

HARMONY GOLD MINING CO LTD

Form 6-K

February 04, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO
RULE 13a-16 OR 15d-16 UNDER THE SECURITIES
EXCHANGE ACT OF 1934

For 4 February

**Harmony Gold Mining Company
Limited**

Randfontein Office Park

Corner Main Reef Road and Ward Avenue

Randfontein, 1759

South Africa

(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F

Form 40-F

(Indicate by check mark whether the registrant by
furnishing the information contained in this form
is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the
Securities Exchange Act of 1934.)

Yes

No

**KEY FEATURES
FINANCIAL SUMMARY FOR THE SECOND QUARTER FY13
ENDED 31 DECEMBER 2012**

Quarter
December
2012#
Quarter
September
2012#
Q-on-Q
variance
%
6 months
December
2012#
6 months
December
2011#
Variance
%
Gold produced
– kg
9 074
10 013
(9)
19 087
19 114
(1)
– oz
291 734
321 924
(9)
613 658
614 529
(1)
Cash operating
costs
– R/kg
310 858
294 404
(6)
302 226
261 785
(15)
– US\$/oz
1 115
1 110
(1)
1 111

1 070

(4)

Gold sold

– kg

9 614

9 704

(1)

19 318

19 173

1

– oz

309 097

311 992

(1)

621 089

616 427

1

Gold price

received

– R/kg

479 801

440 868

9

460 244

418 719

10

– US\$/oz

1 722

1 663

4

1 692

1 712

(1)

Operating

profit ¹

– R million

1 633

1 408

16

3 041

3 015

1

– US\$ million

188

171

10

360

396

(9)

Basic earnings

per share*

– SAc/s

169

121

40

290

354

(18)

– USc/s

19

15

27

34

46

(26)

Headline

profit/(loss)*

– Rm

680

529

29

1 209

1 452

(17)

– US\$m

78

64

22

143

191

(25)

Headline earnings

per share*

– SAc/s

158

123

28

281

337

(17)

– USc/s

18

15

20

33

44

(25)

Exchange rate

– R/US\$

8.67

8.25

5

8.46
7.61
11
Figures represent continuing operations unless stated otherwise
¹ Operating profit is comparable to the term production profit in the segment report in the financial statements and not to the

operating profit line in the income statement

* Including discontinued operations

Shareholder information

Issued ordinary share capital at

31 December 2012

435 257 691

Issued ordinary share capital at

30 September 2012

435 064 236

Market capitalisation

At 31 December 2012

(ZARm)

32 209

At 31 December 2012

(US\$m)

3 796

At 30 September 2012

(ZARm)

30 381

At 30 September 2012

(US\$m)

3 682

Harmony ordinary share and ADR prices

12-month high (1 January 2011 –

31 December 2012) for ordinary shares

R101.75

12-month low (1 January 2011 –

31 December 2012) for ordinary shares

R65.20

12-month high (1 January 2011 –

31 December 2012) for ADRs

US\$13.31

12-month low (1 January 2011 –

31 December 2012) for ADRs

US\$7.50

Free float

100%

ADR ratio

1:1

JSE Limited

HAR

Range for quarter (1 October 2012 –

31 December 2012 closing prices)

R65.20 – 74.05

Average daily volume for the quarter
(1 October 2012 – 31 December 2012)

1 558 920 shares

Range for quarter (1 July 2012 –
30 September 2012 closing prices)

R66.90 – R70.99

Average daily volume for the quarter
(1 July 2012 – 30 September 2012)

2 411 137 shares

***New York Stock Exchange, Inc
including other US trading platforms
HMY***

Range for quarter (1 October 2012 –
31 December 2012 closing prices)

US\$7.50 – US\$8.96

Average daily volume for the quarter
(1 October 2012 – 31 December 2012)

2 392 671 shares

Range for quarter (1 July 2012 –
30 September 2012 closing prices)

US\$7.85 – US\$8.40

Average daily volume for the quarter
(1 July 2012 – 30 September 2012)

2 440 148 shares

***Investors' calendar
2013***

Q3 FY13 results

3 May 2013

#

Q4 FY13 results

14 August 2013

#

Investor Day

28 August 2013

#

Q1 FY14

8 November 2013

#

#

These dates may change in future

Quarter on quarter

#

:

28% increase in headline earnings per share* to 158 SA cents
(18 US cents)

Doornkop's build-up takes its production to over a tonne of
gold for the quarter

6% increase in underground grade – third consecutive quarter
of grade improvements

Gold production decreased by 9% to 9 074kg (291 734oz)

South African operations (excluding Kusasalethu) increased

gold production by 3%

Operating profit¹ 16% higher at R1.6 billion (US\$188 million)

Cash operating cost improved by 4% to R2.8 billion
(US\$323 million)

Committed to more housing projects

Interim dividend of 50 SA cents declared

All figures represent continuing operations unless stated otherwise

* Includes discontinued operations

¹ Operating profit is comparable to the term production profit in the segment report in the financial statements and not to the operating profit line in the income statement

Harmony Gold Mining Company Limited

("Harmony" or "Company")

Incorporated in the Republic of South Africa

Registration number 1950/038232/06

JSE Share code: HAR

NYSE Share code:HMY

ISIN: ZAE000015228

Q2 FY13

RESULTS FOR THE SECOND QUARTER FY13 AND SIX MONTHS ENDED 31 DECEMBER 2012

2
2
2
2
2

Forward-looking statements

This quarterly report contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 with respect to Harmony’s financial condition, results of operations, business strategies, operating efficiencies, competitive positions, growth opportunities for existing services, plans and objectives of management, markets for stock and other matters. Statements in this quarter that are not historical facts are “forward-looking statements” for the purpose of the safe harbour provided by Section 21E of the U.S. Securities Exchange Act of 1934, as amended, and Section 27A of the U.S. Securities Act of 1933, as amended. Forward-looking statements are statements that are not historical facts.

These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements are generally identified by the words “expect”, “anticipates”, “believes”, “intends”, “estimates” and similar expressions. These statements are only predictions. All forward-looking statements involve a number of risks, uncertainties and other factors and we cannot assure you that such statements will prove to be correct. Risks, uncertainties and other factors could cause actual events or results to differ from those expressed or implied by the forward-looking statements.

These forward-looking statements, including, among others, those relating to the future business prospects, revenues and income of Harmony, wherever they may occur in this quarterly report and the exhibits to this quarterly report, are necessarily estimates reflecting the best judgment of the senior management of Harmony and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set forth in this quarterly report.

Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation: overall economic and business conditions in the countries in which we operate; the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions; increases or decreases in the market price of gold; the occurrence of hazards associated with underground and surface gold mining; the occurrence of labour disruptions; availability, terms and deployment of capital; changes in government regulations, particularly mining rights and environmental regulations; fluctuations in exchange rates; currency devaluations and other macro-economic monetary policies; and socio-economic instability in the countries in which we operate.

Harmony’s Integrated Annual Report,
Notice of Annual General Meeting, its

Sustainable Development Report and its Annual Report filed on a Form 20F with the United States' Securities and Exchange Commission for the year ended 30 June 2012 are available on our website:

www.harmony.co.za

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6 Doornkop

6 Phakisa

6 Tshepong

7 Masimong

7 Hidden

Valley

7 Target

1

7 Bambanani

8 Joel

8 Unisel

8 Target

3

8 Steyn

2

8

Total South African surface operations

8 Kalgold

9 Phoenix

(tailings)

9 Surface

dumps

9 Discontinued

operations

9 Evander

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Competent person’s declaration

Harmony reports in terms of the South African Code for the Reporting of Exploration results, Mineral Resources and Ore Reserves (SAMREC). Harmony employs an ore reserve manager at each of its operations who takes responsibility for reporting mineral resources and mineral reserves at his operation.

The mineral resources and mineral reserves in this report are based on information compiled by the following competent persons:

Reserves and resources South Africa:

Jaco Boshoff, Pri Sci Nat, who has 16 years’ relevant experience and is registered with the South African Council for Natural Scientific Professions (SACNASP).

Reserves and resources PNG:

Stuart Hayward for the Wafi-Golpu mineral resources, Gregory Job for the Golpu mineral reserve, James Francis for the Hidden Valley mineral resources and Anton Kruger for the Hidden Valley mineral reserve. Messers Job, Francis and Kruger are corporate members of the Australian Institute of Mining and Metallurgy and Mr Hayward is a member of the Australian Institute of Geoscientists. All have relevant experience in the type and style of mineralisation for which they are reporting, and are competent persons as defined by the code.

These competent persons consent to the inclusion in the report of the matters based on the information in the form and context in which it appears. Mr Boshoff and Mr Job are full-time employees of Harmony Gold Mining Company Limited and Mr Hayward is a full-time employee of Wafi-Golpu Services Limited. Mr Francis and Mr Kruger are full-time employees of Newcrest Mining Limited (Newcrest). Newcrest is Harmony’s joint venture partner in the Morobe Mining Joint Venture on the Hidden Valley mine and Wafi-Golpu project.

There has been no material changes in the mineral reserves declared as at 30 June 2012.

There has been no material changes in the mineral reserves declared as at 30 June 2012.

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Chief executive officer's review

“During the past quarter our underground grade improved by 6%, cash operating unit costs of underground operations increased by 5% and the Rand gold price received was 9% higher quarter on quarter. We recorded an operating profit of R1.6 billion and have declared an interim dividend of 50 SA cents. Overall a strong financial quarter for Harmony, notwithstanding the negative impact on operating performance due to labour disruptions at Kusasalethu”, said Graham Briggs, chief executive officer of Harmony.

Safety

The number of safety achievements increased significantly over the past 12 months. We have demonstrated through our decision at Kusasalethu that safety is our main priority. More needs to be done however. It is with deep regret and disappointment that Harmony has recorded three fatalities during the quarter. We extend our deepest sympathy to the families and colleagues of: Kelvin Mwale (boiler maker at Evander), Eliot Zungu (driller at Kusasalethu) and Sechaba Moses Nkhatho (long haul drive operator at Tshepong).

Read more about our safety initiatives on page 4.

Operational and financial results

Gold production decreased by 9% (939kg) in the December 2012 quarter to 9 074kg from 10 013kg in the September 2012 quarter.

This was all as a result of the unprotected strike and labour disruptions at Kusasalethu.

Operating profit for the December 2012 quarter increased by R225 million or 16% to R1 633 million. The increase in operating profit was due to a decrease in cash operating costs and an increase in the gold price received.

Cash operating costs in the December 2012 quarter decreased by R127 million, mainly as a result of lower electricity costs (summer tariffs).

The rand per kilogram unit cost for the December 2012 quarter increased by 6% from R294 404/kg in the September 2012 quarter to R310 858/kg in the December quarter, due to the decrease in gold production.

Capital spent for the quarter increased as expected, from R764 million to R867 million as the underspending in the September 2012 quarter came through in the December 2012 quarter.

Kusasalethu

Our Kusasalethu mine in South Africa has experienced a pattern of violence and unprotected industrial action by some employees and contractors during the December 2012 quarter.

The mine was temporarily closed on 20 December 2012 for security and safety reasons and employees were informed not to return to work until further notice. The on-going unlawful events caused management to give serious consideration to both the operational and financial position of the mine and the future viability of Kusasalethu.

On 7 January 2013, the Company announced that Kusasalethu will remain closed until such time as it is safe enough for its employees to commence mining activities. Bilateral discussions with labour and a

Section 189 process in terms of the Labour Relations Act 66 of 1995 (LRA) commenced on 7 January 2013. At the last meeting held on 29 January 2013 the unions accepted Harmony's rationale for issuing the section 189 in terms of the LRA. The conditions under which the mine could be re-opened were also discussed. We have made some progress and we are one step closer to finding a sustainable solution to re-opening Kusasaletu. However, the mine remains closed until an agreement has been reached and all the conditions of re-opening it have been agreed upon and committed to by all the unions and other stakeholders involved. The unions and Harmony have until 7 March 2013 to make a decision about the future of Kusasaletu. Should the afore-mentioned process of discussion and consultation with labour fail to achieve agreement on and undertakings to comply fully with the specified conditions for the mine to resume safe production, the Section 189A process will have to continue and be concluded. This could lead to Kusasaletu's possible indefinite closure, with possible significant job losses and negative impacts across a broad front on the mine's host community.

Gold market

The United States (US) dollar gold price reached its 12th year of consecutive price gains towards the end of calendar year 2012. Given the uncertainty in the global economy, we believe that gold will become more attractive as an investment option and that the gold price may increase further during calendar year 2013.

The Rand gold price received increased to R479 801/kg in the December 2012 quarter, in comparison to R440 868/kg in the previous quarter. During the December 2012 quarter the Rand weakened by 5% to US\$/R8.67 (US\$/R8.25 in the September 2012 quarter). The weaker Rand combined with a 4% increase in the US dollar gold price to US\$1 722/oz (US\$1 663/oz in the September 2012 quarter) resulted in the higher rand per kilogram gold price received.

Environmental management

At Harmony, we are committed to building a robust, sustainable company for our current stakeholders and for future generations through exploration, development and operating gold mines. When the orebody is depleted, we ensure that the decommissioning and closing of operations are done safely and responsibly. We aim to provide shared value for the Company and its shareholders, the country in which we operate and our host communities, as well as the biophysical environment.

The Free State Rehabilitation Project began in May 2010, its impetus coming from several shaft closures within the Virginia operations and amongst the old shafts that had been acquired by Harmony over the previous 10 years. Once mining operations ceased at these shafts, they had to be decommissioned and appropriately shut down, in terms of legislation.

While this project revolves around the closure of mining operations and all that this entails, it also seeks to mitigate the impact such closures have on the socio-economic sustainability of communities that depend on mining in the Free State.

The project is progressing well and has resulted in a further reduction of the environmental liability as determined for the Department of Mineral Resources by R24 million in the last six months (total of R124 million cumulatively since the inception of the project). More information on our environmental management can be found on our website www.harmony.co.za.

Our post-mining land use objectives are based on factors including: with sustainable development principles, mining operations should be regarded as transient land use, implying that, post-mining, the

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**Results for the second quarter FY13
and six months ended 31 December 2012**

land should be restored so that its value is equivalent to or better than pre-mining.

We see the value of land as being measured both in economic and socio-ecological terms. In this case, rehabilitation entails restoring the land to its future value-adding use. Our programme goes beyond the process of demolition of infrastructure and backfilling of inert economic value-add that can be created on rehabilitated land. Harmony participated in the Carbon Disclosure Programme (Top 100 JSE Companies) and was placed 3rd with a 98% score. Influenced by this achievement, Harmony was again included into the Nedbank BettaBeta Green Exchange Traded Fund ("BGREEN EFT), propelling Harmony into the top 20 of the fund with it finishing in the Top 10 (placed 8th).

Wafi-Golpu

Drilling performance continued to show a noticeable improvement and will remain an important focus, with geotechnical data acquisition and additional mineral resources being key priorities. The next phase of the metallurgical test work program, focusing on testing alternative flowsheets to improve gold recovery commenced in November 2012.

Evander

Harmony entered into an agreement to sell its 100% interest in Evander Gold Mines Limited (Evander) to Emerald Panther Investments 91 (Proprietary) Limited (EP), a wholly owned subsidiary of Pan African Resources Plc, for R1.5 billion during May 2012. The transaction remains subject to the consent of the Minister of Mineral Resources in accordance with section 11 of the Mineral and Petroleum Resources Development Act. Once the transaction becomes unconditional, EP will be required to pay the purchase consideration in cash to Harmony.

Silicosis

Harmony has been served with an application for a certification of a class action by applicants claiming to have suffered from a silica induced ailment called silicosis by two law firms in two separate class certification applications.

We took advice in this regard and are following the normal legal processes and will defend the matters on their merits.

Harmony regards the safety and health of each and every one of its employees paramount to its business and continues to do whatever is reasonably possible to provide a safe and healthy environment in which to work. We play an active role within the Chamber of Mines' structure to continuously engage with relevant stakeholders, i.e. organised labour and government to find a lasting solution to the safety and health of the mining industry.

Dividend

We are pleased to report that the board has agreed to paying an interim dividend of 50 SA cents.

Conclusion

Our focus in the next quarter will be on saving Kusasalethu. The investment rationale for Harmony remains unchanged, we:

are one of the world's largest gold miners;

- have high-grade mines in South Africa and PNG;
- own a world-class exploration project (Golpu in PNG);
- support meaningful and responsible corporate social investment;
- minimise and mitigate the impacts to the environment
- pay dividends;
- remain unhedged with low debt;
- are supported by a strong, focused management team.

We will continue to apply our values (safety, accountable, achievement, connected and honesty) – even at the cost of production.

As one of the largest employers in the South African mining industry, Harmony has accepted not only its legal responsibility but also its moral obligation to contribute to the transformation of the mining industry, whilst supporting the country's imperatives in respect of social development. Apart from supporting our social license to operate, we promote good corporate citizenship, respecting the fragility of the environment and the dignity and rights of the communities in which we operate.

We put back more than what we take out.

Graham Briggs

Chief executive officer

Safety and health

The safety and well-being of our workforce is our main priority.

At Harmony our commitment to safety and health is a fundamental part of our culture and we are committed to providing a safe and healthy workplace for our employees.

During the quarter, workshops have been conducted with IRCA Global on the individual modules of the occupational health and safety management systems to improve the quality of the system.

This system reaffirms and formally documents corporate standards for the management of health and safety at Harmony's South Africa operations, which also ensures standardisation of the management system at all operations.

A high level audit has been conducted at Masimong during the quarter and audit reviews were done at Target 1 and Target 3 shafts and the Target metallurgical plant by the chief executive officer and various other executives.

All safety parameters improved quarter on quarter and year to date, except for the Fatality Injury Frequency Rate (FIFR) and the rail bound equipment injury rate.

It is with deep regret that we report that three fatalities occurred in three separate incidences at Evander, Kusasalethu and Tshepong respectively during the December 2012 quarter, which kept the FIFR the same quarter on quarter at 0.13 (including Evander). The 2013 year to date FIFR rate, however improved by 19% when compared to the actual figure for the previous year (from 0.16 to 0.13).

The year on year Lost Time Injury Frequency Rate (LTIFR) improved at most of the South African operations. The LTIFR for 2013 year to date improved by 19% from 7.29 to 5.92 and the rate for the quarter is at its lowest level ever at 5.73, which is a 6% improvement from the previous quarter.

The number of safety achievements has increased significantly over the past 12 months and has encouraged us to improve our performance even more. Additional focus has been placed on the communication

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Financial overview

Net profit

The net profit for the December 2012 quarter was R731 million, 40% higher than the previous quarter. A 9% increase in the rand gold price received at R479 801/kg and the decrease in cash operating cost of R127 million, offset the effect of the decrease in production of 939kg, or 9%, following the unprotected strike and lawlessness at Kusasalethu in October 2012.

Exploration expenditure

During the December 2012 quarter, the drilling programme at Wafi-Golpu continued along with drilling at our other sites in PNG. We spent R152 million in the South-east Asia region during the quarter, compared with R128 million in the prior quarter.

Profit on sale of property, plant and equipment

The amount of R69 million includes R60 million for the sale of the Merriespruit South mining right to Witswatersrand Consolidated Gold Resources Limited (Wits Gold), which was concluded during the December 2012 quarter.

Impairment of investments

The impairment of investments amounting to R48 million in September 2012 quarter recorded in the income statement is the reduction in the fair market value on the investment in Wits Gold. During the current quarter, the value of the investment increased by R13 million and this increase was recorded in fair value reserves.

Net gain on financial instruments

The net gain on financial instruments was R92 million in the December 2012 quarter. The gain of R92 million is due to the increased market value of the rehabilitation trust funds' Equity-Linked Deposits, resulting from the JSE reaching an all-time high.

Earnings per share

Total basic earnings per share increased from 121 SA cents to 169 SA cents per share in the December 2012 quarter. Total headline earnings per share increased from 123 SA cents to 158 SA cents per share.

Investment in financial assets

During the December 2012 quarter, Harmony purchased an additional 3.9% interest in Rand Refinery for R39 million.

Borrowings and cash

Cash and cash equivalents increased by R245 million to R2 511 million at 31 December 2012 following good operational results by the majority of the group's mines. A drawdown of US\$40 million from the US\$ syndicated revolving credit facility resulted in an increase in borrowings, offset by a payment of R153 million on the Nedbank term facilities. The cash in excess of debt for the group improved to R138 million.

NOTICE OF CASH DIVIDEND

Declaration of Ordinary Dividend No. 85

The board has approved and declared an interim dividend of 50 SA cents per ordinary share (gross) in respect of the six months

ended 31 December 2012.

The dividend will be subject to the new Dividends Tax that was introduced with effect from 1 April 2012. In accordance with paragraphs 11.17 (a)(i) to (x) and 11.17(c) of the JSE Listings Requirements the following additional information is disclosed:

- There are no Secondary Taxation on Companies (STC)
- The gross local dividend amount is 50 SA cents per ordinary
- The net local dividend amount is 42.5 SA cents per ordinary
- Harmony has currently 435 257 691 ordinary shares in issue
- Harmony Gold Mining Company Limited's income tax reference number is 9240/012/60/0.

Dividend No. 85 of 50 SA cents per ordinary share, being the dividend for the six months ended 31 December 2012, has been declared payable on Monday, 11 March 2013 to those shareholders recorded in the books of the company at the close of business on Friday, 8 March 2013. The dividend is declared in the currency of the Republic of South Africa. Any change in address or dividend instruction to apply to this dividend must be received by the company's transfer secretaries or registrar not later than Friday, 1 March 2013.

Last date to trade ordinary shares

Friday, cum dividend

Friday, 1 March 2013

Ordinary shares trade ex-dividend

Monday, 4 March 2013

Currency conversion date in respect
of the UK own name shareholders

Monday, 1 March 2013

Record date

Friday, 8 March 2013

Payment date

Monday, 11 March 2013

No dematerialisation or rematerialisation of share certificates may occur between Monday, 4 March 2013 and Friday, 8 March 2013, both dates inclusive, nor may any transfers between registers take place during this period.

of these achievements within Harmony to ensure there is a balanced health and safety message within the group.

Significant safety achievements during the quarter were:

Phakisa achieved 2 000 000 fatality free shifts.

Tshepong, Kusasaletu and Doornkop achieved 1 000 000 fatality free shifts.

Doornkop achieved 5 500 000 fall of ground fatality free shifts.

Harmony will continue to promote the safety and health of our workforce, by maintaining a safe working environment and proactively supporting the physical and emotional wellbeing of our people.

Assets and liabilities of disposal groups held for sale

Increases in the cash balances and mining assets resulted in an increase in the net assets of the disposal group for Evander Gold Mines Limited during the December 2012 quarter.

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**Results for the second quarter FY13
and six months ended 31 December 2012**

Operational overview

GROUP OPERATIONAL RESULTS

Continuing operations (excludes Evander)

Indicator

Units

December

2012

September

2012

%

variance

Underground tonnes

000

1 594

1 880

(15)

Surface tonnes

000

2 886

2 881

—

Total tonnes

000

4 460

4 761

(6)

Underground grade

g/t

4.77

4.52

6

Surface grade

g/t

0.51

0.52

(2)

Total grade

g/t

2.03

2.10

(3)

Gold produced

kg

9 074

10 013

(9)

Cash operating costs R/kg

310 858

294 404**(6)****Operating profit****R'000****1 633 173 1 408 376****16**

Harmony increased its operating profit for the December 2012 quarter by 16% to R1.6 billion, as a result of improved underground recovered grade at the South African operations (excluding Kusasalethu) and a 9% increase in the Rand gold price received at R479 801/kg.

A third consecutive quarter of increased underground recovered grade at 4.77g/t was achieved, while tonnes milled decreased by 15% to 1 594 000t, mainly due to the labour disruptions at Kusasalethu.

Harmony produced 9 074kg of gold, 9% less quarter on quarter due to the unprotected strike and lawlessness at Kusasalethu and related subsequent events at the mine. Please see page 3 for more details.

As Kusasalethu is Harmony's biggest gold producing mine, the 58% decrease in tonnes milled at 138 000t and 75% less gold produced at 402kg, adversely affected the results of the group. Overall, cash operating costs increased by 6% to R310 858/kg when compared to the R294 404/kg of the previous quarter.

Kusasalethu

Indicator

Units

December

2012

September

2012

%

variance

Tonnes

000

138

328

(58)

Grade

g/t

2.91

4.88

(40)

Gold produced

kg

402

1 601

(75)

Cash operating costs

R/kg

857 928

282 606

(>100)

Operating profit/(loss)

R'000
 (113 450)
 249 961
 (>100)

Production at Kusasalethu decreased by 75% to 402kg for the quarter as a result of a 58% reduction in tonnes milled (from 328 000 tonnes in the September 2012 quarter to 138 000 tonnes in the December 2012 quarter).

Grade also decreased quarter on quarter by 40% from 4.88g/t to 2.91g/t. The lower grade was mainly due to the higher ratio of waste tonnes from development areas compared to reef stoping and stopping the plant earlier than planned for the festive season, due to threats and intimidation by labour during December 2012.

Cash operating costs increased threefold at R857 928/kg due to lower gold production and resulted in Kusasalethu recording an operating loss of R113 million for the quarter.

Doornkop

Indicator
 Units
 December
 2012
 September
 2012
 %

variance
 Tonnes

000
 272
 245
 11

Grade
 g/t

3.69
 3.56
 4

Gold produced
 kg

1 004
 871
 15

Cash operating costs
 R/kg

269 449
 294 156
 8

Operating profit
 R'000

217 794
 125 560
 74

Doornkop's build-up takes its production to over a tonne of gold for the quarter, proof that the mine is building up towards its full production potential. Gold production at Doornkop was 15% higher at 1 004kg, due to an 11% increase in tonnes milled quarter on quarter at 272 000t, together with a 4% increase in recovered grade at 3.69g/t from both the South- and the Kimberly Reef.

Cash operating costs decreased by 8% to R269 449/kg, due to an increase in gold production and lower summer electricity tariffs. Higher gold production resulted in a 74% increase quarter on quarter, in operating profit at R218 million.

Phakisa

Indicator

Units

December

2012

September

2012

%

variance

Tonnes

000

128

142 (10)

Grade

g/t

5.38

4.78

13

Gold produced

kg

688

679

1

Cash operating costs

R/kg

338 233

367 785

8

Operating profit

R'000

99 575

47 800

>100

Phakisa doubled its operating profit quarter on quarter to R100 million, due to a higher recovery grade of 5.38g/t and an 8% improvement quarter on quarter in cash operating costs at R338 233/kg.

The decrease in tonnage is due to damages to the Freddie's No. 3 ventilation shaft caused by the scaling of a 100 metres shale formation in the upper portion of the shaft. The adverse environmental conditions caused by the failure of the No. 3 ventilation shaft, forced stoppages in certain working areas. The ventilation challenges are currently

being assessed in order to resolve the situation and an initial estimate indicates that all remedial work could be completed by the end of the calendar year.

Tshepong

Indicator

Units

December

2012

September

2012

%

variance

Tonnes

000

254

313

(19)

Grade

g/t

4.53

3.70

22

Gold produced

kg

1 151

1 159

(1)

Cash operating costs

R/kg

309 081

329 079

6

Operating profit

R'000

199 169

126 551

57

Tshepong recorded a 57% increase in operating profit of R199 million when compared to the previous quarter, due to lower cash operating costs at R309 081/kg and an increase of 22% in recovered grade at 4.53g/t. The recovered grade improved after it was discovered and

7

subsequently resolved that waste and reef ore has been mixed at the operation due to cross tramming.

Gold production remained steady at 1 151kg as tonnes milled decreased by 19% to 254 000t.

Masimong

Indicator

Units

December

2012

September

2012

%

variance

Tonnes

000

216

261

(17)

Grade

g/t

4.59

3.78

21

Gold produced

kg

991

987

0.4

Cash operating costs

R/kg

252 109

265 698

5

Operating profit

R'000

228 129

177 406

29

Gold production at Masimong remained steady at 991kg. Recovered grade increased by 21% to 4.59g/t and the improvement is attributable to the restoration of tramming of waste and reef discipline. Tonnes milled decreased by 17% to 216 000t due to the split of the waste and the reef during the quarter.

The cash operating costs improved by 5% to R252 109/kg mainly due to less volumes and lower summer electricity rates. The higher gold price and grade resulted in an operating profit of R228 million, a 29% increase compared to the previous quarter.

Hidden Valley (held in Morobe Mining Joint Ventures (MMJV) – 50% of attributable production reflected)

Indicator

Units
 December
 2012
 September
 2012
 %
 variance
 Tonnes
 000
 456
 491
 (7)
 Grade
 g/t
 1.41
 1.40
 1
 Gold produced
 kg
 642
 689
 (7)
 Cash operating costs
 R/kg
 451 424
 379 303
 (19)
 Operating profit
 R'000
 32 246
 26 066
 24

Gold production at Hidden Valley for the quarter is 7% lower than the previous quarter at 642kg and silver production increased by 5% to 470 623oz in the December quarter. Lower gold production resulted from reduced mill throughput due to lower plant availability during the quarter, with 7% less tonnes milled at 456 000t. Silver production increased as a result of higher grades and recovery rates.

A 24% higher operating profit of R32 million was recorded for Hidden Valley, due to the higher gold price. Cash operating costs increased by 19% to R451 424/kg. Higher cash operating costs can be attributed to the decrease in gold production, the increase in diesel fuel usage for power generation and an increase in consumption of reagents.

The crusher installation, located at the front end of the overland conveyor is progressing and will be commissioned in April 2013, one month later than forecast. After this crusher is commissioned, operating costs are expected to reduce with the removal of higher cost trucking of ore to the mill.

To improve productivity and reduce costs, our focus will specifically be on:

- improving the mining performance and quality of mining to allow

access to higher grade ore
 implementing an effective overland conveyor haulage solution through
 the crusher installation which will allow reduced operating costs;

presenting higher gold and silver grade Hidden Valley Kaveroi material
 to the processing plant;

improving gold and silver recoveries in the processing plant through
 stabilised ore feed at current nameplate capacity (approximately
 350 000 tonnes per month) and reducing the cost base post the
 crusher installation. These challenges, however, will result in Hidden
 Valley's production being below guidance for the full financial year
 at approximately 90 000 ounces.

Target 1

Indicator

Units

December

2012

September

2012

%

variance

Tonnes

000

178

178

–

Grade

g/t

6.10

6.02

1

Gold produced

kg

1 086

1 071

1

Cash operating costs

R/kg

212 656

221 587

4

Operating profit

R'000

295 282

218 952

35

Tonnes remained steady at 178 000 tonnes and recovered grade
 improved quarter on quarter to 6.10g/t, which resulted in a 1% increase
 in gold production to 1 086kg. Unavailability of trackless equipment up
 to the last week of November 2012, hampered the tonnage delivery,

but this will be resolved in the March 2013 quarter after a new load haul dumper was acquired to assist to increase the output.

Cash operating costs improved by 4% quarter on quarter to

R212 656/kg, mainly due to the lower summer electricity tariffs.

The operating profit of R295 million, representing a 35% increase quarter on quarter, is attributed to the increase in gold price and the lower cash operating costs.

Bambanani

Indicator

Units

December

2012

September

2012

%

variance

Tonnes

000

42

33

27

Grade

g/t

8.50

10.21

(17)

Gold produced

kg

357

337

6

Cash operating costs

R/kg

332 224

329 674

(1)

Operating profit/(loss)

R'000

53 493

40 649

32

Tonnes milled at Bambanani improved by 27% to 42 000t, while recovered grade decreased by 17% quarter-on-quarter to 8.50g/t, due to an increase in stoping width at the mine. As a result of higher volumes, gold production increased by 6% to 357kg of gold when compared to the previous quarter.

Cash operating costs remained steady at R332 224/kg, despite the increase in gold production, due to the increase in labour crews for additional work required. Bambanani started to supply compressed air to Steyn 2 and therefore Bambanani's power costs are expected to increase proportionately in future.

Bambanani recorded a 32% increase in operating profit from R41 million in the September quarter to R53 million in the December quarter under review, due to the higher gold production.

8**Results for the second quarter FY13
and six months ended 31 December 2012****Joel**

Indicator

Units

December

2012

September

2012

%

variance

Tonnes

000

154

167

(8)

Grade

g/t

5.52

5.39

2

Gold produced

kg

850

900

(6)

Cash operating costs

R/kg

194 233

189 823

(2)

Operating profit

R'000

265 772

212 482

25

Joel's recovered grade improved by 2% to 5.52g/t, due to higher than expected face grades and its focus on clean mining. Gold production was lower at 850kg due to an 8% decrease in tonnes milled at 154 000t. Cash operating costs increased by 2% quarter on quarter to R194 233/kg, due to slightly lower gold production. Joel remains the lowest cost producer in the group.

Joel generated an operating profit of R266 million, representing a 25% increase quarter on quarter.

Unisel

Indicator

Units

December

2012

September

2012
 %
 variance
 Tonnes milled
 000
 117
 116
 1
 Grade
 g/t
 4.55
 3.71
 23
 Gold produced
 kg
 532
 430
 24
 Cash operating costs
 R/kg
 280 244
 338 063
 17
 Operating profit
 R'000
 109 414
 44 450
 >100

Unisel had an improved production quarter and resultantly doubled its operating profit to R109 million

A 24% quarter on quarter increase in gold production is attributed to the 23% improvement in recovered grade. Tonnes milled remained steady at 117 000t. Cash operating costs improved by 17% quarter on quarter to R280 244/kg due to increased gold production.

Target 3

Indicator
 Units
 December
 2012
 September
 2012
 %
 variance
 Tonnes
 000
 82
 87
 (6)
 Grade
 g/t
 5.26

4.22
 25
 Gold produced
 kg
 431
 367
 17
 Cash operating costs
 R/kg
 305 935
 359 738
 15
 Operating profit
 R'000
 75 569
 26 776
 >100

The recovered grade at Target 3 improved from 4.22g/t to 5.26g/t quarter on quarter, mainly due to the split of reef and waste and an increase in grade at both the B Reef and Basal Reef. Gold production increased by 17% to 431kg, due to the 25% increase in recovered grade.

Cash operating costs improved by 15% from R359 738/kg in the previous quarter to R305 935/kg in the current quarter, due to higher gold production.

An operating profit of R76 million was recorded, more than a 100% increase quarter on quarter, due to lower operating costs and higher gold production.

Steyn 2

Indicator
 Units
 December
 2012
 September
 2012
 %
 variance
 Tonnes
 000
 13
 10
 30
 Grade
 g/t
 8.92
 10.10
 (12)
 Gold produced
 kg
 116
 101
 15

Cash operating costs

R/kg

300 069

383 436

22

Operating profit/(loss)

R'000

21 282

5 568

>100

Steyn 2 also recorded and an increase in its operating profit of more than a 100% at R21 million, as a result of the 15% increase in gold production to 116kg. The increase in gold production is due to the 30% increase in tonnes milled quarter on quarter, from 10 000t to 13 000t. Recovery grade decreased 12% to 8.92g/t, due to lower face grade and a lower plant call factor.

Cash operating costs improved by 22% to R300 069/kg, mainly due to the higher gold production as well as a reduction of the power costs (Steyn 2 is now receiving compressed air from Bambanani shaft).

TOTAL SOUTH AFRICAN SURFACE OPERATIONS

Continuing Operations (excluding Evander surface sources)

Indicator

Units

December

2012

September

2012

%

variance

Tonnes

000

2 410

2 390

1

Grade

g/t

0.34

0.34

–

Gold produced

kg

824

821

(6)

Cash operating costs

R/kg

299 511

303 430

1

Operating profit

R'000

148 898

106 155

40

Recovered grade, tonnes milled and gold production remained steady at the South African continuing surface sources at 0.34g/t, 2 410 000t and 824kg respectively. Surface sources generated a 40% higher operating profit of R149 million due to the increase in the gold price received, whilst cash operating costs remained steady at R299 511/kg.

Kalgold

Indicator

Units

December

2012

September

2012

%

variance

Tonnes 000

309

390

(21)

Grade

g/t

1.06

0.87

22

Gold produced

kg

326

340

(14)

Cash operating costs

R/kg

291 991

251 459

(16)

Operating profit

R'000

61 733

59 762

3

Tonnes milled for the quarter decreased by 21% to 309 000t, due to the unavailability of the C mill as a result of a mill pinion breakdown. Recovered grade at Kalgold improved notably quarter on quarter by 22% to 1.06g/t, as a result of better grades from the A Zone pit. Gold production was 14kg lower due to the decrease in milled volumes, countering the effect of the improvement in recovered grade.

9

Phoenix (tailings)

Indicator

Units

December

2012

September

2012

%

variance

Tonnes

000

1 276

1 286

(1)

Grade

g/t

0.163

0.156

4

Gold produced

kg

208

201

3

Cash operating costs

R/kg

261 135

287 239

9

Operating profit

R'000

44 970

25 930

73

Gold production was 3% higher at 208kg due to a 4% improvement in recovered grade at 0.163g/t. Tonnes milled quarter on quarter remained steady at 1 276 000t.

Cash operating costs improved by 9% to R261 135/kg and together with the higher gold production, contributed to a 73% increase in operating profit at R45 million.

Surface dumps (excluding Evander surface sources)

Indicator

Units

December

2012

September

2012

%

variance

Tonnes 000

825
 714
 16
 Grade
 g/t
 0.35
 0.39
 (10)
 Gold produced
 kg
 290
 280
 4
 Cash operating costs
 R/kg
 335 490
 378 161
 11
 Operating profit
 R'000
 42 195
 20 463
 >100

Recovered grade decreased quarter on quarter by 10% to 0.35g/t, but was off-set by a 16% increase in tonnes processed, which resulted in a 4% increase in gold production at 290kg.

Operating profit increased to R42 million due to higher gold production and an 11% decrease in cash operating costs of R335 490/kg.

DISCONTINUED OPERATION – EVANDER

Total Evander (Underground and surface)

Indicator
 Units
 December
 2012
 September
 2012
 %
 variance
 Tonnes
 000
 141
 159 (11)
 Grade
 g/t
 4.70
 5.14
 (9)
 Gold produced
 kg
 663
 817

(19)
Cash operating costs
R/kg
297 813
259 613
(15)
Operating profit/(loss) R'000
128 724
141 358
(9)

Evander underground

Indicator
Units
December
2012
September
2012
%

variance
Tonnes
000

91
117

(22)
Grade
g/t

6.87
6.48

6
Gold produced

kg
625

758
(18)

Cash operating costs
R/kg
298 787
268 873

(11)
Operating profit/(loss) R'000
121 084
123 741

(2)

Evander surface sources

Indicator
Units
December
2012
September
2012
%

variance

Tonnes

000

50

42

19

Grade

g/t

0.76

1.40

(46)

Gold produced

kg

38

59

(36)

Cash operating costs

R/kg

281 789

143 220

(97)

Operating profit/(loss) R'000

7 640

17 617

(57)

Underground tonnes at Evander decreased by 22% to 91 000t, while grade improved by 6% to 6.87g/t. Gold production was lower at 625kg, due to less tonnes being processed during the quarter.

Lower gold production resulted in an 11% increase in the cash operating costs to R298 787/kg.

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**Results for the second quarter FY13
and six months ended 31 December 2012**

Development

The main purpose of development is to explore the potential of future mining operations. A development programme is vital to the life of a mine.

The on-reef development grade of a shaft is an indication of the grades that will be mined in future. Important information such as expected

geological structures, dip of the orebody and channel width is derived.

Depending on the shaft layout – such as the length of the raise line and spacing – ledging and stoping will take place approximately 18 to 36 months

after on-reef development. Therefore the target areas for development are extremely important to prove the existence of ore of sufficient mineral

content to be profitably mined and to continuously upgrade resources to reserves.

Mineral reserves block grades vs development grades

December 2012 (Quarter 2)

Note: The ore reserve block grades reflect the grades of the blocks in the life-of-mine plans for the various operations.

These blocks are to a large degree the blocks above

a certain cut-off grade that has been targeted for mining. The development grades are those as sampled in the ongoing on-reef development at the operations and

no selectivity has been applied from a grade point of view.

Kusasaletu

The quarter on quarter development grade has increased substantially due to very good values intersected in a localised area of well mineralised Ventersdorp Contact Reef (VCR). In the remainder of the areas being developed the grades reported are also in line with or above the reserve grade.

Doornkop

The development grade is in line with the previous quarter and is as expected for the areas that are being developed on the South Reef.

Good progress is being made with the development of the South Reef at Doornkop.

Phakisa

There was virtually no change in the quarter on quarter development grades. Grades are as expected but will increase as more development takes place towards the higher grade areas towards the north and south of the shaft.

Tshepong

The Basal Reef continues to return good results from the areas in the decline section of the mine. This is very encouraging in terms of the future grade profile of Tshepong. The development grade from the B Reef project area is still very erratic but very encouraging grades were reported from some of the development raises during the quarter.

Masimong

There was little change in the overall quarter on quarter Basal Reef development grades. However, grades did improve in the south western section of the mine while there was a decrease in the southern part of the mine. The B Reef development grade is lower than expected as some of the development efforts remained in areas of non-deposition of the B Reef.

Target 1 (narrow reef mining)

The raises developed for narrow reef mining on the Dreyerskuil formation continue to return good values, exceeding our expectations.

Bambanani

All development is taking place in the shaft pillar. The overall development grade remains in line with expectations and continues to support the high grade profile of the mine. There was however a drop in the quarterly development grade due to the intersection of a localised lower grade area.

Joel

Development grades increased significantly during this quarter as a result of good values intersected from areas with very well developed and well mineralised Beatrix Reef. These areas will have a significant and positive impact on the future grade profile of the mine.

Unisel

At Unisel, the development grade of the Basal Reef improved further owing to the development of higher grade pillars. There was however a drop off in grade towards the Brand 5 shaft area. The Leader Reef continued to return encouraging development results.

Target 3 (narrow reef mining)

The major focus this quarter was on A Reef development which returned very good results. Limited development took place on the other reefs and the development focus in the March 2013 quarter will shift towards the Basal Reef.

Evander

There was a decrease in the quarter on quarter development grade due to some localised lower grade areas that were intersected in the decline pay shoot area.

** No reef development was done at Steyn 2 during this period, only shaft extraction.*

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Exploration highlights

International (Papua New Guinea)

Morobe Mining Joint Venture (MMJV) (50% Harmony)

Wafi-Golpu

The joint venture participants continue to engage with the Papua New Guinea (PNG) government and landowner representatives to ensure alignment on the planned project development and key elements of the next phase of work. Capital costs continue to be reviewed and potential key contractors assessed.

Activities during the quarter were focused on the initial camp construction, exploration drilling (outlined below) and refinement of the technical development plan.

Figure 1: Schematic section of Golpu

Since the Ore Reserve update in August 2012, a total of 11 holes have been drilled to completion into the Golpu porphyry deposit. Data from this drilling upgrades the gold and copper grades in Lift 1, confirms the eastern boundary of Lift 2 and informs an improved understanding of the structure of the deposit.

Significant results received during the December 2012 quarter from holes targeting Lift 1 include:

• WR423 758 @ 0.67g/t Au, 1.28% Cu from 333m including
251m @ 1.34g/t Au, 2.59% Cu from 840m
WR440 286m @ 0.53g/t Au, 1.22% Cu from 474m including
134m @ 1.06g/t Au, 2.41% Cu from 624m

This data increases the relative volume of higher grade mineralisation in Lift 1, raising the margin per tonne of that mining block relative to the pre-feasibility study (PFS) estimates.

Significant results received during the quarter from holes targeted below Lift 1 include:

WR429W_3658m @ 0.86g/t Au, 1.09% Cu from 1,240m including
246m @ 1.68g/t Au, 1.97% Cu from 1,398m

This data confirms the eastern margin of the deposit within Lift 2 and the continuation of the high grade mineralisation below Lift 2.

Hidden Valley district exploration

In the Morobe Exploration JV, discovery exploration continued at Kerimengie and commenced at Mt Tonn and Garawaria. Kerimengie is located near Hidden Valley mine in the Wau district and is a small historical gold deposit.

Significant results at Kerimengie include:

QD148 66m @ 0.7g/t Au, 1.9g/t Ag from 22m
QD150 267m @ 1.0g/t Au, 7.2g/t Ag from 5m
QD151^ 219m @ 1.0g/t Au from 0m

^ preliminary result reported

Follow up drilling is planned at Kerimengie.

Regionally, drilling at the Garawaria prospect 60 kilometres southeast of Hidden Valley has commenced testing the epithermal gold target identified through surface sampling. Drilling also commenced at Mt.

Tonn located in the Wafi Transfer Zone targeting Golpu style porphyry mineralisation. Assay results from both programs are pending.

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**Results for the second quarter FY13
and six months ended 31 December 2012**

PNG exploration (Harmony 100%)

Figure 2: Harmony's exploration tenements

Mt Hagen Project (EL1611 & EL1596)

At Mt Hagen, exploration work focused on review and target development of the Penamb and Penamb NE area of the Kuringa Intrusive Complex.

In addition initial field reconnaissance was commenced at the Maramp prospect located approximately 23km east of Kurunga.

Penamb Prospect (EL1596)

Drilling at Penamb prospect comprised 894.5m in 2 holes (PNDD006 – 007).

Au from 717m and has doubled the strike of the zone of 0.1% Cu mineralization to 800m. This zone of low grade copper mineralization remains open along strike and at depth, but drilling to date would suggest that the possibility of an economic Cu-Au orebody within 800m of the surface is unlikely.

PNDD007 was drilled as a scissor hole to test below mapped sericite-pyrite alteration that covers the northern margin of the prospect.

Assays remain pending but the geology and mineralisation recorded in the logging appears to correlate with the current modeled zone of 0.1% copper.

Penamb East Prospect (EL1611)

Drilling at the Penamb East prospect comprised 3 holes/1 440m (PNDD008-010) and was designed to test a surface gold anomaly (+100 ppb Au) extending northeast from Penamb prospect over approximately 2km. Core processing was in progress at quarter end and assays have not yet been received.

Geology encountered in the drilling was similar to that at Kurunga, and comprised andesites and bedded sediments of the Kana Volcanics with various intrusive units including feldspar-quartz-hornblende porphyry, coarse feldspar porphyry, and hornblende diorite.

Epithermal mineralisation was evident in holes PNDD008 and PNDD009 as several zones of quartz-carbonate base metal veins, although these stockwork zones were narrow and weakly developed. PNDD010 failed to intersect epithermal mineralisation.

Southern Highlands project (EL1786)

Surface sampling and mapping continued during the quarter with 394 soil samples and 54 rock chip samples collected. Initial results for the survey indicate predominantly low tenor for copper and gold. However, the over-thrust Dari Limestone contains distinct Au-Pb-Zn anomalism with variable gold assays to 1.2 g/t Au associated with iron rich skarn.

A plan for first pass drilling comprising 7 holes/4000m was finalised for the Lake Kopiago prospect. This drilling has been designed predominantly to outline broad sections over 800m apart to identify large scale alteration and mineralisation vectors below cover. The drilling will also test critical lithological contacts and the Au-base metal skarns identified from the mapping.

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Harmony Gold Mining Company Limited

("Harmony" or "Company")

Incorporated in the Republic of South Africa

Registration number 1950/038232/06

JSE Share code: HAR

NYSE Share code:HMY

ISIN: ZAE000015228

Q2 FY13

Results for the

second quarter FY13

and six months ended

31 December 2012

(Rand/US\$)

14

15

**Results for the second quarter FY13
and six months ended 31 December 2012**

Operating results

(Rand/Metric) (US\$/Imperial)

South Africa

Hidden

Valley

Total

Continuing

Operations

Harmony

Total

Underground production

Surface production

Other

Total

South

Africa

Discontinued Operations

Three

months

Ended

Kusasa-

lethu

Doornkop

Phakisa

Tshepong

Masimong

Target 1

Bamba-

nani

Joel

Unisel

Target 3

Steyn 2

Total

Under-

ground

Phoenix

Dumps

Kalgold

Total

Surface

Evander

Evander

Surface

Ore milled

- t'000

Dec-12

138

272
128
254
216
178
42
154
117
82
13
1 594
1 276
825
309
2 410
-
4 004
456
4 460
91
50
4 601
Sep-12
328
245
142
313
261
178
33
167
116
87
10
1 880
1 286
714
390
2 390
-
4 270
491
4 761
117
42
4 920
Gold produced
- kg
Dec-12
402
1 004

688
1 151
991
1 086
357
850
532
431
116
7 608
208
290
326
824
—
8 432
642
9 074
625
38
9 737
Sep-12
1 601
871
679
1 159
987
1 071
337
900
430
367
101
8 503
201
280
340
821
—
9 324
689
10 013
758
59
10 830
Gold produced
— oz
Dec-12
12 925
32 279
22 120

37 005
31 861
34 916
11 478
27 328
17 104
13 857
3 729
244 602
6 687
9 323
10 481
26 491
—
271 093
20 641
291 734
20 094
1 222
313 050
Sep-12
51 473
28 003
21 830
37 263
31 733
34 433
10 835
28 936
13 825
11 799
3 247
273 377
6 462
9 002
10 931
26 395
—
299 772
22 152
321 924
24 370
1 897
348 191
Yield
Dec-12
2.91
3.69
5.38
4.53
4.59

— g/tonne

6.10
8.50
5.52
4.55
5.26
8.92
4.77
0.16
0.35
1.06
0.34
-
2.11
1.41
2.03
6.87
0.76
2.12
Sep-12
4.88
3.56
4.78
3.70
3.78
6.02
10.21
5.39
3.71
4.22
10.10
4.52
0.16
0.39
0.87
0.34
-
2.18
1.40
2.10
6.48
1.40
2.20
**Cash operating
costs
- R/kg
Dec-12
857 928
269 449
338 233
309 081
252 109**

212 656
332 224
194 233
280 244
305 935
300 069
300 225
261 135
335 490
291 991
299 511

-

300 155
451 424
310 858
298 787
281 789
309 969

Sep-12
282 606
294 156
367 785
329 079
265 698
221 587
329 674
189 823
338 063
359 738
383 436
286 654
287 239
378 161
251 459
303 430

-

288 131
379 303
294 404
268 673
143 220
291 780

Cash operating costs

- \$/oz
Dec-12
3 078
967
1 214
1 109
905

763
1 192
697
1 006
1 098
1 077
1 077
937
1 204
1 048
1 075
-
1 077
1 620
1 115
1 072
1 011
1 112
Sep-12
1 066
1 109
1 387
1 241
1 002
836
1 243
716
1 275
1 357
1 446
1 081
1 083
1 426
948
1 144
-
1 087
1 430
1 110
1 013
540
1 100
**Cash operating
costs
- R/tonne**
Dec-12
2 499
995
1 818
1 401
1 157

1 297
2 824
1 072
1 274
1 608
2 678
1 433
43
118
308
102
-
632
636
632
2 052
214
656
Sep-12
1 379
1 046
1 759
1 219
1 005
1 333
3 367
1 023
1 253
1 518
3 873
1 296
45
148
219
104
-
629
532
619
1 741
201
642
Gold sold
- kg
Dec-12
597
1 070
707
1 184
1 019
1 118

367
933
547
444
119
8 105
211
291
317
819
-
8 924
690
9 614
607
38
10 259
Sep-12
1 545
848
678
1 158
986
1 008
337
856
430
345
101
8 292
179
269
316
764
-
9 056
648
9 704
714
59
10 477
Gold sold
- oz
Dec-12
19 194
34 401
22 731
38 066
32 762
35 944
11 799

29 997
17 586
14 275
3 826
260 581
6 784
9 356
10 192
26 332
—
286 913
22 184
309 097
19 515
1 222
329 834
Sep-12
49 673
27 264
21 798
37 231
31 701
32 408
10 835
27 521
13 825
11 092
3 247
266 595
5 755
8 648
10 160
24 563
—
291 158
20 834
311 992
22 956
1 897
336 845
Revenue
(R'000)
Dec-12
292 482
511 124
339 811
567 915
488 974
536 138
175 758
446 403

262 752
213 106
57 136
3 891 599
101 280
139 392
151 485
392 157

—

4 283 756
329 052
4 612 808
291 891
18 348
4 923 047

Sep-12

683 540
374 477
298 387
509 194
435 594
442 824
149 441
374 867
190 189
151 293
44 331
3 654 137
78 855
118 204
140 117
337 176

—

3 991 313
286 867
4 278 180
315 346
26 067
4 619 593

**Cash operating
costs**

(R'000)

Dec-12

344 887
270 527
232 704
355 752
249 840
230 944
118 604
165 098

149 090
131 858
34 808
2 284 112
54 316
97 292
95 189
246 797

–

2 530 909
289 814
2 820 723
186 742
10 708
3 018 173

Sep-12

452 453
256 210
249 726
381 403
262 244
237 320
111 100
170 841
145 367
132 024
38 727
2 437 415
57 735
105 885
85 496
249 116

–

2 686 531
261 340
2 947 871
203 654
8 450
3 159 975

**Inventory
movement
(R'000)**

Dec-12

61 045
22 803
7 532
12 994
11 005
9 912
3 661
15 533

4 248
 5 679
 1 046
 155 458
 1 994
 (95)
 (5 437)
 (3 538)

–
 151 920
 6 992
 158 912
 (15 935)

–
 142 977
 Sep-12
 (18 874)
 (7 293)

861
 1 240
 (4 056)
 (13 448)
 (2 308)

(8 456)
 372
 (7 507)
 36

(59 433)
 (4 810)
 (8 144)
 (5 141)
 (18 095)

–
 (77 528)
 (539)
 (78 067)
 (12 049)

–
 (90 116)

**Operating costs
 (R'000)**

Dec-12
 405 932
 293 330
 240 236
 368 746
 260 845
 240 856
 122 265
 180 631
 153 338

137 537
35 854
2 439 570
56 310
97 197
89 752
243 259

—

2 682 829
296 806
2 979 635
170 807
10 708
3 161 150

Sep-12

433 579
248 917
250 587
382 643
258 188
223 872
108 792
162 385
145 739
124 517
38 763
2 377 982
52 925
97 741
80 355
231 021

—

2 609 003
260 801
2 869 804
191 605
8 450
3 069 859

**Operating
profit/(loss)
(R'000)**

**Dec-12
(113 450)
217 794
99 575
199 169
228 129
295 282
53 493
265 772
109 414**

75 569
21 282
1 452 029
44 970
42 195
61 733
148 898
—
1 600 927
32 246
1 633 173
121 084
7 640
1 761 897
Sep-12
249 961
125 560
47 800
126 551
177 406
218 952
40 649
212 482
44 450
26 776
5 568
1 276 155
25 930
20 463
59 762
106 155
—
1 382 310
26 066
1 408 376
123 741
17 617
1 549 734
**Operating
profit/(loss)
(\$'000)**
**Dec-12
(13 087)**
25 126
11 487
22 976
26 317
34 065
6 171
30 660
12 623

8 719
2 454
167 511
5 188
4 867
7 123
17 178

—
184 689
3 720
188 409
13 968
882

203 259
Sep-12
30 305
15 223
5 796
15 344
21 509
26 546
4 929
25 762
5 388
3 246
676
154 724
3 144
2 482
7 245
12 871

—
167 595
3 160
170 755
15 002
2 135
187 892

**Capital
expenditure
(R'000)**

Dec-12
100 148
73 320
80 095
73 376
44 158
101 454
36 811
40 663
19 924

40 044

1 224

611 217

56 381

4 754

26 127

87 262

19 845

718 324

148 371

866 695

55 342

–

922 037

Sep-12

116 450

77 688

77 645

75 254

36 268

86 400

31 261

38 105

15 565

28 320

838

583 794

67 869

5 765

12 548

86 182

6 699

676 675

87 153

763 828

53 489

–

817 317

**Capital
expenditure**

(\$'000)

Dec-12

11 553

8 458

9 240

8 465

5 094

11 704

4 247

4 691

2 298

4 620
141
70 511
6 504
548
3 014
10 066
2 289
82 866
17 117
99 983
6 384
-
106 367
Sep-12
14 119
9 419
9 414
9 124
4 397
10 475
3 790
4 620
1 887
3 434
102
70 781
8 229
699
1 521
10 449
812
82 042
10 567
92 609
6 485
-
99 094

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**Results for the second quarter FY13
and six months ended 31 December 2012**

CONDENSED CONSOLIDATED INCOME STATEMENTS (Rand)

Figures in million

Note

Quarter ended

Six months ended

Year ended

31 December

2012

(Unaudited)

30 September

2012

(Unaudited)

31 December¹

2011

(Unaudited)

31 December

2012

31 December¹

2011

30 June

2012

(Audited)

Continuing operations

Revenue

4 613

4 278

4 439

8 891

8 013

15 169

Cost of sales

2

(3 524)

(3 490)

(3 116)

(7 014)

(6 091)

(12 137)

Production costs

(2 980)

(2 870)

(2 558)

(5 850)

(4 998)

(9 911)

Amortisation and depreciation

(501)

(481)

(497)

(982)

(942)

(1 921)

Other items

(43)

(139)

(61)

(182)

(151)

(305)

Gross profit

1 089

788

1 323

1 877

1 922

3 032

Corporate, administration and other
expenditure

(111)

(106)

(85)

(217)

(165)

(352)

Social investment expenditure

(25)

(20)

(14)

(45)

(28)

(72)

Exploration expenditure

(160)

(136)

(99)

(296)

(195)

(500)

Profit on sale of property, plant
and equipment

4

69

55

2

124

29

63

Other (expenses)/income – net

(47)

3
11
(44)
28
(50)
Operating profit
815
584
1 138
1 399
1 591
2 121
Reversal of impairment of investment
in associate
—
—
2
—
50
56
Impairment of investments
5
—
(48)
—
(48)
—
(144)
Net gain on financial instruments
92
74
61
166
38
86
Investment income
38
33
22
71
38
97
Finance cost
(75)
(58)
(80)
(133)
(150)
(286)
Profit before taxation
870

585
1 143
1 455
1 567
1 930
Taxation
6
(221)
(152)
(256)
(373)
(313)
123
Normal taxation
(115)
(111)
(60)
(226)
(100)
(199)
Deferred taxation
(106)
(41)
(196)
(147)
(213)
322
Net profit from continuing operations
649
433
887
1 082
1 254
2 053
Discontinued operations
Profit from discontinued operations
7
82
89
159
171
270
592
Net profit for the period
731
522
1 046
1 253
1 524
2 645
Attributable to:

Owners of the parent

731

522

1 046

1 253

1 524

2 645

Earnings per ordinary share (cents)

8

Earnings from continuing operations

150

100

206

250

291

477

Earnings from discontinued operations

19

21

37

40

63

137

Total earnings

169

121

243

290

354

614

**Diluted earnings per ordinary share
(cents)**

8

Earnings from continuing operations

150

100

205

250

290

476

Earnings from discontinued operations

19

21

37

40

63

136

Total diluted earnings

169

121

242

290

353

612

¹ The comparative figures are re-presented due to Evander being reclassified as a discontinued operation. See note 7 in this regard.

The accompanying notes are an integral part of these condensed consolidated financial statements.

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The condensed consolidated financial statements have been prepared by Harmony Gold Mining Company Limited's corporate reporting team headed by Mr Herman Perry, supervised by the financial director, Mr Frank Abbott. They have

been approved by the Board of Harmony Gold Mining Company Limited. The condensed consolidated financial statements

for the six months ended 31 December 2012 were reviewed by the group's external auditors, PricewaterhouseCoopers Incorporated (see note 16).

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Rand)

Figures in million

Note

Quarter ended

Six months ended

Year ended

31 December

2012

(Unaudited)

30 September

2012

(Unaudited)

31 December

2011

(Unaudited)

31 December

2012

31 December

2011

30 June

2012

(Audited)

Net profit for the period

731

522

1 046

1 253

1 524

2 645

Other comprehensive income for the period, net of income tax

197

26

179

223

1 134

1 587

Foreign exchange translation

174

26

212

200

1 136

1 485

Gain/(loss) on fair value movement
of available-for-sale investments

5

23

—

(33)

23

(2)

(42)

Impairment of available-for-sale
investments recognised in profit or loss

5

—

—

—

—

—

144

**Total comprehensive income for
the period**

928

548

1 225

1 476

2 658

4 232

Attributable to:

Owners of the parent

928

548

1 225

1 476

2 658

4 232

The accompanying notes are an integral part of these condensed consolidated financial statements.

All items in Other comprehensive income will be reclassified subsequently to profit or loss when specific conditions are met.

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**Results for the second quarter FY13
and six months ended 31 December 2012**

CONDENSED CONSOLIDATED BALANCE SHEETS (Rand)

Figures in million

Note

At

31 December

2012

At

30 September

2012

(Unaudited)

At

30 June

2012

(Audited)

At

31 December

2011

ASSETS

Non-current assets

Property, plant and equipment

34 028

33 334

32 853

32 830

Intangible assets

2 192

2 194

2 196

2 185

Restricted cash

37

36

36

31

Restricted investments

2 020

1 919

1 842

1 929

Deferred tax assets

554

523

486

1 179

Investments in financial assets

9

159

98

	146
	183
Inventories	
	57
	58
	58
	169
Trade and other receivables	
	13
	20
	28
	28
Total non-current assets	
	39 060
	38 182
	37 645
	38 534
Current assets	
Inventories	
	1 085
	1 185
	996
	990
Trade and other receivables	
	1 292
	1 165
	1 245
	1 131
Income and mining taxes	
	–
	8
	118
	194
Cash and cash equivalents	
	2 511
	2 266
	1 773
	1 205
	4 888
	4 624
	4 132
	3 520
Assets of disposal groups classified as held for sale	
	7
	1 822
	1 658
	1 423
	315
Total current assets	
	6 710
	6 282

5 555

3 835

Total assets

45 770

44 464

43 200

42 369

EQUITY AND LIABILITIES

Share capital and reserves

Share capital

28 331

28 331

28 331

28 326

Other reserves

2 797

2 515

2 444

1 945

Retained earnings

4 342

3 611

3 307

2 359

Total equity

35 470

34 457

34 082

32 630

Non-current liabilities

Deferred tax liabilities

3 270

3 166

3 106

4 452

Provision for environmental rehabilitation

1 912

1 895

1 865

2 092

Retirement benefit obligation

184

181

177

174

Other provisions

40

87

30

3

Borrowings

10
2 072
1 840
1 503
991
Total non-current liabilities
7 478
7 169
6 681
7 712
Current liabilities
Borrowings
10
301
306
313
323
Income and mining taxes
16
110
1
3
Trade and other payables
2 050
1 982
1 747
1 684
2 367
2 398
2 061
2 010
Liabilities of disposal groups classified as held for sale
7
455
440
376
17
Total current liabilities
2 822
2 838
2 437
2 027
Total equity and liabilities
45 770
44 464
43 200
42 369

The accompanying notes are an integral part of these condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Rand)

for the six months ended 31 December 2012

Figures in million

Share

capital

Other

reserves

Retained

earnings

Total

Balance – 30 June 2012

28 331

2 444

3 307

34 082

Share-based payments

–

130

–

130

Net profit for the period

–

–

1 253

1 253

Other comprehensive income for the period

–

223

–

223

Dividends paid ¹

–

–

(218)

(218)

Balance – 31 December 2012

28 331

2 797

4 342

35 470

Balance – 30 June 2011

28 305

762

1 093

30 160

Issue of shares

21

–

–

21

Share-based payments

–

49

–

49

Net profit for the period

–

–

1 524

1 524

Other comprehensive income for the period

–

1 134

–

1 134

Dividends paid ²

–

–

(258)

(258)

Balance – 31 December 2011

28 326

1 945

2 359

32 630

1. Dividend of 50 SA cents declared on 13 August 2012.

2. Dividend of 60 SA cents declared on 12 August 2011.

The accompanying notes are an integral part of these condensed consolidated financial statements.

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**Results for the second quarter FY13
and six months ended 31 December 2012**

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (Rand)

Figures in million

Quarter ended

Six months ended

Year ended

31 December

2012

(Unaudited)

30 September

2012

(Unaudited)

31 December

2011

(Unaudited)

31 December

2012

31 December

2011

30 June

2012

(Audited)

Cash flow from operating activities

Cash generated by operations

1 392

1 337

1 566

2 729

2 658

4 551

Interest and dividends received

30

26

12

56

28

80

Interest paid

(29)

(29)

(36)

(58)

(77)

(141)

Income and mining taxes (paid)/refunded

(221)

108

(149)

(113)

(149)

(277)

Cash generated by operating activities

1 172

1 442

1 393

2 614

2 460

4 213

Cash flow from investing activities

Restricted cash transferred to disposal group

(90)

(162)

—

(252)

—

—

Proceeds on disposal of investment in associate

—

—

—

—

—

222

Proceeds on disposal of Evander 6 and Twistdraai

—

—

—

—

—

125

Proceeds on disposal of Merriespruit South

61

—

—

61

—

—

Other investing activities

(45)

—

3

(45)

3

(85)

Net additions to property, plant and equipment

(1 047)

(893)

(779)

(1 940)

(1 447)

(3 140)

Cash utilised by investing activities

(1 121)

(1 055)

(776)

(2 176)

(1 444)

(2 878)

Cash flow from financing activities

Borrowings raised

348

330

–

678

799

1 443

Borrowings repaid

(164)

(9)

(718)

(173)

(1 070)

(1 248)

Ordinary shares issued – net of expenses

–

–

11

–

20

26

Dividends paid

–

(218)

–

(218)

(258)

(431)

Cash generated/(utilised) by financing activities

184

103

(707)

287

(509)

(210)

Foreign currency translation adjustments

10

3

(30)

13

5

(45)

Net increase in cash and cash equivalents

245

493

(120)

738

512

1 080

Cash and cash equivalents – beginning of period

2 266

1 773

1 325

1 773

693

693

Cash and cash equivalents – end of period

2 511

2 266

1 205

2 511

1 205

1 773

The accompanying notes are an integral part of these condensed consolidated financial statements.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 31 December 2012 (Rand)

1. Accounting policies

Basis of accounting

The condensed consolidated financial statements for the six months ended 31 December 2012 have been prepared in accordance with IAS 34,

Interim Financial Reporting, JSE Listings Requirements and in the manner required by the Companies Act of South Africa. They should be read

in conjunction with the annual financial statements for the year ended 30 June 2012, which have been prepared in accordance with International

Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS). The accounting policies are consistent with

those described in the annual financial statements, except for the adoption of applicable revised and/or new standards issued by the International

Accounting Standards Board.

2.

Cost of sales

Figures in million

Quarter ended

Six months ended

Year ended

31 December

2012

(Unaudited)

30 September

2012

(Unaudited)

31 December¹

2011

(Unaudited)

31 December

2012

31 December¹

2011

30 June

2012

(Audited)

Production costs – excluding royalty

2 912

2 814

2 513

5 726

4 922

9 791

Royalty expense

68

56

45

124

76

120
 Amortisation and depreciation
 501
 481
 497
 982
 942
 1 921
 Reversal of impairment of assets
 –
 –
 –
 –
 –
 (60)
 Rehabilitation (credit)/expenditure
 (1)
 7
 1
 6
 7
 (17)
 Care and maintenance cost of
 restructured shafts
 16
 20
 20
 36
 49
 88
 Employment termination and
 restructuring costs
 –
 7
 17
 7
 51
 81
 Share-based payments²
 21
 105
 23
 126
 44
 87
 Other
 7
 –
 –
 7
 –

126

Total cost of sales**3 524****3 490****3 116****7 014****6 091****12 137**

1. *The comparative figures are re-presented due to Evander being reclassified as a discontinued operation. See note 7 in this regard.*

2. *Refer to note 3 for details.*

3. Share-based payments

This includes the cost relating to the new Employee Share Ownership Plan (ESOP) awards that were granted in August 2012. In terms of the ESOP rules, all employees other than management were awarded a minimum of 100 Scheme Shares and 200 Share Appreciation Rights (SARs), with employees with service longer than 10 years receiving an additional 10%. Both the Entitlement Shares and SARs vest in five equal portions on each anniversary of the award. In addition these employees qualify for an additional cash bonus under the SARs in the event that the share price growth is less than R18 per share. The effect of the bonus puts the employees in the position they would have been in had the share price increased by R18 per share since issue date.

Harmony issued 3.5 million shares to the Tlhakanelo Share Trust on 31 August 2012. In addition, 6 817 880 SARs were issued. In terms of IFRS 2, *Share-based Payment*, the SARs includes an equity-settled portion as well as a cash-settled portion related to the cash bonus.

The cash-settled portion has been recognised in the balance sheet, the fair value of which will be re-measured at each reporting date. At the annual general meeting on 28 November 2012, the shareholders authorised the acceleration of the vesting from August to March each year.

4.**Profit on sale of property, plant and equipment**

During December 2012, the transaction for the sale of the Merriespruit South mining right to Witwatersrand Consolidated Gold Resources Limited (Wits Gold) was completed, resulting in a profit of R60 million.

5.**Impairment of investments**

As at 30 June 2012, management impaired the investment in Wits Gold. A decline in the fair value of the investment on the JSE during the September 2012 quarter was recorded in the income statement. The increase in the value of the investment during the December 2012 quarter has been recognised in the fair value reserve.

6. Taxation

The Supreme Court of Appeal's decision on Freegold's appeal regarding the South African Revenue Service's (SARS) application of mining tax ringfencing was received on 1 October 2012 and the Court found in favour of SARS. This resulted in additional normal taxes of R94 million offset by deferred tax credits of R154 million being recognised in the June 2012 quarter as an adjusting event. Unredeemed capital deductions are not allowed against non-mining income. However these deductions will be allowable against future mining

income.

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**Results for the second quarter FY13
and six months ended 31 December 2012**

7.

Disposal groups classified as held for sale and discontinued operations

Evander Gold Mines Limited

The assets and liabilities of Evander Gold Mines Limited (Evander), a wholly-owned subsidiary of Harmony Gold Mining Company Limited

(Harmony), have been classified as held for sale following signing of a sale of shares and claims agreement on 30 January 2012. On 30 May 2012,

Harmony announced the signing of a new sale of shares and claims agreement with Pan African Resources plc (Pan African). The disposal will

be for an aggregate purchase consideration of R1.5 billion, less certain distributions made by Evander to Harmony between 1 April 2012 and the close of the transaction.

Certain regulatory approvals were still outstanding at the reporting date.

The operation also meets the requirements to be classified as a discontinued operation. The comparative figures in the income statement have

been re-presented as a result.

8.

Earnings and net asset value per share

Quarter ended

Six months ended

Year ended

31 December

2012

(Unaudited)

30 September

2012

(Unaudited)

31 December¹

2011

(Unaudited)

31 December

2012

31 December¹

2011

30 June

2012

(Audited)

Weighted average number of shares (million)

431.6

431.5

430.5

431.6

430.2

430.8

Weighted average number of diluted

shares (million)

432.6

432.3

432.3

432.6

431.9

432.0

Total earnings per share (cents):

Basic earnings

169

121

243

290

354

614

Diluted earnings

169

121

242

290

353

612

Headline earnings

158

123

242

281

337

565

– from continuing operations

139

102

205

241

275

465

– from discontinued operations

19

21

37

40

62

100

Diluted headline earnings

157

123

241

280

336

563

– from continuing operations

138

102

204

240
 274
 463
 – from discontinued operations

19
 21
 37
 40
 62
 100

Figures in million

Reconciliation of headline earnings:

Continuing operations

Net profit/(loss)

649
 433
 887
 1 082
 1 254
 2 053

Adjusted for:

Reversal of impairment of investment
 in associate*

–
 –
 (2)
 –
 (50)
 (56)

Impairment of investments*

–
 48
 –
 48
 –
 144

Reversal of impairment of assets

–
 –
 –
 –
 –
 (60)

Taxation effect on reversal of impairment
 of assets

–
 –
 –
 –
 –
 (34)

Profit on sale of property, plant
and equipment
(69)
(55)
(2)
(124)
(29)
(63)

Taxation effect of profit on sale of property,
plant and equipment

18
14
—
32
8
16

Headline earnings/(loss)

598
440
883
1 038
1 183
2 000

Discontinued operations

Net profit

82
89
159
171
270
592

Adjusted for:

Profit on sale of property, plant and
equipment

—
—
(1)
—
(1)
(232)

Taxation effect of profit on sale of property,
plant and equipment

—
—
—
—
—
72

Headline earnings

82
89

158

171

269

432

Total headline earnings

680

529

1 041

1 209

1 452

2 432

1

The comparative figures are re-presented due to Evander being reclassified as a discontinued operation. See note 7 in this regard.

*

There is no taxation effect on these items.

23**Net asset value per share**

At

31 December
2012

At

30 September
2012

(Unaudited)

At

30 June
2012

(Audited)

At

31 December
2011

Number of shares in issue

435 257 691

435 064 236

431 564 236

431 312 677

Net asset value per share (cents)

8 150

7 920

7 897

7 565

9.**Investments in financial assets**

During the December 2012 quarter, an additional 3.9% interest in Rand Refinery was purchased for R39 million. The investment is classified as an available-for-sale investment and subsequent changes in fair value will be recorded in reserves.

10. Borrowings

The Nedbank revolving credit facility of R850 million is available until December 2013.

The balance on the Nedbank term facilities at 31 December 2012 is R610 million, following a payment of R153 million at the end of December 2012.

Two draw downs of US\$40 million each (R330 million and R348 million) were made from the US\$300 million syndicated revolving credit facility during the September and December 2012 quarters, respectively. This takes the outstanding amount to US\$210 million. The facility is repayable by September 2015.

11. Commitments and contingencies

Figures in million

At

31 December
2012

At

30 September
2012

(Unaudited)

At

30 June
2012
(Audited)
At
31 December
2011

Capital expenditure commitments:

Contracts for capital expenditure

576
510
519
291

Authorised by the directors but not contracted for

1 572
2 263
2 257
3 373
2 148
2 773
2 776
3 664

This expenditure will be financed from existing resources and, where appropriate, borrowings.

Contingent liability

For a detailed disclosure on contingent liabilities refer to Harmony's annual report for the financial year ended 30 June 2012, available on the group's website (www.harmony.co.za). There were no significant changes in contingencies since 30 June 2012, with the exception of the items discussed below.

Following management's decision to keep Kusasalethu closed after the Christmas break and to commence with a process in terms of Section 189A of the Labour Relations Act, 66 of 1995, there is a possibility that the mine may be closed and placed on care and maintenance, which would result in retrenchments. Management estimated that the costs of the retrenchment would be approximately R325 million. At the date of reporting, management and employees representatives were engaged in discussions facilitated by the Commission of Conciliation, Mediation and Arbitration (CCMA).

12. Subsequent events

(a) On 1 February 2013, the Board approved an interim dividend of 50 SA cents, amounting to approximately R218 million, payable on 11 March 2013.

(b)

Kusasalethu has been temporarily closed. Refer to note 11 for further discussion.

13. Segment report

The segment report follows on the page 25.

24

**Results for the second quarter FY13
and six months ended 31 December 2012**

14. Reconciliation of segment information to consolidated income statements

Figures in million

Six months ended

31 December

2012

(Unaudited)

31 December¹

2011

(Unaudited)

The “Reconciliation of segment information to consolidated income statements” line item in the segment report is broken down in the following elements, to give a better understanding of the differences between the income statement and segment report:

Reconciliation of production profit to gross profit

Total segment revenue

9 542

8 749

Total segment production costs

(6 231)

(5 366)

Production profit per segment report

3 311

3 383

Discontinued operations

(270)

(368)

Production profit from continuing operations

3 041

3 015

Cost of sales items, other than production costs and royalty expense

(1 164)

(1 093)

Gross profit as per income statements*

1 877

1 922

¹

The comparative figures are re-presented due to Evander being reclassified as a discontinued operation. See note 7 in this regard.

*

The reconciliation was done up to the first recognisable line item on the income statement. The reconciliation will follow the income statement after that.

15. Related parties

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the group. During the September 2012 quarter, Harmony

shares were purchased by certain directors as set out below:

Graham Briggs

14 347 shares

Frank Abbott

73 900 shares

Ken Dicks

12 500 shares

16. Review report

The condensed consolidated financial statements for the six months ended 31 December 2012 on pages 16 to 25 have been reviewed in

accordance with International Standards on Review Engagements 2410 – “Review of interim financial information performed by the

Independent Auditors of the entity” by PricewaterhouseCoopers Inc. Their unqualified review report is available for inspection at the company’s

registered office.

25

Segment report (Rand/Metric)
for the six months ended 31 December 2012

Revenue

Production cost

Production profit/(loss)

Capital expenditure #

Kilograms produced*

Tonnes milled *

31 December

31 December

31 December

31 December

31 December

31 December

2012

2011

2012

2011

2012

2011

2012

2011

2012

2011

2012

2011

R million

R million

R million

R million

kg

t'000

Continuing operations

South Africa

Underground

Kusasaletu

976

1 099

840

660

136

439

217

211

2 003

2 822

466

587

Doornkop

886
746
542
448
344
298
151
139
1 875
1 763
517
509
Phakisa
638
501
491
389
147
112
158
149
1 367
1 184
270
239
Tshepong
1 077
1 164
751
631
326
533
149
135
2 310
2 738
567
593
Masimong
925
715
519
438
406
277
80
122
1 978
1 690
477
464

Target 1

979
822
465
422
514
400
188
128
2 157
1 960
356
418

Bambanani

426
322
306
365
120
(43)
70

143
911
825
98
132

Joel

821
612
343
299
478
313
79
28

1 750

1 418

321

297

Unisel

453

343

299

251

154

92

35

34

962

802

233

192

Target 3

364

225

262

213

102

12

68

36

798

537

169

154

Surface

All other surface operations

730

744

474

466

256

278

200

62

1 645

1 767

4 800

4 619

Total South Africa

8 275

7 293

5 292

4 582

2 983

2 711

1 395

1 187

17 756

17 506

8 274

8 204

International

Hidden Valley

616

720

558

416

58

304

236

93

1 331

1 608

947

889

Total international

616

720

558

416

58

304

236

93

1 331

1 608

947

889

Total continuing operations

8 891

8 013

5 850

4 998

3 041

3 015

1 631

1 280

19 087

19 114

9 221

9 093

Discontinued operations

Evander

651

736

381

368

270

368

109

88

1 480

1 811

300

319

Total discontinued operations

651

736

381

368

270

368

109
88
1 480
1 811
300
319
Total operations

9 542
8 749
6 231
5 366
3 311
3 383
1 740
1 368
20 567
20 925
9 521
9 412

Reconciliation of the segment
information to the consolidated
income statement (refer to note 14)

(651)
(736)
(381)
(368)
8 891
8 013
5 850
4 998

** Production statistics are unaudited.*

#

Capital expenditure for international operations excludes expenditure spend on Wafi-Golpu of R255 million (2011: R114 million).

26

27

**Results for the second quarter FY13
and six months ended 31 December 2012**

Operating results

(US\$/Imperial)

South Africa

Hidden

Valley

Total

Continuing

Operations

Harmony

Total

Underground production

Surface production

Other

Total

South

Africa

Discontinued Operations

Three

months

Ended

Kusasa-

lethu

Doornkop

Phakisa

Tshepong

Masimong

Target 1

Bamba-

nani

Joel

Unisel

Target 3

Steyn 2

Total

Under-

ground

Phoenix

Dumps

Kalgold

Total

Surface

Evander

Evander

Surface

Ore milled

- t'000

Dec-12

152

300
141
280
238
196
46
170
129
90
14
1 756
1 407
910
341
2 658
-
4 414
503
4 917
100
55
5 072
Sep-12
362
270
157
345
288
196
36
184
128
96
11
2 073
1 418
788
430
2 636
-
4 709
541
5 250
129
46
5 425
Gold produced
- oz
Dec-12
12 925
32 279

22 120
37 005
31 861
34 916
11 478
27 328
17 104
13 857
3 729
244 602
6 687
9 323
10 481
26 491
 -
271 093
20 641
291 734
20 094
1 222
313 050
 Sep-12
 51 473
 28 003
 21 830
 37 263
 31 733
 34 433
 10 835
 28 936
 13 825
 11 799
 3 247
 273 377
 6 462
 9 002
 10 931
 26 395
 -
 299 772
 22 152
 321 924
 24 370
 1 897
 348 191
Yield -
oz/t
Dec-12
0.085
0.108
0.157

0.132
0.134
0.178
0.250
0.161
0.133
0.154
0.266
0.139
0.005
0.010
0.031
0.010

—

0.061
0.041
0.059
0.201
0.022
0.062

Sep-12

0.142
0.104
0.139
0.108
0.110
0.176
0.301
0.157
0.108
0.123
0.295
0.132
0.005
0.011
0.025
0.010

—

0.064
0.041
0.061
0.189
0.041
0.064

**Cash operating
costs**

— \$/oz

Dec-12
3 078
967
1 214

1 109
905
763
1 192
697
1 006
1 098
1 077
1 077
937
1 204
1 048
1 075
—
1 077
1 620
1 115
1 072
1 011
1 112
Sep-12
1 066
1 109
1 387
1 241
1 002
836
1 243
716
1 275
1 357
1 446
1 081
1 083
1 426
948
1 144
—
1 087
1 430
1 110
1 013
540
1 100
**Cash operating
costs**
— \$/t
Dec-12
262
104
190

147
121
136
297
112
133
169
287
150
4
12
32
11
-
66
66
66
215
22
69
Sep-12
152
115
193
134
110
147
374
113
138
167
427
143
5
16
24
11
-
69
59
68
191
22
71
Gold sold
- oz
Dec-12
19 194
34 401
22 731
38 066

32 762
35 944
11 799
29 997
17 586
14 275
3 826
260 581
6 784
9 356
10 192
26 332
—
286 913
22 184
309 097
19 515
1 222
329 834
Sep-12
49 673
27 264
21 798
37 231
31 701
32 408
10 835
27 521
13 825
11 092
3 247
266 595
5 755
8 648
10 160
24 563
—
291 158
20 834
311 992
22 956
1 897
336 845
Revenue
(\$'000)
Dec-12
33 742
58 965
39 202
65 516
56 409

61 850
20 276
51 498
30 312
24 585
6 591
448 946
11 684
16 080
17 476
45 240
—
494 186
37 960
532 146
33 673
2 117
567 936
Sep-12
82 874
45 403
36 177
61 736
52 813
53 689
18 119
45 450
23 059
18 343
5 375
443 038
9 561
14 332
16 988
40 881
—
483 919
34 781
518 700
38 233
3 160
560 093
**Cash operating
costs
(\$'000)**
Dec-12
39 787
31 208
26 846
41 041
28 822

26 642
13 683
19 046
17 199
15 211
4 016
263 501
6 266
11 224
10 980
28 470
—
291 971
33 433
325 404
21 543
1 235
348 182
Sep-12
54 857
31 064
30 277
46 242
31 796
28 773
13 470
20 713
17 626
16 007
4 695
295 520
7 000
12 837
10 366
30 203
—
325 723
31 686
357 409
24 692
1 025
383 126
**Inventory
movement
(\$'000)**
Dec-12
7 042
2 631
869
1 499
1 270

1 143
422
1 792
490
655
121
17 934
230
(11)
(627)
(408)
-
17 526
807
18 333
(1 838)
-
16 495
 Sep-12
(2 288)
(884)
104
150
(492)
(1 630)
(280)
(1 025)
45
(910)
4
(7 206)
(583)
(987)
(623)
(2 193)
-
(9 399)
(65)
(9 464)
(1 461)
-
(10 925)
Operating costs
(\$'000)
Dec-12
46 829
33 839
27 715
42 540
30 092
27 785

14 105

20 838

17 689

15 866

4 137

281 435

6 496

11 213

10 353

28 062

-

309 497

34 240

343 737

19 705

1 235

364 677

Sep-12

52 569

30 180

30 381

46 392

31 304

27 143

13 190

19 688

17 671

15 097

4 699

288 314

6 417

11 850

9 743

28 010

-

316 324

31 621

347 945

23 231

1 025

372 201

Operating profit

(\$'000)

Dec-12

(13 087)

25 126

11 487

22 976

26 317

34 065

6 171

30 660

12 623

8 719

2 454

167 511

5 188

4 867

7 123

17 178

—

184 689

3 720

188 409

13 968

882

203 259

Sep-12

30 305

15 223

5 796

15 344

21 509

26 546

4 929

25 762

5 388

3 246

676

154 724

3 144

2 482

7 245

12 871

—

167 595

3 160

170 755

15 002

2 135

187 892

Capital

expenditure

(\$'000)

Dec-12

11 553

8 458

9 240

8 465

5 094

11 704

4 247