



# Q4 AND YEAR ENDED FY14

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[www.harmony.co.za](http://www.harmony.co.za)

# Private Securities Litigation Reform Act Safe Harbour Statement



This presentation contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and 21E of the Securities Exchange Act of 1934, as amended, that are intended to be covered by the safe harbour created by such sections. These statements may be identified by words such as "expects", "looks forward to", "anticipates", "intends", "believes", "seeks", "estimates", "will", "project" or words of similar meaning. All statements other than those of historical facts included in this presentation are forward-looking statements, including, without limitation, (i) estimates of future earnings, and the sensitivity of earnings to the gold and other metals prices; (ii) estimates of future gold and other metals production and sales, (iii) estimates of future cash costs; (iv) estimates of future cash flows, and the sensitivity of cash flows to the gold and other metals prices; (v) statements regarding future debt repayments; (vi) estimates of future capital expenditures; and (vii) estimates of reserves, and statements regarding future exploration results and the replacement of reserves. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, gold and other metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, project cost overruns, as well as political, economic and operational risks in the countries in which we operate and governmental regulation and judicial outcomes. For a more detailed discussion of such risks and other factors (such as availability of credit or other sources of financing), see the Company's latest Annual Report on Form 20-F for the year ended June 30, 2013 which is on file with the Securities and Exchange Commission, as well as the Company's other SEC filings. The Company does not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events or circumstances after the date of this presentation, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

- 1 Highlights
- 2 Harmony's investment case
- 3 Efficient miners
- 4 We fund our own capital
- 5 Successfully mining and exploring in emerging economies
- 6 Golpu is a significant asset
- 7 Conclusion

# HIGHLIGHTS



## Year on year

- 3% increase in gold production to 36 453kg (1.17moz)
- 4% reduction in all-in sustaining costs at R413 433/kg (US\$1242/oz)
- 5% improvement in underground recovered grade at 4.77g/t
- Responsible capital expenditure
  - Phakisa shaft decline not pursued
  - 30% reduction in total capital expenditure

## Quarter on quarter

- 7% increase in gold production to 8 953kg (287 266oz)
- All-in sustaining costs remained stable at R428 383/kg

A photograph of two miners in a dark tunnel. They are both wearing white hard hats with bright headlamps. The miner on the left is a man with a wide smile, wearing a light-colored work shirt. The miner on the right is a woman, also smiling, wearing safety glasses and a colorful headscarf under her hard hat. They appear to be looking at something together. The background is dark and rocky, with some blue lighting from the tunnel.

# HARMONY'S INVESTMENT CASE

# Our 4 key advantages



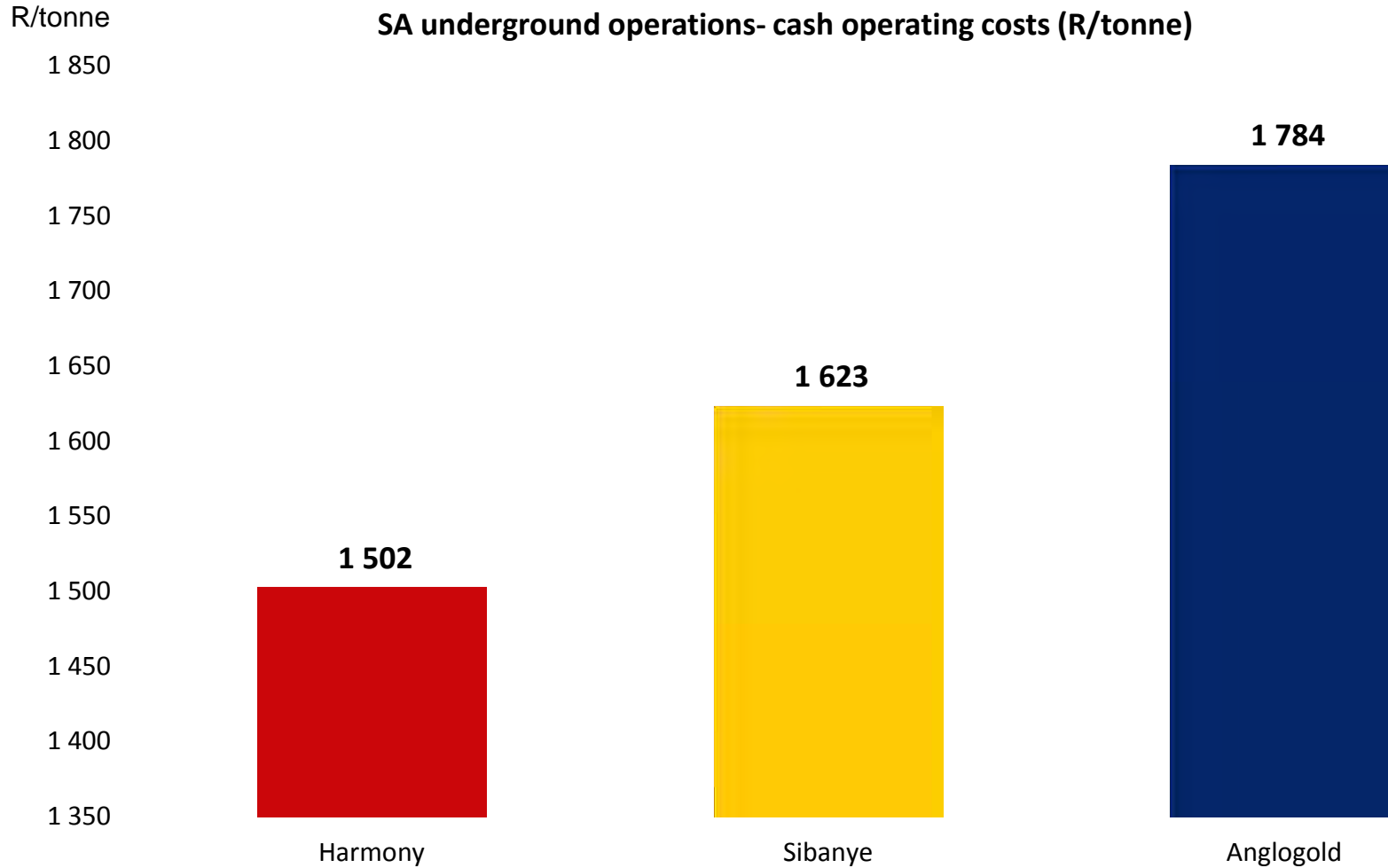
- 1 We are efficient miners
- 2 We fund our own capital to ensure future growth and profitability
- 3 We are experienced explorers, mine developers and operators in emerging economies
- 4 Golpu will develop into a world class copper gold mine

A composite image of an underground mine. The top left shows two miners in hard hats and work clothes standing on a metal walkway. The top right shows a large, white, circular cutterhead of a mining machine with blue internal components. The bottom right shows a close-up of blue machinery. The background is a rocky tunnel with yellow and blue lighting.

# EFFICIENT MINERS

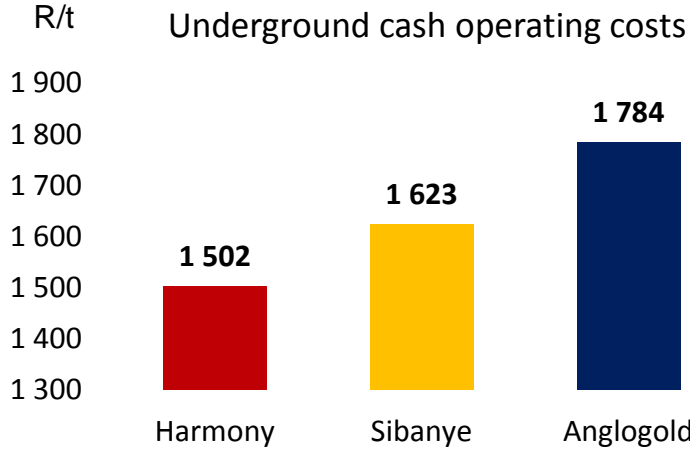


# Most efficient South African miner (R/tonne)

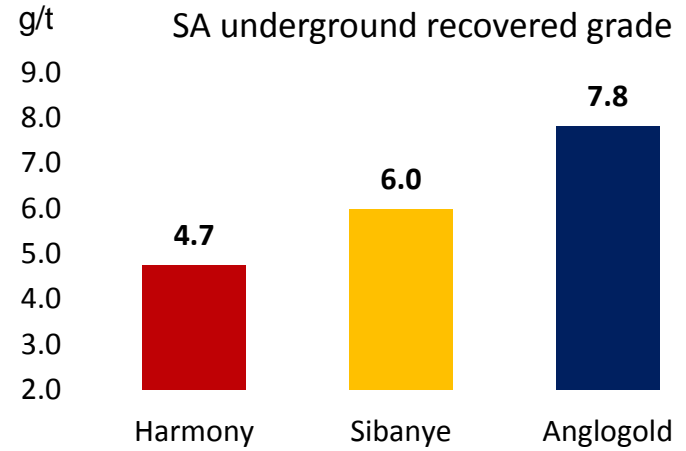


Source: CIBC World Markets plc ; data represents 2013 calendar year results

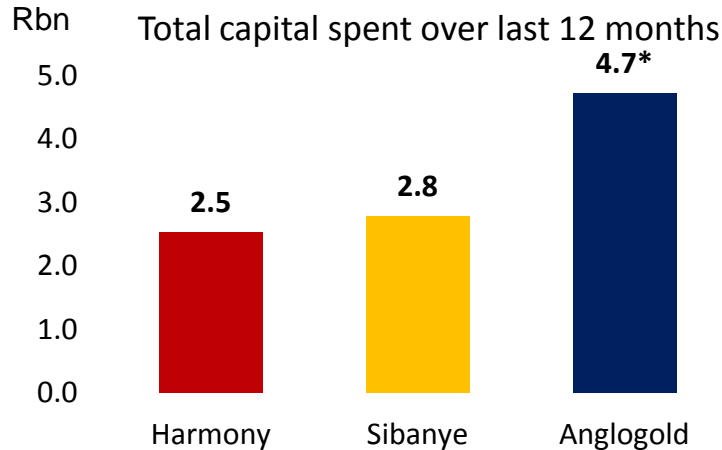
# Efficiently mining lower grade assets



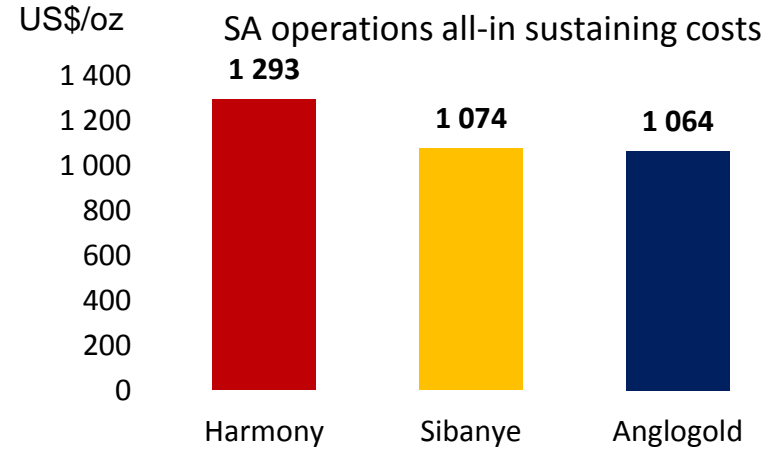
Source: CIBC World Markets plc; data represents 2013 calendar year results



Represents June 2014 quarter results for all companies



\*2013 calendar year



Represents June 2014 quarter results for all companies

# 3% increase in production year on year



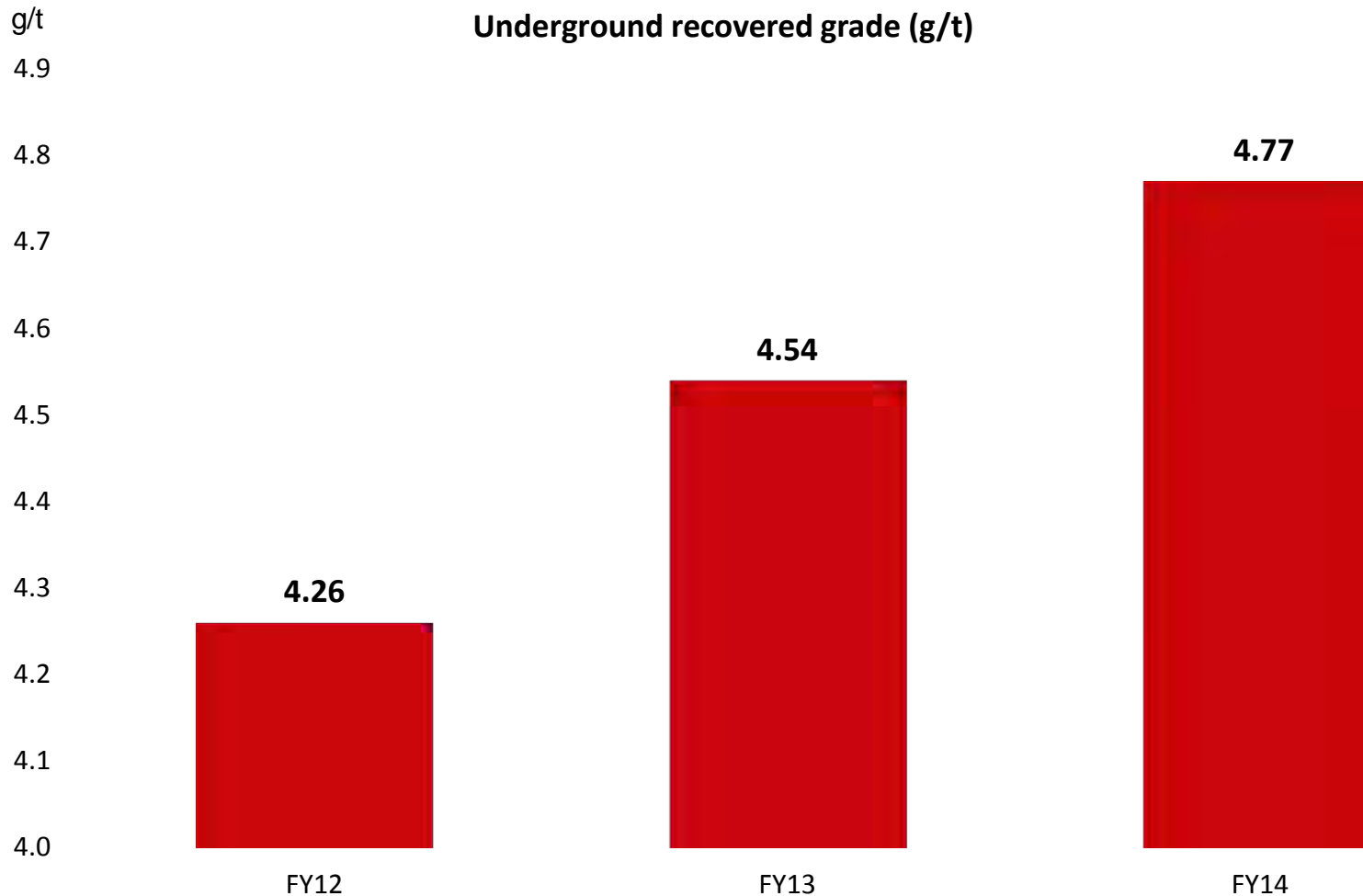
		Year ended 30 Jun 2014	Year ended 30 Jun 2013	% change
Gold produced	kg	36 453	35 374	3
	oz	1 171 987	1 137 297	3
Gold price	R/kg	432 165	454 725	(5)
	US\$/oz	1 299	1 603	(19)
Cash operating costs	R/kg	328 931	324 979	(1)
	US\$/oz	988	1 146	14
Underground recovery grade	g/t	4.77	4.54	5
Production profit	Rm	3 794	4 581	(17)
	US\$m	367	519	(29)
All-in sustaining costs	R/kg	413 433	431 745	4
	US\$/oz	1 242	1 522	18
Exchange rate	R/US\$	10.35	8.82	17

# 7% increase in production quarter on quarter

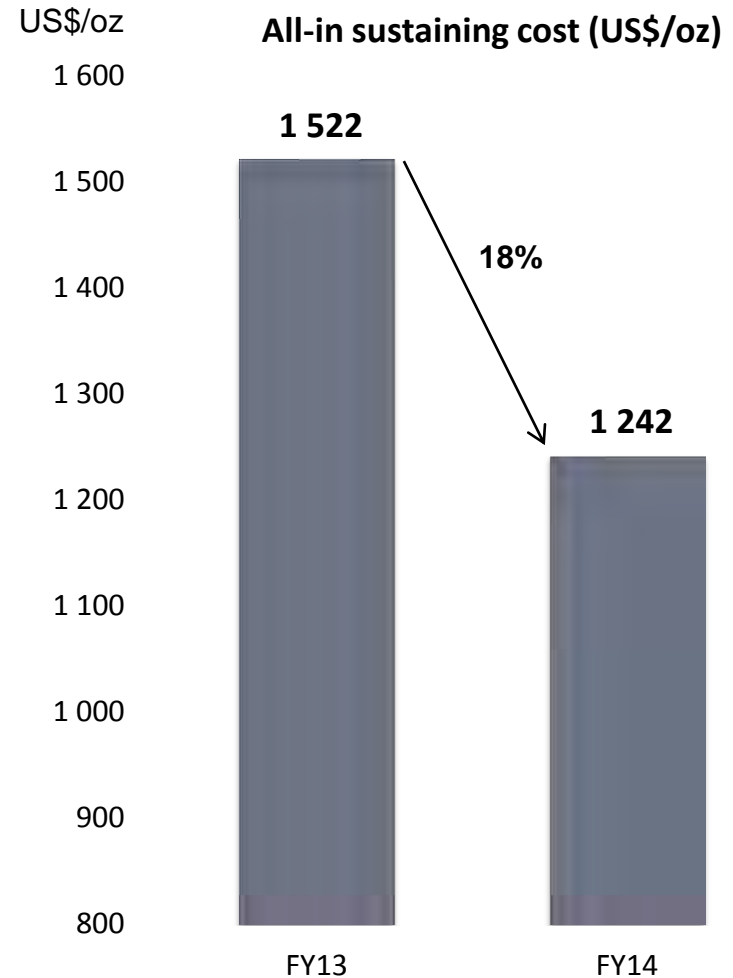
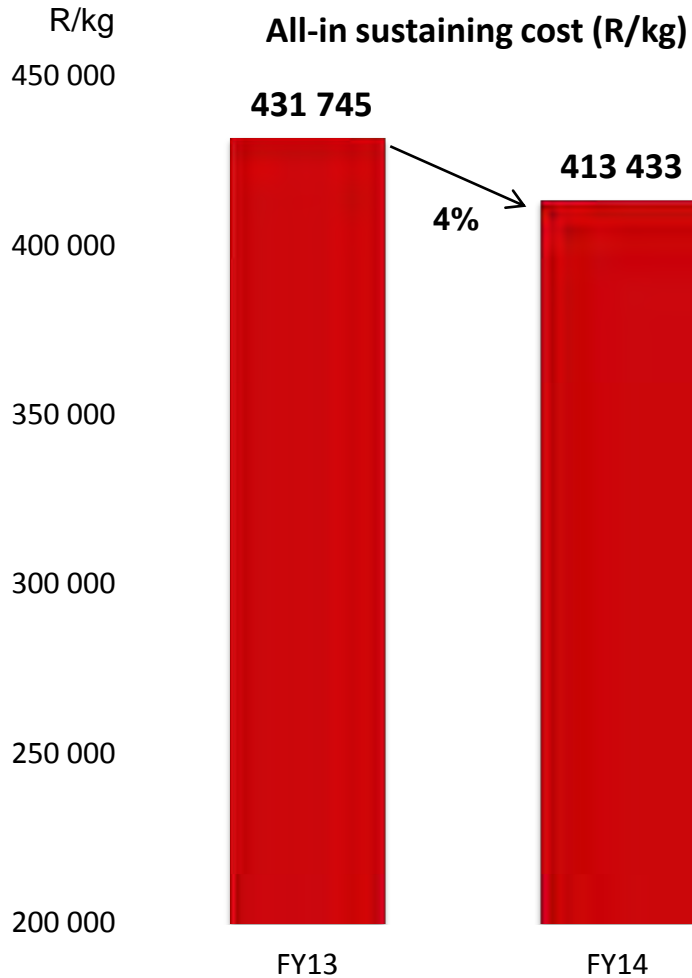


		Jun 2014	Mar 2014	% change
Gold produced	kg	8 935	8 368	7
	oz	287 266	269 035	7
Gold price	R/kg	435 775	450 528	(3)
	US\$/oz	1 289	1 294	-
Cash operating costs	R/kg	341 864	343 527	-
	US\$/oz	1 011	987	(2)
Underground recovery grade	g/t	4.66	5.10	(9)
Production profit	Rm	847	924	(8)
	US\$m	81	85	(6)
All-in sustaining costs	R/kg	428 383	426 221	(1)
	US\$/oz	1 267	1 224	(4)
Exchange rate	R/US\$	10.51	10.83	(3)

# Grade improvements – year on year



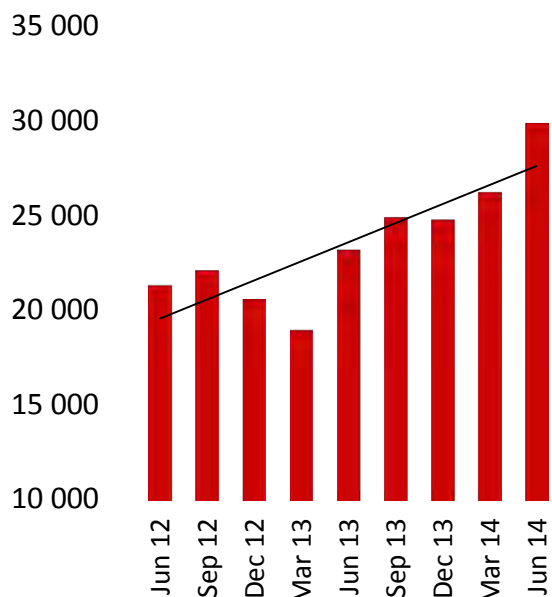
# Year on year reduction of all-in sustaining costs



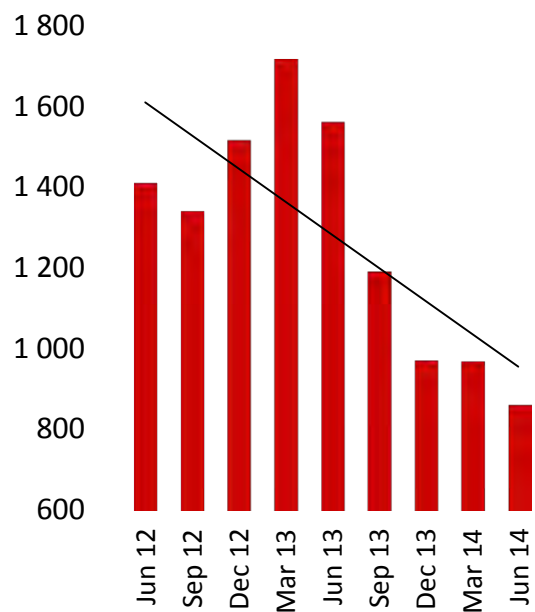
# Hidden Valley's best quarter ever



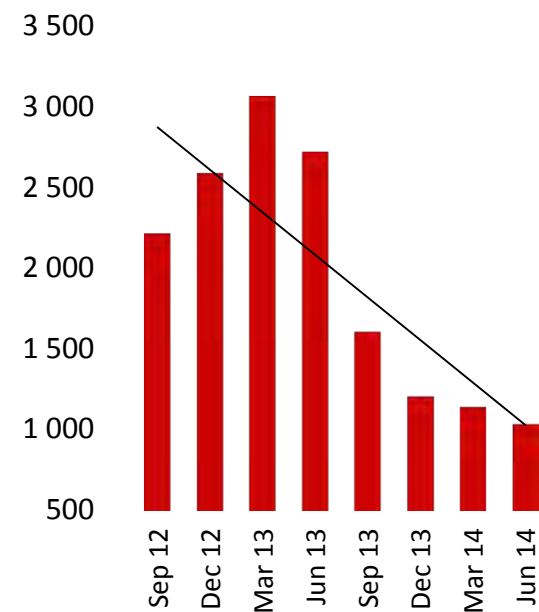
### Ounces produced



### Cash operating costs US\$/oz



### All-in sustaining costs US\$/oz

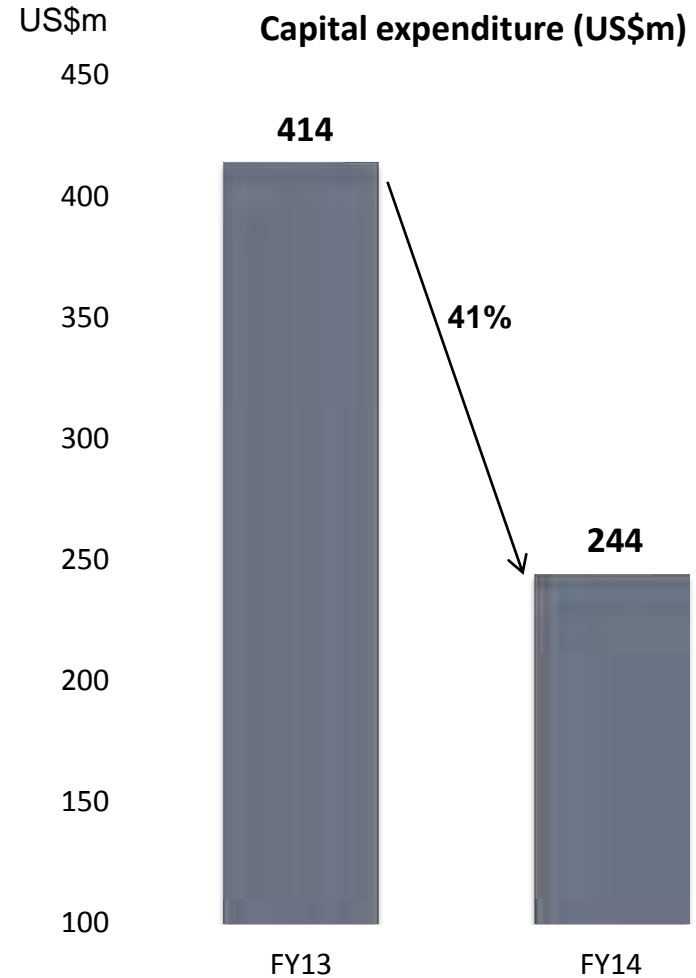
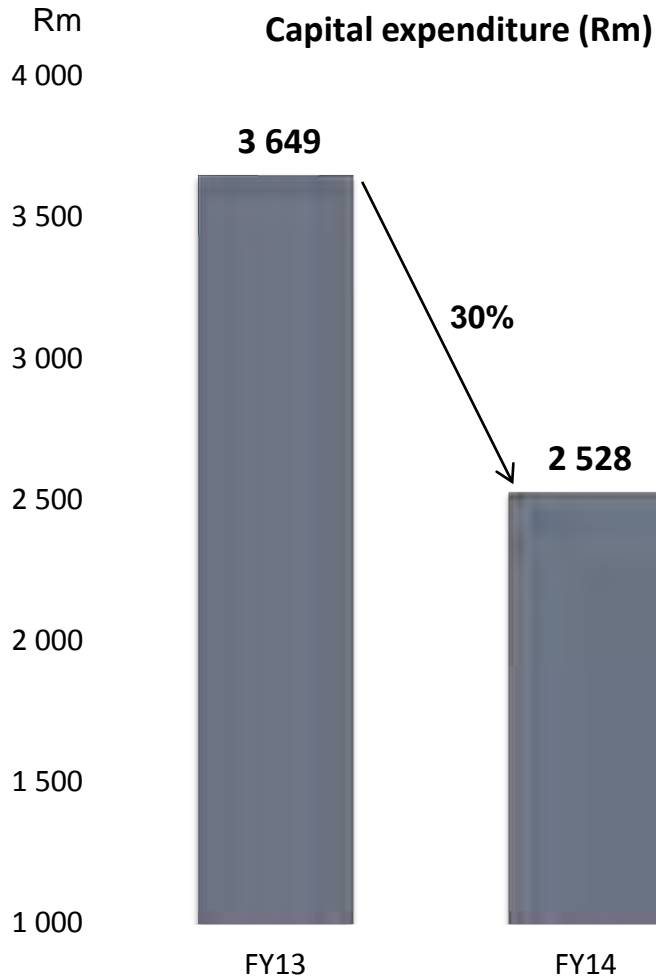




**WE FUND OUR  
OWN CAPITAL**



# Significant reduction in capital expenditure (y-on-y)



Capital expenditure that supports safe production and a sustainable future

# Low net debt (y-on-y) – Rand



Extracts from the cash flow statement	Jun 2014 (Rm)	Jun 2013 (Rm)
Cash flow from operations before exploration <sup>1</sup>	2 537	3 827
Exploration expenditure	(413)	(673)
Tax refunded/(paid)	3	(312)
Proceeds from sale of Evander	-	1 264
Capital expenditure	(2 528)	(3 789)
Dividend	-	(435)
<b>At 30 June 2014: Net debt</b>	<b>(1 031)</b>	<b>(449)</b>
<i>Cash balance</i>	<i>1 829</i>	<i>2 089</i>
<i>Debt</i>	<i>2 860</i>	<i>2 538</i>

<sup>1</sup>Includes employee termination and restructuring costs of R274million (FY13: R46 million)

# Low net debt (y-on-y) – US\$



Extracts from the cash flow statement	Jun 2014 (US\$m)	Jun 2013 (US\$m)
Cash flow from operations before exploration <sup>1</sup>	245	435
Exploration expenditure	(40)	(76)
Tax refunded/(paid)	-	(33)
Proceeds from sale of Evander	-	139
Capital expenditure	(244)	(429)
Dividend	-	(50)
<b>At 30 June 2014: Net debt</b>	<b>(98)</b>	<b>(45)</b>
<i>Cash balance</i>	172	209
<i>Debt</i>	270	254

<sup>1</sup>Includes employee termination and restructuring costs of US\$27 million (FY13: US\$5 million)

# Income statement (y-on-y) – Rand



Extracts from income statement and operating results	FY14 Jun 2014 (Rm)	FY13 Jun 2013 <sup>1</sup> (Rm)	% change
Revenue	15 682	15 902	(1)
Production costs	(11 888)	(11 321)	(5)
Cash operating costs	(11 990)	(11 496)	(4)
Inventory movements	102	175	(42)
Production profit as per operating results	3 794	4 581	(17)
Amortisation and depreciation	(2 143)	(2 001)	(7)
Impairment	(1 439)	(2 733)	47
Exploration expenditure	(458)	(673)	32
Taxation	279	(655)	>100
Profit from discontinued operations	-	314	(100)
<b>Net loss</b>	<b>(1 270)</b>	<b>(2 349)</b>	<b>46</b>
<b>HEPS* – ZAR cents</b>	<b>26</b>	<b>52</b>	<b>(50)</b>

Note: All figures exclude discontinued operations (except net profit and HEPS\*)

\*Headline earnings per share

<sup>1</sup> Comparative figures have been restated as a result of the adoption of IFRIC 20 - Stripping costs in the production phase of a surface mine

# Income statement (y-on-y) – US\$



Extracts from income statement and operating results	FY14 Jun 2014 (US\$m)	FY13 Jun 2013 <sup>1</sup> (US\$m)	% change
Revenue	1 515	1 803	(16)
Production costs	(1 148)	(1 284)	11
Cash operating costs	(1 158)	(1 304)	11
Inventory movements	10	20	(50)
Production profit as per operating results	367	519	(29)
Amortisation and depreciation	(207)	(227)	9
Impairment	(139)	(274)	49
Exploration expenditure	(44)	(76)	42
Taxation	27	(69)	>100
Profit from discontinued operations	-	36	(100)
<b>Net loss</b>	<b>(123)</b>	<b>(224)</b>	<b>45</b>
<b>HEPS* – US cents</b>	<b>2.5</b>	<b>5.9</b>	<b>(58)</b>
Exchange rate (R/US\$)	10.35	8.82	17

Note: All figures exclude discontinued operations (except net profit and HEPS\*)

\*Headline earnings per share

<sup>1</sup> Comparative figures have been restated as a result of the adoption of IFRIC 20 - Stripping costs in the production phase of a surface mine

# Normalised profit (Rm)



	FY 2014 (Rm)	FY 2013 <sup>1</sup> (Rm)
<b>Net loss per income statement</b>	(1 270)	(2 349)
Impairment of assets	1 439	2 733
Other items	(55)	(160)
<b>Headline earnings as reported</b>	<b>114</b>	<b>224</b>
<b>Exceptional items</b>		
• Loss from associate (Rand Refinery)	127	-
• Foreign exchange translation loss on USD loan	155	351
• Impact of Kusasalethu	-	1 200
• Deferred tax asset written off (Hidden Valley)	-	547
<b>Normalised profit</b>	<b>396</b>	<b>2 322</b>

<sup>1</sup>Comparative figures have been restated as a result of the adoption of IFRIC 20 - Stripping costs in the production phase of a surface mine

# Normalised profit (US\$m)



	FY 2014 (US\$m)	FY 2013 <sup>1</sup> (US\$m)
<b>Net loss per income statement</b>	<b>(123)</b>	<b>(224)</b>
Impairment of assets	139	274
Other items	(5)	(25)
<b>Headline earnings as reported</b>	<b>11</b>	<b>25</b>
<b>Exceptional items</b>		
• Loss from associate (Rand Refinery)	12	-
• Foreign exchange translation loss on USD loan	15	40
• Impact of Kusasalethu	-	136
• Deferred tax asset written off (Hidden Valley)*	-	55
<b>Normalised profit</b>	<b>38</b>	<b>256</b>

<sup>1</sup> Comparative figures have been restated as a result of the adoption of IFRIC 20 - Stripping costs in the production phase of a surface mine

\*Translated at a spot rate of US\$/R9.98 at 30 June 2013

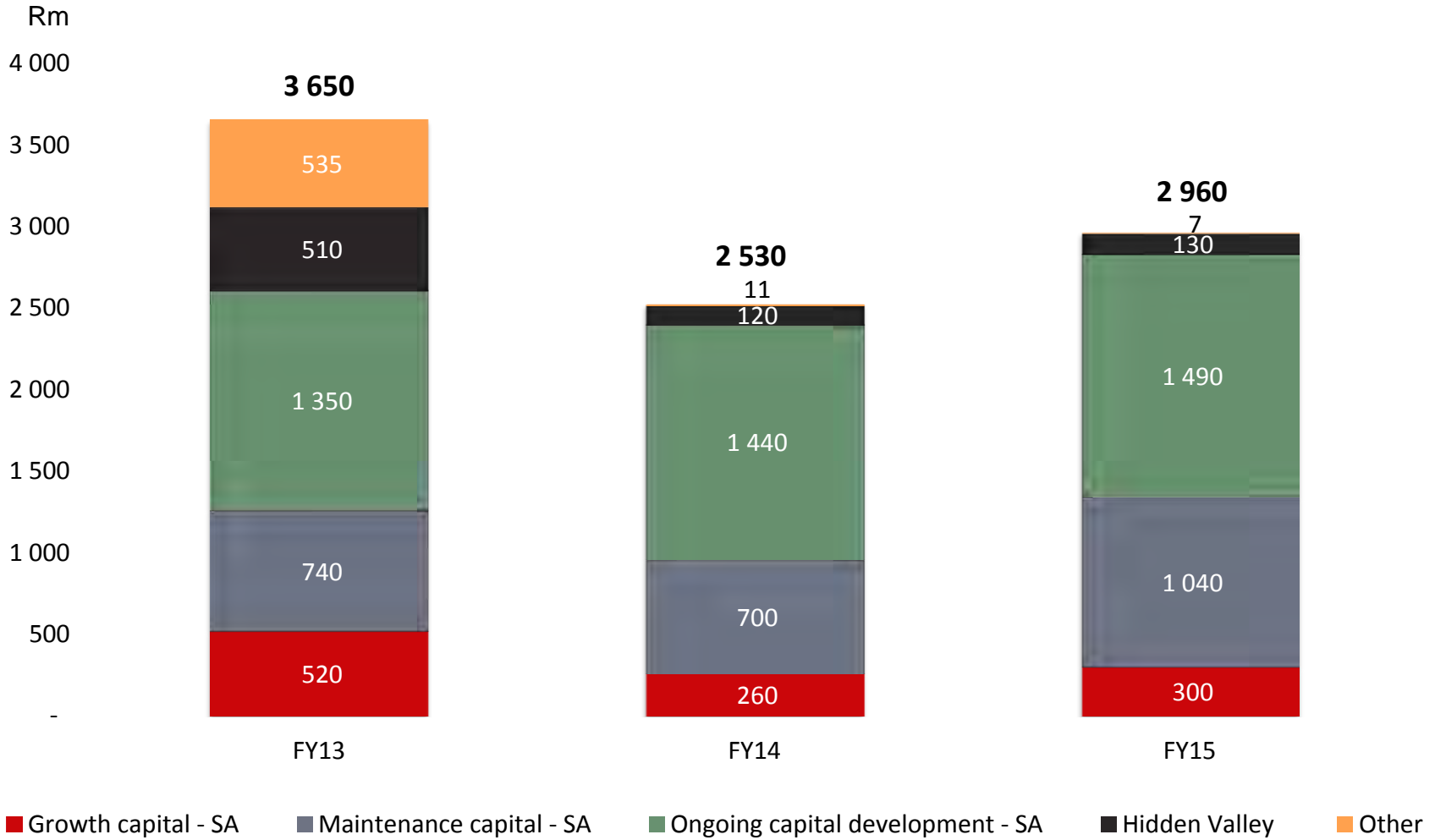
# Future growth and profitability ensured



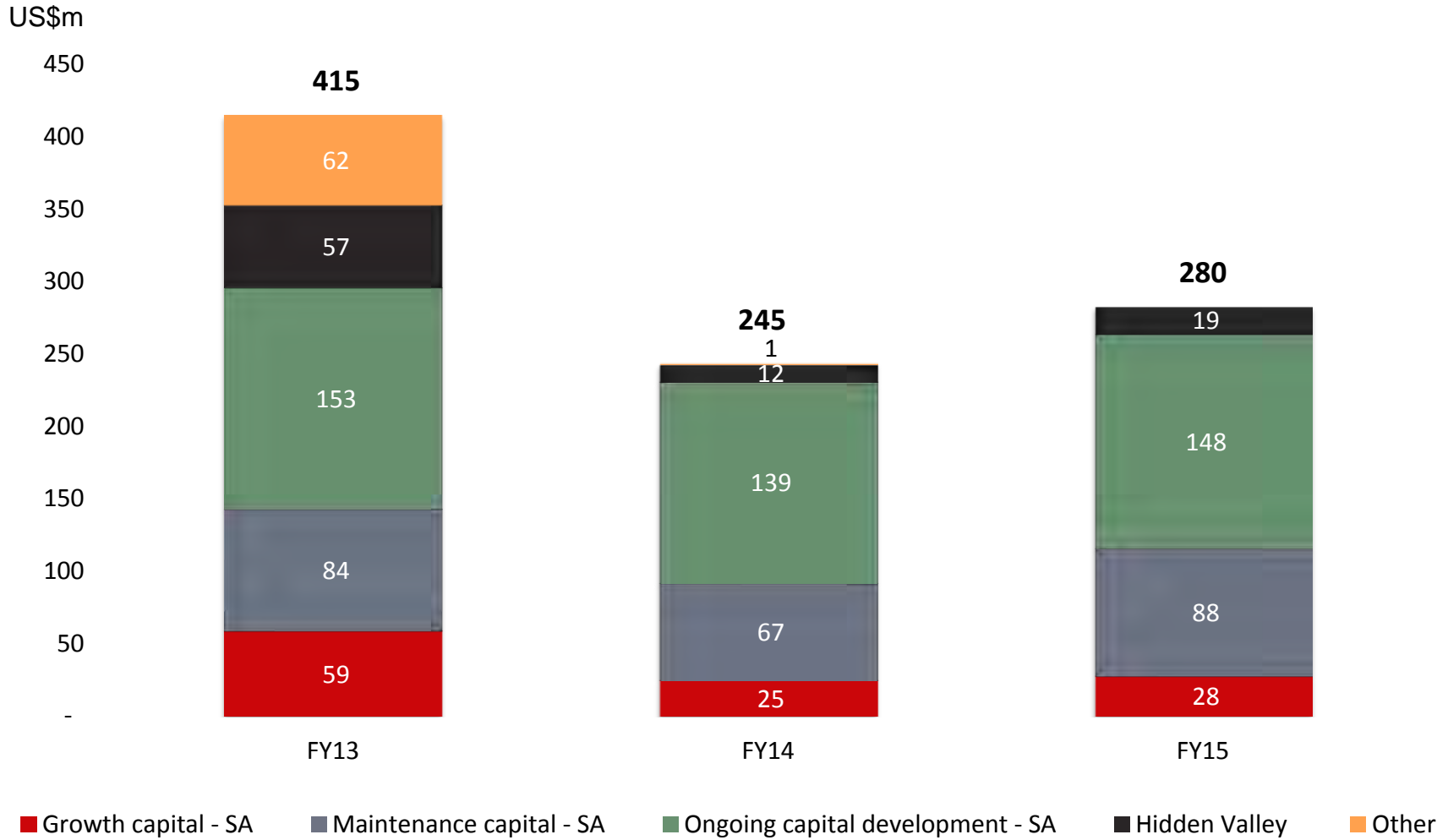
- Financial flexibility
- Continued investing in our assets and exploration throughout lower gold price cycles
- Unhedged, highly geared against the gold price
  - Rand/US\$ exchange rate
  - Dollar gold price



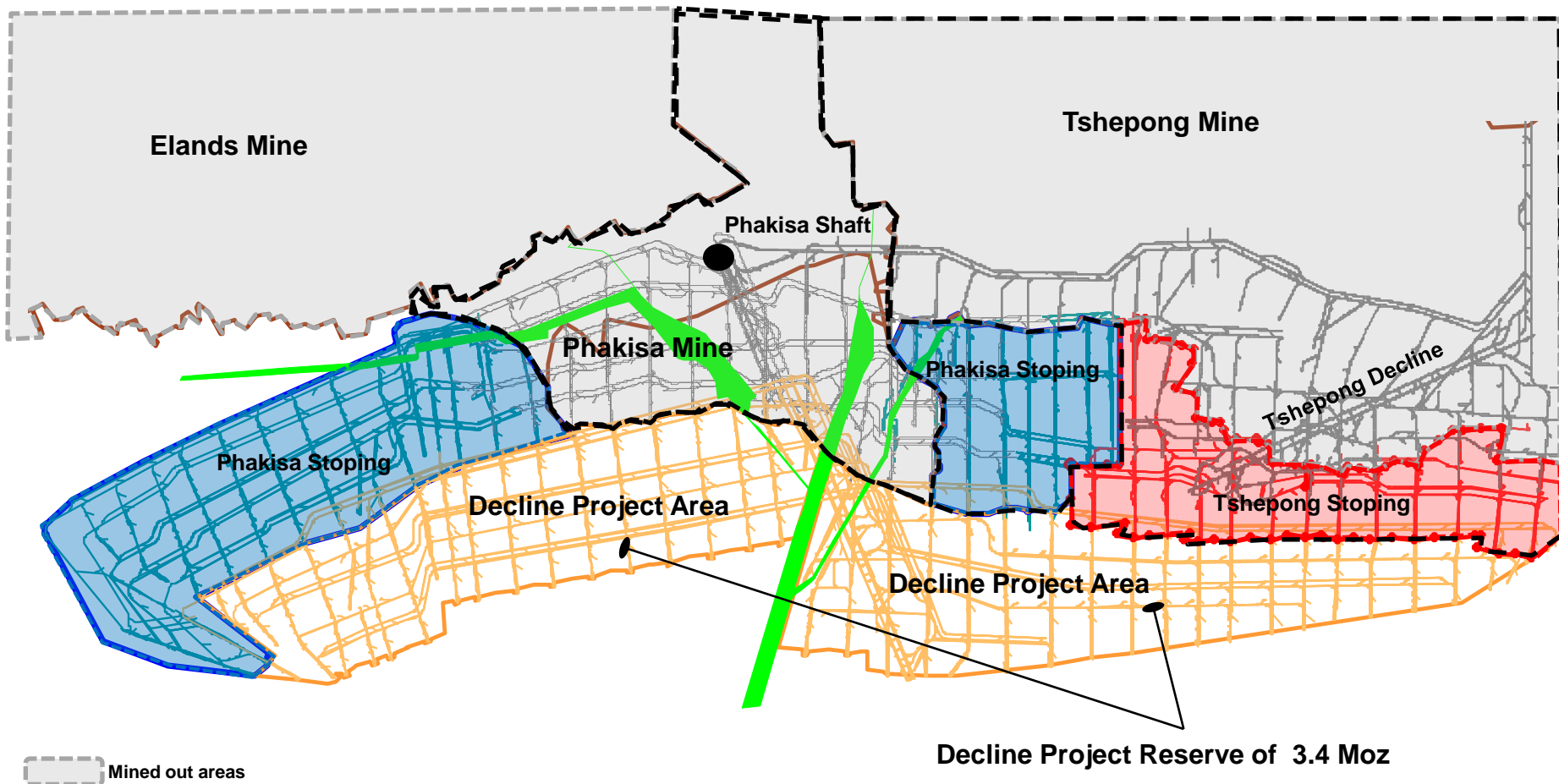
# Capital expenditure that ensures returns (Rm)



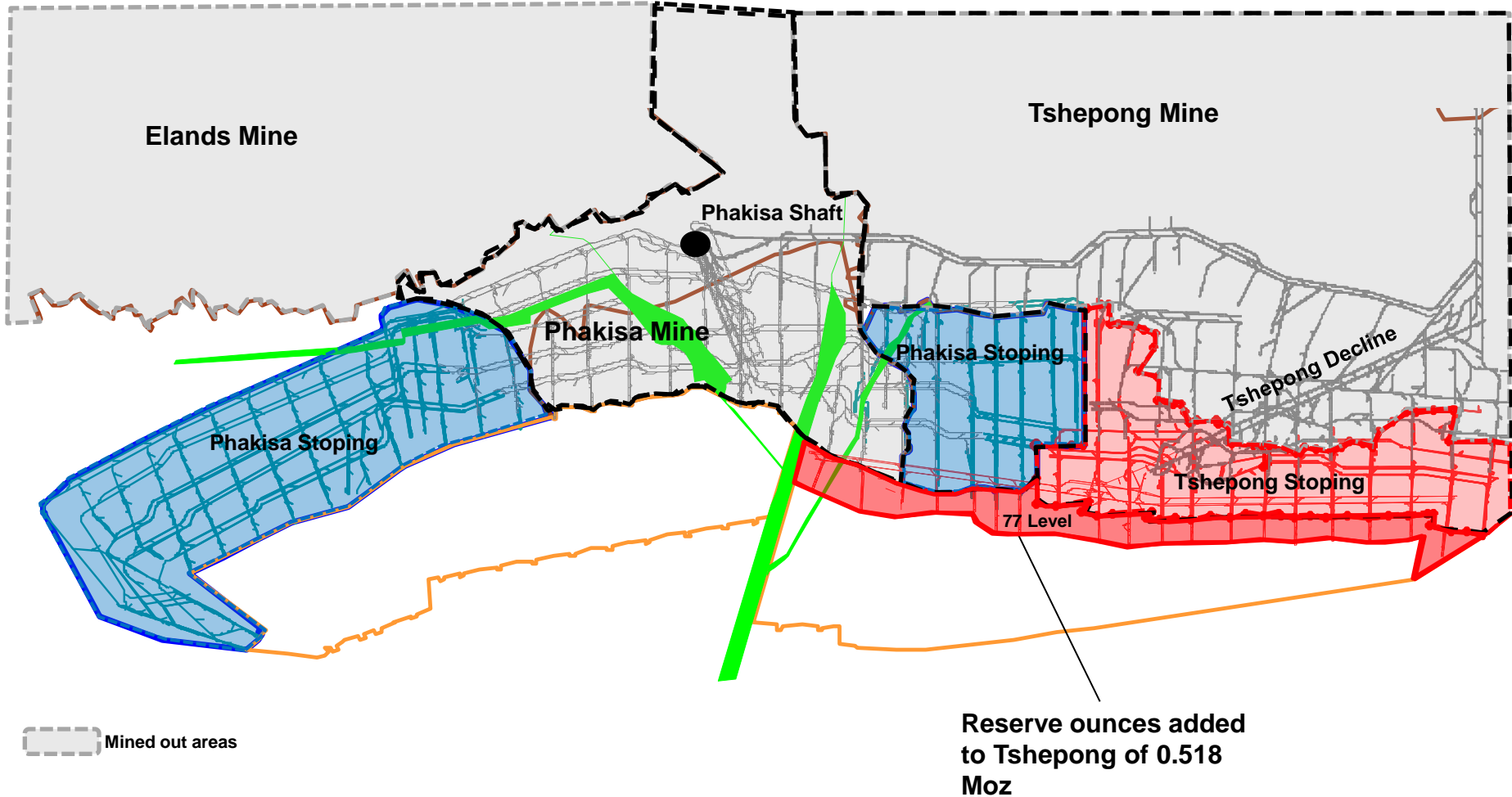
# Capital expenditure that ensures returns (US\$m)



# Phakisa including decline shaft project



## Phakisa – excluding the development of the decline shaft





**SUCCESSFULLY MINING  
AND EXPLORING IN  
EMERGING ECONOMIES**

- Significant exploration land holding in one of the most prospective geological areas of the world (PNG)
- Industry leading cost per exploration discovery ounce less than US\$9/oz
- We embrace our social licences to mine and go beyond compliance
- Creating value from low margin assets
- Diversified portfolio
  - Operating 10 underground mines and 1 open pit mine in SA
  - 3 projects in build-up in SA – Kusasaletu, Phakisa, Doornkop
  - Hidden Valley is the 1st significant greenfields development in PNG undertaken by a mining company in the last 15 years
- Will continue to assess our portfolio to ensure that we produce safe, profitable quality ounces

Criteria	Mining Charter requirements	Harmony's performance in FY14	Planned for FY15	Achieved/ or not yet achieved
<b>Ownership</b>	26%	28% to 38%	38%*	✓
<b>Employment equity of HDSA's</b>				
Overall	40%	46%	46%	✓
Executive	40%	50%	50%	✓
Senior management	40%	49%	49%	✓
Middle management	40%	41%	41%	✓
Junior management	40%	46%	46%	✓

\*Ownership based on black empowerment transactions and the employee share option scheme, amounts to 38% HDSA ownership  
 HDSA: Historical disadvantaged South Africans

# Transforming our environmental footprint

- Growing energy crops on mine impacted land for biogas or thermal energy applications
- A unique land restoration option with long-term benefits
- No negative impact on the environment
- Some job creation opportunities on previously unused land
- Emission reduction through substituting fossil fuels







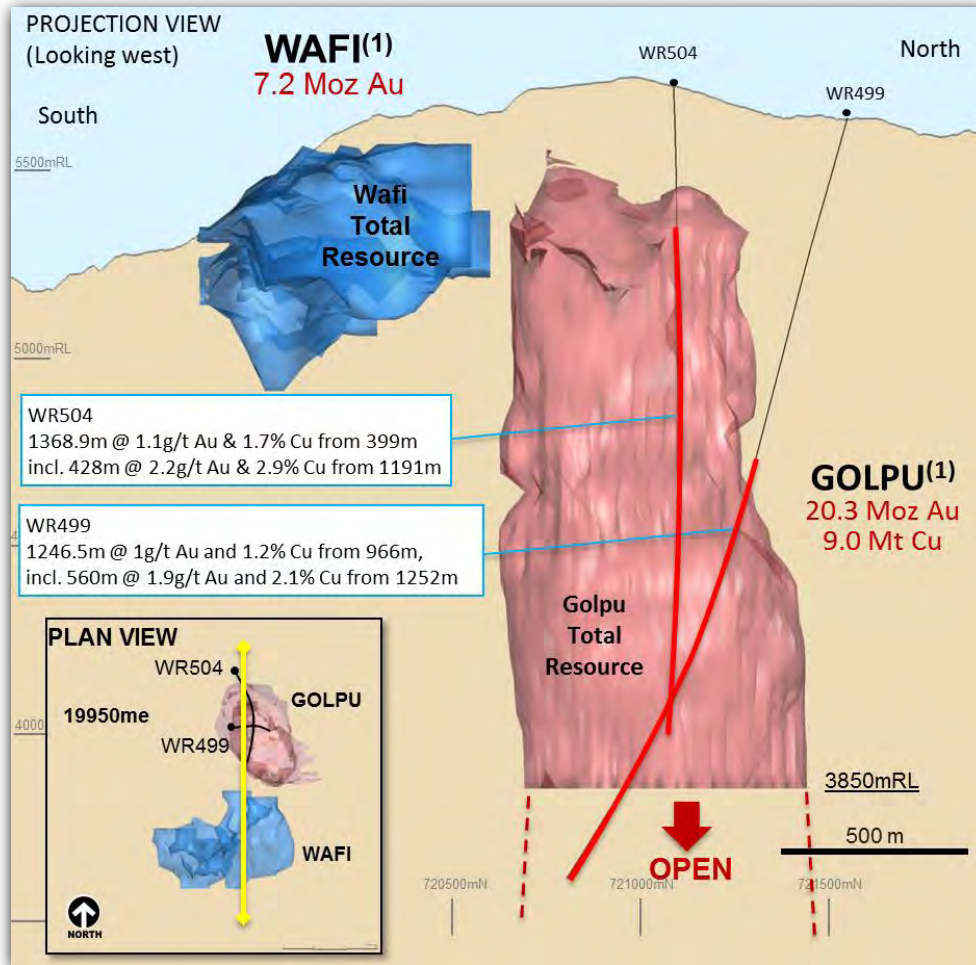
**GOLPU IS A  
SIGNIFICANT ASSET**

# Golpu is a massive, high grade copper gold resource



- Scalable mine, with lower capital start-up option
- Low cash costs and copper credits
- Long life, with exposure to multiple copper cycles
- Harmony is de-risking the development of Golpu
- We have project development experience, an operational base and support services in PNG

# Drill results showing higher grade areas



- **WR504 (west to east)**  
**1 369m @ 1.1g/t Au and 1.7% Cu from 399m, including 428m @ 2.2g/t Au and 2.9% Cu from 1 191m**
  - confirmed fault structure controlling higher grade blocks
- **WR499 (north to south)**  
**1 247m @ 1.0g/t Au and 1.2% Cu from 966m, including 560m @ 1.9g/t Au and 2.1% Cu from 1 252m**
  - confirmed northern margin
  - demonstrated continuity of mineralisation below the current resource

(1) Refer to Harmony's Mineral Resource and Reserves statement ended 30 June 2013. Resource figures quoted on 100% basis

# Targeted outcomes from new Golpu study

## Our consideration

- Investors seeking return on investment
- Project with lower capital and near term cash flow
- Scalable start-up mine
- Portfolio creates shareholder value through success
- Sustainable approach

## New targeted outcomes

- Modular expandable solution
- Lower total capital cost
- Potential to mine using sub-level caving to extract high-grade portions
- First mine targeting 2.5Mt to 5Mt a year mine
- Infrastructure will be built with the flexibility to allow for expansion



**CONCLUSION**

- Far too many fatalities during the year
- External audit done on safety
- Regular underground visits by executive management
- Improvement plan in place
- Leading practices clearly defined at all operations
- Regular safety meetings held at all levels
- Increased safety messaging and training
- Baseline risk assessments done

- Diversified risk portfolio with exposure to SA, PNG, gold and copper
- Revised operational plans create a profitable and cash generative Harmony
  - will produce approximately 1.2Moz at an AISC\* of approximately R410 000 - 430 000/kg (US\$1 150 - 1 300oz<sup>1</sup>) in FY15
- We intend to develop Golpu during FY15 to FY20
- Only safe, profitable quality ounces will be mined
- Robust at any gold or copper price

\*AISC: All-in sustaining costs

<sup>1</sup>Exchange rate of US\$/R10.50 was used

## A COMPETITIVE, VALUE FOCUSED GOLD MINING COMPANY



1. Improving our margins



- Safely delivering on plans
- Increase free cash flow through higher grades and cost control
- Retain flexible balance sheet

2. Growing value per share of PNG assets



- Complete Golpu studies
- Build a mine at Golpu

3. Identifying acquisition opportunities



- Open pit mines and bulk mining project opportunities outside SA will be assessed and evaluated

**EXPERIENCED TEAMS WITH STRONG VALUES; COMMITTED TO DELIVER**



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# ANNEXURE



PLANT NO.

# Low net debt (q-on-q) (Rand)



Extracts from the cash flow statement	Jun 2014 (Rm)	Mar 2014 (Rm)
Cash flow from operations before exploration	500	845
Exploration expenditure	(69)	(90)
Income and mining taxes refunded/(paid)	31	-
Capital expenditure	(687)	(599)
<b>Net debt</b>	<b>(1 031)</b>	<b>(835)</b>
<i>Cash balance</i>	1 829	2 008
<i>Debt*</i>	2 860	2 843

\* The debt balance includes a foreign exchange translation loss of R11 million on the US\$ denominated loan for the June 2014 quarter (R29 million for the March 2014 quarter)

# Low net debt (q-on-q) (US\$)

Extracts from the cash flow statement	Jun 2014 (US\$m)	Mar 2014 (US\$m)
Cash flow from operations before exploration	48	78
Exploration expenditure	(7)	(8)
Income and mining taxes refunded/(paid)	3	-
Capital expenditure	(65)	(55)
<b>Net debt</b>	<b>(98)</b>	<b>(79)</b>
<i>Cash balance</i>	172	190
<i>Debt</i>	270	269

# Income statement (q-on-q) (Rand)



Extracts from income statement and operating results	Jun 2014 (Rm)	Mar 2014 (Rm)	% Change
Revenue	3 763	3 830	(2)
Production costs	(2 916)	(2 906)	-
Cash operating costs	(3 055)	(2 875)	(6)
Inventory movements	139	(31)	>100
Production profit as per operational results	847	924	(8)
Amortisation and depreciation	(526)	(475)	(11)
Impairment	(1 410)	(29)	>(100)
Exploration expenditure <sup>^</sup>	(114)	(90)	(27)
Foreign exchange translation loss <sup>*</sup>	(28)	(25)	(12)
Taxation	338	(15)	>100
<b>Net (loss)/profit</b>	<b>(1 223)</b>	<b>31</b>	<b>&gt;(100)</b>

<sup>^</sup> Includes depreciation of R45 million for the June 2014 quarter.

<sup>\*</sup> Included as part of the 'Other expenses – net' line in the income statement

# Income statement (q-on-q) (US\$)



Extracts from income statement and operating results	Jun 2014 (US\$m)	Mar 2014 (US\$m)	% change
Revenue	358	354	(1)
Production costs	(277)	(268)	(3)
Cash operating costs	(290)	(265)	(9)
Inventory movements	13	(3)	>100
Production profit as per operational results	81	86	(6)
Amortisation and depreciation	(50)	(44)	(14)
Impairment	(134)	(3)	>(100)
Exploration expenditure <sup>^</sup>	(11)	(8)	(38)
Foreign exchange translation loss*	(3)	(2)	(50)
Taxation	32	(2)	>100
<b>Net (loss)/profit</b>	<b>(116)</b>	<b>3</b>	<b>&gt;(100)</b>
Exchange rate (R/US\$)	10.51	10.83	(3)

<sup>^</sup> Includes depreciation of US\$4.3million for the June 2014 quarter.

\* Included as part of the 'Other expenses – net' line in the income statement

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