



DRIVEN BY  
EXCELLENCE



# WHERE WE OPERATE

## South Africa



Listed on JSE and NYSE

9 underground operations ■●

1 open pit mine ▲

Multiple surface sources ●

## Papua New Guinea



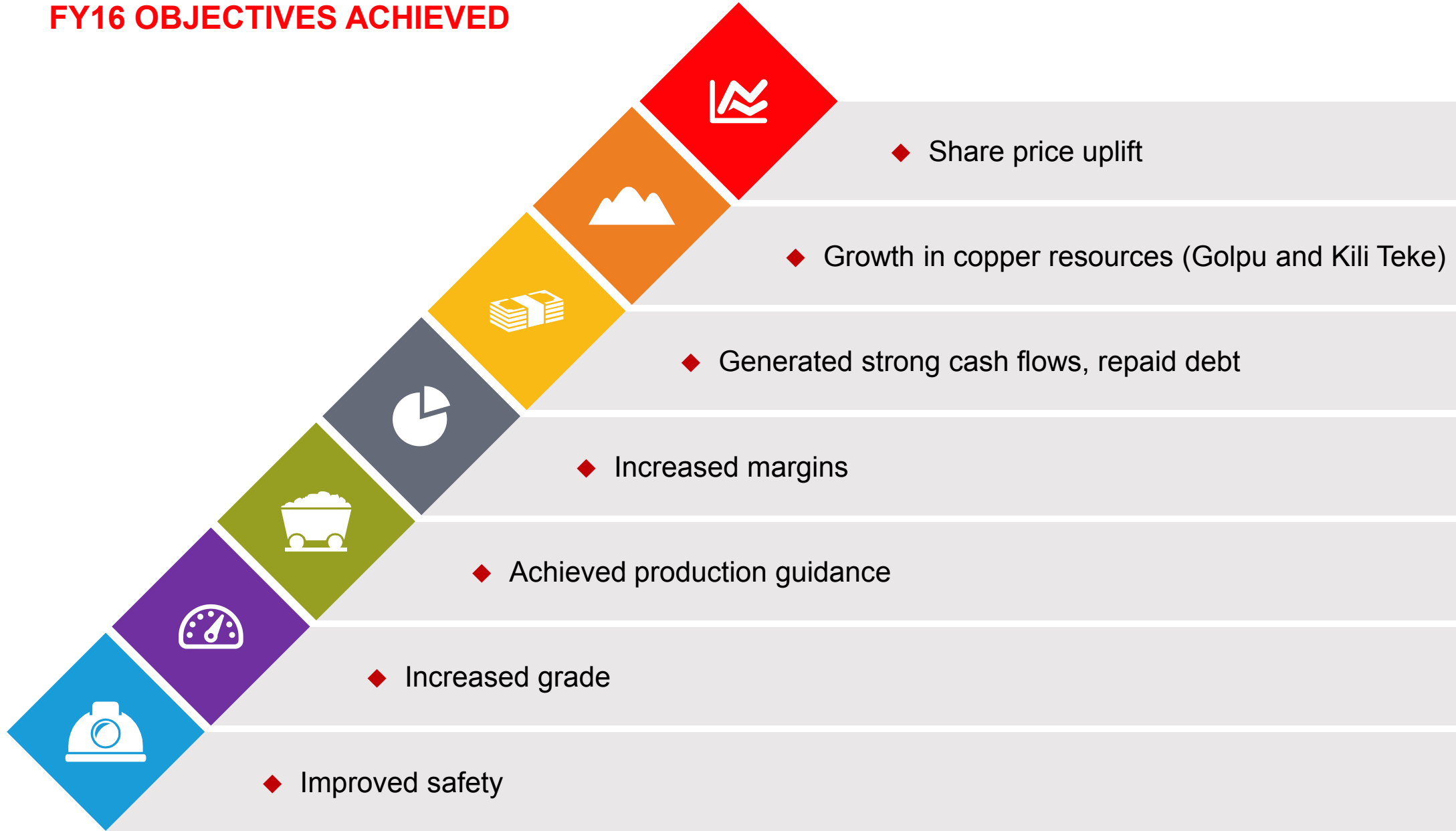
1 open pit mine (50:50 JV) ▲

Golpu project (50:50 JV) ●

Multiple exploration areas (50% and 100%)

Kili Teke discovery (100% owned) ■

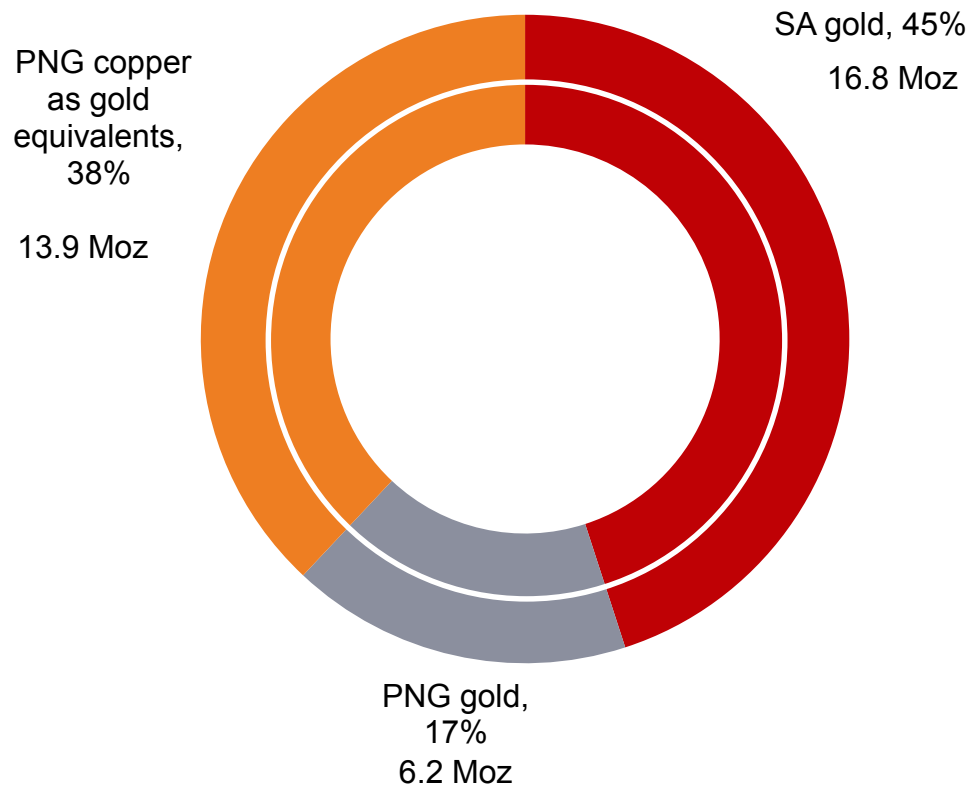
# FY16 OBJECTIVES ACHIEVED



## HARMONY'S VALUE UPLIFT

- ◆ 6% increase in underground recovered grade
- ◆ 54% reduction in net debt to R1.08 billion (61% to US\$74 million)
- ◆ Net profit of R949 million (US\$64 million)
- ◆ Headline earnings per share (HEPS) of 221 SA cents (US\$15 cents)
- ◆ Dividend of 50 SA cents
- ◆ Copper growth in PNG

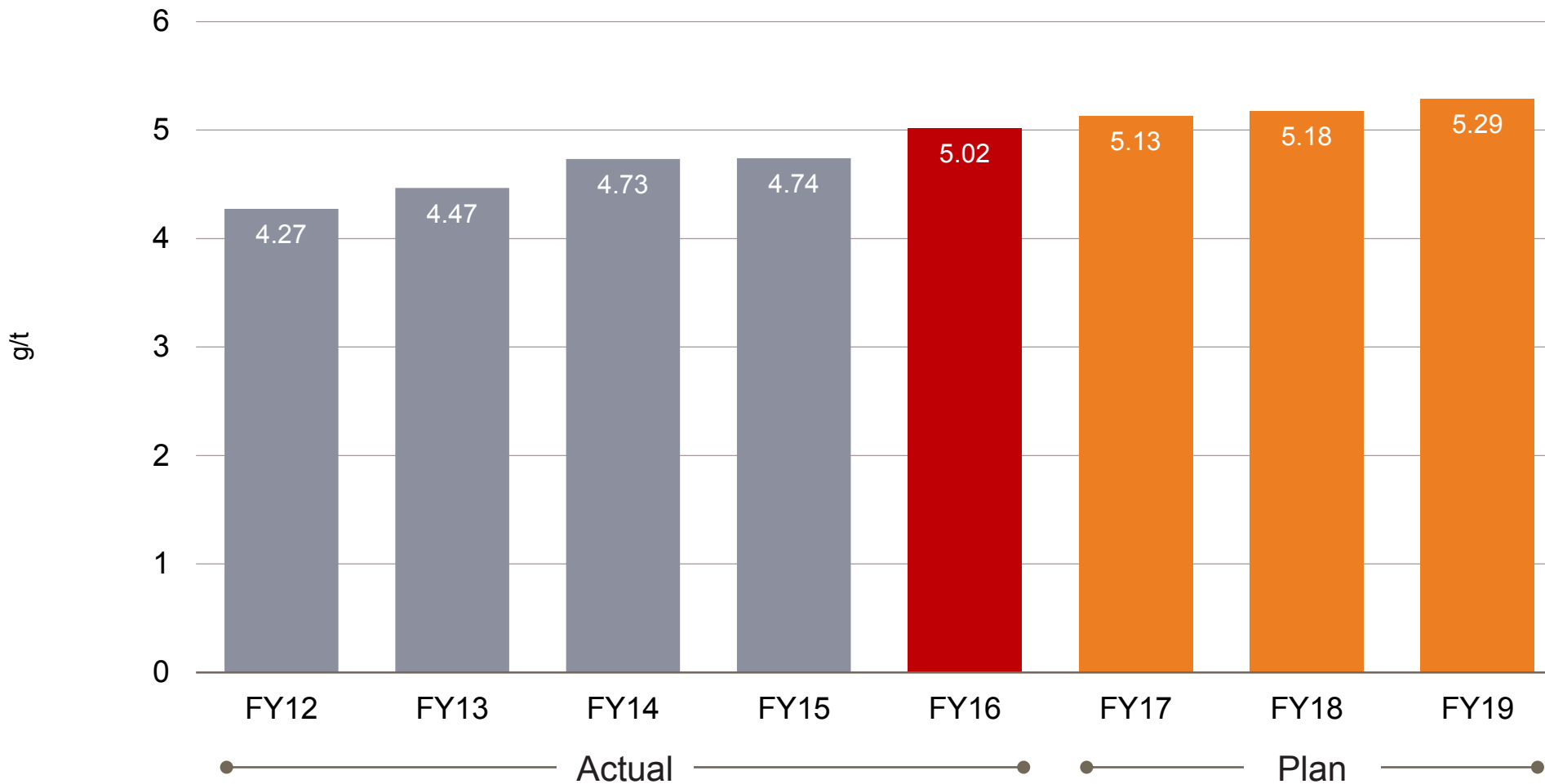
## QUALITY RESERVES (GOLD EQUIVALENT) SPLIT



- ◆ Total reserves of 36.9 Moz<sup>1</sup>
- ◆ Total resources of 105.2 Moz<sup>1</sup>

1. Refer [www.harmony.co.za](http://www.harmony.co.za) for detail, Gold equivalent based on US\$1150 oz Au, and US\$3.0 lb Cu

# UNDERGROUND RECOVERED GRADE INCREASING



## GRADE IS KING

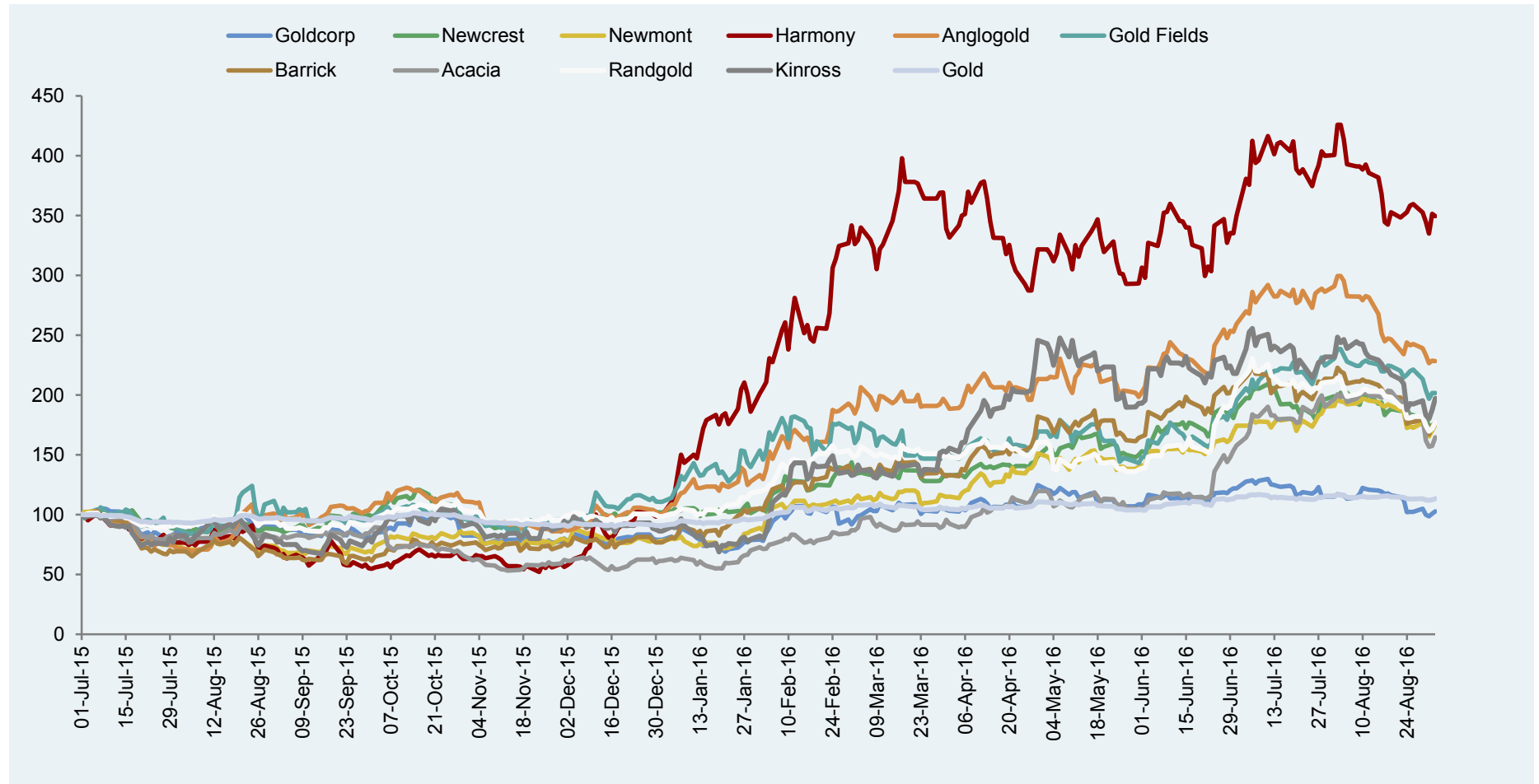
### Harmony's grade code

- ◆ No mining below cut-off
- ◆ Mining to average reserve grade
- ◆ Only quality grade

### Growth projects delivering good results

- ◆ Phakisa, Tshepong decline on track with grades
- ◆ Accessed higher grade areas through Doornkop and Kusasalethu deepening
- ◆ Mining the Bambanani high grade pillar
- ◆ Completion of Joel decline in FY17 will deliver additional higher grade ore
- ◆ Planned average mining grades are being achieved
- ◆ Medium to long term development strategies paying off

## HARMONY OUTPERFORMS INDICES, GOLD PRICE AND PEERS (Rebased to 100)



Source: Factset (data since 1 July 2015 to 24 Aug 2016)





# OUR STRATEGY



## OUR STRATEGY



- ◆ Enabling environment
- ◆ Maintaining disciplined cost management
- ◆ Positioned high cost operations for profitability
- ◆ Disciplined mining
- ◆ Living our values
- ◆ Increasing productivity
- ◆ Grade management

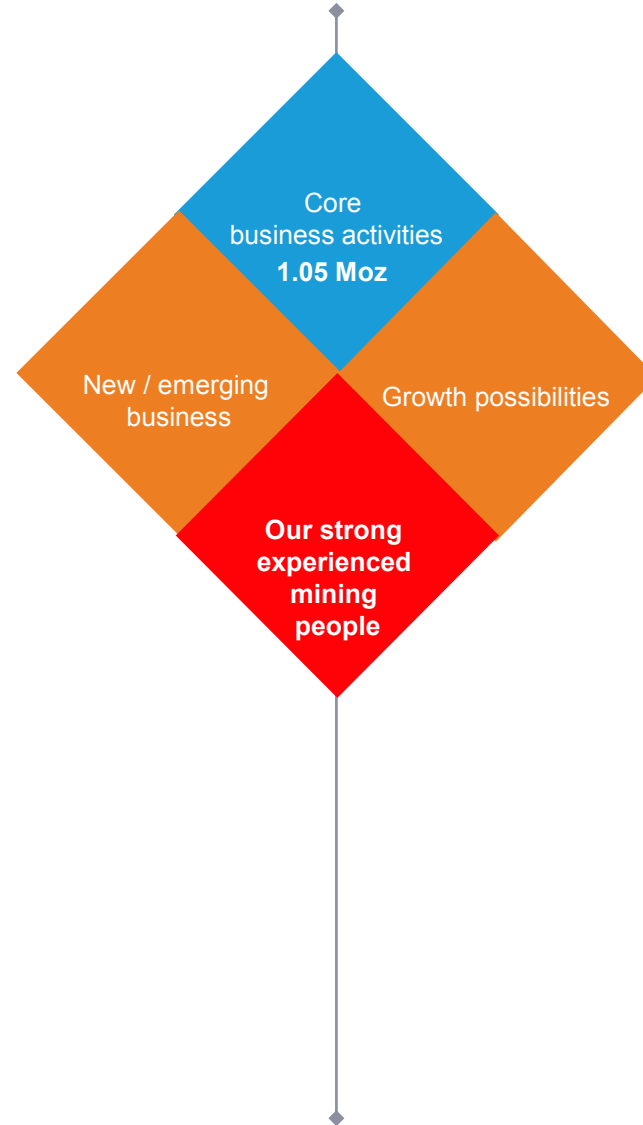
- ◆ Achieving operational plans
- ◆ Hedging to protect our margins
- ◆ Strong balance sheet
- ◆ Dividends – paid out of profits

- ◆ Repaying debt a priority
- ◆ Growth through
  - organic growth
  - exploration
  - acquisitions

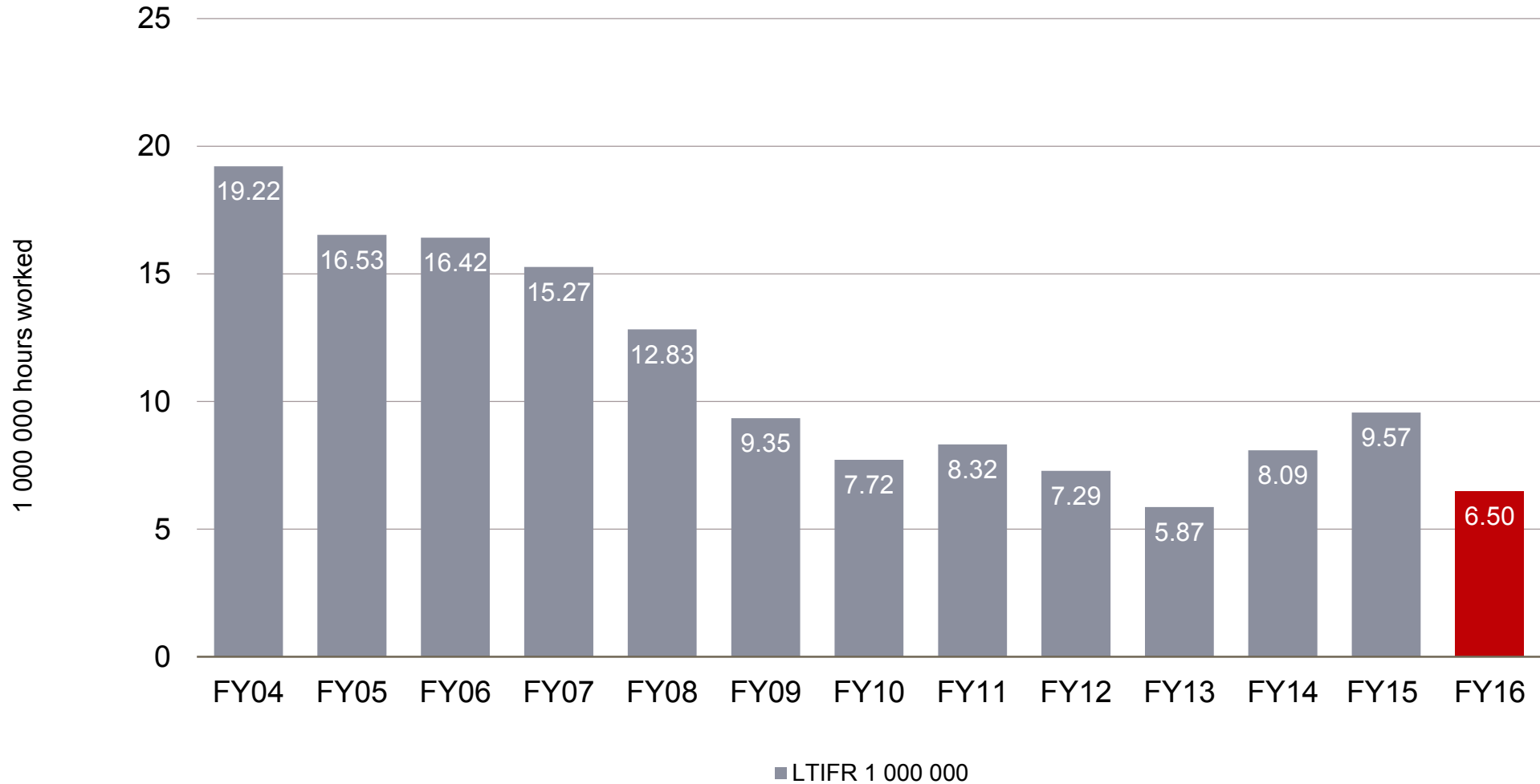
# OUR ASPIRATION

Producing  
**1.5 Moz**  
at less than **US\$950/oz** over a  
**THREE YEAR PERIOD**

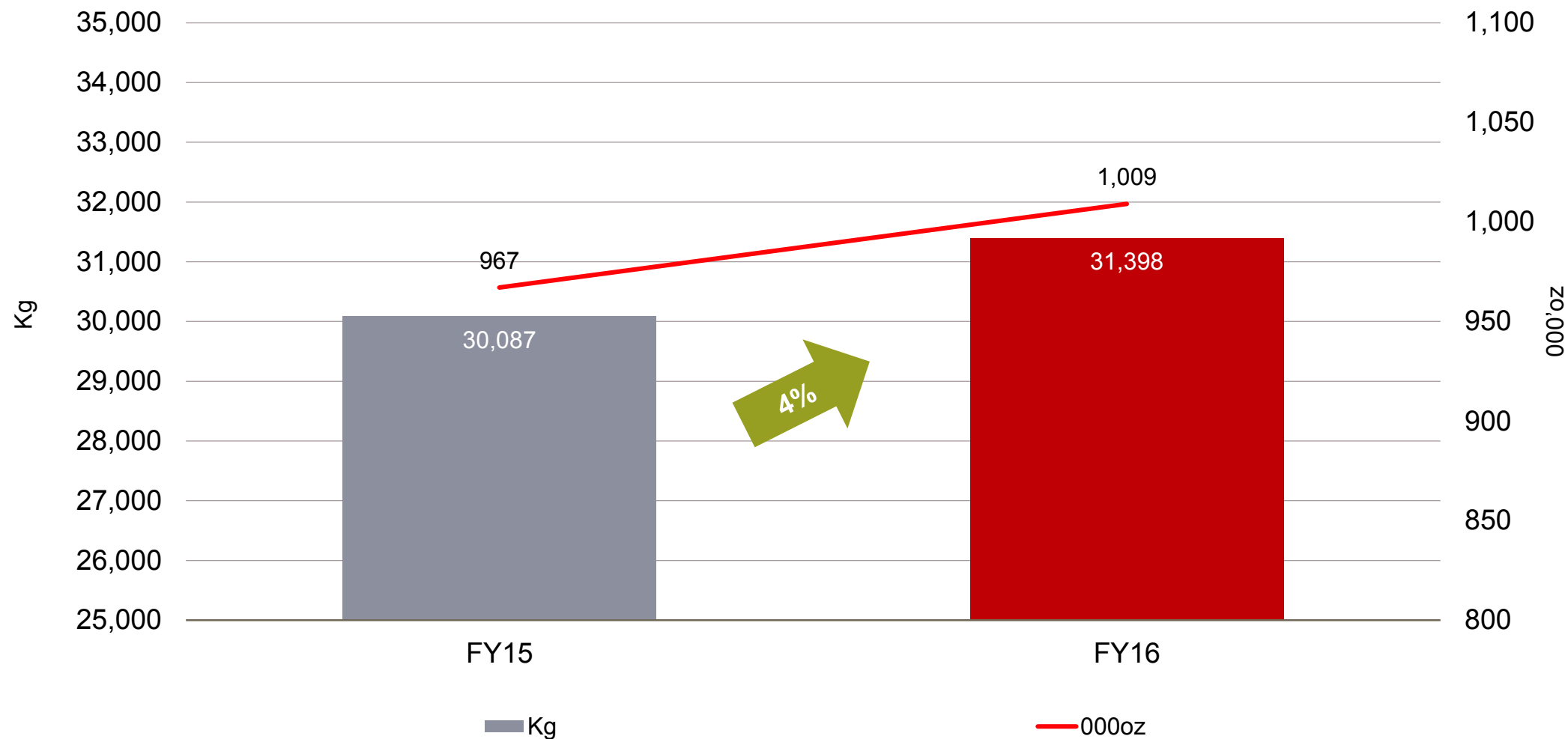
How we will  
achieve this



## SAFETY COMES FIRST (Y-ON-Y LOST TIME INJURY FREQUENCY RATE DECREASED)

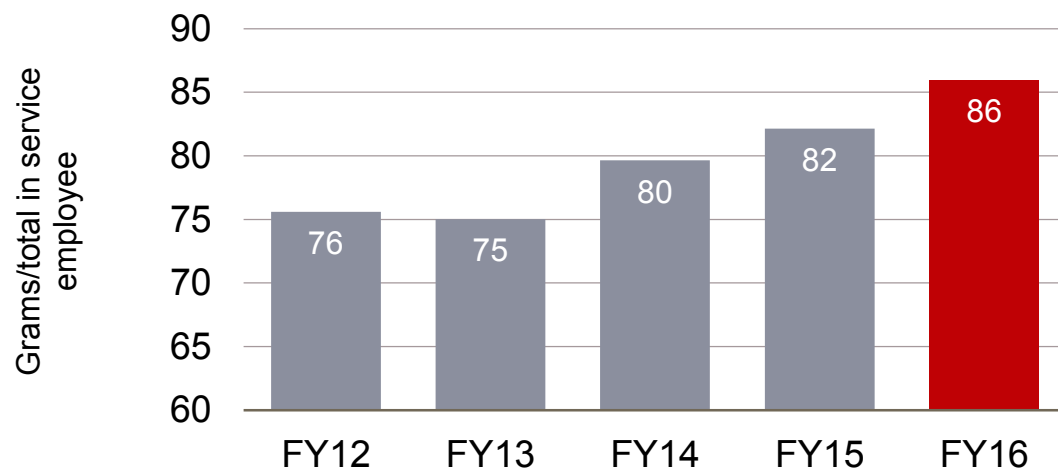
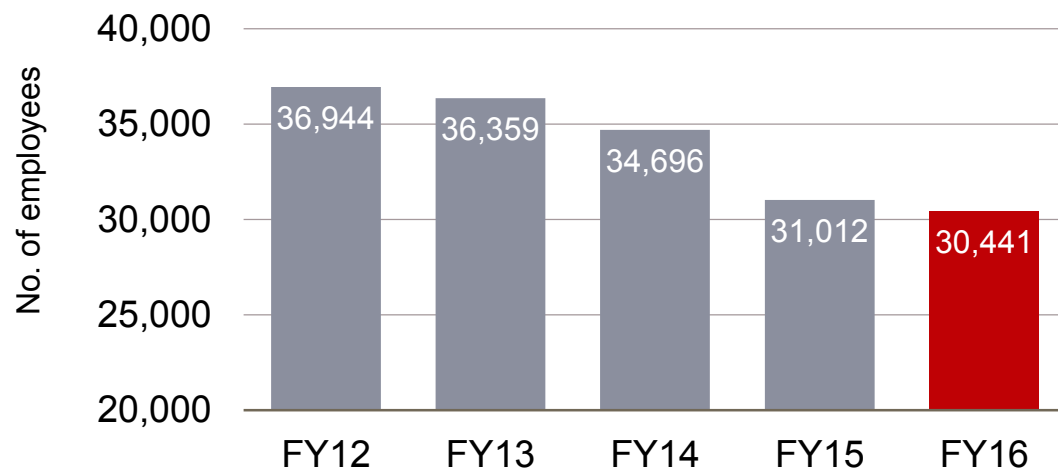


## Y-ON-Y INCREASE IN SA PRODUCTION



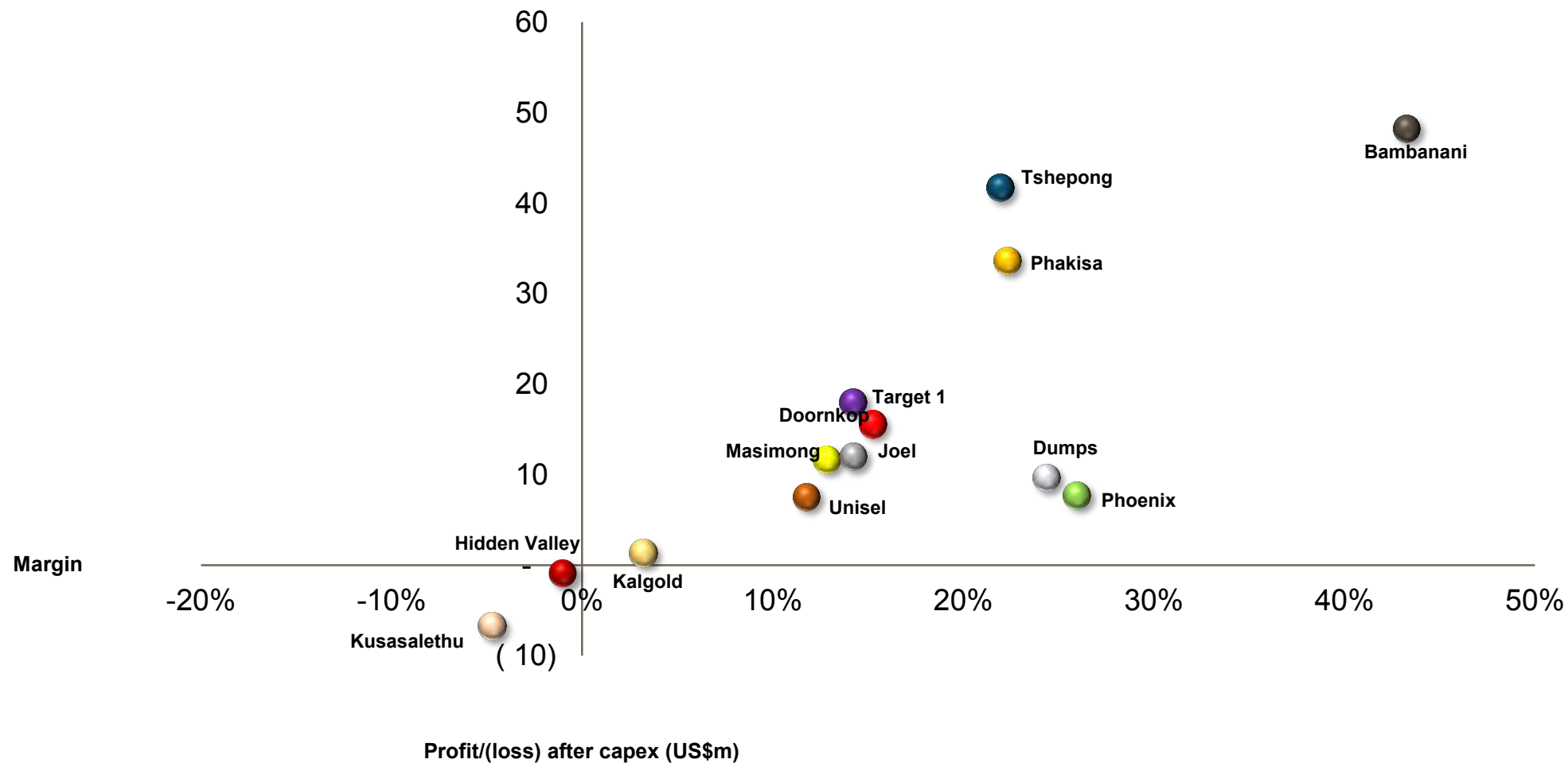
Note: Excludes Target 3 placed on care and maintenance in FY15 (483kg or 15 529oz)

## PRODUCTIVITY INCREASING AT OUR OPERATIONS (SA)

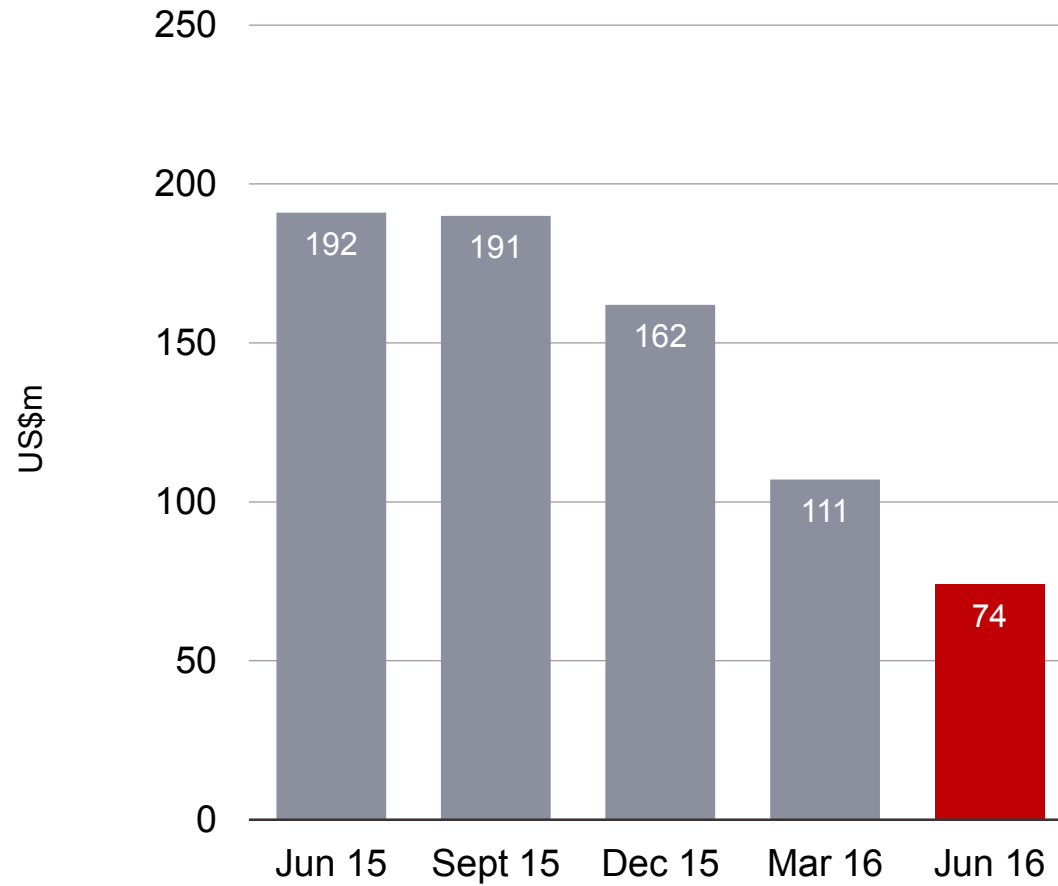


- ◆ Good momentum at operations
- ◆ Safety performance (focus on zero fatalities)
- ◆ Grade management
- ◆ Increasing productivity

## OPERATING MARGINS STRENGTHENED (Average gold price received of US\$1 169/oz for FY16)



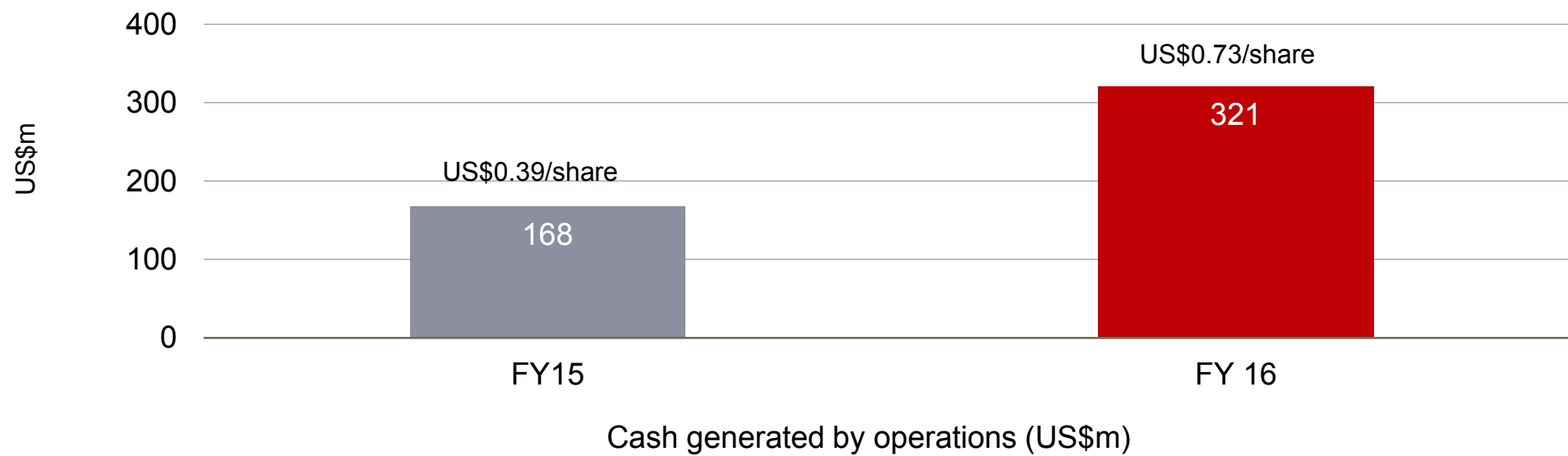
## FY16 NET DEBT DECREASED (US\$) – REPAYING DEBT A PRIORITY



- ◆ 61% reduction in net debt
- ◆ On track to be net debt free by the end of calendar year 2016



## NET OPERATING CASH FLOW





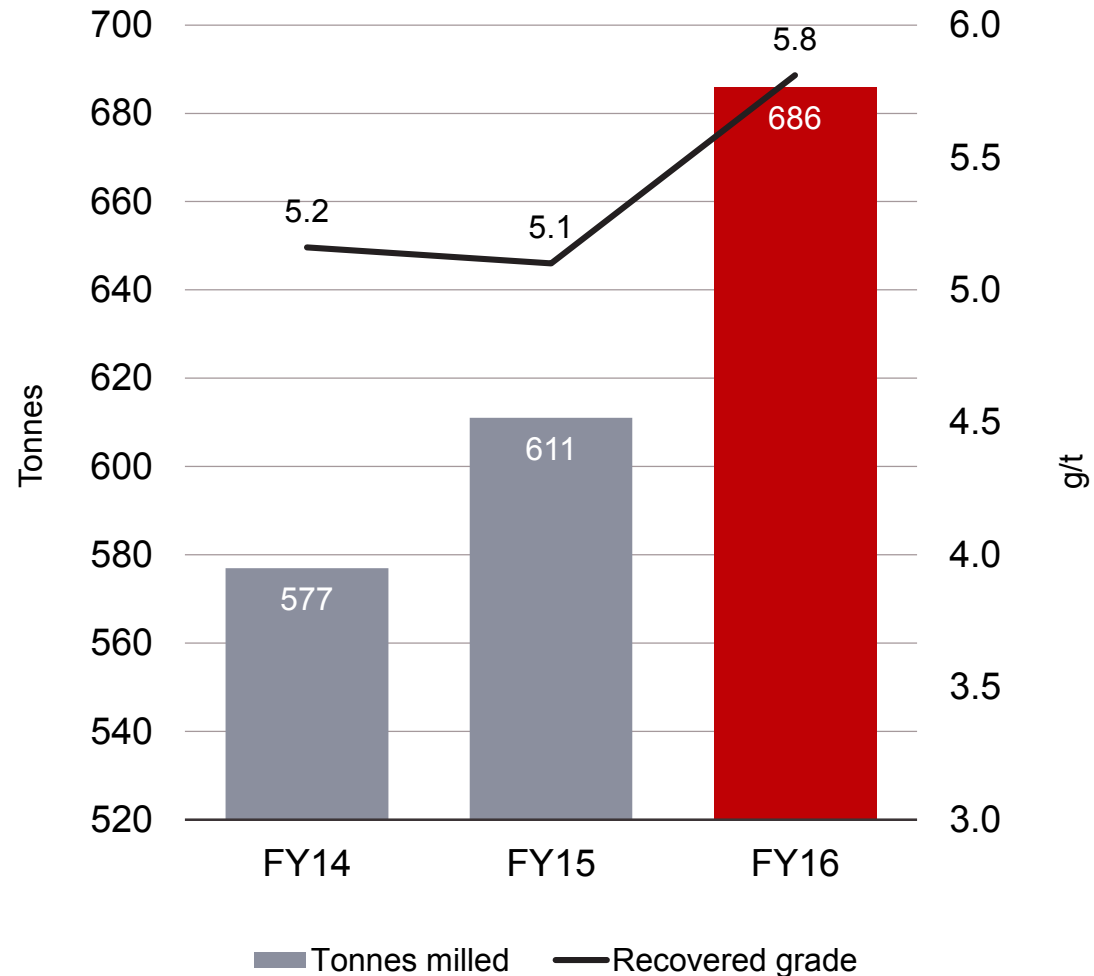
ENHANCING  
OUR VALUE



## MINING ONLY SAFE, PROFITABLE OUNCES

Nurture, develop, grow		High cost, shorter life	
Operation	Comments	Operation	Comments
<b>Tshepong and Phakisa</b>	Tshepong highly productive mine; good synergies with Phakisa	<b>Masimong</b>	Low grade, productive; LOM of 2-3 years
<b>Bambanani</b>	Very profitable; high grade; big cash contributor	<b>Unisel</b>	Low grade. LOM of 5-6 years; makes a profit towards closure
<b>Target 1</b>	Stand alone mechanised operation with large resource base	<b>Hidden Valley</b>	Considering strategic options
<b>Joel</b>	Profitable, low cost operation	<b>Kusasaletu</b>	Positioned for profitability; LOM of 5 years
<b>Doornkop</b>	Build-up in volume and grade; smaller margins; seismic survey to be done to enhance long term viability		
<b>Phoenix</b>	Tailings operation; 70% ownership		
<b>Tailings retreatment</b>	Low risk; Central Plant capital approved; prefeasibility study underway for treatment plant in Free State		
<b>Kalgold</b>	Low grade, open pit mine with long life		

## INCREASING GRADES AND VOLUMES AT PHAKISA

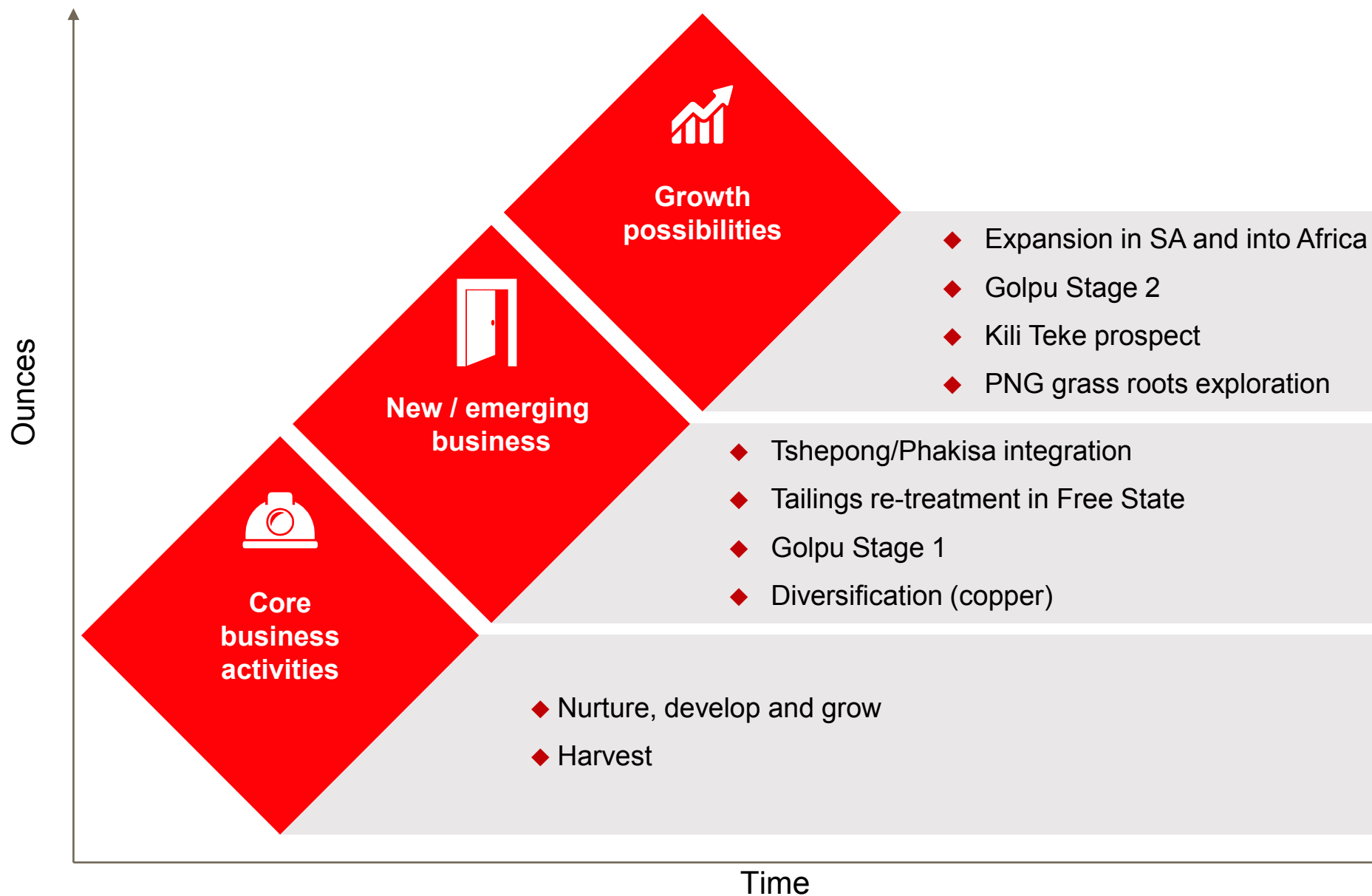


- ◆ Delivering on plan
- ◆ Consistent delivery on development targets, ensuring future flexibility
- ◆ Good understanding of the orebody
- ◆ Ice plants – more effective cooling method with decreased pumping requirements
- ◆ Rail-veyor – semi-automated horizontal ore transport system between Phakisa and Nyala

## TSHEPONG / PHAKISA OPTIMISATION

- ◆ Tshepong infrastructure is under-utilised
- ◆ Phakisa infrastructure is fully-utilised
- ◆ Integration/optimisation study aims
  - to identify synergies to optimise
  - to integrate the infrastructure to exploit the synergies
  - thereby improving the financial metrics of the combined operation
  - could potentially mine one tonne of gold per month

## GROWING FROM 1.1 MOZ TO 1.5 MOZ



## GROWING OUR OUNCES THROUGH ACQUISITION

### Acquisition criteria

- ◆ Gold mines
- ◆ 1 - 2 Moz reserves
- ◆ More than 100 000 oz per annum
- ◆ Life of mine of 10 years
- ◆ Low cost, cash generative asset (all-in sustaining cost of less than US\$950/oz)
- ◆ South Africa, the rest of Africa, PNG

## INCREASING OUR GOLD AND COPPER FOOTPRINT IN PNG

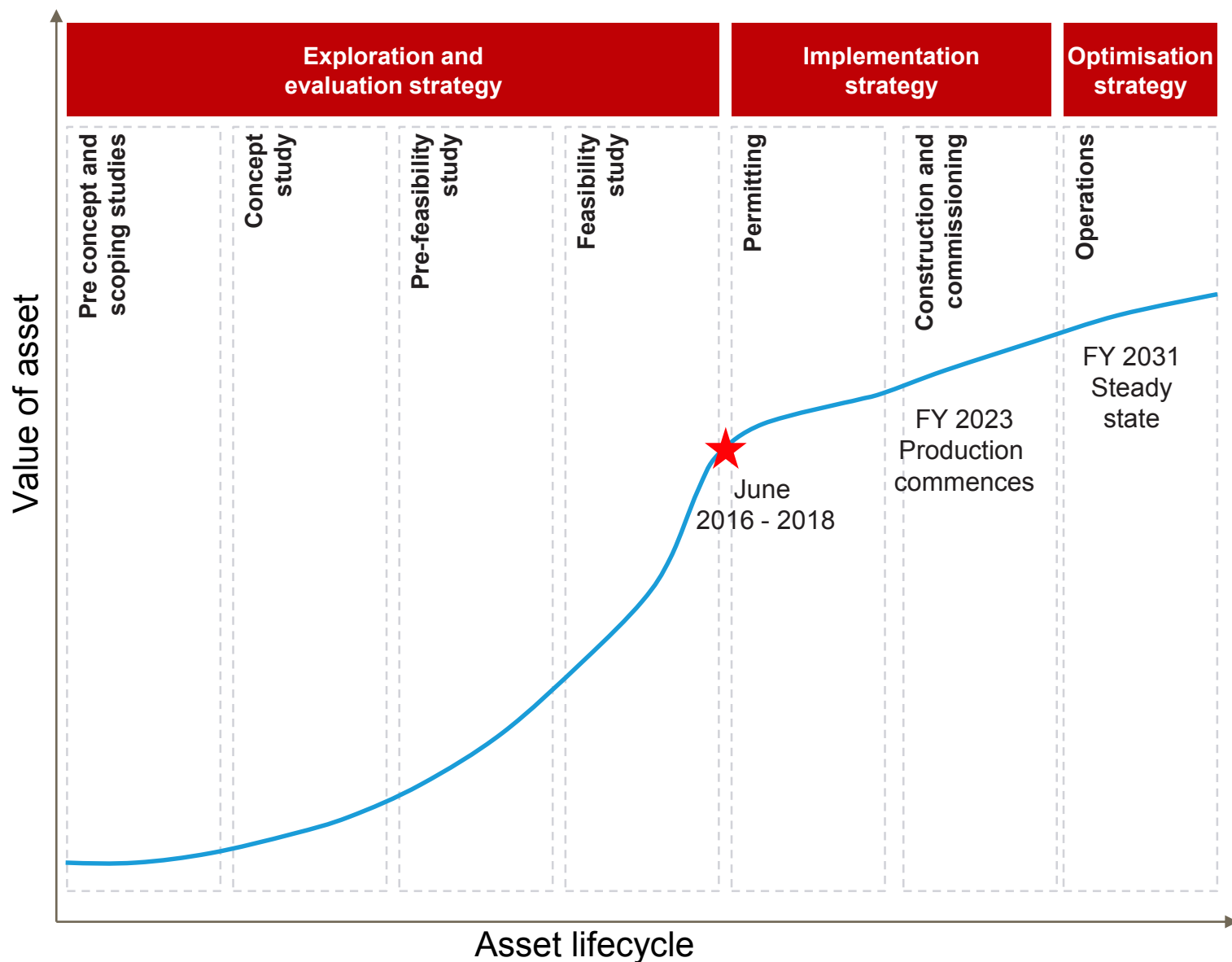
- ◆ Golpu Stage 1 feasibility study completed
- ◆ Golpu Stage 2 prefeasibility provides further value uplift
- ◆ Resource growth at Kili Teke (100% held)
  - increased to 6 Moz gold equivalents\* (30% Au, 70% Cu)



\* Gold equivalent based on US\$1 150 per ounce gold; assumes US\$3 per pound; assumes 100% recovery of all metals



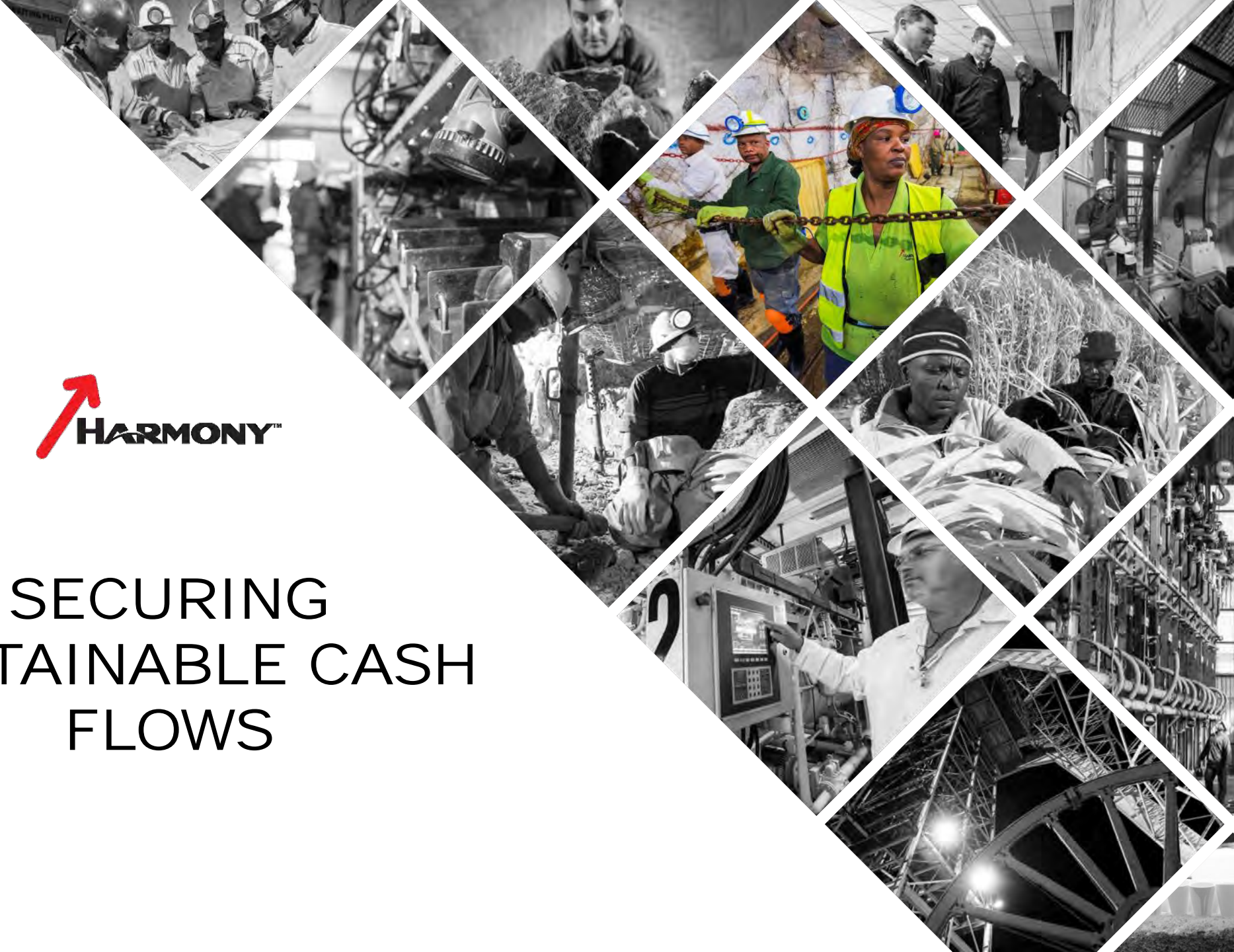
## NEXT STEP TO REALISING VALUE OF GOLPU



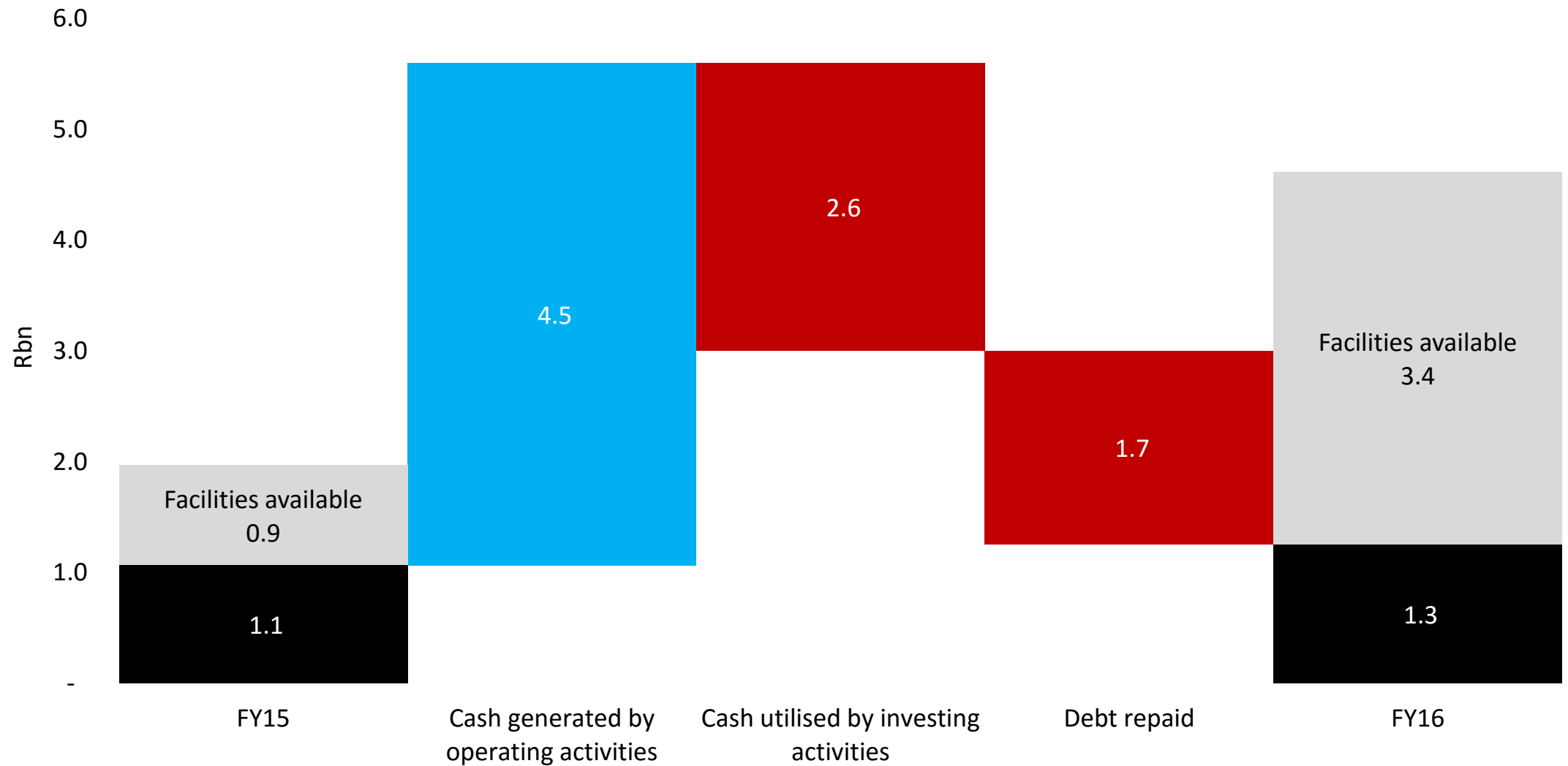
- ◆ Golpu is a large gold and copper resource
- ◆ The Special Mining Lease (SML) is expected to crystallise the value of this project
- ◆ Major capital expenditure postponed until SML is obtained



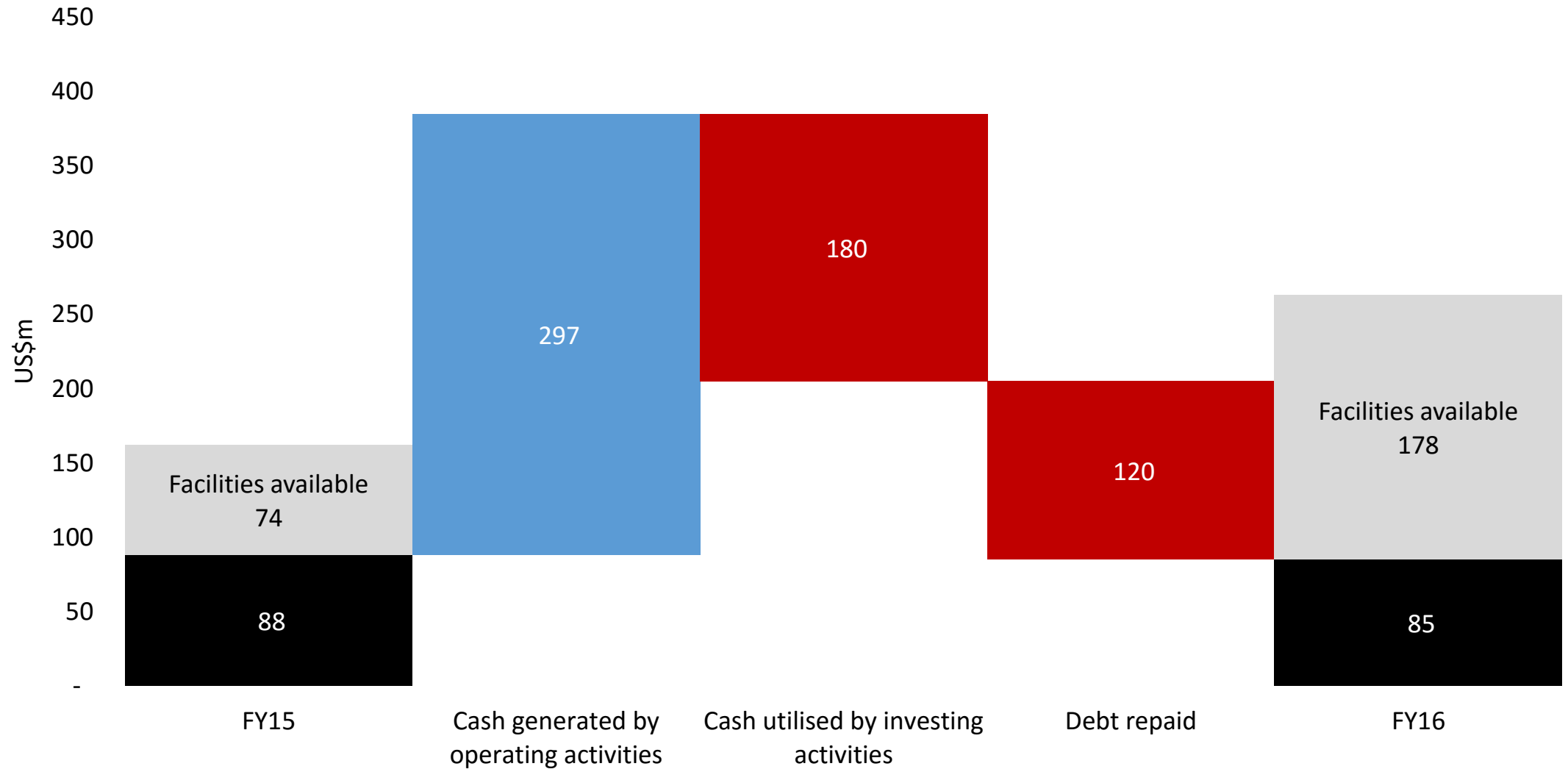
# SECURING SUSTAINABLE CASH FLOWS



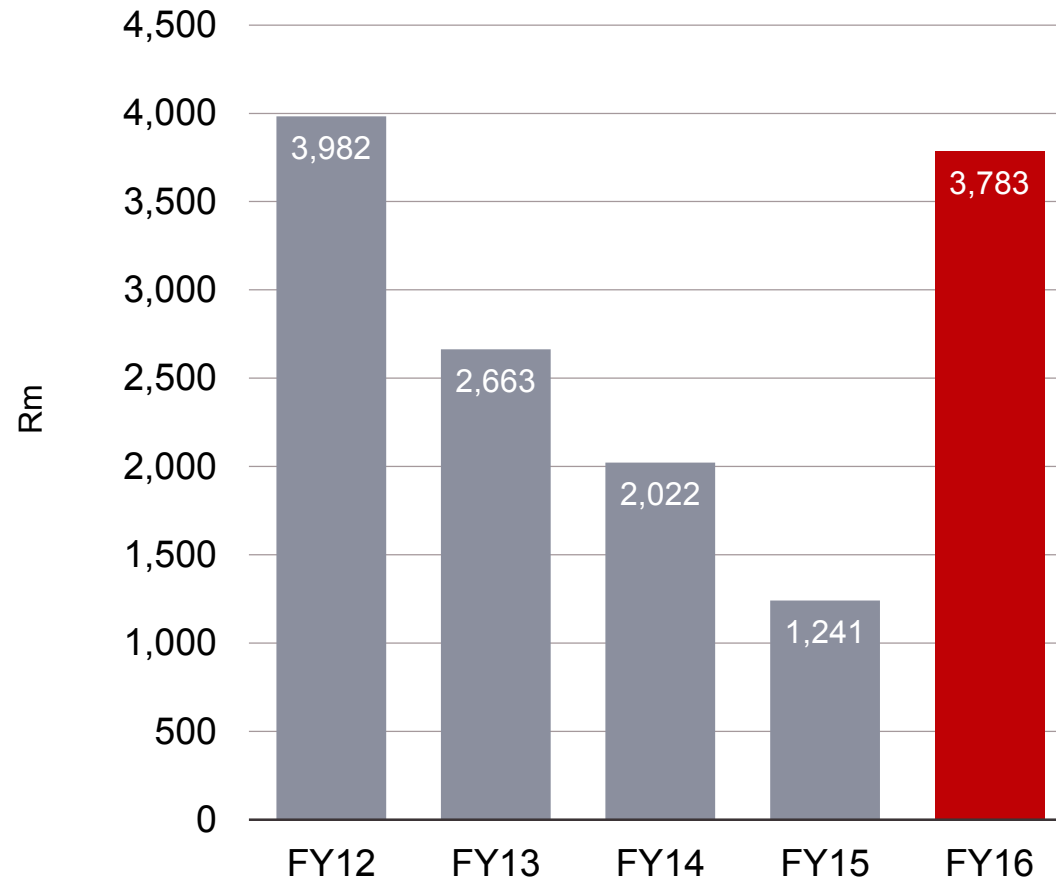
## FOCUS ON CASH GENERATION, INVESTMENT AND REPAYMENT OF DEBT (RAND)



## FOCUS ON CASH GENERATION, INVESTMENT AND REPAYMENT OF DEBT (US\$)



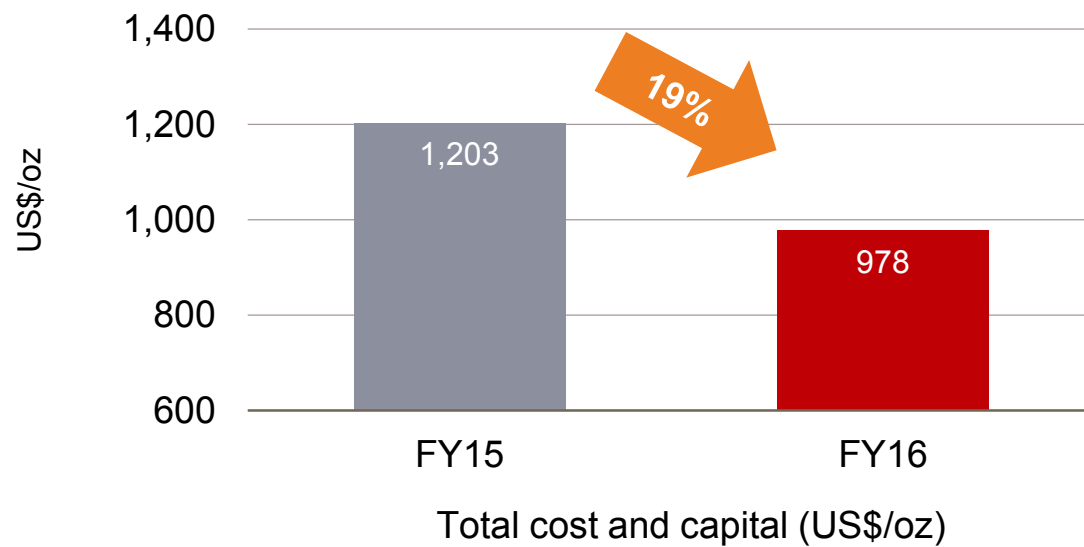
## INCREASE IN EBITDA\* (RAND) (FY16)



- ◆ Operations geared to take advantage of higher gold price
- ◆ Focus on grade and good cost management increased our margins

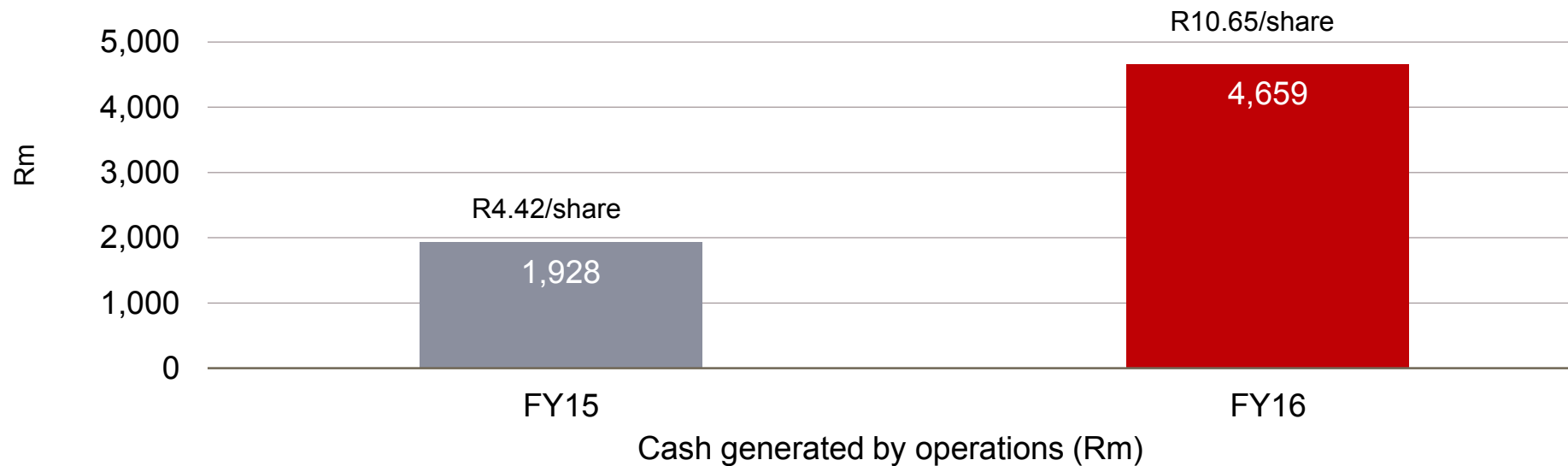
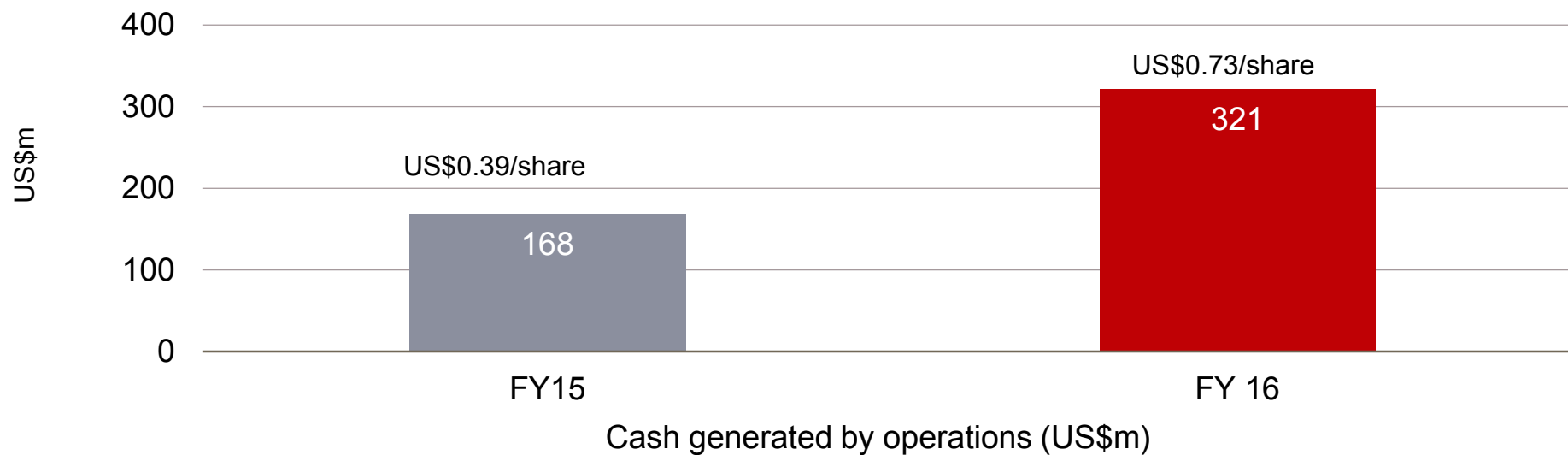
\* EBITDA: excludes impairment and loss on scrapping of property, plant and equipment

## COST INCREASE LOWER THAN INFLATION

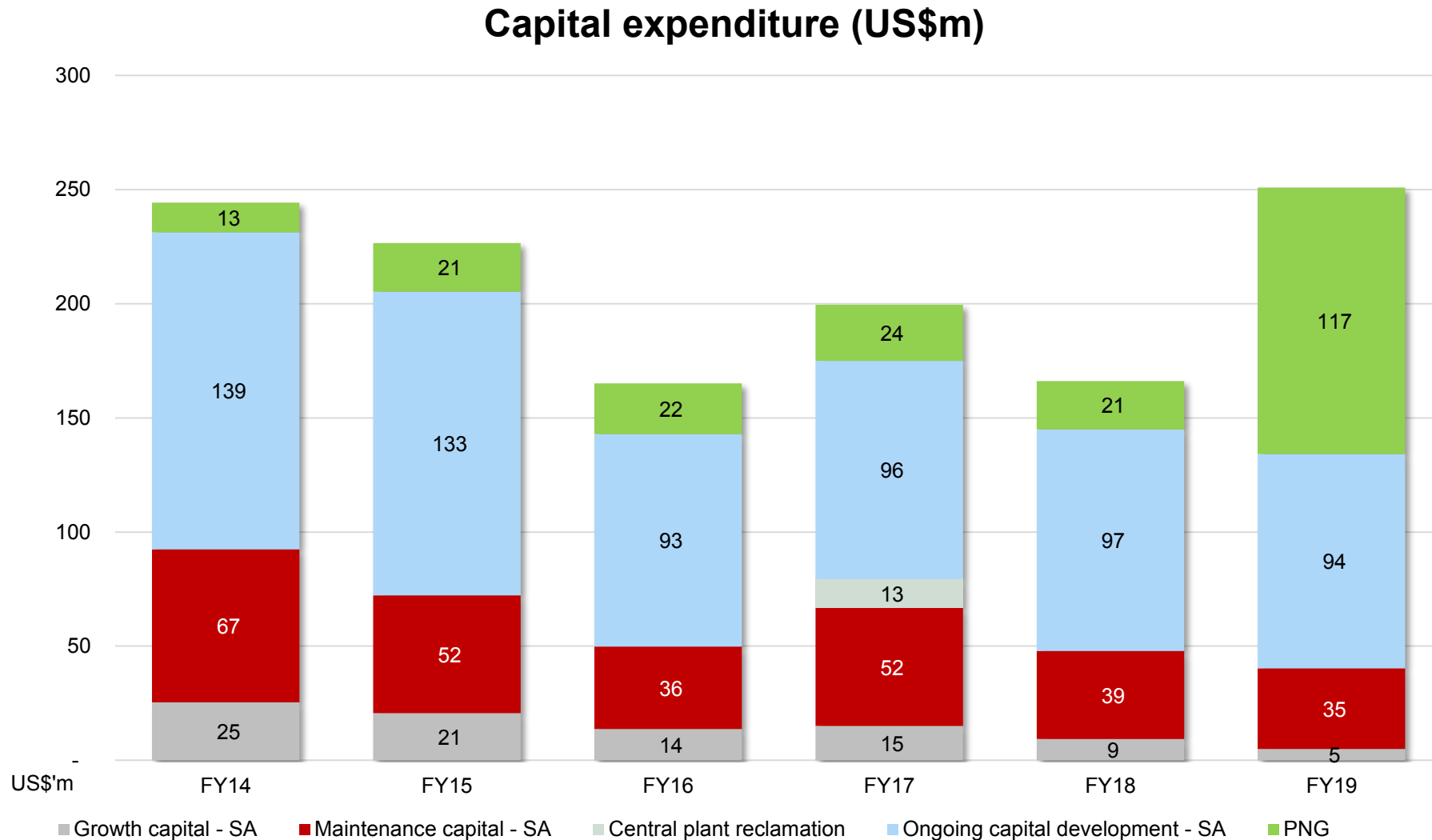


- ◆ Total cash operating cost and capital in US\$ terms decreased by 19% y-on-y

## NET OPERATING CASH FLOW



## MAJOR CAPITAL SPEND IN SOUTH AFRICA BEHIND US



\* FY17-19 converted at an exchange rate of US\$/R13.86



## EXTRACT FROM INCOME STATEMENT (Y-ON-Y) – US\$

	Year ended June 2016 (US\$m)	Year ended June 2015 (US\$m)	% change
Revenue	1 264	1 348	(6)
Production costs	(914)	(1 103)	17
Cash operating costs	(910)	(1 081)	16
Inventory movements	(4)	(22)	82
Production profit as per operating results	350	245	43
Amortisation and depreciation	(150)	(216)	31
Reversal of impairment of assets	3	(285)	>100
Exploration expenditure	(13)	(23)	43
Foreign exchange gain/(loss)	(13)	(32)	>100
Taxation	(44)	62	>(100)
<b>Net profit/(loss)</b>	<b>64</b>	<b>(374)</b>	<b>&gt;100</b>
<b>Headline earnings/(loss)</b>	<b>66</b>	<b>(68)</b>	<b>&gt;100</b>
<b>Average exchange rate (R/US\$)</b>	<b>14.50</b>	<b>11.45</b>	<b>11</b>

## REDUCTION IN NET DEBT (Y-ON-Y) – US\$

	Debt (US\$m)	Cash (US\$m)	Net debt (Rm)
<b>Opening balance 30 June 2015</b>	<b>(280)</b>	<b>88</b>	<b>(192)</b>
Net cash generated	-	131	<b>131</b>
Cash generated by operating activities	-	311	311
Cash utilised by investing activities	-	(180)	(180)
Translation adjustments	1	(14)	<b>(13)</b>
Net debt repaid	120	(120)	-
<b>Closing balance 30 June 2016</b>	<b>(159)</b>	<b>85</b>	<b>(74)</b>
<b>Net change</b>	<b>121</b>	<b>(3)</b>	<b>118</b>

## Y-ON-Y FINANCIAL RESULTS

		Year ended June 2016	Year ended June 2015	% change
Gold produced	kg	33 655	33 513	-
	oz	1 082 035	1 077 466	-
Gold price	R/kg	544 984	449 570	21
	US\$/oz	1 169	1 222	(4)
Cash operating costs	R/kg	392 026	369 203	(6)
	US\$/oz	841	1 003	16
Underground recovery grade	g/t	5.02	4.75	6
Production profit	Rm	5 084	2 802	81
	US\$m	351	245	43
Total costs and capital	R/kg	455 929	442 895	(3)
	US\$/oz	978	1 203	19
All-in sustaining costs*	R/kg	467 526	453 044	(3)
	US\$/oz	1 003	1 231	19
Average exchange rate	R/US\$	14.50	11.45	27

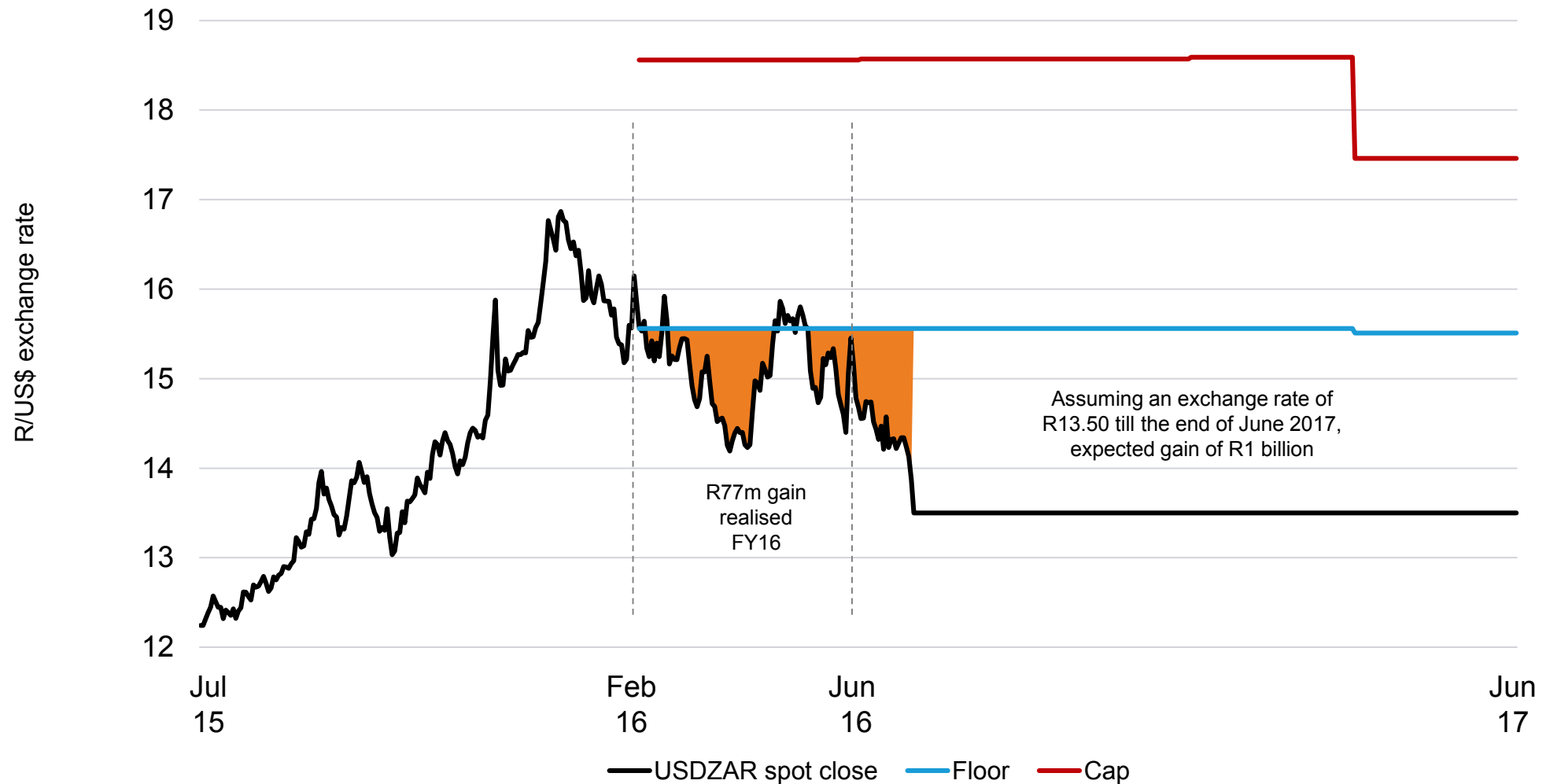
\* Excludes share-based payment charge

## 6 MONTHS ENDED JUNE 2016 RESULTS

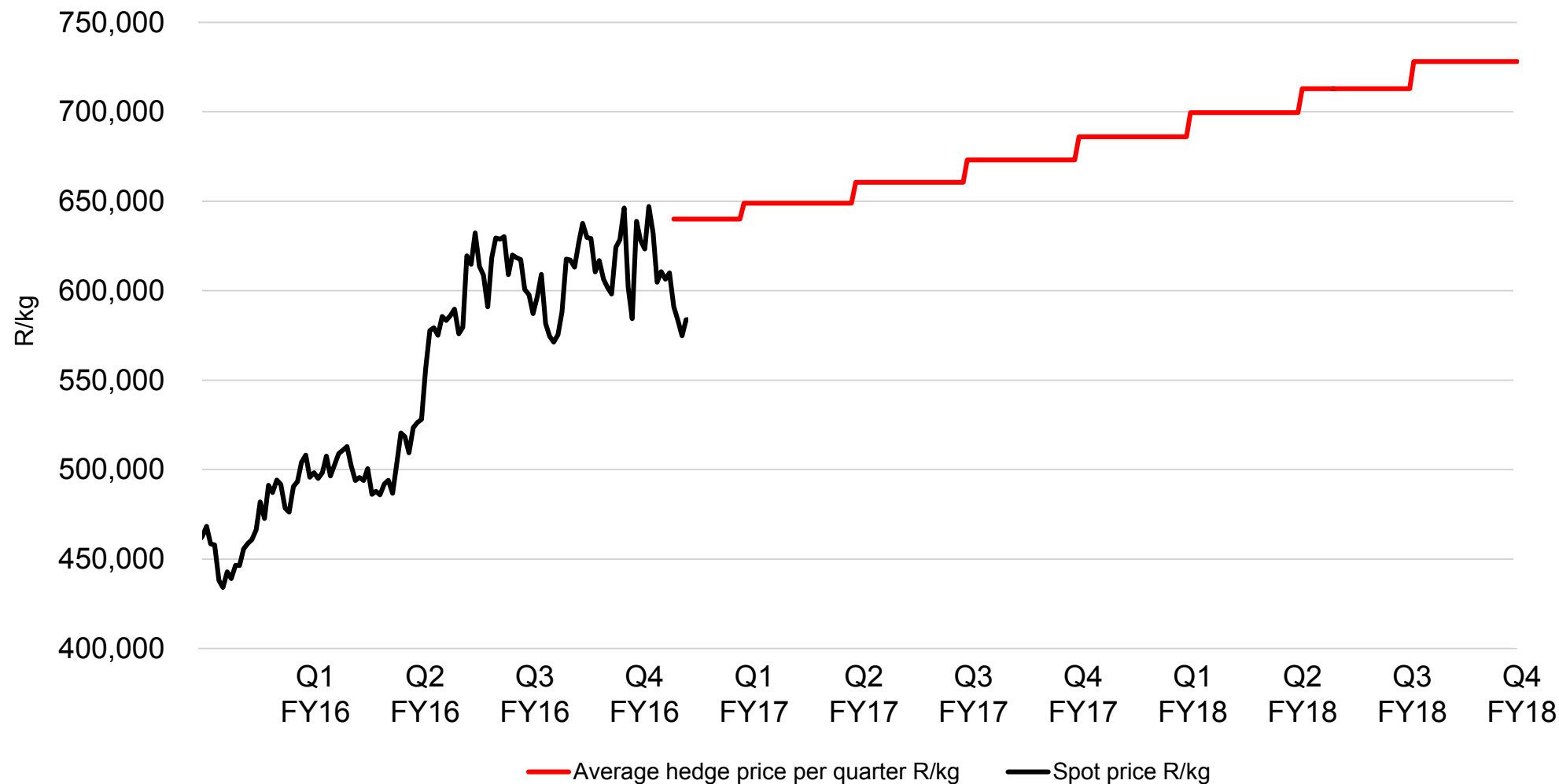
		Six months ended June 2016	Six months ended December 2015	% change
Gold produced	kg	15 974	17 681	(10)
	oz	513 576	568 459	(10)
Gold price	R/kg	605 476	490 773	23
	US\$/oz	1 223	1 121	9
Cash operating costs	R/kg	413 796	372 358	(11)
	US\$/oz	836	851	2
Underground recovery grade	g/t	4.88	5.16	(5)
Production profit	Rm	3 092	1 992	55
	US\$m	201	146	38
Total costs and capital	R/kg	484 167	430 417	(12)
	US\$/oz	978	983	1
All-in sustaining costs*	R/kg	492 792	444 884	(11)
	US\$/oz	996	1 016	2
Average exchange rate	R/US\$	15.39	13.62	13

\* Excludes share-based payment charge

## CURRENCY HEDGE TO SECURE THE GOLD PRICE (Spot vs floor and cap)



## SECURING OUR CASH FLOW (Average hedge price vs spot gold price)



## SECURING OUR CASH FLOW

### Currency hedge

- ◆ Initiated and maintained a foreign exchange hedging programme
- ◆ Zero cost collars, establish a minimum (floor) and maximum (cap) Rand/US dollar exchange rate
- ◆ Nominal value of hedging contracts US\$500 million and spread over a 12 month period
- ◆ Mark-to-market at 30 June 2016 of R369 million positive
- ◆ If R/US\$ stays at R13.50 – potential gain of R1 billion to be realised

### Gold hedging

- ◆ Create cash certainty
- ◆ Short-term gold forward sale contracts – 432 000oz over a 24 month period (~20% of production)
- ◆ Shareholders retain full upside exposure on the balance of Harmony's gold production



# GUIDANCE





## FY17 PRODUCTION GUIDANCE

Plan to produce ~1.05 Moz in FY17, at

- an average recovered grade of ~5.13g/t, and
- an all-in sustaining cost of ~\$1 100/oz (~R495 000/kg at an exchange rate of R14.00/US\$)

## FY17 GRADE GUIDANCE

Operation	Reserve grade (g/t)	Adjusted reserve grade (-5%)	Actual grade (g/t) achieved in FY16	FY17 grade guidance (g/t)
Tshepong	5.30	5.04	4.62	4.65
Phakisa	6.72	6.38	5.81	5.55
Bambanani	11.08	10.52	12.99	11.21
Target 1	4.69	4.45	4.58	4.82
Doornkop	5.14	4.88	4.33	4.41
Joel	4.91	4.66	4.20	4.36
Kusasaletu	7.06	6.70	5.78	6.86
Masimong	4.02	3.82	3.74	3.78
Unisel	4.27	4.05	4.02	3.82
<b>Underground operations</b>	<b>5.55</b>	<b>5.27</b>	<b>5.02</b>	<b>5.13</b>

## FY17 PRODUCTION GUIDANCE (per operation)

Operation	FY17 production (oz )	FY16 actual (oz)	Life of mine (years)
Tshepong	155 000	161 751	19
Phakisa	135 000	128 217	10
Bambanani	90 000	96 870	5
Target 1	110 000	108 895	10
Doornkop	85 000	87 772	17
Joel	67 500	73 239	11
Kusasaletu	140 000	124 198	5
Masimong	67 500	78 190	3
Unisel	55 000	54 785	6
<b>Underground operations</b>	<b>905 000</b>	<b>913 917</b>	
SA surface	97 500	95 553	14+
Hidden Valley	47 500	72 565	*
<b>Total</b>	<b>~ 1.05 Moz</b>	<b>1 082 035</b>	

\* Considering strategic options

## FY17 AISC<sup>1</sup> GUIDANCE (US\$/OZ) (per operation)

Operation	FY17 Avg guidance (US\$/oz)*	FY16 Actual (US\$/oz)
Tshepong	US\$1 100/oz	US\$940/oz
Phakisa	US\$1 080/oz	US\$936/oz
Bambanani	US\$780/oz	US\$654/oz
Target 1	US\$1 040/oz	US\$1 012/oz
Doornkop	US\$1 210/oz	US\$1 016/oz
Joel	US\$1 040/oz	US\$911/oz
Kusasaletu	US\$1 170/oz	US\$1 254/oz
Masimong	US\$1 170/oz	US\$1 059/oz
Unisel	US\$1 130/oz	US\$1 064/oz
<b>Underground operations</b>	<b>US\$1 080/oz</b>	<b>US\$983/oz</b>
SA surface	US\$1 100/oz	US\$994/oz
Hidden Valley	US\$1 420/oz	US\$1 282/oz
<b>Total</b>	<b>~US\$1 100/oz</b>	<b>US\$1 003/oz</b>

\* FY17 guidance converted @ R14.00/US\$

1- All-in sustaining cost (AISC) excludes share-based payment charges



# MAKING A LASTING IMPACT

**Making a lasting impact**



## DE-RISKING THE COMPANY THROUGH HEALTHY RELATIONSHIPS



## UPLIFTING OUR COMMUNITIES IN SA AND PNG

- ◆ Improving living conditions in communities
- ◆ Structured community engagement process
  - Local employment
  - Community projects
    - Community facilities
    - Education support
    - Health patrols (PNG)
    - Law and order awareness (PNG)
- ◆ Sustainable development projects tailored to community needs



First potable water on tap at Kili Teke ridge

## HOLISTIC APPROACH TO HEALTH



## LEADER IN MINING REHABILITATION

- ◆ Rehabilitated 32 disused or closed shafts and a number of processing plant sites
- ◆ Created >200 jobs and utilised local procurement
- ◆ Promote economic sustainability in communities
  - commercial agricultural project in implementation in Welkom
  - vegetable hubs
- ◆ Commissioning the bio-energy plant
  - first gas end of August 2016
  - full production September 2016
  - phase 2 in design





## 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.

### OUR VALUES





CONTACT US

[www.harmony.co.za](http://www.harmony.co.za)  
[HarmonyIR@harmony.co.za](mailto:HarmonyIR@harmony.co.za)  
Tel: +27 411 2011

