



**Amendment to  
Social and Labour Plan  
Kusasaletu Mine - Gauteng  
Mining Licence GP 30/5/1/2/5/07 MR  
Harmony Gold Mining Company Limited**

**August 2015**





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## LIST OF ACRONYMS AND TERMS

AET	Adult Education and Training	ETQA	Education and Training Qualifications Authority
AMESA	The Association for Mathematics Education of South Africa	EXCO	Executive Committee
ART	Anti-Retroviral Treatment	FET	Further Education and Training
ATR	Annual Training Report	GDP	Gross Domestic Product
BBBEE	Broad-based Black Economic Empowerment	GET	General Education and Training
BCEA	Basic Conditions of Employment Act 95 of 1997	HARMONY	Harmony Gold Mining Company Ltd and or Company
BEE	Black Economic Empowerment	HDSA	Historically disadvantaged South Africans as defined in the Mineral and Petroleum Resources Development Act
BLDP	Business Leadership Development Plan	HET	Higher Education and Training
CBO	Community Based Organisation	HND	Higher National Diploma
CEO	Chief Executive Officer	HOD	Head of Department
CETA	Construction Education and Training Authority	HRD	Human Resources Development
CPIX	Consumer Price Index	HSDSETA	Health Services SETA
CSI	Corporate Social Investment	IDP	Individual/Integrated Development Plan
CSR	Corporate Social Responsibility	IMMC	Introduction to Mining and Minerals Certificate
DMR	Department of Minerals and Energy	IMU	International Mathematical Union
DTI	Department of Trade and Industry	ISO	International Standards Organisation
ECSA	Engineering Council of South Africa	JIPSA	Joint Initiative for Priority Skills Acquisition
EE	Employment Equity	LED	Local Economic Development
EPWP	Expanded Public Works Programme	LOM	Life of Mine
ETD	Education Training and Development	LRA	Labour Relations Act 66 of 1995



MLSC	Major Labour Sourcing Communities	SDP	Skills Development Plan
MO	Mine Overseer	SDL	Skills Development Levy
MQA	Mining Qualifications Authority	SETA	Sectorial Education and Training Authority
MQF	Mining Qualifications Framework	SHI	Social Housing Institution
MPRDA	Mineral and Petroleum Resources Development Act 28 of 2002	SIFE	Students in Free Enterprise
ND	National Diploma	SLP	Social and Labour Plan
NEDLAC	National Economic Development and Labour Council	TEBA	The Employment Bureau of Africa
NGO	Non-Governmental Organisation	TOM	TEBA on Mine
NPI	National Productivity Institute	UIF	Unemployment Insurance Fund
NQF	National Qualifications Framework	VCT	Voluntary and Counselling and Testing
NSDS	National Skills Development Strategy	WSP	Workplace Skills Plan
NSF	National Skills Fund		
NUM	National Union of Mineworkers		
ORM	Ore Reserve Manager		
RPL	Recognition of Prior Learning		
SADC	Southern African Development Community		
SAMF	South African Mathematics Foundation		
SAMO	South African Mathematics Olympiad		
SAMS	South African Mathematical Society		
SAQA	South African Qualifications Authority		
SDF	Skills Development Facilitator		



## Submission of the Social and Labour Plan for mining licence [GP30/5/1/2/5/07MR]

The current five-year Social and Labour Plan (SLP 2013 to 2017) for the Kusasaletu mine was submitted to the Department of Mineral Resources during December 2012. The Department then requested the plan to be adjusted and the 2<sup>nd</sup> submission was submitted to the Department of Mineral Resources during August 2014.

During the past few years, the mining industry has gone through a difficult economic period. Due to financial constraints and the low gold price, it has become imperative to closely look at the projected targets as set out in the 5 year SLP's. It is the view of the mining right holder that these targets can no longer be achieved and therefore, some adjustments have to be made to the current SLP.

We draw your attention to regulation 44 of the regulations to the Mineral and Petroleum Resources Development Act, Act 28 of 2002 (MPRDA) which reads as follows:

“44. A Social and Labour Plan may not be amended or varied without the consent of the Minister after the granting of the mining right to which such Social and Labour Plan pertains.”

Following are the amendments to the SLP for the Kusasaletu mine and mining right [GP30/5/1/2/5/07MR]. These amendments will affect two sections within the SLP, namely Human Resource Development and Mine Community Development. The remainder of the SLP is unchanged as per regulation 43 of the regulations to the MPRDA.

This SLP is prepared in accordance with part II of the Regulations of the Mineral and Petroleum Resources Development Act (MPRDA), and is a prescribed plan for dealing with the social and labour issues for the remaining life of every mining right. This document sets out amendments to the SLP in respect of the shaft's mining licence [GP30/5/1/2/5/07MR], covering the Kusasaletu mine. The starting point for this amendment, which serve as the fourth and fifth year of the current five year cycle from which the company intends to progress, is the calendar year beginning January 2016 and ends in December 2017.

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## Background

### About the Kusasaletu mine

As per Regulation 46(a): Introduction; the following background information is provided on the mine

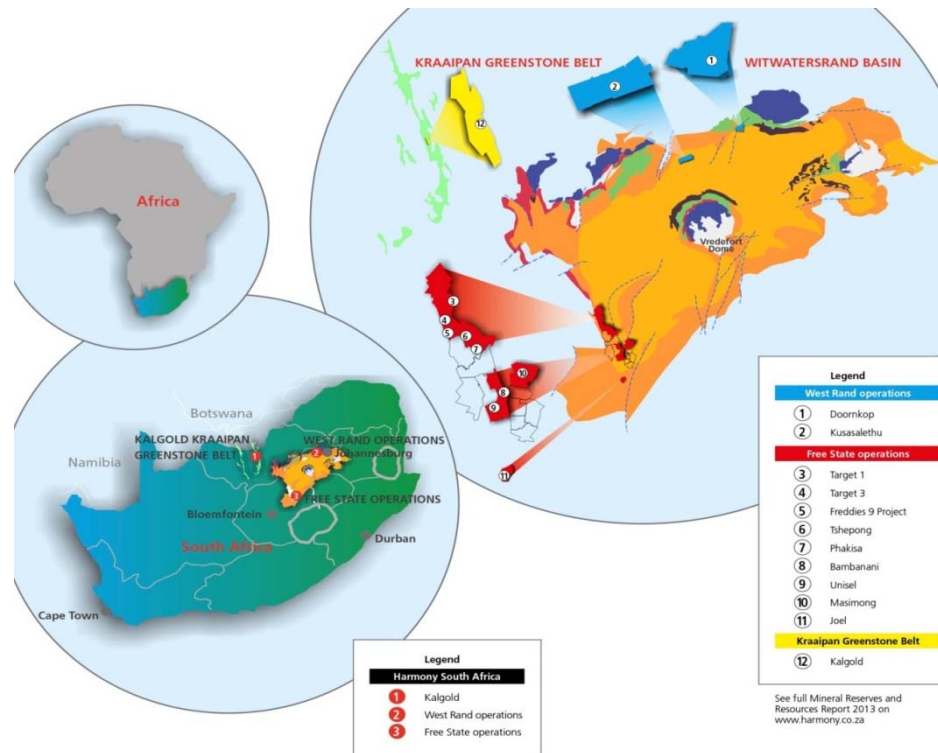
### Overview

Kusasaletu mine, on the border of Gauteng and North West provinces, comprises twin vertical and twin sub-vertical shaft systems. Mining uses conventional methods in a sequential grid layout. Ore mined is treated at the Kusasaletu plant.

The focus on creating a safe working environment at Kusasaletu was redoubled after the mine recorded some fatalities. A continuous drive to entrench the mine's value system and non-negotiable standards in different disciplines is reflected by the improved physical conditions.

Seismicity remains a risk at Kusasaletu, with management focusing on improving the quality of pre-conditioning at the stope face to reduce the risk presented by small, but damaging seismic events.

The completed deepening project has extended the sub vertical shafts, accessing the Ventersdorp Contact Reef up to 3 276m below collar.





## Performance 2014

Despite its erratic performance during 2013, Kusasaletu ranked among the most-improved of the South African operations as the mine's continued production build-up resulted in it becoming the largest individual gold producer in the Harmony group.

Following the industrial action in FY13, as a result of which the mine was closed for around three months, every effort was made to resume steady state production. Despite challenges encountered during the year such as safety stoppages, and a spillage and flooding of the bottom of the return ventilation shaft and sub-shafts that restricted hoisting, production in FY14 was almost back to normal. Production was also affected by three fatalities, one of which followed the failure of a backfill paddock and bag in the third quarter and the resultant halt to production.

Water availability was reduced given excessive levels of mud in the underground storage dams and poor efficiency of the settler dams continued to affect stoping and development. This problem had been resolved by year-end. Engineering capacity at Kusasaletu has been increased to help ensure that potential infrastructural risks are identified and addressed.

A comprehensive plan was implemented to reduce the widening gap between delivered and recovered grades.

Union rivalry was challenging and hindered performance and efficiency. In October 2013, the mine recognised Association of Mineworkers and Construction Union as the employees' main representative union after 75% of the unionised workforce had joined Association of Mineworkers and Construction Union. This was followed early in the third quarter by a threatened wage strike as Association of Mineworkers and Construction Union had not participated in or agreed to the two-year wage agreement reached in collective bargaining during 2013. The Labour Court ruled, however, that such a strike would be unprotected and the union complied with the court's ruling.

There is much potential to increase volumes mined at Kusasaletu. The grade dilution resulting from the ore pass rehabilitation continues and the magnitude of repairs required to rehabilitate the ore pass was more severe than expected. The date for completion is now set for the end of the 2019 calendar year.



## Section 1: Preamble

### 1.1 Objectives of the Social and Labour Plan

The Department of Mineral Resources (DMR) guidelines in respect of the objectives of the SLP are:

- To promote employment and to advance the social and economic welfare of all South Africans
- To contribute to the transformation of the mining industry
- To ensure that the Kusasaletu mine contribute to the socio-economic development of the area in which it operates as well as the areas from which the majority of its workforce is sourced

Harmony's SLPs are therefore aimed at extending the life of the mines, improving the skills of its employees, the transformation of its mines, as well as the normalisation of the company and the socio-economic development of communities around its mines, and from which Harmony recruits its employees.

### 1.2 Salient information on the application

#### 1.2.1 Name of the holding company/applicant

Harmony Gold Mining Company Limited (MR 07 - Kusasaletu)

#### 1.2.2 Name of the mine

Kusasaletu Mine

#### 1.2.3 Physical address

Portion 9 of the farm Buffelsdoorn 143 IQ  
2.0 Km north of the N12 highway towards Carletonville  
Carletonville District  
North West Province

#### 1.2.4 Postal address





C/o Harmony Gold Mining Company Limited  
P O Box 2  
Randfontein  
1760

**1.2.5 Telephone number**

+27 (0)18 782 9257

**1.2.6 Fax number**

+27 (0)18 782 1132

**1.2.7 Location of mine**

Kusasaletu mine is situated some 85km south west of Johannesburg in the North West Province. Located at approximate latitude 26000"S and longitude 27000"E, the site is accessed through the national highway N12 between Johannesburg and Potchefstroom.

**1.2.8 Commodity**

Gold

**1.2.9 Life of mine**

Name of mine	Current status	Date first commissioned	Life of mine
Kusasaletu	Mineral	1978	22 years



### 1.2.10 Workforce composition

The following table present profiles of the total workforce of the Kusasaletu mine as at December 2014

#### Total Workforce – excluding contractors

	Total workforce	%
<b>Total workforce (excluding contractors)</b>	<b>5021</b>	<b>100.0%</b>
<b>Male</b>	<b>4444</b>	<b>88.5%</b>
<b>Female</b>	<b>577</b>	<b>11.5%</b>
Black SA Females	472	9.4%
Black Non-SA Females	86	1.7%
Coloured Females	1	0.0%
Indian Females		0.0%
White Females	18	0.4%
Black SA Males	3196	63.7%
Black Non-SA Males	1025	20.4%
Coloured Males	7	0.1%
Indian Males		0.0%
White Males	216	4.3%



**Contractors**

	<b>Total workforce</b>	<b>%</b>
<b>Total workforce</b>	<b>1263</b>	<b>100.0%</b>
<b>Male</b>	<b>1203</b>	<b>95.2%</b>
<b>Female</b>	<b>60</b>	<b>4.8%</b>
Black SA Females	51	4.0%
Black Non-SA Females	1	0.1%
Coloured Females	1	0.1%
Indian Females		0.0%
White Females	7	0.6%
Black SA Males	816	64.6%
Black Non-SA Males	274	21.7%
Coloured Males	7	0.6%
Indian Males		0.0%
White Males	106	8.4%



## Section 2: Human resources development programme

### 2.1 Introduction

Included in this application are amendments to the following Human Resources Plans:

- **Adult Education and Training –**
  - Plans for full time AET would be reduced from 110 to 69 learners in 2016 and 110 to 69 learners in 2017
  - Plans for part time AET would be reduced from 125 to 0 learners in 2016 and 125 learners to 0 in 2017 following the lack of interested parties attending these classes
- **Study Assistance**
  - Plans for study assistance would be reduced from 40 to 12 learners in 2016 and from 42 to 12 learners in 2017
- **Learnerships –**
  - 18.1 learnerships would be reduced from 29 to 6 learners in 2016 and from 29 to 5 learners in 2017
  - 18.2 learnerships would be reduced from 34 to 9 learners in 2016 and from 34 to 10 learners in 2017
- **Skills development training**
  - Plans for skills development would be reduced from 5 676 to 4 293 learners in 2016 and from 5 747 to 4 322 learners in 2017
- **Bursars and, Internship students –**
  - Plans for Bursars would be reduced from 3 to 1 learners in 2016 and from 3 to 1 learners in 2017
  - Plans for Interns would remain the same during 2016 and 2017 on 4 respectively

### 2.2 Adult education and further education programme

Whilst the scorecard requires that Harmony provides employees with the opportunity to become functionally literate by 2009, Harmony has gone beyond this requirement and set as its own strategic objective: the achievement of a fully literate workforce by 2024. An agreement on the provision of ABET and further education and training (FET) was signed on 16 September 2006, by the National Union of Mineworkers (NUM) and Harmony. This agreement makes provision for 3% of employees to be on full-time AET classes. This agreement is unique in that it binds the company to make available full-time AET classes to achieve these targets. Unfortunately, the part time classes had to be cancelled due to a lack of interest and attendance.



### 2.2.1. How Kusasaletu provides employees with the opportunity to become functionally literate and numerate

Awareness campaigns have been undertaken over the past few years for promotion and awareness purposes. Communication channels used included posters, mass meetings and articles in newsletters, HRD committee and flyers. An internal audit found that employees are fully aware of the AET facilities at Kusasaletu mine.

The Kusasaletu mine's AET facilities are situated at the Kusasaletu Hostel with a network of transport and support services to deliver South African Qualification Authority (SAQA) accredited education to students. All Harmony AET centres are MQA and DQS accredited. AET learning centre committees have been established at all Harmony centres, including Kusasaletu mine. These committees, comprising the AET superintendent, an AET practitioner representative, the learners and the union representatives, reports to the HRD committee which in turn report to the HRD corporate committee.

### 2.2.2 Planned Full Time AET and study assistance intake 2016 to 2017

AET and Study Assistance Programmes	2016			2017		
	Current SLP Commitment Planned Intake 2016	Proposed Amendment	Total Reduction / Increase for 2016	Current SLP Commitment Planned Intake 2017	Proposed Amendment	Total Reduction / Increase for 2017
AET Full-time	110	69	-41	110	69	-41
AET Part-time	125	0	-125	125	0	-125
Study Assistance	40	12	-28	42	12	-30
<b>Total</b>	<b>275</b>	<b>81</b>	<b>-194</b>	<b>277</b>	<b>81</b>	<b>-196</b>
<b>Financial Provision</b>	<b>R 3 462 510</b>			<b>R 3 462 510</b>		



## 2.3 Learnerships

Learnership Programmes	2016							2017						
	Current SLP Commitment Planned Intake 2016			Proposed Amendment			Total Reduction / Increase for 2016	Current SLP Commitment Planned Intake 2017			Proposed Amendment			Total Reduction / Increase for 2017
	18.1	18.2	Total	18.1	18.2	Total		18.1	18.2	Total	18.1	18.2	Total	
Blasting Certificate	17	17	34	3	5	8	-26	17	17	34	3	5	8	-26
Engineering Learnerships (Artisans)	5	12	17	1	3	4	-13	5	12	17	1	3	4	-13
Engineering Learnerships (Service Persons)	5	3	8	1	1	2	-6	5	3	8	0	2	2	-6
Winding Engine Driver Learnerships	2	2	4	1	0	1	-3	2	2	4	1	0	1	-3
<b>Total</b>	<b>29</b>	<b>34</b>	<b>63</b>	<b>6</b>	<b>9</b>	<b>15</b>	<b>-48</b>	<b>29</b>	<b>34</b>	<b>63</b>	<b>5</b>	<b>10</b>	<b>15</b>	<b>-48</b>
<b>Financial Provision</b>	<b>R 1 651 258</b>							<b>R 1 644 370</b>						



## 2.4 Skills leadership Development

Skills Development Programmes	2016			2017		
	Current SLP Commitment Planned Intake 2016	Proposed Amendment	Total Reduction / Increase for 2016	Current SLP Commitment Planned Intake 2017	Proposed Amendment	Total Reduction / Increase for 2017
Leadership Development (D band)	5	2	-3	4	1	-3
Advanced Management dev programme	1	0	-1	1	0	-1
Management development programme (including mentorship)	0	1	1	1	1	0
Supervisory Development Programme	4	4	0	6	4	-2
Mine Manager's Certificate	1	1	0	0	1	1
Mine Overseer's Certificate	2	2	0	3	2	-1
Shift Boss Course	4	3	-1	5	3	-2
Ore Reserve	2	1	-1	3	1	-2
Competent B	70	40	-30	80	40	-40
Competent A	50	30	-20	60	30	-30
Blasting Assistant	0	20	20	0	20	20
Team Leader	15	9	-6	15	9	-6
Winch Operator	82	24	-58	82	24	-58
Rock drill operators	94	48	-46	92	48	-44
Loco Operators	36	0	-36	36	12	-24
Dover test	36	0	-36	36	12	-24
Raven assessment	32	0	-32	32	12	-20



Skills Development Programmes	2016			2017		
	Current SLP Commitment Planned Intake 2016	Proposed Amendment	Total Reduction / Increase for 2016	Current SLP Commitment Planned Intake 2017	Proposed Amendment	Total Reduction / Increase for 2017
Behavioural Change / rebranding	5,120	4,072	-1,048	5,166	4,066	-1,100
Engineering training ( skills, compliance, refresher)	122	36	-86	125	36	-89
<b>Total</b>	<b>5,676</b>	<b>4,293</b>	<b>-1,383</b>	<b>5,747</b>	<b>4,322</b>	<b>-1,425</b>
<b>Financial Provision</b>	<b>R 548 687</b>			<b>R 602 843</b>		

## 2.5 Bursars and Internship programmes

Kusasaletu Mine is committed to developing skills in line with the critical skills needed. This includes community members who are studying towards a degree on a full time basis and all other tertiary employees currently undergoing experiential training on shafts.

Our internship and training programme is part of Harmony's talent development programme. Graduates from different South African universities are recruited either directly or indirectly through the MQA grant system and placed on the internship programme over a period of time not longer than two years, to gain necessary practical work experience in various core mining related disciplines such as mining, engineering, geology, metallurgy and survey.

Most of the graduates are HDSAs and are drawn from the immediate local communities where Harmony operates. Once these learners have completed the internship/ bursar programme, Harmony exercises the first option whether or not to offer the candidates permanent employment.

This programme does not only help to provide the individuals with practical work experience, but also to equip the candidates with business management and leadership skills to prepare them for future managerial related work.





Bursars, Interns and GDP Programmes	2016			2017		
	Current SLP Commitment Planned Intake 2016	Proposed Amendment	Total Reduction / Increase for 2016	Current SLP Commitment Planned Intake 2017	Proposed Amendment	Total Reduction / Increase for 2017
Bursaries	3	1	-2	3	1	-2
Internships / P1/P2 (MQA & Harmony)	4	4	0	4	4	0
<b>Total</b>	<b>7</b>	<b>5</b>	<b>-2</b>	<b>7</b>	<b>5</b>	<b>-2</b>
<b>Financial Provision</b>	<b>R 558 976</b>			<b>R 558 976</b>		



## Section 3: Local economic development programme

### 3.1 Financial overview of the past three years

Net Profit after Tax versus Mine Community Projects (2012 to 2014)

Calendar Year	Net Profit after Tax	LED Spent	% spent against profit	Committed	Delivered
2012	R (197,454,000)	R 9,706,927	-5%*	Committed to 12 projects over the 3 years	Completed 7 projects, achieved 95% on 1 projects, 80% on 1 project, 5% on 1 project and 2 were not yet started
2013	R (1,143,161,000)	R 15,635,523	-1%*		
2014	R (1,041,718,000)	R 2,244,391	0%		

- Negative % due to operation making a loss – still spent money on community projects even when operation was making a loss
- At the time of the amendment, calendar year 2015 are similar and in line with 2014 calendar year

### 3.2 Summary overview of implemented projects

#### Waste Recycling Project, Khutsong

This is a collaborative project between 3 mining houses, namely: Harmony Gold, AngloGold Ashanti and Sibanye Gold (ex-Gold Fields), and the Merafong Municipality. Khulisa Social Solutions is a partner and the implementing agent. Each mining house will contribute R1million for 3 years. The project site is in Fochville within the Merafong City Local Municipality.

The objective of the project is community empowerment, job creation, recycling of waste within the Merafong community and addressing environmental issues.

The project is going well and the following key points have been accomplished:

- Randfontein's Office Park's paper is being collected by the project. This shows that Harmony supports its own initiatives
- The permanent structure is complete and the construction of two additional toilets is in progress
- The application for an electrical connection has been placed and the fees paid to the Municipality. Installation still needs to be done by the Municipality but in the meantime equipment is being run on a temporary supply.
- A bailing machine has been purchased and is in use



- A community event was held in Kokosi Extension 5 to promote recycling and environmental issues. This event has been instrumental in raising incoming recyclables dramatically and has enabled the project to establish relationships with many collectors in the area.
- Eight local people are permanently employed and an administration assistant will be employed shortly.
- An agreement has been reached with Remade, a big recycling company and they have already started collecting.

### **Merafong Digital Hub**

The Hub is doing very well and they have started different Computer Training Programmes for out of school youth and for the members of the community. Harmony continued to support the youth of Merafong with Computer Literacy training. There was another intake in August 2014 of 50 young people for the Computer Literacy Course. The Computer Training NQF Level 3 is for 3 months.

The training includes the following modules:

- IT basics, Files & Folders, Drawing, Word Processing; Spread sheets; Presentations, Browsing & Email.

The course is accredited by: MICT SETA E-Learner and endorsed by International Computer Driving South Africa.

This project is collaboration between Harmony Gold and AngloGold Ashanti. Each company contributed R500 000 to establish a community digital hub which is housed at the Khutsong Business Centre.

The objectives of the project are:

- To give the youth an opportunity to develop digital media skills and training.
- To foster innovation, technological development and creativity in a supportive entrepreneurial environment.
- To offer members of the local community the opportunity to gain IT skills.
- To provide the community with services such as CV typing, printing, copying, binding, faxing and so on, at affordable rates and without added travelling costs.

### **Nooidgedaght Farmer Support**

The project is about installation of the Windmill and the building of the restoration Reservoir (using reinforcement steel rods) and fencing of the whole farm situated in Fochville.

The farm belongs to the Municipality and there are 30 small Scale farmers that are the owners of different kinds of livestock and are keeping their livestock at the farm. The project was completed in August and was officially handed over to the Municipality and the beneficiaries.



The project is in the West Rand District, Merafong Municipality. There were 27 temporary employees employed from the local area. Beneficiaries are 30 small scale farmers. Cost of the project R 2, 5 million.

The project was supposed to be handed over to Farm Community (Beneficiaries), Merafong Local Municipality and Harmony Gold Mine on the 25th June 2014, but due measurable variations delays on the construction program resulted from none provision of the exact route of the boundary fence lines.

Everything completed, troughs delivered and installed, 2 x windmill delivered and installed, the reservoir dam refurbished and sealed with full of water and entire fence rolled out.

Sizisa Ukhanyo was working with us (Nyamase Architectural and Projects) rectify the snag list while the Project was on track with us. The handover was done on 29th August 2014.

### **Eastern Cape: Ludeke Junior Primary**

Ludeke Primary School is located at Ludeke, OR Tambo District Municipality in the Eastern Cape about 15km away from OR Tambo monument. It was established in 1914 as a mission school ministered by Rev. Clark of the Methodist Church. The school has a rich heritage having since produced world class alumnus most notably the world renowned freedom fighter, the late Oliver Reginald Tambo.

The School is located in Isekelo administration area at Ludeke Mission in Mbizane, Eastern Cape Province. The school enrolls grade R up to grade 9 with the current enrolment (2014) at 684 pupils and 20 teachers. This project will benefit at least 684 children immediately and 27 360 during the next 40 years. It will also empower the local community to take ownership of their school, ensure long term sustainability and give their children the education that every South African child deserves.

Harmony has signed a 3 year MOU with the SANCO Development Initiative, the Principal agent of the Ludeke Junior Primary School Renovations project. Harmony will contribute R1m per annum.

This first phase of the project commenced on 28 March 2014 and was completed on the 17th October 2014. Its value was R 3 717 889.21 and the funds utilized were jointly from the Airports Company of South Africa and Harmony Gold Mining Company Limited who contributed R500 000 towards this phase. Phase one has generated employment for thirteen (13) people, within the community, to date

The school is overcrowded consist on average more than 60 learners per classroom. All building have grossly deteriorated over the last 27 years, save for a paltry two (2) classrooms donated by Anglo Gold Ashanti in April 2012. The now dilapidated buildings were constructed using



prefabricated material. Harmony will be one of funders that are going to support this project. The renovations consist of building classrooms, ablution facilities, library, computer centre and the admin block.

### **Deelkraal Community Rental Units – 8 x Completed Show Units**

This proposed project entails the development of the vacant Deelkraal hostel complex into a community rental project (CRU) with all required amenities to sustain a vibrant community.

The planned project will consist of 556 one-three bedroom flats, including a primary school and other social amenities. The aim is to provide affordable rental units to the local mining communities.

The estimated project value is in the region of R180m and will be a joint effort by Harmony and the Merafong municipality. The project will ultimately be handed over to Merafong as owners and managers.

Harmony Kusasaletu has completed 8 show flats to the value of R2,8 million. A funding application and feasibility has been submitted to the Gauteng Department of Human settlements and we await their favourable response is due course.

### **SMME Development**

Merafong Local Municipality requested Harmony to assist with the branding of the SMME stalls that they have built. The Municipality has embarked on the formalization of Small Businesses. This branding will contribute towards the visibility and attracting customers, as well as saving on marketing costs.

Communities will also recognize that Harmony is part and parcel of their lives. In the next financial year the project will continue with the renovations of Hawkers stalls in Wedela, Kokosi and Carletonville.

### **Eastern Cape: Woolgrowers Support Programme**

The objective of this project is capacity building for Woolgrowers. The project caters for 183 individuals with 1,900 sheep, which are part of the programme. Villages are Thonti, Mazeni, Magamzeni, Mabovu, Bipha, Mfundisweni, Ndakeni and Dudumeni. Services include training on shearing, sorting and packaging of wool. Understanding the supply chain and how it will affect them, organizing them into a legal entity and providing building capacity to increase their negotiating power. Stakeholders worked in partnership with the Department of Agriculture.



### 3.3 Mine Community Development Projects on-going for 2016 and 2017

Amended project plan for Kusasaletu for 2016 and 2017

Mine Community Development	2016			2017		
	Current SLP Commitment	Proposed Amendment	Total Reduction for 2016	Current SLP Commitment	Proposed Amendment	Total Reduction for 2017
LED Commitment	2,500,000.00	2,500,000.00	-	2,500,000.00	-	(2,500,000.00)
<b>Total</b>	<b>2,500,000.00</b>	<b>2,500,000.00</b>	<b>-</b>	<b>2,500,000.00</b>	<b>-</b>	<b>(2,500,000.00)</b>



## Section 4: Financial provision

### Amended two year plan for Kusasaletu mine

Kusasaletu mine is committed in implementing the amended SLP and to spend the amounts in the areas of HRD and LED as set out in this report.

The ability of Kusasaletu mine to fund, on an ongoing basis, the programmes described in this SLP is, however, dependent on the ability of its mines to continue to generate positive cash flows after capital expenditure. Our strategic objective is to optimise the mining of our ore bodies, for the benefit of all stakeholders, particularly our employees whose job security is enhanced by our ability to extend the lives of our shafts through pay limit reduction. Decisions will accordingly always be made taking into account the long-term implications, and a balance will need to be found between competing interests.

In a similar vein, profitability and the generation of cash flows is dependent on the rand gold price received, as is the availability of ore reserves to be mined profitably. Gold price sensitivity of the reserves in ounces is shown at 5% intervals above and below the base gold price. With an increasing reserve gold price, generally, the average grade is reduced but with additional tonnes, resulting in an increased ore reserves. With a decreasing gold price, higher grades are declared at reduced tonnes equating to decreased ore reserves. The gold price to be used for the reserved declaration is reviewed annually and approved by the Board within the requirements of the regulatory framework.

Given that we cannot control the international gold price or the rand/dollar exchange rate, the only way in which we can sustain our ore reserves and therefore our future is through increased productivity in all spheres of the business, including stringent cost control. This SLP assumes a gold price of R440 000/kg. However, should this price not be achieved on a sustainable basis, and should our SLP roll-out be impaired by the occurrence of events beyond our reasonable control, or should any risk factor (including, without limitation, the risk factors referred to above) materialise or alter materially, the roll-out of the programmes outlined in this SLP may require re-assessment. Kusasaletu mine's undertakings elsewhere in this plan need to be read and understood in this context and against this background. On the positive side, should we be able in the future to achieve revenues significantly in excess of R440 000/kg, we will be in a position to accelerate the programmes.



## Section 5: Reporting, monitoring and evaluation

The general manager of each mine is responsible for the implementation of the SLP and will report on a quarterly basis to the executive in charge of South African mines on progress regarding the implementation of this plan. The executive in charge of the South African mines will in turn report to the Board on progress on the implementation of this plan.

The executive in charge of South African mines shall be required to oversee the preparation and submission by Harmony, on an annual basis, of reports to the DMR. Such reports will be in accordance with the financial yearend and shall reflect expenditures and progress in accordance with the undertakings contained in the various chapters.

### Undertaking

Regulation 46(f): An undertaking by the holder of the mining right to ensure compliance with the Social and Labour Plan and to make it known to employees

The person responsible for the Social and Labour Plan, who is responsible to make known the Social and Labour Plan to the employees and who must be contacted for follow ups, requests, reports, queries, enquiries, discussions, etc. at time of such needs must make the following undertaking on behalf of the mine or production operation. The Chief Executive Officer, Managing Director or any other person so appointed must approve the Social and Labour Plan.

I, Jacques du Triou, the undersigned and duly authorised thereto by the Kusasaletu mine of Harmony Gold Mining Company Limited do undertake to adhere to the information, requirements, commitments and conditions as set out in the Social and Labour Plan.

Signed at the Kusasaletu mine on this 4 September day of 20 15

Signature of responsible person:

General Manager

