

Strategy and values in action

Our operations

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).

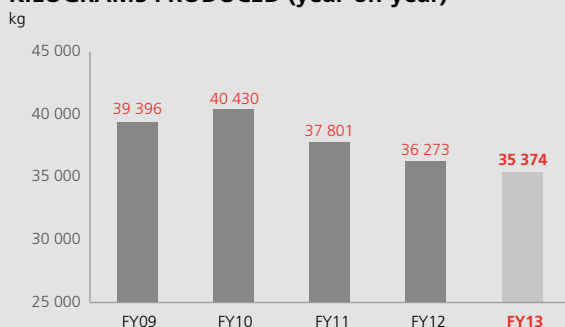
Group operating cash costs were R327 210/kg (US\$1 154/oz (FY12: R274 767/kg, US\$1 100/oz) for an operating margin of 28% (FY12: 35%).

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

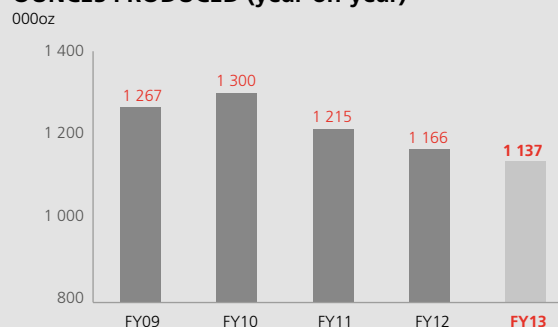


In line with our strategy of creating a sustainable company that generates free cash flow to fund dividends and growth, over the past six years we have closed high – cost mines and disposed of non-core operations for a better mix of assets;

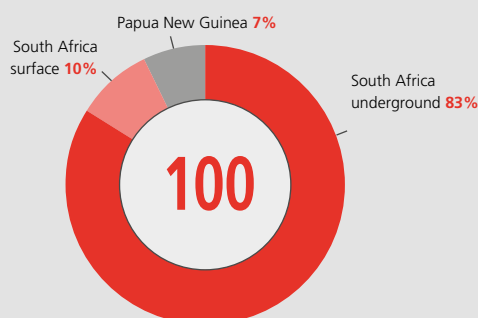
KILOGRAMS PRODUCED (year-on-year)



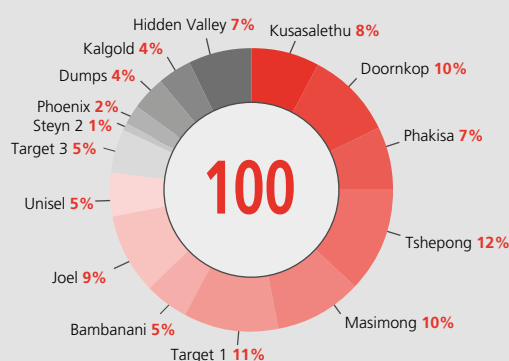
OUNCES PRODUCED (year-on-year)

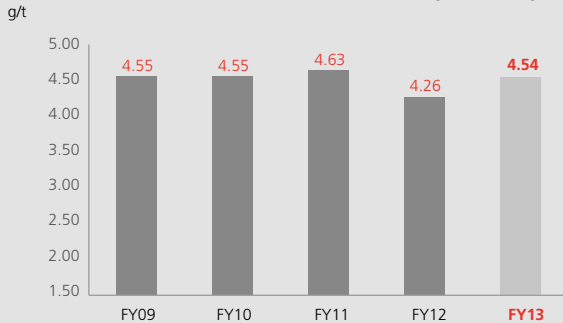
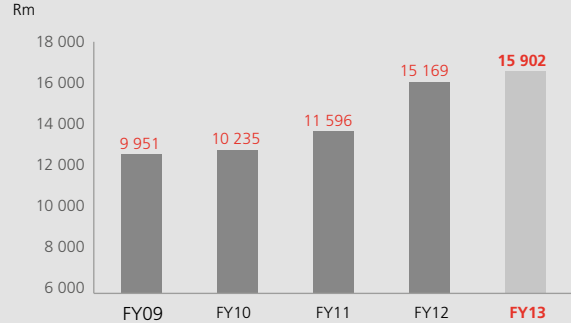


REGIONAL CONTRIBUTION TO PRODUCTION



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**

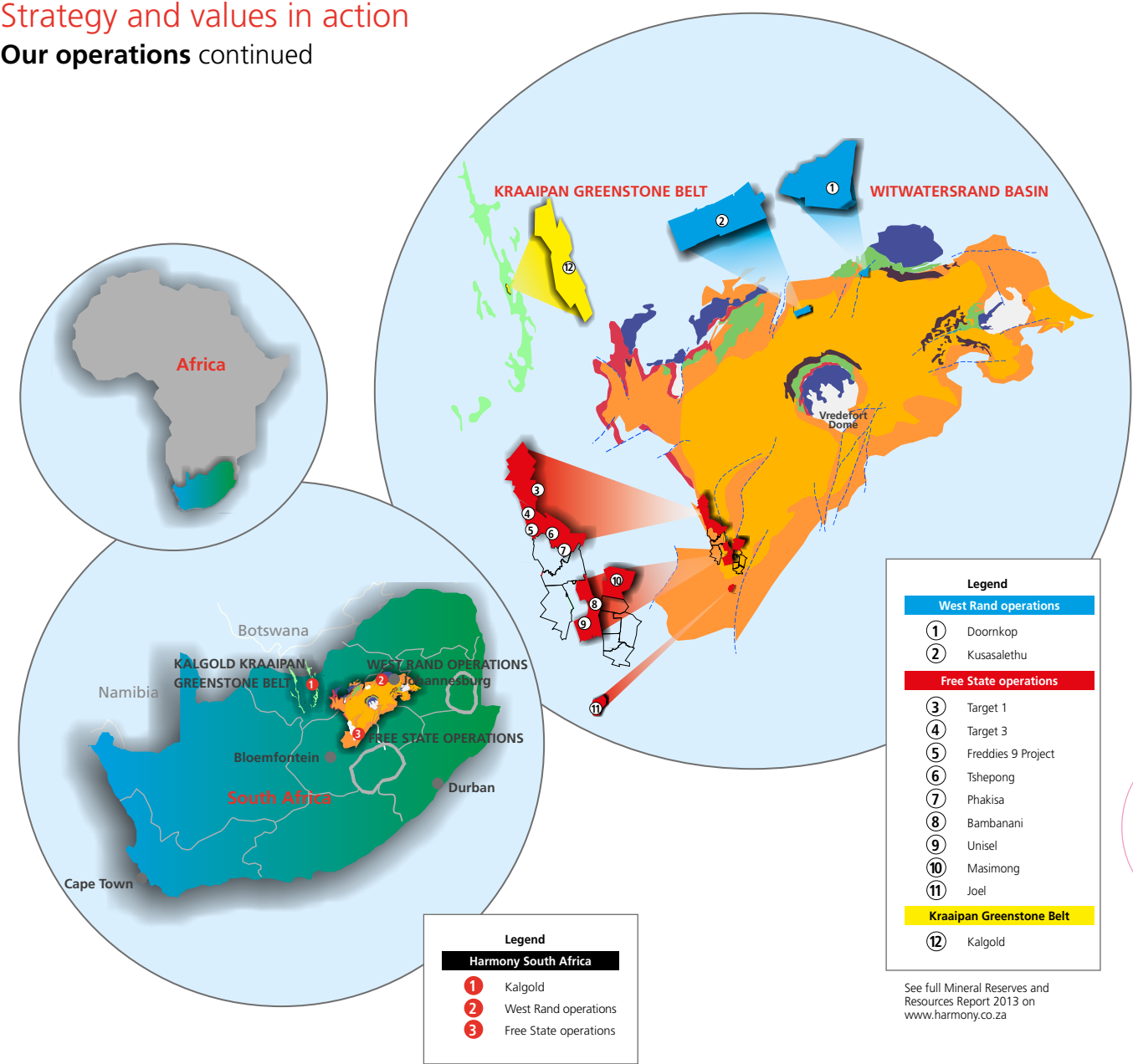
Operation	Expected potential ounces (FY14)	Annual average Cash operating costs (including royalties) (FY14) (R/kg)	Annual average Capital and cash operating costs* (FY14) (R/kg)	Annual average Capital and cash operating costs* ¹ (FY14) (US\$/oz)	Life of mine (years)	Comments
Kusasaletu	200 000 – 215 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

Strategy and values in action

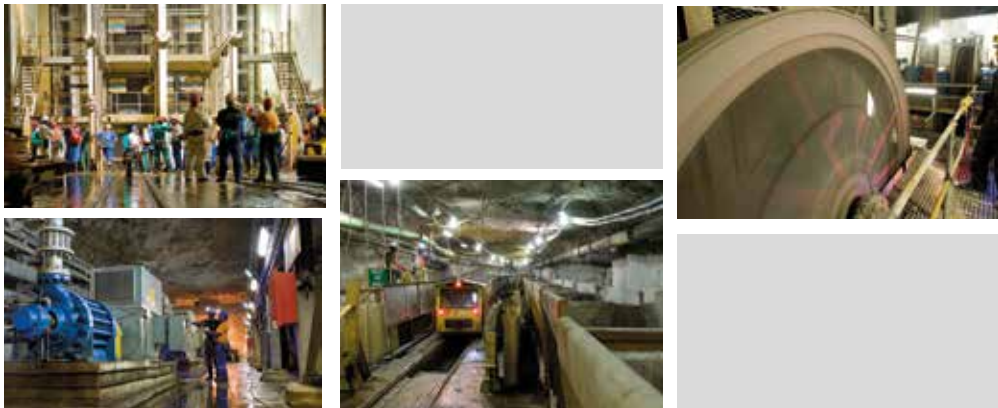
Our operations continued



Kusasalethu	Doornkop	Phakisa	Tshepong	Masimong	Target
<p>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.</p>	<p>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.</p>	<p>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.</p>	<p>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.</p>	<p>Masimong: single operating shaft with conventional drilling, blasting and scraping operations focused on the Basal and B Reefs. Ore processed at Harmony 1 plant.</p>	<p>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.</p> <p>Target 3: single operating shaft; mechanised and conventional; mining the Basal, Elsburg and Dreyerskraal Reefs. Ore processed at Target plant.</p>

Strategy and values in action

Our operations continued

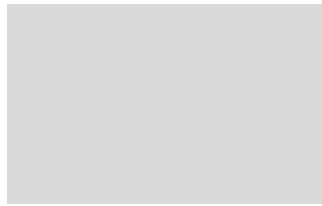


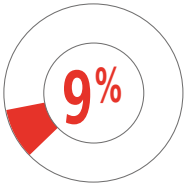
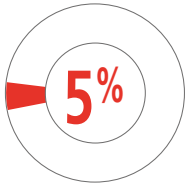
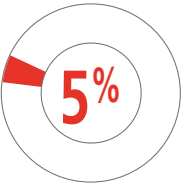
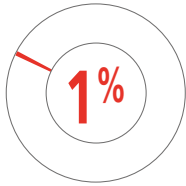
	Kusasaletu			Doornkop			Phakisa		
Percentage of gold produced (kg) during FY13									
	2013	2012	2011	2013	2012	2011	2013	2012	2011
Tonnes milled (t'000)	711	1 197	1 099	1 008	928	718	512	521	387
Gold produced (kg)	2 740	5 633	5 609	3 631	3 075	2 512	2 434	2 541	1 762
Grade (g/t)	3.85	4.71	5.10	3.60	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 Freddie's 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		
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											
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 Kusasaletu (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 Kusasaletu'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 Kusasaletu 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:	Under way Significant benefits already evident
• Implementing improved group occupational health and safety management system	
• 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.

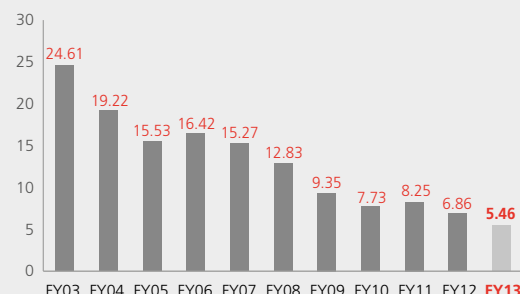
We ended the year with our lowest lost-time injury frequency rate in South Africa of 6.03 per million hours worked (FY12: 7.54) and the lowest number of fatalities (9 versus 10 in FY12). In PNG, the LTIFR was 0.12, down from 0.45 in FY12, in another fatality-free year.

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.

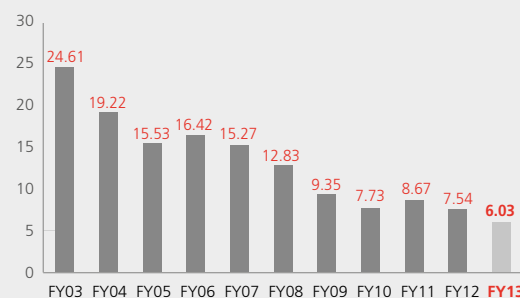
HARMONY TOTAL

LTIFR



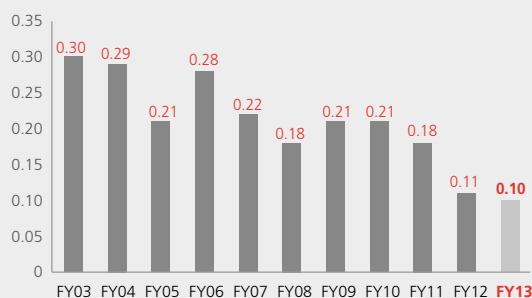
SA OPERATIONS

LTIFR



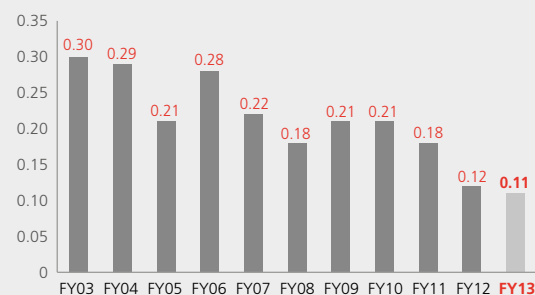
HARMONY TOTAL

FIFR



SA OPERATIONS

FIFR



All graphs are per million hours worked

Strategy and values in action

Operational performance continued

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

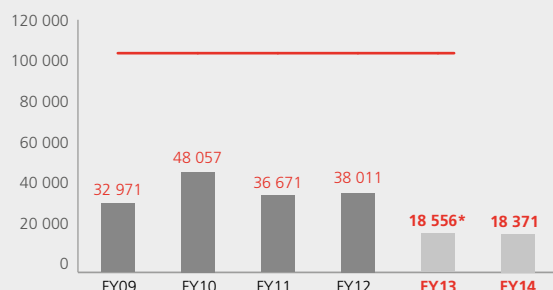
Our strategy is to manage available resources effectively and responsibly. Accordingly, over the past three years, all key group standards have been revised and new standards developed. In FY13, implementation of these standards has been closely monitored to ensure we meet our environmental targets and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

Strategy and values in action

Operational performance continued

WATER USE FOR PRIMARY ACTIVITIES

000m³

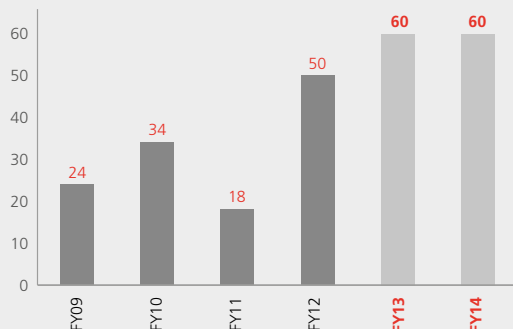


— FY08 BASE

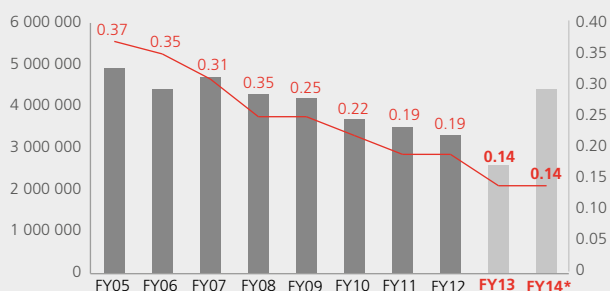
* Reduction is due to the exclusion of Evander and the revised definition of water used for primary activities. FY09 – FY12 includes statistics for Evander

PERCENTAGE OF WATER RECYCLED

%



ELECTRICITY CONSUMPTION



— Intensity consumption (MWh/ton treated)
 ■ Absolute consumption (MWh)

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 (Kusasaletu). 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 867km² 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.

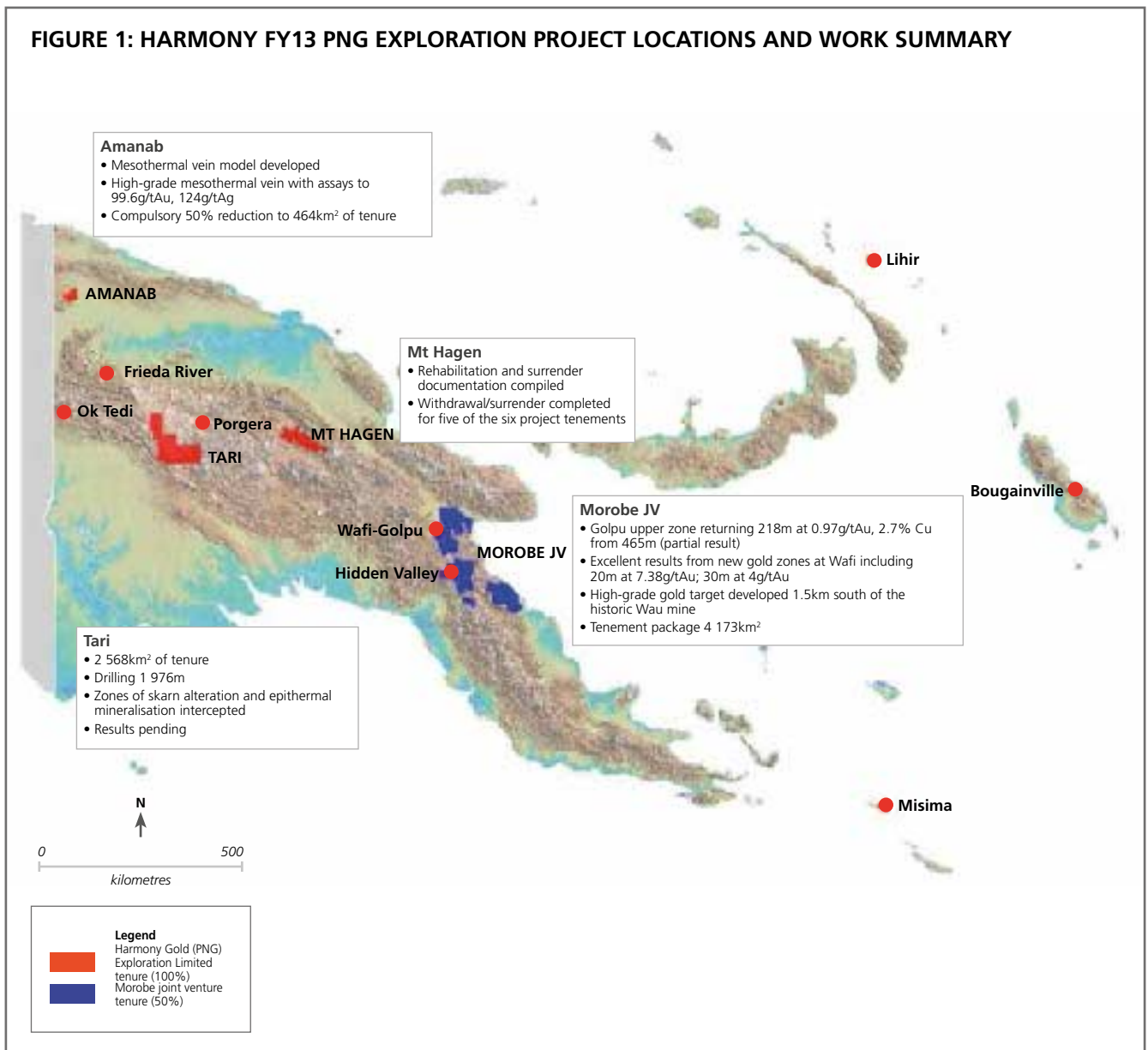
Morobe Mining Joint Venture (MMJV) (50%)

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.

Strategy and values in action

Exploration continued

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



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 Wafi transfer zone – greenfields exploration targeting discovery of additional resources to expand Wafi-Golpu into a mineral district	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. Key points <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • 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 200km² 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	<ul style="list-style-type: none"> • Mapping and surface sampling completed • Results have outlined a 2km² gold soil anomaly
Tari	Targeting porphyry copper-gold and associated gold-base metal skarn mineralisation	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Decline progressing according to budget and schedule
Freddies 9 shaft	Mining economic mineral blocks, mostly from Tshepong shaft	<ul style="list-style-type: none"> • Pre-feasibility study for mining selected blocks awaiting Phakisa/Tshepong ventilation design
Kalgold	Exploration on current mining rights and adjacent prospecting rights	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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.

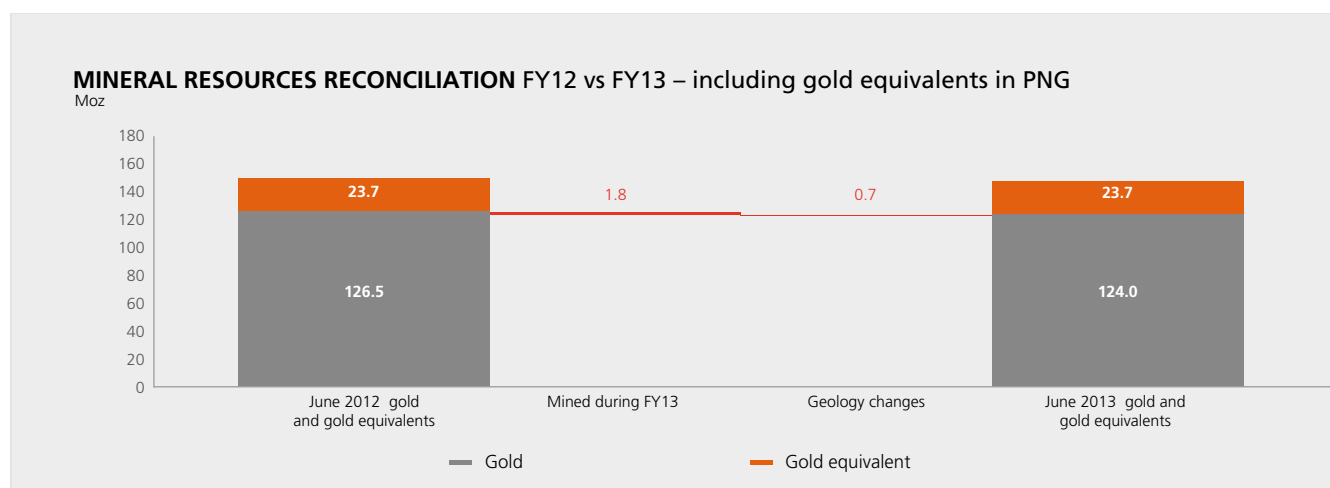
These competent persons consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Jaco Boshoff
25 October 2013

Greg Job
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.



Gold equivalent mineral resources reconciliation – FY12 to FY13

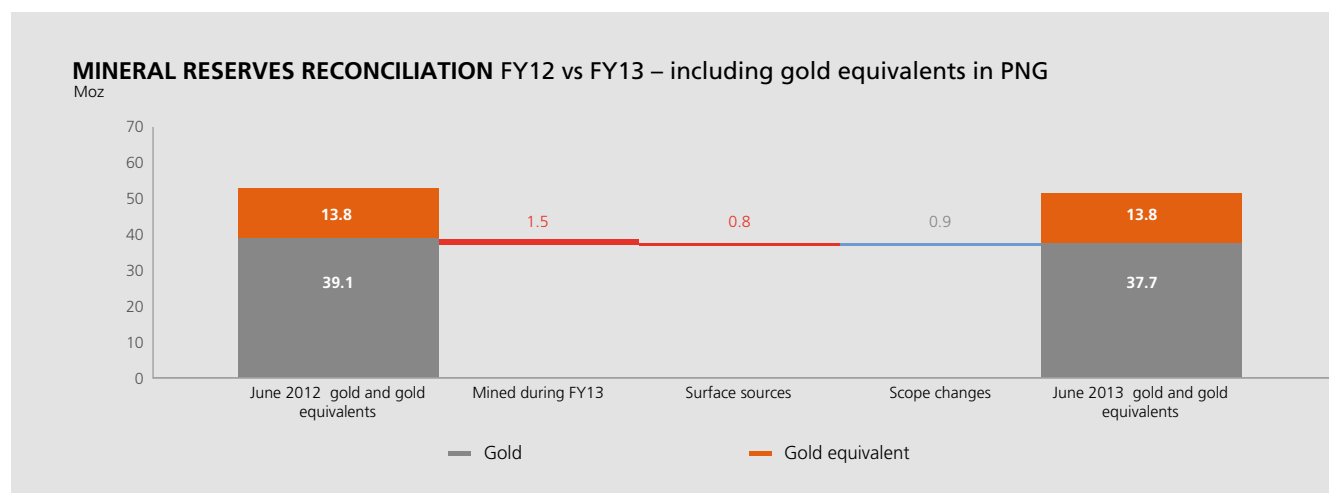
	Gold (tonnes)	Gold (Moz)
June 2012 – gold and gold equivalents	4 672	150.2
Reductions		
Mined during FY13	(56)	(1.8)
Geology changes	(22)	(0.7)
June 2013 – gold and gold equivalents	4 594	147.7

Strategy and values in action

Mineral resources and reserves continued

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.



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
Kusasaletu	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 Guinea¹												
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

Strategy and values in action

Mineral resources and reserves continued

Operations	Measured resources		Indicated resources		Inferred resources		Total mineral resources	
PNG gold equivalent 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 Guinea¹

	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

	Tonnes (Mt)	Grade (%)	Cu (Mlb)	Tonnes (Mt)	Grade (%)	Cu (Mlb)	Tonnes (Mt)	Grade (%)	Cu (Mlb)	Tonnes (Mt)	Grade (%)	Cu (Mlb)
Copper												
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

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

South Africa

	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)
Uranium												
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
Kusasaletu	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 Guinea¹									
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	Tonnes (Mt)	Gold ² (000oz)	Tonnes (Mt)	Gold ² (000oz)	Tonnes (Mt)	Gold ² (000oz)
Silver as gold equivalents						
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 Guinea¹

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

Strategy and values in action

Our sustainable development scorecard

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 ₂ e 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%	28%
	26%	26%	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%	35%	45%
	40%	35%	43%
	40%	40%	44%
	40%	40%	46%
	40%	35%	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.

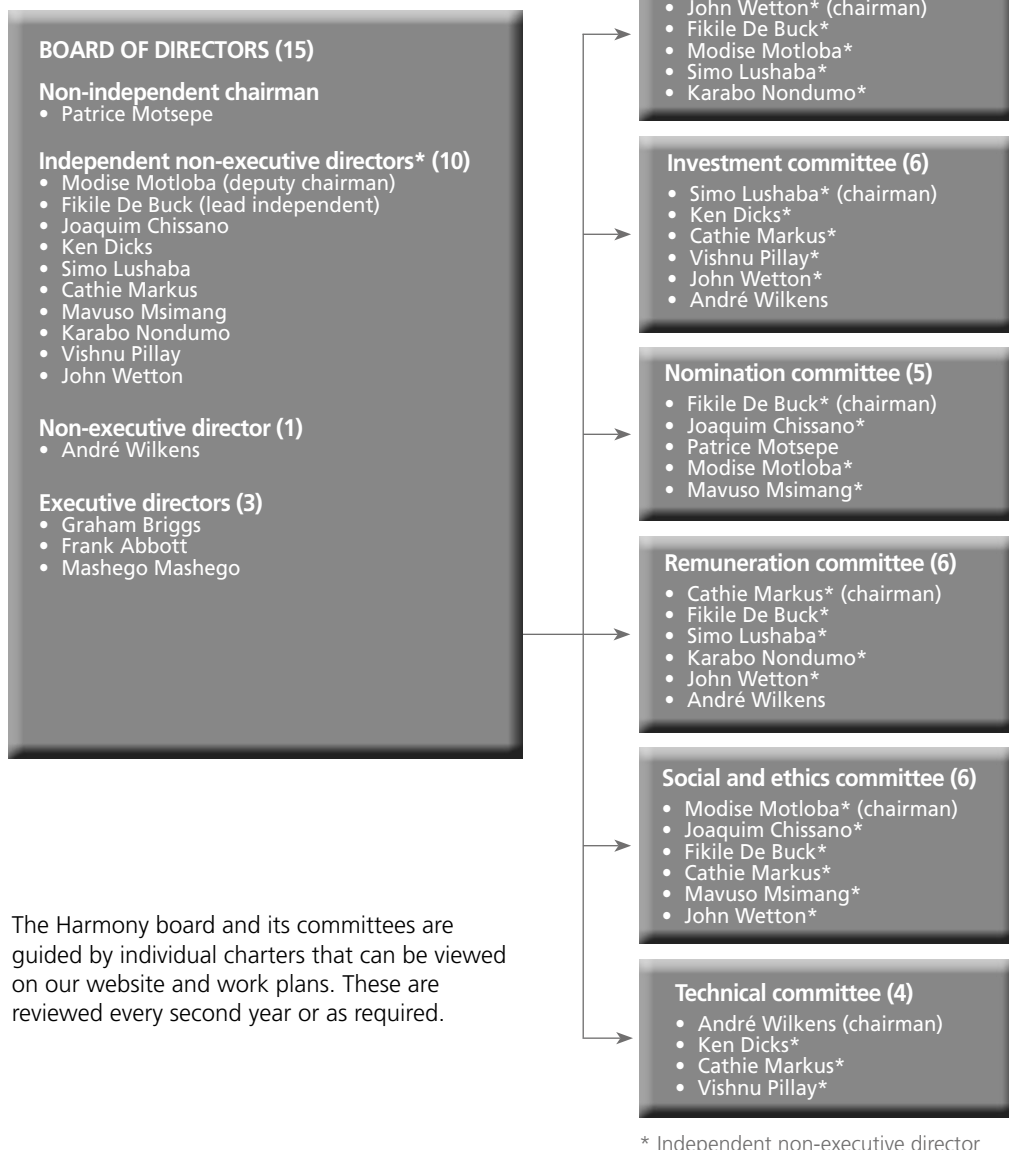
An ethics committee was established seven years ago by the executive committee to monitor the ethical culture and standards of integrity in Harmony. It reports to the executive committee which, in turn, reports to the social and ethics committee of the board. The ethics committee assesses declarations 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



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:



Governance

Board of directors



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 Motlobo (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

Our

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.

Governance

Board of directors continued



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 Waverly 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

6.



7.



8.



9.



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

Governance

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 ARIMgold, 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.



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

Abrè 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.

Governance

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 Motlobo (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 Motlobo	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.

Governance

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 <i>The board should provide effective leadership based on an ethical foundation</i>	✓	Refer to principle 2.3
Principle 1.2 <i>The board should ensure the company is and is seen to be a responsible corporate citizen</i>	✓	Refer to principle 2.4
Principle 1.3 <i>The board should ensure the company's ethics are managed effectively</i>	✓	Refer to principle 2.5
Principle 2.1 <i>The board should act as the focal point for and custodian of corporate governance</i>	✓	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 <i>The board should appreciate that strategy, risk, performance and sustainability are inseparable</i>	✓	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 <i>The board should provide effective leadership based on an ethical foundation</i>	✓	<p>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. </p> <p>The board and its committees have work plans to ensure responsibilities are appropriately addressed throughout the year.</p>
Principle 2.4 <i>The board should ensure the company is and is seen to be a responsible corporate citizen</i>	✓	<p>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.</p>
Principle 2.5 <i>The board should ensure the company's ethics are managed effectively</i>	✓	<p>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. </p>
Principle 2.6 <i>The board should ensure the company has an effective and independent audit committee</i>	✓	<p>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.</p>
Principle 2.7 <i>The board should be responsible for the governance of risk</i>	✓	<p>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.</p>
Principle 2.8 <i>The board should be responsible for information technology (IT) governance</i>	✓	<p>The audit and risk committee of the board oversees and monitors IT governance and views this as an important aspect of risk management.</p> <p>Refer to IT governance report included in the supplemental corporate governance report. </p>

Governance

Corporate governance summary continued

Principle	Apply?	Explain
Principle 2.9 <i>The board should ensure the company complies with applicable laws and considers adherence to non-binding rules, codes and standards</i>	✓	<p>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.</p> <p>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.</p> <p>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 Depositary Receipts on the Berlin and Brussels Exchanges. It is therefore further regulated by the US Securities and Exchange Commission.</p> <p>Harmony also voluntarily complies with the principles of the UN Global Compact, ICMM, Global Reporting Initiative and the Cyanide Code.</p> <p>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.</p>
Principle 2.10 <i>The board should ensure there is an effective risk-based internal audit</i>	✓	<p>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.</p> <p>A new head of internal audit was appointed in September 2013.</p> <p>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.</p>
Principle 2.11 <i>The board should appreciate that stakeholders' perceptions affect the company's reputation</i>	✓	<p>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.</p>

Principle	Apply?	Explain
Principle 2.12 <i>The board should ensure the integrity of the company's integrated report</i>	✓	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 <i>The board should report on the effectiveness of the company's system of internal controls</i>	✓	Refer to the audit and risk committee report on page 73 of the integrated annual report.
Principle 2.14 <i>The board and its directors should act in the best interests of the company</i>	✓	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 <i>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</i>	✓	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 <i>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.</i> JSE Listings Requirement, section 3.84(c)	✓	<p>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.</p> <p>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.</p> <p>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.</p>
Principle 2.17 <i>The board should appoint the chief executive officer and establish a framework for the delegation of authority</i>	✓	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.

Governance

Corporate governance summary continued

Principle	Apply?	Explain
<p>Principle 2.18 <i>The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent</i></p> <p>JSE Listings Requirement, section 3.84(b)</p>	✓	<p>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.</p> <p>On recommendation of the nomination committee, the board evaluated and confirmed the classification of independent non-executive directors as independent.</p> <p>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.</p> <p>Mr Vishnu Pillay was appointed as director of the board and member of the technical and investment committees on 8 May 2013.</p>
<p>Principle 2.19 <i>Directors should be appointed through a formal process</i></p> <p>JSE Listings Requirement, section 3.84(a)</p>	✓	<p>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.</p> <p>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.</p>
<p>Principle 2.20 <i>The induction and ongoing training and development of directors should be conducted through formal processes</i></p>	✓	<p>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.</p>

Principle	Apply?	Explain
Principle 2.21 <i>The board should be assisted by a competent, suitably qualified and experienced company secretary</i> JSE Listings Requirement, section 3.84(i)&(j)	✓	<p>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:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> – 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. <p>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.</p>
Principle 2.22 <i>The evaluation of the board, its committees and individual directors should be performed every year</i>	✓	<p>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.</p>

Governance

Corporate governance summary continued

Principle	Apply?	Explain
<p>Principle 2.23 <i>The board should delegate certain functions to well-structured committees without abdicating its own responsibilities</i></p> <p>JSE Listings Requirement, section 3.84(d)</p>	✓	<p>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. </p> <p>At 30 June 2013, these committees comprised:</p> <ul style="list-style-type: none"> • 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. <p>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.</p> <p>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.</p> <p>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.</p>
<p>Principle 2.24 <i>A governance framework should be agreed between the group and its subsidiary boards</i></p>	✓	<p>The board has approved a delegation of authority framework that includes subsidiary companies. In addition, group policies and procedures apply to all subsidiaries.</p>

Principle	Apply?	Explain
Principle 2.25 <i>Companies should remunerate their directors and executives fairly and responsibly</i>	✓	<p>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.</p> <p>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.</p> <p>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.</p>
Principle 2.26 <i>Companies should disclose the remuneration of each director and certain senior executives</i>	✓	<p>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.</p>
Principle 2.27 <i>Shareholders should approve the company's remuneration policy</i>	✓	<p>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.</p>



Riana Bisschoff
Company Secretary

Governance

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.

Governance

Audit and risk committee report continued



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 Kusaalethu 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 Kusaalethu 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 Kusaalethu 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

Governance

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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • King III • Carbon Disclosure Project (CDP, CO₂ 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): <ul style="list-style-type: none"> • Top: 45% (39%) • Senior: 44% (44%) • Middle: 45% (43%) • 40% all levels of management 	Mining Charter: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • People sharing: down from 10 237 to 8 629 • Single occupants: up from 5% (555) to 13% (1 102) 	Mining Charter: <ul style="list-style-type: none"> • Occupancy rate: one person per room • Family units established Harmony target: <ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • Capital goods – 30% • Services – 60% • Consumables – 40% Harmony target: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • 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

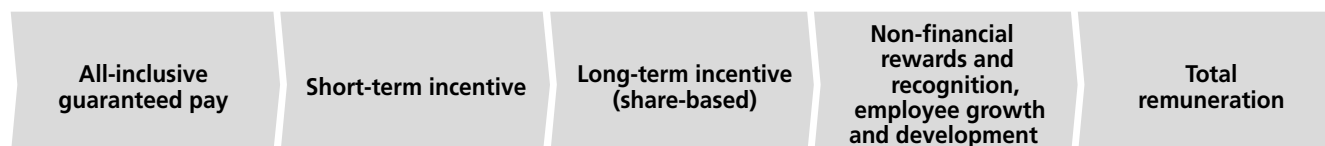
This policy is aligned to Harmony's strategic direction, business-specific value drivers and operational results. It is designed to enable us to:

- 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:



← 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.

Governance

Remuneration report continued

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 2013² Appointed 8 May 2013³ 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	–

Governance

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