

Harmony Gold Mining Company Limited  
Registration number 1950/038232/06  
Incorporated in the Republic of South Africa  
ISIN: ZAE000015228  
JSE share code: HAR  
("Harmony" or "the Company")

### **Harmony announces new plan to return Kusasalethu to profitability**

Harmony Gold Mining Company Limited ('Harmony') advises that, following an intensive performance review of its Kusasalethu mine near Carletonville, a new plan is being implemented to return the mine to profitability.

Graham Briggs, Harmony chief executive officer, said "Kusasalethu has not returned to profitability after various setbacks. We need to be both decisive and mindful in our actions so that we preserve the viability of this mine for several decades to come. Without these actions, this mine will not survive and that would indeed be a tragedy for our company, our employees, our communities and our country."

Kusasalethu has consistently recorded losses since September 2012. The mine recorded negative free cash flow of R392million in the financial year ended June 2014 and negative free cash flow of R112 million between July and October 2014. This is despite ongoing improvement initiatives and continued investment in the mine (some R3.9 billion in capital since 2001) to improve the mine's performance. Engineering infrastructure and water reticulation failures in the past year exacerbated the underperformance at the mine further, as have excessive stoppages for various reasons, including illegal mining activities.

The current situation is clearly unsustainable. Harmony's intention is to restore the mine to profitability in the fourth quarter of the current financial year and - in so doing - preserve as many jobs as possible. The new plan will entail mining lower volumes at higher grades at a reduced cost.

Kusasalethu has commenced a Section 189 consultation process in terms of the Labour Relations Act and will seek to engage with representative unions in evaluating various options. The parties will, over the next 60 day consultation period consider a number of avoidance measures that may include offering voluntary separation and, early retirement packages to employees and seek to transfer as many employees as possible to vacancies that exist elsewhere in the company. Kusasalethu currently employs about 6 300 people (including contractors).

In conclusion, Mr Briggs reiterated Harmony's commitment to work with its social partners - government, unions, employees and shareholders - in arriving at a sustainable solution.

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