sustaining costs per ounce are non-GAAP measures, these measures should therefore not be considered by investors in isolation or as an alternative to production costs, cost of sales, or any other measure of financial performance calculated in accordance with IFRS. The calculation of cash costs, cash costs per ounce, all-in sustaining costs and all-in sustaining costs per ounce may vary from company to company and may not be comparable to other similarly titled measures of other companies. For further information, see *Item 5: "Operating and Financial Review and Prospects—Costs—Reconciliation of Non-GAAP measures"*.

Exchange Rates

Unless otherwise stated, balance sheet item amounts are translated from Rand to US dollars at the exchange rate prevailing on the last business day of the period (R12.16 per US$1.00 at June 30, 2015 and R10.61 per US$1.00 as at 30 June, 2014), except for acquisitions, disposals and specific items such as impairments that are converted at the exchange rate prevailing on the dates of the transactions and income statement item amounts that are translated from Rand to US dollars at the average exchange rate for the period (R11.45 per US$1.00 for fiscal 2015, R10.35 per US$1.00 for fiscal 2014 and R8.82 per US$1.00 for fiscal 2013). During the year, the Rand/dollar closing exchange rate ranged between R10.50 and R12.58 per US$1.00. Profit from discontinued operations included in the income statement in fiscal 2013 is translated from Rand to US dollars at the average exchange rate for the eight month period (R8.55 per US$1.00 for the period July 1, 2012 to February 28, 2013).

As of October 16, 2015, the exchange rate per US$1.00 was R13.08.(1)

The following table sets forth, for the past five fiscal years, the average and period end Rand per US$1.00 rates. The exchange rates are sourced from Reuters, being the closing rate at period end.

Fiscal Year Ended June 30,	Average(2)	Period End(1)
2011	6.99	6.78
2012	7.77	8.21
2013	8.82	9.98
2014	10.35	10.61
2015	11.45	12.16

Month of	High	Low
May 2015	12.14	11.78
June 2015	12.58	12.10
July 2015	12.70	12.24
August 2015	13.34	12.62
September 2015	14.06	13.25
October 2015 (through October 16, 2015)	13.91	13.03

(1) Based on the interbank rate as reported by Reuters.

(2) The daily average of the closing rate during the relevant period as reported by Reuters.

Fluctuations in the exchange rate between Rand and the US dollar will affect the dollar equivalent of the price of ordinary shares on the Johannesburg Stock Exchange ("**JSE**"), which may affect the market price of the American Depositary Shares ("**ADSs**") evidenced by American Depositary Receipts ("**ADRs**") on the New York Stock Exchange ("**NYSE**"). These fluctuations will also affect the dollar amounts received by owners of ADSs on the conversion of any dividends on ordinary shares paid in Rand.

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

In addition to the other information included in this annual report and the exhibits, you should also carefully consider the following factors related to our ordinary shares and ADSs. There may be additional risks that we do not currently know of or that we currently deem immaterial based on information currently available to us. Although Harmony has a formal risk policy framework in place, the maintenance and development of which is undertaken on an ongoing basis so as to help management address systematic categories of risk associated with its business operations, any of these risks could have a material adverse effect on our business, financial condition or results of operations, leading to a decline in the trading price of our ordinary shares or our ADSs. The risks described below may, in *retrospect, turn out to be incomplete and therefore may not be the only risks to which we are exposed. Additional risks and uncertainties not presently known to us or that we now believe are immaterial (and have therefore not been included), could also adversely affect our business, results of operations or financial condition. The order of presentation of the risk factors below does not indicate the likelihood of their occurrence or the magnitude or the significance of the individual risks. The risks described below could occur individually or cumulatively and intensify in case of a cumulative occurrence.*

Risks Relating to Our Business and the Gold Mining Industry

The profitability of our operations, and cash flows generated by those operations, are affected by changes in the price of gold. A fall in the gold price below our cash cost of production for any sustained period may lead to losses and require Harmony to curtail or suspend certain operations.

Substantially all of Harmony's revenues come from the sale of gold. Historically, the market price of gold has fluctuated widely and been affected by numerous factors, over which Harmony has no control, including:

- demand for gold for industrial uses, jewelry and investment;
- international or regional political and economic trends;
- strength or weakness of the US dollar (the currency in which gold prices generally are quoted) and of other currencies;
- monetary policies announced or implemented by central banks, including the US Federal Reserve;
- financial market expectations on the rate of inflation;
- interest rates;
- speculative activities;
- forward sales by gold producers;
- actual or expected purchases and sales of gold bullion held by central banks or other large gold bullion holders or dealers; and
- production and cost levels for gold in major gold-producing nations, such as South Africa, China, the United States and Australia.

In addition, current demand and supply affects the price of gold, but not necessarily in the same manner as current demand and supply affect the prices of other commodities. Historically, gold has retained its value in relative terms against basic goods in times of inflation and monetary crisis. As a result, central banks, financial institutions and individuals hold large amounts of gold as a store of value and production in any given year constitutes a very small portion of the total potential supply of gold. Since the potential supply of gold is large relative to mine production in any given year, normal variations in current production will not necessarily have a significant effect on the supply of gold or on its price. Uncertainty on global economic conditions has impacted the price of gold significantly since fiscal 2013 and continued to do so in fiscal 2014 and in fiscal 2015 and may continue to do so in the future.

The volatility of gold prices is illustrated in the table, which shows the annual high, low and average of the afternoon London bullion market fixing price of gold in US dollars for each of the past ten years:

Annual gold price: 2005 – 2015

Calendar year	Price per ounce (US$) High	Low	Average
2005	537	411	445
2006	725	525	604
2007	841	608	695
2008	1,011	713	872
2009	1,213	810	972
2010	1,421	1,058	1,225
2011	1,895	1,319	1,572
2012	1,792	1,540	1,669
2013	1,694	1,192	1,411
2014	1,385	1,142	1,266
2015 (year to October 16, 2015)	1,296	1,081	1,176

On October 16, 2015, the afternoon fixing price of gold on the London bullion market was US$1,181/oz.

While the aggregate effect of these factors is impossible to predict, if gold prices should fall below Harmony's cash cost of production and capital expenditure required to sustain production and remain at these levels for any sustained period, Harmony may record losses and be forced to curtail or suspend some or all of its operations. In addition, Harmony would also have to assess the economic impact of low gold prices on its ability to recover any losses that may be incurred during that period and on its ability to maintain adequate reserves.

Harmony's average cash costs per ounce of gold produced from continuing operations was US$1,003 in fiscal 2015, US$988 in fiscal 2014 and US$1,146 in fiscal 2013. Harmony's average all-in sustaining cost per ounce of gold sold was US$1,246 in fiscal 2015, US$1,242 in fiscal 2014 and US$1,522 in fiscal 2013.

Foreign exchange fluctuations could have a material adverse effect on Harmony's operational results and financial condition.

Gold is priced throughout the world in US dollars and, as a result, Harmony's revenue is realized in US dollars, but most of our operating costs are incurred in Rand and other non-US currencies, including the Australian dollar and Kina. Any significant and sustained appreciation of the Rand and other non-US currencies against the dollar will materially reduce Harmony's Rand revenues and overall net income.

As Harmony currently does not enter into forward sales, commodity derivatives or hedging arrangements on future gold production, it is exposed to the impact of any significant decreases in the gold price.

As a rule, Harmony sells its gold at the prevailing market price. Currently, the company does not enter into forward sales, commodity derivative or hedging arrangements to establish a price in advance for the sale of future gold production, although Harmony may do so in future. As a result, Harmony may realize the benefit of any short-term increase in the gold price, but is not protected against decreases; if the gold price should decrease significantly, Harmony's revenues may be materially adversely affected.

Global economic conditions could adversely affect the profitability of Harmony's operations.

Harmony's operations and performance depend on global economic conditions. A global economic downturn may have follow-on effects on our business. These could include:

- key suppliers becoming insolvent, resulting in a break-down in the supply chain; or
- the availability of credit being reduced—this may make it more difficult for Harmony to obtain financing for its operations and capital expenditure or make financing more expensive.

Coupled with the volatility of commodity prices as well as the rising trend of input costs, such factors could result in initiatives relating to strategic alignment, portfolio review, restructuring and cost-cutting, temporary or permanent shutdowns and divestments. Further, sudden changes in a life-of-mine plan or the accelerated closure of a mine may give rise to the recognition of liabilities that are not anticipated.

In addition, uncertainty in global economic conditions may also increase volatility or negatively impact the market value of Harmony's securities.

Estimations of Harmony's gold reserves are based on a number of assumptions, including mining and recovery factors, future cash costs of production and the price of gold. As a result, quantities of gold produced may differ from current estimates.

The mineral reserve estimates in this annual report are estimates of the mill-delivered quantity and grade of gold in Harmony's deposits and stockpiles. They represent the amount of gold that Harmony believes can be mined, processed and sold at prices sufficient to recover its estimated future cash costs of production, remaining investment and anticipated additional capital expenditures. Harmony's mineral reserves are estimated based on a number of factors, which have been stated in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves ("**SAMREC Code**") and the Australian Code for the Reporting of Mineral Resources and Mineral Reserves ("**JORC**") and the SEC's Industry Guide 7. Calculations of Harmony's mineral reserves are based on estimates of:

- future cash costs;
- future gold prices; and
- future currency exchange rates.

These factors, which significantly impact mineral reserve estimates, are beyond Harmony's control. As a result, reserve estimates in this annual report should not be interpreted as assurances of the economic life of Harmony's gold and other precious metal deposits or the future profitability of operations.

Since these mineral reserves are estimates based on assumptions related to factors detailed above, should there be changes to these, we may in future need to revise these estimates. In particular, if Harmony's cash operating and production costs increase or the gold price decreases, recovering a portion of Harmony’s mineral reserves may become uneconomical. This will lead, in turn, to a reduction in estimated reserves.

Harmony’s operations have limited proved and probable reserves, and exploration and discovery are necessary to maintain current gold production levels at these operations. Exploration for gold and other precious metals is speculative in nature, may be unsuccessful and involves many risks.

Risks include those related to:

- locating orebodies;
- geological nature of the orebodies;
- identifying the metallurgical properties of orebodies;
- estimating the economic feasibility of mining orebodies;
- developing appropriate metallurgical processes;
- obtaining necessary governmental permits; and
- constructing mining and processing facilities at any site chosen for mining.

Harmony’s exploration efforts might not result in the discovery of mineralization, and any mineralization discovered might not result in an increase in proved and probable reserves. To access additional reserves, Harmony will need to successfully complete development projects, including extensions to existing mines and, possibly, new mines. Development projects would also be required to access any new mineralization discovered by exploration activities around the world. Harmony typically uses feasibility studies to determine whether to undertake significant development projects. Feasibility studies include estimates of expected or anticipated economic returns, which are based on assumptions about:

- future gold and other metal prices;
- anticipated tonnage, grades and metallurgical characteristics of ore to be mined and processed;
- anticipated recovery rates of gold and other metals from the ore; and
- anticipated total costs of the project, including capital expenditure and cash costs.

A failure in our ability to discover new reserves, enhance existing reserves or develop new operations in sufficient quantities to maintain or grow the current level of our reserves could negatively affect our results, financial condition and prospects.

Actual cash costs, capital expenditure, production and economic returns may differ significantly from those anticipated by feasibility studies for new development projects.

It can take a number of years from the initial feasibility study until development is completed and, during that time, the economic feasibility of production may change. In addition, there are a number of inherent uncertainties in developing and constructing an extension to an existing mine or any new mine, including:

- availability and timing of necessary environmental and governmental permits;
- timing and cost of constructing mining and processing facilities, which can be considerable;
- availability and cost of skilled labor, power, water and other materials;
- accessibility of transportation and other infrastructure, particularly in remote locations;
- availability and cost of smelting and refining arrangements;
- availability of funds to finance construction and development activities; and
- spot and expected future commodity prices of metals including gold, silver, copper, uranium and molybdenum.

Competition with other mining companies and individuals for specialized equipment, components and supplies necessary for exploration and development, for mining claims and leases on exploration properties and for the acquisition of mining assets also impact existing operations and potential new developments. Competitors may have greater financial resources, operational experience and technical capabilities – all which could negatively affect the anticipated costs and economic returns.

Harmony currently maintains a range of focused exploration programs, concentrating on a number of prospective known gold mineralized areas in Papua New Guinea (“**PNG**”). During fiscal 2015, fiscal 2014 and fiscal 2013, the bulk of exploration expenditure was allocated to activities in PNG. However, there is no assurance that any future development projects will extend the life of our existing mining operations or result in any new commercial mining operations.

Costs associated with pumping water inflows from closed mines adjacent to our operations could adversely affect Harmony's operational results.

Certain of our mining operations are adjacent to the mining operations of other companies. A mine closure can affect continued operations at an adjacent mine if appropriate preventative steps are not taken. In particular, this could include the ingress of underground water when pumping operations at the closed mine are suspended. This can result in damage to property, operational disruptions and additional pumping costs, which would adversely affect any one of our adjacent mining operations.

Infrastructure constraints and ageing infrastructure could adversely affect Harmony's operations

Mining, processing, development and exploration activities depend on adequate infrastructure. Reliable roads, bridges, power sources, power transmission facilities and water supply are critical to the company's business operations and affect capital and operating costs. These infrastructures and services are often provided by third parties whose operational activities are outside the control of the company.

Once a shaft or a processing plant has reached the end of its intended lifespan, higher than normal maintenance and care is required. Maintaining this infrastructure requires skilled human resources, capital allocation, management and planned maintenance. Although Harmony has implemented a comprehensive maintenance strategy, incidents resulting in production delays, increased costs or industrial accidents may occur. Such incidents may have an adverse effect on Harmony's operating results and financial condition.

Fluctuations in input production prices linked to commodities may adversely affect Harmony's operational results and financial condition.

Fuel, energy and consumables, including diesel, heavy fuel oil, chemical reagents, explosives, tires, steel and mining equipment consumed in mining operations form a relatively large part of the operating costs and capital expenditure of a mining company. Harmony has no control over the costs of these consumables, many of which are linked to some degree to the price of oil and steel.

Fluctuations in oil and steel prices have a significant impact on operating cost and capital expenditure estimates and, in the absence of other economic fluctuations, could result in significant changes in the total expenditure estimates for new mining projects or render certain projects non-viable.

The supply of electricity and increases in the cost of power may adversely affect the results of our operations and our financial condition.

In South Africa, each of our mining operations depends on electrical power generated by the state utility, Eskom, which holds a monopoly on the South African market. As a result of increased demand exceeding available generating capacity, South Africa has been subject to disruptions in electrical power supply. In fiscal 2008, electricity supply was interrupted by Eskom, halting production at certain of our mines. This led to management restructuring operating processes to control and reduce our consumption of electricity at all our operations. During November 2014, Eskom reintroduced a schedule of rolling blackouts, or "load shedding". Eskom cannot guarantee that there will be no further interruptions and is again facing very tight supply reserve margins in 2015, which can be expected to continue in the medium term. An insufficient supply of electricity may affect our operational results and financial condition.

As a result of Eskom's planned capital expansion program to deal with power constraints, an average annual tariff increase of 8% for the five-year multi-year price determination period has been approved by the National Energy Regulator of South Africa ("**NERSA**"). The first increase was implemented on 1 April 2013. During October 2014 NERSA granted a 12.69% increase in electricity prices – effective from April 2015. There can be no assurance as to the existence or nature of any government intervention with respect to tariff increases in the future. During the 2015 budget speech it was announced that draft carbon tax legislation will be published during 2015 for public consultation, with a view that such taxes will become law during 2016. Whilst details on the determination of quantum of such tax are not available, increases will have a negative impact on our results of operations going forward.

PNG has limited power generation and distribution capacity. This capacity is fully utilised, currently Harmony mines and projects still partially rely on our own diesel-generated power. The cost of this power will fluctuate with changes in the oil price.

Also, see Item 5: *"Operating and Financial Review and Prospects—Electricity in South Africa"* and *"Harmony 2015 Integrated Annual Report—Harmony in Action—Environmental performance"* on pages 100 to 119.

We may experience problems in identifying, financing and managing new acquisitions and integrating them with our existing operations.

Acquiring new gold mining operations involves a number of risks including:

- our ability to identify appropriate assets for acquisition and/or to negotiate acquisitions on favorable terms;
- obtaining the financing necessary to complete future acquisitions;
- difficulties in assimilating the operations of the acquired business;
- difficulties in maintaining our financial and strategic focus while integrating the acquired business;
- problems in implementing uniform standards, controls, procedures and policies;
- increasing pressures on existing management to oversee a rapidly expanding company; and
- to the extent we acquire mining operations outside South Africa, Australasia or PNG, encountering difficulties relating to operating in countries in which we have not previously operated.

Our ability to make successful acquisitions and any difficulties or time delays in achieving successful integration of any of such acquisitions could have a material adverse effect on our business, operating results, financial condition and share price.

Certain factors may affect our ability to support the carrying value of our property, plant and equipment, goodwill and other assets on our balance sheet.

Harmony reviews and tests the carrying value of its assets when events or changes in circumstances suggest that this amount may not be recoverable.

At least on an annual basis for goodwill, and when there are indications that impairment of property, plant and equipment and other assets may have occurred, estimates of expected future cash flows for each group of assets are prepared in order to determine the recoverable amounts of each group of assets. These estimates are prepared at the lowest level at which identifiable cash flows are considered as being independent of the cash flows of other mining assets and liabilities. Expected future cash flows are inherently uncertain, and could materially change over time. Such cash flows are significantly affected by reserve and production estimates, together with economic factors such as spot and forward gold prices, discount rates, currency exchange rates, estimates of costs to produce reserves and future capital expenditures.

As at June 30, 2015, Harmony had substantial amounts of property, plant and equipment, goodwill and other assets on its consolidated balance sheet. Impairment charges relating to property, plant and equipment and other assets were recorded in fiscal 2015 and if any one or a combination of these uncertainties should occur, management may be required to recognize further impairment charges, which could affect Harmony’s financial results and condition. See Item 5: *Operating and Financial Review and Prospects—Critical Accounting Estimates—Impairment of Property, Plant and Equipment and Carrying Value of Goodwill*.

Given the nature of mining and the type of gold mines we operate, we face a material risk of liability, delays and increased cash costs of production from environmental and industrial accidents and pollution.

The business of gold mining involves significant risks and hazards, including environmental hazards and industrial accidents. In particular, hazards associated with underground mining include:

- rock bursts;
- seismic events;
- underground fires;
- cave-ins or fall-of-ground;
- discharges of gases and toxic chemicals;
- release of radioactive hazards;
- flooding;
- mining of pillars (integrity of shaft support structures may be compromised and cause increased seismicity);
- processing plant fire and explosion;
- critical equipment failures;
- accidents; and
- other conditions resulting from drilling, blasting and the removal and processing of material from a deep-level mine.

Hazards associated with opencast mining (also known as open-pit mining) include:

- flooding of the open-pit;
- collapse of open-pit walls;
- processing plant fire and explosion;
- accidents associated with operating large open-pit and rock transportation equipment; and
- accidents associated with preparing and igniting of large-scale open-pit blasting operations.

Hazards associated with waste-rock mining include:

- accidents associated with operating a waste dump and rock transportation;
- production disruptions caused by weather;
- processing plant fire and explosion; and
- critical equipment failures.

We are at risk from any or all of these environmental and industrial hazards. The occurrence of any of these hazards could delay production, increase cash costs and result in financial liability to Harmony.

The nature of our mining operations presents safety risks.

The environmental and industrial risks identified above also present safety risks for Harmony's operations and its employees and could lead to the suspension and potential closure of operations for indeterminate periods. Safety risks, even in situations where no injuries occur, can have a material adverse effect on Harmony's operations and production. See Item 4: "*Information on the Company—Business Overview—Regulation—Health and Safety – South Africa*" and "*Integrated Annual Report 2015 – Harmony in Action – Safety and health*" on pages 58 to 73.

Illegal mining, or criminal mining, as well as theft of gold and copper bearing material at our operations could pose a threat to the safety of employees, result in damage to property and could expose the company to liability.

Civil disturbances and criminal activities such as trespass, illegal mining, sabotage, theft and vandalism could lead to disruptions in certain of Harmony's operations.

The activities of illegal and artisanal miners, which include theft and shrinkage, could cause damage to Harmony's properties, including pollution, underground fires, or personal injury or death, for which Harmony could potentially be held responsible. Illegal mining could result in the depletion of mineral deposits, potentially making the future mining of such deposits uneconomic. Rising gold and copper prices may result in an increase in gold and copper thefts. The occurrence of any of these events could have a material adverse effect on Harmony's financial condition or results of operations.

Harmony's insurance coverage may prove inadequate to satisfy future claims against it.

Harmony has third-party liability coverage for most potential liabilities, including environmental liabilities. Harmony may be subject to liability for pollution (excluding sudden and accidental pollution) or other hazards against which we have not insured or cannot insure, including those for past mining activities. Harmony also maintains property and liability insurance consistent with industry practice, but this insurance contains exclusions and limitations on coverage. In addition, there can be no assurance that insurance will be available at economically acceptable premiums. As a result, Harmony's insurance coverage may not cover the claims against it for environmental or industrial accidents or pollution, which could have a material adverse effect on Harmony's financial condition.

Harmony's operations may be negatively impacted by inflation.

Harmony's operations have been materially affected by inflation. Inflation in South Africa has fluctuated widely in recent years, reaching 13% at the end of fiscal 2008 before decreasing within the inflation range of 3% - 6% set by the South African Reserve Bank. At the end of fiscal 2014 and fiscal 2015, inflation was 6.6% and 4.7%, respectively. However, working costs, in particular wages, have increased in recent years, resulting in significant cost pressures for the mining industry. In addition, electricity prices rose by 25% in fiscal 2010 and fiscal 2011, 16% in fiscal 2012 and 9.6% in 2013. An average annual increase of 8% was affected in fiscal 2014, with an additional increase of 12.69% in fiscal 2015. There is a risk that further high tariff increases in fiscal 2016 and in the future will have a negative effect on the profitability of our operations.

The inflation rate in PNG ended fiscal 2013 at 7.5% and 2014 at 6%, while at the end of fiscal 2015 it stood at 6.1%

Harmony's profits and financial condition could be adversely affected when cost inflation is not offset by devaluation in operating currencies or an increase in the price of gold.

The socio-economic framework in the regions in which Harmony operates may have an adverse effect on its operations and profits.

Harmony has operations in South Africa and PNG. As a result, changes to or instability in the economic or political environment in any of these countries or in neighboring countries could affect an investment in Harmony. These risks could include terrorism, civil unrest, nationalization, renegotiation or nullification of existing contracts, leases, permits or other agreements, restrictions on repatriation of earnings or capital and changes in laws and policy, as well as other unforeseeable risks.

In PNG, a mining legislative and tax regime review has been commissioned whereby agencies are involved in the process. The policies and legislation being reviewed are the Mining Act 1992, Mining Safety Act 1997, Mineral Policy and sector policies including offshore mining policy, sustainable development policy, involuntary relocation policy and mine closure policy. The Chamber of Mines and Petroleum of PNG, as the representative industry body, has been collating information from industry participants regarding the review of current legislation and policy as part of the response to the governments mining legislation review.

It is difficult to predict the future political, social and economic direction in South Africa, PNG or any other country in which Harmony operates and the impact government decisions may have on its business.

Actual and potential shortages of production inputs may affect Harmony's operations and profits.

Harmony's operational results may be affected by the availability and pricing of consumables such as fuel, chemical reagents, explosives, steel and other essential production inputs. Issues with regards to availability of consumables may result from shortages as well as long lead times to deliver, which could result in production delays and production shortfalls. These shortages and delayed deliveries may be experienced where industrial action affects Harmony's suppliers. These issues could also affect the pricing of the consumables, especially if shortages are experienced. The price of consumables may be substantially affected by changes in global supply and demand, along with weather conditions, governmental controls and other factors. A sustained interruption to the supply of any of these consumables would require Harmony to find acceptable substitute suppliers and could require it to pay higher prices for such materials. Any significant increase in the prices of these consumables would increase operating costs and affect production considerations.

Harmony's ability to service its debt will depend on its future financial performance.

Harmony's financial performance will be affected by its operating performance as well as by financial and other factors, in particular the gold price, certain of which are beyond the control of the company. Various financial and other factors may result in an increase in Harmony's indebtedness, which could adversely affect the company in several respects, including:

- limiting its ability to access the capital markets;
- hindering its flexibility to plan for or react to changing market, industry or economic conditions;
- limiting the amount of cash flow available for future operations, acquisitions, dividends, or other uses;
- making it more vulnerable to economic or industry downturns, including interest rate increases;
- increasing the risk that it will need to sell assets, possibly on unfavorable terms, to meet payment obligations; or
- increasing the risk that it may not meet the financial covenants contained in its debt agreements or timely make all required debt payments.

We compete with mining and other companies for key human resources.

Harmony competes with mining and other companies globally to attract and retain key human resources at all levels with the appropriate technical skills and operating and managerial experience necessary to continue operating its business. The need to recruit, develop and retain skilled employees is particularly critical with historically disadvantaged South Africans ("**HDSAs**"), women in mining in South Africa, and recruiting and training local landowners in PNG. The global shortage of key mining specialists, including geologists, mining engineers, metallurgists and skilled artisans has been exacerbated by increased mining activity across the globe. There can be no assurance that Harmony will attract and retain skilled and experienced employees. Should Harmony lose any of its key personnel, its business may be harmed and its operational and financial results could be affected. See Item 4: *"Information on the Company—Business Overview—Regulation—Employees"* and *"Integrated Annual Report 2015 – Harmony in Action – Employees and communities"* on pages 76 to 99.

Since Harmony's labor force has substantial trade union participation, Harmony faces the risk of disruption from labor disputes and non-procedural industrial action.

Despite a history of constructive engagement with labor unions, there are periods when various stakeholders are unable to agree on dispute resolution processes. Disruptive activities on the part of labor, which normally differ in intensity, then become unavoidable. Due to the high level of union membership among our employees, we are at risk of production stoppages for indefinite periods due to strikes and other disputes, especially wildcat strikes. During fiscal 2013, Harmony’s Kusasalethu operation was severely affected by unlawful strike action, which had a significant impact on our financial results. During September 2013, there was a four day strike relating to the wage negotiations. We are not able to predict whether we will experience significant labor disputes in future, or what the financial impact of any such disputes may be. See Item 4: *“Information on the Company—Business Overview—Regulation—Employees”*, *“Integrated Annual Report 2015-Harmony in Action-Employees and communities”* on pages 76 to 99 and *“Integrated Annual Report 2015—Understanding Harmony—Managing our risks and opportunities”* on page 44.

We are required to submit a report under South African employment law detailing the progress made towards achieving employment equity in the workplace. If this report is not submitted, we could incur substantial penalties.

Developments in South African employment law may increase our cash costs of relationship with our employees and trade unions, which may have an adverse effect on our business, operating results and financial condition.

South African employment law sets out minimum terms and conditions of employment for employees. Although these may be improved by agreements between us and the trade unions, prescribed minimum terms and conditions form the benchmark for all employment contracts. See *“Integrated Annual Report 2015 – Understanding Harmony – Stakeholder engagement”* on pages 52 to 56.

HIV/AIDS poses risks to us in terms of productivity due to sick absenteeism as a result of tuberculosis co-infection and costs.

The HIV/AIDS epidemic in South Africa and PNG poses risks to us in terms of potentially reduced productivity, and increased medical and other costs. If there is a significant increase in the incidence of HIV/AIDS infection and related diseases among the workforce over the next several years, this may have an adverse impact on our operations, projects and financial condition. See *“Integrated Annual Report 2015 – Harmony in Action – Safety and health”* on pages 58 to 75.

The cost of occupational healthcare services and the potential liabilities related to occupational health diseases may increase in future.

Harmony’s operations in South Africa are subject to health and safety regulations which could impose significant cost burdens. The present Mine Health and Safety Act 29 of 1996 imposes various duties on mines and grants the authorities broad powers to, among others, close unsafe mines and order corrective action on health and safety matters.
Operations in PNG are subject to the following laws and regulations: PNG Mining Act 1992, PNG Mining Safety Act 1997, PNG Mining Safety Regulation 1935 (updated 2006) and PNG Environment Act 2000.

There is a risk that the cost of providing health services and implementing various programs could increase in future, depending on changes to underlying legislation and the profile of its employees. This increased cost, should it transpire, is currently indeterminate.

The Occupational Diseases in Mines and Works Act 78 of 1973 (“**ODIMWA**”) governs the payment of compensation and medical costs for certain illnesses contracted by people employed in mines or at sites where activities ancillary to mining are conducted. The principles of compensation under ODIMWA were tested in the Mr. Thembekekile Mankayi v AngloGold Ashanti court case. The Constitutional Court held that the compensation Mr Mankayi received under the ODIMWA was inferior to the compensation one would receive under the Compensation for Occupational Injuries and Diseases Act 130 of 1993. As a result, the Constitutional Court decided that an employee, who was awarded compensation in terms of ODIMWA, is not precluded from claiming common law damages from an employer.
Following a decision by the Constitutional Court, applications were filed at the South African High Court for a certification of a class of current and former employees who suffer from silicosis against a number of current and former gold mining companies in South Africa, including Harmony. See *“Item 8: Financial Information—Consolidated Statements and Other Financial Information—Legal Proceedings”* and *“Integrated Annual Report 2015—Harmony in Action—Safety and health”* on pages 69 to 71 for further information. It is uncertain as to whether the Company will incur any costs related to silicosis claims in the future and due to the limited information available on any claims and potential claims and the uncertainty of the outcome of these claims, no estimation can be made for the possible obligation. Should Harmony be unsuccessful in defending any claims that may be lodged, it would have an adverse impact on the Company’s financial condition. See note 34 *“Commitments and Contingencies”* to our consolidated financial statements set forth beginning on page F-1.

Laws governing mineral rights affect our business and could impose significant costs and burdens.

Our operations in South Africa and PNG are subject to legislation regulating mineral rights. Certain of the Company's properties may be subject to the rights or the asserted rights of various community stakeholders, including indigenous people. The presence of those stakeholders may therefore have an impact on Harmony's ability to develop or operate its mining interests.

In South Africa, we are governed by the South African Mineral and Petroleum Resources Development Act 2002 (Act 28 of 2002) ("**MPRDA**") and in PNG by the Mining Act of 1992 (PNG). See Item 4: "*Information on the Company—Business Overview—Regulation—Mineral Rights - South Africa*" for a description of the principal objectives set out in the MPRDA.

The MPRDA was promulgated as effective legislation on 1 May 2004. A draft Mineral and Petroleum Resources Development Amendment Bill, 2012 was published in December 2012 for comment. On March 12, 2014 the bill was approved by the National Assembly and required the President of South Africa's approval. Subsequently, in January 2015 the bill was referred back to the National Assembly by the President of South Africa for reconsideration. As a result of the uncertainties surrounding the bill, many changes are expected and we cannot yet determine the full impact that the draft bill may have on our business.

Under the MPRDA, tenure over established mining operations is secured for up to 30 periods not exceeding 30 years each), provided that mining companies applied for new-order mining rights over existing operations within five years of May 1, 2004 or before the existing right expires, whichever was the earlier date and fulfill requirements specified in the MPRDA and the Broad-Based Socio-Economic Empowerment Charter for the South African mining industry ("**Mining Charter**"). The licenses for all of our South African operations have been granted. We will be eligible to apply for new licenses over existing operations when they expire, provided we comply with the MPRDA. Failure to comply with the conditions of the mining licenses could have a material adverse effect on our operations and financial condition.

The Mining Charter was signed by government and stakeholders in October 2002 and followed by a Revised Mining Charter signed on September 13, 2010. The Mining Charter requires programs for black economic empowerment and the promotion of value-added production (beneficiation) in South Africa. In particular, targets are set out for broad-based black economic empowerment in the areas of human resources and skills development; employment equity; procurement and beneficiation. In addition, the Mining Charter addresses socio-economic issues, such as migrant labor, mine community and rural development and housing and living conditions. It also includes a requirement for mining companies to achieve a minimum of 26% HDSA ownership of mining assets by 2014. In order to measure progress in meeting the requirements of the Mining Charter, companies are required to complete a scorecard, in which the levels of compliance with the objectives of the Mining Charter can be "ticked off" after every year.

All the Revised Mining Charter targets must have been achieved by the end of the 2014 calendar year. Harmony [illegible] the Revised Mining Charter's requirement to achieve a minimum of 26% HDSA ownership of mining assets by 2014. See "*Integrated Annual Report 2015—Harmony in Action—Mining Charter compliance*" on pages 66 to 68.

The South African Department of Mineral Resources ("**DMR**") and the mining industry, however, disagree on the interpretation of the Revised Mining Charter's ownership requirement and have separately approached the High Court of South Africa for a declaratory order. Should the DMR, based on the declaratory order, find that Harmony is not in compliance with the Revised Mining Charter in relation to the ownership requirement, the Company may challenge the decision in court. The outcome of such court action is uncertain.

Should Harmony breach its obligations in complying with the MPRDA, the Revised Mining Charter or amendments to the Mining Charter, its existing mining rights in South Africa could be suspended or cancelled by the Minister of Mineral Resources. It may also influence the Company's ability to obtain any new mining rights. Any such suspension or cancellation could have a material adverse effect on the results of operations as well as the Company's financial condition.

The MPRDA also makes reference to royalties payable to the South African state in terms of the Mineral and Petroleum Resources Royalty Act (Act 28 of 2008) (the "**MPRRA**"). The MPRRA provides for the payment of a royalty according to a formula based on gross sales and EBIT, as defined under the MPRRA, after the deduction of capital expenditure. This rate is then applied to revenue to calculate the royalty amount due, with a minimum of 0.5% and a maximum of 5% for gold mining companies. For fiscal 2015, the average royalty rate for our South African operations was [illegible]% of gross sales. If the maximum royalty rate of 5% for gold mining companies is applied, it could have a material adverse effect on the financial condition of the Company.

Mineral rights in PNG are controlled by the government of PNG which initially awards [illegible] retains a statutory right at any time prior to the commencement of mining, to obtain a participating interest of up to 30% in mining development projects at historical cost. The government then administers mining tenements under the relevant mining legislation, and mining companies must pay royalties to the government based on production. The types of tenements issued include: exploration license; mining lease; special mining lease; alluvial mining lease; lease for mining purpose; and mining easement.

Harmony's PNG mining operation is subject to a 2% royalty payment to the government of PNG. If we want to expand any of our initiatives in PNG into additional areas under exploration, these operations would need to convert the existing exploration licenses prior to the start of mining and that process could require landowner title approval. There can be no assurance that any approval would be received.

We are subject to extensive environmental regulations.

As a gold mining company, Harmony is subject to extensive environmental regulation. We expect the trend of rising production costs due to compliance with South African and PNG environmental laws and regulations to continue.

The MPRDA, certain other environmental legislation and the administrative policies of the South African government regulate the impact of the Company's prospecting and mining operations on the environment. On the suspension, cancellation, termination or lapsing of a prospecting permit or mining authorization, Harmony will remain liable for compliance with the provisions of various relevant regulations, including any rehabilitation obligations until a closure certificate is issued by the DMR. This liability will continue until the appropriate authorities have 1) certified that the Company has complied with such provisions or 2) authorized the transfer of liability to a competent party.

Estimates of ultimate closure and rehabilitation costs are significant and are based regulatory requirements that may change materially. Environmental provisions are accrued when they become known, probable and can be reasonably estimated based on industry good practice. In future, Harmony may incur significant costs for compliance with increasingly stringent requirements being imposed under new legislation. This may include the need to increase and accelerate expenditure on environmental rehabilitation and to alter environmental provisions, which could have a material adverse effect on its results and financial condition. Harmony may also face increased environmental costs should other mines in the vicinity fail to meet their obligations on the pumping or treatment of water.

The South African government has reviewed requirements imposed on mining companies restitution. For example, following the introduction of an environmental rights clause in South Africa's constitution, a number of environmental legislative reform processes have been initiated. Legislation passed as a result of these initiatives has tended to be materially more onerous than previous laws in South Africa. Examples of such legislation include the MPRDA, the National Nuclear Regulator Act 1999, the National Water Act of 1998 and the National Environmental Management Act 1998, which include stringent 'polluter pays' provisions. The adoption of these and additional or more comprehensive or stringent requirements, in particular for the management of hazardous waste, pollution of ground and groundwater systems and duty to rehabilitate closed mine sites, may result in additional costs and liabilities.

Harmony's PNG operations are also subject to various laws and regulations relating to protection of the environment similar in scope to those of South Africa. The Environment Act 2000 governs the environmental permitting and regulatory aspects of mining projects. An environmental impact statement is required when projects are likely to have a significant adverse impact on the environment. This statement must be lodged with the Department of Environmental Conservation where, for large projects, it may be forwarded to Environment Council for review. Public consultation is an integral part of this review.

See *"Integrated Annual Report 2015—Harmony in Action—Environmental performance"* on pages 100 to 110 for further discussion of the applicable legislation and our policies on environmental matters.

Mining companies are increasingly required to consider and ensure the sustainable development of, and provide benefits to, the communities and countries in which they operate.

As a result of public concern about the perceived ill effects of economic globalization, businesses in general and large international companies such as Harmony, in particular, face increasing public scrutiny of their activities.

Like other mining companies, Harmony is under pressure to demonstrate that while it seeks a satisfactory return on investment for shareholders, other stakeholders including employees, communities surrounding the operations and the countries in which they operate, also benefit from their commercial activities. Such pressures tend to be particularly focused on companies whose activities are perceived to have a high impact on their social and physical environment. The potential consequences of these pressures include reputational damage, legal suits and social spending obligations.

Existing and proposed mining operations are often located at or near existing towns courses and other infrastructure. Mining operations must therefore be designed to mitigate and/or manage their impact on such communities and the environment. Specifically at our PNG operations, cognizance of landowner rights may require measures that could include agreed levels of compensation for any adverse impact the mining operation may continue to have on the community. The cost of these measures could increase capital expenditure and operating costs and therefore impact Harmony's operational results and financial condition.

Compliance with emerging climate change regulations could result in significant costs for Harmony, and climate change may present physical risks to our operations.

Greenhouse gases ("**GHGs**") are emitted directly by Harmony's operations and indirectly as a result of consuming electricity generated by external utilities. Emissions from electricity consumption are indirectly attributable to Harmony's operations. There are currently a number of international and national measures to address or limit GHG emissions, including the Kyoto Protocol and the Copenhagen Accord, in various phases of discussion or implementation.

Following recent environmental summits, including the one hosted in South Africa in 2011 South Africa has committed voluntarily to 30% clean energy by 2025, aiming for the country's GHG emissions to peak by 2020–2025, plateau for a decade and then decline by 40% by 2050.

In line with this aim, the country's key carbon-emitting sectors, including energy and transport, have until end 2015 to finalize 'carbon budgets' and appropriate strategies to support these targets. Adopting a carbon budget model reflects government's acceptance of the relative energy and carbon intensity of the economy and the need to create the setting required for industries to make the transition to a more carbon constrained environment.

The Minister of Environmental Affairs noted that government would actively consult carbon-intensive industry in developing carbon budgets to identify an "optimal combination" of mitigation actions to strike a balance between South Africa's socio-economic imperatives, especially creating and preserving jobs, as well as the need to manage climate change impacts and contribute to global efforts to stabilize GHG concentrations.

In February 2013, the South African Minister of Finance announced that a carbon tax would be implemented in the 2015 financial year. The proposal is to implement the tax at a fairly low level, and define a rising price path over time – at this stage, a carbon tax of US$10/t (South African R120/t) of CO_2e for 40% of scope 1 emissions is expected in 2015, increasing annually by 10% during the first phase (January 1, 2016 to December 31, 2019) followed by Phase 2 of another five years. Implementation of Carbon Tax has been delayed to 2016 confirmed in the 2015 budget speech given by the South African Minister of Finance. This was done in order to align the design of the carbon tax to the desired emissions reductions outcomes being developed by the Department of Environmental Affairs. Following extensive public consultation on the proposed tax during 2013, a number of adjustments to the policy proposal are expected and this includes, amongst others, using some of the revenue generated from the carbon tax to fund an energy efficiency tax incentive scheme.

Certain of our current mines have a life expectancy of up to 25 years, by which time GHG regulations are expected to be a permanent feature of the global economy. Future climate change regulation will therefore need to be considered for all Harmony's extensions and acquisitions. All new greenfield and brownfields projects are required by company policy to consider the impact of climate change in their design and planning.

PNG's national office of climate change and environmental sustainability is studying the potential for future economic growth to be driven by renewable energy. PNG has adopted a climate change policy but implementation actions to date are very limited. The implications of the climate change policy on Harmony's operations in PNG have not yet been established but are not expected to have significant impacts.

The largest portion of GHG emissions is predominantly electricity-related, with electricity expenditure amounting to 16% of Harmony's cash costs in South Africa. While cost management is clearly a strategic issue for Harmony, of even greater importance is that energy supply be constant and reliable, given the implications of loss of energy on both production and health and safety. GHG emissions regulations, which would increase the price of energy, will affect Harmony significantly, as will regulation that stipulates emission thresholds, or sets technology standards that may result in insecure energy supply. Already certain compliance costs from power suppliers are being passed on to the Group in the form of price increases. For instance, in South Africa since 2009, Harmony has paid a levy of R0.02 - R0.035 per kilowatt hour for electricity generated by fossil fuels. In the recent budget speech the Minister of Finance proposed an increase in the electricity levy by an additional R0.02 per kilowatt hour. The implementation of the proposed increase in the electricity levy is still to be determined. These levies may increase over time and additional levies may be introduced in future in South Africa or PNG, which could result in a significant increase in our costs.

See *"Integrated Annual Report 2015 —Harmony in Action—Environmental performance"* on pages 110 and 111 for disclosure regarding GHG emissions.

Our operations in South Africa are subject to water use licenses, which could impose significant costs.

Under South African law, Harmony's local operations are subject to water use licenses that govern each operation's water use. These licenses require, among other issues, that mining operations achieve and maintain certain water quality limits for all water discharges, where these apply. The majority of our South African operations are lawful users with existing water permits in terms of the Water Act of 1954. Nevertheless, the South African operations have applied to the relevant regional directors for water use licenses in terms of the National Water Act, 1998. Submissions were made as early as 2003 and Harmony has been working closely with the regional directors in the review process. A few operations have been issued with draft licenses for review and iteration.

We anticipate that the conditions of the licenses may require Harmony to consider and implement alternative water management measures that may have a significant cost implication for our business. Any failure on Harmony’s part to achieve or maintain compliance with the requirements of these licenses for any of its operations may result in Harmony being subject to penalties, fees and expenses or business interruption due to revoked water licenses. Any of these could have a material effect on our business, operating results and financial condition.

There is a possibility of the South African National Treasury instituting an environmental levy of acid mine drainage (“**AMD**”) management.

See *“Integrated Annual Report 2015 —Harmony in Action—Environmental performance”* on **pages 100 to 114** and 102 for disclosure regarding our water usage and management.

We may have exposure to rehabilitate potential groundwater pollution, which may include salination, and radiation contamination that may exist where we have operated or continue to operate.

Due to the interconnected nature of mining operations, any proposed solution for potential flooding and decant risk posed by deep groundwater needs to be a combined one supported by all mines located in the goldfields and government in the event of legacy issues. As a result, the DMR and affected mining companies are involved in developing a regional mine closure strategy. In view of limited current information, no reliable estimate can be made for any possible obligations or liabilities for the Company, which could be material and have an adverse impact on Harmony’s financial condition. No provision for any potential liability has been made in the financial statements.

See *“Integrated Annual Report 2015 —Harmony in Action—Environmental performance”* on pages 100 to 119.

Investors in the United States may have difficulty bringing actions, and enforcing judgments, against us, our directors and our executive officers based on the civil liabilities provisions of the federal securities laws or other laws of the United States or any state thereof.

We are incorporated in South Africa. Each of our directors and executive officers (and our independent registered public accounting firm) reside outside the United States. Substantially all of the assets of these persons and substantially all our assets are located outside the United States. As a result, it may not be possible for investors to enforce a judgment against these persons or ourselves obtained in a court of the United States predicated upon the civil liability provisions of the federal securities or other laws of the United States or any state thereof. A foreign judgment is not directly enforceable in South Africa, but constitutes a cause of action which will be enforced by South African courts provided that:

- the court that pronounced the judgment had jurisdiction to entertain the case according to the principles recognized by South African law with reference to the jurisdiction of foreign courts;
- the judgment is final and conclusive;
- the judgment has not lapsed;
- the recognition and enforcement of the judgment by South African courts would not be contrary to public policy, including observance of the rules of natural justice which require that the documents initiating the United States proceeding were properly served on the defendant and that the defendant was given the right to be heard and represented by counsel in a free and fair trial before an impartial tribunal;
- the judgment does not involve the enforcement of a penal or revenue law; and
- the enforcement of the judgment is not otherwise precluded by the provisions of the Protection of Business Act 99 of 1978, as amended, of the Republic of South Africa.

Compliance with new and changing corporate governance and public disclosure requirements adds uncertainty to our compliance policies and increases our costs of compliance.

Laws, regulations and standards relating to accounting, corporate governance and public disclosure, conflict minerals and “responsible” gold, new SEC regulations and other listing regulations applicable to us are subject to change and can create uncertainty for companies like us. New or changed laws, regulations and standards could lack specificity or be subject to varying interpretations. Their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty on compliance matters and higher costs of compliance as a result of ongoing revisions to such governance standards.

In terms of Section 404 of the Sarbanes-Oxley Act of 2002 (the “**Sarbanes-Oxley Act**”), we are required to furnish a report by our management on our internal control over financial reporting. The report in this annual report contains, among other matters, an assessment of the effectiveness of our internal control over financial reporting as of the end of the fiscal year, including a statement as to whether or not our internal controls over financial reporting are effective. If we fail to maintain the adequacy of our internal controls, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with the Sarbanes-Oxley Act. The requirement to evaluate and report on our internal controls also applies to companies that we may acquire and therefore, this assessment may be complicated by any future acquisitions. While we continue to dedicate resources and management time to ensuring that we have effective controls over financial reporting, failure to achieve and maintain an effective internal control environment could have a material adverse effect on the market's perception of our business and our stock price. See Item 15: *"Controls and Procedures"* for management's assessment as of June 30, 2015. In addition to management's assessment of internal controls over financial reporting, we are required to have our independent registered public accounting firm publicly disclose their conclusions regarding the effectiveness of our internal controls over financial reporting.

We are committed to maintaining high standards of corporate governance and public company disclosure, and our efforts to comply with evolving laws, regulations and standards in this regard have resulted in, and are likely to continue to result in, increased general and administrative expenses.

Failure to comply with laws, regulations, standards, contractual obligations whether following a breach or breaches in governance processes or fraud, bribery and corruption may lead to regulatory penalties, loss of licenses or permits, negative effects on our reported financial results, and adversely affect our reputation.

Harmony operates in several countries, including those with less developed political and regulatory environments, and within numerous and complex frameworks. Our governance and compliance processes may not prevent potential breaches of law, accounting principles or other governance practices.

Harmony's Code of Ethics, among other policies, standards and guidance, and training thereon may not prevent instances of unethical or unlawful behavior, including bribery or corruption, nor guarantee compliance with legal and regulatory requirements, and breaches may not be detected by management.

Sanctions for failure by the company or others acting on its behalf to comply with these laws, regulations and standards and contractual obligations could include fines, penalties, imprisonment of officers, litigation, and loss of operating licenses or permits, suspensions of operations, negative effects on Harmony's reported financial results and may damage the company's reputation. Such sanctions could have a material adverse impact on the company's financial condition and results of operations.

Investors may face liquidity risk in trading our ordinary shares on the JSE Limited.

The primary listing of our ordinary shares is on the JSE Limited. Historically, the trading volumes and liquidity of shares listed on the JSE have been low relative to other major markets. The ability of a holder to sell a substantial number of our ordinary shares on the JSE in a timely manner, especially in a large block trade, may be restricted by this limited liquidity. See Item 9: *"The Offer and Listing—Listing Details—The Securities Exchange in South Africa"*.

Sales of large quantities of our ordinary shares and ADSs, or the perception that these sales may occur, could adversely affect the prevailing market price of such securities.

The market price of our ordinary shares or ADSs could fall if large quantities of ordinary shares or ADSs are sold in the public market, or there is a perception in the marketplace that such sales could occur. Subject to applicable securities laws, holders of our ordinary shares or ADSs may decide to sell them at any time. The market price of our ordinary shares or ADSs could also fall as a result of any future offerings it makes of ordinary shares, ADSs or securities exchangeable or exercisable for its ordinary shares or ADSs, or the perception in the marketplace that these sales might occur. We may make such offerings of additional ADS rights, letters of allocation or similar securities from time to time in the future.

Shareholders outside South Africa may not be able to participate in future issues of securities (including ordinary shares) carried out by or on behalf of Harmony.

Securities laws of certain jurisdictions may restrict Harmony's ability to allow participation by certain shareholders in future issues of securities (including ordinary shares) carried out by or on behalf of Harmony. In particular, holders of Harmony securities who are located in the United States (including those who hold ordinary shares or ADSs) may not be able to participate in securities offerings by or on behalf of Harmony unless a registration statement under the Securities Act is effective with respect to such securities or an exemption from the registration requirements of the Securities Act is available thereunder. Securities laws of certain other jurisdictions may also restrict Harmony's ability to allow the participation of all holders in such jurisdictions in future issues of securities carried out by Harmony. Holders who have a registered address or are resident in, or who are citizens of, countries other than South Africa should consult their professional advisors as to whether they require any governmental or other consents or approvals or need to observe any other formalities to enable them to participate in any offering of Harmony securities.

The liquidity and price of our ADRs, and our ability to raise capital, may be negatively impacted if our ADSs are delisted from the NYSE and by the measures that we take to address non-compliance with the NYSE continued listing standards.

Our ADRs are currently listed for trading on the NYSE. There are a number of continuing requirements that must be met in order for our ADRs to remain listed on the NYSE and the failure to meet these listing standards could result in the delisting of our ADRs from the NYSE. On September 8, 2015, we received notice that we are not in compliance with the continued listing standard requiring a listed security to maintain a minimum average closing price of $1.00 per ADR over a consecutive 30-trading-day period. Under the NYSE's rules, we have a period of six months from the date of the NYSE notice to bring the 30-trading-day average closing price of our ADRs above $1.00. During this period, our ADRs will continue to be traded on the NYSE, subject to the Company's compliance with other NYSE listing requirements. In the event we are not able to meet the requirements necessary for continued listing on the NYSE, our ADRs could be subject to delisting from the NYSE.

We are considering several options to regain compliance with this standard, which could involve, among other things, changing the number of our ordinary shares that each ADS represents. Any change to the ordinary share to ADS ratio could significantly reduce the total number of ADSs outstanding and also potentially reduce the number of public holders, which may reduce the liquidity of our ADSs and could adversely affect price at which our ADSs trade. In addition, if our ADSs cease to be listed for trading on the NYSE for any reason, the liquidity of our ADSs may be materially reduced and result in a corresponding material reduction in the price of our ADSs. Furthermore, any such delisting could harm our ability to raise capital on terms acceptable to us, or at all, and may result in the potential loss of confidence by investors, suppliers, business partners, licensees, customers and employees. Such consequences may materially and adversely affect our business, financial condition and results of operations.

As we have a significant number of outstanding share options, our ordinary shares are subject to dilution.

We have several employee share option schemes in operation. The employee share option schemes came into effect in 2003 and 2006 while awards under an employee share ownership plan ("**ESOP**") governed by a trust called the Tlhakanelo Employee Share Trust ("**Tlhakanelo Trust**") for employees other than management were made in August 2012 and in March of each subsequent year. Shares were issued to the trust on August 31, 2012. Our shareholders have authorized up to 60,011,669 of the issued share capital to be used for these plans. As a result, shareholders' equity interests in us are subject to dilution to the extent of the potential future exercises of the options through share schemes.

We may not pay dividends or make similar payments to our shareholders in the future.

Harmony's dividend policy is to pay cash dividends only if funds are available for that purpose. Whether funds are available depends on a variety of factors, including the amount of cash available, our capital expenditures and other cash requirements existing at the time. Under South African law, we are only entitled to pay a dividend or similar payment to shareholders if we meet the solvency and liquidity tests set out in the Companies Act 71 of 2008 (as amended) including its Regulations (the "**Companies Act**") and our current Memorandum of Incorporation. Cash dividends or other similar payments may not be paid in the future.

On April 1, 2012, a dividends tax ("**Dividends Tax**") was introduced at a rate of 15% dividends declared by South African companies to beneficial shareholders borne by the shareholder receiving the dividend. This replaced Secondary Tax on Companies. Although the substitution of Secondary Tax on Companies with Dividends Tax may reduce the tax payable on our South African operations, thereby increasing distributable earnings, the withholding tax will generally reduce the amount of dividends or other distributions received by shareholders.

In addition, Harmony's foreign shareholders face investment risk from currency exchange rate fluctuations affect the market valuation of any dividends or distributions paid by the company.

The use of contractors at certain of the company's operations may expose Harmony to delays or suspensions in mining activities and increases in mining costs.

Harmony uses contractors at certain of its operations to mine and deliver ore to processing plants as well as for other purposes. At mines employing mining contractors, contracting costs represent a significant proportion of the total operating costs of these operations and the company does not own all of the mining equipment.

Harmony's operations could be disrupted, resulting in additional costs and liabilities, if the mining contractors at affected mines have financial difficulties, if a dispute arises in renegotiating a contract, or if there is a delay in replacing an existing contractor and its operating equipment to meet business needs at expected cost levels. Increases in contract mining rates, in the absence of associated productivity increases, will also have an adverse impact on the company's results of operations and financial condition.

In addition, Harmony's reduced control over those aspects of operations which are the responsibility of contractors, their failure to comply with applicable legal, human rights and regulatory requirements, or their inability to manage their workforce or provide high quality services or a high level of productivity could adversely affect Harmony's reputation, results of operations and financial condition, and may result in the company incurring liability to third parties due to the actions of contractors.

Our jointly-controlled assets may not comply with our standards.

Harmony does not have full management control over some of its assets which are controlled and managed by joint venture partnerships. The control environment of these assets may not align with our management and operating standards, controls and procedures. Failure to adopt equivalent standards, controls and procedures could lead to higher costs and reduced production, which could adversely affect our results and reputation.

Breaches in our information technology security processes and violations of data protection laws may adversely impact the conduct of our business activities.

Harmony maintains global information technology ("**IT**") and communication networks and applications to support our business activities. Our extensive IT infrastructure and network may experience service outages that may adversely impact the conduct of our business activities. IT security processes protecting Harmony's IT infrastructure and network may not prevent future malicious action or fraud by individuals, groups or organizations resulting in the corruption of operating systems, theft of commercially sensitive data, including commercial price outlooks, mergers and acquisitions and divestment transactions, misappropriation of funds and disruptions to our business operations.