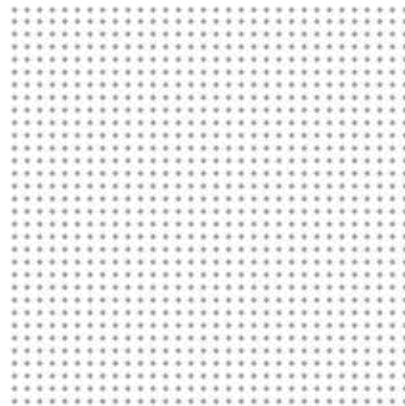
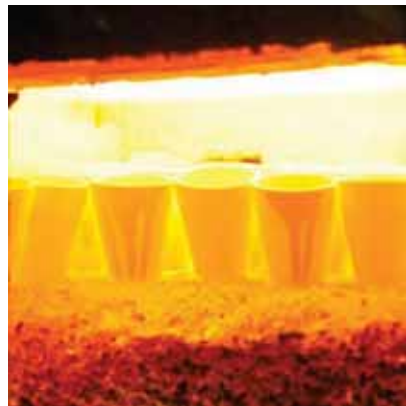
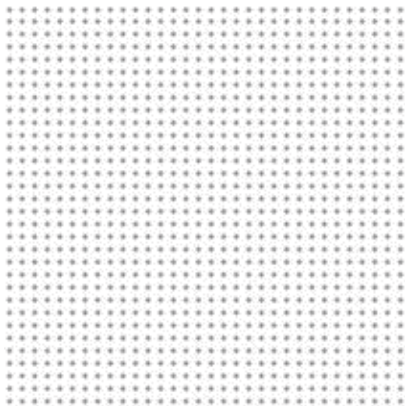


# INVESTOR BRIEF

Harmony Gold Mining Company Ltd

JSE (HAR)  
NYSE (HMY)

July/ August 2016



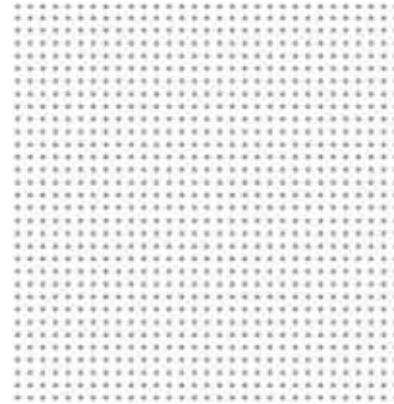
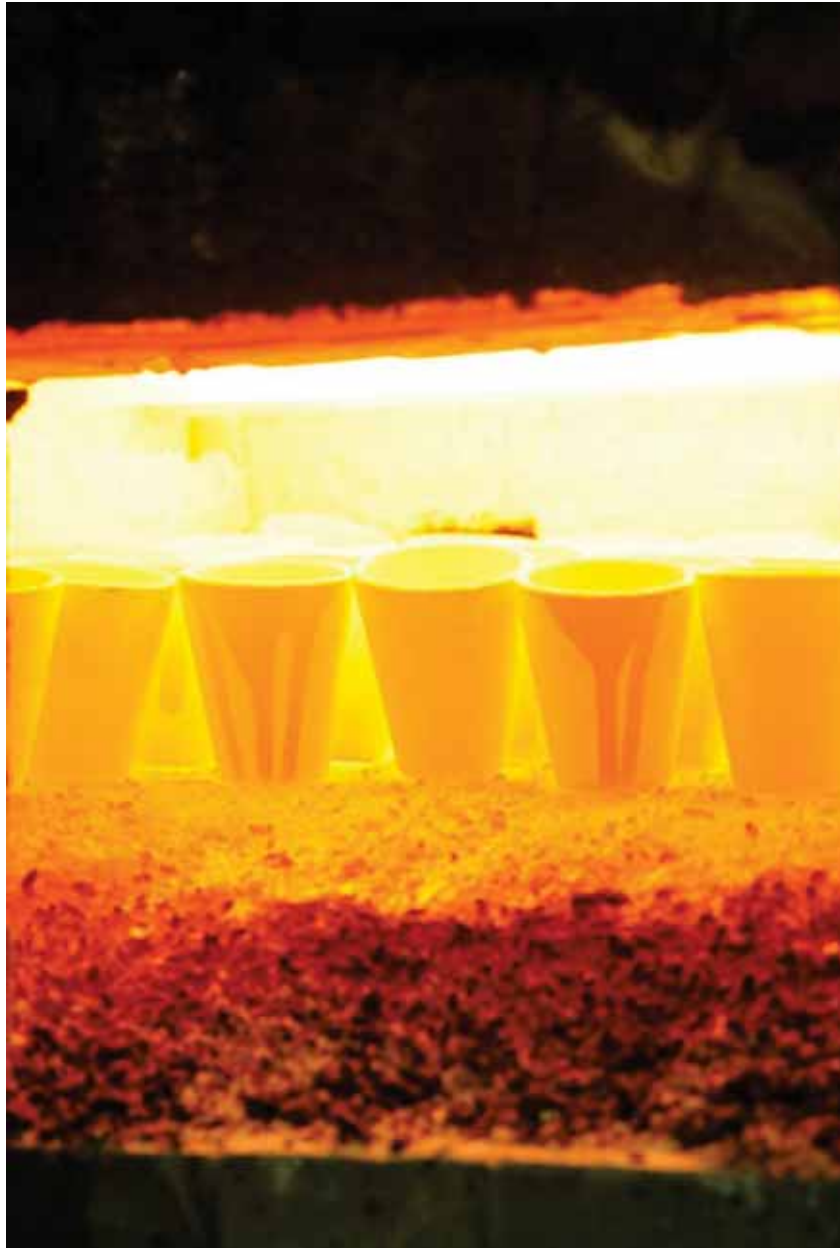
# Private Securities Litigation Reform Act Safe Harbour Statement



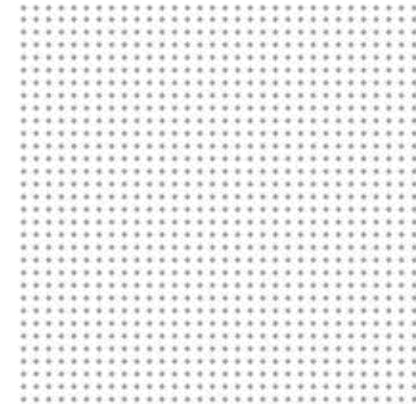
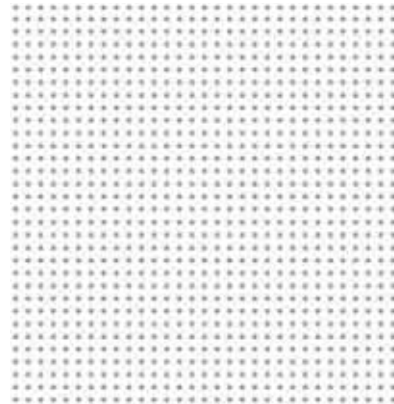
This presentation contains forward-looking statements within the meaning of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended, with respect to our financial condition, results of operations, business strategies, operating efficiencies, competitive positions, growth opportunities for existing services, plans and objectives of management, markets for stock and other matters. These include all statements other than statements of historical fact, including, without limitation, any statements preceded by, followed by, or that include the words “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “would”, “should”, “could”, “estimates”, “forecast”, “predict”, “continue” or similar expressions or the negative thereof.

These forward-looking statements, including, among others, those relating to our future business prospects, revenues and income, wherever they may occur in this report and the exhibits to this report, are essentially estimates reflecting the best judgment of our senior management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set forth in this presentation. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation: overall economic and business conditions in South Africa, Papua New Guinea, Australia and elsewhere, estimates of future earnings, and the sensitivity of earnings to the gold and other metals prices, estimates of future gold and other metals production and sales, estimates of future cash costs, estimates of future cash flows, and the sensitivity of cash flows to the gold and other metals prices, statements regarding future debt repayments, estimates of future capital expenditures, the success of our business strategy, development activities and other initiatives, estimates of reserves statements regarding future exploration results and the replacement of reserves, the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions, fluctuations in the market price of gold, the occurrence of hazards associated with underground and surface gold mining, the occurrence of labor disruptions, power cost increases as well as power stoppages, fluctuations and usage constraints, supply chain shortages and increases in the prices of production imports, availability, terms and deployment of capital, changes in government regulation, particularly mining rights and environmental regulation, fluctuations in exchange rates, the adequacy of the Group’s insurance coverage and socio-economic or political instability in South Africa and Papua New Guinea and other countries in which we operate.

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 Integrated Annual Report and Form 20-F which is on file with the Securities and Exchange Commission, as well as the Company’s other Securities and Exchange Commission filings. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events, except as required by law.



# ABOUT HARMONY



# Gold miner with growing copper portfolio in PNG



## South Africa



- 9 underground operations
- 1 open pit mine
- Multiple surface sources

## Papua New Guinea

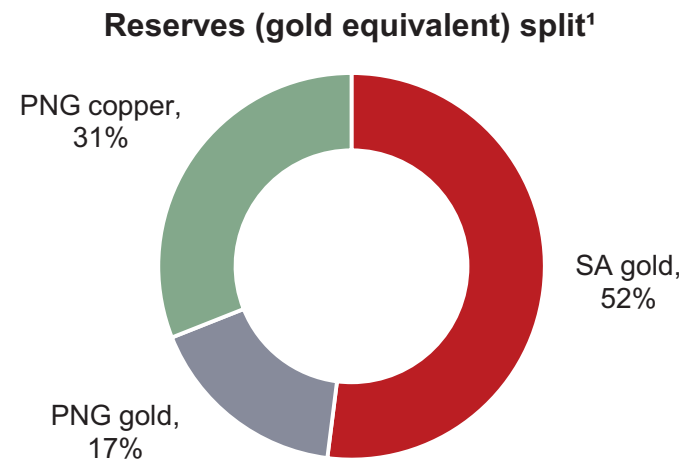
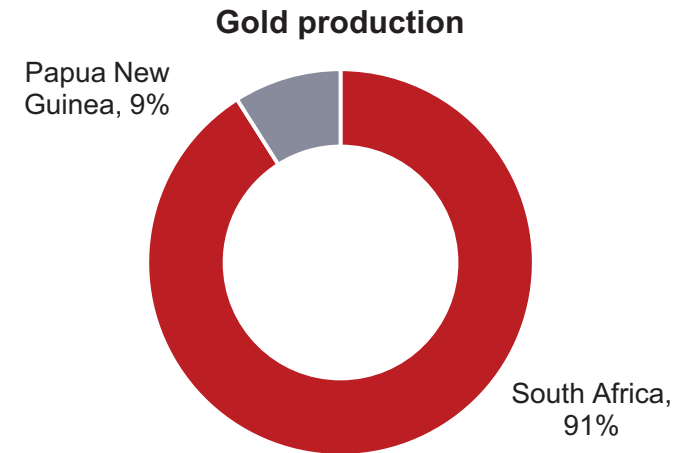


- Kili Teke discovery (100% owned)
- 1 open pit mine (50:50 JV)
- Golpu project (50:50 JV)
- Multiple exploration areas (50% and 100%)

# Large gold and copper reserves



- Safety our key priority
- Significant production base in South Africa (SA) and Papua New Guinea (PNG)
  - ~1.1 Moz gold production achieved for FY16
  - ~ US\$945/oz<sup>2</sup> total costs incl capital guided
- Large reserve base of 42.6Moz\*<sup>1</sup>
  - 69% Au, 31% Cu, 0.5% Ag
  - 29.1 Moz\*<sup>1</sup> gold
  - 13.3 Moz\*<sup>1</sup> copper
  - 0.2 Moz\*<sup>1</sup> silver
- Market cap of US\$1.6bn (as at 30 June 2016)
- Cash flows secured
  - 2 year hedge on 20% of production at an average price of R682 000/kg
  - 1 year currency hedge between R/US\$15.59 to R/US\$18.60 for > US\$400 million



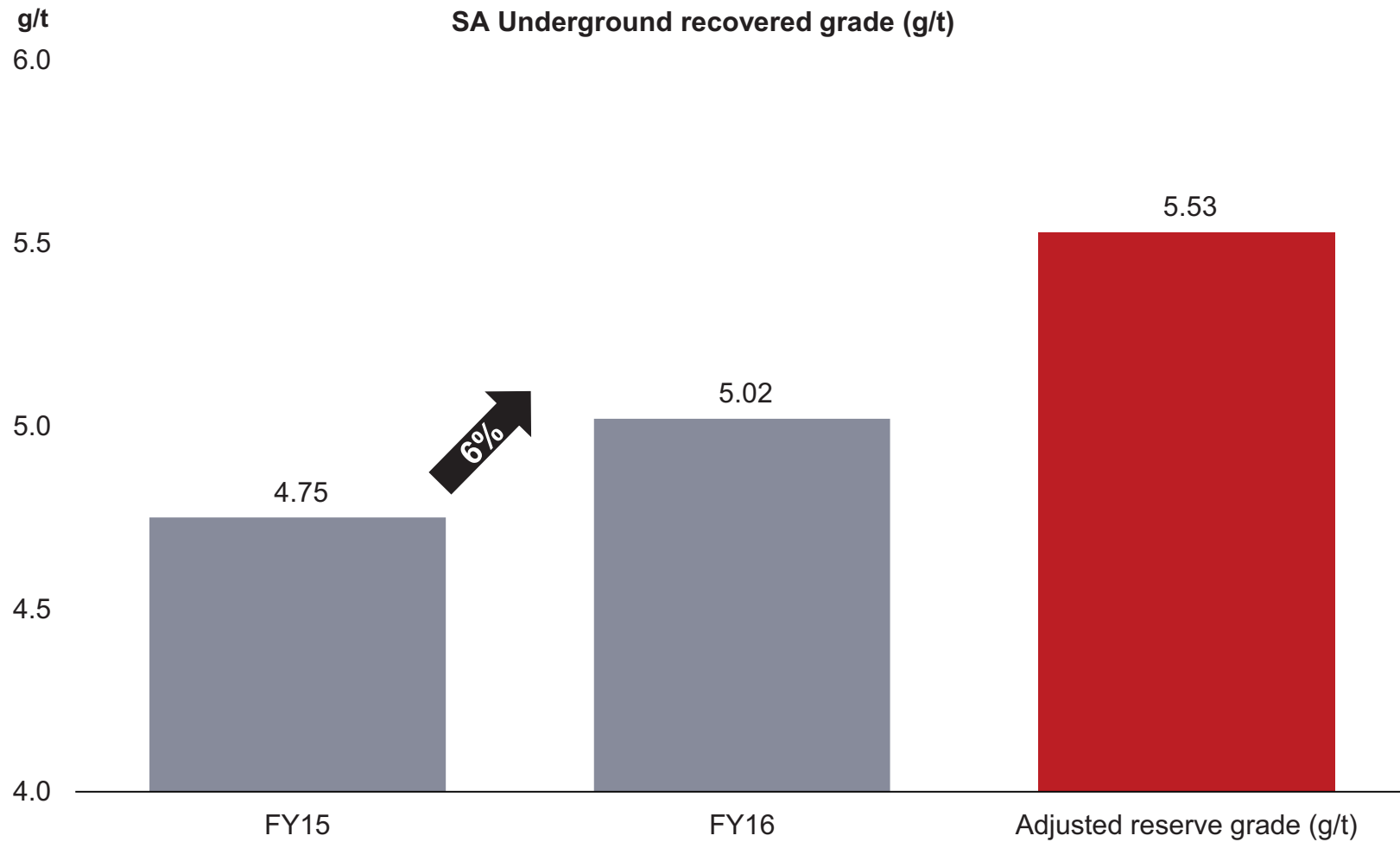
\*Moz = million ounces

<sup>1</sup> Gold equivalents as per 30 June 2015 declaration which will be updated on 17 August 2016

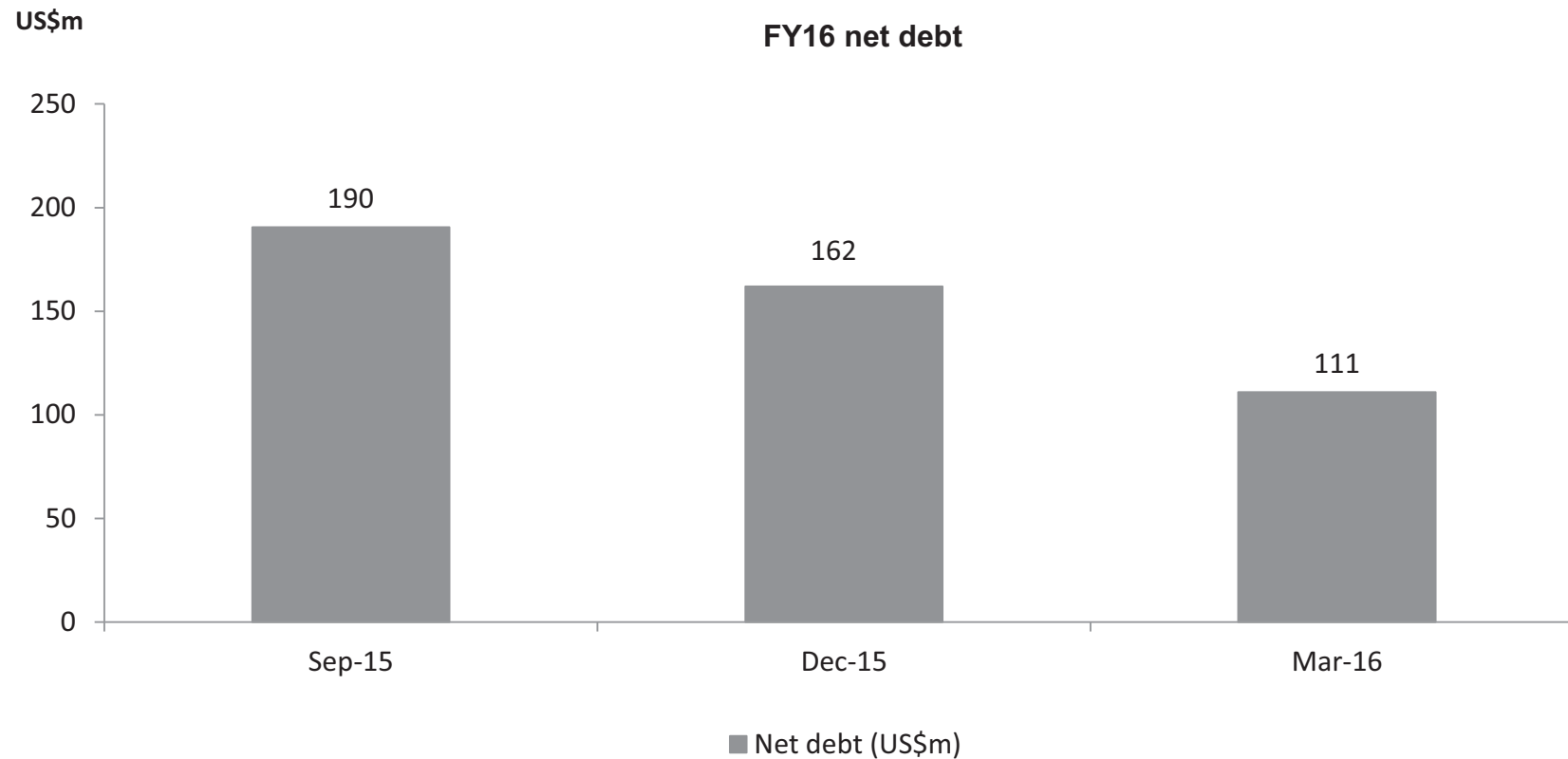
Gold equivalent ounces calculated using US\$3.10/lb copper price, US\$1 400oz gold price and US\$23.00/oz silver price

<sup>2</sup> Cost guidance converted to US\$/oz using the year to date exchange rate of US\$/R 14.33

# On track to achieve average reserve grade

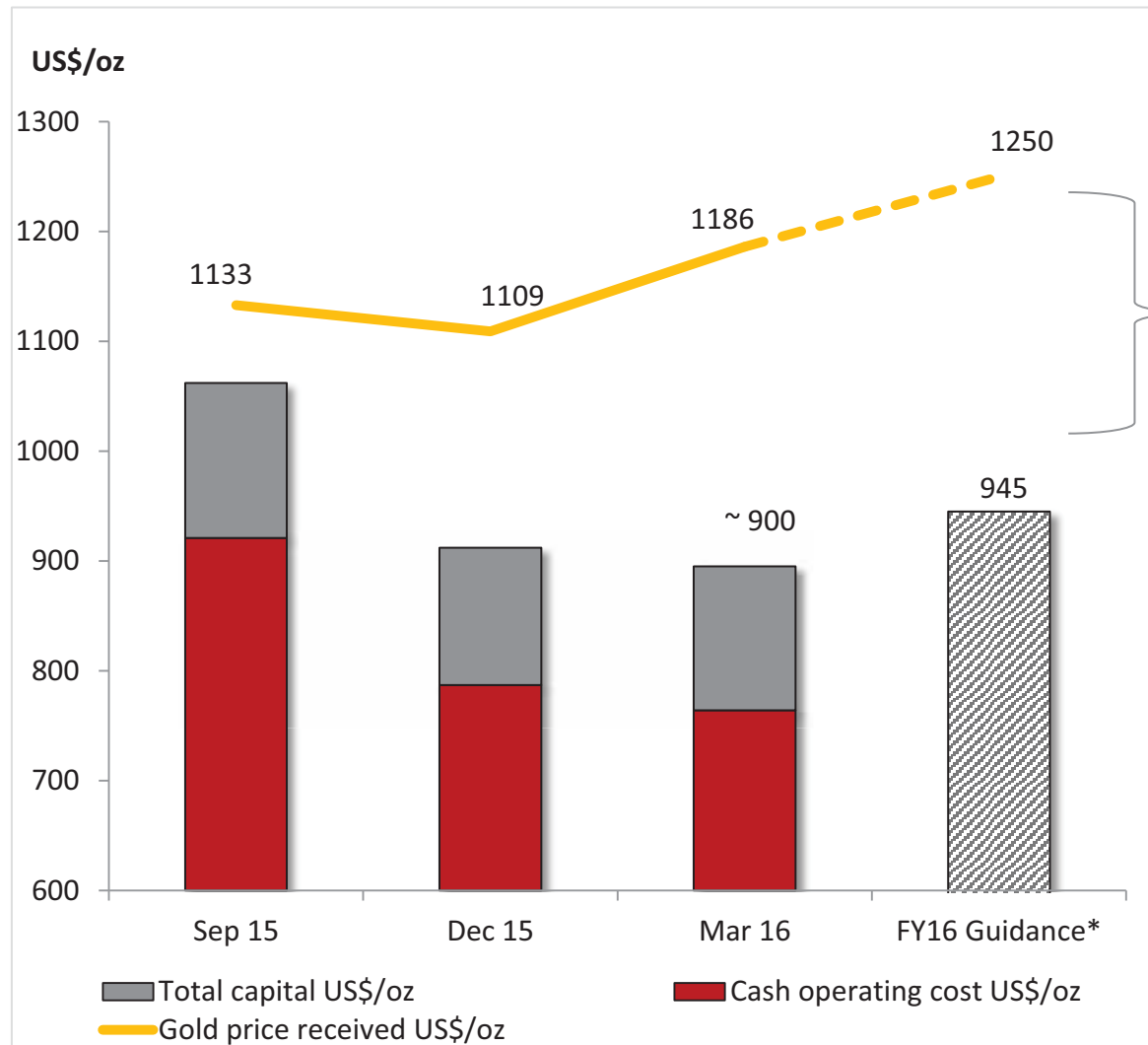


# Reducing net debt



- Aiming to be net debt free by the end of calendar year 2016

# Increasing cash flow



- 33% margin  
(cash operating cost including capital)
- Underpinned by:
  - effective operating cost control
  - positive R/\$ exchange rate
  - higher gold price

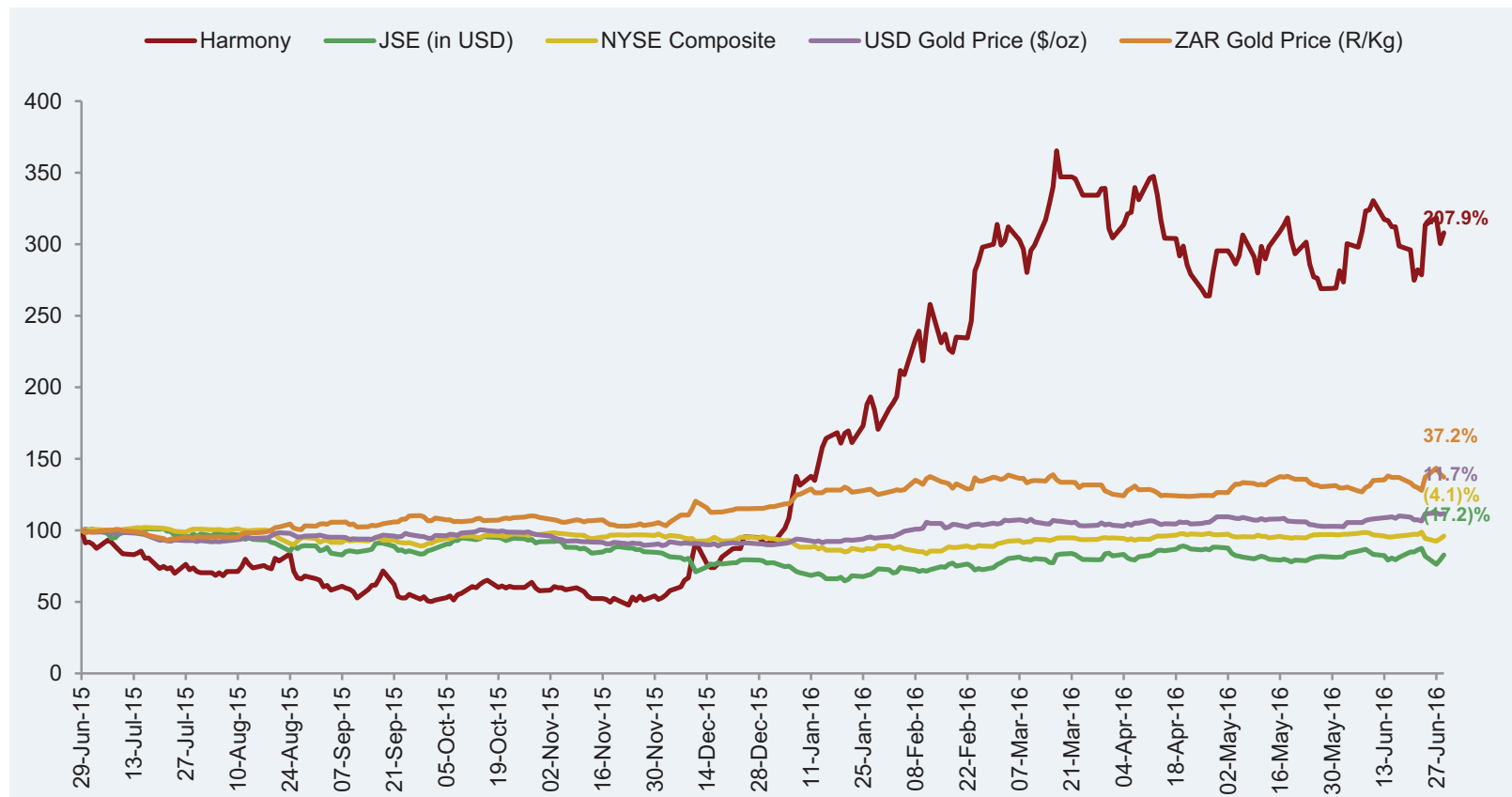
\* Cost guidance converted to US\$/oz using the year to date exchange rate of US\$/R 14.33



# Harmony outperforms indices and gold price...



## Share price performance (rebased to 100)

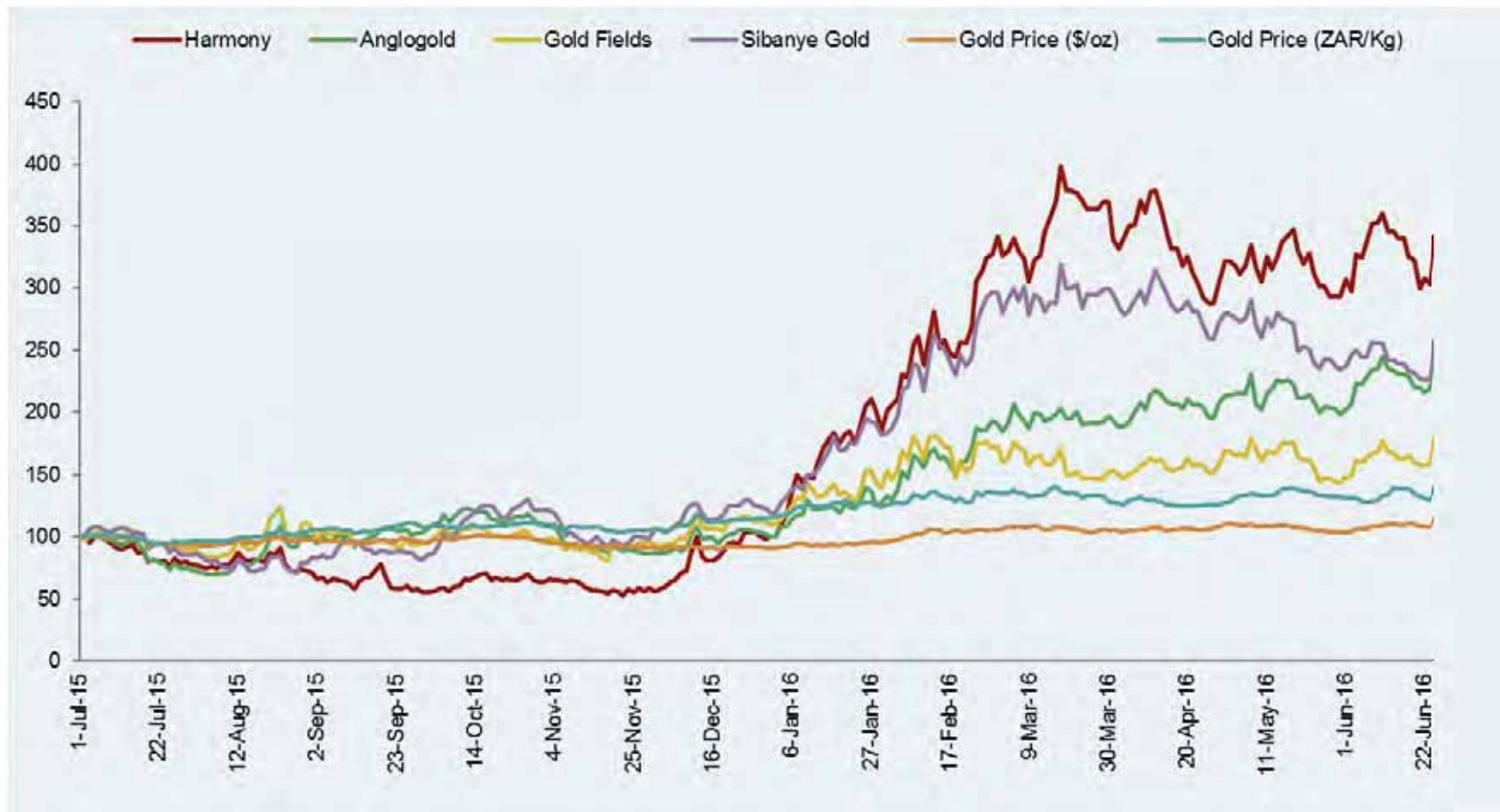


Source: Factset as on 29 June 2016

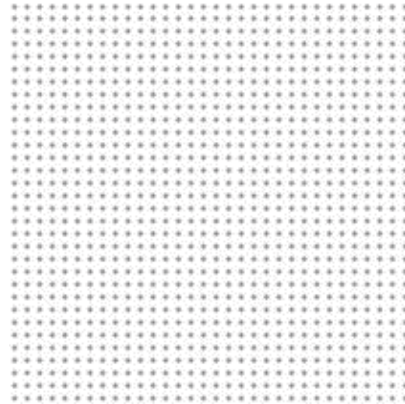
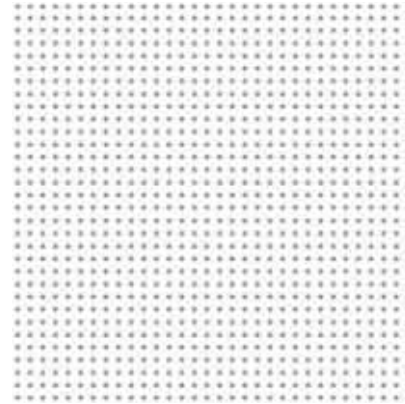
# ...and its peers



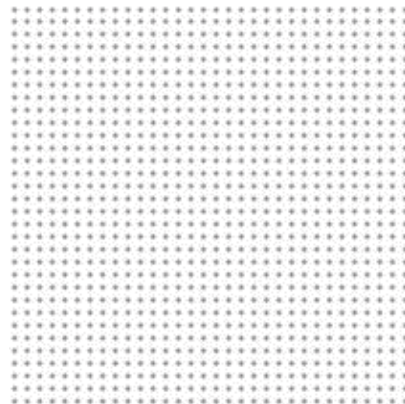
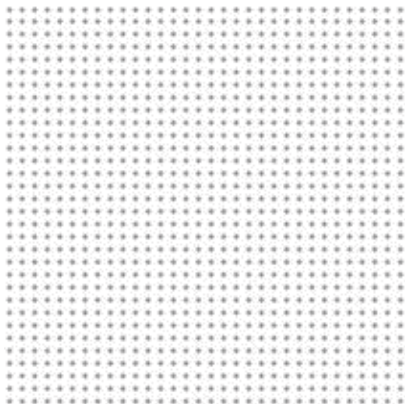
Share price performance (from 1 July 2015; rebased to 100)



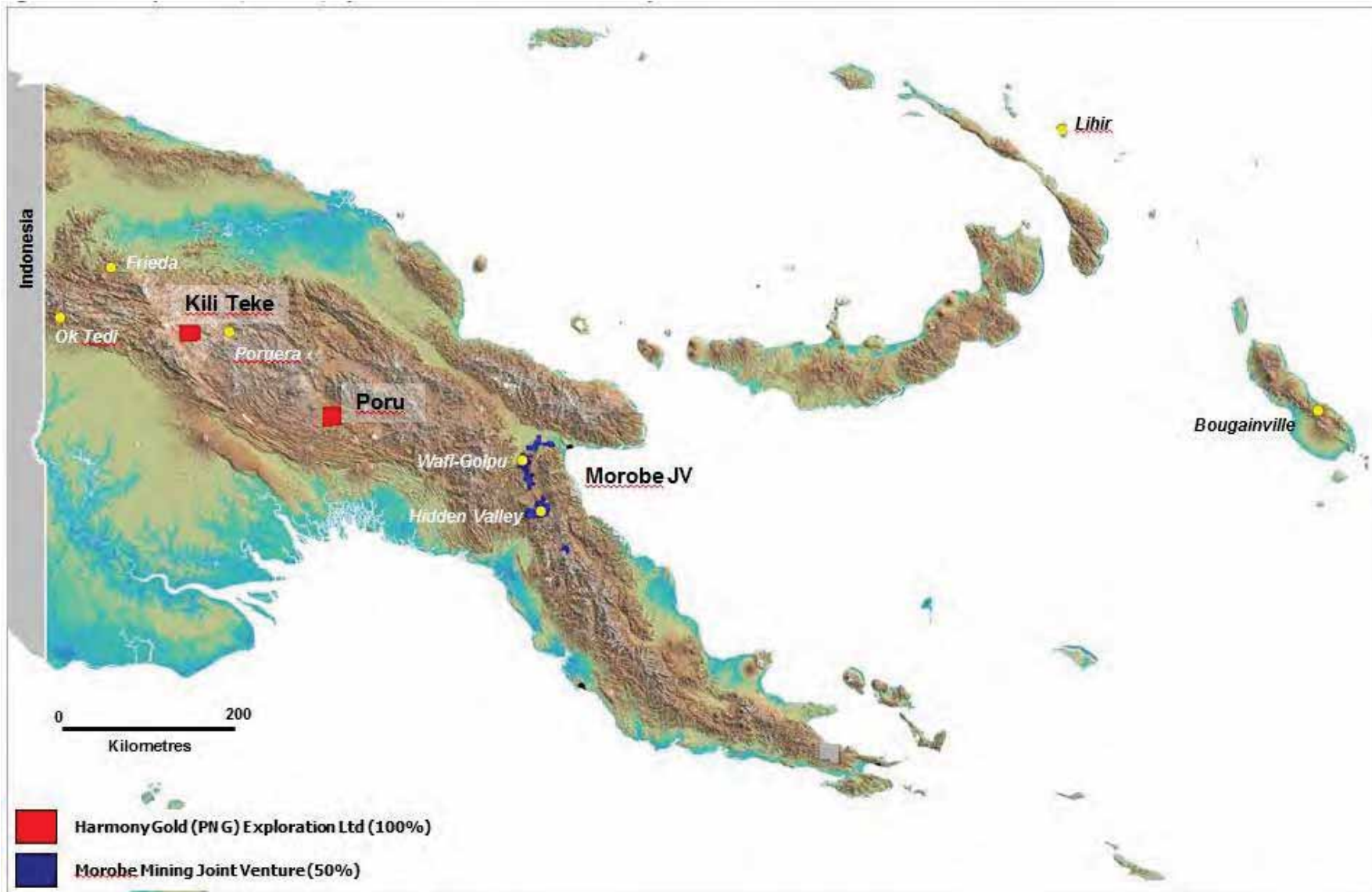
Source: Factsset as on 24 June 2016



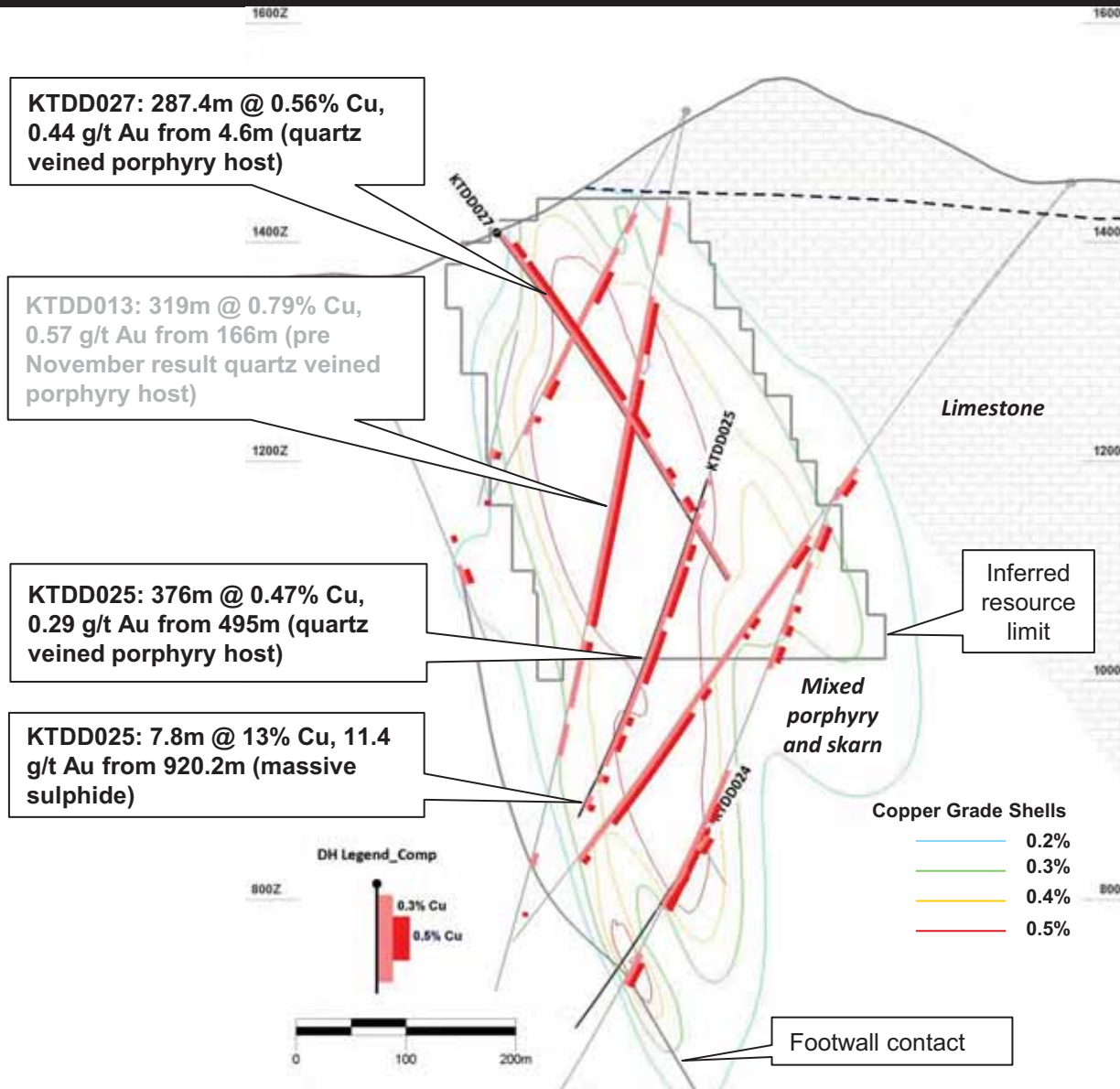
# QUALITY Cu-Au PORTFOLIO EMERGING IN PNG



# Location map of Harmony's PNG portfolio



# Kili Teke - 100% owned greenfield discovery

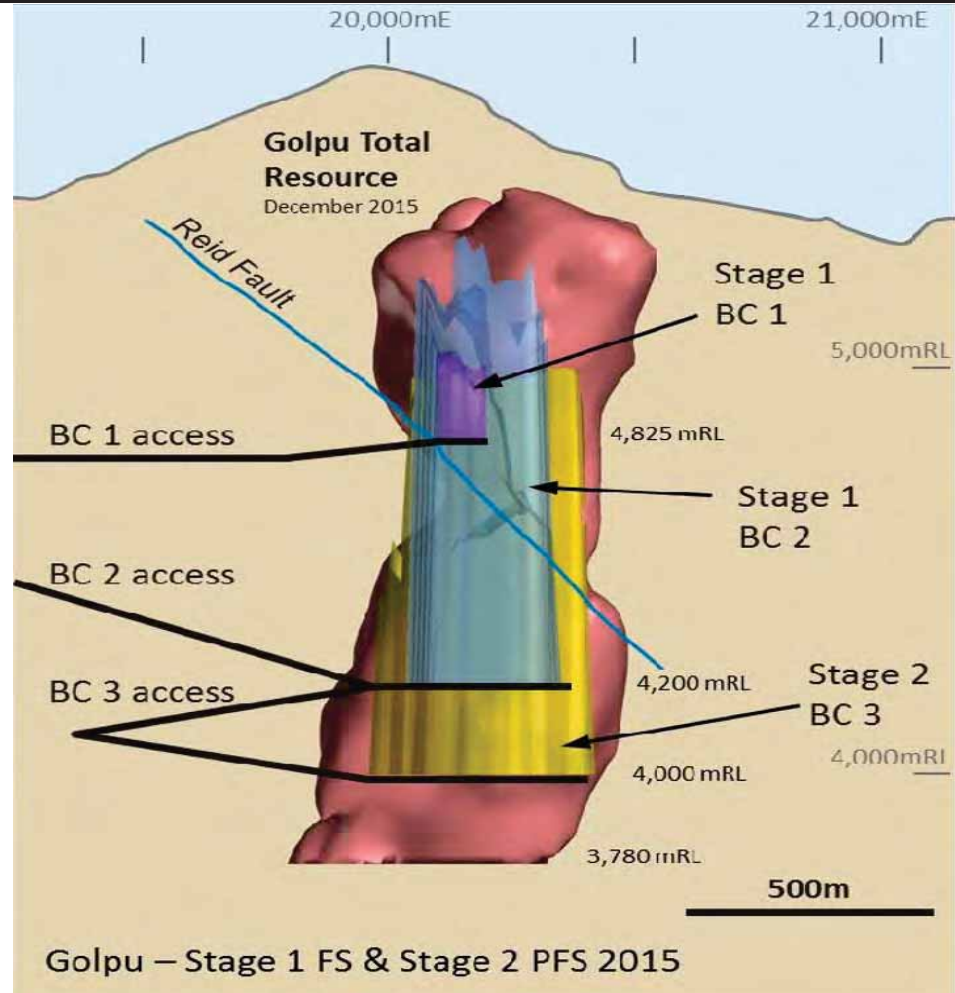


- Major new porphyry Cu-Au system accompanied by Cu-Au skarns
- Recent drill results:
  - extends mineralisation to surface
  - confirms depth extension below current resource limit
  - intercepts of high-grade copper sulphide skarn at depth
- Revised Mineral Resource incorporating latest results planned for September quarter

# Golpu (50% held) - a potential game changer



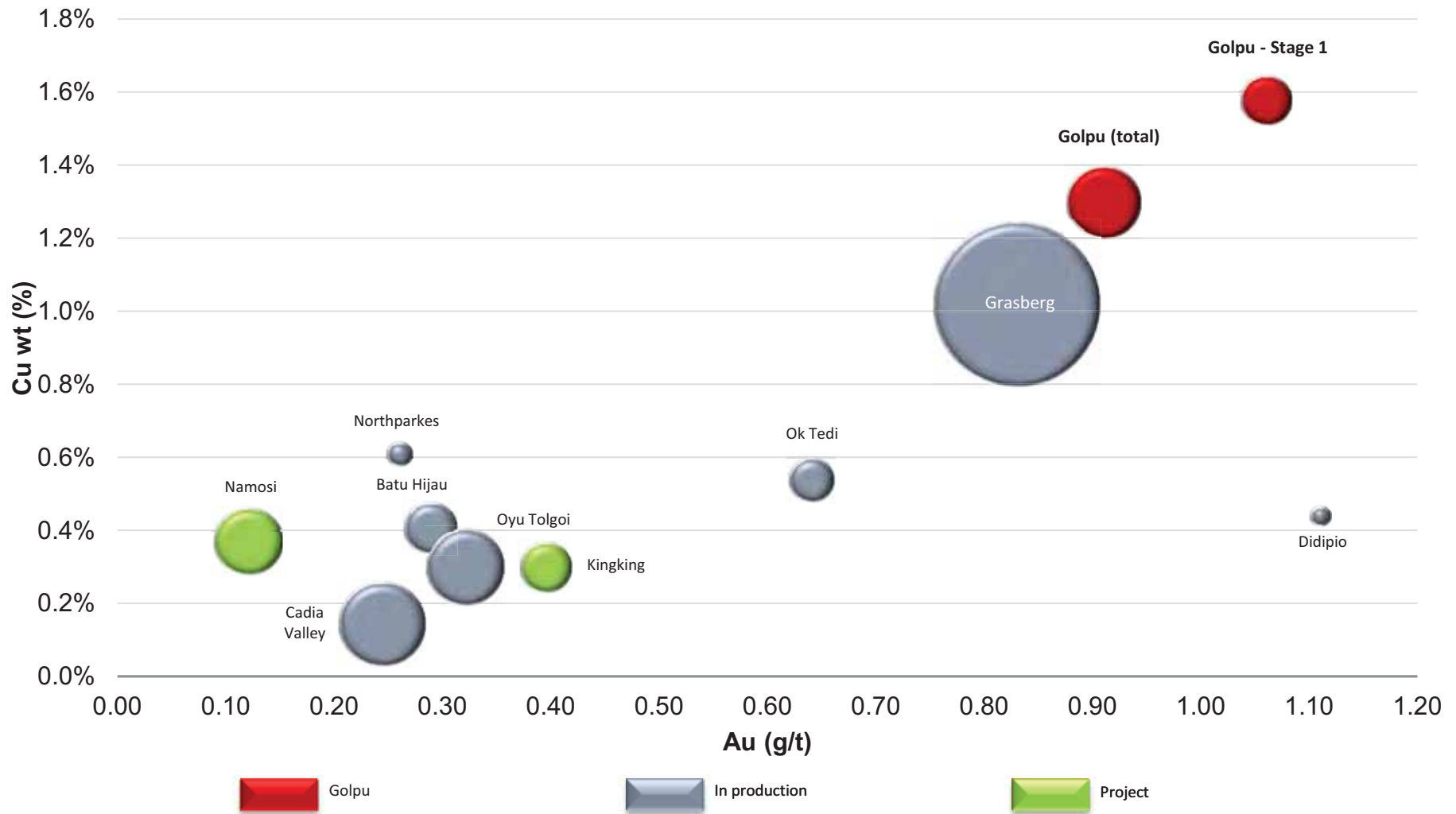
- Feasibility study results announced in Feb 2016
  - robust returns on large block cave mine
  - staged development opportunities
- Financial metrics of Stage 1\*:
  - net present value (NPV): US\$1.1bn
  - internal rate of return (IRR): ~16%
  - mine life 28 years
  - maximum negative free cash flow: US\$1.8bn
- Once in operation, sustaining production cost per pound will be 89 US cents



Schematic cross section of Golpu Porphyry

- 100% basis
- Cave wireframes are a representation of the shape of economic draw of mixed cave material from the Mineral Resource and not cave excavation shape

# Golpu (50% held) – a quality high grade reserve



Source: Rothschild  
Reserve grade depicted in graph with bubble size represents equivalent resource

## **2014: Stage 1 Prefeasibility**

- Modular expandable solution
- Lower capital requirements

## **2014 to 2016: Rigorous and disciplined study process**

> 460 000 man  
hours

## **2016: Feasibility confirms economic outcomes of Stage 1 prefeasibility**

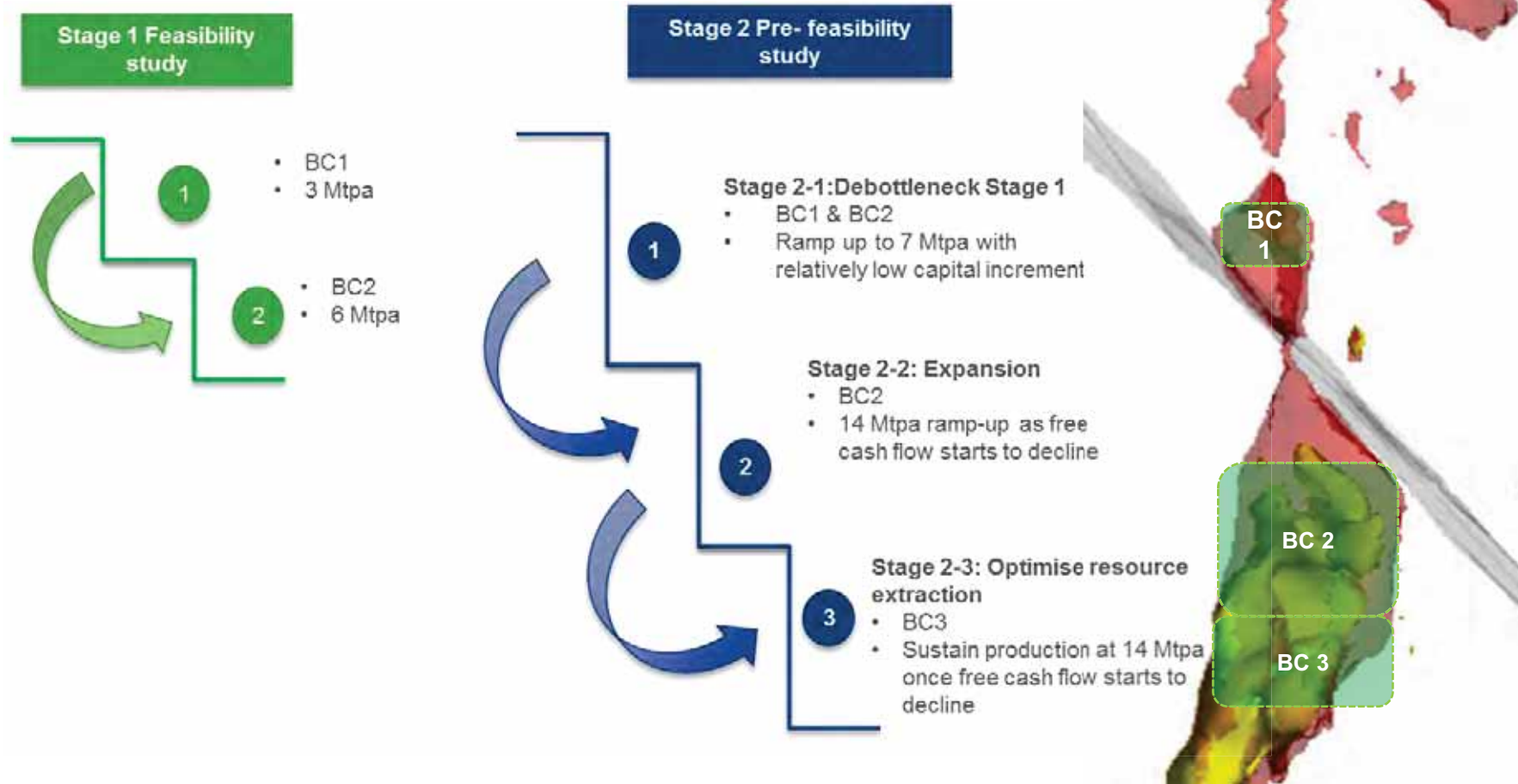
- Positive NPV maintained
- Stage 2 prefeasibility provides optionality and flexibility for further growth



# Creating long term value

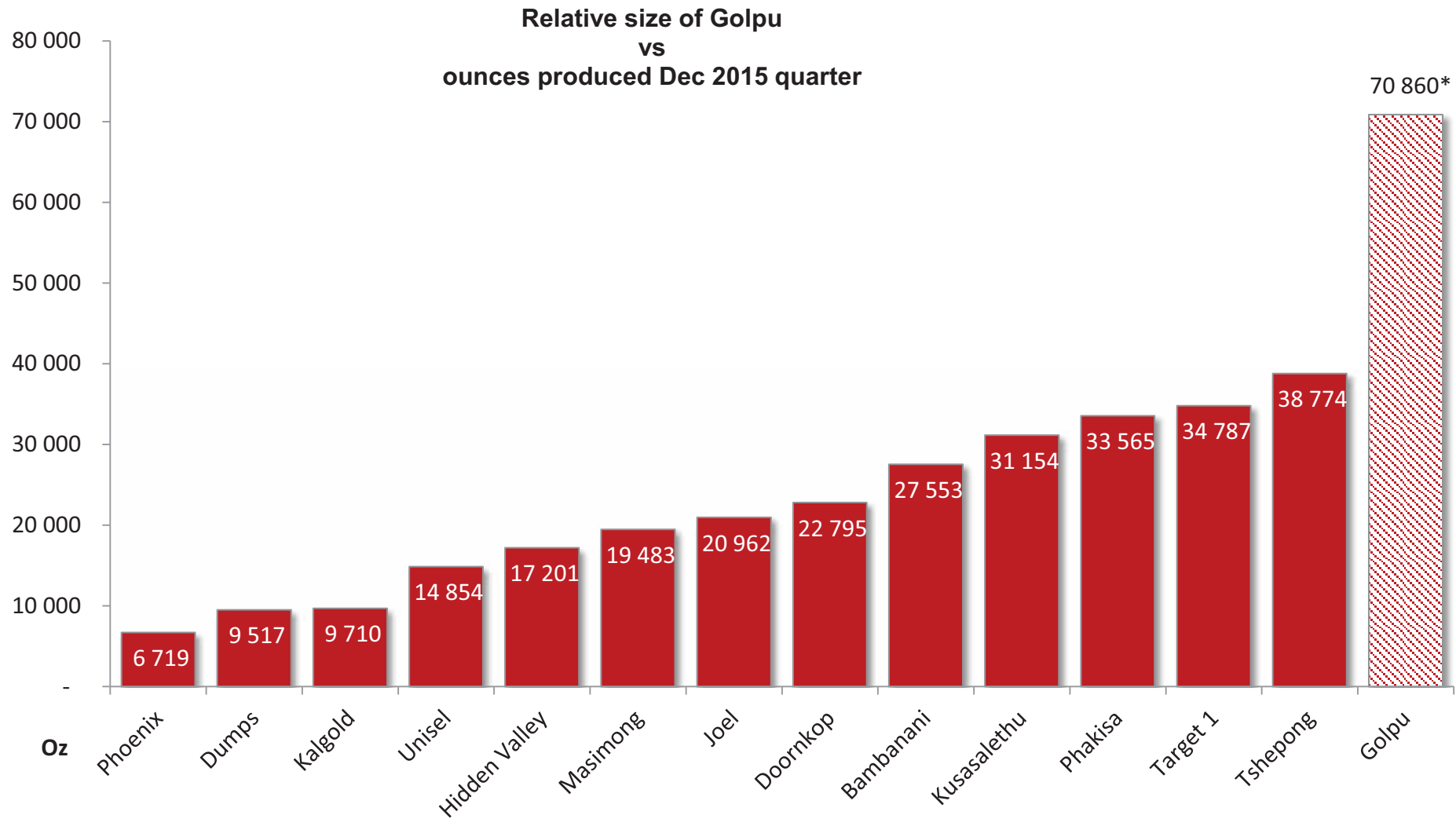


*These options are seen as evolutionary steps in the long-term life of mine plan of the project portfolio...*



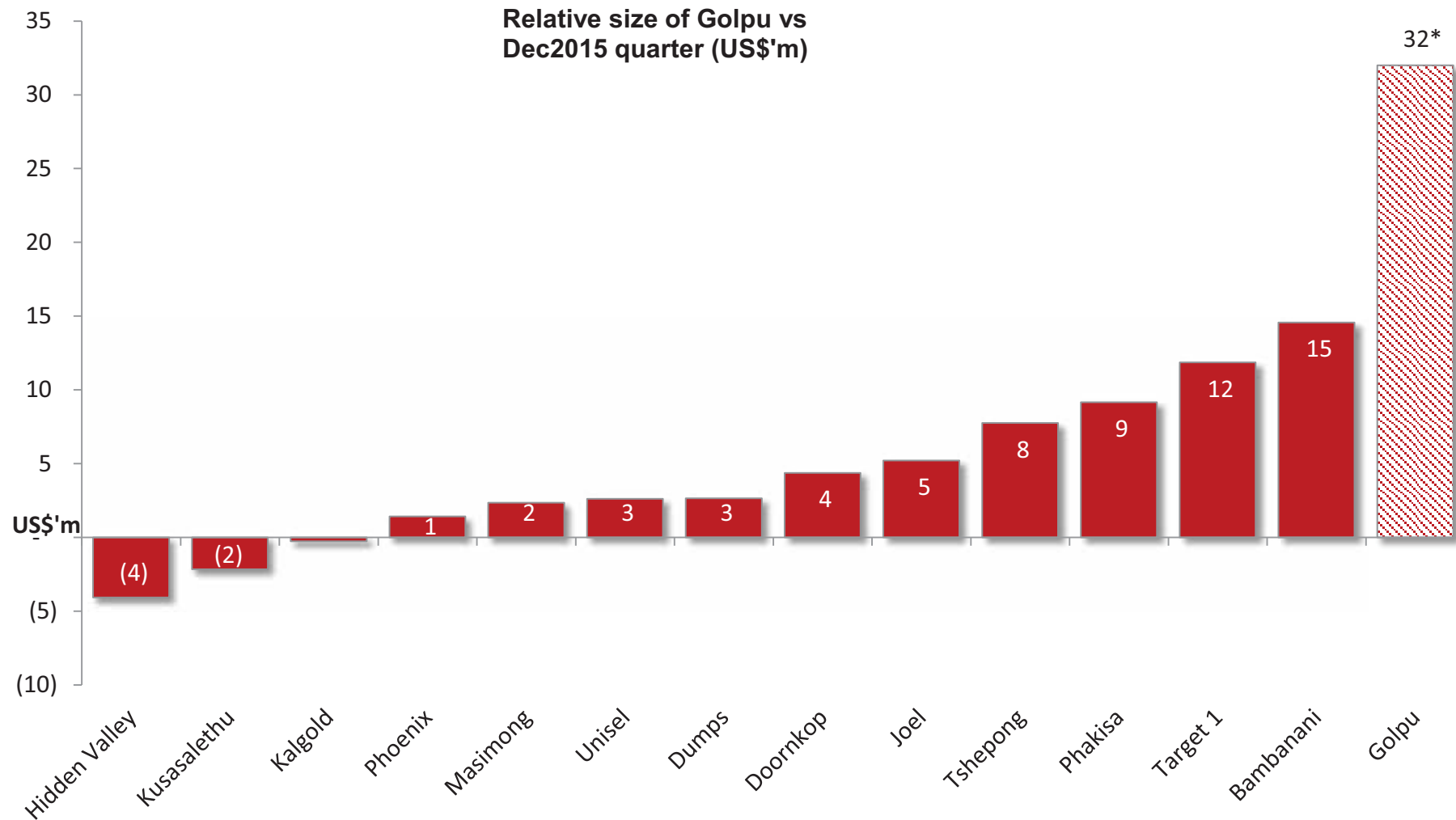
BC1: Block cave 1  
BC2: Block cave 2  
BC3: Block cave 3

# Golpu's quarterly production in context



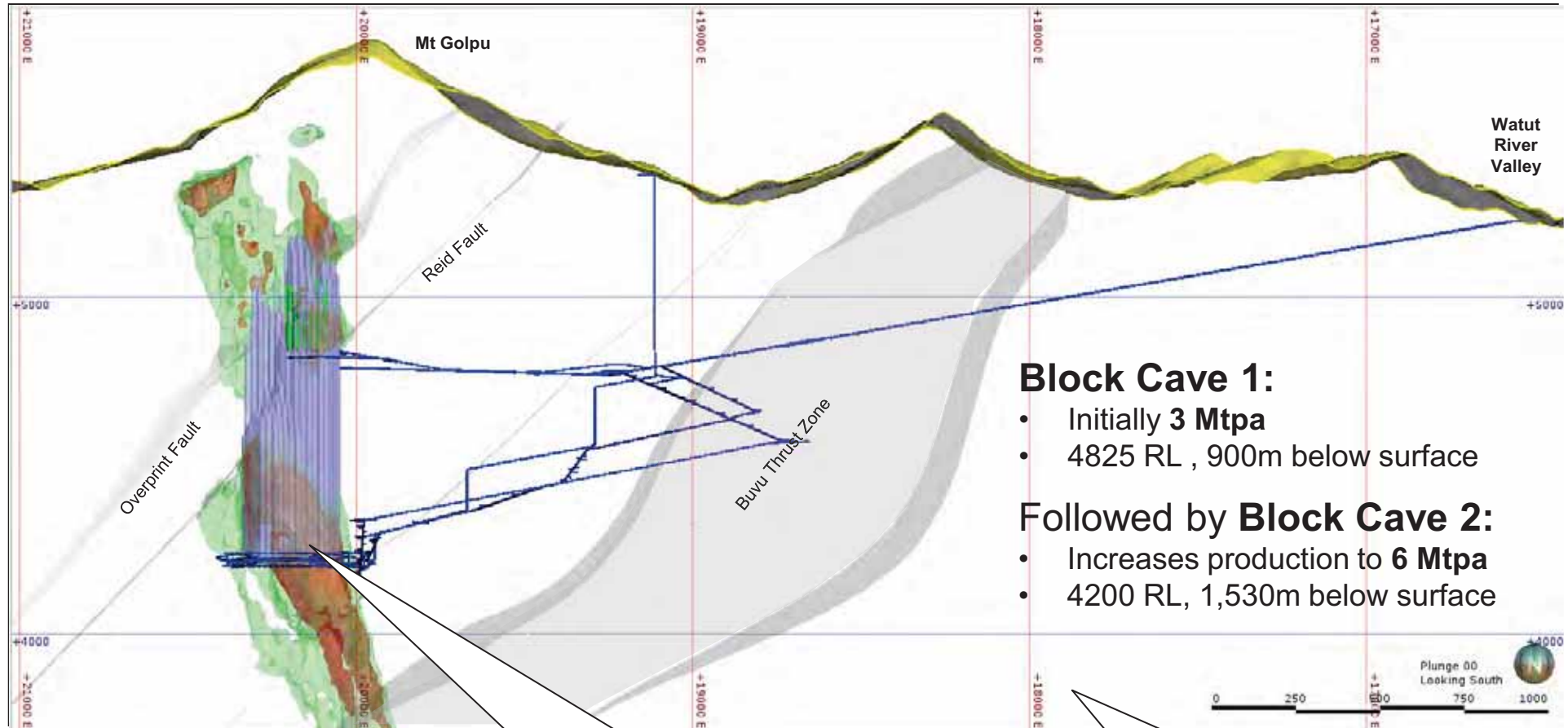
\*Gold equivalent average life of mine Stage 1 quarterly ounces produced. All assumptions as per study.

# Golpu's quarterly free cash flow contribution



\*Life of mine Stage 1 quarterly average free cash flow. All assumptions as per study.

# Stage 1 Project: establish BC1 and BC2



## Block Cave 1:

- Initially 3 Mtpa
- 4825 RL , 900m below surface

## Followed by Block Cave 2:

- Increases production to 6 Mtpa
- 4200 RL, 1,530m below surface

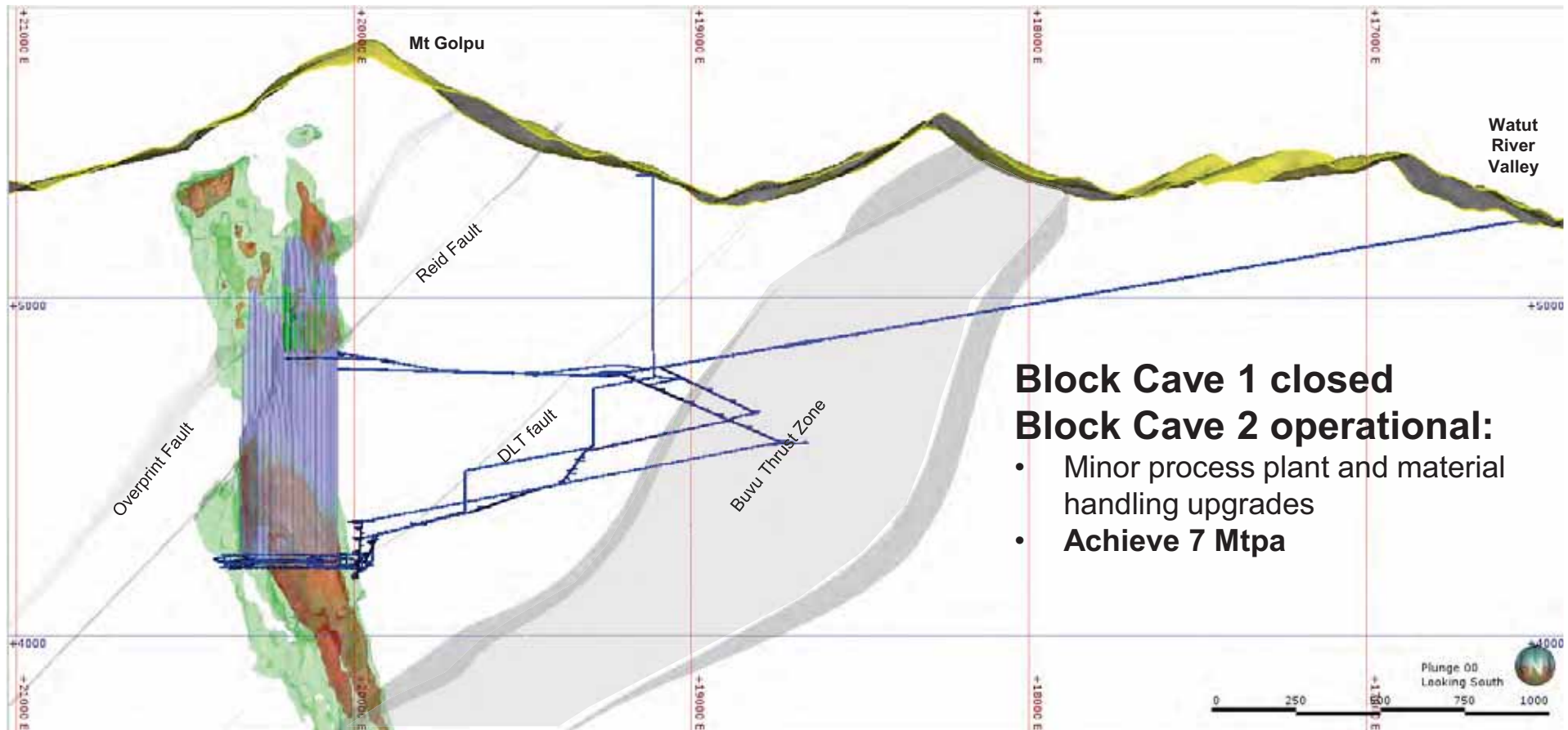
## Golpu orebody grade shells

1% Cu Envelope = Green  
2% Cu envelope = red

## Note scale:

1 kilometer squares

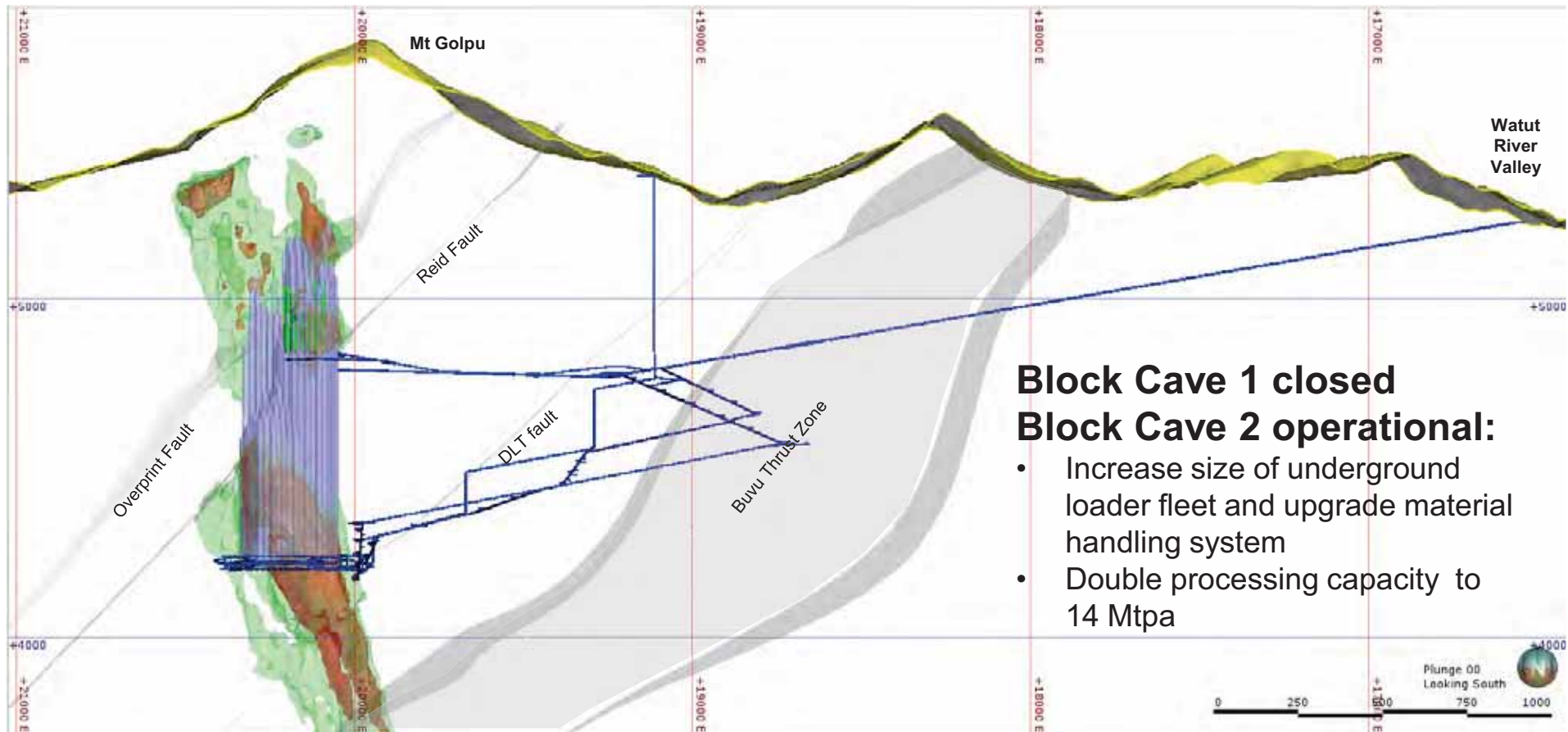
# Stage 2 Project: debottleneck Stage 1 BC 2 to 7Mtpa



**Block Cave 1 closed**  
**Block Cave 2 operational:**

- Minor process plant and material handling upgrades
- **Achieve 7 Mtpa**

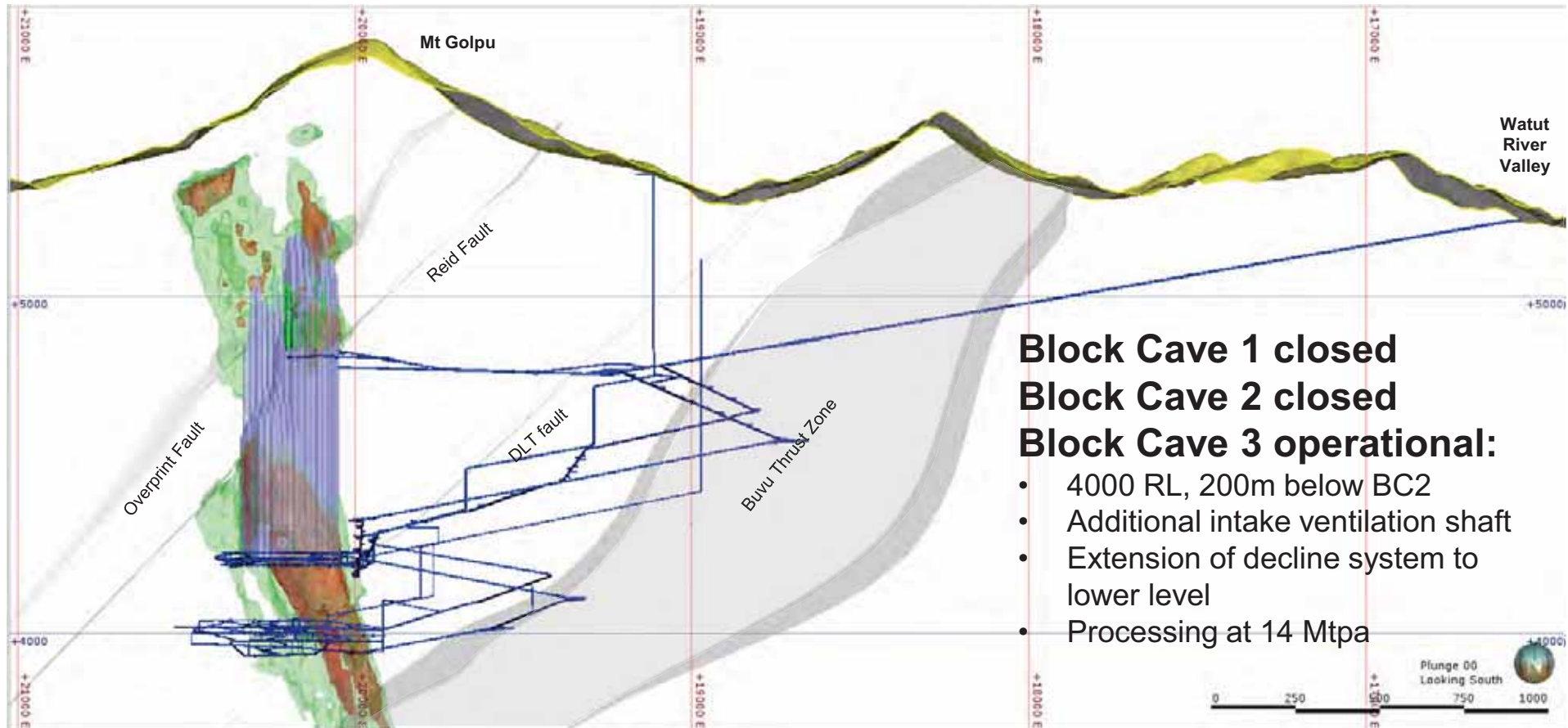
# Stage 2 Project: Step 2 – ramp-up BC 2 to 14Mtpa



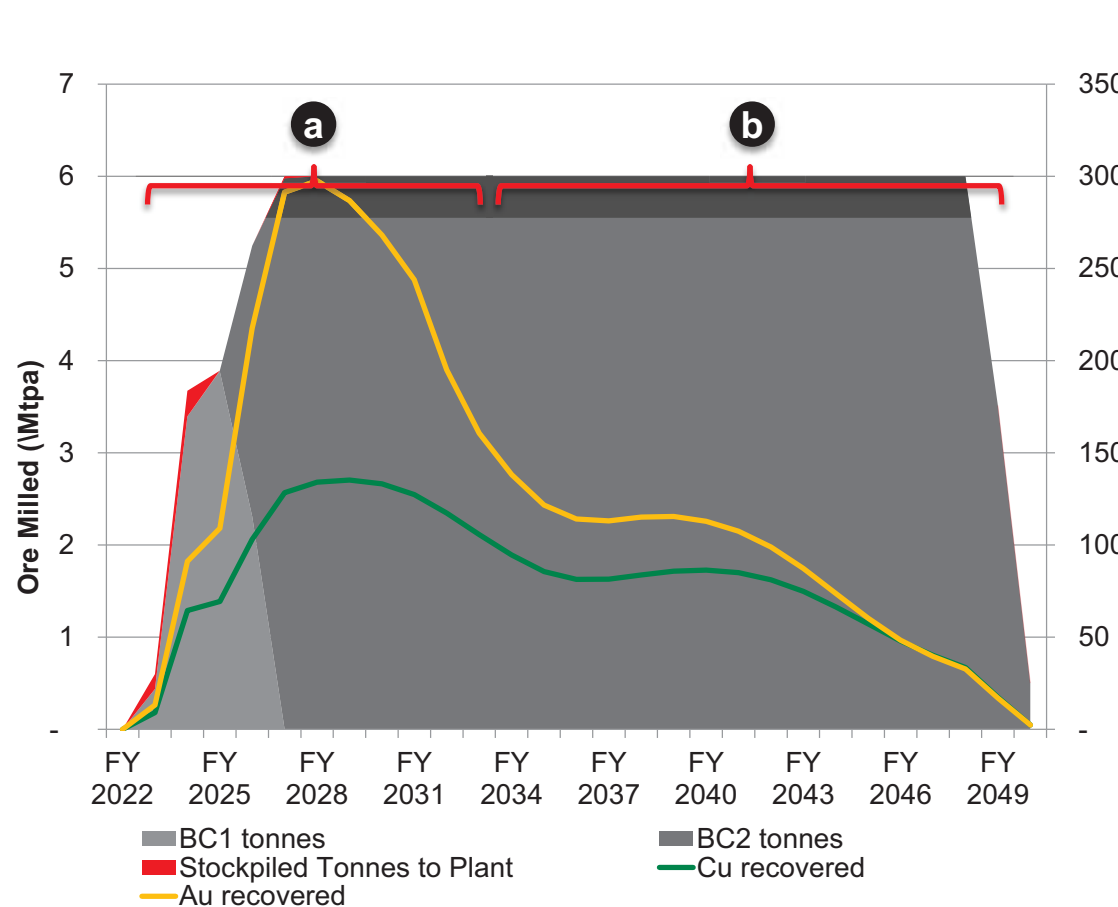
## Block Cave 1 closed Block Cave 2 operational:

- Increase size of underground loader fleet and upgrade material handling system
- Double processing capacity to 14 Mtpa

# Stage 2 Project: Step 3 - establish a third block cave



# Stage 1 production

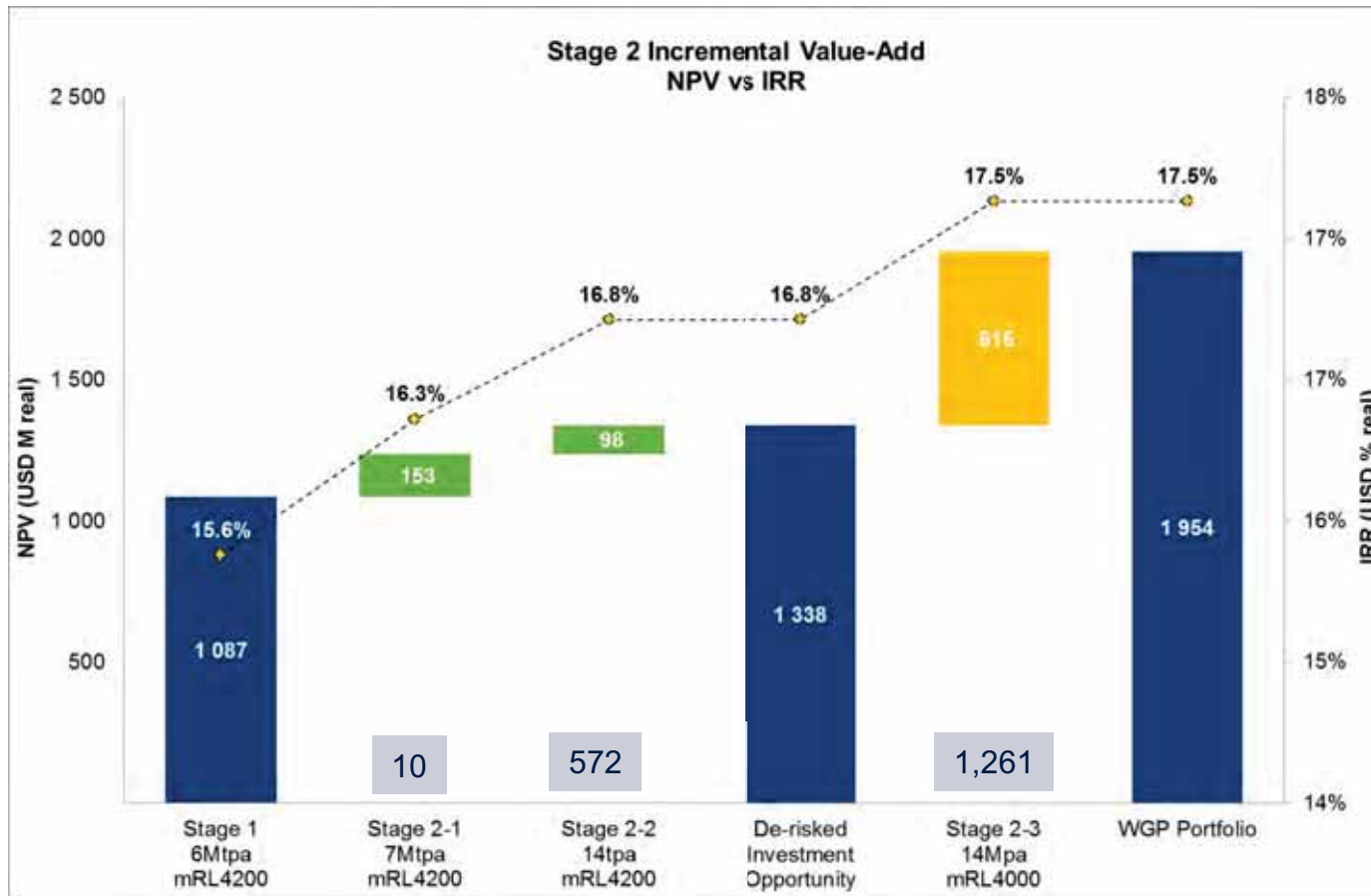


Parameter	Units	LoM	Recovery Period	
			To FY33	FY34-50
Life of Mine	Yrs	28	11	17
Ore Mined	Mt	149	55	94
Cu Grade	%	1.58	2.15	1.25
Au Grade	g/t	1.06	1.59	0.76
Cu produced	Mt	2.2	1.1	1.1
Au produced	Moz	3.6	2.1	1.4
Cu produced	ktpa avg	80	102	65
Au produced	koz pa avg	128	198	82
Free Cash Flow	US\$M pa	249	361	178

All numbers reflected on a 100% basis



# Stage 2 adds further value



### Stage 2-1: Debottleneck Stage 1

- BC1 & BC2
- Ramp up to 7 Mtpa with relatively low capital increment

### Stage 2-2: Expansion

- BC2
- 14 Mtpa ramp-up as free cash flow starts to decline
- Change to deep sea tailings deposition

### Stage 2-3: Optimise resource extraction

- BC3
- Sustain production at 14 Mtpa once free cash flow starts to decline

## Expansion capex (US\$M real)

All numbers reflected on a 100% basis

# Stage 2 key prefeasibility outcomes



Parameter	Units	Stage 2-1 (7 Mtpa)	Stage 2-2 (14Mtpa)	Stage2-3 (BC 3)
<b>Key Financial Metrics</b>				
NPV	US\$bn real	1.2	1.3	2.0
IRR	US\$ % real	16.3	16.8	17.5
Operating cost	US\$/t ore LoM	28.12	24.16	23.95
Project (expansion) capital spend	US\$M real	10	572	1,261
Sustaining and expansion capital	US\$M real	1,499	2,175	3,725
Cash cost (incl gold credit)	US\$/lb real LoM	0.55	0.44	0.60
Total production cost (cash cost + project and sustaining capital)	US\$/lb real LoM	1.37	1.39	1.23

All numbers reflected on a 100% basis, using same economic assumptions as Stage 1

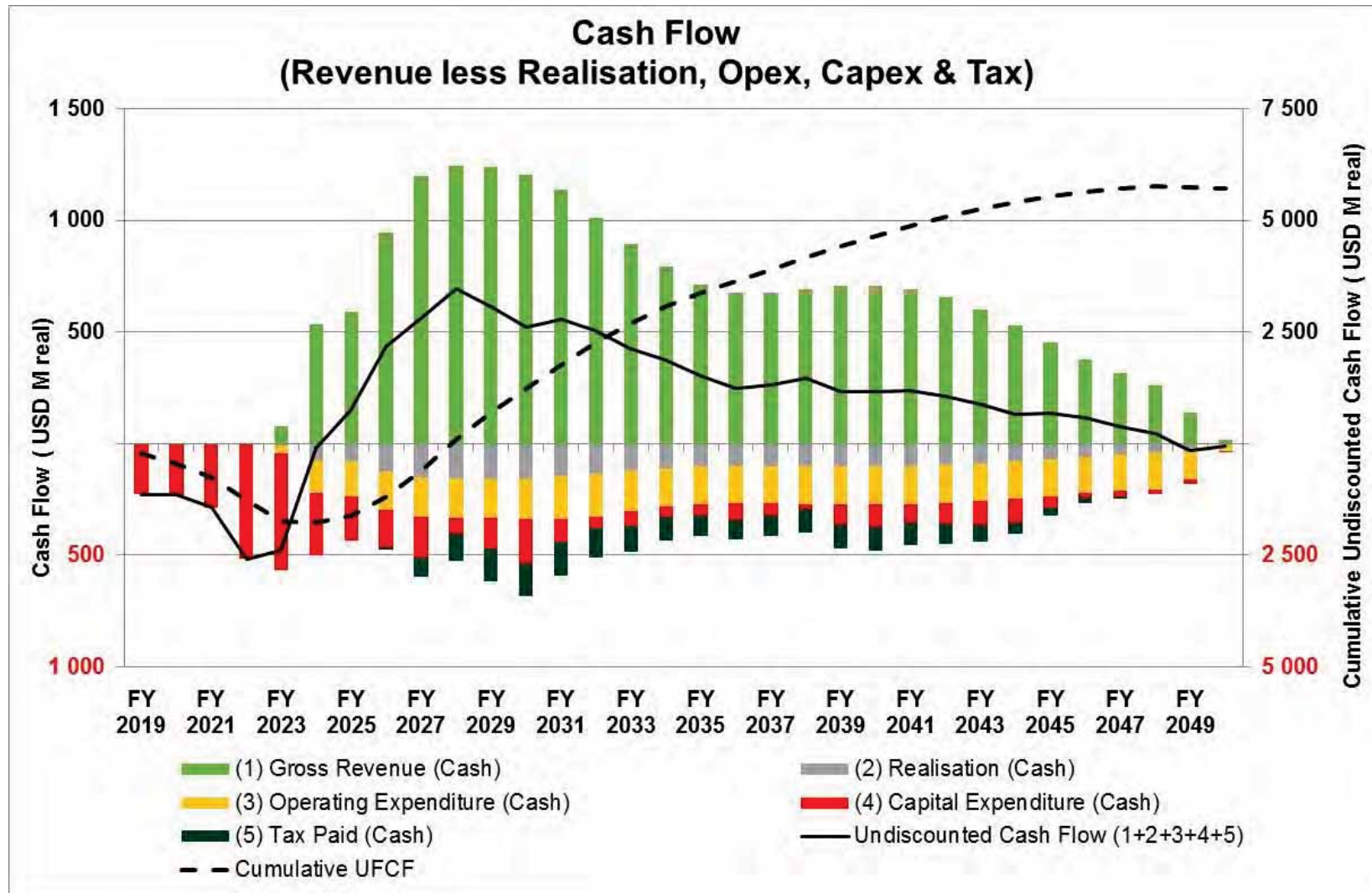
NPV: Net present value

IRR: Internal rate of return

LoM: Life of Mine

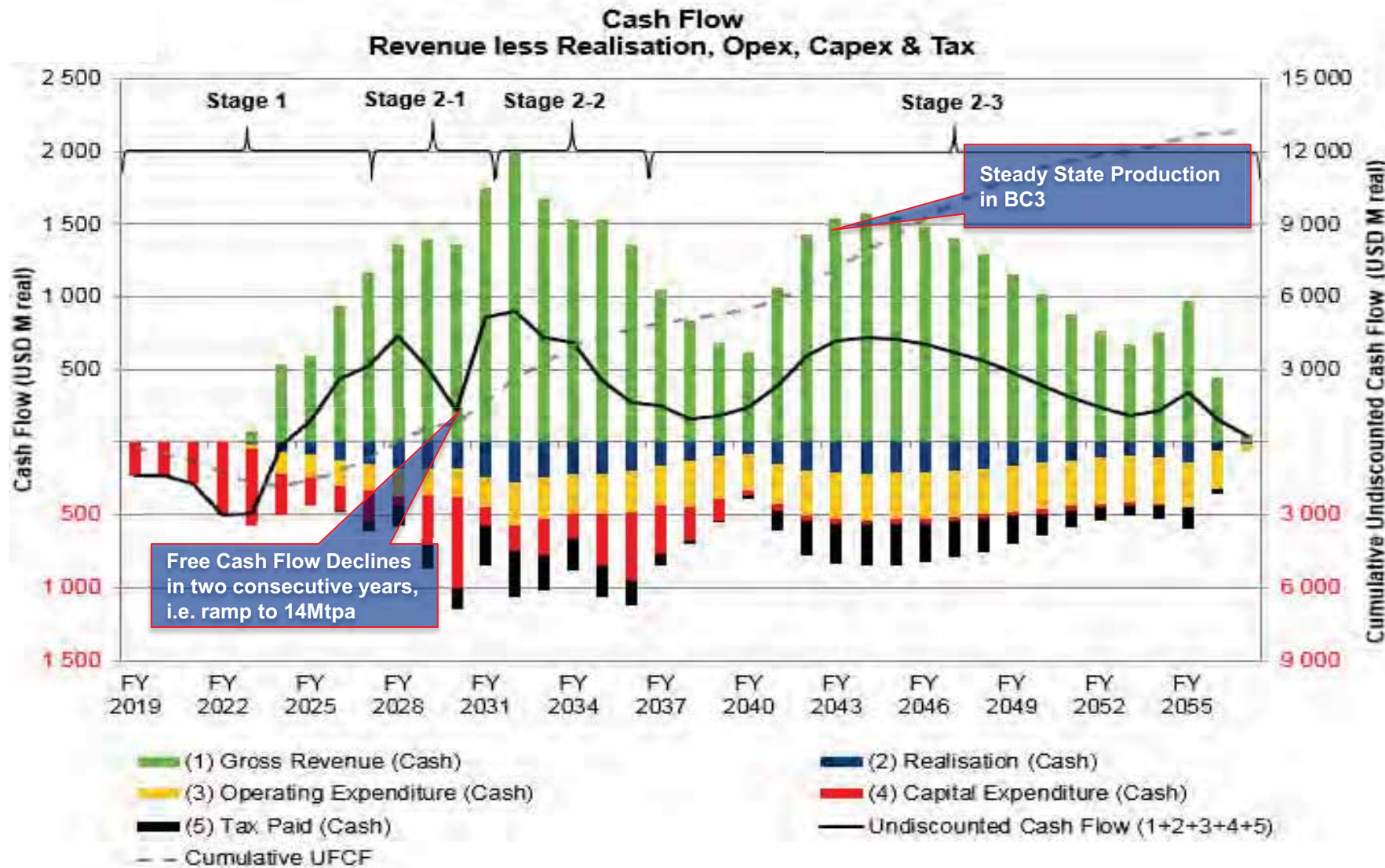
- Feasibility optimisation and de-risking studies for Stage 1 and 2; additional data gathering
- Submission of environmental impact statement
- Deep sea tailings placement studies
- Compilation and submission of Special Mining Lease application
- Stage 1 Project permitting negotiations
- Exercise of PNG government equity option
- Grant of special mining lease

# Stage 1 - strong cash flows



All numbers reflected on a 100% basis

# Stage 2 - life of mine cash flows



No PNG Government buy-in (Harmony 50%)	
Year	Project cashflow (incl. capex)
	US\$m
FY17 and FY18	*
FY19	(115)
FY20	(115)
FY21	(145)
FY22	(260)
FY23	(240)
Total	(875)

External  
funding of  
US\$250m  
required

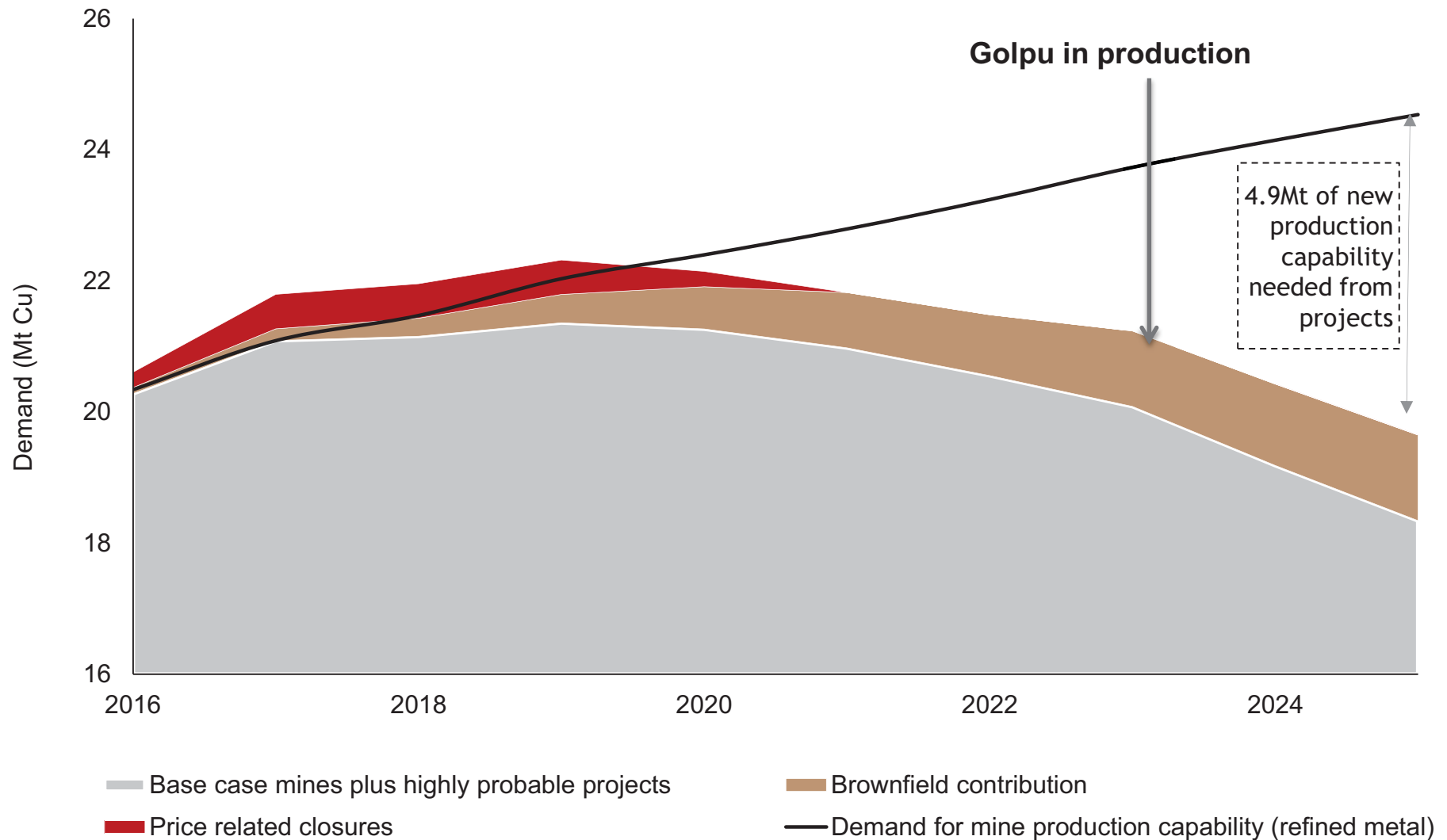
PNG Government buy-in (Harmony 35%)	
Year	Project cashflow (incl capex)
	US\$m
FY17 and FY18	*
FY19	37
FY20	(81)
FY21	(102)
FY22	(182)
FY23	(168)
Total	(496)

Grant of SML and PNG  
Government buys 30% for  
US\$235m

*\*Insignificant expenditure up to granting of SML*

*The above funding requirements are based on the project permitting timeline with on the ground activities only commencing post grant of a Special Mining Lease in FY19.*

# Harmony will meet long term copper demand



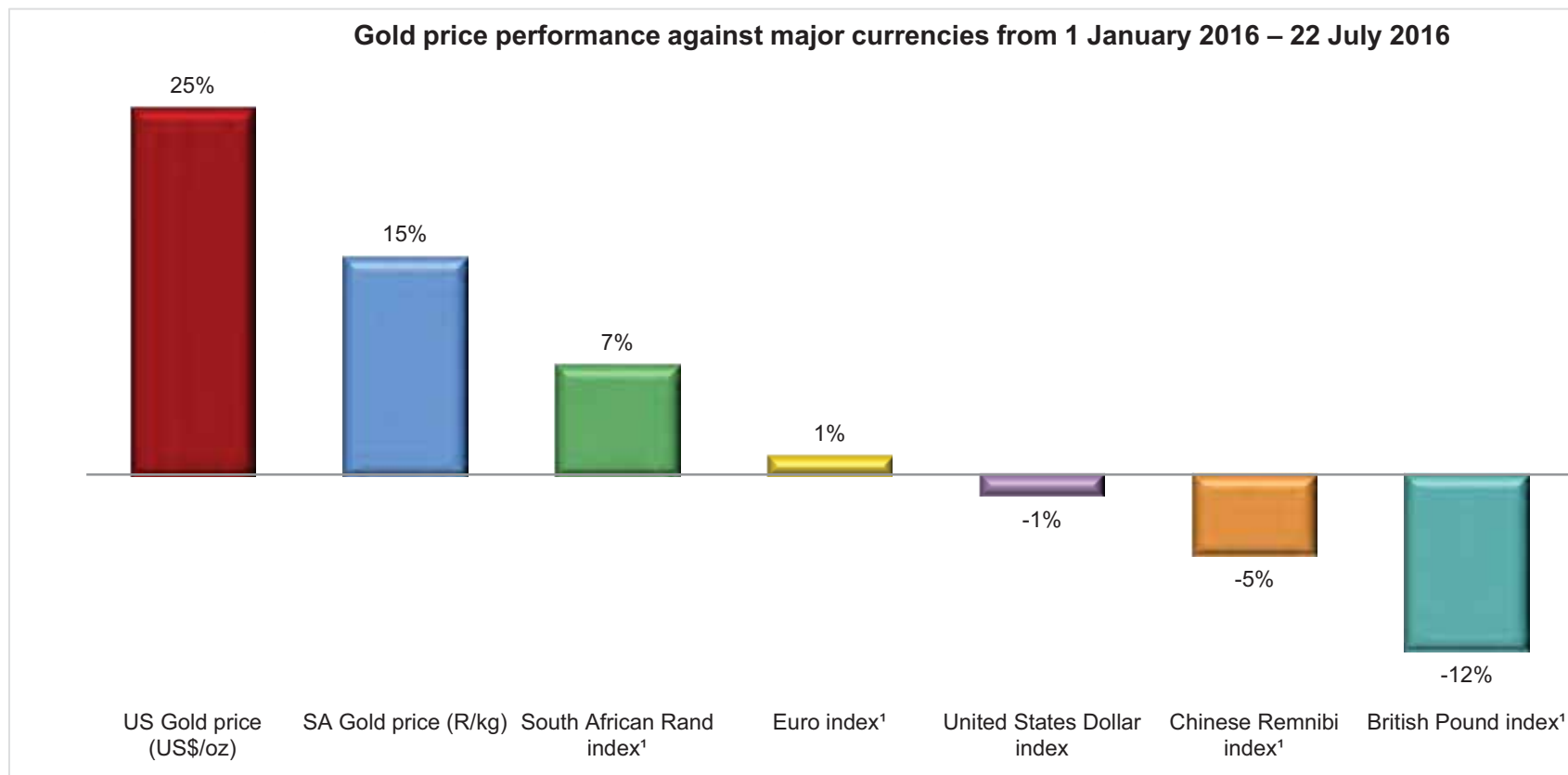
Source: Wood Mackenzie

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

# Gold equities remain attractive



- Leverage to gold price and rand-dollar exchange rate changes
- Gold is a safe haven - countercyclical to general economic growth



Source: Factset as on 22 July 2016

<sup>1</sup> JPMorgan Nominal Broad Effective Exchange Rate Index for each country, Index set at 100 as at 01 Jan 2010





# **FINANCIAL RESULTS ENDED 31 DEC 2015**



# Extract from income statement (q-on-q) – US\$



Extracts from income statement and operating results	Dec 2015 quarter (US\$m)	Sep 2015 quarter (US\$m)	% Change
Revenue	321	319	-
Production costs	(230)	(265)	13
Cash operating costs	(226)	(259)	13
Inventory movements	(4)	(6)	33
Production profit as per operating results	91	54	68
Amortisation and depreciation	(37)	(43)	14
Exploration expenditure	(4)	(3)	(33)
Foreign exchange translation loss <sup>1</sup> #	(26)	(33)	21
Taxation	(4)	3	>(100)
<b>Net profit/(loss)</b>	<b>5</b>	<b>(40)</b>	<b>&gt;100</b>
<b>Headline earnings/(loss)</b>	<b>5</b>	<b>(40)</b>	<b>&gt;100</b>
Average exchange rate (R/US\$)	14.24	13.00	10

<sup>1</sup> The Rand/US dollar closing exchange rate weakened from R13.87 to R15.62 in Q2FY16 and from R12.16 to R13.87 during Q1FY16

# Included as part of the "Other expenses (net)" line in the income statement

# Reduction in net debt (q-on-q) – US\$



Extracts from cash flow statement and balance sheet	Debt (US\$m)	Cash (US\$m)	Net debt <sup>2</sup> (US\$m)
<b>Opening balance 30 Sep 2015</b>	<b>(298)</b>	<b>107</b>	<b>(191)</b>
Net cash generated	-	33	<b>33</b>
Cash generated by operating activities	-	73	73
Cash utilized by investing activities	-	(40)	(40)
Translation adjustments	2	(6)	(4)
Debt repaid <sup>1</sup>	78	(78)	-
<b>Closing balance 31 Dec 2015</b>	<b>(218)</b>	<b>56</b>	<b>(162)</b>
<b>Net change</b>	<b>80</b>	<b>(51)</b>	<b>29</b>

<sup>1</sup> Repayments consisted of US\$50 million on the US\$250 million Revolving Credit Facility and R 400 million on the R1.3 billion Rand facility. Average exchange rate for Q2FY16: R14.24. Closing exchange rate for Q2FY16: R15.62

<sup>2</sup> On 14 April 2016, the company stated that it had reduced net debt to R1.7bn (US\$ 107m) from R2.5bn (US\$ 162bn) at the end of December 2015

# Debt facilities



## Borrowings summary at 31 Dec 2015

	US\$ facility <sup>1</sup> (US\$m)	Rand facility <sup>1</sup> (Rm)
Facility	250	1 300
<b>Drawn down</b>	<b>200*</b>	<b>300</b>
Undrawn committed borrowing facilities	50	1 000
Maturity	Feb 2018	Dec 2016
Interest rate	Libor+3%	JIBAR +3.5%

\*Another US\$20m has been repaid on the US dollar debt facility in February 2016

<sup>1</sup> On 14 April 2016, the company stated that it had reduced net debt to R1.7bn (US\$ 107m) from R2.5bn (US\$ 162bn) at the end of December 2015



# CONCLUSION



# Our investment case



- ✓ All operations to be profitable
- ✓ Delivered in line with FY16 production guidance
- ✓ Strong operating margins and cashflow
- ✓ Low debt
- ✓ Developing a quality copper gold portfolio in PNG



# De-risking the company through healthy relationships





# ADDITIONAL INFORMATION





# Exceeding our annual guidance on grade



Operation	Reserve grade g/t	Adjusted reserve grade (-5%)	Actual grade (g/t) achieved in FY15	FY16 grade guidance (g/t)	Recovered grade (g/t) achieved in Q4FY15	Recovered grade (g/t) achieved in Q1FY16	Recovered grade (g/t) achieved in Q2FY16	% Quarter on quarter increase
Kusasaletu	6.18	5.87	4.35	6.5	3.89	4.49	6.25	39%
Phakisa	6.83	6.49	5.1	5.1	4.77	5.52	5.87	6%
Tshepong	5.42	5.15	4.31	4.4	4.43	4.69	4.43	-6%
Target 1	5.29	5.03	5.11	4.6	5.03	5.50	5.49	0%
Bambanani	11.33	10.76	12.7	11.5	13.03	14.67	13.82	-6%
Doornkop	5.16	4.90	4.42	4.4	4.48	4.05	4.73	17%
Masimong	3.85	3.66	3.68	3.6	3.48	3.85	3.79	-2%
Unisel	4.48	4.26	4.06	3.9	3.75	4.26	4.20	-1%
Joel	5.24	4.98	4.1	4.2	3.83	3.88	4.69	21%
<b>Underground operations</b>	<b>5.82</b>	<b>5.53</b>	<b>4.75</b>	<b>~5.0*</b>	<b>4.61</b>	<b>4.99</b>	<b>5.33</b>	<b>7%</b>

\*Harmony achieved 5.02g/t for FY16 as per results guidance on 18 July 2016

# Production vs guidance



Operation	FY16 production (oz)	Average production guidance per quarter (oz)	Q1FY16 results	Q2FY16 results	Life of mine (years)
Kusasaletu	170 000 - 190 000	45 000	32 794	31 154	25
Phakisa	90 000 - 110 000	25 000	31 572	33 565	11
Tshepong	120 000 - 140 000	32 500	42 407	38 774	20
Target 1	110 000 - 130 000	30 000	32 344	34 787	10
Bambanani	80 000- 100 000	22 500	30 190	27 553	6
Doornkop	70 000- 90 000	20 000	21 380	22 795	15
Masimong	65 000 - 80 000	18 125	23 406	19 483	3
Unisel	45 000 - 55 000	12 500	15 336	14 854	5
Joel	60 000 - 75 000	16 875	17 361	20 962	11
<b>Underground operations</b>	<b>810 000 - 970 000</b>	<b>222 500</b>	<b>246 790</b>	<b>243 927</b>	
Hidden Valley	80 000 - 95 000	21 875	11 124	17 201	3 - 6
Various surface	50 000 - 55 000	13 125	14 822	16 236	15+
Kalgold	30 000 - 40 000	8 750	8 649	9 710	14
<b>Total</b>	<b>~ 1.1 Moz</b>	<b>~ 266 250</b>	<b>281 385</b>	<b>287 074</b>	

Note: Guided costs including capital of R435 000/kg (US\$1 080/oz using an exchange rate of US\$/R12.50)

# Cost including capital vs guidance



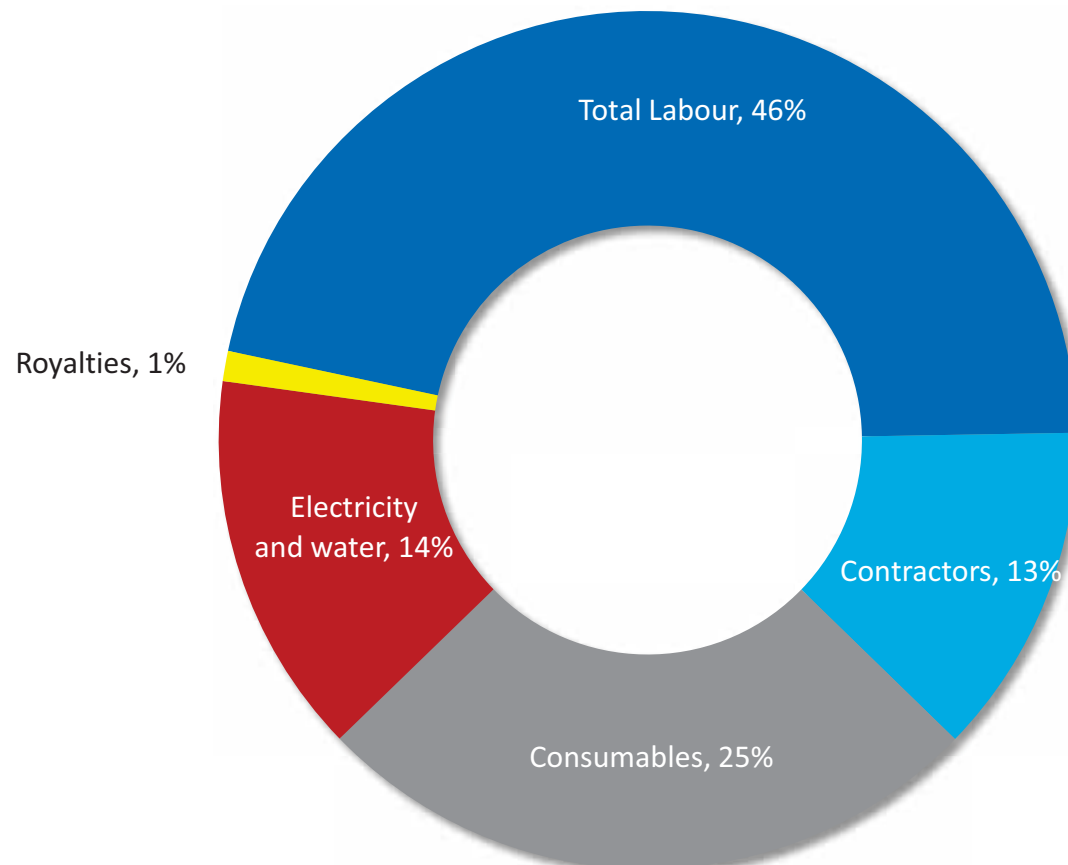
Operation	FY16 Cost and capital guidance	Q1FY16 results	Q2FY16 results	H1FY16 results
Kusasaletu	410 000 - 440 000	567 941	523 029	546 061
Phakisa	450 000 - 490 000	434 559	388 716	410 936
Tshepong	425 000 - 450 000	397 445	423 954	410 106
Target 1	410 000 - 440 000	393 674	362 106	377 316
Bambanani	260 000 - 300 000	247 833	263 953	255 525
Doornkop	440 000 - 460 000	479 226	420 068	448 699
Masimong	420 000 - 455 000	403 291	460 038	429 070
Unisel	430 000 - 465 000	421 036	434 885	427 850
Joel	410 000 - 440 000	488 350	411 092	446 091
<b>Underground operations</b>	<b>425 000 - 450 000</b>	<b>421 553</b>	<b>406 945</b>	<b>414 291</b>
Hidden Valley	395 000 - 425 000	916 017	585 847	715 516
Various surface	410 000 - 445 000	392 768	362 681	379 270
Kalgold	420 000 - 450 000	556 398	465 089	508 105
<b>Total</b>	<b>~ R435 000/kg</b>	<b>R443 730/kg</b>	<b>417368</b>	<b>430417</b>

Note: Guided costs including capital of R435 000/kg (US\$1 080/oz using an exchange rate of US\$/R12.50)

# Classification of cash operating costs excluding capital



Total Harmony Q2FY16



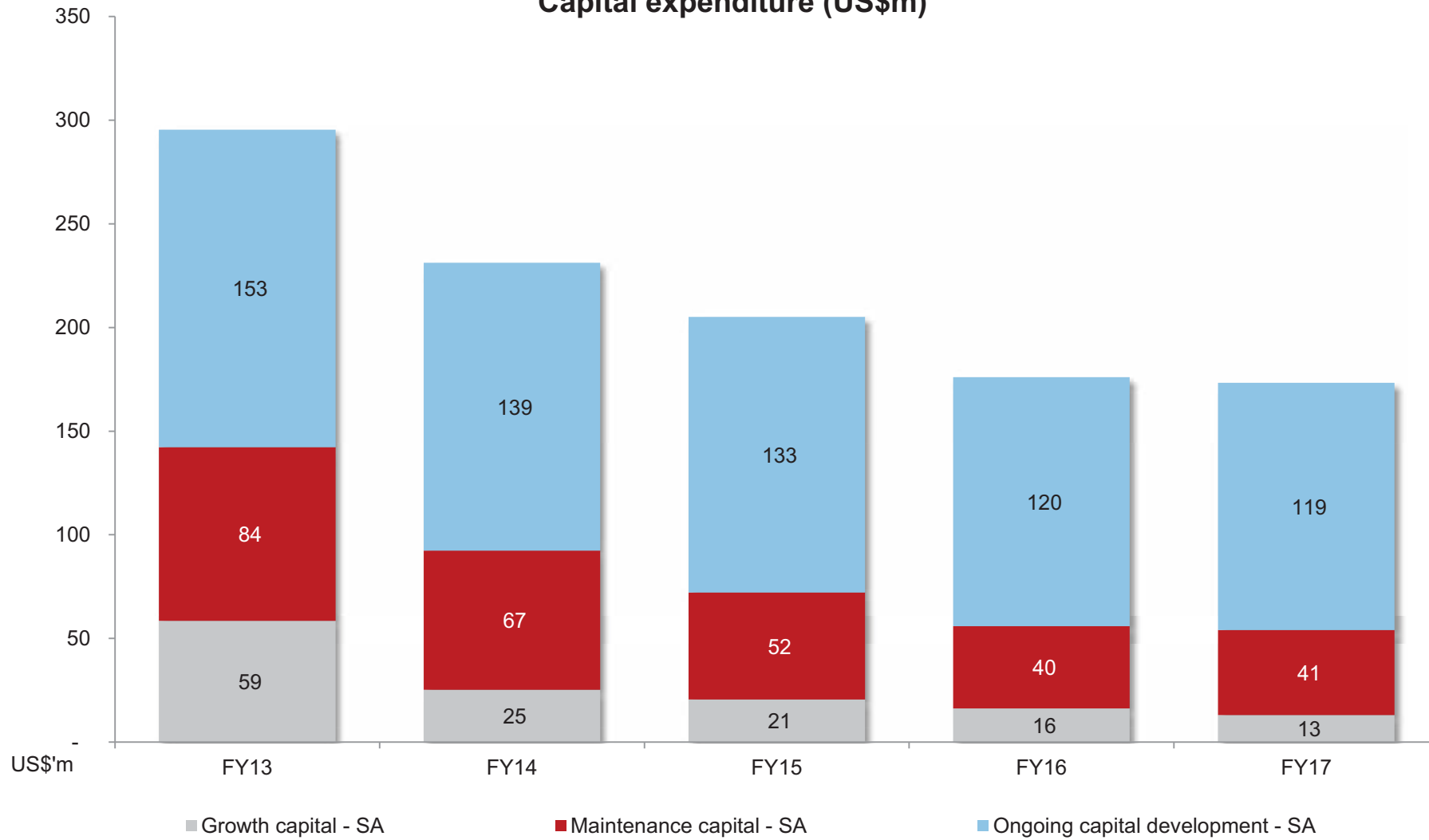
Note: In South Africa our costs are mostly Rand based, while in PNG the costs are equally based in PNG Kina, Australian dollar and the US dollar

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

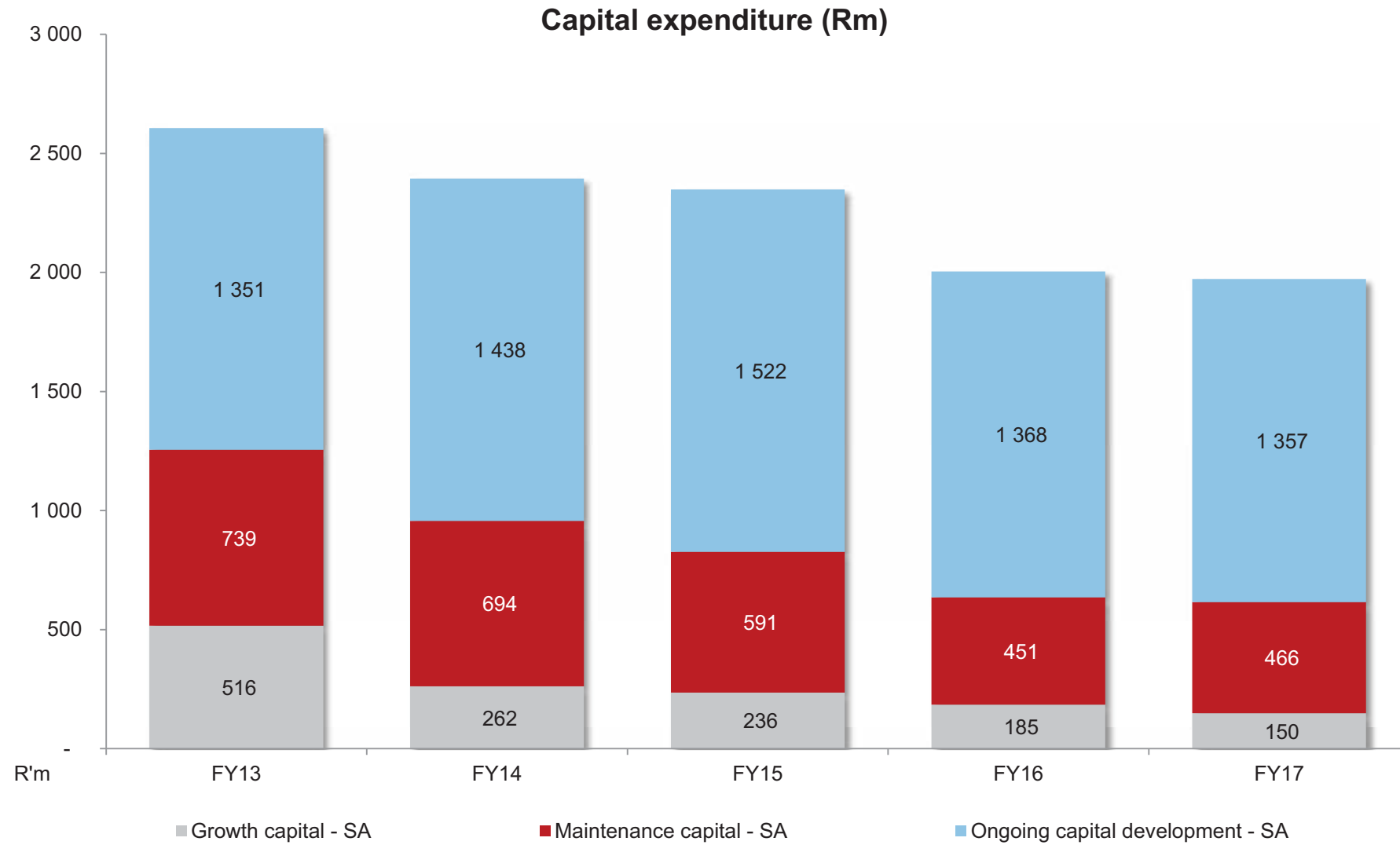
# Major capital spend in SA behind us



### Capital expenditure (US\$m)



# Major capital spend in SA behind us



# Extract from income statement (q-on-q) – Rand



	Dec 2015 quarter (Rm)	Sep 2015 quarter (Rm)	% change
Extracts from income statement and operating results			
Revenue	4 567	4 140	10
Production costs	(3 275)	(3 439)	5
Cash operating costs	(3 216)	(3 368)	5
Inventory movements	(59)	(71)	17
Production profit as per operating results	1 292	701	84
Amortisation and depreciation	(531)	(555)	4
Exploration expenditure	(60)	(43)	(40)
Foreign exchange translation loss <sup>1</sup> #	(370)	(428)	14
Taxation	(56)	33	>(100)
<b>Net profit/(loss)</b>	<b>76</b>	<b>(521)</b>	<b>&gt;100</b>
<b>Headline earnings/(loss)</b>	<b>74</b>	<b>(523)</b>	<b>&gt;100</b>

<sup>1</sup> The Rand/US dollar closing exchange rate weakened from R13.87 to R15.62 in Q2FY16 and from R12.16 to R13.87 during Q1FY16

# Included as part of the "Other expenses (net)" line in the income statement

# Reduction in net debt (q-on-q) – Rand



Extracts from cash flow statement and balance sheet	Debt (Rm)	Cash (Rm)	Net debt (Rm)
<b>Opening balance 30 Sep 2015</b>	<b>(4 129)</b>	<b>1 487</b>	<b>(2 642)</b>
Net cash generated	(5)	506	<b>501</b>
Cash generated by operating activities	-	1 043	1 043
Cash utilised by investing activities	-	(568)	(568)
Foreign currency translation and other adjustments	(5)	31	26
Translation loss on US dollar loan <sup>1</sup>	(374)	-	<b>(374)</b>
Debt repaid <sup>2</sup>	1 117	(1 117)	-
<b>Closing balance 31 Dec 2015</b>	<b>(3 391)</b>	<b>876</b>	<b>(2 515)</b>
<b>Net change</b>	<b>738</b>	<b>(611)</b>	<b>127</b>

<sup>1</sup> The Rand/US dollar closing exchange rate weakened from R13.87 in Q1FY16 to R15.62 in Q2FY16

<sup>2</sup> Repayments consisted of US\$50 million on the US\$250 million Revolving Credit Facility and R400 million on the R1.3 billion Rand facility



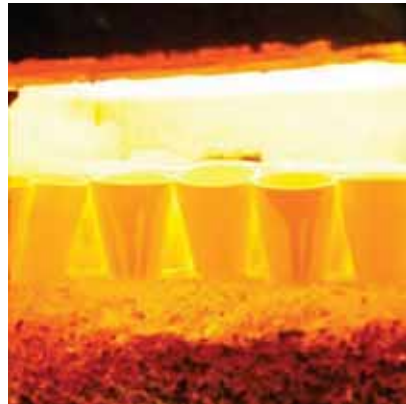
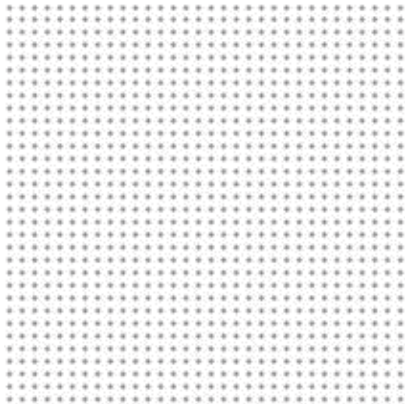


## HARMONY'S INVESTMENT CASE

1. All operations profitable
2. On track to deliver in line with production guidance
3. Strong operating margins and cashflow
4. Low debt
5. Developing a quality copper gold portfolio in PNG

## CONTACT US

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