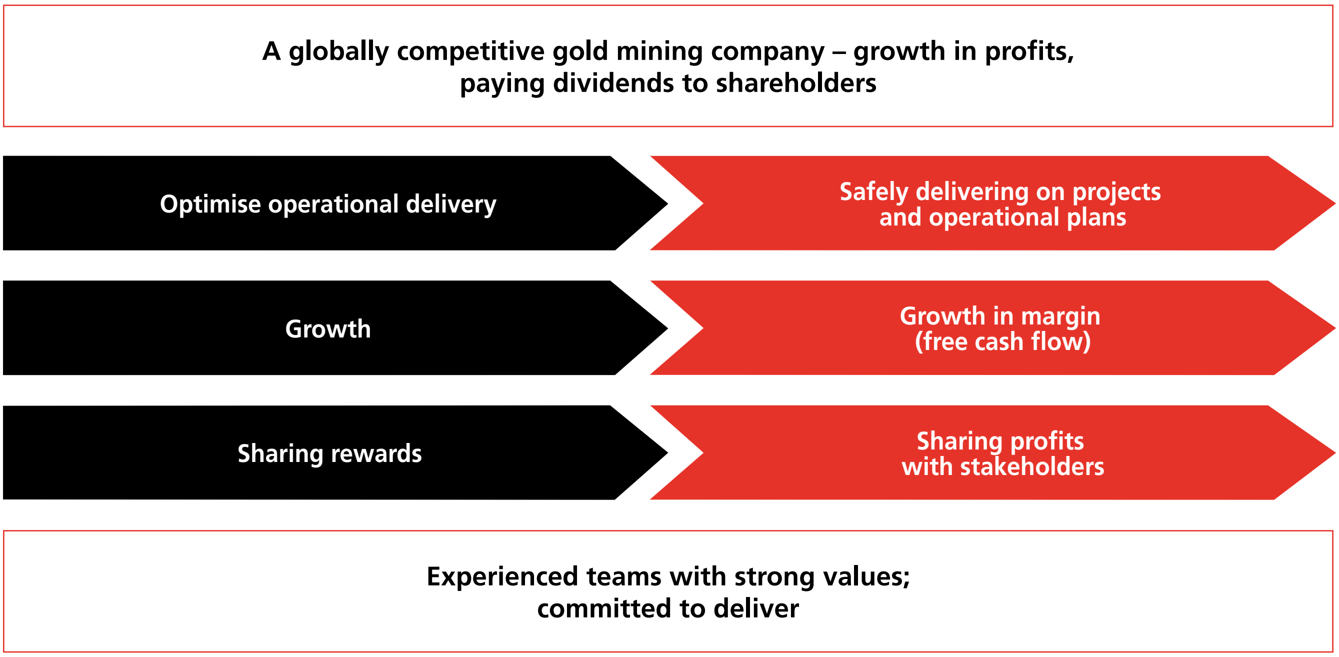
SA **FY13:** **R2 420 million**
PNG **FY13:** **R790 million**

Exploration

SA **FY13:** **R21 million**
PNG **FY13:** **R652 million**

Our strategy

Our strategy is to build a globally competitive gold mining company – growing profits and paying dividends, supported by experienced teams with strong values that are committed to deliver. We are focused on optimising operational delivery, increasing margins, and sharing the rewards.



A globally competitive gold mining company – growth in profits, paying dividends to shareholders

Optimise operational delivery → **Safely delivering on projects and operational plans**

Growth → **Growth in margin (free cash flow)**

Sharing rewards → **Sharing profits with stakeholders**

Experienced teams with strong values; committed to deliver

Harmony's strategy is dissected into its constituent components. The required actions are documented and monitored at board level throughout the year and the overall strategy is assessed and refined in July.

Short-term strategic goals

Safety and health – overriding imperative

Conservative business planning
- Achievable, flexible plans aligned to strategy

Maximising revenue
- Grade is vital
- Optimise volumes through debottlenecking
- Reserve base – quality (margin) before size

Managing impacts of the external environment
Improving productivity in South Africa
- Continuous improvement and optimisation projects (investigate technology, mechanisation, innovation)
- Proactive health strategy

Risk mitigation

Retain balance sheet strength

Reducing costs and improving productivity
- Constant drive to lower position on the industry cost curve
- Cost (waste) sensitive culture
- Manage margin squeeze by having the right pipeline of projects that supports quality growth
- Services improvement (rightsizing corporate services)
- Rationalising at operational levels – business process re-engineering

Allocation of capital – sustaining and growth
- Balance allocation of capital/exploration expenditure vs free cash flow

Awards and recognition

EY Excellence in Integrated Reporting 2013

Harmony's 2012 report was ranked as excellent, placing it among the top 30 of the top 100 JSE-listed companies

JSE Socially responsible investment index

Harmony was included in this index for the seventh consecutive year

Masimong housing project

Launched in June 2012; and has since won:
- Govan Mbeki Award for community housing project: 1st in Free State and runner up for national award
- SA Housing Association best project for rental units (category 2B)

Carbon Disclosure Project

Harmony improved its ranking to third for 2012, up from 17th two years ago

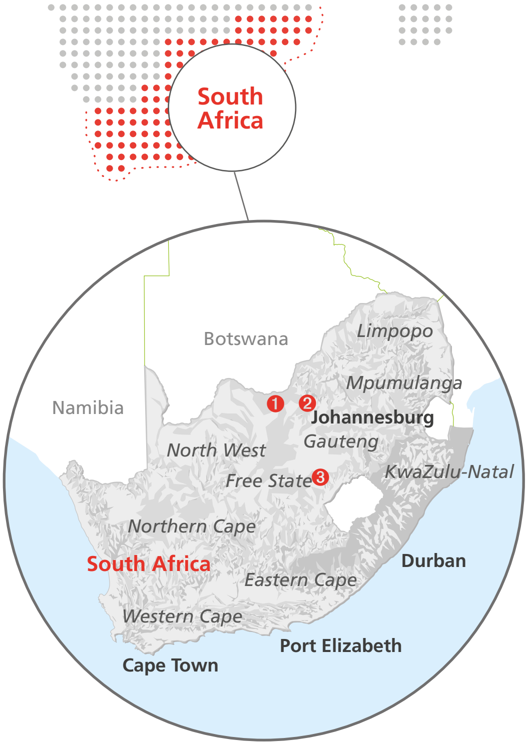
Where we operate

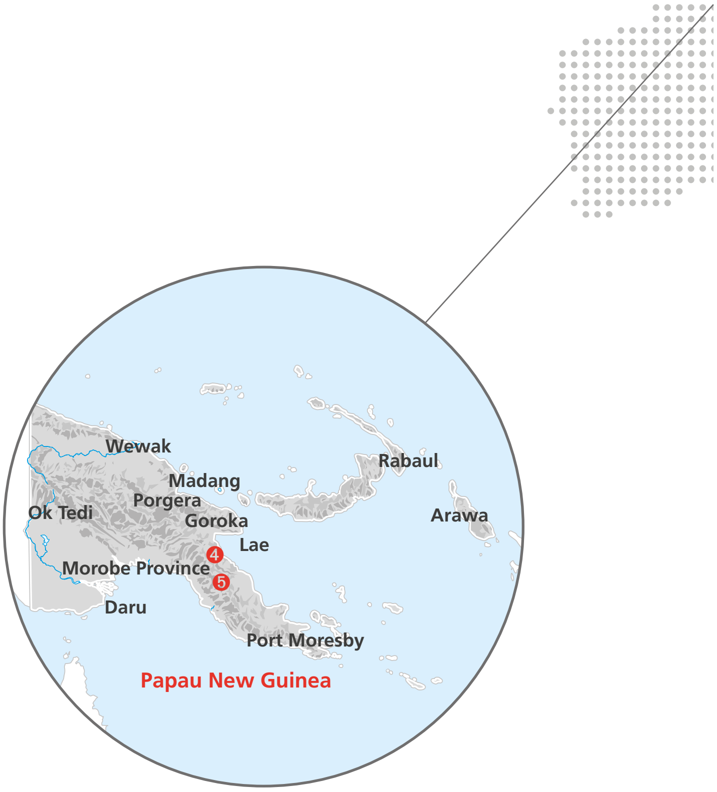
SOUTH AFRICAN KEY STATISTICS

- Mining has played a key role in South Africa's economic development for over 130 years, transforming it into the most industrialised country in Africa
- Mining accounts for almost one fifth of the economy and over 1.3 million jobs – supporting 13.5 million people. The gold sector alone employs over 142 000 people with 1.4 million dependants
- Significant societal contribution spans community, enterprise and skills development as well as infrastructure investments
- Key challenges include cost of production, regulatory uncertainty, labour relations and global competitiveness

PAPUA NEW GUINEA KEY STATISTICS

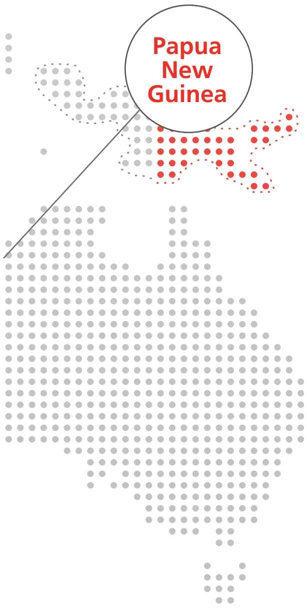
- Mining accounts for 15% of GDP and up to two thirds of export earnings
- Formal employment in the sector exceeds 30 000, with a downstream multiplier estimated at 4 to 5 times
- Several world-class gold mining projects already well established
- Largest proportion of technical training in PNG stems from mining and petroleum sectors
- Key challenges from the state's perspective include investor confidence and promoting economic efficiency. For investors, key challenges include cost of production, skills development, infrastructure constraints (roads, electricity etc)





① Kalgold
② West Rand operations
③ Free State operations
④ Wafi-Golpu project
⑤ Hidden Valley

Key features



STRATEGY

Majority of key strategic goals achieved (page 10)

Strategy revised to align with current gold market (page 7)

SAFETY AND HEALTH

Significant improvement in key indicators – with both fatalities and lost-time injuries at record lows (page 34)

PEOPLE

Break-through collective agreement sets new industry standard for labour relations (page 36)

COMMUNITY

Second award for Masimong community housing development

Social and labour plans for next five-year cycle submitted for approval

OPERATIONS

7% increase in underground grade

Most operations improved production year on year

Solid improvements in development grade and mine call factor

ENVIRONMENT

Key targets achieved (page 37)

FINANCIAL

Headline profit per share of 47 South Africa cents. Derecognition of deferred tax asset for Hidden Valley in the amount of R548 million, losses from temporary closure of Kusasalethu amounting to R1.2 billion and retrenchment costs

A total dividend of R218 million (US$25 million) was paid for the year

How we deliver

While the gold price, rand/dollar exchange rate, geographic and currency diversification will always be key factors in our company's performance, we are confident that the people, policies, systems and infrastructure in place will ensure Harmony's competitiveness and sustainability for many years to come.

For FY13, and despite events outside our control, good progress was made towards our strategic objectives.

FY13 strategic objectives

Growth

Exploration

Optimise operational delivery

Our stakeholders

- Shareholders
- Employees
- Trade unions
- Host communities/ neighbours
- Government, regulators and industry bodies
- Partners, customers and suppliers
- Providers of capital
- Media and analysts

FY13 focus areas

Safety
Embed a safety culture through leadership and standards

Labour
Support a stable workforce through improved relationships with organised labour

Occupational health
Apart from meeting industry targets, we provide a healthy workplace

Regulatory environment
Positively influence the regulatory framework to support sustainable mining in SA and PNG

Protecting our natural resources
Reducing our environmental footprint from cradle to grave

Community
Continue to deliver value through our social programmes in the communities in which we operate

Securing our future
Build a globally competitive gold mining company, known for growing profits and paying dividends

Taxes and royalties
Ensure our responsibility as a corporate citizen translates towards the GDP of our host countries through taxes and royalties

Progress in FY13

- Record safety improvements
- Leading practices being implemented in fall-of-ground and rail-bound equipment management
- Aim to achieve FY14 LTIFR targets:
  LTIFR: 4.75
  SA: 5.21
  PNG: 0.15

- Code of conduct agreed at Kusasalethu
- Constructive negotiation and ongoing engagement
- Continued human resource development and training
- Competitive remuneration and accelerated housing strategy

- Proactive healthcare strategy

- Working with government to ensure that the MPRDA, carbon pricing and other regulatory reviews under way support a responsible yet competitive mining industry in South Africa
- Exceeding Mining Charter targets

- Good progress on reducing carbon footprint
- Key targets met, new targets set to FY18
- Transforming mining land into socio-economic and ecological assets

- Ongoing responsible social investment focused on stakeholder priorities
- Active stakeholder engagement
- Partnering with provincial government in delivering housing imperatives such as Matjhabeng

- Exploration and investment in higher grade ore-bodies

- In FY13, Harmony paid R491 million (US$56 million) in taxes and royalties

Key risks that may impact our performance and are key drivers of material issues that we focus on

- Labour disputes or labour unrest
- Safety – accidents and incidents
- Gold price and foreign exchange fluctuations
- Major environmental or infrastructure incidents
- Socio-economic, political and regulatory changes
- Potential liability for occupational health diseases
- Integrating and managing projects/acquisitions, discovery of ore reserves
- Financing new developments and large capital projects
- Compliance with corporate governance and public disclosure requirements
- Competition for key human resources

Our FY14 strategic objectives

Optimise operational delivery

Growth in margin

Exploration

How we performed

Salient features 2013 excluding Evander

		FY13	FY12	FY11
OPERATING PERFORMANCE				
Ore milled[1]	000t	**18 373**	18 154	18 449
Gold produced[1, 2]	kg	**35 374**	36 273	37 801
	000oz	**1 137**	1 166	1 215
Operating cost[1]	R/kg	**327 210**	274 767	225 652
Underground grade[1]	g/t	**4.54**	4.26	4.63
FINANCIAL PERFORMANCE				
Revenue	R million	**15 902**	15 169	11 596
Production costs	R million	**11 400**	9 911	8 504
Operating profit[3]	R million	**4 502**	5 258	3 092
Operating margin	%	**28**	35	27
Net (loss)/profit for the year[4]	R million	**(2 369)**	2 645	617
Total headline earnings per share[4]	SA cents	**47**	565	223
Capital expenditure[4]	R million	**3 789**	3 226	3 036
Exploration spend	R million	**673**	500	324
Dividend spend	R million	**435**	431	214
Net debt	R million	**(449)**	(43)	(866)
MARKET PERFORMANCE				
Average gold price received[1]	R/kg	**454 725**	419 668	307 853
	US$/oz	**1 603**	1 681	1 370
Total market capitalisation	R billion	**15.6**	33.0	38.7
	US$ billion	**1.6**	4.0	5.7
Exchange rate	R/US$	**8.82**	7.77	6.99
RESERVES				
Gold and gold equivalents	Moz	**51.5**	52.9	41.6
Geographical distribution of gold reserves South Africa	%	**58**	58	89
PNG	%	**42**	42	11
SAFETY				
FIFR – fatal injury frequency rate[1]	per million	**0.10**	0.11	0.18
LTIFR – lost-time injury frequency rate[1]	per million	**5.46**[#]	6.86[#]	8.25

		FY13	FY12	FY11
HEALTH (SOUTH AFRICA)				
– Shifts lost due to occupational illness and injury[1]		**20 236**	23 497	26 492
– Noise-induced hearing loss (NIHL) compensated cases[1]		**52**	101	365
– Silicosis cases certified[6]		**185[#]**	872	731
PEOPLE				
Number of employees and contractors[1]		**36 424**	36 915	36 296
Employment equity (historically disadvantaged South Africans in management)[1]	%	**46[#]**	44[#]	42[#]
Number of people in single rooms[1]		**1 102[#]**	555[#]	2 673
Number of people sharing[1]		**8 629[#]**	10 237[#]	7 322
Number of people in critical skill positions trained (FY13 investment R5.1 million)		**124[#]**	74[#]	**
COMMUNITY – GROUP LOCAL ECONOMIC DEVELOPMENT	R million	**119.2[#]**	61.6	
MINING CHARTER COMPLIANCE				
Meaningful economic participation*	%	**28**	28	36
Preferential procurement[1]	R million	**2 459[#]**	2 138[#]	2 151
ENVIRONMENT				
Mineral waste (volume disposed)[1]	000t	**32 807[#]**	20 252[#]	**
Total electricity use[1]	000MWh	**2 704[#]**	3 058[#]	3 254
CO_2 emissions[1]	000t CO_2e	**2 677**	3 047	3 425
Water used for primary activities[5]	000m^3	**18 556[#]**	32 979[#]	33 164
FUNDING/GUARANTEES FOR REHABILITATION AND CLOSURE	R million	**2 330**	2 386	2 466

[1] Prior-year figure re-presented to exclude discontinued operations

[2] Zero capitalised (2012: 36kg/1 157oz) (2011:621kg/19 967oz)

[3] Operating profit compares to production profit in the segment report in the annual financial statements and not operating profit line item in the income statement

[4] Includes discontinued operations

[5] Definition changed for FY13 to exclude fissure water from the reported figure

[6] The number of cases of pure silicosis confirmed by the MBOD in FY13. Previously we assured silicosis cases submitted to the MBOD

[#] Assured by independent auditors

* Percentage of production attributed to HDSA interests

** Not previously reported

Economic sustainability

Harmony is a significant participant in global gold markets, the South African economy and the economies of provinces in which it operates. Harmony is one of the world's leading producers of gold, and South Africa's third-largest gold producer. Regionally, Harmony has an even bigger impact, for example in South Africa's Free State province where mining accounts for over 90% of gross domestic product or GDP.

Our strategy is focused on ensuring that our operations are profitable to be able to pay dividends to shareholders. Coupled with that, Harmony remains an important contributor to economic activity and employment in the provinces where it operates: Gauteng, North West and Free State, as well as neighbouring labour-recruiting areas. Profitability therefore benefits all of our stakeholders.

In FY13, the company employed close to 36 000 people mostly in South Africa. A solid growth pipeline and rising grade profile underpin our expectations for a growing contribution to gold production in South Africa and PNG. Refer to Harmony's value creation for FY13 for a breakdown of payments made to various stakeholders.

ECONOMIC TRANSFORMATION AND EMPOWERMENT

Our ongoing commitment to economic transformation and empowerment in South Africa and PNG is evidenced by:

- Equity ownership by historically disadvantaged South Africans (HDSA) taking up equity interests in the company. The Mining Charter aims to facilitate meaningful HDSA participation in the mining and mineral industry. Harmony has achieved this objective through a number of transactions with HDSAs, both at shareholder and operational level. As a result, effective HDSA ownership as defined by the Mining Charter was above the 26% requirement at 30 June 2013. Harmony's Tlhakanelo Employee Share Ownership Plan, launched in FY12, resulted in over 33 000 employees becoming eligible to be shareholders with a potential stake of 2.9% in Harmony. During the year, we also finalised an empowerment agreement and transferred 30% of our shareholding in the Phoenix operations to BEE owners.
- Empowering and transforming the procurement base in South Africa, by developing small, medium and micro enterprises (SMMEs) with broad-based black economic empowerment (BBBEE) shareholdings, based in the provinces where we operate, as well as by doing business with large BEE companies. Harmony's procurement processes and expenditure are governed by our group strategy and policy. Companies, and in particular local companies, which both comply with BEE requirements and compete on cost and efficiencies, are given preference when contracts are awarded.
- Enterprise development is a focal area in South Africa and PNG. In PNG, contracts awarded by Morobe Mining Joint Ventures (MMJV) to the company owned by three landowner groups – Nauti, Kwembu and Winima – include catering, fuel haulage, general freight, plant hire, security, labour hire and bus services. In line with the current memorandum of agreement on the Hidden Valley project, MMJV continues to comply by offering business development opportunities to landowners. These opportunities will increase as the mine moves towards full production.

ADAPTING TO A LOWER GOLD PRICE

The global gold market of 2013 is very different to prior years. Global growth concerns affected most commodity markets in FY13, with the price of gold dropping 25% by 30 June 2013. To put this volatility into context, in 2008 gold rebounded from a low of US$680/oz to a rally that peaked just above US$1 900/oz in September 2011.

While the average US$/oz price decreased by 5%, the average R/kg gold price received increased by 8% year on year due to the R/US$ exchange rate weakening by 14%.

We have accordingly refined our strategic plans based on a gold price of R400 000/kg, which we believe is both conservative and realistic. We have also addressed specific investor issues to ensure we retain their valued support. These include: focusing on growth in margins; reducing our working costs by R400 million; focusing on improved productivity through health and safety initiatives; reducing our capital guidance for FY14 by R2.1 billion (US$222 million) and reducing exploration costs and maintaining low debt levels.

OUTLOOK

Despite short-term volatility, long-term fundamentals remain in place for continued growth in commodity demand.

Unlike other precious metals such as platinum, gold is not an industrial metal – its attraction lies in its history as a store of value, as a currency or as adornment. Since the financial crash of 2008, increased investment demand has been among the gold market's principal drivers. While demand for all other metals is subject to changing technologies and economic developments, there is always a market for every ounce of the world's newly mined gold.

The caveat to this is that as gold prices weaken, South Africa's gold mines with their rising costs remain under pressure. Their only means of remaining profitable and in production is to be cost-effective and operationally efficient. The industry's success and ability to maintain jobs depends on controlling costs and matching any increases with productivity gains. This integrated annual report illustrates that Harmony is well placed to meet these challenges.

We have been following a strategy of selling low grade high cost operations and investing in new projects with higher grade ore-bodies. Our strategic advantages include:

- Improved safety
- Increasing gold grades
- Lowest rand/tonne South African producer
- Free cash flow
- Unhedged
- Strong balance sheet – low debt
- Exposed to South African currency – 93% of our product is mined in South Africa

We are confident that the strategic foundations we have entrenched in recent years will support sustainable growth for all stakeholders as we deliver the full potential of this exciting investment proposition and remain firm believers in gold's ability to preserve value.

In recent years Harmony successfully executed its strategy of restructuring the company by selling or closing low grade, high cost and marginal operations.

Harmony invested in new projects with higher-grade ore-bodies and at its long life operations at Bambanani, Target, Joel and Doornkop where a significant increase in gold production was achieved.

A solid foundation has been created which will ensure that the company produces gold safely, profitably, with improved efficiencies and competitive margins.

The year under review has been challenging for gold mining companies across the world as a lower gold price and rising input costs pressured margins although South African producers benefited from a rand gold price that rose 8% year on year.

The investment community disinvested from companies that have made acquisitions or pursued growth in gold production that has not added value. The preservation and prudent use of capital is currently being emphasised.

Industry-wide labour unrest in South Africa was limited to only one of our mines, Kusasalethu, where production was halted for nine weeks to ensure the safety and security of our people following an unprotected strike. A watershed agreement was reached through effective and proactive engagement with all unions and signed by each employee at the mine, which restored Kusasalethu to normal production levels post year end.

The management team has done a good job of focusing on reducing costs and managing capital expenditure.

FINANCIAL PERFORMANCE

The excellent production performances at our operations were unfortunately offset by production stoppages at Kusasalethu which resulted in a 2% decline in overall gold production for the year.

The other operations recorded an 11% increase in underground grade and a 7% increase in gold produced. The reduction in the gold and silver prices as well as the poor production performance at Hidden Valley resulted in an impairment of the Hidden Valley asset in Papua New Guinea at the end of the financial year.

The company's financial performance is detailed on pages 22 to page 25 while operational performance appears on pages 34 to 38.

No final dividend was declared but an interim dividend of 50 SA cents was paid in FY13.

OPERATING ENVIRONMENT

The most successful mining countries in the world are those that have created a globally attractive and competitive environment for private sector and other investments in their mining industry and other sectors of their economy.

The growth and success of the mining industry and mining companies has translated into job creation, poverty alleviation, education, the transfer of skills and expertise, the development and growth of industries that supply goods and services to the mining industry and the overall upliftment and improvement in the standards of living of the people who live in the countries where these companies operate.

The mining industry has been the backbone of the growth and development of the South African economy and will continue to be a significant and important earner of foreign exchange and an important contributor to the fiscus and GDP growth.

It is therefore imperative that the legislative, regulatory, tax and the overall governing dispensation of the mining industry and

investor

the country as a whole continues to be globally competitive.

I am confident that the ongoing discussions and negotiations between Government, business and labour will ensure that the South African mining industry will continue to be an attractive and globally competitive destination for domestic and foreign investment.

SUSTAINABILITY

Harmony is committed to global best practices in relation to sustainable development.

The company measures its performances against the guidelines from the Global Reporting Initiative (GRI) and the International Council of Mining and Metals (ICMM). The safety and health of all our employees, as well as the protection and conservation of the environment and the commitment to benefit all stakeholders is an integral part of the company's culture and the way in which it operates its mines.

Our commitment to involve and benefit communities neighbouring our mines and to contribute to their development and growth is important for the long term success of the company.

The mining industry in South Africa has for many decades been confronted with serious challenges of housing and accommodation for employees and particularly migrant employees. Harmony received the Govan Mbeki Award for community housing projects and the South African Housing Association's best project award for rental units in recognition for the outstanding employee accommodation project at Masimong.

We are acutely aware of the developmental challenges facing South Africa and the continent, particularly poverty alleviation, job creation, education and skills development.

The mining sector in South Africa is committed to working in partnership with government, labour and all stakeholders to deal with these challenges and to contribute to improving the living conditions and standards of living of all South Africans.

GOVERNANCE

Harmony's governance structures comply with all relevant legislation and the company is committed to adhering to global best practices.

During the year, the board appointed two new board members, Vishnu Pillay and Karabo Nondumo.

We are confident that they will make significant contributions to the board and to the development and growth of the company.

OUTLOOK

We remain positive on the future and the long term demand for gold.

> Harmony is well positioned given its strong balance sheet and attractive portfolio of assets to increase its profits and free cash flow.

The current annual global gold production of 97 million ounces[1] is rapidly depleting the world's ore-bodies and needs to be replaced. Over the past few years the discovery of new ore-bodies have decreased significantly and the construction of new mines requires the building of new infrastructure and high start-up costs.

It is expected that the global annual production of gold will decrease because of the high operational costs and the difficulty of discovering ore-bodies that are profitable and competitive.

The demand for gold in China and India for physical bars and jewellery is increasing and central banks have been net buyers of gold and are expected to continue purchasing gold into the future.

The capital investments that we've made in the past few years in higher-grade, long-life ore-bodies have created a solid foundation to deliver increases in grade, gold production and profitability.

Harmony is well positioned given its strong balance sheet and attractive portfolio of assets to increase its profits and free cash flow.

THANKS

I would like to express my gratitude to all the directors, the management team and all the employees of Harmony for their commitment and contributions to the development and growth of the company.

We live in challenging times but the quality of employees and people that are associated with Harmony gives me confidence for the future.

Patrice Motsepe
Chairman

confidence

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[1] Thomson Reuters GFMS, Three year gold forecast, September 2013

FINANCIAL PERFORMANCE

Harmony is making good progress in meeting its strategic targets by generating free cash, maintaining minimal debt levels and improving grade over the last year. Eight of our 11 underground operations improved their gold production year on year, which more than offset the negative impact of the Kusasalethu closure and lower gold price. Those operations that underperformed have clear plans for meeting quarterly targets and I am pleased that these plans have progressed to a stage where I am confident these mines will deliver improved performances in the near future.

We are managing production and costs, as well as focusing on improved efficiencies across all operations and disciplines. We are also making good progress with our cost-cutting projects, reducing capital expenditure, and services, exploration, procurement and corporate costs to mitigate the effects of the lower gold price. Please see page 14 for details.

KEY DEVELOPMENTS

I am extremely proud of our record safety performance this year (page 34), with both the lost-time injury and fatality frequency rates around 50% lower than five years ago. This reflects a disciplined, proactive approach and a group-wide commitment to safety, which remains our most important corporate value. Our focused effort is a direct result of a company-wide safety initiative planned and implemented over recent years to improve our statistics.

Wage negotiations have been concluded successfully. Our focus is on maintaining a strong and healthy working environment with our employees and their respective employee unions and we have demonstrated that our commitment to meeting targets is sincere and focused on benefits for all stakeholders.

Reflecting on our long-term commitment to regional development in PNG, we have restructured the Morobe Mining Joint Venture (MMJV), which manages Hidden Valley, Wafi-Golpu, Morobe exploration and related support services. An in-country team is now responsible for managing an integrated, independent business that will benefit investors, communities and PNG alike. The immediate focus is improved productivity and efficiencies that will enhance value at Hidden Valley. We have reduced our forecasted capital expenditure and are investigating a modular approach to the Wafi-Golpu project to optimise capital cost and improve the risk profile.

STRATEGY

Harmony's strategy has been consistent since 2007. Our strategy is to build a globally competitive gold mining company – known for growing profits and paying dividends, and backed by experienced teams with strong values that are committed to deliver. To achieve this, we are focused on optimising operational delivery, increasing margins, and sharing the rewards.

Our strategic plans were approved at a gold price of R400 000/kg – which includes all costs. We believe these plans are realistic and include possible risks in executing our strategy to ensure a sustainable business.

OPERATIONAL PERFORMANCE

Excellent performances by a number of our operations were unfortunately offset by the labour disruptions at Kusasalethu and a damaged ventilation shaft at Phakisa and Tshepong. These events contributed to a 2% reduction in total gold production and impacted on our financial performance.

Gold production and grade increased during the year at the following operations: Bambanani (54% gold, 49% grade); Target 3 (45% gold, 42% grade); Steyn 2 (45% gold, 31% grade); Joel (21% gold, 11% grade); Doornkop (18% gold, 9% grade); Masimong (12% gold, 21% grade) and Target 1 (9% gold, 20% grade).

There was a significant increase in underground grade for the year of 7% to 4.54g/t.

future

OUTLOOK

We expect that our gold production for the coming year is going to increase to between 1.3 and 1.4 million ounces based on an expected increase of 6% in underground grade and Kusasalethu returning to normal production.

We look forward to building on our strategy under the valuable guidance of our board of directors. Thank you to the people of Harmony for your hard work and dedication.

Graham Briggs
Chief Executive Officer

> We are focused on optimising operational delivery, increasing margins, and sharing the rewards.

expectations

Approach to sustainability

At Harmony, we are proving that mining contributes to the greater well-being of the society in which we operate while ensuring minimum impact to that environment. Please refer to page 38 which highlights how we give back to stakeholders, particularly through local economic development and related initiatives.

To secure Harmony's future for the benefit of all stakeholders, we strive at all times to balance economic development with environmental protection and social responsibility within a robust governance framework.

Sustainable development practices are now embedded in our business strategy, reflecting our belief that corporate citizenship is both a moral responsibility and a condition of our mining licences. Equally, we understand that this duty rests on the link between profitability and sustainability.

Sustainable development is woven into the way we do business, permeating our organisational practices. Across our business we have built processes (including ISO systems, group standards for environment and safety, and common procedures and definitions) to embed these in the culture and values of Harmony, and our leadership approach.

The social and ethics committee of the board oversees policy and strategies on occupational health and employee well-being, environmental management, corporate social responsibility, human resources and ethics. In line with its statutory responsibilities and mandate, the committee monitors implementation by the management team and executives for each discipline. Discipline-specific policies, in turn, are supported by guidelines and standards for developing site-specific management systems.

We review material issues in each of these disciplines to evaluate their relevance in the reporting period, and to identify additional material issues that warrant reporting, including sustainability-related key performance indicators and levels of assurance. The current review supported the assurance of key indicators identified for the period. We also decided that until Wafi-Golpu is in production, PNG will be assured every two years.

We voluntarily disclose performance against guidelines from the Global Reporting Initiative (GRI). We aim to continue improving the quality of our disclosure, and we are therefore preparing to report against the latest GRI guidelines (G4) introduced this year. In addition, Harmony measures its South African operations against the Mining

Underpinned by economic sustainability and constructive partnerships, we believe mining contributes to creating lasting value through:

Economic sustainability

JOB CREATION	SKILLS DEVELOPMENT, EDUCATION AND TRAINING	ENVIRONMENTAL STEWARDSHIP
VALUE CREATION	POVERTY ALLEVIATION	CORPORATE SOCIAL INVESTMENT
LOCAL ECONOMIC DEVELOPMENT	SOCIAL AND ECONOMIC TRANSFORMATION	INFRASTRUCTURE DEVELOPMENT

Economic sustainability

Charter scorecard and already complies with a number of 2014 targets (page 52).

I confirm that no significant risks were identified in FY13 for areas monitored by the committee in terms of its mandate and the Companies Act and regulations, nor did Harmony incur any material penalties, fines or convictions.

OUTLOOK

Our vision for sustainable development is zero harm to people and the environment while enabling and empowering the societies within which we operate. Accordingly, integrating sustainable development into our business strategy, and good practice into our operating processes, is a cornerstone of our global expansion – a marketplace where we are measured against robust world-class standards.

We have made considerable progress on our journey toward sustainable development with tangible benefits for all stakeholders – from significantly improved safety performance to recognition for the high standard of our voluntary carbon reporting and our contribution to quality of life through community accommodation such as the award-winning Masimong development. Despite the many challenges in this field, we significantly increased our investment during the year. We remain committed to achieving our goals – by consulting with stakeholders, setting targets and measuring progress.

Modise Motloba
Chairman: social and ethics committee

approach

Performance overview for 2013

The past financial year was characterised by illegal strikes in the SA mining industry.

Our investment in our people showed returns with only one of our 11 South African underground operations being affected by labour disruptions when illegal strikes started in September 2012. Kusasalethu is the largest gold producer in the Harmony portfolio and work stoppages at that mine therefore had a major impact on the company's operating profit and cash flow.

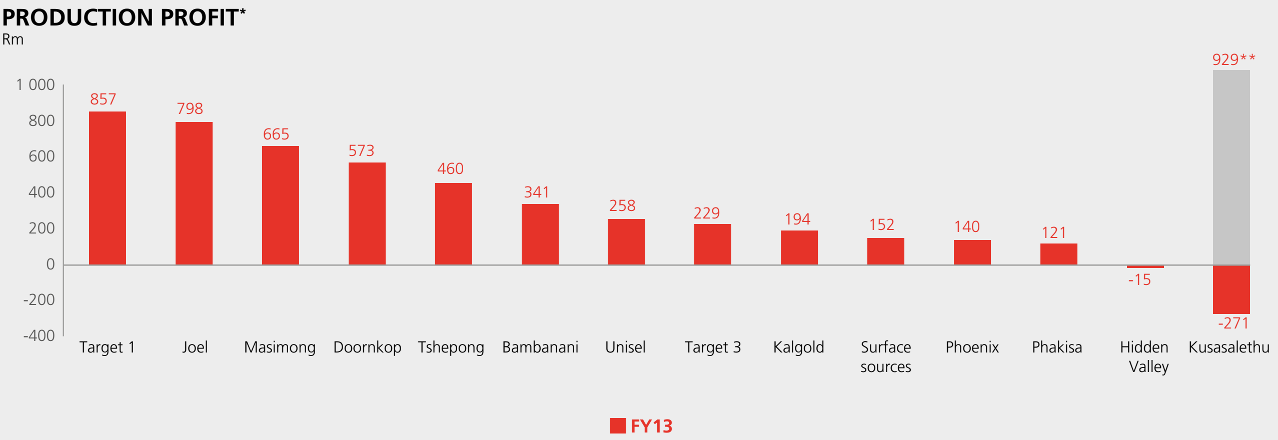
This resulted in Kusasalethu achieving less than half its planned gold production for the year and making a loss of R271 million compared to a profit of R881 million the previous year. The lower gold production also resulted in a sharp increase in the unit cost per kilogram of gold mined at Kusasalethu.

We estimate that the financial impact of these disruptions at Kusasalethu resulted in a R1.2 billion reduction in operating profit and cash flow, and an 8% increase in the average cash cost per kilogram of gold produced for the group.

The other operations in total, excluding Kusasalethu, recorded a 7% increase in production for the year, mainly due to an 11% increase in underground grade. There was a significant decrease in the US$ gold price at the end of the financial year, which resulted in an impairment of R2.7 billion for the Hidden Valley operation in PNG.

The group maintains a solid balance sheet, with strong cash flow and minimal debt. This has enabled Harmony to fund most of its capital from cash generated by operations, with minimal debt funding required.

The graph below shows the significance of the impact the labour disruption at Kusasalethu had on the production profit for the year.



* Revenue less operating cost
** Estimated profit of Kusasalethu without labour disruptions

Key drivers of financial performance in 2013

	2013	2012	Change %
Gold produced (kg)	**35 374**	36 273	(2)
Gold price received (R/kg)	**454 725**	419 668	8
• Gold price received ($/oz)	**1 603**	1 681	(5)
• Exchange rate (R/US$)	**8.82**	7.77	14
Cash operating costs (R/kg)	**327 210**	274 767	(19)
Cash operating costs (R/kg) (excluding Kusasalethu)	**308 223**	277 270	(11)

Production during FY13 was affected as follows:

- Gold production from the other operations excluding Kusasalethu, was 7% more than the previous year.
- The kilograms produced at Kusasalethu in FY13 were 2 893kg less than FY12.
- Tshepong was affected by labour disruptions and the closure of a section for ten days due to an underground fire resulting in a decrease of 21% in production.
- Increases in volume and recovered grade at Doornkop, Unisel, Steyn 2, Bambanani, Joel and Target 3 resulted in higher production from these operations in FY13.

Gold price received (R/kg): The average gold price received in rand terms increased by 8% after the rand weakened against the US$. The decrease of the US$ gold price during FY13 partially offset this increase.

Cash operating costs (R/kg): Cash operating costs were negatively impacted by the temporary closure of Kusasalethu and cost increases at Hidden Valley due to problems with the overland conveyor.

Labour disruptions had a significant effect on profit for the year.

Extract from the income statement

	2013 Rm	2012 Rm	Change %
Revenue	**15 902**	15 169	5
Production costs	**11 400**	9 911	(15)
Impairment of assets	**(2 733)**	60	(>100)
Gross (loss)/profit	**(566)**	3 032	(119)
Exploration expenditure	**673**	500	(35)
Other expenses – net	**350**	50	(>100)
Taxation (expense)/credit	**(655)**	123	(>100)
Profit from discontinued operations	**314**	592	(47)
Net (loss)/profit for the period	**(2 369)**	2 645	(>100)

The **revenue** for FY13 of R15 902 million is 5% higher than FY12 due to a higher rand gold price received, partially offset by 2% less gold sold.

Production costs increased to R11 400 million. This reflects increases in labour costs of 9% and electricity of 8%, as well as an increase in the cost of consumables of 8%. Total production costs at Hidden Valley rose by 41% due to problems with the overland conveyer and weakening of the rand exchange rate against the PNG kina.

Impairment: An impairment of R2.7 billion was recognised against Hidden Valley due to reduced US$ gold and silver prices and Hidden Valley's poor production performance.

The **exploration** expenditure of R673 million for FY13 relates mainly to various projects in PNG, mostly Golpu. After the optimisation process that has been agreed to by the joint venture partners the expenditure will be lower in FY14.

Other expenses: Included in the total for FY13 is R351 million (2012: R45 million) for the foreign exchange translation loss on the US$-denominated syndicated loan facility.

The **taxation expense** increased to R655 million in FY13, mainly due to the derecognition of a deferred tax asset for the Hidden Valley operation of R548 million.

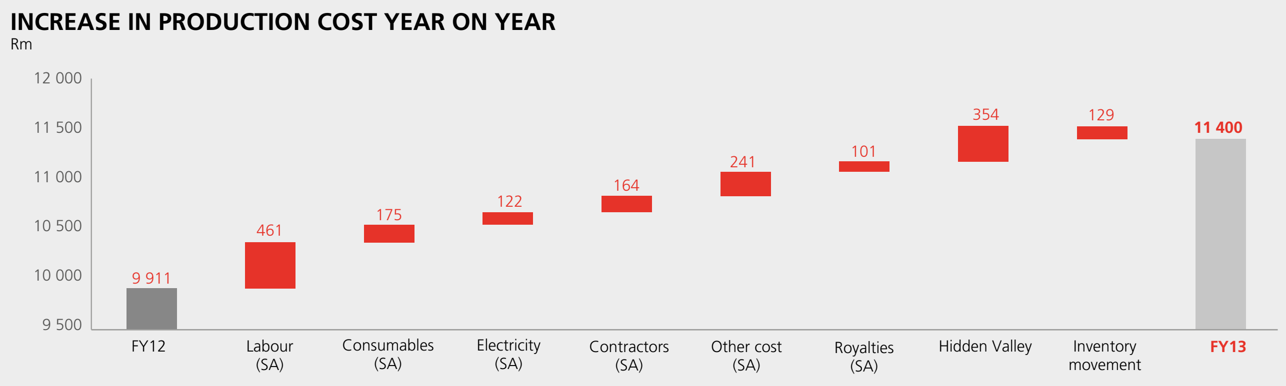
Profit from discontinued operations of R314 million in FY13 comprises a profit of R102 million on the sale of Evander and R212 million profit from the Evander operations for the eight months ended February 2013. Included in the amount for FY12 is profit on the sale of operations of R230 million.

Net loss

The net loss of the year was mainly due to the temporary closure of Kusasalethu and the impairment of the Hidden Valley asset.

Net debt

	2013 Rm	2012 Rm
Borrowings		
Long term	**(2 252)**	(1 503)
Short term	**(286)**	(313)
Total borrowings	**(2 538)**	(1 816)
Cash and cash equivalents	**2 089**	1 773
Net debt	**(449)**	(43)
Borrowings		
Syndicated US$ loan facility (US$210 million (2012: US$130 million))	**(2 076)**	(1 030)
Nedbank ZAR term facilities	**(458)**	(759)
Other	**(4)**	(27)
	(2 538)	(1 816)



Net debt

During the period, the syndicated US$ loan facility increased from US$130 million (R1 030 million) to US$210 million (R2 076 million).

Cash equivalents increased from R1 773 million to R2 089 million.

The R301 million decrease in Nedbank term facility reflects repayments on the term loan.

Extract from the cash flow statement

	2013 Rm	2012 Rm
Cash generated by operating activities	**2 855**	4 213
Net additions to property, plant and equipment	**(3 713)**	(3 140)
Proceeds on disposal of Evander	**1 264**	–
Cash utilised by investing activities	**(2 478)**	(2 878)
Dividends paid	**(435)**	(431)
Net borrowings raised	**345**	195
Cash utilised by financing activities	**(87)**	(210)
Net increase in cash and cash equivalents	**316**	1 080

Cash flow

Cash generated from operations decreased by 32% to R2.9 billion due to increased production costs (as noted) and the impact of production stoppages at Kusasalethu estimated to be R1.2 billion.

Capital expenditure for FY13 was R3 789 million, a 17% increase from the previous year. We plan to reduce our capital expenditure by R650 million in FY14.

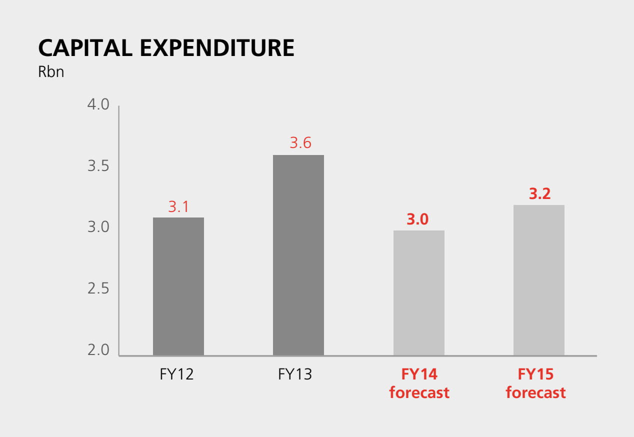
Dividend payments to shareholders for FY13 comprise the final dividend of 50 cents for FY12 and the interim dividend of 50 cents for FY13.

Net borrowings raised: During the year, we raised borrowings of R678 million, representing two drawdowns of US$40 million each from the US$-denominated syndicated loan facility. Borrowings repaid of R333 million comprises mainly of repayments on the Nedbank term facility.

OUTLOOK

Management will continue to focus on factors within its control such as production and cost management. Harmony operates from reserves of 51.5Moz of gold and gold equivalents, good growth projects, a solid balance sheet with strong cash flow and minimal debt.

Our strategic plan was approved based on a gold price of R400 000/kg. We expect to produce between 1.3 and 1.4Moz of gold in the next financial year, at an average cash cost, plus capital, of between R325 000/kg and R360 000/kg. This translates to US$1 070/oz to US$1 180/oz. We believe that our plans are realistic and we have taken into account possible risks to execute our strategy.



The graph indicates capital expenditure is planned to reduce significantly in the coming year. In PNG the expenditure on the Hidden Valley crusher has been completed in FY13 and Wafi-Golpu exploration expenditure is reduced due to the repositioning of the project.

For more information refer to the audit and risk committee report on page 73.

Frank Abbott
Financial director

At present, Harmony is South Africa's third-largest gold producer, with a majority of our assets in build-up, accounting for over half the company's total production.

In South Africa, Harmony's gold mining operations are concentrated in the Witwatersrand Basin and Kraaipan Greenstone Belt. In Papua New Guinea (PNG), Harmony is active in Morobe Province, a highly prospective gold mining region.

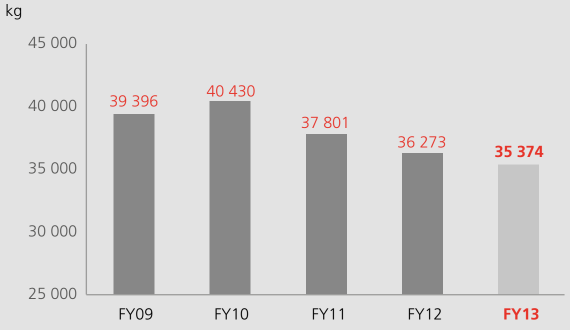
From these mines, in FY13 Harmony produced 1 137 297oz (35 374kg) (FY12: 1 166 203oz, 36 273kg) of gold at an overall recovered grade of 1.93g/t (FY12: 2.00g/t). This generated revenue of R15.9 billion (FY12: R15.2 billion) and a production profit of R4.5 billion (FY12: R5.3 billion).

Group operating cash costs were R327 210/kg (US$1 154/oz (FY12: R274 767/kg, US$1 100/oz) for an operating margin of 28% (FY12: 35%).

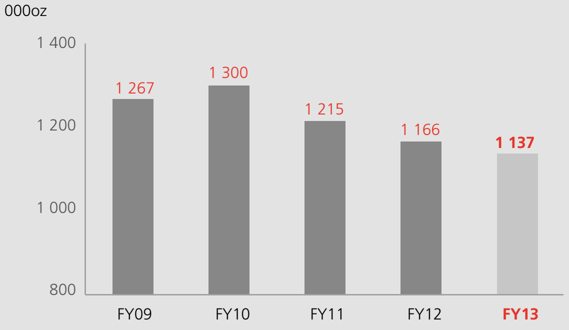
For detailed information on the results from individual mines, please refer to our quarterly reports on our website.

In line with our strategy of creating a sustainable company that generates free cash flow to fund dividends and growth, over the past six years we have closed high – cost mines and disposed of non-core operations for a better mix of assets;

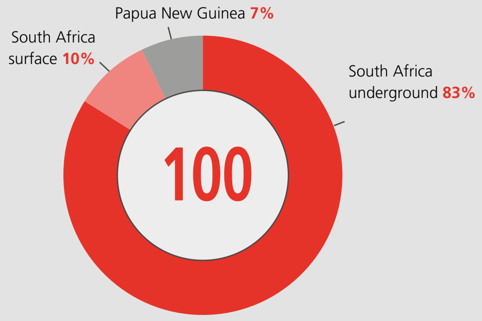
KILOGRAMS PRODUCED (year-on-year)



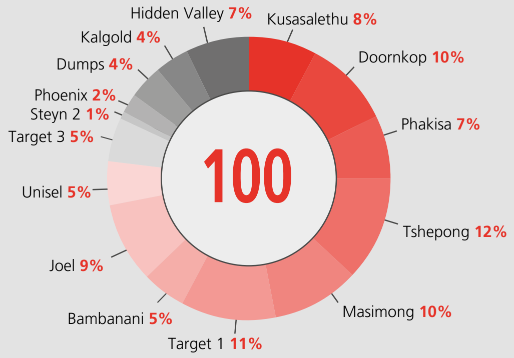
OUNCES PRODUCED (year-on-year)

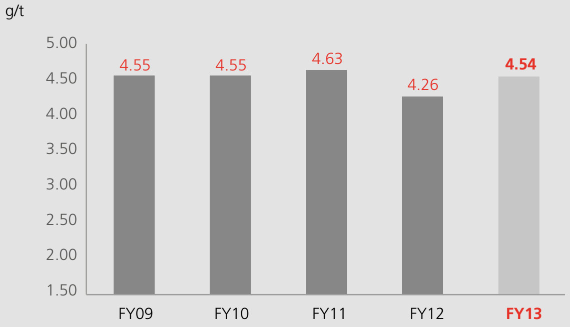


REGIONAL CONTRIBUTION TO PRODUCTION

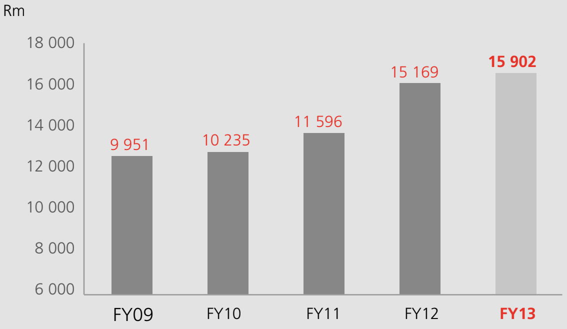


OPERATIONAL CONTRIBUTION TO PRODUCTION





UNDERGROUND RECOVERED GRADE (year-on-year)



REVENUE (year-on-year)

commissioned excellent mines in South Africa and PNG; and tailored each mine's business plan to its unique requirements.

We understand that our sustainability depends on putting back more than we take out. This section summarises key operational performance indicators underpinning that sustainability. Please refer to Harmony's quarterly reports for detailed operational performance on our website.

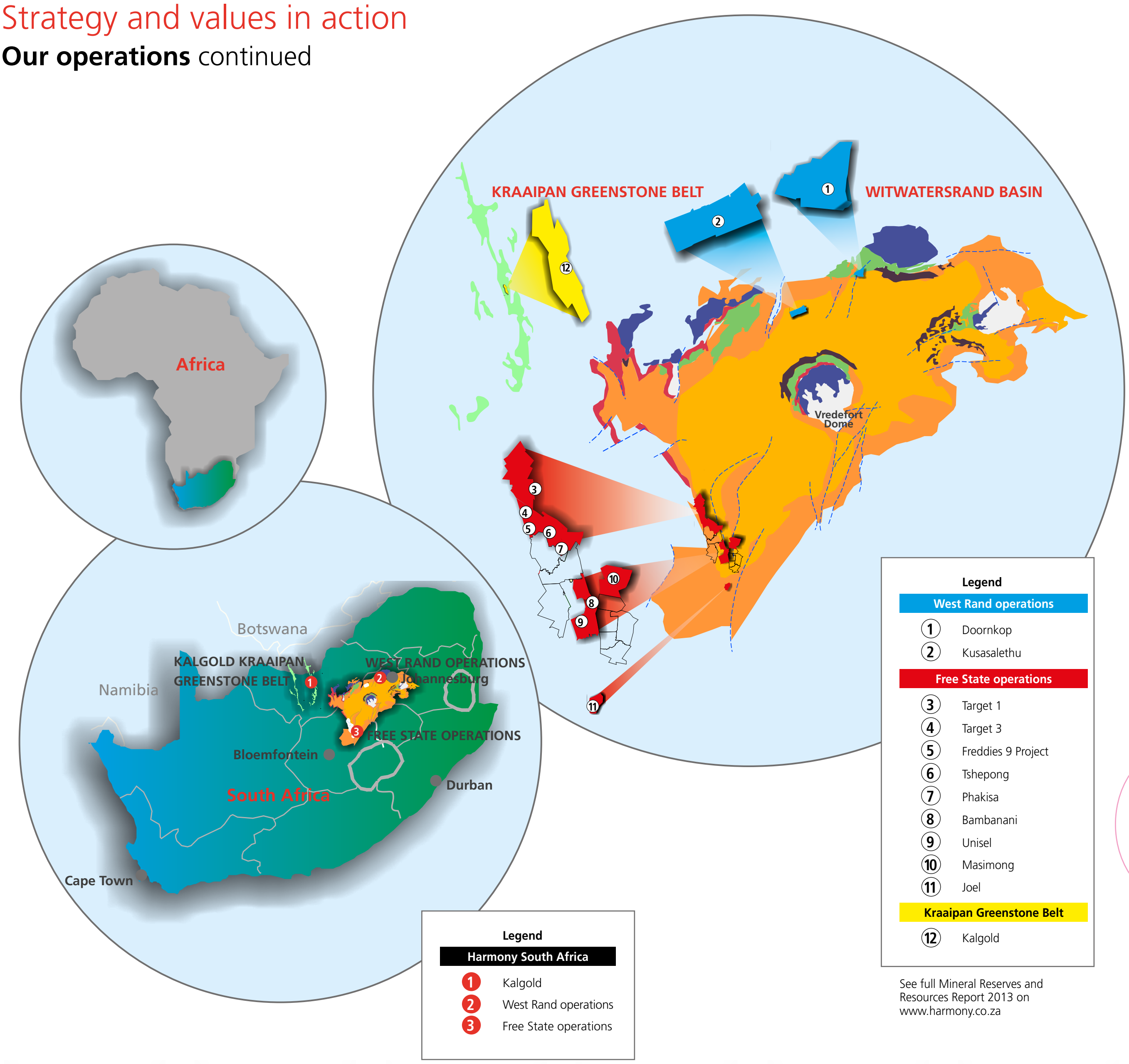
Asset portfolio and forecast production for FY14

Operation	Expected potential ounces (FY14)	Annual average Cash operating costs (Including royalties) (FY14) (R/kg)	Annual average Capital and cash operating costs* (FY14) (R/kg)	Annual average Capital and cash operating costs*[1] (FY14) (US$/oz)	Life of mine (years)	Comments
Kusasalethu	200 000 – 215 000oz	R265 000 – R295 000/kg	R340 000 – R380 000/kg	US$1 120 – 1 240/oz	27	In build-up
Doornkop	135 000 – 145 000oz	R245 000 – R270 000/kg	R295 000 – R330 000/kg	US$980 – 1 080/oz	17	In build-up
Phakisa	90 000 – 100 000oz	R350 000 – R385 000/kg	R455 000 – R505 000/kg	US$1 500 – 1 660/oz	21	In build-up
Tshepong	140 000 – 150 000oz	R280 000 – R310 000/kg	R335 000 – R370 000/kg	US$1 110 – 1 220/oz	19	Steady state
Masimong	120 000 – 130 000oz	R255 000 – R285 000/kg	R295 000 – R325 000/kg	US$970 – 1 070/oz	13	Steady state
Hidden Valley	90 000 – 100 000oz	R355 000 – R395 000/kg	R425 000 – R470 000/kg	US$1 400 – 1 550/oz	14	50% interest
Target 1	125 000 – 135 000oz	R225 000 – R250 000/kg	R290 000 – R320 000/kg	US$960 – 1 060/oz	11	Steady state
Bambanani	90 000 – 100 000oz	R195 000 – R215 000/kg	R245 000 – R270 000/kg	US$810 – 900/oz	8	Shaft pillar
Joel	80 000 – 90 000oz	R235 000 – R260 000/kg	R285 000 – R315 000/kg	US$940 – 1 040/oz	11	Steady state
Unisel	60 000 – 65 000oz	R295 000 – R325 000/kg	R335 000 – R370 000/kg	US$1 100 – 1 220/oz	6	Steady state
Target 3	60 000 – 70 000oz	R270 000 – R300 000/kg	R345 000 – R380 000/kg	US$1 130 – 1 250/oz	16	In build-up
Various surface	50 000 – 60 000oz	R275 000 – R305 000/kg	R275 000 – R305 000/kg	US$910 – 1 010/oz	30+	Tailings, rock dumps
Kalgold	40 000 – 45 000oz	R330 000 – R365 000/kg	R380 000 – R420 000/kg	US$1 260 – 1 390/oz	15	Steady state
Steyn 2	13 000 – 17 000oz	R260 000 – R290 000/kg	R265 000 – R290 000/kg	US$870 – 960/oz	2	Shaft pillar
Total	**~ 1.3Moz – 1.4Moz**	**~ R270 000 – R300 000/kg**	**~ R325 000 – R360 000/kg**	**~ US$1 070 – 1 180/oz**		

[1] An exchange rate of US$/R9.45 was used

* Includes cash operating cost (including royalties), maintenance, capital, growth capital and local economic development costs

Our operations continued



See full Mineral Reserves and Resources Report 2013 on www.harmony.co.za

Kusasalethu

Kusasalethu: comprises twin vertical and twin sub-vertical shaft systems. Mining uses conventional methods in a sequential grid layout. Ore mined is treated at the Kusasalethu plant.

Doornkop

Doornkop: is a single-shaft operation mining the Kimberley and South Reef. The mine uses both mechanised bord-and-pillar and narrow-reef conventional mining. Ore mined is treated at the Doornkop plant.

Phakisa

Phakisa: is an operation mining Basal Reef. Phakisa includes the Nyala shaft, which is used to hoist rock and as a second escape route. Ore mined at Phakisa is processed at Harmony 1 plant.

Tshepong

Tshepong: single vertical shaft using conventional undercut mining on the Basal Reef while the B Reef is exploited as a high grade secondary reef. Ore processed at Harmony 1 plant.

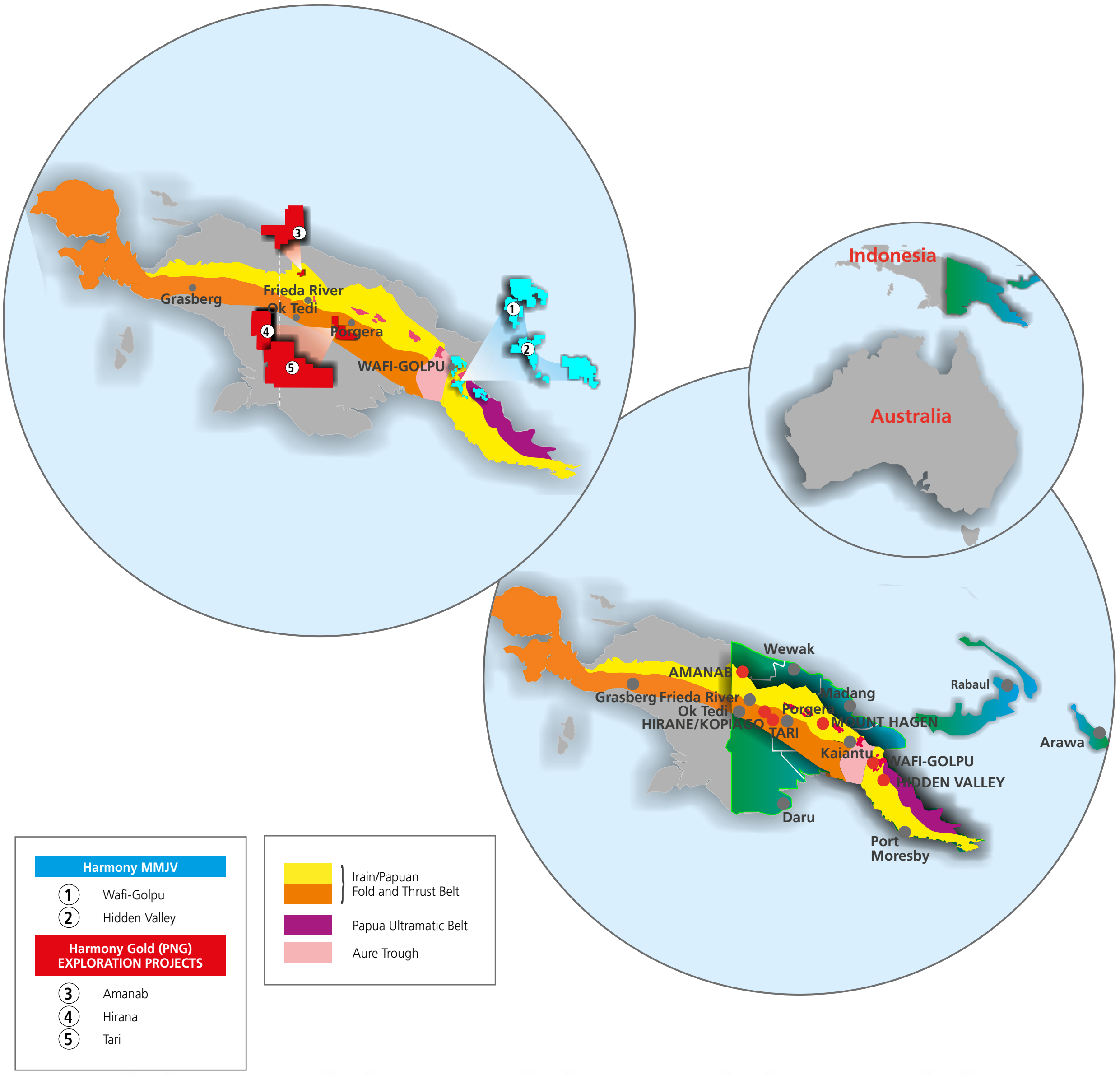
Masimong

Masimong: single operating shaft with conventional drilling, blasting and scraping operations focused on the Basal and B Reefs. Ore processed at Harmony 1 plant.

Target

Target 1: has a single surface shaft system with a sub-shaft and a decline. The mine is mechanised and conventional mining occurs on the Basal, Elsburg and Dreyerskraal Reefs. Ore processed at Target plant.

Target 3: single operating shaft; mechanised and conventional; mining the Basal, Elsburg and Dreyerskraal Reefs. Ore processed at Target plant.



Bambanani

Bambanani: three surface shafts (Bambanani, Steyn 2 and West) with ore conveyed to Harmony 1 plant for processing.

Joel

Joel: two shafts with scattered mining of Beatrix Reef. Ore processed at Joel plant.

Unisel

Unisel: scattered mining and pillar reclamation to access Basal, Leader and Middle Reefs. Ore processed at Harmony 1 plant.

Phoenix

Phoenix: retreats tailings from regional storage facilities to extract residual gold, using the Saaiplaas plant.

Kalgold

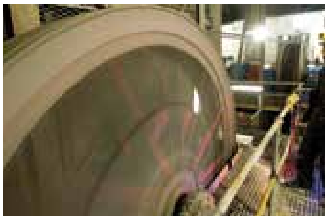
Kalgold: open-pit mine accessing gold-bearing ore in Kraaipan Greenstone Belt. Ore processed at Kalgold plant.

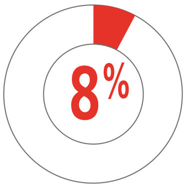
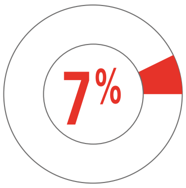
Hidden Valley

Hidden Valley: is part of the joint venture between Harmony and Newcrest (50:50); operates two open pits exploiting Hamata gold orebody, and Hidden Valley/ Kaveroi gold and silver orebodies. Ore processed at the Hidden Valley plant.

Strategy and values in action

Our operations continued



	Kusasalethu			Doornkop			Phakisa		
Percentage of gold produced (kg) during FY13									
	2013	2012	2011	**2013**	2012	2011	**2013**	2012	2011
Tonnes milled (t'000)	**711**	1 197	1 099	**1 008**	928	718	**512**	521	387
Gold produced (kg)	**2 740**	5 633	5 609	**3 631**	3 075	2 512	**2 434**	2 541	1 762
Grade (g/t)	**3.85**	4.71	5.10	**3.60**	3.31	3.50	**4.75**	4.88	4.55
Revenue (R'000)	**1 212 834**	2 319 867	1 773 664	**1 615 027**	1 283 708	780 981	**1 102 618**	1 063 753	550 876
Cash operating cost (R/kg)	**553 358**	261 167	226 398	**296 714**	285 269	236 810	**405 077**	319 317	269 531
Operating profit/(loss) (R'000)	**(270 704)**	880 944	452 284	**572 743**	421 422	180 003	**120 287**	261 097	78 072
Capital expenditure (Rm)	**419 566**	415 444	379 696	**285 427**	293 708	291 978	**337 462**	302 342	369 433
Safety									
– Safety – fatalities	**2**	4	2	**–**	2	–	**1**	–	5
– Safety – LTIFR	**4.25**	5.57	7.74	**5.30**	6.28	8.04	**8.80**	8.87	10.27
Environmental									
Electricity used	**580**	683	663	**216**	195	161	**113**	109	95
Water used for primary activities*	**2 591**	4 193	2 497	**760**	1 370	2 750	**880**	4 167	717
GHG emissions	**574**	676	683	**214**	193	165	**112**	108	247
Local economic development (Rm)	**21**	2	5	**7**	3	4	**8**	3	5
Other highlights	A watershed agreement was signed by the unions as a pre-condition for re-opening the mine. Every employee signed the code of conduct when the mine was re-opened on 14 February 2013.			6.4 million fall-of-ground fatality free shifts in 2013. 1.7 million fatality free shifts in April 2013.			Underground fridge plants commissioned. 2 million fatality-free shifts in December 2012.		
New-order mining rights	**December 2007**			**October 2008**			**December 2007**		
Certification	ISO 14001 Certified ICMI Certified.			ISO 14001 compliant – shaft recertified after two years of implementation.			Integrated ISO 14001, OHSAS 18000, ISO 9000.		
Key risks and challenges	Delivering on development targets. The adjustment of dealing with an additional union at the operation. Rebuilding relationships with all stakeholders.			Delivering on South Reef development targets. Shaft infrastructure commissioning to deepest levels.			Ventilation challenges until Freddies No.3 ventilation shaft rehabilitation is completed. Opening up more face length to the north in the higher grade blocks is a key priority.		

* The reduction is due to the revised definition of water use for primary activities

(1) Target 2011: 531kg capitalised

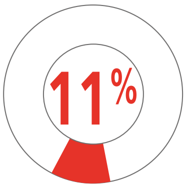
(2) Steyn 2011: 90kg capitalised

(3) Includes safety performance for all Free State plants

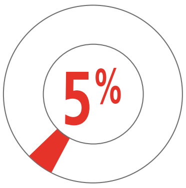
Tshepong

Masimong

Target 1

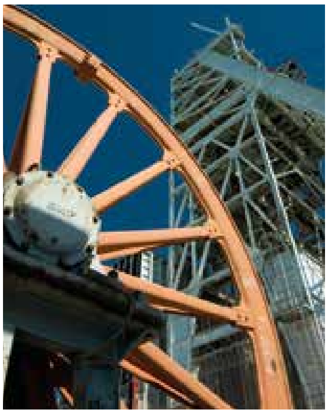


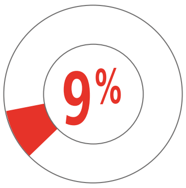
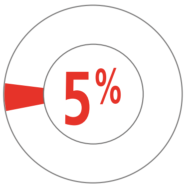
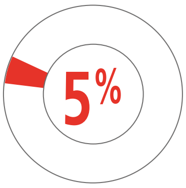
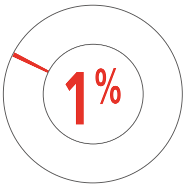
Bambanani



Tshepong			Masimong			Target 1			Bambanani		
2013	2012	2011	**2013**	2012	2011	**2013**	2012	2011	**2013**	2012	2011
1 040	1 233	1 343	**868**	933	868	**717**	788	730	**164**	159	426
4 154	5 287	6 468	**3 616**	3 220	4 280	**3 967**	3 630	3 176	**1 606**	1 044	2 961
3.99	4.29	4.82	**4.17**	3.45	4.93	**5.53**	4.61	4.35	**9.79**	6.57	6.95
1 886 777	2 218 684	2 007 382	**1 639 903**	1 348 804	1 325 757	**1 794 310**	1 525 478	980 871	**717 434**	424 105	920 703
343 895	243 087	182 042	**272 403**	263 900	177 130	**238 840**	234 625	217 449	**292 136**	470 696	280 075
459 750	943 319	835 181	**665 208**	505 409	569 838	**857 218**	670 837	263 258	**261 570**	(69 335)	93 023
310 494	287 921	272 748	**170 610**	207 941	177 818	**331 010**	258 570	293 915	**115 390**	185 655	157 965
1	2	2	**1**	–	1	**–**	–	–	**–**	1	3
8.67	12.54	12.60	**7.31**	13.52	13.13	**3.66**	2.06	4.12	**6.56**	8.45	11.10
310	298	314	**208**	208	249	**243**	328	337	**143**	253	471
1 088	9 199	9 351	**891**	1 577	1 743	**759**	1 093	891	**1 431**	1 794	2 655
307	295	348	**206**	206	275	**240**	325	366	**142**	441	652
9	5	10	**15**	8	15	**6**	4	6	**6**	4	6

1 million fatality free shifts on 20 September 2012.	1.5 million fatality free shifts in January 2013.	Third quarter completed with zero dressings cases. 1.5 million fatality free shifts and fall-of-ground fatality free shifts achieved during the year.	500 000 fatality free shifts achieved in April 2013.
December 2007	**December 2007**	**November 2007**	**December 2007**
Integrated ISO 14001, OHSAS 18000, ISO 9000.	Integrated ISO 14001, OHSAS 18000, ISO 9000.	Integrated ISO 14001, OHSAS 18000, ISO 9000 post year end.	Integrated ISO 14001, OHSAS 18000, ISO 9000 planned for 2014/2015.
Available mineable face length, delivering on the planned face advance and planned shaft call factor is key.	Variability in the B-Reef grades.	The impact of big rocks generated in blasting pillars of Block 1 and 2 were negatively impacting on tonnage delivered and also cause breakdowns on machines.	Improving safety results while mining the shaft pillar and equipping and commissioning the decline.



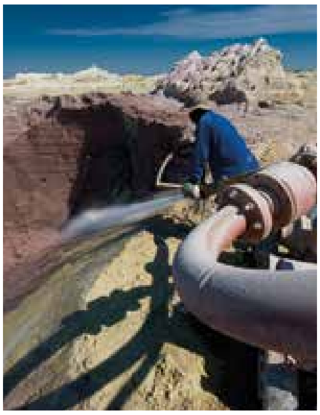
Joel			Unisel			Target 3			Steyn 2		
											
2013	2012	2011	**2013**	2012	2011	**2013**	2012	2011	**2013**	2012	2011
611	557	407	**446**	394	453	**323**	316	75	**47**	38	–
3 228	2 663	1 449	**1 813**	1 593	1 949	**1 626**	1 123	805(1)	**477**	330	90(2)
5.28	4.78	3.56	**4.07**	4.04	4.30	**5.03**	3.55	3.65	**10.15**	7.74	–
1 451 977	1 124 316	453 720	**824 716**	671 513	605 818	**737 285**	472 245	98 673	**215 105**	125 415	–
206 737	208 807	291 288	**315 136**	312 957	226 712	**316 547**	380 267	339 956	**286 067**	359 415	–
797 986	558 874	36 600	**257 393**	177 455	165 576	**228 822**	44 098	930	**80 203**	21 462	–
159 682	84 056	73 106	**77 930**	71 068	79 477	**145 073**	89 535	144 882	**3 830**	80 414	162 675
2	–	1	**1**	1	1	**–**	–	–	**–**	–	–
2.42	1.77	2.05	**12.27**	15.83	12.77	**8.75**	7.57	13.06	**8.37**	8.73	9.15
105	103	108	**111**	110	118	**93**	–	–	**45**	–	–
654	1 007	722	**1 431**	2.146	2 673	**576**	–	–	**620**	–	–
104	102	121	**110**	109	122	**92**	–	–	**44**	–	–
7	3	5	**16**	3	5	**1**	–	–	**1**	–	–
Two consecutive quarters without any lost time injuries.			Stoping sections are 16 years fall-of-ground fatality free. Achieved 500 000 fatality free shifts.			1 million fatality free shifts achieved in February 2013.			Bambanani and Steyn 2 are now a single operation (Steyn 2 barrel closed) and all services routed through Bambanani/West shafts.		
December 2007			**December 2007**			**February 2010**			**February 2010**		
Integrated ISO 14001, OHSAS 18000, ISO 9000 planned for 2014/2015.			Short life-of-mine hence no certification planned. Focus will be on compliance.			Integrated ISO 14001, OHSAS 18000, ISO 9000 planned for 2014/2015.			Short life-of-mine hence no certification planned. Focus will be on compliance.		
The availability of face length will be a key challenge considering the shaft is overperforming.			Ventilation conditions and an ageing labour force are key challenges.			Opening of Basel stopes in sub shaft to achieve the correct mining mix.			Commissioning the West shaft spillage arrangements and managing the available face time with people going underground at West shaft. There is a lot of time taken to travel to working places.		

* The reduction is due to the revised definition of water use for primary activities

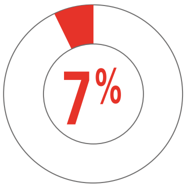
(1) Target 2011: 531kg capitalised

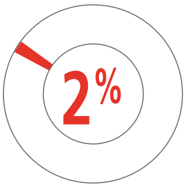
(2) Steyn 2011: 90kg capitalised

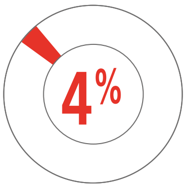
(3) Includes safety performance for all Free State plants

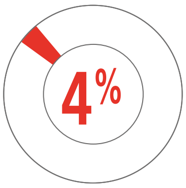


Surface sources









			Surface sources								
Hidden Valley			**Phoenix**			**Dumps**			**Kalgold**		
2013	2012	2011	**2013**	2012	2011	**2013**	2012	2011	**2013**	2012	2011
1 844	1 766	1 679	**5 358**	4 996	5 301	**3 326**	2 986	3 229	**1 398**	1 342	1 611
2 644	2 762	3 118	**827**	822	589	**1 279**	1 509	1 516	**1 332**	1 041	1 253
1.43	1.56	1.86	**0.15**	0.16	0.11	**0.38**	0.51	0.47	**0.95**	0.78	0.78
1 189 031	1 163 444	976 151	**365 212**	349 054	180 622	**578 805**	636 715	466 415	**570 694**	442 203	398 767
456 803	309 230	223 019	**279 615**	241 309	256 353	**337 428**	247 510	237 406	**303 729**	293 658	254 946
(14 678)	312 186	261 318	**140 276**	147 255	35 540	**151 942**	252 114	85 302	**194 036**	131 487	81 000
505 888	296 463	289 143	**156 064**	29 517	21 722	**41 288**	55 424	107 171	**52 470**	76 403	18 383
–	–	–	**–**	–	–	**–**	–	–	**–**	–	–
0.19	0.62	n/a	**–**	2.54	2.89	**0.71**[3]	2.58[3]	3.75[3]	**3.87**	1.27	5.43
40	45	108	**71**	–	–	**–**	–	–	**46**	43	42
1 398	505	1 533	**271**	–	–	**–**	–	–	**1 571**	1 324	2 750
40	33	675	**70**	–	–	**–**	–	–	**46**	43	43
–	–	–	**–**	–	–	**1**	–	–	**5**	3	1
New crusher installed will reduce ore transport costs. Optimisation plan implemented.			Successful commissioning of St Helena cyclone dams.			Performed above target due to lower than planned reef deliveries from underground sources.			Continued to operate fatal free since inception in 1996.		
December 2007			**December 2007**						**August 2008**		
			As a standalone operation Phoenix may embark on a certification effort in 2015/2016. Focus will be on compliance in the interim.			Certification will depend on the company strategy regarding the continuation of the treatment of surface sources.			ISO 14001 shaft.		
Low reserve grade; difficult topography; remoteness; lack of infrastructure; availability of skilled labour.			Pipe and cable theft risk.			Filling plant with profitable sources. Dump grades variable.			Plant Refurbishment project to continue.		

A significant increase of 7% in underground grade to 4.54g/t for the year

SOUTH AFRICA

Gold production was 2% lower year on year at 32 730kg (1 052 293oz), due to a 9% decrease in underground tonnes, primarily due to the temporary closure of Kusasalethu (for safety and security reasons), and damage to the ventilation shaft at Phakisa in the third quarter.

There was a significant increase in underground grade for the year from 4.26g/t in FY12 to 4.54g/t in the review period. In addition, the development sample grade has exceeded life-of-mine reserve grades for the past seven quarters.

Lower production resulted in lower operating profit of R4 517 million for the year and higher unit cash operating cost. These costs are, however, skewed by Kusasalethu's closure and start-up across the third and fourth quarters.

PNG

At Hidden Valley, 1 844 000 tonnes were processed in FY13 to yield 2 644kg of gold and 26 635kg of silver. (Figures reflect 50% attributable to Harmony.)

Capital spend at Hidden Valley was focused on replacing a jaw crusher with a gyratory cone crusher, which will improve the efficiency of the overland conveyor and reduce operating cost. This project was completed in the June quarter with commissioning in the September quarter.

The mine was restructured during the year to reduce operating cost and be sustainable in a low gold price environment. These cost reduction initiatives will continue in the next financial year.

SAFETY AND HEALTH

HIGHLIGHTS

- 10% improvement in fatalities and 20% improvement in lost-time injury frequency rate in South Africa – the lowest year-end rates in Harmony's history
- Another fatality-free year in PNG, and significant reduction in lost-time injuries
- Six new health hubs being established, with Tshepong commissioned at year end
- Benefits of proactive healthcare strategy emerging
- Success of at-work management programme at shaft level evident in declining sick absenteeism, down 20% at mine level.

CHALLENGES

- Maintaining anti-retroviral treatment regimes at Kusasalethu during temporary closure – 50% managed through external provider
- Meeting industry health and safety targets in South Africa.

Safety objectives for FY13	Progress
In South Africa, focus areas included: • Implementing improved group occupational health and safety management system	Under way Significant benefits already evident
• Alignment and roll-out of safety culture programme	✓
• Continuation of group safety audits	✓
• Implementing leading practices in:	
– Preventing fall-of-ground	✓
– Operating rail-bound equipment	✓
– Dust elimination	✓
– Noise control	✓
In PNG, the focus was on: • Visible felt leadership	✓
• Safe-act observation programme (behaviour-based safety)	✓
• Establishing life-saving rules	✓
• Focus on closing out incident investigations timeously	✓
• More structured incident investigations	✓
• Managers' monthly inspections	Under way
• Supervisor weekly inspections	Under way

✓ Completed

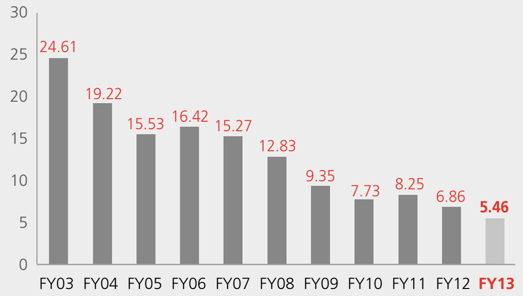
Harmony's improved safety performance during the year reflects both the effectiveness of our revised approach and commitment to our safety goals. In support, a new safety incentive scheme was introduced for management teams from January 2013, which will for the first time measure leading (proactive) indicators as well as lagging (reactive) indicators. The same concept has been included in production team bonuses which are currently being rolled out. We strongly believe that focusing on leading indicators will result in a better safety environment supporting our policy of zero harm.

We ended the year with our lowest lost-time injury frequency rate in South Africa of 6.03 per million hours worked (FY12: 7.54) and the lowest number of fatalities (9 versus 10 in FY12). In PNG, the LTIFR was 0.12, down from 0.45 in FY12, in another fatality-free year.

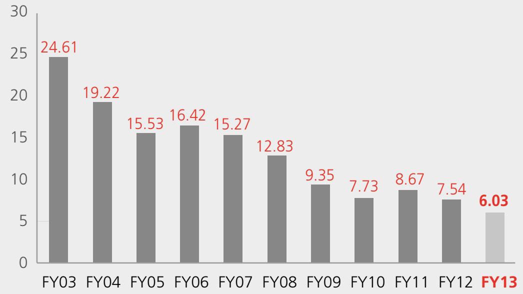
Notably, the decrease in fatalities caused by falls of ground and the increase in the number of mines recording consecutive injury-free days reflect steady progress towards specific safety milestones.

Our decision to halt production after illegal strikes at Kusasalethu, one of our biggest mines, demonstrates that safety is our main priority. More needs to be done, however, to reach our goal of an injury-free workplace.

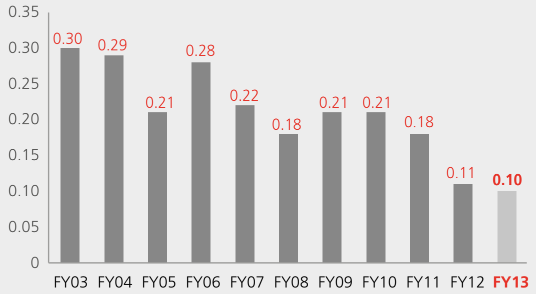
HARMONY TOTAL
LTIFR



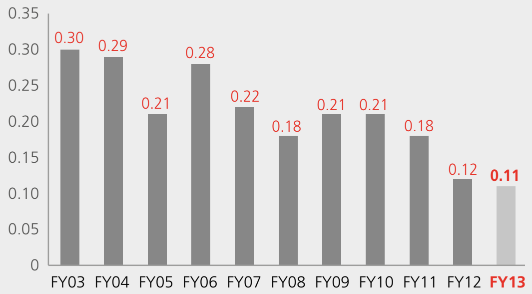
SA OPERATIONS
LTIFR



HARMONY TOTAL
FIFR



SA OPERATIONS
FIFR



All graphs are per million hours worked

Many individual operations again recorded excellent safety achievements during the year. We showcase these achievements in our supplemental information.

Our decentralised approach to healthcare is producing excellent results, with a steady decline in sick leave because our people have access to quality healthcare from more medical professionals on site. We have also improved the ratio of fixed to variable costs for healthcare. Good progress is being made against industry and internal milestones for occupational health, specifically silicosis and noise-induced hearing loss, although Harmony is not yet fully compliant. The incidence rate of tuberculosis is at a new low and we continue to make progress in managing HIV/Aids. In PNG, the downward trend in cases of malaria continued during the year.

PEOPLE

HIGHLIGHTS

- Exceeding Mining Charter targets for employment equity at all management levels
- Ground-breaking code of conduct signed at Kusasalethu sets new standard for labour relations in South Africa
- On track to de-densify hostels over next 18 months
- Converting another three hostels into some 1 000 family units by FY15
- Participating employees benefited from R42 million paid through our profit share scheme in two years
- Employee shareholders receive dividends totalling R2.9 million
- Leadership development and coaching programmes
- In PNG:
  - Targeted technical and core skills training programmes
  - Targeted attraction of skilled and motivated employees

CHALLENGES

- Labour unrest
- Attracting and retaining key technical and managerial skills

OBJECTIVES FOR FY13

FY13	Progress
Talent management plan and software roll-out programme	Completed
Productivity improvement initiatives	Ongoing
Standardisation of HR policies and processes	Ongoing – completion expected mid-FY14
Completion of adult basic education and training programme (2015).	Expect to have literate workforce by 2024 (progressing from 25% in 2009 to 53% in 2012)

The review period was characterised by the highest and most violent levels of labour unrest in recent memory. For Harmony, the key impact was at Kusasalethu (see case study). The final agreement signed by over 5 000 employees at that mine has been hailed as an industry breakthrough in labour relations, given that it required individual commitment to ensuring the sustainability of Kusasalethu and the employee benefits it generates.

Gold sector wage negotiations started on 11 July 2013 at the Chamber of Mines, and a two-year agreement was concluded. Labour disruptions at Kusasalethu alone cost Harmony around R1.2 billion, and it is not in the interest of future investments, our employees or the industry to be further subjected to such losses.

A number of initiatives are being implemented to contain the labour situation, both at company and industry level, including:

- Workshops with all unions in the company
- Engaging with unions on individual employees signing a code of conduct similar to the one signed at Kusasalethu
- General managers' mass meetings
- Communication campaigns with employees and unions across all our South African operations
- Reintroducing the mine productivity bonus
- Continued engagement with other gold mining companies.

While much management attention during the year was thus focused on restoring and rebuilding employee relations, our focus on training and development continued with 4% of total payroll invested in maximising the full potential of our people.

We continue to enhance the benefits our people receive in return for their skills and commitment. Employee benefits that exceed statutory levels currently include profit sharing, share ownership, and a multipronged accommodation strategy. Our focus is on quality of life and developing the full potential of every person in our group.

ENVIRONMENT

HIGHLIGHTS

- New group environmental targets established for FY14 – 18, after meeting key targets for the past five years
- Third in Carbon Disclosure Project, top 10 constituent of Nedbank BettaBeta Green exchange trade fund
- Successful rehabilitation programme reduced liability in specific mining rights
- Sustainability framework approved
- New environmental policy approved
- Demand-side energy management projects (electrical energy efficiency initiatives)
- 70% of long-life assets now ISO-certified

CHALLENGES

- Changing legislative framework and potential impact on business
- Institutional capacity constraints resulting in delays and backlogs in issuing licences
- Complexity of legacy issues and regional environmental impacts, as well as apportionment of liability in these cases
- Carbon tax impacts on business sustainability
- Reduced availability of Eskom funding for demand-side management initiatives
- Rising water and electricity costs.

Objectives for FY13	Progress
Move to zero-discharge (closed-loop) system within five years for most operations	–
Process-water recycling to reduce freshwater intake (reduction of water footprint)	✓
Optimising mineral and non-mineral waste management	✓
Reduce environmental incidents, particularly water discharge and incidental overflow, and dust management	–
Energy efficiency and renewable energy projects	✓
Land management – accelerating rehabilitation programme	✓

✓ Completed – No change

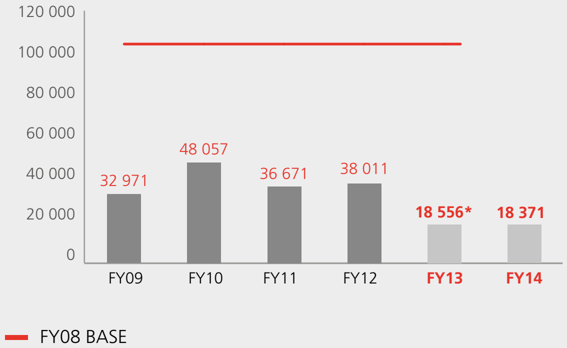
At Harmony, we are committed to building a robust, sustainable company for our stakeholders and for future generations through exploration, development and operating gold mines. We aim to provide shared value for the company and its shareholders, the country in which we operate and our host communities, as well as the biophysical environment. To achieve this goal, measurable targets guide our initiatives to mitigate our environmental impact. In FY13, we met all key targets and have set new targets to FY18. These are more conservative given the over-performance in the current five-year period. All targets have been evaluated at operational level and opportunities were identified to support their achievement in developing the targets for the next five years.

Targets FY14 – FY18	Baseline	FY18 target %
Reduce water use for primary activities – intensity and absolute	FY13	4.5
Reduce fresh water consumption (kl/t treated)	FY13	5
Reduce electricity consumption absolute	FY08	3
Reduce electricity consumption (MWh/t treated)	FY08	2
Reduce total carbon emissions	FY08	3
Reduce carbon emission intensity (tCO_2/t treated)	FY08	2
Environmental legal compliance (fines)	FY13	100
Improve on percentage water recycled	FY13	5
Implement biodiversity action plans	FY13	80
Reduction in land available for rehabilitation	FY13	2

Our strategy is to manage available resources effectively and responsibly. Accordingly, over the past three years, all key group standards have been revised and new standards developed. In FY13, implementation of these standards has been closely monitored to ensure we meet our environmental targets and effectively manage our environmental exposures.

WATER USE FOR PRIMARY ACTIVITIES

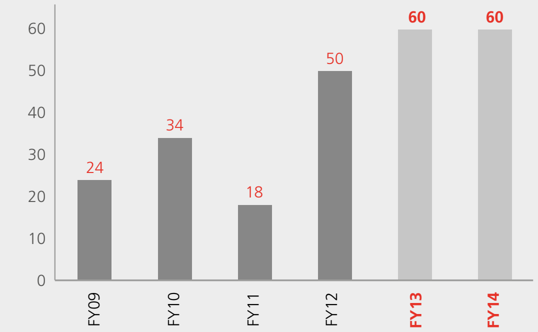
000m³



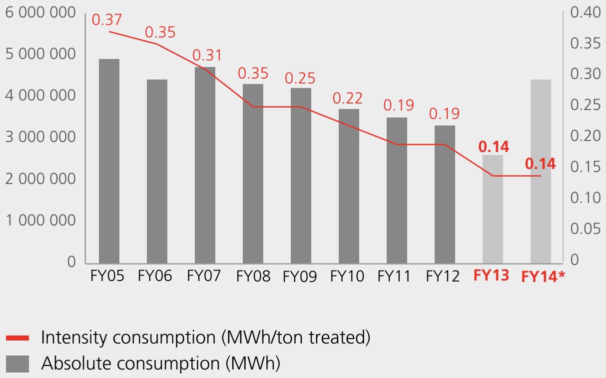
* Reduction is due to the exclusion of Evander and the revised definition of water used for primary activities. FY09 – FY12 includes statistics for Evander

PERCENTAGE OF WATER RECYCLED

%



ELECTRICITY CONSUMPTION



FY05 to FY12 includes statistics for Evander

* Increase is as a result of growth. Operations are improving its production profile for the years to come

SOCIAL

HIGHLIGHTS

- In FY13 we spent R130.5 million (US$14.8 million) (including Evander) on our communities: in South Africa, R106 million (US$12.0 million) on local economic development projects and R11.4 million (US$1.29 million) on corporate social responsibility projects; in PNG R13.1 million (US$1.5 million) on community programmes
- Procurement expenditure with BEE entities in FY13 was R2.5 billion (US$283.4 million) (44% of discretionary expenditure) (FY12: R2.1 billion (US$270.3 million) or 43%)
- New social and labour plans in South Africa for the five years to 2017 have been submitted and we await feedback
- In PNG, the memorandum of agreement was reviewed, with the next review in 2016

In South Africa, Harmony's operations are controlled by mining rights, each with a social and labour plan. In PNG, regulatory control vests in a memorandum of agreement with similar social commitments.

In South Africa, new five-year social and labour plans have been developed and submitted to the DMR. For the first five-year cycle, Harmony has invested around R261 million (US$29.6 million) in local economic development projects.

For more information refer to the supplemental information.

Patrice Motsepe and then-Minister of Human Settlements, Tokyo Sexwale, at the launch of the Masimong 4 housing project

Growing resources and reserves

HIGHLIGHTS

- Quality pipeline with solid balance between early-stage and more immediate prospects underpinning growth

CHALLENGES

- Current gold and copper prices dictate strategic review of Golpu project – aiming to develop a project with lower capital requirements as a modular, expandable mine aligned with Harmony's strategy (time frame 9 – 12 months).

Organic and geographical diversification are fundamental to Harmony's strategy, and reflected in the board's commitment to exploration.

Harmony operates and explores in PNG and South Africa, in regions where key geological features are summarised as:

- **PNG:** gold deposits close to the earth's surface at Hidden Valley, Hamata, Kerimenge and Wafi. Copper deposits at Golpu. Numerous other gold and copper-gold prospects are at various stages of exploration and evaluation across Harmony's lease areas.
- **South Africa:** although all underground operations fall into the Witwatersrand Supergroup, most are in the south-western corner of the Witwatersrand Basin (also known as the Free State goldfields), a deep and rich succession of sedimentary rocks extending for hundreds of kilometres into the West Rand goldfields (Doornkop) and West Wits Basin (Kusasalethu). Further north-west is the Kraaipan Greenstone Belt (Kalgold).

Our exploration strategy is to target key prospective geological regions to create shareholder value by discovering large long-life gold orebodies using a balanced approach to exploration:

- Brownfield exploration: to develop mineral districts, maximise value from established infrastructure and sustain our operations
- Greenfield exploration: to create new opportunities in highly prospective, under-explored mineral provinces and emerging gold districts.

To sustain resource growth, we are developing a quality pipeline of projects across all stages of the exploration process, drawing on our key operational strengths of safety first, maximising in-ground expenditure, and conviction to drill test high-priority targets.

Our approach to access quality projects is flexible and can include joint ventures, acquisition and other arrangements. New growth projects are subjected to rigorous filter criteria based on project- and country-related risk and ability to meet minimum requirements on potential size, production profile and investment targets.

Total exploration expenditure in FY13 was R673 million (97% PNG), split between green- and brownfields projects. This compares to R500 million in the prior year. These expenses are expected to decrease in future after the joint venture partners agreed on optimisation process reductions, and reflect our focus on reprioritising capital expenditure against a 5% drop in the dollar gold price received during the year.

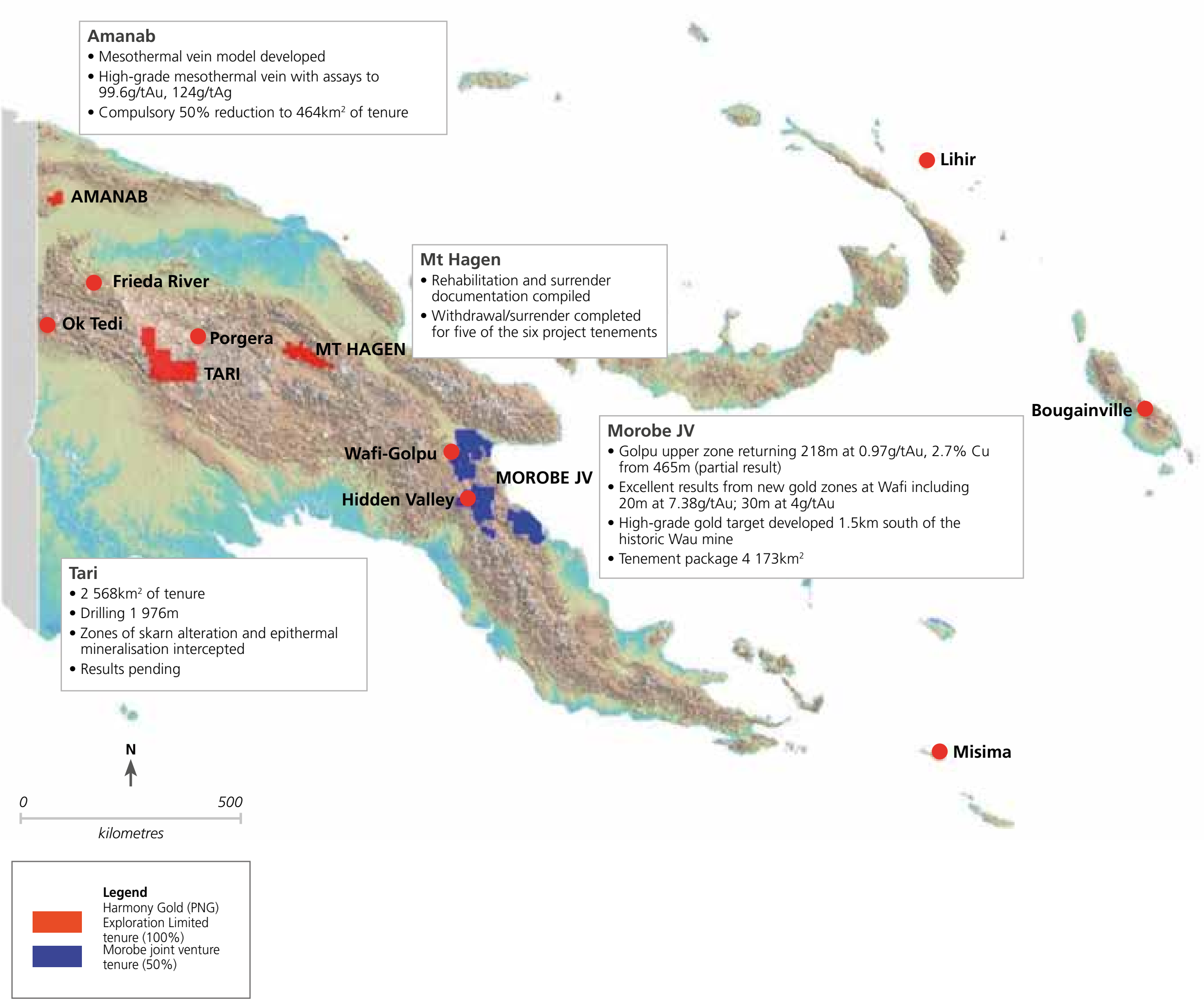
EXPLORATION PROJECTS

Harmony has been actively exploring in PNG since 2003, with a quality project portfolio comprising over 7 867km^2 of exploration in some of the most prospective mineral provinces and emerging gold and copper districts. Our resource base includes 17.3Moz of gold, 4.6Mt copper, 72.2Moz silver and 48 000t molybdenum. On an ounce-equivalent basis, this represents 40.9Moz of gold.

Morobe Mining Joint Venture (MMJV) (50%)

The Harmony/Newcrest tenement package is a key strategic holding in the Morobe goldfields, with FY13 exploration expenditure totalling US$17 million (PGK36 million). A tenement review/rationalisation process was completed in the fourth quarter to focus expenditure on key strategic targets in FY14.

FIGURE 1: HARMONY FY13 PNG EXPLORATION PROJECT LOCATIONS AND WORK SUMMARY



Amanab

- Mesothermal vein model developed
- High-grade mesothermal vein with assays to 99.6g/tAu, 124g/tAg
- Compulsory 50% reduction to 464km² of tenure

Mt Hagen

- Rehabilitation and surrender documentation compiled
- Withdrawal/surrender completed for five of the six project tenements

Morobe JV

- Golpu upper zone returning 218m at 0.97g/tAu, 2.7% Cu from 465m (partial result)
- Excellent results from new gold zones at Wafi including 20m at 7.38g/tAu; 30m at 4g/tAu
- High-grade gold target developed 1.5km south of the historic Wau mine
- Tenement package 4 173km²

Tari

- 2 568km² of tenure
- Drilling 1 976m
- Zones of skarn alteration and epithermal mineralisation intercepted
- Results pending

The underlying strategy of this exploration programme and progress during the year are summarised below:

	Strategy	Progress FY13
Wafi-Golpu Pre-feasibility study confirms world-class copper porphyry resource with mine life >25 years for low-cost copper and gold production	Resource definition and brownfields exploration to develop Wafi-Golpu into a second mining operation for MMJV	Despite the quality of the orebody, developing Golpu in line with the 2012 pre-feasibility study in the current gold and copper price climate does not generate an adequate return on investment and needs to be repositioned. Given our concerns on the substantial capital that will be injected into the project, we are considering ways to develop a project with lower capital requirements as a modular, expandable mine. Harmony's contribution to drilling and project expenditure for the next two financial years will be funded from cash flow. During this phase, we will ensure that Golpu's development strategy is aligned with the strategy of Harmony, which is to grow investor returns. This approach involves less risk and is expected to improve project value. It differs to that proposed in the 2012 pre-feasibility study.
	Wafi transfer zone – greenfields exploration targeting discovery of additional resources to expand Wafi-Golpu into a mineral district	Key points • Zimake • Kesiago • Mt Tonn
Hidden Valley district	Brownfields exploration in a 10km radius of the Hidden Valley plant to develop replacement resources and support expansion	Key points • Kerimenge/Kulang • Mungowe/Heyu • Major gold target outlined 1.5km south of Wau
Regional greenfields exploration	Develop a project pipeline capable of delivering additional quality resources to sustain growth and regional operations	Key points • Garawaria: encouraging results with broad low-grade intercepts confirming prospectivity for a major mineralised system

Harmony PNG tenements (100%)

Harmony Exploration now holds interests in over 4 200km^2 of exploration tenure in PNG. In all US$11 million was spent on greenfields exploration in FY13 with work focused on two key projects after an economic mineral deposit at Mt Hagen proved unlikely:

Project	Strategy	Progress
Amanab	Targeting vein stockwork hosted gold mineralisation	• Mapping and surface sampling completed • Results have outlined a 2km^2 gold soil anomaly
Tari	Targeting porphyry copper-gold and associated gold-base metal skarn mineralisation	• Multiple styles of alteration and mineralisation have been observed in the drill core to date

South Africa

Project	Strategy	Progress
Joel North	Mining down to 137 level	• Decline progressing according to budget and schedule
Freddies 9 shaft	Mining economic mineral blocks, mostly from Tshepong shaft	• Pre-feasibility study for mining selected blocks awaiting Phakisa/Tshepong ventilation design
Kalgold	Exploration on current mining rights and adjacent prospecting rights	• Geo-hydrological and hydrological studies completed • High-resolution airborne magnetic survey completed over entire prospect area • Five boreholes completed. First assay results from drilling show gold mineralisation in narrow zones
Phakisa	Accessing the resource below the bottom of the present mine (75 level) through a twin decline to 85 level	• Pre-feasibility study in process of being completed

Quality ounces

As at 30 June 2013, Harmony's attributable gold equivalent mineral reserves amounted to 51.5Moz, spread across Harmony's assets in South Africa and PNG. This represents a decrease of 2.8% to the annual declared reserves. The decrease is due to depletion and reserves that have been reduced from surface sources in South Africa.

Attributable gold equivalent mineral resources are 147.7Moz a decrease year on year. The 1.7% decrease collectively represents mined resources during the year, together with some geology changes.

The mineral resources are reported inclusive of the mineral reserves. We use certain terms in this report such as 'measured', 'indicated' and 'inferred' resources, which SEC guidelines strictly prohibit US-registered companies from including in their filings with the SEC. US investors are urged to consider closely the disclosure in our Form 20-F.

In converting the mineral resources to mineral reserves the following commodity prices and exchange rates were applied:

- A gold price of US$1 400/oz
- An exchange rate of US$/ZAR8.89
- The above parameters resulted in a rand gold price of R400 000/kg
- The Hidden Valley mine and Wafi-Golpu project in the MMJV used prices of US$1 250/oz Au, US$21/oz Ag, US$15/lb Mo and US$3.10/lb Cu at an exchange rate of A$0.98 per US$
- Gold equivalent ounces are calculated assuming a US$1 400/oz Au, US$3.10/lb Cu and US$23.00/oz Ag with 100% recovery for all metals.

AUDITING

Harmony's South African mineral resources and mineral reserves have been comprehensively audited by a team of internal competent persons that functions independently of the operating units. The internal audit team verifies compliance with the Harmony code of resource blocking, valuation, resource classification, cut-off calculations, development of life-of-mine plans and SAMREC compliant statements from each operation and project which supports Harmony's annual mineral resources and mineral reserves declaration. This audit process is specifically designed to comply with the requirements of internationally recognised procedures and standards such as:

- South African Code for Reporting Mineral Resources and Mineral Reserves – SAMREC Code
- Industry Guide 7 of the United States Securities Exchange Commission
- Sarbanes-Oxley requirements
- Australian Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves – the JORC Code, which complies to the SAMREC Code.

In addition to the internal audits, Harmony's South African mineral resources to mineral reserves conversion process and four operations, Masimong mine, Target 1 mine, Kalgold mine and Phoenix project were reviewed and audited by SRK Consulting Engineers and Scientists for compliance with the South African Code for Reporting Mineral Resources and Mineral Reserves – SAMREC Code and Sarbanes-Oxley requirements. Harmony's Papua New Guinea mineral resources and mineral reserves were independently reviewed by AMC Consultants Proprietary Limited for compliance with the standards set out in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – the JORC Code.

COMPETENT PERSON'S DECLARATION

In South Africa, Harmony employs an ore reserve manager at each of its operations who takes responsibility for the compilation and reporting of mineral resources and mineral reserves at their operations. In PNG, competent persons are appointed for the mineral resources and mineral reserves for specific projects and operations.

The mineral resources and mineral reserves in this report are based on information compiled by the following competent persons:

- **Resources and Reserves South Africa:** Jaco Boshoff, BSc (Hons), MSc, MBA, Pr. Sci. Nat, who has 18 years' relevant experience and is registered with the South African Council for Natural Scientific Professions (SACNASP) and a member of the South African Institute of Mining and Metallurgy (SAIMM)
- **Resources and Reserves Papua New Guinea:** Gregory Job, BSc, MSc, who has 25 years' relevant experience and is a member of the Australian Institute of Mining and Metallurgy (AusIMM).

Mr Boshoff and Mr Job are full-time employees of Harmony Gold Mining Company Limited.

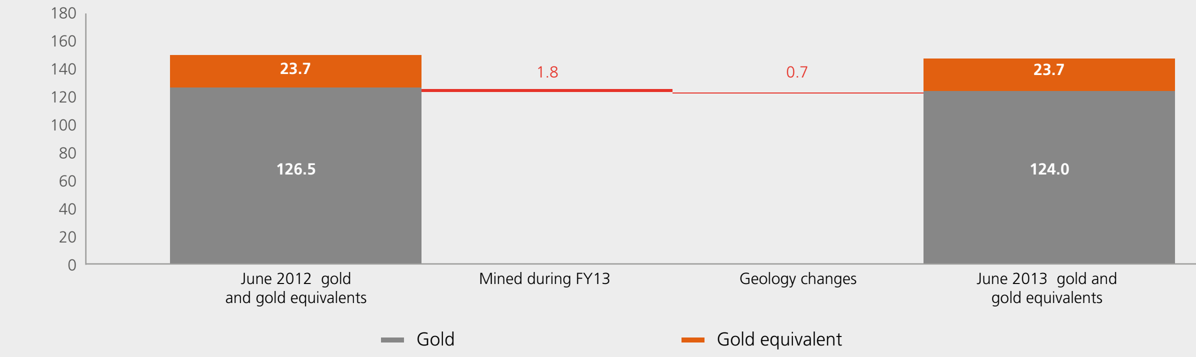
These competent persons consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Jaco Boshoff	**Greg Job**
25 October 2013	25 October 2013

Reconciliation FY12/FY13 Mineral resources

As at 30 June 2013, attributable gold equivalent mineral resources are 147.7Moz, down from 150.2Moz in 2012. The following graph shows the year-on-year reconciliation of the mineral resources.

MINERAL RESOURCES RECONCILIATION FY12 vs FY13 – including gold equivalents in PNG



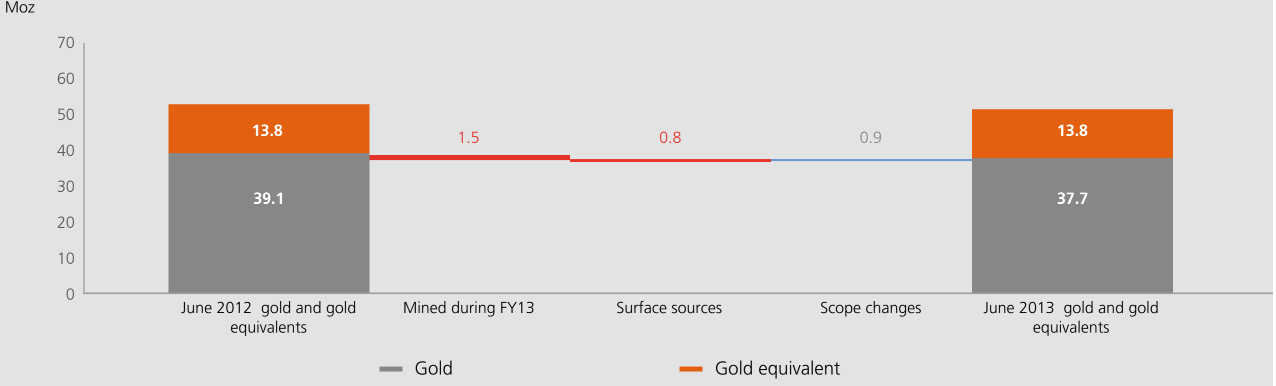
Gold equivalent mineral resources reconciliation – FY12 to FY13

	Gold (tonnes)	Gold (Moz)
June 2012 – gold and gold equivalents	4 672	150.2
Reductions		
Mined during FY13	(56)	(1.8)
Geology changes	(22)	(0.7)
June 2013 – gold and gold equivalents	**4 594**	**147.7**

Mineral reserves

As at 30 June 2013, Harmony's attributable gold equivalent mineral reserves were 51.5Moz, down from 52.9Moz. The year-on-year mineral reserves reconciliation is shown below.

MINERAL RESERVES RECONCILIATION FY12 vs FY13 – including gold equivalents in PNG



Gold equivalent mineral reserves reconciliation FY12 to FY13

	Gold (tonnes)	Gold (Moz)
June 2012 – gold and gold equivalents	**1 645**	**52.9**
Reductions		
Mined during FY13	(46)	(1.5)
Surface sources	(25)	(0.8)
Increase		
Scope changes	28	0.9
June 2013 – gold and gold equivalents	**1 602**	**51.5**

For full details of our mineral resources and reserves statement for 2013, please see our website.

Mineral resources statement

GOLD

Operations	Measured resources			Indicated resources			Inferred resources			Total mineral resources		
	Tonnes (Mt)	Grade (oz/t)	Gold (000oz)	Tonnes (Mt)	Grade (oz/t)	Gold (000oz)	Tonnes (Mt)	Grade (oz/t)	Gold (000oz)	Tonnes (Mt)	Grade (oz/t)	Gold (000oz)
SA underground												
Free State Region												
Bambanani	2.7	15.41	1 355	0.04	25.72	32	–	–	–	2.8	15.55	1 387
Joel	4.8	7.42	1 147	7.3	7.20	1 696	7.6	4.72	1 160	19.8	6.30	4 003
Masimong	15.6	6.79	3 407	9.2	6.18	1 827	74.7	6.12	14 678	99.4	6.23	19 912
Phakisa	7.3	8.24	1 934	19.1	10.30	6 319	26.9	8.20	7 080	53.2	8.96	15 333
Target 1	9.4	7.30	2 216	10.1	7.57	2 471	2.4	5.20	399	22.0	7.20	5 086
Target 2	0.05	14.00	20	0.1	15.52	67	–	–	–	0.2	15.14	87
Target 3	11.4	7.93	2 905	9.6	7.43	2 298	5.1	5.96	979	26.1	7.36	6 182
Freddies 9	–	–	–	6.0	10.61	2 045	29.6	8.09	7 690	35.6	8.51	9 735
Tshepong	19.7	10.51	6 670	5.5	9.58	1 688	13.1	9.22	3 872	38.3	9.94	12 230
Unisel	11.0	5.91	2 095	7.0	6.15	1 383	8.4	5.34	1 440	26.4	5.79	4 918
Total Free State underground	82.1	8.24	21 749	74.0	8.33	19 826	167.7	6.92	37 298	323.8	7.58	78 873
West Rand Region												
Doornkop	4.8	4.56	699	6.7	6.60	1 420	19.8	7.96	5 053	31.2	7.15	7 172
Kusasalethu	10.2	9.87	3 236	17.5	8.98	5 050	3.3	9.29	986	31.0	9.31	9 272
Total West Rand underground	15.0	8.18	3 935	24.2	8.32	6 470	23.1	8.15	6 039	62.2	8.22	16 444
Total SA underground	97.0	8.23	25 684	98.2	8.33	26 296	190.7	7.07	43 337	386.0	7.68	95 317
SA surface												
Kalgold	22.9	0.77	569	29.4	0.85	800	62.3	0.84	1 688	114.5	0.83	3 057
Free State Region												
Free State (Phoenix)	101.1	0.32	1 037	–	–	–	–	–	–	101.1	0.32	1 037
Free State (St Helena)	258.3	0.26	2 137	–	–	–	–	–	–	258.3	0.26	2 137
Free State (Other): Waste rock dumps	–	–	–	4.6	0.48	72	29.8	0.44	423	34.5	0.45	495
Slimes dams	–	–	–	646.5	0.22	4 646	15.5	0.19	94	662.0	0.22	4 740
Total SA surface	382.3	0.30	3 743	680.6	0.25	5 518	107.6	0.64	2 205	1 170.5	0.30	11 466
Total SA (underground and surface)	479.4		29 427	778.8		31 814	298.3		45 542	1 556.4		106 783
Papua New Guinea[1]												
Hidden Valley	0.7	1.17	25	56.2	1.46	2 645	3.4	1.11	121	60.2	1.44	2 791
Hamata	0.02	1.40	1	3.2	1.90	193	0.1	1.65	6	3.3	1.89	200
Wafi	–	–	–	56.7	1.72	3 146	11.3	1.30	475	68.1	1.65	3 621
Golpu	–	–	–	405.0	0.64	8 333	95.0	0.61	1 863	500.0	0.63	10 196
Nambonga	–	–	–	–	–	–	19.9	0.79	505	19.9	0.79	505
Total PNG	0.7	1.17	26	521.1	0.85	14 317	129.7	0.71	2 970	651.5	0.83	17 313
Harmony total	480.1		29 453	1 299.8		46 131	428.0		48 512	2 207.9		124 096

Mineral resources and reserves continued

Operations	Measured resources		Indicated resources		Inferred resources		Total mineral resources	
PNG gold equivalents[1] Silver as gold equivalents	Tonnes (Mt)	Gold (000oz)	Tonnes (Mt)	Gold (000oz)	Tonnes (Mt)	Gold (000oz)	Tonnes (Mt)	Gold (000oz)
Hidden Valley	0.7	7	56.2	879	3.4	49	60.2	936
Total	0.7	7	56.2	879	3.4	49	60.2	936
Copper as gold equivalents								
Golpu	–	–	405.0	18 545	95.0	3 904	500.0	22 449
Nambonga	–	–	–	–	19.9	210	19.9	210
Total	–	–	405.0	18 545	114.9	4 114	519.9	22 659
Total silver and copper as gold equivalents	0.7	7	461.2	19 424	118.3	4 163	580.1	23 595
Total PNG gold equivalents	0.7	33	521.1	33 741	129.7	7 133	651.5	40 908
Total Harmony gold equivalents	480.1	29 460	1 299.8	65 555	428.0	52 675	2 207.9	147 691

OTHER METALS

Papua New Guinea[1]

	Measured resources			Indicated resources			Inferred resources			Total mineral resources		
Silver	Tonnes (Mt)	Grade (g/t)	Silver (000oz)	Tonnes (Mt)	Grade (g/t)	Silver (000oz)	Tonnes (Mt)	Grade (g/t)	Silver (000oz)	Tonnes (Mt)	Grade (g/t)	Silver (000oz)
Hidden Valley	0.7	19.1	408	56.2	27.3	49 225	3.4	25.5	2 765	60.2	27.1	52 398
Golpu	–	–	–	405.0	1.1	14 746	95.0	1.0	3 177	500.0	1.1	17 923
Nambonga	–	–	–	–	–	–	19.9	2.9	1 836	19.9	2.9	1 836
Total	0.7	19.1	408	461.2	4.3	63 971	118.3	2.0	7 778	580.1	3.9	72 157

Copper	Tonnes (Mt)	Grade (%)	Cu (Mlb)	Tonnes (Mt)	Grade (%)	Cu (Mlb)	Tonnes (Mt)	Grade (%)	Cu (Mlb)	Tonnes (Mt)	Grade (%)	Cu (Mlb)
Golpu	–	–	–	405.0	0.92	8 258	95.0	0.80	1 677	500.0	0.90	9 936
Nambonga	–	–	–	–	–	–	19.9	0.22	95	19.9	0.22	95
Total	–	–	–	405.0	0.92	8 258	114.9	0.70	1 772	519.9	0.88	10 031

Molybdenum	Tonnes (Mt)	Grade (ppm)	Mo (Mlb)	Tonnes (Mt)	Grade (ppm)	Mo (Mlb)	Tonnes (Mt)	Grade (ppm)	Mo (Mlb)	Tonnes (Mt)	Grade (ppm)	Mo (Mlb)
Golpu	–	–	–	405.0	100	90	95.0	75	16	500.0	96	105

South Africa

Uranium	Tonnes (Mt)	Grade (kg/t)	U3O8 (Mlb)	Tonnes (Mt)	Grade (kg/t)	U3O8 (Mlb)	Tonnes (Mt)	Grade (kg/t)	U3O8 (Mlb)	Tonnes (Mt)	Grade (kg/t)	U3O8 (Mlb)
Free State underground												
Masimong	–	–	–	8.7	0.29	5	74.3	0.19	31	83.0	0.20	37
Tshepong	6.4	0.19	3	15.4	0.22	7	16.5	0.13	5	38.3	0.17	15
Phakisa	7.3	0.17	3	19.1	0.15	6	26.9	0.07	4	53.2	0.11	13
Total	13.7	0.18	5	43.2	0.20	19	117.6	0.15	40	174.5	0.17	65
Total SA underground	13.7	0.18	5	43.2	0.20	19	117.6	0.15	40	174.5	0.17	65
Free State surface	–	–	–	317.6	0.08	56	–	–	–	317.6	0.08	56
Harmony total	13.7	0.18	5	360.8	0.09	75	117.6	0.15	40	492.1	0.11	120

[1] Total attributable gold equivalent ounces are calculated assuming a US$1 400/oz Au, US$3.10/lb Cu and US$23.00/oz Ag with 100% recovery for all metals.
NB: Rounding of numbers may result in slight computational discrepancies.
Note: 1 tonne = 1 000kg = 2 004lb
1 troy ounce = 32.1507kg

Mineral reserves statement

GOLD

Operations	Proved reserves			Probable reserves			Total mineral reserves		
	Tonnes (Mt)	Grade (g/t)	Gold[2] (000oz)	Tonnes (Mt)	Grade (g/t)	Gold[2] (000oz)	Tonnes (Mt)	Grade (g/t)	Gold[2] (000oz)
SA underground									
Free State Region									
Bambanani	2.3	11.08	836	–	–	–	2.3	11.08	836
Joel	1.6	5.60	296	3.9	5.39	677	5.6	5.45	973
Masimong	5.8	4.77	897	2.4	4.71	367	8.3	4.76	1 264
Phakisa	4.9	6.18	972	15.3	7.31	3 590	20.2	7.04	4 562
Target 1	4.4	4.88	684	4.5	5.57	805	8.9	5.23	1 489
Target 3	2.5	6.87	549	4.2	5.32	719	6.7	5.89	1 268
Tshepong	18.6	5.45	3 257	3.4	5.06	546	21.9	5.39	3 803
Unisel	2.0	4.36	285	0.8	4.14	109	2.9	4.30	394
Total Free State underground	42.2	5.73	7 776	34.5	6.15	6 813	76.7	5.92	14 589
West Rand Region									
Doornkop	2.7	4.19	362	5.0	5.42	862	7.6	4.99	1 224
Kusasalethu	8.8	7.39	2 085	27.4	5.51	4 856	36.2	5.97	6 941
Total West Rand underground	11.5	6.64	2 447	32.3	5.50	5 718	43.8	5.80	8 165
Total SA underground	53.7	5.93	10 223	66.8	5.83	12 531	120.5	5.87	22 754
SA surface									
Kalgold	12.2	0.97	379	11.9	1.00	384	24.1	0.99	763
Free State Region – surface									
Free State (Phoenix)	101.1	0.32	1 037	–	–	–	101.1	0.32	1 037
Free State (St Helena)	258.3	0.26	2 137	–	–	–	258.3	0.26	2 137
Free State									
(Other): Waste rock dumps	–	–	–	4.1	0.51	66	4.1	0.51	66
Slimes dams	–	–	–	377.9	0.25	2 989	377.9	0.25	2 989
Total SA surface	371.7	0.30	3 554	393.9	0.27	3 439	765.5	0.28	6 993
Total SA (underground and surface)	425.3		13 777	460.7		15 970	886.0		29 747
Papua New Guinea[1]									
Hidden Valley	0.6	1.22	25	28.9	1.71	1 589	29.5	1.70	1 614
Hamata	0.02	1.40	1	2.3	2.10	154	2.3	2.09	155
Golpu	–	–	–	225.0	0.86	6 194	225.0	0.86	6 194
Total PNG	0.6	1.23	26	256.2	0.96	7 937	256.8	0.96	7 963
Harmony total	426.0		13 803	716.9		23 907	1 142.8		37 710

Strategy and values in action

Mineral resources and reserves continued

Operations	Proved reserves		Probable reserves		Total mineral reserves	
PNG gold equivalents[1] **Silver as gold equivalents**	Tonnes (Mt)	Gold[2] (000oz)	Tonnes (Mt)	Gold[2] (000oz)	Tonnes (Mt)	Gold[2] (000oz)
Hidden Valley	0.6	7	28.9	485	29.5	492
Total	0.6	7	28.9	485	29.5	492
Copper as gold equivalents						
Golpu	–	–	225.0	13 265	225.0	13 265
Total	–	–	225.0	13 265	225.0	13 265
Total silver and copper as gold equivalents	0.6	7	253.9	13 750	254.5	13 756
Total PNG gold equivalents	0.6	33	256.2	21 687	256.8	21 719
Total Harmony including gold equivalents	426.0	13 809	716.9	37 657	1 142.8	51 466

OTHER METALS

Papua New Guinea[1]

Operations	Proved reserves			Probable reserves			Total mineral reserves		
Silver	Tonnes (Mt)	Grade (g/t)	Silver[2] (000oz)	Tonnes (Mt)	Grade (g/t)	Silver[2] (000oz)	Tonnes (Mt)	Grade (g/t)	Silver[2] (000oz)
Hidden Valley	0.6	20.4	409	28.9	31.8	29 515	29.5	31.5	29 924
Golpu	–	–	–	225.0	1.4	9 864	225.0	1.4	9 864
Total	0.6	20.4	409	253.9	4.8	39 379	254.5	4.9	39 788
Copper	Tonnes (Mt)	Grade (%)	Cu[2] (Mlb)	Tonnes (Mt)	Grade (%)	Cu[2] (Mlb)	Tonnes (Mt)	Grade (%)	Cu[2] (Mlb)
Golpu	–	–	–	225.0	1.21	5 992	225.0	1.21	5 992
Molybdenum	Tonnes (Mt)	Grade (ppm)	Mo lb[2] (million)	Tonnes (Mt)	Grade (ppm)	Mo lb[2] (million)	Tonnes (Mt)	Grade (ppm)	Mo lb[2] (million)
Golpu	–	–	–	225.0	81	40	225.0	81	40

South Africa

Uranium	Tonnes (Mt)	Grade (kg/t)	U3O8[2] (Mlb)	Tonnes (Mt)	Grade (kg/t)	U3O8[2] (Mlb)	Tonnes (Mt)	Grade (kg/t)	U3O8[2] (Mlb)
Free State underground									
Masimong	–	–	–	4.9	0.18	2	4.9	0.18	2
Tshepong	10.0	0.10	2	10.9	0.11	3	20.9	0.11	5
Phakisa	4.9	0.13	1	15.3	0.10	4	20.2	0.11	5
Total SA underground	14.9	0.11	4	31.1	0.12	8	45.9	0.12	12
Harmony total	14.9	0.11	4	31.1	0.12	8	45.9	0.12	12

[1] Total attributable gold equivalent ounces are calculated assuming a US$1 400/oz Au, US$3.10/lb Cu and US$23.00/oz Ag with 100% recovery for all metals.

[2] Metal figures are fully inclusive of all mining dilutions and gold losses, and are reported as mill-delivered tonnes and head grades. Metallurgical recovery factors have not been applied to the reserve figures.

NB: Rounding of numbers may result in slight computational discrepancies.

Note: 1 tonne = 1 000kg = 2 204lb

1 troy ounce = 32.1507g

Tshepong Mine, Free State

We recognise the impact of our business on surrounding communities and natural environments, and thus on our sustainability. Notwithstanding our responsibility to the environment, a profitable business enables us to better mitigate our environmental impacts.

Harmony sustainable development scorecard

Indicator	Target 2013	Met/on track	Target 2018	Page/web
Ownership	26% HDSA ownership of credits of company	✓	26% HDSA ownership of credits of company	Page 52
People empowerment	40% HDSA in management	✓	40% HDSA in management by 2018	Our people
Socio-economic development	1% of profit after tax	✓	Maintain 1% profit after tax	Page 38 and Working with our communities
Training and development	Group aggregate: HRD expenditure at 5% of payroll	×	To be determined	Our people
Number of fatalities/FIFR	Group aggregate: nil. Milestone target: 0.03 per million hours worked	×	Group aggregate: nil	Page 34 and Health and safety
Silicosis	0 new cases in industry novices from 2008 based on current diagnostic testing	✓	0 new cases based on current diagnostic testing	Health and safety
NIHL	No deterioration in hearing greater than 10% among occupationally exposed individuals	×	No deterioration in hearing greater than 10% among occupationally exposed individuals	Health and safety
	Total noise emitted by all equipment in any workplace must not exceed 110dB(A) at any location	✓	Total noise emitted by all equipment in any workplace must not exceed 110dB(A) at any location	Health and safety
Environmental significant incidents	Zero	×	Zero	Environmental performance

✓ Compliant × Non-compliant

Harmony sustainable development scorecard

Indicator	Target 2013	Met/on track	Target 2018	Page/web
All sites with emissions >100 000tpa CO_2e required to have and maintain energy conservation plans by 2012	80% of sites above threshold that have energy conservation plans	✓	100% of sites above threshold that have energy conservation plans	Environmental performance
Aggregate group target for reduction in energy consumption/tonnes treated	10% from 2005 base year	✓	3% from 2013 base year	Environmental performance
Aggregate group target for GHG reduction per tonnes treated (including slimes)	5% by 2013 from 2005 base year	✓	3% from 2013 base year	Environmental performance
All sites to have biodiversity action plans by 2012	80% of sites with plans	✓	80% of sites with plans, implemented as planned	Environmental performance
Aggregate group target: Increased affected water consumption	5% improvement from 2008 base year	✓	5% improvement by 2018 from 2013 base year	Environmental performance
Aggregate group target: Fresh water consumption reduced per tonne milled	2% improvement from 2008 base year	✓	5% improvement by 2018 from 2013 base year	Environmental performance
Aggregate group target: Land available for rehabilitation	5% reduction of land available for rehabilitation	✓	2% reduction of land available for rehabilitation from 2013 base year	Environmental performance

For more information on our sustainable development, please see our website.

✓ Compliant × Non-compliant

Strategy and values in action

Mining charter scorecard*

Element	Description	Measure
Reporting	Report on the level of compliance with the charter for the calendar year	Documentary proof of receipt from the department
Ownership	Minimum target for effective HDSA ownership	Meaningful economic participation Full shareholder rights
Housing and living conditions	Conversion and upgrading hostels to attain the occupancy rate of one person per room	Percentage reduction of occupancy rate towards 2014 target
	Conversion and upgrading hostels into family units	Percentage conversion of hostels into family units
Procurement and enterprise development	Procurement spent on BEE entity	Capital goods
		Services
		Consumable goods
	Multinational suppliers' contribution to the social fund	Annual spend on procurement from multi-national suppliers
Employment equity	Diversification of the workplace to reflect the country's demographics to attain competitiveness	Top management (board) Senior management Middle management Junior management Core and Critical skills
Human resources development	Developing requisite skills, including support for South Africa based research and development initiatives intended to develop solutions in exploration, mining, processing, technology mining, beneficiation as well as environmental conservation	Human resources development expenditure as percentage of total annual payroll (excluding mandatory skills development levy)
Mine community development	Conduct ethnographic community consultative and collaborative processes to delineate community needs analysis	Implement approved community projects
Sustainable development and growth	Improvement of the industry's environmental management	Implement approved environmental management programmes (EMPs)
	Improvement of the industry's mine health and safety performance	Implementation of tripartite action plan on health and safety
	Utilisation of South Africa-based research facilities for analysis of samples across the mining value	Percentage of samples in South African facilities
Beneficiation	Contribution towards beneficiation	Added production volume contribution to local value addition beyond the baseline

*Reported for the 2012 calendar year.

	Progress	
Compliance target by 2014	**Compliance target 2013**	**Actual 2013**
Annually	Annually	Submitted in March 2013 for the 2012 calendar year.
26% 26%	26% 26%	28% 28%
Occupancy rate of one person per room	**Hostels** Harmony is making progress, however, we have not met our targets.	
Family units established by 2014	**Housing** Harmony facilitates home ownership by donating land, funding infrastructure and services, and monitoring construction of housing units in mixed-use developments (ie retail, residential and community infrastructure). See supplementary information on our people for progress towards housing targets at June 2013.	
40%	30%	45%
70%	60%	41%
50%	40%	42%
	See supplementary information on working with our communities for Harmony's progress at June 2013.	
0.5%	With the regulatory definition of a multinational supplier now established, we have suppliers on the enterprise resource planning system for reporting purposes. Because there is currently no appropriate legislative vehicle to house the contributions of our multinational suppliers, we registered a trust for this purpose post financial year end, meaning Harmony does not yet comply with this aspect. See supplementary information on working with communities for Harmony's progress.	
40% 40% 40% 40% 40%	35% 35% 40% 40% 35%	45% 43% 44% 46% 55%
5%	4.5%	4%
1% of profit after tax		2.2% of net profit after tax. Social and labour plans (SLPs) are in place for each of Harmony's mining rights. New SLPs for each mining right spanning 2013 – 2017 have been submitted for approval. See supplementary information on working with our communities for Harmony's key projects.
100%	EMPs for each operation have been approved and Harmony conducts EMP performance assessments every two years. Integrated ISO 14001 and OHSAS 18000 certification now in place at 70% of our operations, ensuring compliance with licence conditions and best practices. Implementation at remaining operations is ongoing.	
100%	Safety management and performance targets have been set and integrated into performance parameters at each operation. Meeting certain industry milestones remains a challenge for Harmony. See supplementary information on health and safety for Harmony's progress.	
100%	Environmental monitoring at South African laboratories.	100%
Section 26 of MRPDA (% above baseline)	See supplementary information on working with our communities for Harmony-driven beneficiation initiatives.	

Global standards – both statutory and voluntary – underpin our governance framework, and our overarching aim is to honour our moral imperative to all stakeholders.

GOVERNANCE PRACTICES AND REPORTING

The company's disclosure standards are guided by the South African Companies Act No 71 of 2008, requirements governing its primary listing on the JSE, New York Stock Exchange (NYSE) requirements and King III.

Harmony's FY13 integrated annual report combines financial and non-financial reporting. This report has been developed in line with the requirements of both King III and the Global Reporting Initiative (GRI).

CODE OF ETHICS

Through a process of constructive employee engagements, Harmony has enshrined the following values as those to which the company and its employees subscribe: safety, accountability, achievement, connectedness and honesty. Harmony's code of ethics commits the company, employees and contractors to these values and to the highest ethical standards, free from conflicts of interest.

An ethics committee was established seven years ago by the executive committee to monitor the ethical culture and standards of integrity in Harmony. It reports to the executive committee which, in turn, reports to the social and ethics committee of the board. The ethics committee assesses declarations of interest in terms of the code as well as reports from the white-collar crime committee. In 2011 the code was reviewed and updated in line with the provisions of King III and in 2013 it was reviewed and aligned with Harmony's updated values.

Among the available channels for employees and stakeholders, Harmony has a dedicated, 24-hour crime line (0800 811 811) managed by an external auditing specialist. Suspected irregularities can be reported anonymously via the crime line. All alleged irregularities reported through the crime line or other available channels are logged and investigated, and concurrently monitored by the white-collar crime committee. During FY13, a total of 100 alleged irregularities were logged – these included matters relating to corruption, fraud, bribery, non-compliance with policies, theft etc. Of these cases, 23% were concluded as unfounded and 39% were still under investigation at year end. Relevant action is instituted in cases where wrongdoing is proven – of the irregularities reported in FY13, 10 resulted in dismissals and disciplinary action was instituted in the remaining cases (some of which are still in progress).

Harmony protects the identities of employees who report non-compliance with the code of ethics and encourages stakeholders to use the company's crime line or any of the other reporting structures.

BOARD COMPOSITION

BOARD OF DIRECTORS (15)

Non-independent chairman
- Patrice Motsepe

Independent non-executive directors* (10)
- Modise Motloba (deputy chairman)
- Fikile De Buck (lead independent)
- Joaquim Chissano
- Ken Dicks
- Simo Lushaba
- Cathie Markus
- Mavuso Msimang
- Karabo Nondumo
- Vishnu Pillay
- John Wetton

Non-executive director (1)
- André Wilkens

Executive directors (3)
- Graham Briggs
- Frank Abbott
- Mashego Mashego

Audit and risk committee (5)
- John Wetton* (chairman)
- Fikile De Buck*
- Modise Motloba*
- Simo Lushaba*
- Karabo Nondumo*

Investment committee (6)
- Simo Lushaba* (chairman)
- Ken Dicks*
- Cathie Markus*
- Vishnu Pillay*
- John Wetton*
- André Wilkens

Nomination committee (5)
- Fikile De Buck* (chairman)
- Joaquim Chissano*
- Patrice Motsepe
- Modise Motloba*
- Mavuso Msimang*

Remuneration committee (6)
- Cathie Markus* (chairman)
- Fikile De Buck*
- Simo Lushaba*
- Karabo Nondumo*
- John Wetton*
- André Wilkens

Social and ethics committee (6)
- Modise Motloba* (chairman)
- Joaquim Chissano*
- Fikile De Buck*
- Cathie Markus*
- Mavuso Msimang*
- John Wetton*

Technical committee (4)
- André Wilkens (chairman)
- Ken Dicks*
- Cathie Markus*
- Vishnu Pillay*

* Independent non-executive director

The Harmony board and its committees are guided by individual charters that can be viewed on our website and work plans. These are reviewed every second year or as required.

Harmony's existing operational structure is shown below:

The board

Executive directors
- CEO: Graham Briggs
- FD: Frank Abbott
- Mashego Mashego

Non-executive directors

Executive team
- SA COO: Tom Smith (SA OPSCO)
- CEO SE-Asia: Johannes van Heerden (SE-Asia OPSCO)
- Mineral resources development and growth: Jaco Boshoff
- Human resources: Anton Buthelezi
- Legal, governance and ethics: Pheello Dikane
- Environment: Melanie Naidoo-Vermaak
- Safety, health and technology: Alwyn Pretorius
- Corporate and investor relations: Marian van der Walt
- Risk management and services improvement: Abré van Vuuren

Our

Non-executive chairman

Patrice Motsepe (51)
BA (Legal), LLB

Appointed to the board in 2004

Current directorships
African Rainbow Minerals Limited (ARM)
Sanlam Limited
Sanlam Life Insurance Limited

Experience
Patrice was a partner in one of the largest law firms in South Africa, Bowman Gilfillan Inc. He was a visiting attorney in the USA with the law firm, McGuire Woods Battle and Boothe. In 1994 he founded Future Mining, which grew rapidly into a successful contract mining company. He then formed ARMgold in 1997, which listed on the JSE in 2002. ARMgold merged with Harmony in 2003 and led to the takeover of Anglovaal Mining (Avmin). In 2002 he was voted South Africa's Business Leader of the Year by CEOs of the top 100 listed companies in South Africa, and named the Ernst & Young Best Entrepreneur of the Year. He has received numerous other business and leadership awards. He serves on the International Business Council of the World Economic Forum. Past business responsibilities include serving as president of Business Unity South Africa (BUSA) from 2004 to 2008 – BUSA is the representative voice of organised business in South Africa. He is also president of Mamelodi Sundowns Football Club and was appointed chairman of the newly formed BRICS Business Council in March 2013.

Harmony committees
- Nomination committee

Deputy chairman

Modise Motloba (47)
BSc, Diploma in Strategic Management

Appointed to the board in 2004

Current directorships
Quartile Capital group of companies

Experience
Modise is currently chief executive officer of Quartile Capital (Proprietary) Limited. His 19 years' experience in investment banking, treasury and fund management includes appointments at Rand Merchant Bank, African Merchant Bank, African Harvest Fund Managers and Goldman Sachs. Modise is a former president of the Association of Black Securities and Investment Professionals (ABSIP) where he was instrumental in formulating and negotiating the historic financial services charter in 2003.

Harmony committees
- Social and ethics committee (chairman)
- Nomination committee
- Audit and risk committee

Lead independent non-executive director

Fikile De Buck (52)
BA (Economics), FCCA (UK)

Appointed to the board in 2006

Current directorships
Atlatsa Resources Corporation
Amathuba Engineering (Pty) Ltd
Fikita Creations (Pty) Ltd

Experience
A chartered certified accountant, Fikile is a fellow of the Association of Chartered Certified Accountants (ACCA) (UK). From 2000 to 2008, she worked in various capacities at the Council for Medical Schemes in South Africa, including as chief financial officer and chief operations officer. Prior to that, she was treasurer at the Botswana Development Corporation. Fikile is a non-executive director and chairman of the audit committee of Atlatsa Resources Corporation.

Harmony committees
- Nominations committee (chairman)
- Social and ethics committee
- Remuneration committee
- Audit and risk committee

board

Chief executive officer

Graham Briggs (60)
BSc (Hons) (Geology)

Joined Harmony in 1995
Appointed to executive management in 1997,
CEO 2008

Experience
Graham has been in the mining industry for 38 years, initially as a geologist. His operational and managerial experience was developed at a number of South African gold mines, and he joined Harmony in 1995 as new business manager. He also served as chief executive of Harmony Australia.

Financial director

Frank Abbott (58)
BCom, CA(SA), MBL

Joined Harmony in 1994, executive management in 1997 and again in 2011

Experience
Frank joined the Harmony board as non-executive director in 1994, and was appointed financial director in 1997. In 2004 he was appointed financial director of ARM, while remaining on the Harmony board as non-executive director. In 2007, Frank was seconded to Harmony as interim financial director, a position he held until 2009. He was appointed executive director of Harmony in November 2011 and has served as financial director on the board of Harmony since February 2012.

Executive director

Mashego Mashego (49)
BA (Education), BA (Hons)
(Human Resources Management)
Joint Management Development Programme,
Global Executive Development Programme

Joined Harmony in 2005
Appointed to executive management in 2007

Experience
Mashego has over 20 years' experience in human resources, developed largely in the industrial sector. Since joining Harmony in 2005, he has been responsible for group human resources development, transformation and, most recently, government relations.

Board of directors continued

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Our

Independent non-executive director

1. Joaquim Chissano (74)
PHD

Appointed to the board in 2005

Current directorships
African Rainbow Minerals Limited
Peace Parks Foundation

Experience
Former president of Mozambique (1986-2004), Joaquim also served as chairman of the African Union for 2003/2004. On leaving the presidency, he established the Joaquim Chissano Foundation for Peace Development and Culture, and has led various international peace initiatives on behalf of the United Nations, African Union and Southern African Development Community to Guinea-Bissau, Democratic Republic of the Congo, Uganda and Madagascar. In 2006 he was awarded the annual Chatham House prize for significant contributions to improving international relations and received the inaugural Mo Ibrahim prize for Achievement in African Leadership in 2007. Joaquim was appointed to the global development program advisory panel of the Bill and Melinda Gates Foundation in December 2009.

Harmony committees
- Nomination committee
- Social and ethics committee

Independent non-executive director

2. Ken Dicks (74)
Mine Managers Certificate (Metalliferous Mines)
Mine Managers Certificate (Fiery Coal Mines)
Management diplomas (Unisa) and (INSEAD)

Appointed to the board in 2008

Current directorships
Witwatersrand Consolidated Gold Resources Limited

Bauba Platinum Limited

Experience
Ken has a mining engineering background with 39 years' experience in the formal mining industry. He worked for Anglo American gold and uranium divisions for 37 years in various senior positions.

Harmony committees
- Technical committee
- Investment committee

Independent non-executive director

3. Dr Simo Lushaba (47)
BSc (Hons), MBA (Wales), DBA (University of KwaZulu-Natal)

Appointed to the board in 2002

Current directorships
Cashbuild Limited
Empowered Growth Partners (Pty) Limited
GVSC Communications SA (Pty) Limited
Talent Africa (Pty) Limited

Experience
Executive business coach, Simo previously held senior management positions at Spoornet (Rail & Terminal Services division), was vice-president of Lonmin Platinum and chief executive of Rand Water.

Harmony committees
- Investment committee (chairman)
- Audit and risk committee
- Remuneration committee

Independent non-executive director

4. Cathie Markus (56)
BA, LLB

Appointed to the board in 2007

Current directorships
St Mary's School Waverly Foundation (Sec 21)

Experience
Cathie spent 16 years at Impala Platinum Holdings Limited, initially as legal advisor and, from 1998 to 2007, as executive director responsible for legal, investor and community affairs. After graduating from the University of the Witwatersrand, Cathie served articles at Bell Dewar & Hall. On qualifying as an attorney, notary and conveyancer, she joined the legal department of Dorbyl Limited. She is currently a trustee of the Impala Bafokeng Trust and chairs the St Mary's School Waverley Foundation.

Harmony committees
- Remuneration committee (chairman)
- Investment committee
- Social and ethics committee
- Technical committee

Independent non-executive director

5. Mavuso Msimang (71)
MBA (Project Management, United States International University, San Diego, California), BSc (University of Zambia)

Appointed to the board in 2011

Experience
Mavuso has 27 years' experience in management at executive level. He was involved in the successful transformation and restructuring of various state-owned entities over a period of 16 years until 2010. Mavuso was director-general of the South African Department of Home Affairs and previously served successively as CEO of the State Information Technology Agency, South African National Parks and SA Tourism. He was country representative of international development organisations World University Service/Canada and CARE-International in Ethiopia and Kenya, respectively. He also held senior management positions with UNICEF and the World Food Program. He currently consults in the conservation and tourism sectors.

Harmony committees
- Nomination committee
- Social and ethics committee

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board

Independent non-executive director

6. Karabo Nondumo (35)

BAcc, HDip (Acc), CA(SA)

Appointed to the board in 2013

Current directorships
Merafe Resources Limited
Rolfes Holdings Limited
South African Express Airways (SOC) Limited

Experience

Karabo is a consultant for Vodacom Business. Previous roles at Vodacom include executive head of Vodacom Business as well Mergers & Acquisitions. She was inaugural chief executive officer of AWCA Investment Holdings Limited (AIH) and former head of Global Markets Operations at Rand Refinery Limited. She is a former associate and executive assistant to the executive chairman at Shanduka Group. She was seconded to Shanduka Coal, where she was a shareholder representative, and also served on various boards representing Shanduka's interests. She is a qualified Chartered Accountant and a member of the South African Institute of Chartered Accountants (SAICA) and African Women Chartered Accountants (AWCA). She is an independent non-executive director of Merafe Resources Limited, South African Express (SOC) Limited and Rolfes Holdings Limited. She is on the advisory board of Senatla Capital.

Harmony committees
- Audit and risk committee
- Remuneration committee

Independent non-executive director

7. Vishnu Pillay (56)

BSc (Hons), MSc

Appointed to the board in 2013

Experience

Vishnu Pillay is currently executive head of Anglo American Platinum's joint venture operations. Before joining Amplats in 2011, he was executive vice-president and head of South African operations for Gold Fields Limited and, prior to that, vice-president and head of operations at Driefontein Gold Mine. His 25 years at Gold Fields were interrupted by a two-year period with the Council for Scientific and Industrial Research, where he was director of mining technology and group executive for institutional planning and operations.

Harmony committees
- Technical committee
- Investment committee

Independent non-executive director

8. John Wetton (64)

FCA, CA(SA)

Appointed to the board in 2011

Current directorships
Private companies

Experience

John was with Ernst & Young from 1967 to 2010. Corporate audit was his main focus, but for the final 11 years he played a business development role across Africa. He led Ernst & Young's mining group for a number of years and continued to act as senior partner for some of the firm's major mining and construction clients. He was a member of Ernst & Young's executive management committee and was, until retirement, a member of the Ernst & Young Africa governance board.

Harmony committees
- Audit and risk committee (chairman)
- Social and ethics committee
- Remuneration committee
- Investment committee

Non-executive director

9. André Wilkens (64)

Mine Manager's Certificate of Competency, MDPA, RMIIA

Appointed to the board in 2007

Current directorships
African Rainbow Minerals Limited
ARM Mining Consortium Limited
Assmang Limited
TEAL Minerals (Barbados) Incorporated

Experience

André was appointed to the board of ARM in 2004 and was chief executive officer of ARM until March 2012. He is currently executive director growth and strategic development (based in the office of the ARM executive chairman). He headed ARMgold for five years and ARM Platinum for a year before being appointed chief operating officer of Harmony after its merger with ARMgold in 2003. André has over 43 years' experience in the mining industry, particularly gold, platinum group metals, iron ore, manganese, coal, chrome, nickel and copper.

Harmony committees
- Technical committee (chairman)
- Investment committee
- Remuneration committee

Executive management

Executive

Executive: mineral resources development and growth

1. Jaco Boshoff (44)
BSc (Hons), MSc, MBA, Pr Sci Nat

Joined Harmony in 1996
Appointed to exco in 2005

Experience
Jaco has been in the mining industry for 18 years, initially as a geologist. Most of his career has been spent with Harmony, progressing from ore reserve manager at various operations to the executive responsible for reserves and resources. He has been Harmony's designated competent person for statutory reserves and resources reporting since 2004.

Executive: human resources

2. Anton Buthelezi (49)
National diploma (Human Resources Management), BTech (Labour Relations Management), advanced diploma in labour law

Joined Harmony in 2005
Appointed to exco in 2011

Experience
Anton rejoined Harmony in 2005 as human resources manager at Evander. He has over 23 years' experience in human resources management in the mining industry. Previous positions include senior HR officer at Anglogold Ashanti, and mid and senior managerial positions in the same field at ARMgold, Samancor Chrome and Harmony. He has a proven track record in the full spectrum of HR functions as a generalist.

Executive: legal, governance and ethics

3. Pheello Dikane (47)
LLB, LLM (Labour Law), postgraduate diplomas in management practice and corporate law, MBL

Joined Harmony in 2009
as exco member

Experience
Pheello has 21 years' experience in the mining industry. He started his career as a learner official (mining) and progressed to production mine overseer at AngloGold Ashanti Limited. During this time, he studied for his law degrees and then served articles at Perrott Van Niekerk Woodhouse Inc. After being admitted as an attorney, he returned to AngloGold Ashanti's corporate office as a legal counsel, later joining Brink Cohen Le Roux as a senior associate where he became a director.

Executive: environmental management

4. Melanie Naidoo-Vermaak (38)
BSc (Hons), MSc, MBA

Joined Harmony in 2009
as exco member

Experience
Melanie's expertise in sustainable development was built over 14 years in the private mining sector and public sector in South Africa as well as international environmental management exposure gained in the UK, Australia, Papua New Guinea, Fiji and Africa. She has worked at leading international mining companies, including De Beers, BHP Billiton and Anglo American.

Executive: safety, health and technology

5. Alwyn Pretorius (42)
BEng (Mining Engineering), BEng (Industrial Engineering), Mine Manager's Certificate of Competence

Joined Harmony in 2003
Appointed to exco in 2007

Experience
Alwyn has 17 years of underground deep-level gold mining experience in different supervisory and management positions. Before assuming his current role, he was responsible for Harmony's Gauteng operations.

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management

Chief operating officer:
South Africa

6. Tom Smith (57)

NHD (Mine Surveying and Metalliferous Mining)

Joined Harmony in 2002
Appointed to exco in 2007

Experience

Tom has 38 years' experience in the mining industry: from surveying and ore reserves, to conventional, trackless and deep-level mining and projects. His multi-faceted experience, including as mine manager, was instrumental in successfully restructuring Harmony's Free State operations several years ago.

Executive: corporate and investor relations

7. Marian van der Walt (40)

BCom (Law), LLB, higher diploma in tax, diplomas in corporate governance and insolvency law, certificates in business leadership (Wits and UJ)

Joined Harmony in 2003
Appointed to exco in 2005

Experience

Marian has over 14 years' legal experience after completing articles at Routledges Modise Attorneys and being admitted as attorney and conveyancer. She joined Deloitte and Touche as an insolvency practitioner/administrator, and held legal and management positions in the commercial properties division of Standard Bank of South Africa Limited. She was appointed company secretary of Harmony in 2003 and assumed her current role five years later.

Chief Executive Officer (CEO):
South-east Asia

8. Johannes van Heerden (41)

BCompt, CA(SA) (Hons)

Joined Harmony in 1998
Appointed to exco in 2005

Experience

Johannes was appointed CEO of Harmony's south-east Asia operations in 2008. He is responsible for Harmony's Papua New Guinea assets including an extensive exploration portfolio and the Morobe Mining Joint Ventures' assets (Hidden Valley mine, Wafi-Golpu project and Morobe exploration, held in equal partnership with Newcrest Mining Limited). He joined Harmony as financial manager with operational and group reporting responsibility for the Free State region. He was appointed group financial manager in 2001, and relocated to Harmony South-east Asia as chief financial officer two years later.

Executive: risk management and services improvement

9. Abrè van Vuuren (53)

BCom, Development Programme in Labour Relations (Unisa), Management Development Programme (Unisa), Advanced Labour Law Programme (Unisa), Board Leadership Programme (Gordon Institute of Business Science)

Joined Harmony in 1997
Appointed to exco in 2000

Experience

Abré has over 30 years' experience in the mining industry, specifically finance and human resources, on various gold mines and collieries in the Rand Mines Group. As a member of Harmony's executive committee, he was initially responsible for industrial relations. He has held various positions in services and human resources prior to accepting his current position.

Corporate governance summary

BOARD AND COMMITTEE MEETINGS ATTENDANCE

	Board	Audit and risk	Nomination	Remune-ration	Technical	Investment	Social and ethics
Number of meetings	4	5	5	4	8	4	5
Patrice Motsepe (chairman)	4	–	5	–	–	–	–
Modise Motloba (deputy chairman)	4	5	5	–	–	–	5
Joaquim Chissano	4	–	0	–	–	–	3
Fikile De Buck	4	3	4	4	–	–	4
Ken Dicks	4	–	–	–	8	4	–
Simo Lushaba	4	4	–	4	–	4	–
Cathie Markus	4	–	–	4	8	4	4
Mavuso Msimang	4	–	5	–	–	–	5
Karabo Nondumo*	–	–	–	–	–	–	–
Vishnu Pillay**	–	–	–	–	2	–	–
John Wetton	4	5	–	4	–	4	5
André Wilkens	4	–	–	4	8	4	–
Graham Briggs	4	–	–	–	–	–	–
Frank Abbott	4	–	–	–	–	–	–
Mashego Mashego	4	–	–	–	–	–	–

* Appointed 3 May 2013
** Appointed 8 May 2013
– Not applicable

ROTATION OF DIRECTORS

In terms of King III and the company's memorandum of incorporation, one-third of the board's non-executive directors must retire from office at the next annual general meeting (AGM). The non-executive directors to retire in each year will be those who have been longest in office since their last election. In addition, directors appointed after the previous AGM are also expected to stand down for election by shareholders at the AGM following their respective appointments.

Accordingly, the directors retire by rotation in accordance with the schedule below:

2010	2011	2012	2013
Patrice Motsepe	Mavuso Msimang	Fikile De Buck	Joaquim Chissano (8 years)
Joaquim Chissano	John Wetton	Simo Lushaba	Cathie Markus (6 years)
Cathie Markus	Ken Dicks	Modise Motloba	André Wilkens (6 years)
André Wilkens		Patrice Motsepe	Vishnu Pillay (new director)
			Karabo Nondumo (new director)

Short résumés of all directors to retire by rotation and eligible for re-election at the 2013 AGM appear on page 58. The (years) above refers to the number of years serving on the Harmony board.

RESTRICTIONS ON SHARE DEALINGS

Employees and directors are prohibited from dealing in Harmony shares during price-sensitive periods. The company secretary regularly distributes written notices, via email, to advise employees and directors of restricted periods. Employees are obliged, in terms of regulatory and governance requirements, to disclose any dealings in Harmony shares by themselves or related parties. The clearance procedure for directors to deal in Harmony shares is regulated in terms of the company's policy on trading in shares.

COMPLYING WITH LEGISLATION

In terms of King III, the board ensures Harmony complies with applicable laws and considers adherence to non-binding rules, codes and standards.

No significant fines were paid by the company in any areas of operation in FY13, and no actions were brought against Harmony for anti-competitive behaviour, anti-trust or monopoly practices. Also refer to reports from the social and ethics (page 20) and audit and risk (page 73) committees.

Harmony is greatly affected by public policy locally and internationally. As such, the company is increasingly engaging with government on policy through the Chamber of Mines. Harmony also participates in lobbying with Eskom and the energy regulator on issues such as security, supply and cost of electricity as well as potential carbon taxes.

In FY13 Harmony, through the Chamber of Mines, actively participated in reviews of key mining legislation, for example:

- Revisions to the Mining Charter
- Amendments to the Labour Relations Act.

The company also lobbies on environmental legislative reform including:

- The current amendment bill to the MPRDA
- Climate change policy, carbon offset initiative and carbon tax
- National water investment framework.

Harmony has participated in the Wonderfontein Spruit catchment forum and the mining industries group, Sandvet irrigation scheme committee, and in finalising the remedial action plan report – an initiative between government, industry and civil society.

POLITICAL DONATIONS

In FY13 donations totalling R3 million were made.

MEMORANDUM OF INCORPORATION

In terms of the Companies Act, a memorandum of incorporation was approved by shareholders at the AGM held on 28 November 2012.

Corporate governance summary continued

SARBANES-OXLEY

Full details of Sarbanes-Oxley processes and compliance are reported in the Form 20-F for FY13. Refer to Harmony's website to download the Form 20-F. The Form 20-F for FY13 will be filed and available on our website towards the end of October 2013.

INFORMATION MANAGEMENT AND ACCESS TO INFORMATION

Harmony complies with the Promotion of Access to Information Act of 2000 (PAIA).

KING III SUMMARY

As a highly regulated mining company, compliance is vital to our ability to operate. Harmony considers compliance as a minimum standard for all its activities and strives to exceed this in all key aspects of its business.

In South Africa, companies are required to disclose compliance with King III in the current reporting year. The table below summarises Harmony's compliance, with a detailed version on our website, which also includes supplementary information for a complete view of our company's governance standards

King III compliance: 30 June 2013

Principle	Apply?	Explain
Principle 1.1 *The board should provide effective leadership based on an ethical foundation*	✓	Refer to principle 2.3
Principle 1.2 *The board should ensure the company is and is seen to be a responsible corporate citizen*	✓	Refer to principle 2.4
Principle 1.3 *The board should ensure the company's ethics are managed effectively*	✓	Refer to principle 2.5
Principle 2.1 *The board should act as the focal point for and custodian of corporate governance*	✓	The board advocates effective, responsible leadership and aims to lead by example. Governance structures and processes are regularly reviewed and adapted to accommodate internal developments and reflect national and international best practice while considering the best interests of the company. In FY12, we completed a comprehensive review of our compliance with King III. Aspects requiring enhanced application have been addressed in the audit and risk committee report on page 73 of our FY13 integrated annual report.
Principle 2.2 *The board should appreciate that strategy, risk, performance and sustainability are inseparable*	✓	As reflected in its terms of reference, and evident from the content of the integrated annual report, the board appreciates that strategy, risk, performance and sustainability are inseparable. The board annually considers and reviews the company's strategy relative to its risks, performance and sustainability at a strategy session arranged specifically for this purpose.

Principle	Apply?	Explain
Principle 2.3 *The board should provide effective leadership based on an ethical foundation*	✓	The board of directors is responsible for establishing management structures and processes based on ethical values and good corporate governance principles, ensuring Harmony's business is sustainable in terms of our financial, social and environmental performance. The board is governed by its terms of reference available on the website. The board and its committees have work plans to ensure responsibilities are appropriately addressed throughout the year.
Principle 2.4 *The board should ensure the company is and is seen to be a responsible corporate citizen*	✓	Responsible citizenship is a core principle underpinning Harmony's values and a key component of the board's terms of reference. Through its social and ethics committee, the board ensures the company remains a committed, socially responsible corporate citizen.
Principle 2.5 *The board should ensure the company's ethics are managed effectively*	✓	Harmony's code of ethics was adopted to respond to the challenge of ethical conduct in the business environment. The code is reviewed every second year by the board and its application is monitored by management. All employees (including contract employees), directors or officers and service providers/suppliers are expected to abide by the code. The company's ethics programme is subject to independent assurance as part of the internal audit coverage plan. Management is revising the roles and responsibilities for various facets of ethics management (eg board committee responsibilities, fraud risk management). This will include a review and potential redesign of the ethics management programme to address integration and further improve levels of proactive ethical risk management.
Principle 2.6 *The board should ensure the company has an effective and independent audit committee*	✓	Shareholders annually elect the members of the audit and risk committee, all of whom are independent non-executive directors. The board has approved the mandate for this committee, which includes monitoring risk management and therefore, in Harmony, the committee is known as the audit and risk committee. In FY13, the committee again complied with its legal, regulatory and other responsibilities assigned by the board in terms of its terms of reference. These are detailed in the committee's report on page 73 of the FY13 integrated annual report.
Principle 2.7 *The board should be responsible for the governance of risk*	✓	The board is ultimately responsible for the governance of risk in line with the act, King III and the board's terms of reference. The board is assisted by the audit and risk committee, ensuring that significant risks facing Harmony are adequately addressed. For more information, refer to the risk management report on page 72 of the FY13 integrated annual report.
Principle 2.8 *The board should be responsible for information technology (IT) governance*	✓	The audit and risk committee of the board oversees and monitors IT governance and views this as an important aspect of risk management. Refer to IT governance report included in the supplemental corporate governance report.

Corporate governance summary continued

Principle	Apply?	Explain
Principle 2.9 *The board should ensure the company complies with applicable laws and considers adherence to non-binding rules, codes and standards*	✓	As part of our approved planned internal audit coverage, a review to identify Harmony's regulatory universe is under way. The objective is to assist management in identifying and prioritising laws and regulations that may apply to Harmony. In addition, Harmony's regulatory compliance strategy will be reviewed to consider the adequacy and effectiveness of the strategy and approach and, if appropriate, identify gaps and provide guidance and recommendations for improvement. Feedback on the outcome of the reviews will be provided in the FY14 integrated annual report. Harmony is committed to continuous application of the act and complying with all relevant legislation in South Africa and PNG. As a listed public company with a primary listing on the JSE, Harmony abides by the JSE Listings Requirements. Harmony is also listed on the NYSE in the form of American Depositary Receipts (ADRs) and as International Depository Receipts on the Berlin and Brussels Exchanges. It is therefore further regulated by the US Securities and Exchange Commission. Harmony also voluntarily complies with the principles of the UN Global Compact, ICMM, Global Reporting Initiative and the Cyanide Code. No fines were paid by the company in any areas of operation in FY13, and no actions were brought against Harmony for anti-competitive behaviour, anti-trust or monopoly practices.
Principle 2.10 *The board should ensure there is an effective risk-based internal audit*	✓	The internal audit function is responsible for assisting the board and management by independently reviewing the adequacy and effectiveness of Harmony's system of internal control. Significant findings are reported to the audit and risk committee and follow-up audits are conducted in areas where significant internal control weaknesses are found. Harmony has an in-house internal audit function in a co-sourced arrangement with KPMG to provide assurance on the effectiveness of governance, risk management and the internal control environment. A new head of internal audit was appointed in September 2013. The purpose, authority and responsibility of the internal audit function are formally documented in the internal audit charter as approved by the audit and risk committee. The head of internal audit reports directly to the audit and risk committee, but on administrative matters will in future report to the executive: risk management and services improvement.
Principle 2.11 *The board should appreciate that stakeholders' perceptions affect the company's reputation*	✓	The board considers and responds to the legitimate interests and expectations of Harmony's stakeholders. The social and ethics committee receives quarterly reports on stakeholder engagement, which are then summarised for board meetings. Board members are also regularly apprised of shareholder perceptions after management road shows.

Principle	Apply?	Explain
Principle 2.12 *The board should ensure the integrity of the company's integrated report*	✓	The integrated report is reviewed by the audit and risk committee and recommended to the board for approval. The social and ethics committee reviews supplementary information to the integrated annual report on sustainable development and recommends this to the board for approval.
Principle 2.13 *The board should report on the effectiveness of the company's system of internal controls*	✓	Refer to the audit and risk committee report on page 73 of the integrated annual report.
Principle 2.14 *The board and its directors should act in the best interests of the company*	✓	The board debates issues rationally and with sufficient information from management to reach an objective assessment. All directors are mindful of their duty to act in the best interests of the company. The board has approved a policy for dealing in Harmony shares which applies to directors, prescribed officers and selected employees.
Principle 2.15 *The board should consider business-rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Companies Act*	✓	The board reviews the financial performance of the company each quarter to assess its financial position of the company. Solvency and liquidity tests are performed in accordance with the Companies Act to support the issued going-concern statements. Should the company ever become financially distressed, the board will consider appropriate mechanisms to address this.
Principle 2.16 *The board should elect a chairman who is an independent non-executive director. The chief executive officer of the company should not also fulfil the role of chairman of the board.* JSE Listings Requirement, section 3.84(c)	✓	The chairman of the board is not considered independent. The board, however, believes that the value added by Patrice Motsepe as chairman is significant. Mr Motsepe was re-elected as chairman in August 2013 for a period of one year as recommended by King III. His appointment is based on his ability to add significant value to the board and his outstanding performance against what is expected of his role and function. As part of the succession plan for the position of chairman, Modise Motloba was appointed deputy chairman in August 2012 and re-elected as such in August 2013. Fikile De Buck was reappointed lead independent non-executive director in August 2013, as the chairman is not independent. This appointment is in line with the requirements of King III to assist the board in managing any actual or perceived conflicts of interest. The roles of chairman and chief executive officer (CEO) are separate and distinct, and governed by the board's terms of reference and a delegation of authority framework. This framework also applies to principle 2.17.
Principle 2.17 *The board should appoint the chief executive officer and establish a framework for the delegation of authority*	✓	The role, functions and performance criteria of the CEO were reviewed and agreed in FY12 when Graham Briggs' contract was extended for a further four years. The board will evaluate the performance of the CEO in relation to those agreed parameters. The board ensures that a succession plan for the CEO and other members of the executive team is in place. On recommendation from the nomination committee, these plans are reviewed annually.

Corporate governance summary continued

Principle	Apply?	Explain
Principle 2.18 *The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent* JSE Listings Requirement, section 3.84(b)	✓	We have paid specific attention to the composition of our board to ensure it reflects our objectives and is therefore sustainable. Harmony has a unitary board comprising a majority of independent non-executive directors. We exceed the 2014 Mining Charter requirement that 40% of the board be drawn from HDSA groups. At year end, that representation was 60%. Three of Harmony's non-executive directors are women and, in total, nine directors are drawn from groups considered HDSAs. On recommendation of the nomination committee, the board evaluated and confirmed the classification of independent non-executive directors as independent. **Board appointments:** Ms Karabo Nondumo was appointed as director of the board and member of the audit and risk and remuneration committees on 3 May 2013. Mr Vishnu Pillay was appointed as director of the board and member of the technical and investment committees on 8 May 2013.
Principle 2.19 *Directors should be appointed through a formal process* JSE Listings Requirement, section 3.84(a)	✓	The nomination committee ensures that procedures governing appointments to the board are formal and transparent by making recommendations to the board on all new board appointments and reviewing succession planning for directors and other members of the executive team. In line with King III, the chairman of the board is a member of the committee. In making new appointments to the board, Harmony considers skills, experience, gender and demographic composition and believes it has an acceptable balance of members. The company is satisfied that non-executive and independent directors are of sufficient calibre, experience and number for their views to carry significant weight in the board's decisions. While the nomination committee makes recommendations on appointments to the board, these appointments are considered by the board as a whole in accordance with its terms of reference.
Principle 2.20 *The induction and ongoing training and development of directors should be conducted through formal processes*	✓	The formal board induction programme is managed by the company secretary. On appointment and as part of the company's board induction programme, new directors receive comprehensive company information and governance packs. They are invited to meet with management at the company's head office for a tour of the business and informal introductory meetings with various management teams. A formal training needs analysis is conducted annually and supplemented with ad hoc training needs identified throughout the year. The board receives formal training on relevant topics one hour prior to each board meeting. In addition, the company secretary provides board members with regular updates on regulatory and industry developments. Board members are also invited to attend site visits at our operations and at our social development projects throughout the year.

Principle	Apply?	Explain
Principle 2.21 *The board should be assisted by a competent, suitably qualified and experienced company secretary* JSE Listings Requirement, section 3.84(i)&(j)	✓	In terms of the relevant section of the JSE Listings Requirements, the board has, on recommendation from the nomination committee, considered the qualifications, level of experience and competence of the company secretary. The board is satisfied that Riana Bisschoff is sufficiently competent, qualified and experienced to act as Harmony's company secretary. The board is further satisfied that Riana is not a director of the board or any of the company's subsidiaries and therefore maintained an arm's-length relationship with the board during the year under review. The following information was taken into consideration during the review: • Riana Bisschoff (LLB, LLM) is a qualified attorney, conveyancer and notary. She has been a company secretary for the past nine years (six years in a listed environment). Riana was appointed group company secretary in March 2012, and is fully supported by the board and management. She plays an active role in achieving good corporate governance, supporting the chairman and the board in: – Ensuring the effective functioning of the board – Providing guidance to the chairman, board and directors of Harmony's subsidiaries on their responsibilities and duties in the prevailing regulatory and statutory environment – Raising matters that may warrant the attention of the board. The company secretary assists in ensuring that the board's decisions and instructions are clearly communicated to the relevant stakeholders, and is available as a central source of guidance and advice in Harmony on matters of ethics.
Principle 2.22 *The evaluation of the board, its committees and individual directors should be performed every year*	✓	In terms of its terms of reference, the board conducts an annual self-assessment of its performance, as well as board committees, individual directors and the chairman. As part of the board's philosophy of sound governance, the audit firm KPMG was again appointed to assist with the annual board self-assessment, which will be completed in October 2013. This service will be independent of services supplied by KPMG as co-sourced internal auditors of the company. A full report based on the findings of this evaluation will be considered by the board and improvements made where necessary. Suggested areas identified for improvement in FY13 have been successfully addressed and implemented throughout the year.

Principle	Apply?	Explain
Principle 2.23 *The board should delegate certain functions to well-structured committees without abdicating its own responsibilities* JSE Listings Requirement, section 3.84(d)	✓	To assist the board in discharging its duties, certain responsibilities have been delegated to board committees in terms of the board delegation of authority and committee terms of references. At 30 June 2013, these committees comprised: • Audit and risk committee (report on page 73 of the integrated annual report) • Investment committee – considers projects, acquisitions and disposals in line with Harmony's strategy and ensures due diligence procedures are followed; performs other investment-related functions designated by the board • Nomination committee – ensures procedures governing board appointments are formal and transparent; makes recommendations to the board on all new board appointments; reviews succession planning for directors and other members of the executive team and oversees the board's self-assessment process • Remuneration committee (report on page 78 of the integrated annual report) • Social and ethics committee (report on page 20 of the integrated annual report) • Technical committee – platform to discuss strategy, performance against targets, operational results, projects and safety; informs the board of key developments, progress against objectives and challenges facing operations; reviews strategic plans before recommending to the board for approval; provides technical guidance and support to management. During the review period, the majority of members of all board committees were independent non-executive directors. All board committees were chaired by an independent non-executive director, except for the technical committee chaired by André Wilkens (a non-independent non-executive director). The board is confident that André's leadership as chairman of the technical committee is in the best interest of the company, based on his extensive knowledge of the specific areas of responsibilities of that committee. These committees do not reduce the board's overall responsibility and the chairmen of all committees report and make recommendations to the board at each board meeting. Minutes of all committee meetings are included in meeting packs provided to each board member prior to board meetings for information purposes. Each director has unrestricted access to the advice and services of senior management. All non-executive directors are able to visit Harmony's operations at any time and attend management meetings at their discretion. Board members have unrestricted access to company and subsidiary information, records, documents and property. If required by a board member, independent professional advice may be obtained at the company's expense.
Principle 2.24 *A governance framework should be agreed between the group and its subsidiary boards*	✓	The board has approved a delegation of authority framework that includes subsidiary companies. In addition, group policies and procedures apply to all subsidiaries.

Principle	Apply?	Explain
Principle 2.25 *Companies should remunerate their directors and executives fairly and responsibly*	✓	Harmony understands that enhanced organisational performance depends on a competitive and balanced remuneration strategy, fairly applied. This benefits all stakeholders. The remuneration committee of the board ensures directors and executive managers are fairly rewarded for their individual contributions to the company's performance. In remunerating directors and executive managers, the committee considers the interests of shareholders and the financial and commercial health of the company. **Executive directors** have standard employment contracts that include a notice period of at least three months, and do not provide for predetermined compensation on termination. These directors have waived their rights to directors' fees and they participate in Harmony's share schemes and benefit from pension contributions. No **non-executive** director has a service contract with Harmony. Non-executive directors are entitled to fees as approved at Harmony's annual general meeting (AGM) and to reimbursement for out-of-pocket expenses incurred on the company's behalf. For more information, refer to the remuneration report on page 78 of the FY13 integrated annual report.
Principle 2.26 *Companies should disclose the remuneration of each director and certain senior executives*	✓	Harmony annually discloses the remuneration of all directors and prescribed officers. Refer to the remuneration report included on page 78 of the FY13 integrated annual report.
Principle 2.27 *Shareholders should approve the company's remuneration policy*	✓	The company's remuneration policy is presented to shareholders for approval at each annual general meeting. Refer to the remuneration report on page 78 of the FY13 integrated annual report.

Riana Bisschoff
Company Secretary

Risk management

Harmony's approach to risk management is based on the premise that it is a strategic imperative that is vital to the successful execution of our business plans – thus enabling us to create value for stakeholders.

OVERVIEW

In FY12 a key management focus was commissioning a comprehensive benchmark of our risk management practices against globally recognised guidelines and frameworks. This led to refining our risk management process, and adopting an enterprise risk management framework aligned with the ISO 31000 international standard on risk management.

OUR APPROACH

While we recognise corporate governance requirements and global recommended practices, our enterprise risk management roll-out strategy focuses on operational and practical effectiveness – instead of a compliance-based approach. Accordingly, we adopted a phased and methodical approach, coupled with establishing a combined assurance strategy. Although both the enterprise risk management process and combined assurance strategy are in their early stages, they will be continuously refined as they mature. We are confident our approach will further enhance our risk-based strategic planning cycle, integrate business management processes and address efficiencies – culminating in dynamic, risk-adjusted decision-making that supports achieving our business plans.

RISK MANAGEMENT GOVERNANCE

The board is accountable to shareholders for risk management. To assist the board in this respect, it has delegated to the audit and risk committee the responsibility of evaluating the progress, effectiveness of risk management activities, key risks facing the company and appropriate responses. Management is responsible for the design, implementation and monitoring of the risk management plan. Refer to the diagram below.

KEY RISKS

The impact of risk factors is assessed from both a financial and non-financial perspective. We evaluate relevant categories of risk including safety, health and the environment. In line with our integrated risk-based management approach, our key risks (see pages 10 and 11) are also considered to inform our material sustainability issues. This section should, therefore, be read in conjunction with the section on our material issues below and supplemental information on our website.

Harmony's material issues are determined by multiple processes each year:

- The overarching element is the enterprise-wide risk management analysis that identifies key risks and determines their severity and likelihood of occurrence. The outcome of this process is Harmony's top strategic risks and mitigation plans, which are presented to the board for approval.
- A key input to this process is stakeholder engagement – concerns raised during these processes are addressed by site-specific management plans or company-wide actions, as required. After approval by the executive committee, these issues and plans are presented to the social and ethics committee and ultimately the board for approval.
- To monitor progress, key performance indicators within the broader scope of each material issue are externally assured. Harmony has made solid progress in the scope of external assurance in recent years, moving from two indicators three years ago to nine in the reporting period. We have also increased the depth of assurance scrutiny, with seven indicators assured at a limited level in FY13 and two at the more stringent reasonable level. In addition, data supporting three new indicators was assessed for assurance readiness in the reporting period.

Risk management governance

Audit and risk committee report

The Companies Act 71 of 2008 (the Act) requires companies to establish an audit committee and prescribes the composition and functions of such a committee. As the mandate of Harmony's audit committee includes monitoring risk management, it is known as the audit and risk committee.

PURPOSE

- Assist the board in discharging its duties on safeguarding assets
- Monitor the operation of an adequate system of internal control and control processes
- Monitor the preparation of accurate financial reporting and statements in compliance with all applicable legal and corporate governance requirements and accounting standards
- Ensure that significant risks facing Harmony are adequately addressed and support the board in its responsibility for the governance of risk.

In terms of the Act, the following members, serving on the committee at 30 June 2013, will be recommended to shareholders for appointment as audit and risk committee members for the ensuing financial year at the company's annual general meeting:

Name	Status	Date appointed
John Wetton (chairman)	Independent non-executive director	1 July 2011, appointed chairman from 30 November 2011
Fikile De Buck	Lead independent non-executive director	30 March 2006
Simo Lushaba	Independent non-executive director	24 January 2003
Modise Motloba	Independent non-executive director	30 July 2004
Karabo Nondumo	Independent non-executive director	3 May 2013

The proposed individuals satisfy the requirements to serve as members of an audit and risk committee as provided for in section 94 of the Act and ensure the committee has adequate and relevant knowledge and experience for the committee to perform its functions. For a detailed account of the qualifications and expertise of the members of the audit and risk committee, please refer to their résumés on pages 56 to 59.

In terms of the audit and risk committee's formal, approved terms of reference and as part of its function in assisting the board to discharge its duties during the period under review, the committee:

- Met five times during the past financial year
- Reviewed the company's quarterly results
- Evaluated and considered Harmony's risks and measures taken to mitigate those risks
- Monitored the internal control environment in Harmony and found it to be effective
- Discussed the appropriateness of accounting principles, critical accounting policies, management judgements, estimates and the Hidden Valley impairment. These were found to be appropriate
- Considered the appointment of the external auditor, PricewaterhouseCoopers Inc. (PwC), as the registered independent auditor for the ensuing year. The committee noted that the current designated partner, Faan Lombard, will oversee the Harmony external audit process for another two years
- Satisfied itself through enquiry that the external audit firm, PwC, was independent from the company
- Evaluated the independence and effectiveness of the internal audit function and external auditors
- Evaluated and coordinated internal and external audit processes
- Received and considered reports from the external and internal auditors
- Reviewed and approved internal and external audit plans, terms of engagement and fees as well as the nature and extent of non-audit services rendered by the external auditors
- Held separate meetings with management and the external auditors
- Considered the appropriateness and expertise of the financial director, Frank Abbott, as well as that of the finance function and found all to be adequate and appropriate
- Considered whether IT risks are adequately addressed and that appropriate controls are in place to address these risks.

The committee is confident that it complied with its legal, regulatory and other responsibilities assigned by the board under its terms of reference.

The internal audit function reports directly to the audit and risk committee but on administrative matters will in future report to the executive: risk management and services improvement. The internal and external auditors attend the committee's quarterly meetings and have unrestricted access to the chairman of the audit and risk committee.

On recommendation from the audit and risk committee, the board approved:

- The annual financial statements for the year ended 30 June 2013. The audit and risk committee reviewed these to ensure they present a true, balanced and understandable assessment of the financial position and performance of Harmony
- The integrated annual report for the year ended 30 June 2013 in accordance with King III and the JSE Listings Requirements
- The annual report filed on Form 20-F for subsequent submission to the United States Securities and Exchange Commission (SEC)
- The notice of annual general meeting to be held on 5 December 2013.

The audit and risk committee oversees and monitors the governance of information technology (IT) on behalf of the board in accordance with King III and views this as an important aspect of risk management. Refer to IT governance report included in the supplemental corporate governance report.

In 2012, the committee reported on the comprehensive review of Harmony's compliance with King III completed in consultation with the auditing firm KPMG in July 2012 and highlighted projects under way to further enhance compliance with King III. Below is a detailed progress report:

Reported in 2012:	Progress:
A formal stakeholder policy and stakeholder management plan are being reviewed	Finalised
As part of the culture alignment programme, the code of ethics will be reviewed and updated to align with Harmony's revised value statements. Once reviewed, the revised code will be submitted to the board for approval	Finalised
Management is revising the roles and responsibilities for various facets of ethics management (eg board committee responsibilities, fraud risk management). This will include a review and potential redesign of the ethics management programme to address integration and further improve levels of proactive ethical risk management	In process
Although combined assurance was applied throughout the year, the process will be formalised into a combined assurance framework and plan	In process. To be presented for approval in November 2013
The job specification for the head of internal audit and associated key performance indicators will be developed and submitted to the committee for review and approval. This framework will serve as input into the annual assessment of the internal audit function	Finalised. A new head of internal audit has recently been appointed.
The risk management strategy and associated framework were revised. The amended framework and roll-out plan will be submitted to the committee for consideration and approval	Finalised
A formalised and functional IT risk register will be enhanced and used by the committee to adequately monitor the company's IT risks, in line with the revised risk management roll-out plan	In process
We will review the current decentralised application of legislative compliance and consider centralising this and/or integrating it into the risk management function to formally address critical regulatory non-compliance risk.	In process. As part of our approved planned internal audit coverage, a review to identify Harmony's regulatory universe is under way. In addition, Harmony's regulatory compliance strategy will be reviewed to consider the adequacy and effectiveness of the strategy and approach and, if appropriate, identify gaps and provide guidance and recommendations for improvement. Feedback on the outcome will be provided in the FY14 integrated annual report.
The internal audit strategy and associated approach will be revised to align more closely with a risk-based approach and to address enhanced compliance with the Institute of Internal Auditors (IIA) standards. An updated internal audit charter will be presented to the audit and risk committee for its consideration and approval.	In process. The internal audit charter has been updated and approved.

For further compliance with the requirements of King III, refer to page 64.

John Wetton
Audit and risk committee chairman

25 October 2013

Material issues

The table below summarises the key issues that could affect both Harmony's strategy and sustainability. Detailed disclosure on these and other important issues appears in the online supplemental information.

MATERIAL ISSUES

Issue	Why material?	Performance in FY13	Target 2014
Labour disputes or labour unrest	In addition to loss of production, labour disputes affect morale and reputation, and present a significant risk to non-striking employees and company assets	The protracted dispute at Kusasalethu through the second and third quarters cost two people their lives, halved gold production and cost the company R1.2 billion. It was resolved after a breakthrough agreement was signed with all unions in February 2013 which facilitated re-opening the mine	The agreement brokered at Kusasalethu may become a model for shared accountability – significantly reducing the risk of illegal strikes. Our target is to extend the code of conduct agreed at Kusasalethu to all operations
Safety – lost-time injury frequency rate (LTIFR)	Injuries may lead to stoppages or delayed performance that translates into financial losses for the company	Against a group target of 5.68, Harmony's LTIFR was 5.46 (South Africa 6.03 and PNG 0.12)	**LTIFR:** Harmony: 4.75 SA: 5.21 PNG: 0.15
Gold price and foreign exchange fluctuations	The gold price, US dollar strength and rand/dollar exchange rate have a significant effect on Harmony's performance. While our earnings are in dollars, the exchange rate affects our revenue in rands	For the past year the high gold price has supported strong margins. Once it began fluctuating and dropped to almost $1 400/oz, we implemented immediate actions to reduce costs in April 2013	Harmony's strategic plans for FY14 are based conservatively on a gold price of R400 000/kg (US$1 400/oz). Our aim is to reduce services and corporate costs in South Africa by R400 million and overall capital expenditure in both South Africa and PNG by R650 million for FY14
Major environmental or infrastructure incidents	Cost of lost production and remediation. It is reputationally damaging. Workers and communities could be exposed to safety and health risks	Four significant environmental incidents in SA and one in PNG. Major infrastructural failure (ventilation shaft collapse) at Phakisa, which affects production at that mine and Tshepong). Refer to our environmental performance in supplemental information	Zero

Refer to pages 12 and 13 for the sustainable development information assured by independent auditors

Material issues continued

Issue	Why material?	Performance in FY13	Target 2014
Socio-economic, political and regulatory changes	As a mining company, our sustainability depends on compliance. Each change has attendant cost of compliance; some may disrupt production while standards and processes are revised to be compliant. Uncertainty poses the greatest risk to investor confidence	Harmony exceeds most 2014 Mining Charter targets in SA. In PNG, the Hidden Valley memorandum of agreement is being reviewed with full stakeholder consultation. Community participation agreements are being finalised for Wafi-Golpu	Full compliance wherever possible. Approved variances where required.
Potential liability for occupational health diseases	Our future depends on the health and wellbeing of our people. An unhealthy workforce translates into production losses and associated costs	The company, together with the other gold producers in the country, has been served with court papers for an application to certify a class action for ex-employees suffering from silicosis. Harmony will object to the class action certification on the basis that to certify the class would not be in the interest of justice and such exercise will be undesirable for both Harmony and its former employees	
Integrating and managing projects/ acquisitions, discovery of ore reserves	Maintaining the balance between production and reserves underpins our sustainability	• Reserves down by 3% • Exploration activities: number of gold and copper targets increased, well spread geographically • Discovery cost maintained at US$6 per equivalent resource ounce	Our growth strategy focuses on acquiring long-life assets that offer higher grades and we regularly assess opportunities that could benefit the Harmony portfolio
Financing new developments and large capital projects	Quality projects required to underpin future low-cost production	• Capital budgets reduced • Revised Golpu development concept base to reflect a small modular start-up mine	Revised Golpu capital
Compliance with corporate governance and public disclosure requirements	Inadequate disclosure can have significant impact on investor and stakeholder confidence	Continual improvement in both statutory and voluntary disclosure in terms of: • King III • Carbon Disclosure Project (CDP, CO_2 and water) • GRI	Assured indicators
Competition for key human resources	Mining is a skills-intensive industry. Our focus on critical skills benefits Harmony and the broader industry	Our multipronged approach develops skills from basic literacy to executive management levels	Percentage of payroll spent on human resources development = 4%
Regulatory compliance – employment equity in management in SA	A representative workforce is both a legislative and moral imperative in South Africa to ensure economic growth benefits all stakeholders	Group employment equity level improved from 44% to 46%, broken down into (with FY12 levels): • Top: 45% (39%) • Senior: 44% (44%) • Middle: 45% (43%) • 40% all levels of management	**Mining Charter:** • 40% all levels of management

Refer to pages 12 and 13 for the sustainable development information assured by independent auditors

Issue	Why material?	Performance in FY13	Target 2014
Regulatory compliance – housing and living conditions: percentage conversion	Improving the standard of living links directly to employee wellbeing and therefore productivity. In addition, our housing programme is creating jobs and supporting local business	**Hostels:** • People sharing: down from 10 237 to 8 629 • Single occupants: up from 5% (555) to 13% (1 102)	**Mining Charter:** • Occupancy rate: one person per room • Family units established **Harmony target:** • 1 000 family units over four years by converting hostels to community rental units
Regulatory compliance – local economic development spend	Indirectly, our communities grant our social licence to operate. They are also a source of labour and services. Their wellbeing and development underpins our own sustainability. Job creation and enterprise development are key consideration in developing all projects	• Approved community projects in terms of social and labour plans 2009-2013 • Expenditure on local economic development projects in South Africa increased 112% from some R50 million to R106 million. In PNG, spending on community programmes rose 3% to R13.1 million	**Mining Charter:** • Up-to-date project implementation of social and labour plans
Regulatory compliance – procurement: BEE total spend	Extending our supplier network to include emerging businesses distributes economic benefits more equitably. In addition, Harmony is devoting considerable resources to developing the required business management skills that will ensure their success	• Expenditure with BEE entities declined to R2 459 million (38% of total discretionary spend). We exceeded Mining Charter targets for expenditure on capital and consumables, but were again below target on services	**Mining Charter:** • Capital goods – 30% • Services – 60% • Consumables – 40% **Harmony target:** • Capital goods – 40% • Services – 70% • Consumables – 50%
Regulatory compliance – number of new silicosis cases confirmed in 2013	Apart from meeting industry targets, we have a moral obligation to provide a healthy workplace	There were no new cases of silicosis among previously unexposed individuals	No new cases of silicosis among previously unexposed individuals
Our people – critical skills: number of people trained	Our operations are highly labour intensive and with the international demand for mining and mining related skills, the skills pool becomes a competing resource. Therefore upskilling in core/critical areas increases the pool and thus lends stability to continued operations.	124 people trained in critical skills at a cost of R5.1 million in the review period. As this is a new indicator, comparable data is not available	**Mining Charter:** • Human resource development: 4% of total annual payroll

Refer to pages 12 and 13 for the sustainable development information assured by independent auditors

Harmony understands that enhanced organisational performance depends on a competitive and balanced remuneration strategy, fairly and impartially applied. This benefits all stakeholders.

REMUNERATION COMMITTEE

PURPOSE

- Ensure directors and executive managers are fairly rewarded for their individual contributions to Harmony's performance.
- Assist the board in monitoring, reviewing and approving Harmony's compensation policies and practices, and administering its share incentive schemes.
- Operate as an independent overseer and make recommendations to the board for final approval. Management functions remain the responsibility of executive directors, officers and members of senior management.

At 30 June 2013, the members of this committee were:

Name	Status	Date appointed
Cathie Markus (chairman)	Independent non-executive director	30 November 2011
Simo Lushaba	Independent non-executive director	5 August 2005
André Wilkens	Non-executive director	7 August 2007
Fikile De Buck	Independent non-executive director	29 October 2010
John Wetton	Independent non-executive director	12 August 2011
Karabo Nondumo	Independent non-executive director	3 May 2013

In remunerating executive managers, the committee considers the interests of shareholders and the financial and commercial health of the company. No committee member has any personal interest in the outcome of these decisions, and the majority of members are independent non-executive directors.

Harmony's formal remuneration and incentive awards strategy, including changes to the Tlhakanelo employee share trust, was adopted by the board and presented to shareholders for approval at the annual general meeting in 2012. This strategy will again be presented to shareholders for their consideration at the 2013 annual general meeting.

The committee regularly reviews the executive management salaries, which were reviewed and adjusted in August 2012 to align with industry benchmarks after board approval.

REMUNERATION POLICY

This policy is aligned to Harmony's strategic direction, business-specific value drivers and operational results. It is designed to enable us to:

- Recruit high-performing skilled people from a limited pool of talent
- Retain competent employees who continuously enhance business performance
- Reinforce, encourage and promote superior performance
- Direct employees' energies and activities to achieving key business goals
- Achieve most effective returns (employee productivity) for total employee spend
- Embrace diverse needs of employees in building the Harmony culture.

To achieve this, Harmony rewards employees in a way that fairly reflects the dynamics of the market and the context in which it operates. All components of the reward strategy are aligned to Harmony's strategic direction, business-specific value drivers and operational results.

Harmony manages the total cost of employment based on principles that ensure our remuneration structures are:

- **Competitive:** relative to the target labour market
- **Performance-based:** we reward high-performing employees for their contribution
- **Fair:** any differentiation in remuneration between employees is based on fair and objective criteria
- **Dynamic:** we review our reward strategy and policies regularly to ensure we keep pace with both our objectives and market practices
- **Understood:** a multi-pronged campaign ensures employees at all levels understand our reward strategy
- **Holistic:** we have an integrated, balanced approach to reward based on:

All-inclusive guaranteed pay

Short-term incentive

Long-term incentive (share-based)

Non-financial rewards and recognition, employee growth and development

Total remuneration

← Performance management →

The remuneration committee ensures that the mix of guaranteed and variable pay meets the company's needs and that incentives are based on targets that are challenging, verifiable and relevant.

Key elements of Harmony's remuneration structure	
All-inclusive guaranteed pay	In reviewing and approving levels of guaranteed pay, the committee ensures these reflect the market sector in which we operate and the contribution of employees, particularly senior executives (including executive directors and prescribed officers). To compete effectively for skills in a challenging employment market, we identify the target market, those organisations or companies from which skills are acquired, or to which skills are lost. Operational and technical comparisons are made predominantly to the mining and resources market. More general comparisons are made to the national market and, at executive level, to top executive surveys. For all positions other than those for which specific premiums are deemed appropriate due to scarcity or criticality of skills, Harmony aims for guaranteed pay levels relative to the median of the target market. In the context of guaranteed pay, all other benefits including pensions, benefits-in-kind and other financial arrangements are scrutinised to ensure they are justified, appropriately valued and suitably disclosed. Additionally, Harmony ensures guaranteed pay is a sufficient proportion of total remuneration to allow a fully flexible incentive scheme to operate.
Short-term incentives	The short-term incentive scheme provides for bonus payments: • Twice a year for all management employees in corporate, central services, medical services and central operations; and • Quarterly for designated shaft management team members and regional operations management teams. Bonuses are based on performance against annual targets that are reviewed annually each year. For the period under review period, the targets were based on: • Safety • Gold produced (kg) • Underground grade • Cost and • Capital expenditure.

Key elements of Harmony's remuneration structure continued

Short-term incentives continued

As a pre-requisite for participants to qualify for any bonus, Harmony must:
- Achieve more than 90% of set targets and
- Have an improvement on safety for the period.

On-target incentive bonus percentages applied to total cost to company, based on achieving strategy plan targets, are as follows shown below:

	On-target incentive reward %	Maximum incentive reward %
CEO	50	100
Executives and prescribed officers	50	100
General managers	30/50*	50/70

*The on-target incentive bonus percentage of 30% is generally applied to all corporate and support positions, with the 50% applied to all shaft operational positions.

Occasionally, when external factors outside the control of participants affect performance or when changes are made to the business plans, we may reconsider criteria and targets for short-term incentives.

The remuneration committee has risk-based oversight of bonuses payable to eliminate behaviours contrary to our risk management strategy.

With regard to executive management bonuses, achievement against set targets for the year ending June 2013 was as follows:
1 July 2012 to 31 December 2012 = 25% of 6-month cost to company
1 January 2013 to 30 June 2013 = 25% of 6-month cost to company

Long-term (share-based) incentives

The Harmony 2006 share plan
- Share appreciation rights (SARs)
- Performance shares
- Restricted shares.

Executives and senior managers are awarded rights to receive shares in Harmony, when time and performance conditions have been met (below), awards have vested and, in the case of share appreciation rights, rights have been exercised.

Annual allocations, awards and grants are governed by our reward strategy with the 'expected value' of long-term incentives set for defined categories of executive and senior management. Participation is restricted to full-time employees and executive directors, with appropriate limits for individual participation.

The expected value of the total share reward as a percentage of total cost to company is:
- 70% for the CEO
- 50% for the executives and prescribed officers
- 35% for the general managers.

There is no repricing or surrender and regrant of any offers. Share awards are not granted in a closed period and no backdating of awards is allowed. Rewards are settled in shares, although participants may receive, via our share scheme administrators, cash from the sale of these shares, less tax payable.

Performance conditions are challenging but achievable. They are linked to Harmony's medium-term business plan over three-year performance periods and include:
- Growth in earnings above inflation
- Targeted operational performance
- Comparative financial/share performance against a peer group or index.

Key elements of Harmony's remuneration structure continued	
Long-term (share-based) incentives continued	The main elements of the share plan and performance conditions are summarised below. **Share appreciation rights** Share appreciation rights are rights to receive shares equal to the value of the difference between the exercise and allocation prices, less tax on the difference. Eligible employees receive annual allocations, which vest in phases subject to specified performance conditions based on Harmony's headline earnings per share (HEPS) above inflation. Vesting occurs in equal thirds on the third, fourth and fifth anniversary of allocation. **Performance shares** Eligible employees receive annual conditional awards of a maximum number of performance shares. These vest after three years if performance conditions have been met. Performance criteria for senior management, with criteria for management in brackets: • 50% (70%) of the number awarded linked to Harmony's annual gold production against targets set each year • 50% (30%) linked to the South African gold index. Performance is assessed annually and locked in for three discrete and equal segments of each award. Awards that do not vest at the end of the three-year period lapse. At the end of 2012, 37.5% of the performance shares vested. **Restricted shares** Periodically, eligible employees may be granted restricted shares and matching performance shares at the discretion of the board, based on individual performance in the prior year or future value to Harmony. The board determines the quantum and balance between restricted shares and matching performance shares. Restricted shares vest three years from the grant date. If the grant is not exercised, partially or fully, at that time these shares remain restricted for a further three years, but are supplemented by a matching grant of restricted shares. All restricted shares are then only settled after the end of a further three-year period.
Tlhakanelo Employee Share Trust	Administered in terms of the Tlhakanelo trust, this share-based incentive scheme ensures that current and future qualifying employees participate in Harmony's growth: • Each award is split in the ratio of 2 SARs for each ordinary share, and • These vest annually in equal tranches on each anniversary of the allocation date • When SARs vest, participants receive ordinary Harmony shares (entitlement shares) and/or a cash bonus. The number of entitlement shares is determined by the appreciation in the share price between offer and vesting dates, subject to a maximum appreciation value of R32. To accommodate market fluctuations between offer and vesting dates, if the share price: – Appreciates between zero and R18: participants receive entitlement shares and a cash bonus equal to the difference between R18 and the appreciation of each vested SAR – Depreciates: participants receive no entitlement shares but do receive a cash bonus of R18 per vested SAR Prior to vesting, participants can elect to receive their shares or have these sold on their behalf.

Contracts, severance, termination

Contracts do not commit Harmony to pay on termination due to an executive's failure to meet agreed performance standards. There are no balloon payments on termination, or automatic entitlement to bonuses or share-based payments. If an executive is dismissed after a disciplinary procedure, a shorter notice period applies.

Contracts do not compensate executives for severance after change of control; however, this does not preclude payments to retain key executives during a period of uncertainty. Where individuals leave voluntarily before the end of the service period, or are dismissed for good cause, unvested share-based awards lapse.

In other cases when employment ends, early vesting of long-term incentives is apportioned subject to the rules of the plan.

Non-executive directors' fees

Harmony's remuneration committee ensures directors are fairly rewarded for their individual contributions to overall performance. The board annually considers increasing non-executive directors' fees to ensure these remain competitive.

Non-executive director fees are paid monthly, and vary according to the number of committees of which non-executive director is a member. The chairman and other non-executive directors do not receive options or other incentive awards geared to share price or group performance, as these may impair their ability to provide impartial oversight and advice.

The board considered the King III recommendation that fees for non-executive directors should consist of a base fee as well as a fee per meeting. Harmony follows a different approach by paying a structured annual retainer and additional fees for ad hoc meetings and attending to company business. We consider this fair and transparent and in the best interests of the company.

DIRECTORS' REMUNERATION

as at 30 June 2013

Name	Directors' fees (R000) FY13	Salaries and benefits (R000) FY13	Retirement contributions during the year (R000) FY13	Bonuses paid (R000) FY13	Total (R000) FY13	Total (R000) FY12
Non-executive directors						
Patrice Motsepe	947	–	–	–	947	883
Joaquim Chissano	343	–	–	–	343	432
Fikile De Buck	742	–	–	–	742	696
Ken Dicks	367	–	–	–	367	372
Dr Simo Lushaba	539	–	–	–	539	491
Cathie Markus	610	–	–	–	610	568
Modise Motloba	721	–	–	–	721	557
Mavuso Msimang	375	–	–	–	375	328
Karabo Nondumo[1]	53	–	–	–	53	–
Vishnu Pillay[2]	45	–	–	–	45	–
John Wetton	657	–	–	–	657	571
André Wilkens	529	–	–	–	529	500
Executive						
Frank Abbott	–	4 846	–	1 161	6 007	3 546
Graham Briggs	–	7 438	–	1 802	9 240	7 296
Mashego Mashego	–	3 132	333	746	4 211	3 192
Prescribed officers						
Jaco Boshoff[3]	–	2 636	305	618	3 559	2 452
Tom Smith	–	3 876	463	850	5 189	3 183
Johannes van Heerden[4]	–	4 596	145	763	5 504	4 170
Executive management	–	15 054	1 284	3 466	19 804	16 561
Total	**5 928**	**41 578**	**2 530**	**9 406**	**59 442**	**45 798**

[1] Appointed 3 May 2013
[2] Appointed 8 May 2013
[3] Acting chief operating officer for Evander (July 2012 to February 2013)
[4] Salary is paid in AUS$ and is influenced by the movement in the exchange rate

Governance

Executive directors and management share incentives

EXECUTIVE DIRECTORS AND MANAGEMENT SHARE INCENTIVES

As at 30 June 2013

	Executive directors					
	Graham Briggs		Frank Abbott		Mashego Mashego	
	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)
Share options						
Opening balance at 1 July 2012	91 938	48.55	–	–	–	–
Options exercised	–	n/a	–	n/a	–	n/a
– Average sales price	–	n/a	–	n/a	–	n/a
Options forfeited and lapsed	–	–	–	–	–	–
Closing balance at 30 June 2013	91 938	48.55	–	–	–	–
Performance shares						
Opening balance at 1 July 2012	220 879	n/a	23 072	n/a	61 776	n/a
Options granted	143 435	n/a	57 067	n/a	40 471	n/a
Options exercised	27 950	n/a	–	n/a	6 514	n/a
– Average sales price	–	68.84	–	n/a	–	68.84
Options forfeited and lapsed	46 584	n/a	–	n/a	10 858	n/a
Closing balance at 30 June 2013	289 780	n/a	80 139	n/a	84 875	n/a
Restricted shares						
Opening balance at 1 July 2012	63 485	n/a	8 000	n/a	30 262	n/a
Options granted	63 486	n/a	21 136	n/a	11 694	n/a
Options exercised	–	n/a	–	n/a	–	n/a
Options forfeited and lapsed	–	n/a	–	n/a	–	n/a
Closing balance at 30 June 2013	126 971	n/a	29 136	n/a	41 956	n/a
Share appreciation rights						
Opening balance at 1 July 2012	277 389	78.00	6 585	104.79	42 040	82.80
Options granted	25 058	68.84	16 204	68.84	11 694	68.84
Options exercised	–	n/a	–	n/a	–	n/a
– Average sales price	–	n/a	–	n/a	–	n/a
Options forfeited and lapsed	3 473	112.64	–	n/a	3 645	112.64
Closing balance at 30 June 2013	298 974	78.27	22 789	79.23	50 089	77.37
Grant date						
Share options	91 938		–		–	
10 August 2004	32 340	66.15	–	66.15	–	66.15
26 April 2005	59 598	39.00	–	39.00	–	39.00
Performance shares	289 780		80 139		84 875	
16 November 2009	–	n/a	–	n/a	–	n/a
15 November 2010	82 424	n/a	–	n/a	25 322	n/a
15 November 2011	63 921	n/a	23 072	n/a	19 082	n/a
27 September 2012	6 160	n/a	–	n/a	–	n/a
16 November 2012	137 275	n/a	57 067	n/a	40 471	n/a
Restricted shares	126 971		29 136		41 956	
15 November 2010	48 485	n/a	–	n/a	22 262	n/a
15 November 2011	15 000	n/a	8 000	n/a	8 000	n/a
27 September 2012	30 802	n/a	–	n/a	–	n/a
16 November 2012	32 684	n/a	21 136	n/a	11 694	n/a
Share appreciation rights	298 974		22 789		50 089	
15 November 2006	–	112.64	–	112.64	–	112.64
15 November 2007	159 484	70.54	–	70.54	14 252	70.54
7 March 2008	46 154	102.00	–	102.00	–	102.00
5 December 2008	28 377	77.81	–	77.81	7 055	77.81
16 November 2009	14 286	77.28	–	77.28	5 327	77.28
15 November 2010	13 939	84.81	–	84.81	6 400	84.81
15 November 2011	11 676	104.79	6 585	104.79	5 361	104.79
16 November 2012	25 058	68.84	16 204	68.84	11 694	68.84
Closing balance as at 30 June 2013	**807 663**		**132 064**		**176 920**	

	Prescribed officers						Other					
	Jaco Boshoff		Tom Smith		Johannes Van Heerden		Executive management		Other management		Total	
	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)
	–	–	124 138	52.12	34 325	44.69	12 000	91.60	567 158	48.38	829 559	49.43
	–	n/a	–	n/a	–	n/a	–	n/a	2 728	39.00	2 728	39.00
	–	n/a	–	n/a	–	n/a	–	n/a	–	65.47	–	65.47
	–	–	–	–	–	–	12 000	91.60	69 485	79.73	81 485	81.48
	–	–	124 138	52.12	34 325	44.69	–	–	494 945	44.03	745 346	45.97
	47 178	n/a	65 755	n/a	65 755	n/a	288 425	n/a	1 928 161	n/a	2 701 001	n/a
	34 689	n/a	52 034	n/a	40 471	n/a	190 792	n/a	1 625 736	n/a	2 184 695	n/a
	5 968	n/a	8 006	n/a	8 006	n/a	37 244	n/a	89 510	n/a	183 198	n/a
	–	68.84	–	68.84	–	68.84	–	68.84	–	68.84	–	68.84
	9 948	n/a	13 345	n/a	13 345	n/a	62 081	n/a	512 039	n/a	668 200	n/a
	65 951	n/a	96 438	n/a	84 875	n/a	379 892	n/a	2 952 348	n/a	4 034 298	n/a
	13 301	n/a	30 262	n/a	30 262	n/a	88 184	n/a	147 930	n/a	411 686	n/a
	10 023	n/a	15 035	n/a	11 694	n/a	55 127	n/a	108 643	n/a	296 838	n/a
	–	n/a	–	n/a	–	n/a	–	n/a	–	n/a	–	n/a
	–	n/a	–	n/a	–	n/a	–	n/a	40 251	n/a	40 251	n/a
	23 324	n/a	45 297	n/a	41 956	n/a	143 311	n/a	216 322	n/a	668 273	n/a
	65 922	76.52	112 577	75.08	112 867	75.18	258 518	78.88	5 457 728	84.81	6 333 626	83.85
	10 023	68.84	15 035	68.84	11 694	68.84	55 127	68.84	2 043 224	68.84	2 188 059	68.84
	–	n/a	–	n/a	–	n/a	–	n/a	7	70.54	7	70.54
	–	n/a	–	n/a	–	n/a	–	n/a	–	71.67	–	71.67
	2 031	112.64	2 328	112.64	2 618	112.64	8 950	112.64	1 253 832	88.20	1 276 877	88.03
	73 914	74.48	125 284	73.64	121 943	73.77	304 695	76.07	6 247 113	79.13	7 244 801	78.72
	–		124 138		34 325		–		494 945		745 346	
	–	66.15	60 000	66.15	7 200	66.15	–	66.15	91 788	66.15	191 328	66.15
	–	39.00	64 138	39.00	27 125	39.00	–	39.00	403 157	39.00	554 018	39.00
	65 951		96 438		84 875		379 892		2 952 348		4 034 298	
	–	n/a	–	n/a	–	n/a	–	n/a	–	n/a	–	n/a
	17 224	n/a	25 322	n/a	25 322	n/a	99 796	n/a	699 982	n/a	975 392	n/a
	14 038	n/a	19 082	n/a	19 082	n/a	89 304	n/a	768 380	n/a	1 015 961	n/a
	–	n/a	–	n/a	–	n/a	–	n/a	–	n/a	6 160	n/a
	34 689	n/a	52 034	n/a	40 471	n/a	190 792	n/a	1 483 986	n/a	2 036 785	n/a
	23 324		45 297		41 956		143 311		216 322		668 273	
	8 301	n/a	22 262	n/a	22 262	n/a	55 184	n/a	69 121	n/a	247 877	n/a
	5 000	n/a	8 000	n/a	8 000	n/a	33 000	n/a	44 000	n/a	129 000	n/a
	–	n/a	–	n/a	–	n/a	–	n/a	–	n/a	30 802	n/a
	10 023	n/a	15 035	n/a	11 694	n/a	55 127	n/a	103 201	n/a	260 594	n/a
	73 914		125 284		121 943		304 695		6 247 113		7 244 801	
	–	112.64	–	112.64	–	112.64	–	112.64	–	112.64	–	112.64
	40 544	70.54	78 934	70.54	78 934	70.54	124 064	70.54	386 937	70.54	883 149	70.54
	–	102.00	–	102.00	–	102.00	–	102.00	–	102.00	46 154	102.00
	9 695	77.81	13 006	77.81	13 006	77.81	39 903	77.81	943 113	77.81	1 054 155	77.81
	4 881	77.28	6 548	77.28	6 548	77.28	31 757	77.28	1 514 782	77.28	1 584 129	77.28
	4 773	84.81	6 400	84.81	6 400	84.81	28 480	84.81	781 953	84.81	848 345	84.81
	3 998	104.79	5 361	104.79	5 361	104.79	25 364	104.79	831 027	104.79	894 733	104.79
	10 023	68.84	15 035	68.84	11 694	68.84	55 127	68.84	1 789 301	68.84	1 934 136	68.84
	163 189		**391 157**		**283 099**		**827 898**		**9 910 728**		**12 692 718**	

Independent Assurance Report to the Directors of Harmony Gold Mining Company Limited

We have been engaged by the directors of Harmony Gold Mining Company Limited ("Harmony") to perform an independent assurance engagement in respect of selected sustainable development information included in Harmony's 2013 integrated annual report for the year ended 30 June 2013 ("the Report"). This report is produced in accordance with the terms of our contract with Harmony dated 22 April 2013.

INDEPENDENCE AND EXPERTISE

We have complied with the International Federation of Accountants' (IFAC) Code of Ethics for Professional Accountants, which includes comprehensive independence and other requirements founded on fundamental principles of integrity, objectivity, and professional competence and due care, confidentiality and professional behaviour. Our engagement was conducted by a multi-disciplinary team of health, safety, environmental and assurance specialists with extensive experience in sustainability reporting.

SCOPE AND SUBJECT MATTER

The subject matter of our engagement is the group level data except where specified otherwise, and the related level of assurance that we are required to provide are as follows:

Reasonable assurance

The following sustainable development information in the report was selected for an expression of reasonable assurance:

(a) Electricity purchased (kWh) (page 13)
(b) Preferential Procurement in South Africa – BEE total spend (South African rands) (page 13)

Limited assurance

The following identified sustainable development information in the report was selected for an expression of limited assurance:

(a) Housing and living conditions in South Africa – conversion (%) (page 13)
(b) Local Economic Development (LED) spend (South African rands) (page 13)
(c) Water used for primary activity (kilolitres) (page 13)
(d) Volumes of mineral waste disposed (tonnes) (page 13)
(e) Lost Time Injury Frequency Rate (LTIFR) (page 12)
(f) Silicosis – number of cases confirmed in the 2013 reporting period (page 13)
(g) Critical skills training – number of people trained in the 2013 reporting period (page 13)
(h) Employment equity in management in South Africa (%) (page 13)

We refer to this information as the "subject matter selected for reasonable assurance" and the "subject matter selected for limited assurance", respectively, and collectively as the "selected sustainable development information".

We have not carried out any work on data reported for prior reporting periods, nor have we performed work in respect of future projections and targets. We have not conducted any work outside of the agreed scope and therefore restrict our opinion to the selected sustainable development information.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND PRICEWATERHOUSECOOPERS INC.

The directors are responsible for selection, preparation and presentation of the selected sustainable development information in accordance with the criteria set out in the company's internally defined procedures and captured in the glossary of terms and acronyms which can be found at **www.harmony.co.za/investors** (the "reporting criteria"), and for the development of the reporting criteria. The directors are also responsible for designing, implementing and maintaining of internal controls as the directors determine is necessary to enable the preparation of the subject matter selected that are free from material misstatements, whether due to fraud or error.

Our responsibility is to form an independent conclusion, based on our reasonable assurance procedures, on whether the subject matter selected for reasonable assurance has been prepared, in all material respects, in accordance with the reporting criteria.

We further have a responsibility to form an independent conclusion, based on our limited assurance procedures, on whether anything has come to our attention to indicate that the subject matter selected for limited assurance has not been prepared, in all material respects, in accordance with the reporting criteria.

This report, including the conclusions, has been prepared solely for the directors of the company as a body, to assist the directors in reporting on the company's sustainable development performance and activities. We permit the disclosure of this report within the report for the year ended 30 June 2013, to enable the directors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors as a body and the company for our work or this report save where terms are expressly agreed and with our prior consent in writing.

ASSURANCE WORK PERFORMED

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits and Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and that we plan and perform the assurance engagement to obtain either reasonable or limited assurance on the selected sustainable development information as per the terms of our engagement.

Our work included examination, on a test basis, of evidence relevant to the selected sustainable development information. It also included an assessment of the significant estimates and judgements made by the directors in the preparation of the selected sustainable development information. We planned and performed our work so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence on which to base our conclusion in respect of the selected sustainable development information.

Our work in respect of the subject matter selected for reasonable assurance included the following procedures:

- reviewing the processes that Harmony have in place for determining the selected sustainable development information included in the report;
- obtaining an understanding of the systems used to generate, aggregate and report the selected sustainable development information;
- conducting interviews with management at corporate head office;
- evaluating the data generation and reporting processes against the reporting criteria;
- performing key controls testing and testing the accuracy of data reported on a sample basis at 8 of the 13 operational sites; and
- reviewing the consistency between the selected sustainable development information and related statements in Harmony's report.

Our procedures relating to the subject matter selected for limited assurance primarily comprised:

- reviewing the processes that Harmony have in place for determining the selected sustainable development information included in the report;
- obtaining an understanding of the systems used to generate, aggregate and report the selected sustainable development information;
- conducting interviews with management at corporate head office;
- evaluating the data generation and reporting processes against the reporting criteria;
- performing key controls testing and testing the accuracy of data reported on a sample basis at 6 of the 13 operational sites; and
- reviewing the consistency between the selected sustainable development information and related statements in Harmony's report.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement, and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

The procedures selected depend on our judgement, including the assessment of the risk of material misstatement of the selected sustainable development information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation of the selected sustainable development information in order to design procedures that are appropriate in the circumstances.

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

INHERENT LIMITATIONS

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining, calculating, sampling and estimating such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the report in the context of the reporting criteria.

In particular, where the information relies on factors derived by independent third parties, our assurance work has not included examination of the derivation of those factors and other third party information.

CONCLUSIONS

Reasonable assurance

Based on the results of our procedures, in our opinion, the subject matter selected for reasonable assurance for the year ended 30 June 2013, has been prepared, in all material respects, in accordance with the reporting criteria.

Limited assurance

Based on the results of our procedures nothing has come to our attention that causes us to believe that the subject matter selected for limited assurance for the year ended 30 June 2013, has not been prepared, in all material respects, in accordance with the reporting criteria.

Other matter

The maintenance and integrity of Harmony's website is the responsibility of Harmony's management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the report or our independent assurance report that may have occurred since the initial date of presentation on the Harmony website.

PricewaterhouseCoopers Inc.
Director: Wessie van der Westhuizen
Registered Auditor

Johannesburg
25 October 2013

Financials

Contents

Directors' responsibility statement

FINANCIAL STATEMENTS

The directors have pleasure in presenting the summarised consolidated financial statements for the year ended 30 June 2013 and the complete consolidated and company annual financial statements for the same period (included in the 2013 financial report) (collectively the financial statements). The consolidated and company annual financial statements were audited by PricewaterhouseCoopers Inc, who expressed an unmodified opinion thereon. The audited consolidated and company 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 audited information, but are not themselves audited.

The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Financial Reporting Standards Board, and IFRIC Interpretations (collectively IFRS), the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and the Companies Act of South Africa, Act 71 of 2008, as amended.

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of the company and its subsidiaries. The financial statements have been prepared by Harmony Gold Mining Limited's corporate reporting team, headed by Herman Perry. This process was supervised by the financial director, Frank Abbott. The directors take full responsibility for the preparation of the abridged 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 consolidated and company annual financial statements, and to prevent and detect material misstatements and loss.

Nothing has come to the attention of the board that caused it to believe that the system of internal controls and risk management are not effective 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 consolidated and company 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:

GP Briggs
Chief executive officer

Randfontein
South Africa

F Abbott
Financial director

Randfontein
South Africa

25 October 2013

Company secretary certification

I certify, in accordance with the Companies Act No 71 of 2008, as amended, that for the year ended 30 June 2013 Harmony Gold Mining Company Limited has lodged with the Companies and Intellectual Property Commission (CIPC) all such returns and notices as are required of a public company in terms of this Act, and that all such returns and notices appear to be true, correct and up to date.

R Bisschoff
Company secretary

25 October 2013

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 on pages 26 to 33 of the integrated annual report (the report).

The company does not have a controlling shareholder and is managed by its directors for its stakeholders. The group's primary listing is in South Africa on the securities exchange operated by the JSE Limited. Harmony's ordinary shares are further listed in the form of American Depositary Receipts (ADRs) on the New York Stock Exchange and as International Depositary Receipts on the Berlin and Brussels exchanges.

2013 INTEGRATED ANNUAL REPORT

As required by the King Report on Governance for South Africa, 2009 (King III), the board has reviewed and approved the 2013 integrated annual report on recommendation from the audit and risk committee.

STATEMENT BY THE BOARD

The board of directors is of the opinion that the 2013 integrated annual report and summarised consolidated financial statements fairly reflect the true financial position of the group at 30 June 2013 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 certification is on page 89 of the report.

BOARD OF DIRECTORS

For details on the board and board changes during the year, please refer to the corporate governance report on page 54 of the report.

DIRECTORS' SHAREHOLDINGS

At 30 June 2013, André Wilkens held 101 303 shares, the chief executive officer, Graham Briggs held 14 347 shares, the financial director, Frank Abbott held 73 900 shares and Ken Dicks, a non-executive director held 20 000 shares in Harmony. None of the directors' immediate families and associates held any direct shareholding in the company's issued share capital. No other executive director held or acquired any shares in the company, other than through share incentive schemes, for the year to 30 June 2013. Post-year-end the financial director, Frank Abbott, bought 65 600 shares in the company.

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 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 2013.

FINANCIAL RESULTS

Details of the group's financial performance are discussed in the financial director's review on pages 22 to 25 of the report.

SHARE CAPITAL

Full details of the authorised, issued and unissued share capital of the company as at 30 June 2013 are set out in the summarised consolidated statements of changes in shareholders' equity on page 95.

SHAREHOLDERS

Information on shareholder spread, range of shareholdings and public shareholders, as well as major shareholders, is presented on page 118 of the report.

INVESTMENTS

A schedule of investments in significant subsidiaries, associates and joint ventures appears on page 116 of the report.

CONTINGENCIES

None of Harmony's properties is the subject of pending material legal proceedings. We have received a number of claims and are involved in legal and arbitration proceedings that are incidental to the normal conduct of our business. The directors do not, however, believe liabilities related to such claims and proceedings are likely to be material, individually or in aggregate, to the company's consolidated financial condition. Refer to note 13 of the summarised consolidated financial statements for further discussion.

BORROWINGS

(i) Movement in borrowings: see note 11 to the summarised consolidated financial statements.

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

SPECIAL RESOLUTIONS BY SUBSIDIARY COMPANIES

The following special resolutions were passed:

- By Harmony Pharmacies (Proprietary) Limited (registration number 2007/03315/07) for the disposal of the Sir Albert Pharmacy business was passed on 17 September 2012.
- By Randfontein Estates Limited (registration number 1889/000251/06) on the disposal of the Sir Albert Medical Centre on 30 August 2012.
- By Business Venture Instruments No 1692 Proprietary Limited (registration number 2012/041001/07) for the adoption of the new Memorandum of Incorporation on 20 March 2013.

DISPOSALS

The Evander Gold Mines Limited disposal transaction was finalised and completed on 28 February 2013.

Randfontein Estates Limited, a wholly owned subsidiary of Harmony entered into an agreement with Tecuflash Proprietary Limited on 17 September 2012 to dispose of its 100% interest in the Sir Albert Medical Centre (SAMC) for a total consideration of R40 million. The sale of the SAMC was finalised and completed on 25 January 2013.

Harmony Pharmacies (Proprietary) Limited entered into an agreement to dispose of its 100% interest in the Sir Albert Pharmacy business to Tecuflash Proprietary Limited on 17 September 2012 which was finalised and completed on 25 January 2013.

To further enhance our BEE credentials, Harmony entered into agreements to give effect to an empowerment transaction to dispose of 30% of its shareholding of its Free State-based Phoenix tailings operation (Phoenix) to BEE shareholders on 20 March 2013. The BEE shareholders include Sikhuliso Resources Proprietary Limited, Kopano Resources Proprietary Limited, Mazincazelane Investments Proprietary Limited and the Malibongwe Women Development Trust, as well as a community trust that has been created by Harmony.

RELATED PARTY TRANSACTIONS

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 during the period under review or in any proposed transaction that has affected or will materially affect Harmony or its subsidiaries, other than as stated below.

African Rainbow Minerals Limited (ARM) currently holds 14.62% of Harmony's shares. Patrice Motsepe, André Wilkens, Frank Abbott and Joaquim Chissano are directors of ARM.

Material transactions with associates, joint ventures and special-purpose entities (SPEs)

All transactions with related parties are conducted at arm's length. Refer to note 12 of the summarised consolidated financial statements for details on transactions conducted during the period under review.

RECENT DEVELOPMENTS

There were no post-year-end developments.

Financials

Summarised consolidated income statements

for the years ended 30 June 2013

SA rand				US dollar	
2012	**2013**	*Figures in million*	Note	**2013**	2012
		Continuing operations			
15 169	**15 902**	Revenue		**1 803**	1 953
(12 137)	**(16 468)**	Cost of sales	3	**(1 831)**	(1 561)
(9 911)	**(11 400)**	Production costs		**(1 292)**	(1 276)
(1 921)	**(1 942)**	Amortisation and depreciation		**(220)**	(247)
60	**(2 733)**	(Impairment)/reversal of impairment of assets		**(274)**	7
(365)	**(393)**	Other items		**(45)**	(45)
3 032	**(566)**	**Gross (loss)/profit**		**(28)**	392
(352)	**(465)**	Corporate, administration and other expenditure		**(53)**	(45)
(72)	**(127)**	Social investment expenditure		**(14)**	(9)
(500)	**(673)**	Exploration expenditure		**(76)**	(64)
63	**139**	Profit on sale of property, plant and equipment	4	**16**	8
(50)	**(350)**	Other expenses – net	5	**(40)**	(6)
2 121	**(2 042)**	**Operating (loss)/profit**		**(195)**	276
56	**–**	Reversal of impairment in of investment in associate		**–**	7
(144)	**(88)**	Impairment of investments	10	**(10)**	(19)
86	**173**	Net gain on financial instruments		**20**	11
97	**185**	Investment income		**21**	12
(286)	**(256)**	Finance cost		**(29)**	(37)
1 930	**(2 028)**	**(Loss)/profit before taxation**		**(193)**	250
123	**(655)**	Taxation	6	**(69)**	16
2 053	**(2 683)**	**Net (loss)/profit from continuing operations**		**(262)**	266
		Discontinued operations			
592	**314**	Profit from discontinued operations	7	**36**	75
2 645	**(2 369)**	**Net (loss)/profit for the year**		**(226)**	341
		Attributable to:			
2 645	**(2 369)**	Owners of the parent		**(226)**	341
–	**–**	Non-controlling interest		**–**	–
		(Loss)/earnings per ordinary share (cents)	8		
477	**(621)**	(Loss)/earnings from continuing operations		**(61)**	61
137	**73**	Earnings from discontinued operations		**8**	18
614	**(548)**	**Total (loss)/earnings**		**(53)**	79
		Diluted (loss)/earnings per ordinary share (cents)	8		
476	**(621)**	(Loss)/earnings from continuing operations		**(61)**	61
136	**73**	Earnings from discontinued operations		**8**	18
612	**(548)**	**Total diluted (loss)/earnings**		**(53)**	79

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

Summarised consolidated statements of comprehensive income

for the years ended 30 June 2013

SA rand			US dollar	
2012	**2013**	*Figures in million*	**2013**	2012
2 645	**(2 369)**	Net (loss)/profit for the year	**(226)**	341
1 587	**744**	Other comprehensive income/(loss) for the year, net of income tax	**(668)**	(595)
1 485	**749**	Foreign exchange translation gain/(loss)	**(667)**	(607)
(42)	**(79)**	Loss on fair value movement of available-for-sale investments	**(9)**	(7)
144	**88**	Impairment of available-for-sale investments recognised in profit or loss	**10**	19
–	**(14)**	Reversal of fair value movement on acquisition of associate	**(2)**	–
4 232	**(1 625)**	**Total comprehensive (loss)/income for the year**	**(894)**	(254)
		Attributable to:		
4 232	**(1 625)**	Owners of the parent	**(894)**	(254)
–	**–**	Non-controlling interest	**–**	–

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

All items in other comprehensive income/(loss) will be reclassified to profit or loss when specific conditions are met.

Summarised consolidated balance sheets

as at 30 June 2013

SA rand				US dollar	
2012	**2013**	*Figures in million*	Note	**2013**	2012
		ASSETS			
		Non-current assets			
32 853	**32 820**	Property, plant and equipment		**3 287**	4 003
2 196	**2 191**	Intangible assets		**220**	268
36	**37**	Restricted cash		**4**	4
1 842	**2 054**	Restricted investments		**206**	224
486	**104**	Deferred tax assets		**10**	59
–	**109**	Investments in associates	9	**11**	–
146	**49**	Investments in financial assets	10	**5**	18
58	**57**	Inventories		**6**	7
28	**–**	Trade and other receivables		**–**	3
37 645	**37 421**	**Total non-current assets**		**3 749**	4 586
		Current assets			
996	**1 425**	Inventories		**143**	121
1 245	**1 162**	Trade and other receivables		**116**	152
118	**132**	Income and mining taxes		**13**	14
1 773	**2 089**	Cash and cash equivalents		**209**	216
4 132	**4 808**			**481**	503
1 423	**–**	Assets of disposal groups classified as held for sale		**–**	174
5 555	**4 808**	**Total current assets**		**481**	677
43 200	**42 229**	**Total assets**		**4 230**	5 263
		EQUITY AND LIABILITIES			
		Share capital and reserves			
28 331	**28 325**	Share capital		**4 035**	4 036
2 444	**3 464**	Other reserves		**(702)**	(64)
3 307	**522**	Retained earnings/(accumulated loss)		**(95)**	180
34 082	**32 311**	**Total equity**		**3 238**	4 152
		Non-current liabilities			
3 106	**3 021**	Deferred tax liabilities		**303**	378
1 865	**1 997**	Provision for environmental rehabilitation		**200**	227
177	**194**	Retirement benefit obligation		**19**	22
30	**55**	Other non-current liabilities		**5**	4
1 503	**2 252**	Borrowings	11	**226**	183
6 681	**7 519**	**Total non-current liabilities**		**753**	814
		Current liabilities			
313	**286**	Borrowings	11	**28**	38
1	**4**	Income and mining taxes		**–**	–
1 747	**2 109**	Trade and other payables		**211**	213
2 061	**2 399**			**239**	251
376	**–**	Liabilities of disposal groups classified as held for sale		**–**	46
2 437	**2 399**	**Total current liabilities**		**239**	297
43 200	**42 229**	**Total equity and liabilities**		**4 230**	5 263

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

Summarised consolidated statements of changes in shareholders' equity

for the years ended 30 June 2013

Figures in million (SA rand)	Number of ordinary shares issued[1]	Share capital	Share premium	Retained earnings/ (accumulated loss)	Other reserves	Total
Balance – 30 June 2011	430 084 628	215	28 090	1 093	762	30 160
Issue of shares						
– Exercise of employee share options	1 479 608	1	25	–	–	26
Share-based payments	–	–	–	–	95	95
Net profit for the year	–	–	–	2 645	–	2 645
Other comprehensive income for the year	–	–	–	–	1 587	1 587
Dividends paid[2]	–	–	–	(431)	–	(431)
Balance – 30 June 2012	431 564 236	216	28 115	3 307	2 444	34 082
Issue of shares						
– Exercise of employee share options	**225 654**	**–**	**1**	**–**	**–**	**1**
– Shares issued to the Tlhakanelo Employee Share Trust	**3 500 000**	**–**	**–**	**–**	**–**	**–**
Share-based payments	**–**	**–**	**(7)**	**–**	**274**	**267**
Net loss for the year	**–**	**–**	**–**	**(2 369)**	**–**	**(2 369)**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**744**	**744**
Option premium on BEE transaction	**–**	**–**	**–**	**–**	**2**	**2**
Share of retained earnings on acquisition of associate	**–**	**–**	**–**	**19**	**–**	**19**
Dividends paid[2]	**–**	**–**	**–**	**(435)**	**–**	**(435)**
Balance – 30 June 2013	**435 289 890**	**216**	**28 109**	**522**	**3 464**	**32 311**
Figures in million (US dollar)						
Balance – 30 June 2011	430 084 628	33	4 000	(102)	519	4 450
Issue of shares						
– Exercise of employee share options	1 479 608	–	3	–	–	3
Share-based payments	–	–	–	–	12	12
Net profit for the year	–	–	–	341	–	341
Other comprehensive loss for the year	–	–	–	–	(595)	(595)
Dividends paid[2]	–	–	–	(59)	–	(59)
Balance – 30 June 2012	431 564 236	33	4 003	180	(64)	4 152
Issue of shares						
– Exercise of employee share options	**225 654**	**–**	**–**	**–**	**–**	**–**
– Shares issued to the Tlhakanelo Employee Share Trust	**3 500 000**	**–**	**–**	**–**	**–**	**–**
Share-based payments	**–**	**–**	**(1)**	**–**	**30**	**29**
Net loss for the year	**–**	**–**	**–**	**(226)**	**–**	**(226)**
Other comprehensive loss for the year	**–**	**–**	**–**	**–**	**(668)**	**(668)**
Share of retained earnings on acquisition of associate	**–**	**–**	**–**	**2**	**–**	**2**
Dividends paid[2]	**–**	**–**	**–**	**(51)**	**–**	**(51)**
Balance – 30 June 2013	**435 289 890**	**33**	**4 002**	**(95)**	**(702)**	**3 238**

[1] Authorised: 1 200 000 000 (2012: 1 200 000 000) ordinary shares of 50 SA cents each
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. During August 2012, 3.5 million shares were issued to the Tlhakanelo Trust. As the trust is controlled by the group, the shares are treated as treasury shares. During 2013, 937 548 shares were exercised by employees and the remaining 2 562 452 shares are still held as treasury shares. The directors have been authorised to allot and issue up to 21 578 212 authorised but unissued ordinary shares of the company, being 5% of the total issued share capital of the company as at 30 June 2012, subject to the provisions of the Companies Act and the JSE Limited Listings Requirements.

[2] Dividends per share are disclosed under the earnings per share note. Refer to note 8.

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

Summarised consolidated cash flow statements

for the years ended 30 June 2013

SA rand			US dollar	
2012	**2013**	*Figures in million*	**2013**	2012
		CASH FLOW FROM OPERATING ACTIVITIES		
4 551	**3 154**	Cash generated by operations	**359**	586
80	**138**	Interest received	**16**	10
(141)	**(125)**	Interest paid	**(14)**	(18)
(277)	**(312)**	Income and mining taxes paid	**(33)**	(33)
4 213	**2 855**	**Cash generated by operating activities**	**328**	545
		CASH FLOW FROM INVESTING ACTIVITIES		
(48)	**–**	Increase in amounts invested in environmental trusts	**–**	(6)
–	**1 264**	Proceeds on disposal of Evander net of cash disposed	**139**	–
(3)	**–**	Proceeds on sale of available-for-sale financial assets	**–**	–
(3)	**(4)**	Increase in amounts invested in social trust fund	**(1)**	–
–	**(86)**	Purchase of investment in associate	**(9)**	–
(31)	**(5)**	Additions to intangible assets	**(1)**	(4)
222	**–**	Proceeds on disposal of investment in associate	**–**	28
179	**137**	Proceeds on disposal of property, plant and equipment	**16**	22
(3 194)	**(3 784)**	Additions to property, plant and equipment	**(429)**	(411)
(2 878)	**(2 478)**	**Cash utilised by investing activities**	**(285)**	(371)
		CASH FLOW FROM FINANCING ACTIVITIES		
1 443	**678**	Borrowings raised	**80**	188
(1 248)	**(333)**	Borrowings repaid	**(35)**	(159)
26	**1**	Ordinary shares issued	**–**	3
–	**2**	Option premium on BEE transaction	**–**	–
(431)	**(435)**	Dividends paid	**(50)**	(57)
(210)	**(87)**	**Cash utilised by financing activities**	**(5)**	(25)
(45)	**26**	**Foreign currency translation adjustments**	**(45)**	(35)
1 080	**316**	Net increase/(decrease) in cash and cash equivalents	**(7)**	114
693	**1 773**	Cash and cash equivalents – beginning of year	**216**	102
1 773	**2 089**	**Cash and cash equivalents – end of year**	**209**	216

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

Notes to the summarised consolidated financial statements

for the years ended 30 June 2013

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.

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

The summarised consolidated financial statements were authorised for issue by the board of directors on 25 October 2013.

2 ACCOUNTING POLICIES

2.1 Basis of preparation

The summarised consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, and the requirements of the Companies Act applicable to summarised financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA *Financial Reporting Guides* as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. The summarised consolidated financial statements should be read in conjunction with the consolidated annual financial statements for the year ended 30 June 2013, which have been prepared in accordance with IFRS. The accounting policies are consistent with those described in the consolidated annual financial statements.

2.2 Foreign currency translation

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

For translation of the rand financial statement items to US dollar, the average of R8.82 (2012: R7.77) 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 R9.98 (2012: R8.21) per US$1 for asset and liability items. Equity items were translated at historic rates. The profit from discontinued operations was translated at the average rate for the eight months (being the period that Evander was part of the group during 2013) of R8.55 per US$1.

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

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

3 COST OF SALES

SA rand			US dollar	
2012	**2013**	*Figures in million*	**2013**	2012
9 911	**11 400**	Production costs	**1 292**	1 276
1 881	**1 897**	Amortisation and depreciation of mining assets	**215**	242
40	**45**	Amortisation and depreciation of assets other than mining assets	**5**	5
(17)	**(24)**	Rehabilitation credit (a)	**(2)**	(2)
88	**68**	Care and maintenance cost of restructured shafts	**8**	11
81	**46**	Employment termination and restructuring costs (b)	**5**	10
87	**266**	Share-based payments (c)	**30**	11
(60)	**2 733**	Impairment/(reversal of impairment) of assets (d)	**274**	(7)
126	**37**	Other	**4**	15
12 137	**16 468**	**Total cost of sales**	**1 831**	1 561

3 COST OF SALES continued

(a) This expense includes the change in estimate for the rehabilitation provision where an asset no longer exists as well as ongoing rehabilitation cost. For 2013, R65 million (US$7.3 million) (2012: R26 million (US$3.3 million)) was spent on rehabilitation.

(b) During 2013, the group's South African operations embarked on a programme whereby voluntary severance packages were offered to all employees while Hidden Valley underwent a significant restructuring process.

(c) During August 2012, Harmony issued awards under its employee share ownership plan (ESOP). The ESOP is overseen by the Tlhakanelo Employee Share Trust. In terms of the ESOP rules, qualifying employees are offered one scheme share for every two share appreciation rights (SARs). In August 2012, all qualifying employees were awarded a minimum of 100 scheme shares and 200 SARs with employees with service longer than 10 years receiving an additional 10%. Both the scheme shares and SARs will vest in five equal portions on each anniversary of the award. At the annual general meeting on 28 November 2012, the shareholders authorised the acceleration of the vesting from August to March each year.

Future offers will be made to new qualifying employees, who have not previously received an offer during each year following the first allocation date. The number of scheme shares and SARs offered to new qualifying employees will reduce by one-fifth on each anniversary of the first allocation date.

The scheme shares are accounted for as equity-settled. The SARs incorporate a cash bonus with a minimum payout guarantee of R18 and a maximum payout ceiling of R32 per SAR over the vesting period. The SARs include an equity-settled portion as well as a cash-settled portion related to the cash bonus. The cash-settled portion has been recognised in the balance sheet in trade and other payables and other non-current liabilities, the fair value of which will be remeasured at each reporting date.

(d) Impairment/(reversal of impairment) of assets consists of the following:

SA rand			US dollar	
2012	**2013**	*Figures in million*	**2013**	2012
–	**2 675**	Hidden Valley	**268**	–
6	**–**	Kalgold	**–**	1
126	**27**	Steyn 2 (Bambanani)	**3**	15
2	**–**	Other	**–**	–
–	**31**	St Helena (Other – underground)	**3**	–
(194)	**–**	Target 1	**–**	(23)
(60)	**2 733**	**Total impairment/(reversal of impairment) of assets**	**274**	(7)

During the 2013 financial year, an impairment to the value of R2.675 billion (US$268.0 million) was recognised for Hidden Valley. This is due to the operation's recent poor performance and the reduction in the US dollar gold and silver prices.

An impairment of R194 million (US$23.6 million) was reversed in 2012 due to the revised life-of-mine plans at Target 1.

Critical accounting estimates and judgements – impairment of assets

The recoverable amount of mining assets is generally determined utilising 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 gold price, marketable discount rates (cost-to-sell), exchange rates and the annual life-of-mine plans. In determining the gold price to be used, management assesses the long-term views of several reputable institutions on the gold price and based on this, derives the gold price. Due to the sudden, significant drop in the gold price during the last quarter of 2013, management also considered these institutions' short-term and medium-term views and incorporated these into their determination. The life-of-mine plans are based on the proven and probable reserves as included in the Reserve Declaration, which are determined in terms of SAMREC and 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.

3 COST OF SALES continued

(d) Impairment/(reversal of impairment) of assets continued

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

	2013			2012
	Short term Year 1	**Medium term Year 2**	**Long term Year 3+**	
US$ gold price per ounce	**1 250**	**1 300**	**1 400**	1 524
Exchange rate (R/US$)	**9.95**	**9.57**	**8.89**	8.21
Rand gold price (R/kg)	**400 000**	**400 000**	**400 000**	370 000

For Hidden Valley, we used the US$ gold price assumptions as per the table and a post-tax real discount rate of 8.52% (2012: 4.49%). For the South Africa operations, we used the rand gold price assumptions as per the table and a post-tax real discount rate ranging between 6.21% and 10.20%, depending on the asset (2012: range of 5.04% and 8.70%). Cash flows used in the impairment calculations are based on life-of-mine plans which exceed five years for the majority of the mines.

Sensitivity analysis – impairment of assets
One of the most significant assumptions that influence the life-of-mine plans and therefore impairments is the expected gold price. A 10% decrease in the gold price assumption at the reporting date would have resulted in an additional impairment at Hidden Valley of R1 963 million (US$196.6 million) and at Steyn 2 Shaft (included in the Bambanani segment) of R17 million (US$1.7 million) as well as an impairment at Target 1 of R350 million (US$35.1 million). This analysis assumes that all other variables remain constant.

(e) Included in Other are amounts relating to inventory adjustments. During the 2013 financial year, a write-down of R10 million (US$1.0 million) (2012: R81 million (US$9.9 million)) was made for the net realisable value adjustment for gold in lock-up, as well as R19 million (US$1.9 million) (2012: R32 million (US$3.9 million)) relating to certain stockpiles. During 2012 write-downs were made of R16 million (US$1.9 million) and R17 million (US$2.1 million) for the Steyn plant and Freddies rock dump demolishment projects, respectively. The write-downs were as a result of changes to the life-of-mine plans.

4 PROFIT ON SALE OF PROPERTY, PLANT AND EQUIPMENT

For the 2013 financial year, R60 million (US$6.8 million) profit relates to the sale of the Merriespruit South mining right to Witwatersrand Consolidated Gold Resources Limited (Wits Gold). Also included is a profit of R15 million (US$1.7 million) for the sale of the Sir Albert Medical Centre and its pharmacy. The remaining profit and the total for 2012 are the sale of scrap material (including steel) from sites that are closed and being rehabilitated in the Free State.

5 OTHER EXPENSES – NET

SA rand			US dollar	
2012	**2013**	*Figures in million*	**2013**	2012
32	**330**	Foreign exchange losses – net (a)	**38**	4
(89)	**1**	Bad debts provision expense/(credit)	**–**	(11)
93	**2**	Bad debts written off	**–**	12
14	**17**	Other expenses – net (b)	**2**	1
50	**350**	**Total other expenses – net**	**40**	6

5 OTHER EXPENSES – NET continued

(a) Included in the total for 2013 is a loss of R351 million (US$39.8 million) (2012: loss of R45 million (US$5.8 million)) related to the translation of the US dollar dominated loan into SA rand. Offsetting these losses were foreign exchange gains relating to the Australasian intercompany loans not designated as forming part of the net investment of the group's international operations.

(b) Included in the total for 2013 is R23 million (US$2.3 million) related to the Phoenix tailing operation (Phoenix) transaction. On 20 March 2013, Harmony signed transaction and funding agreements to give effect to an empowerment transaction to dispose 30% of 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).

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 PhoenixCo 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 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) has been expensed on the grant date, 25 June 2013.

6 TAXATION

SA rand			US dollar	
2012	**2013**	*Figures in million*	**2013**	2012
		SA taxation		
26	**324**	Mining tax	**37**	4
77	**324**	– current year	**37**	10
(51)	**–**	– prior year	**–**	(6)
147	**(53)**	Non-mining tax	**(6)**	19
44	**4**	– current year	**–**	6
103	**(57)**	– prior year	**(6)**	13
(143)	**(81)**	Deferred tax	**(9)**	(19)
(143)	**(81)**	– current year	**(9)**	(19)
26	**–**	Secondary Tax on Companies (STC)	**–**	3
56	**190**		**22**	7
		Foreign taxation		
		Deferred tax		
(179)	**(83)**	– current year	**(9)**	(23)
–	**548**	– derecognition of deferred tax asset	**56**	–
(123)	**655**	**Total taxation expense/(credit)**	**69**	(16)

6 TAXATION continued

Income and mining tax rates

Major items causing the group's income tax provision to differ from the South African maximum mining statutory tax rate of 34% (2012: 34%) for continuing operations were:

SA rand			US dollar	
2012	**2013**	*Figures in million*	**2013**	2012
656	**(690)**	Tax on net (loss)/profit from continuing operations at the maximum mining statutory tax rate	**(66)**	85
180	**291**	Non-allowable deductions	**33**	23
(96)	**(73)**	Difference between effective mining tax rate and statutory mining rate on mining income[1]	**(8)**	(13)
(9)	**(1)**	Difference between non-mining tax rate and statutory mining rate on non-mining income	**–**	(1)
(467)	**(59)**	Effect on temporary differences due to changes in effective tax rates[2]	**(4)**	(60)
52	**(57)**	Prior year adjustment	**(6)**	7
(465)	**(461)**	Capital allowance[3], sale of business and other rate differences	**(52)**	(60)
–	**548**	Derecognition of deferred tax asset[4]	**56**	–
–	**1 157**	Deferred tax asset not recognised[5]	**116**	–
26	**–**	STC	**–**	3
(123)	**655**	**Income and mining taxation**	**69**	(16)
(6)	**32**	**Effective income and mining tax rate (%)**	**30**	(6)

[1] Includes the effect of the change in the Freegold mining ring-fencing application in 2012.

[2] The significant decreases in the deferred tax rates of ARMGold/Harmony Freegold Joint Venture Company (Proprietary) Limited (24.3% to 22.9%) and Randfontein Estates Limited (18.6% to 17.4%) is mainly due to the lower estimated profitability.

[3] 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, which has a 0% effective tax rate.

[4] Represents the derecognition of the previously recognised deferred tax asset in respect of tax losses for the Hidden Valley operation for which future taxable profits are no longer considered probable.

[5] This relates primarily to the Hidden Valley operation and represents tax losses and deductible temporary differences arising in the current year for which future taxable profits are not considered probable.

7 DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

The assets and liabilities of Evander Gold Mines Limited (Evander), a wholly owned subsidiary of Harmony Gold Mining Company Limited (Harmony), have been classified as held for sale following the signing of a sale of shares and claims agreement on 30 January 2012. On 30 May 2012, Harmony announced the signing of a new sale of shares and claims agreement with Pan African Resources plc (Pan African).

All conditions precedent to the sale were fulfilled and the transaction was completed on 28 February 2013. The purchase consideration of R1.5 billion (US$170.0 million) was adjusted for distributions received prior to the effective date of R210 million (US$23.4 million). A group profit of R102 million (US$11.4 million) was recorded.

8 (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

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

2012	2013		2013	2012
431 564	435 290	Ordinary shares in issue ('000)	435 290	431 564
(687)	(733)	Adjustment for weighted number of ordinary shares in issue ('000)	(733)	(687)
430 877	434 557	Weighted number of ordinary shares in issue ('000)	434 557	430 877
(59)	(2 676)	Treasury shares ('000)	(2 676)	(59)
430 818	431 881	**Basic weighted average number of shares in issue ('000)**	431 881	430 818

SA rand			US dollar	
2012	2013		2013	2012
477	(621)	Basic (loss)/earnings per share from continuing operations (cents)	(61)	61
137	73	Basic earnings/(loss) per share from discontinued operations (cents)	8	18
614	(548)	**Total basic (loss)/earnings per share (cents)**	(53)	79

Fully diluted (loss)/earnings per share

For diluted (loss)/earnings 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.

2012	2013		2013	2012
430 818	431 881	Weighted average number of ordinary shares in issue ('000)	431 881	430 818
1 205	836	Potential ordinary shares ('000)	836	1 205
432 023	432 717	**Weighted average number of ordinary shares for fully diluted earnings per share ('000)**	432 717	432 023

SA rand			US dollar	
2012	2013		2013	2012
476	(621)	Fully diluted (loss)/earnings per share from continuing operations (cents)	(61)	61
136	73	Fully diluted earnings per share from discontinued operations (cents)	8	18
612	(548)	**Total fully diluted (loss)/earnings per share (cents)**	(53)	79

The inclusion of share options issued to employees, as potential ordinary shares, has a dilutive effect on the (loss)/earnings per share. The issue price and the exercise price 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.

8 (LOSS)/EARNINGS PER SHARE continued

Headline earnings per share

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

SA rand			US dollar	
2012	**2013**	*Figures in million*	**2013**	2012
		Continuing operations		
2 053	**(2 683)**	Net (loss)/profit	**(262)**	266
		Adjusted for:		
(63)	**(139)**	Profit on sale of property, plant and equipment	**(16)**	(8)
16	**31**	Taxation effect of profit on sale of property, plant and equipment	**4**	2
144	**88**	Impairment of investments[1]	**10**	19
(56)	**–**	(Reversal of impairment) of investment in associate[1]	**–**	(7)
(60)	**2 733**	Impairment/(reversal of impairment) of assets	**274**	(7)
(34)	**(38)**	Taxation effect of impairment of assets	**(4)**	(4)
2 000	**(8)**	**Headline (loss)/profit from continuing operations[2]**	**6**	261
		Discontinued operations		
592	**314**	Net profit	**36**	75
		Adjusted for:		
(232)	**–**	Profit on sale of property, plant and equipment	**–**	(28)
72	**–**	Taxation effect of profit on sale of property, plant and equipment	**–**	9
–	**(102)**	Profit on sale of investment in subsidiary[3]	**(11)**	–
432	**212**	**Headline profit from discontinued operations**	**25**	56
2 432	**204**	**Total headline profit**	**31**	317

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

[2] Write-off of the Hidden Valley deferred tax of R548 million (US$54.9 million) is not added back as it is not permitted per the South African Institute of Chartered Accountants Circular on Headline Earnings.

[3] There is no taxation effect on the 2013 amount.

SA rand			US dollar	
2012	**2013**		**2013**	2012
465	**(2)**	Basic headline (loss)/earnings per share from continuing operations (cents)	**1**	61
100	**49**	Basic headline earnings/(loss) per share from discontinued operations (cents)	**6**	13
565	**47**	**Total basic headline earnings per share (cents)**	**7**	74
463	**(2)**	Fully diluted headline (loss)/earnings per share from continuing operations (cents)	**1**	61
100	**49**	Fully diluted headline earnings/(loss) per share from discontinued operations (cents)	**6**	13
563	**47**	**Total fully diluted headline earnings per share (cents)**	**7**	74

Notes to the summarised consolidated financial statements continued

for the years ended 30 June 2013

8 (LOSS)/EARNINGS PER SHARE continued

Dividends

On 13 August 2012, the board declared a dividend of 50 SA cents (US$6.2 cents) per share related to the year ended 30 June 2012. An interim dividend of 50 SA cents (US$5.7 cents) was declared on 1 February 2013.

SA rand			US dollar	
2012	**2013**	*Figures in million*	**2013**	2012
431	**435**	Dividend declared	**51**	59
100	**100**	Dividend per share (cents)	**11.9**	13.6

9 INVESTMENT IN ASSOCIATES

At 30 June 2012, the group held 1.8% of the shares of Rand Refinery (Proprietary) Limited (Rand Refinery). An additional 8.5% interest was purchased in three tranches during 2013, resulting in a total shareholding of 10.38% on 31 May 2013. 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. The investment was previously accounted for as available-for-sale (refer to note 10 for further detail), but since the 10% shareholding was attained and with the right to appoint a director on the board, the investment has been accounted for as an associate. As part of the accounting for the acquisition, the group elected the cost method for step acquisitions and has reversed the cumulative fair value gains recognised in other reserves prior to the acquisition of the investment in associate (refer to note 10). Offsetting this, the group has recognised its share of Rand Refinery's retained earnings for the previously held interest, which amounted to R19 million (US$2.1 million).

10 INVESTMENT IN FINANCIAL ASSETS

SA rand			US dollar	
2012	**2013**	*Figures in million*	**2013**	2012
185	**146**	Balance at beginning of year	**18**	27
3	**86**	Additions (a)	**9**	–
(42)	**(79)**	Fair value movement of available-for-sale investments (a) (b)	**(9)**	(5)
–	**(14)**	Reversal of fair value movement on acquisition of associates (a)	**(2)**	
–	**(90)**	Reclassification to investment in associates (a)	**(9)**	–
–	**–**	Translation	**(2)**	(4)
146	**49**	**Balance at end of year**	**5**	18
		The carrying amount consists of the following:		
		Available-for-sale financial assets:		
131	**44**	Investment in listed shares – Wits Gold (b)	**4**	16
15	**5**	Investment in unlisted shares	**1**	2
146	**49**	**Total available-for-sale financial assets**	**5**	18

(a) During 2013, an amount of R9 million (US$1.1 million) was recorded in the fair value reserve for the investment in Rand Refinery. On the acquisition of the associate, the cumulative fair value gains were reversed from the fair value reserve and the cost of the investment reclassified to investments in associates. Refer to note 9.

(b) At 30 June 2012, management determined that the investment in Wits Gold was impaired in terms of our accounting policy and the cumulative losses in the fair value reserves were reclassified to the income statement. Subsequent losses of R88 million (US$9.9 million) have also been recorded in the income statement.

11 BORROWINGS

Nedbank Limited

On 11 December 2009, the company entered into a loan facility with Nedbank Limited, comprising a term facility of R900 million (US$119.4 million) and a revolving credit facility of R600 million (US$79.6 million). On 30 November 2010, the company entered into an additional loan facility with Nedbank Limited, comprising a term facility of R500 million (US$70.1 million) and a revolving credit facility of R250 million (US$35.0 million). Interest accrues on a day-to-day basis over the term of the loan at a variable interest.

Syndicated revolving credit facility

On 11 August 2011, the company entered into a loan facility which was jointly arranged by Nedbank Limited and FirstRand Bank Limited (acting through its Rand Merchant Bank division) (syndicate), comprising a US$300 million (R2 156 million) syndicated revolving credit facility.

Terms and debt repayment schedule at 30 June 2013:

	Interest charge	Repayment terms	Repayment date	Security
Westpac Bank (Secured finance lease)	US – LIBOR plus 1.25%	Quarterly	30 December 2013	Mining fleet
Nedbank Limited (Secured loan – term facility 1)	3 month JIBAR plus 3.5%, payable quarterly	Bi-annual equal instalments of R90 million (US$9.0 million)	31 December 2014	
Nedbank Limited (Secured loan – term facility 2)	3 month JIBAR plus 3.5%, payable quarterly	Bi-annual equal instalments of R62.5 million (US$6.3 million)	31 December 2014	Cession and pledge of operating subsidiaries' shares
Nedbank Limited (Secured loan – revolving credit facility)	1 or 3 month JIBAR plus 3.5%, payable after interest interval	Repayable on maturity	30 November 2013	
Syndicated (Secured loan – US$ revolving credit facility)	LIBOR plus 260 basis points, payable quarterly	Repayable on maturity	15 September 2015	Cession and pledge of operating subsidiaries' shares

Debt covenants

The debt covenant tests for the group for both the Nedbank Limited facilities and syndicated revolving credit facility are as follows:

- The group's interest cover shall not be less than two (EBIT[1]/Total interest).
- Current ratio shall not be less than one (Current assets/current liabilities).
- Cash flow from operating activities shall be above R100 million for the six months prior to the evaluation date.
- Total net debt shall not exceed R3 billion plus the rand equivalent of US$300 million.
- Market capitalisation to net debt ratio shall not be less than six times.

[1] EBIT as defined in the agreement excludes unusual items such as impairment.

The debt covenant tests are performed on a quarterly basis. No breaches of the covenants were identified during the tests in the 2013 financial year.

11 BORROWINGS continued

Interest-bearing borrowings

SA rand			US dollar	
2012	2013	*Figures in million*	2013	2012
		Non-current borrowings		
3	–	Westpac Bank (secured finance lease)	–	–
458	155	Nedbank Limited (secured loan – term facilities)	16	56
1 042	2 097	Syndicated (secured loan – US$ revolving credit facility)	210	127
1 503	2 252	**Total non-current borrowings**	226	183
		Current borrowings		
24	4	Current portion of the finance lease from Westpac Bank	–	3
301	303	Current portion of the loans from Nedbank Limited	30	37
(12)	(21)	Current portion of the loans from syndicate	(2)	(2)
313	286	**Total current borrowings**	28	38
1 816	2 538	**Total interest-bearing borrowings**	254	221
		The maturity of borrowings is as follows:		
313	286	Current	28	38
294	155	Between one and two years	16	36
1 209	2 097	Between two and five years	210	147
–	–	Over five years	–	–
1 816	2 538		254	221
		Undrawn committed borrowing facilities:		
–	850	Expiring within one year	85	–
2 245	899	Expiring after one year	90	274
2 245	1 749		175	274

12 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 2011 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 the remuneration report.

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

	Number of shares	
Name of director/prescribed officers	2013	2012
Graham Briggs[1]	14 347	–
Frank Abbott[1]	73 900	–
Ken Dicks[2]	20 000	–
Andre Wilkens	101 303	101 303
Jaco Boshoff[3]	7 000	–
Johannes van Heerden[4]	6 500	–

[1] Purchased 3 September 2012.
[2] Purchased in two tranches on 5 September 2012 and 6 May 2013.
[3] Purchased 17 October 2012.
[4] Purchased in two tranches on 17 September 2012 and 27 September 2012.

12 RELATED PARTIES continued

Subsequent to year-end, Frank Abbott purchased 65 600 shares on 23 August 2013.

African Rainbow Minerals Limited (ARM) currently holds 14.6% of Harmony's shares. Patrice Motsepe, Andre Wilkens, Joaquim Chissano and Frank Abbott are directors of ARM.

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 9.

During the financial year ended 30 June 2013, Harmony sold its 100% interest in Evander. Refer to note 7.

A list of the major shareholders can be found on page 118.

A list of the group's significant subsidiaries, associates and joint ventures has been included in Annexure A.

SA rand			US dollar	
2012	**2013**	*Figures in million*	**2013**	2012
		Sales and services rendered to related parties		
311	**–**	Associates	**–**	40
18	**19**	Joint ventures	**2**	2
329	**19**	**Total**	**2**	42
		Purchases and services acquired from related parties		
14	**1**	Associates	**–**	2
		Outstanding balances due by related parties[1]		
17	**17**	Associates	**2**	2
29	**14**	Joint ventures	**1**	4
46	**31**	**Total**	**3**	6
		Outstanding balances due to related parties[1]		
17	**17**	Associates[2]	**2**	2

[1] Included in current assets and liabilities.
[2] Retained from the consideration for the Pamodzi FS acquisition pending the transfer of rehabilitation trust funds.

The outstanding balances from related parties are not secured and there are no special terms and conditions that apply.

13 COMMITMENTS AND CONTINGENCIES

Commitments and guarantees

SA rand			US dollar	
2012	**2013**	*Figures in million*	**2013**	2012
		Capital expenditure commitments		
318	**184**	Contracts for capital expenditure	**18**	39
201	**232**	Share of joint venture's contract for capital expenditure	**23**	24
2 257	**1 545**	Authorised by the directors but not contracted for	**155**	275
2 776	**1 961**	**Total capital commitments**	**196**	338

13 COMMITMENTS AND CONTINGENCIES continued

Commitments and guarantees continued

This expenditure will be financed from existing resources and, where appropriate, borrowings.

The group is contractually obliged to make the following payments in respect of operating leases for land and buildings:

SA rand			US dollar	
2012	**2013**	*Figures in million*	**2013**	2012
4	**12**	Within one year	**1**	–
2	**–**	Between one year and five years	**–**	–
6	**12**	**Total commitments for operating leases**	**1**	–

Contractual obligations in respect of mineral tenement leases amount to R326 million (US$32.6 million) (2012: R141 million (US$17.2 million)). This includes R308 million (US$30.8 million) (2012: R135 million (US$16.5 million)) for the Morobe Mining Joint Venture.

SA rand			US dollar	
2012	**2013**	*Figures in million*	**2013**	2012
		Guarantees[1]		
32	**19**	Guarantees and suretyships	**2**	4
386	**345**	Environmental guarantees[2]	**35**	47
418	**364**		**37**	51

[1] Guarantees and suretyships of R12.6 million (US$1.3 million) and environmental guarantees of R40.5 million (US$4.1 million) relating to the Evander group, which are in the process of being replaced by Pan African or cancelled, are excluded.

[2] At 30 June 2013, R26 million (US$2.6 million) (2012: R26 million (US$3.2 million)) has been pledged as collateral for environmental guarantees in favour of certain financial institutions.

Contingent liabilities

The following contingent liabilities have been identified:

(a) On 18 April 2008, Harmony Gold Mining Company Limited was made aware that it had been named as a defendant in a lawsuit filed in the US District Court in the Southern District of New York on behalf of certain purchasers and sellers of Harmony's American Depositary Receipts (ADRs) and options with regard to certain of its business practices. Harmony retained legal counsel.

The company reached a mutually acceptable settlement with the plaintiff class and this settlement was found to be fair and reasonable and was approved by the United States District Court in November 2011. A single class member has filed an appeal of the District Court's order approving the settlement. That appeal resulted in the United States Court of Appeals for the Second Circuit affirming the decision of the District Court. The objecting plaintiff has asked the United Stated Supreme Court to review the case and this is pending. The settlement amount has been paid into escrow by the company's insurers and will be distributed to the plaintiffs once the appeal has been finalised.

(b) On 3 March 2011, judgment was handed down in the Constitutional Court, in the case of Mr Thembekile Mankayi v AngloGold Ashanti Limited (AGA) regarding litigation in terms of the Occupational Diseases in Mines and Works Act (ODIMWA). The judgment allows Mr Mankayi's executor to proceed with the case in the High Court of South Africa. Should anyone bring similar claims against Harmony in future, those claimants would need to prove that silicosis was contracted while in the employment of the company and that it was contracted due to negligence on the company's part. The link between the cause (negligence by the company while in its employ) and the effect (the silicosis) will be an essential part of any case.

13 COMMITMENTS AND CONTINGENCIES continued

Contingent liabilities continued

On 23 August 2012, Harmony and all its subsidiaries were served with court papers entailing an application by three of its former employees, requesting the South Gauteng High Court to certify a class action. In essence, the applicants want the court to declare them as representing a class of people for purposes of instituting an action for relief and to obtain directions as to what procedure to follow in pursuing the relief required against Harmony.

On 8 January 2013, Harmony and its subsidiaries, alongside other mining companies operating in South Africa (collectively the respondents) were served with another application to certify a class on behalf of classes of mine workers, former mine workers and their dependants who were previously employed by, or who are currently employed by the respondents and who allegedly contracted silicosis and/or other occupational lung diseases. Harmony has filed notices of its intention to oppose both applications and has instructed its attorneys to defend the claims. Following the receipt of the aforesaid application, Harmony was advised that there was a potential overlap between the application of 23 August 2012 and the application of 8 January 2013. After deliberation between the respondents' attorneys and the applicants' attorneys, it was resolved that the applicants' attorneys will consolidate the two applications and serve an amended application which will be considered by the respondents. The respondents are awaiting a consolidated application of the two separate applications served.

On 3 May 2013, Harmony received a summons from Richard Spoor Attorneys on behalf of an employee. The plaintiff is claiming R25 million (US$2.5 million) in damages plus interest from Harmony and another mining company. The plaintiff alleges to have contracted silicosis with progressive massive fibrosis during the course of his employment. Harmony's attorneys are still awaiting certain medical records in the preparation of the case.

At this stage, and in the absence of a court decision on this matter, it is uncertain as to whether the company will incur any costs related to silicosis claims in the near future. Due to the limited information available on any claims and potential claims and the uncertainty of the outcome of these claims, no estimation can be made for the possible obligation.

(c) 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 venture partners.

(d) 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 under way 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. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements. 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.

(e) Due to the interconnected nature of mining operations in South Africa, any proposed solution for potential flooding and potential decant risk posed by deep groundwater needs to be a combined one, supported by all the mines located in these goldfields. As a result, the Department of Mineral Resources and 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.

(f) 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$7.5 million) of potential claims. Rand Uranium is therefore liable for all claims up to R75 million (US$7.5 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.

14 SUBSEQUENT EVENTS

There are no material transactions subsequent to year-end.

15 SEGMENT REPORT

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

After applying the quantitative thresholds from IFRS 8, the reportable segments were determined as: Kusasalethu, Doornkop, Phakisa, Tshepong, Masimong, Target 1, Bambanani, Joel, Unisel, Target 3, Hidden Valley and Evander (the operation including its surface source have been classified as held for sale and discontinued operation). All other operating segments have been grouped together under all other surface operations.

When assessing profitability, the chief operating decision-maker (CODM) considers the revenue and production costs of each segment. The net of these amounts is the operating profit or loss. Therefore, operating 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 does, however, not consider depreciation or impairment and therefore these amounts have not been disclosed in the segment report.

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

The segment reports in rand and US dollar have been disclosed on page 112 and page 114 respectively.

A reconciliation of the segment totals to the summarised consolidated financial statements has been included in note 16.

16 RECONCILIATION OF SEGMENT INFORMATION TO SUMMARISED CONSOLIDATED GROUP INCOME STATEMENTS AND BALANCE SHEETS

SA rand			US dollar	
2012	**2013**	*Figures in million*	**2013**	2012
		Revenue from:		
1 405	**874**	Discontinued operations	**102**	181
		Production costs from:		
767	**(533)**	Discontinued operations	**(63)**	99
		Reconciliation of production profit to consolidated (loss)/profit before taxation and discontinued operations		
16 574	**16 776**	Total segment revenue	**1 905**	2 134
(10 678)	**(11 933)**	Total segment production costs	**(1 355)**	(1 375)
5 896	**4 843**	Production profit	**550**	759
(638)	**(341)**	Less discontinued operations	**(39)**	(82)
5 258	**4 502**		**511**	677
(2 226)	**(5 068)**	Cost of sales items other than production costs	**(539)**	(285)
(1 881)	**(1 897)**	Amortisation and depreciation of mining assets	**(215)**	(242)
(40)	**(45)**	Amortisation and depreciation of other than mining assets	**(5)**	(5)
17	**24**	Rehabilitation credit	**2**	2
(88)	**(68)**	Care and maintenance cost of restructured shafts	**(8)**	(11)
(81)	**(46)**	Employment termination and restructuring costs	**(5)**	(10)
(87)	**(266)**	Share-based payments	**(30)**	(11)
60	**(2 733)**	(Impairment)/reversal of impairment of assets	**(274)**	7
(126)	**(37)**	Other	**(4)**	(15)
3 032	**(566)**	**Gross (loss)/profit***	**(28)**	392

* The reconciliation has been done up to the first recognisable line item on the income statement. The reconciliation will follow the income statement after that.

16 RECONCILIATION OF SEGMENT INFORMATION TO SUMMARISED CONSOLIDATED GROUP INCOME STATEMENTS AND BALANCE SHEETS continued

Reconciliation of total segment assets to summarised consolidated assets includes the following:

SA rand			US dollar	
2012	**2013**	*Figures in million*	**2013**	2012
		Non-current assets		
5 904	**7 409**	Property, plant and equipment	**743**	721
2 196	**2 191**	Intangible assets	**220**	268
36	**37**	Restricted cash	**4**	4
1 842	**2 054**	Restricted investments	**206**	224
–	**109**	Investments in associates	**11**	–
486	**104**	Deferred tax asset	**10**	59
146	**49**	Investments in financial assets	**5**	18
58	**57**	Inventories	**6**	7
28	**–**	Trade and other receivables	**–**	3
		Current assets		
996	**1 425**	Inventories	**143**	121
1 245	**1 162**	Trade and other receivables	**116**	152
118	**132**	Income and mining taxes	**13**	14
1 773	**2 089**	Cash and cash equivalents	**209**	216
1 423	**–**	Assets of disposal groups classified as held for sale	**–**	174
16 251	**16 818**		**1 686**	1 981

Notes to the summarised consolidated financial statements continued

for the years ended 30 June 2013

SEGMENT REPORT

(SA rand)	Revenue 30 June		Production cost 30 June		Production profit/(loss) 30 June	
	2013	2012	**2013**	2012	**2013**	2012
	R million		R million		R million	
Continuing operations South Africa **Underground**						
Kusasalethu	**1 213**	2 320	**1 484**	1 439	**(271)**	881
Doornkop	**1 615**	1 284	**1 042**	862	**573**	422
Phakisa	**1 103**	1 064	**982**	803	**121**	261
Tshepong	**1 887**	2 219	**1 427**	1 275	**460**	944
Masimong	**1 640**	1 349	**975**	843	**665**	506
Target 1	**1 794**	1 525	**937**	855	**857**	670
Bambanani	**932**	549	**591**	597	**341**	(48)
Joel	**1 452**	1 124	**654**	565	**798**	559
Unisel	**825**	672	**567**	494	**258**	178
Target 3	**737**	472	**508**	428	**229**	44
Surface All other surface operations	**1 515**	1 428	**1 029**	899	**486**	529
Total South Africa	**14 713**	14 006	**10 196**	9 060	**4 517**	4 946
International Hidden Valley	**1 189**	1 163	**1 204**	851	**(15)**	312
Total international	**1 189**	1 163	**1 204**	851	**(15)**	312
Total continuing operations	**15 902**	15 169	**11 400**	9 911	**4 502**	5 258
Discontinued operations Evander	**874**	1 405	**533**	767	**341**	638
Total discontinued operations	**874**	1 405	**533**	767	**341**	638
Total operations	**16 776**	16 574	**11 933**	10 678	**4 843**	5 896
Reconciliation of the segment information to the consolidated income statements and balance sheets (refer to note 16)	**(874)**	(1 405)	**(533)**	(767)		
	15 902	15 169	**11 400**	9 911		

Capital expenditure for international operations excludes expenditure spent on Wafi-Golpu of R537 million (2012: R314 million).
* Production statistics are unaudited.

Mining assets 30 June		Capital expenditure# 30 June		Kilograms produced* 30 June		Tonnes milled* 30 June	
2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
R million		R million		kg		t'000	
3 435	3 260	**420**	415	**2 740**	5 633	**711**	1 197
3 378	3 235	**285**	294	**3 631**	3 075	**1 008**	928
4 547	4 448	**337**	302	**2 434**	2 541	**512**	521
3 877	3 693	**310**	288	**4 154**	5 287	**1 040**	1 233
989	980	**171**	208	**3 616**	3 220	**868**	933
2 704	2 644	**331**	259	**3 967**	3 630	**717**	788
882	944	**119**	266	**2 083**	1 374	**211**	197
290	216	**160**	84	**3 228**	2 663	**611**	557
656	364	**78**	71	**1 813**	1 593	**446**	394
457	345	**145**	90	**1 626**	1 123	**323**	316
264	233	**250**	162	**3 438**	3 372	**10 082**	9 324
21 479	20 362	**2 606**	2 439	**32 730**	33 511	**16 529**	16 388
3 932	5 595	**506**	296	**2 644**	2 762	**1 844**	1 766
3 932	5 595	**506**	296	**2 644**	2 762	**1 844**	1 766
25 411	25 957	**3 112**	2 735	**35 374**	36 273	**18 373**	18 154
–	992	**140**	177	**1 955**	3 369	**390**	638
–	992	**140**	177	**1 955**	3 369	**390**	638
25 411	26 949	**3 252**	2 912	**37 329**	39 642	**18 763**	18 792
16 818	16 251						
42 229	43 200						

Notes to the summarised consolidated financial statements continued

for the years ended 30 June 2013

SEGMENT REPORT continued

(US dollar)	Revenue 30 June		Production cost 30 June		Production profit/(loss) 30 June	
	2013	2012	**2013**	2012	**2013**	2012
	US$ million		US$ million		US$ million	
Continuing operations						
South Africa						
Underground						
Kusasalethu	**137**	299	**168**	185	**(31)**	114
Doornkop	**183**	165	**118**	111	**65**	54
Phakisa	**125**	137	**111**	103	**14**	34
Tshepong	**214**	286	**162**	164	**52**	122
Masimong	**186**	174	**110**	109	**76**	65
Target 1	**203**	196	**106**	110	**97**	86
Bambanani	**106**	71	**67**	77	**39**	(6)
Joel	**165**	145	**74**	73	**91**	72
Unisel	**93**	86	**64**	64	**29**	22
Target 3	**84**	61	**58**	55	**26**	6
Surface						
All other surface operations	**172**	183	**117**	115	**55**	68
Total South Africa	**1 668**	1 803	**1 155**	1 166	**513**	637
International						
Hidden Valley	**135**	150	**137**	110	**(2)**	40
Total international	**135**	150	**137**	110	**(2)**	40
Total continuing operations	**1 803**	1 953	**1 292**	1 276	**511**	677
Discontinued operations						
Evander	**102**	181	**63**	99	**39**	82
Total discontinued operations	**102**	181	**63**	99	**39**	82
Total operations	**1 905**	2 134	**1 355**	1 375	**550**	759
Reconciliation of the segment information to the consolidated income statements and balance sheets (refer to note 16)	**(102)**	(181)	**(63)**	(99)		
	1 803	1 953	**1 292**	1 276		

Capital expenditure for international operations excludes expenditure spent on Wafi-Golpu of US$61 million (2012: US$40 million).

* Production statistics are unaudited.

Mining assets 30 June		Capital expenditure# 30 June		Ounces produced* 30 June		Tons milled* 30 June	
2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
US$ million		US$million		oz		t'000	
344	397	**48**	53	**88 093**	181 105	**784**	1 320
338	394	**32**	38	**116 738**	98 863	**1 112**	1 023
455	542	**38**	39	**78 255**	81 695	**565**	575
388	450	**35**	37	**133 554**	169 980	**1 147**	1 359
99	119	**19**	27	**116 256**	103 526	**958**	1 029
271	322	**38**	33	**127 542**	116 708	**790**	869
88	115	**14**	34	**66 970**	44 174	**231**	217
29	26	**18**	11	**103 782**	85 618	**674**	614
66	44	**9**	9	**58 289**	51 216	**492**	434
46	42	**16**	12	**52 277**	36 106	**355**	348
26	28	**28**	20	**110 534**	108 412	**11 118**	10 281
2 150	2 479	**295**	313	**1 052 290**	1 077 403	**18 226**	18 069
394	682	**57**	38	**85 007**	88 800	**2 033**	1 948
394	682	**57**	38	**85 007**	88 800	**2 033**	1 948
2 544	3 161	**352**	351	**1 137 297**	1 166 203	**20 259**	20 017
–	121	**16**	23	**62 855**	108 317	**430**	704
–	121	**16**	23	**62 855**	108 317	**430**	704
2 544	3 282	**368**	374	**1 200 152**	1 274 520	**20 689**	20 721
1 686	1 981						
4 230	5 263						

Annexure A

The schedule has been extracted from the financial report. The complete list of subsidiaries, associates and joint ventures can be found in the financial report.

Company	Country of incorporation	Status	Issued share capital R'000	Effective group interest 2013 %	Effective group interest 2012 %	Cost of investment by holding company 2013 Rm	Cost of investment by holding company 2012 Rm	Loans from/(to) holding company 2013 Rm	Loans from/(to) holding company 2012 Rm
Direct subsidiaries:									
Gold mining									
African Rainbow Minerals Gold Limited	(a)		96	**100**	100	**6 416**	7 081	**–**	202
ARMGold/Harmony Freegold Joint Venture Company Proprietary Limited	(a)		20	**100**	100	**86**	17	**(16)**	472
Avgold Limited	(a)		6 827	**100**	100	**6 955**	6 935	**(134)**	434
Randfontein Estates Limited	(a)		19 882	**100**	100	**1 363**	1 311	**1 367**	876
Business Venture Investments No 1692 Proprietary Limited (PhoenixCo)[1]	(a)		5 996	**100**	–	**27**	–	**430**	–
Evander Gold Mines Limited	(a)	*	39 272	**–**	100	**–**	545	**–**	(336)
Investment holding									
ARMgold/Harmony Joint Investment Company Proprietary Limited	(a)		#	**100**	100	**–**	–	**–**	–
Harmony Gold Australia Proprietary Limited	(b)		9 576 120	**100**	100	**9 579**	7 506	**–**	–
Indirect subsidiaries:									
Exploration									
Harmony Gold (PNG) Exploration Limited	(c)		#	**100**	100	**–**	–	**–**	–
Morobe Exploration Limited	(c)		1 104	**100**	100	**–**	–	**–**	–
Gold mining									
Kalahari Goldridge Mining Company Limited	(a)		1 275	**100**	100	**2**	–	**(500)**	(445)
Investment									
Abelle Limited	(b)		488 062	**100**	100	**–**	–	**–**	–
Aurora Gold (Wafi) Proprietary Limited	(b)		#	**100**	100	**–**	–	**–**	–
Harmony Gold Operations Limited	(b)		405 054	**100**	100	**–**	–	**–**	–
Mineral right investment								**–**	–
Morobe Consolidated Goldfields Limited	(c)		#	**100**	100	**–**	–	**–**	–
Wafi Mining Limited	(c)		#	**100**	100	**–**	–	**–**	–
Mining-related services									
Harmony Gold (PNG Services) Proprietary Limited	(c)		#	**100**	100	**–**	–	**–**	–
Joint venture operations[2] – indirect:									
Morobe Exploration Services Limited	(c)		$	**50**	50	**–**	–	**–**	–
Hidden Valley Services Limited	(c)		$	**50**	50	**–**	–	**–**	–
Wafi-Golpu Services Limited	(c)		$	**50**	50	**–**	–	**–**	–
Associate company[3] – indirect:									
Gold refining									
Rand Refinery	(a)		786	**10**	–	**86**	–	**–**	–

[1] The balance of R430 million includes a loan from holding company of R450 million and a loan to holding company of R20 million. These loans have not been offset in the company financial statements.

[2] The group's interest in jointly controlled operations is accounted for by proportionate consolidation. Under this method the group includes its share of the joint venture's individual income and expenses, assets and liabilities in the relevant components of the financial statements on a line by line basis.

[3] 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.

# Indicates issued share capital of R1 000 or less
* Disposed of to Pan African on 28 February 2013
$ Indicates a share in the joint venture's capital assets
(a) Incorporated in the Republic of South Africa
(b) Incorporated in Australia
(c) Incorporated in Papua New Guinea

The above investments are valued by the directors at book value.

Shareholder information and administration

Investor relations

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Email: marian@harmony.co.za

General e-mail enquiries: corporate@harmony.co.za

Harmony website: **www.harmony.co.za**

STOCK EXCHANGE LISTINGS AND TICKER CODES

Harmony's primary listing is on JSE Limited. It is also quoted in the form of American depositary receipts (ADRs) on the New York Stock Exchange and as international depositary receipts (IDRs) on the Berlin and Brussels exchanges.

Harmony's ticker codes on these exchanges are as follows:

JSE Limited	HAR
NYSE Euronext	HMY
Berlin Stock Exchange	HAM1
Brussels Stock Exchange	HMY

SHARE INFORMATION

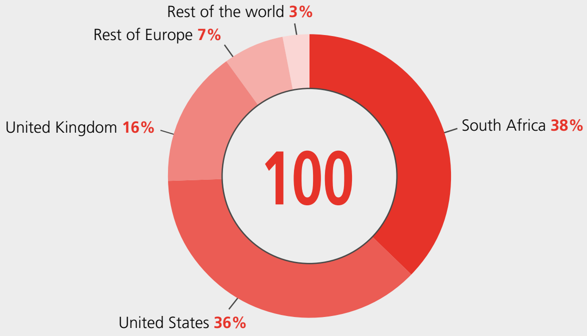
Sector	Resources
Sub-sector	Gold
Nature of business	Harmony Gold Mining Company Limited and its subsidiaries are engaged in underground and open-pit gold mining, exploration and related activities in South Africa and Papua New Guinea.
Issued share capital as at 30 June 2013	435 289 890 shares in issue
Market capitalisation	
at 30 June 2013	R15.56 billion or US$1.57 billion
at 30 June 2012	R33.02 billion or US$4.04 billion
Share price statistics – FY13	
JSE: 12 month high	R85.71
12 month low	R33.47
Closing price as at 30 June 2013	R35.75
NYSE: 12 month high	US$6.38
12 month low	US$3.30
Closing price as at 30 June 2013	US$3.81
Free float	100%
ADR ratio	1:1

SHAREHOLDER SPREAD AS AT 30 JUNE 2013

Shareholder spread	Number of shareholders	% of shareholders	Number of shares	% of issued share capital
Public	**9 678**	**99.95**	**368 868 248**	**84.74**
Non-public	**5**	**0.05**	**66 421 642**	**15.26**
Share option scheme	3	0.03	2 579 170	0.59
Holding 10% +	1	0.01	63 632 922	14.62
Directors*	1	0.01	209 550	0.05
Totals	**9 683**	**100.00**	**435 289 890**	**100.00**

* Held by Frank Abbott, Graham Briggs, Ken Dicks and André Wilkens

GEOGRAPHIC DISTRIBUTION OF SHAREHOLDERS AS AT 30 JUNE 2013



Ownership summary as at 30 June 2013

Rank	Investor	Current combined position	% shares in issue
1	ARM Ltd	63 632 922	14.62
2	Blackrock Investment Management (UK) Ltd	40 477 780	9.30
3	Allan Gray Unit Trust Management Ltd	39 813 907	9.15
4	Van Eck Global	33 586 849	7.72
5	Public Investment Corporation of South Africa	27 446 018	6.31

DIVIDEND POLICY AND DIVIDEND PAID DURING FY13

Dividend policy

In considering the payment of dividends, the board will, with the assistance of the audit and risk and investment committees, take the following into account:

- 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; and
- The intention to pay a dividend.

Dividends paid during FY13

Final dividend paid for FY12 (paid on 13 August 2012) was 50 SA cents.

Interim dividend declared (paid on 11 March 2013) was 50 SA cents.

SHAREHOLDERS' DIARY

Financial year-end	30 June
Annual financial statements issued	25 October 2013
Form 20-F issued	25 October 2013
Annual general meeting	5 December 2013
Quarterly results presentations FY14:	
Quarter 1	8 November 2013
Quarter 2	3 February 2014
Quarter 3	9 May 2014
Quarter 4	14 August 2014

Directorate and administration

HARMONY GOLD MINING COMPANY LIMITED

Corporate office
Randfontein Office Park
PO Box 2, Randfontein, 1760
South Africa
Corner Main Reef Road and Ward Avenue
Randfontein, 1759
South Africa
Telephone: +27 11 411 2000
Website: www.harmony.co.za

DIRECTORS

PT Motsepe* (chairman)
M Motloba*^ (deputy chairman)
GP Briggs (chief executive officer)
F Abbott (financial director)
HE Mashego (executive director)
FFT De Buck*^ (lead independent director)
JA Chissano*[1]^
KV Dicks*^
Dr DS Lushaba*^
KT Nondumo*^
VP Pillay*^
C Markus*^
M Msimang*^
J Wetton*^
AJ Wilkens*

* Non-executive
^ Independent
[1] Mozambican

INVESTOR RELATIONS

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COMPANY SECRETARY

Riana Bisschoff
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Mobile: +27 83 629 4706
E-mail: riana.bisschoff@harmony.co.za

TRANSFER SECRETARIES

Link Market Services South Africa (Proprietary) Limited
(Registration number 2000/007239/07)
13th Floor, Rennie House, Ameshoff Street, Braamfontein
PO Box 4844
Johannesburg, 2000
South Africa
Telephone: +27 86 154 6572
Fax: +27 86 674 4381

ADR DEPOSITARY

Deutsche Bank Trust Company Americas
c/o American Stock Transfer and Trust Company
Peck Slip Station
PO Box 2050
New York, NY 10272-2050
E-mail queries: db@amstock.com
Toll free: +1-800-937-5449
Int: +1-718-921-8137
Fax: +1-718-921-8334

SPONSOR

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1 Fricker Road, corner Hurlingham Road
Illovo, Johannesburg, 2196
Private Bag X9936, Sandton, 2146
Telephone: +27 11 507 0300
Fax: +27 11 507 0503

TRADING SYMBOLS

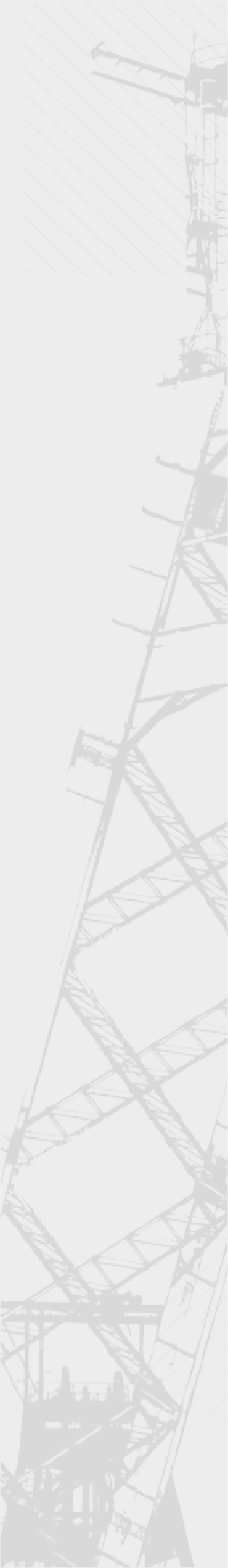
JSE Limited: HAR
New York Stock Exchange, Inc: HMY
Euronext, Brussels: HMY
Berlin Stock Exchange: HAM1
Registration number: 1950/038232/06
Incorporated in the Republic of South Africa
ISIN: ZAE 000015228

FORWARD-LOOKING STATEMENTS

Private Securities Litigation Reform Act

Safe Harbour Statement

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



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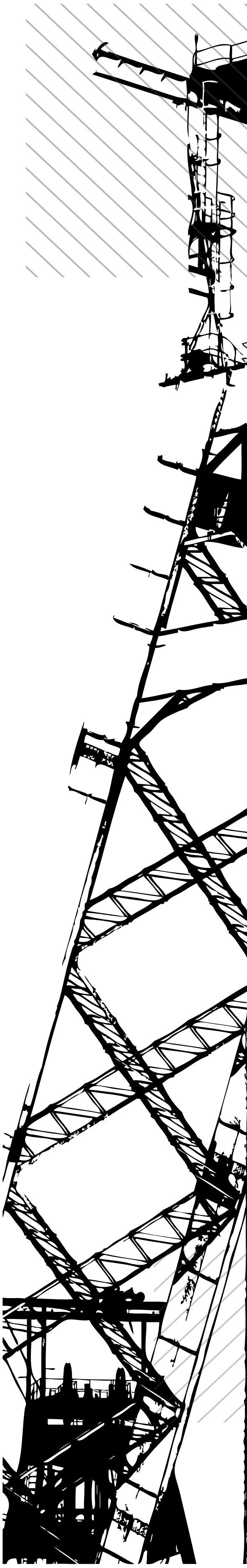
BASTION GRAPHICS



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