

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 <sup>1</sup>

– 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

<sup>1</sup> 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***

HMV

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 profit<sup>1</sup> 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

<sup>1</sup> 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](http://www.harmony.co.za)

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**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)

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dumps

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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](http://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

(&gt;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.

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**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:

&#149 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 December<sup>1</sup>

2011

(Unaudited)

31 December

2012

31 December<sup>1</sup>

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**

*<sup>1</sup> 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
<b>Total non-current assets</b>	
	<b>39 060</b>
	<b>38 182</b>
	<b>37 645</b>
	<b>38 534</b>
<b>Current assets</b>	
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
<b>Total current assets</b>	
	<b>6 710</b>
	<b>6 282</b>

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
<b>Total non-current liabilities</b>
<b>7 478</b>
<b>7 169</b>
<b>6 681</b>
<b>7 712</b>
<b>Current liabilities</b>
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
<b>Total current liabilities</b>
<b>2 822</b>
<b>2 838</b>
<b>2 437</b>
<b>2 027</b>
<b>Total equity and liabilities</b>
<b>45 770</b>
<b>44 464</b>
<b>43 200</b>
<b>42 369</b>

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 <sup>1</sup>

–

–

(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 <sup>2</sup>

–

–

(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.

**21**

**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 December<sup>1</sup>

2011

(Unaudited)

31 December

2012

31 December<sup>1</sup>

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 payments<sup>2</sup>  
 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.

22

**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 December<sup>1</sup>

2011

(Unaudited)

31 December

2012

31 December<sup>1</sup>

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](http://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 December<sup>1</sup>

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**

<sup>1</sup>

*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**

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

28

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

CONDENSED CONSOLIDATED INCOME STATEMENTS (US\$)

(Convenience translation)

Figures in million

**Quarter ended**

**Six months ended**

**Year ended**

31 December

2012

(Unaudited)

30 September

2012

(Unaudited)

31 December<sup>1</sup>

2011

(Unaudited)

31 December

2012

(Unaudited)

31 December<sup>1</sup>

2011

(Unaudited)

30 June

2012

(Audited)

**Continuing operations**

Revenue

532

519

548

1 051

1 053

1 953

Cost of sales

(407)

(423)

(385)

(829)

(799)

(1 561)

Production costs

(344)

(348)

(316)

(691)

(657)

(1 276)

Amortisation and depreciation

(58)



(58)	
(61)	
(116)	
(124)	
(247)	
Other items	
(5)	
(17)	
(8)	
(22)	
(18)	
(38)	
<b>Gross profit</b>	
<b>125</b>	
<b>96</b>	
<b>163</b>	
<b>222</b>	
<b>254</b>	
<b>392</b>	
Corporate, administration and other expenditure	
(13)	
(13)	
(10)	
(26)	
(22)	
(45)	
Social investment expenditure	
(3)	
(2)	
(2)	
(5)	
(4)	
(9)	
Exploration expenditure	
(18)	
(16)	
(12)	
(35)	
(26)	
(64)	
Profit on sale of property, plant and equipment	
8	
7	
–	
15	
4	
8	
Other (expenses)/income – net	
(5)	
–	
1	

(5)

3

(6)

**Operating profit**

**94**

**72**

**140**

**166**

**209**

**276**

Reversal of impairment of investment in associate

—

—

—

—

7

7

Impairment of investments

—

(6)

—

(6)

—

(19)

Net gain on financial instruments

11

9

8

20

5

11

Investment income

4

4

3

8

5

12

Finance cost

(9)

(7)

(10)

(15)

(20)

(37)

**Profit before taxation**

**100**

**72**

**141**

**173**

**206**

**250**

Taxation

(25)

(18)

(31)

(44)

(41)

16

Normal taxation

(13)

(13)

(7)

(27)

(13)

(25)

Deferred taxation

(12)

(5)

(24)

(17)

(28)

41

**Net profit from continuing operations**

**75**

**54**

**110**

**129**

**165**

**266**

**Discontinued operations**

Profit from discontinued operations

9

11

19

20

35

75

**Net profit for the period**

**84**

**65**

**129**

**149**

**200**

**341**

*Attributable to:*

Owners of the parent

84

65

129

149

200

341

**Earnings per ordinary share (cents)**

Earnings from continuing operations

17

12

25

29

38

61

Earnings from discontinued operations

2

3

5

5

8

18

**Total earnings**

**19**

**15**

**30**

**34**

**46**

**79**

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

Earnings from continuing operations

17

12

25

29

38

61

Earnings from discontinued operations

2

3

5

5

8

18

**Total diluted earnings**

**19**

**15**

**30**

**34**

**46**

**79**

<sup>1</sup> The comparative figures are re-presented due to Evander being reclassified as a discontinued operation.

The currency conversion average rates for the quarter ended: December 2012: US\$1 = R8.67 (September 2012: US\$1 = R8.25, December 2011:

US\$1 = R8.10). For year ended: June 2012: US\$1 = R7.77. Six months ended: December 2012: US\$1 = R8.46 (December 2011: US\$1 = R7.61).

The income statement for the year ended 30 June 2012 has been extracted from the 2012 Annual Report.

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME US\$)

(Convenience translation)

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

(Unaudited)

31 December

2011

(Unaudited)

30 June

2012

(Audited)

Net profit for the period

84

65

129

149

200

341

Other comprehensive income/(loss) for the period, net of income tax

23

3

22

27

149

(595)

Foreign exchange translation

20

3

26

24

149

(607)

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

3

—

(4)

3

–

(7)

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

–

–

–

–

–

19

**Total comprehensive income/(loss)  
for the period**

**107**

**68**

**151**

**176**

**349**

**(254)**

*Attributable to:*

Owners of the parent

107

68

151

176

349

(254)

*The currency conversion average rates for the quarter ended: September 2012: US\$1 = R8.67 (September 2012: US\$1 = R8.25, December 2011:*

*US\$1 = R8.10). For year ended: June 2012: US\$1 = R7.77. Six months ended: December 2012: US\$1 = R8.46 (December 2011: US\$1 = R7.61).*

*The statement of comprehensive income for the year ended 30 June 2012 has been extracted from the 2012 Annual Report.*

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

**Note on convenience translations**

Except where specific statements have been extracted from the 2012 Annual Report, the requirements of IAS 21, *The Effects*

*of the Changes in Foreign Exchange Rates*, have not necessarily been applied in the translation of the US Dollar financial

statements presented on pages 28 to 33.

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

CONDENSED CONSOLIDATED BALANCE SHEETS (US\$)

(Convenience translation)

Figures in million

At

31 December

2012

(Unaudited)

At

30 September

2012

(Unaudited)

At

30 June

2012

(Audited)

At

31 December

2011

(Unaudited)

**ASSETS**

**Non-current assets**

Property, plant and equipment

4 003

4 045

4 003

4 050

Intangible assets

258

266

268

269

Restricted cash

4

4

4

4

Restricted investments

238

233

224

238

Deferred tax assets

65

63

59

145

Investments in financial assets

19

	12
	18
	23
Inventories	
	7
	7
	7
	21
Trade and other receivables	
	2
	2
	3
	3
<b>Total non-current assets</b>	
	<b>4 596</b>
	<b>4 632</b>
	<b>4 586</b>
	<b>4 753</b>
<b>Current assets</b>	
Inventories	
	128
	144
	121
	122
Trade and other receivables	
	152
	141
	152
	139
Income and mining taxes	
	—
	1
	14
	24
Cash and cash equivalents	
	295
	275
	216
	149
	575
	561
	503
	434
Assets of disposal groups classified as held for sale	
	215
	202
	174
	39
<b>Total current assets</b>	
	<b>790</b>
	<b>763</b>



	677
	473
<b>Total assets</b>	
	5 386
	5 395
	5 263
	5 226
<b>EQUITY AND LIABILITIES</b>	
<b>Share capital and reserves</b>	
Share capital	
	3 333
	3 438
	4 036
	3 494
Other reserves	
	329
	305
	(64)
	240
Retained earnings	
	511
	438
	180
	291
<b>Total equity</b>	
	4 173
	4 181
	4 152
	4 025
<b>Non-current liabilities</b>	
Deferred tax liabilities	
	385
	384
	378
	549
Provision for environmental rehabilitation	
	225
	230
	227
	258
Retirement benefit obligation	
	22
	22
	22
	22
Other provisions	
	5
	11
	4
	–
Borrowings	

244
223
183
122
<b>Total non-current liabilities</b>
<b>881</b>
<b>870</b>
<b>814</b>
<b>951</b>
<b>Current liabilities</b>
Borrowings
35
37
38
40
Income and mining taxes
2
13
–
–
Trade and other payables
241
241
213
208
278
291
251
248
Liabilities of disposal groups classified as held for sale
54
53
46
2
<b>Total current liabilities</b>
<b>332</b>
<b>344</b>
<b>297</b>
<b>250</b>
<b>Total equity and liabilities</b>
<b>5 386</b>
<b>5 395</b>
<b>5 263</b>
<b>5 226</b>

*The balance sheet for December 2012 converted at a conversion rate of US\$1 = R8.50 (September 2012: US\$1 = R8.24, December 2011:*

*US\$1 = R8.11, June 2012: US\$1 = R8.21).*

*The balance sheet as at 30 June 2012 has been extracted from the 2012 Annual Report.*

**31**  
 CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (US\$) (Unaudited)  
 for the six months ended 31 December 2012 (Convenience translation)

Figures in million

Share capital	
Other reserves	
Retained earnings	
Total	
Balance – 30 June 2012	3 333
	287
	389
	4 009
Share-based payments	–
	16
	–
	16
Net profit for the period	–
	–
	147
	147
Other comprehensive income for the period	–
	26
	–
	26
Dividends paid	–
	–
	(25)
	(25)
<b>Balance – 31 December 2012</b>	<b>3 333</b>
	<b>329</b>
	<b>511</b>
	<b>4 173</b>
Balance – 30 June 2011	3 491
	94
	135
	3 720
Issue of shares	3
	–
	–
	3

Share-based payments

–

6

–

6

Net profit for the period

–

–

188

188

Other comprehensive income for the period

–

140

–

140

Dividends paid

–

–

(32)

(32)

**Balance – 31 December 2011**

**3 494**

**240**

**291**

**4 025**

*The currency conversion closing rates for the year ended 31 December 2012: US\$1 = R8.50 (December 2011: US\$1 = R8.11).*

32

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (US\$)

(Convenience translation)

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

(Unaudited)

31 December

2011

(Unaudited)

30 June

2012

(Audited)

**Cash flow from operating activities**

Cash generated by operations

161

162

193

323

349

586

Interest and dividends received

4

3

2

7

4

10

Interest paid

(4)

(4)

(4)

(8)

(10)

(18)

Income and mining taxes (paid)/refunded

(25)

13

(18)

(13)

(20)

(33)

**Cash generated by operating activities**

**136**

**174**

**173**

**309**

**323**

**545**

**Cash flow from investing activities**

Restricted cash transferred to disposal group

(10)

(20)

–

(30)

–

–

Proceeds on disposal of investment in associate

–

–

–

–

–

28

Proceeds on disposal of Evander 6 and Twistdraai

–

–

–

–

–

15

Proceeds on disposal of Merriespruit South

7

–

–

7

–

–

Other investing activities

(5)

–

–

(5)

–

(10)

Net additions to property, plant and equipment

(121)

(108)

(96)  
(229)  
(190)  
(404)  
**Cash utilised by investing activities**  
**(129)**  
**(128)**  
**(96)**  
**(257)**  
**(190)**  
**(371)**  
**Cash flow from financing activities**  
Borrowings raised  
40  
40  
—  
80  
105  
188  
Borrowings repaid  
(19)  
(1)  
(89)  
(20)  
(141)  
(159)  
Ordinary shares issued – net of expenses  
—  
—  
1  
—  
3  
3  
Dividends paid  
—  
(26)  
—  
(26)  
(34)  
(57)  
**Cash generated/(utilised) by financing activities**  
**21**  
**13**  
**(88)**  
**34**  
**(67)**  
**(25)**  
**Foreign currency translation adjustments**  
**(8)**  
—

<b>(4)</b>
<b>(7)</b>
<b>(19)</b>
<b>(35)</b>
Net increase in cash and cash equivalents
20
59
(15)
79
47
114
Cash and cash equivalents – beginning of period
275
216
164
216
102
102
<b>Cash and cash equivalents – end of period</b>
<b>295</b>
<b>275</b>
<b>149</b>
<b>295</b>
<b>149</b>
<b>216</b>

*The currency conversion average rates for the quarter ended: December 2012: US\$1 = R8.67 (September 2012: US\$1 = R8.25, December 2011:*

*US\$1 = R8.10). For year ended: June 2012: US\$1 = R7.77. Six months ended: December 2012: US\$1 = R8.46 (December 2011: US\$1 = R7.61).*

*Closing balance translated at closing rates of: December 2012: US\$1 = R8.50 (September 2012: US\$1 = R8.25, December 2011: US\$1 = R8.11).*

*The cash flow statement for the year ended 30 June 2012 has been extracted from the 2012 Annual Report.*



**33**

Segment report (US\$/Imperial) (Unaudited)  
for the six months ended 31 December 2012

**Revenue**

**Production cost**

**Production profit/(loss)**

**Capital expenditure #**

**Ounces produced**

**Tons 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

US\$ million

US\$ million

US\$ million

US\$ million

oz

t'000

**Continuing operations**

**South Africa**

**Underground**

Kusasaletu

115

144

99

87

16

57

26

28

64 398

90 729

514

647

Doornkop

105  
98  
64  
59  
41  
39  
18  
18  
60 282  
56 682  
570  
561  
Phakisa  
75  
66  
58  
51  
17  
15  
19  
20  
43 950  
38 066  
298  
264  
Tshepong  
127  
153  
89  
83  
38  
70  
18  
18  
74 268  
88 028  
625  
653  
Masimong  
109  
94  
61  
58  
48  
36  
10  
16  
63 594  
54 335  
526  
512

Target 1

116  
109  
55  
55  
61  
54  
23  
17  
69 349  
63 016  
392  
461

Bambanani

50  
42  
36  
48  
14  
(6)  
8  
19  
29 289  
26 524  
107

146

Joel

97  
80  
41  
39  
56  
41  
9  
4

56 264  
45 590  
354  
327

Unisel

54  
45  
35  
33  
19  
12  
4  
4

30 929  
25 785  
257

211

Target 3

43

29

31

28

12

1

8

5

25 656

17 265

186

170

**Surface**

All other surface operations

87

98

56

61

31

37

24

6

52 886

56 811

5 294

5 092

**Total South Africa**

**978**

**958**

**625**

**602**

**353**

**356**

**167**

**155**

**570 865**

**562 831**

**9 123**

**9 044**

**International**

Hidden Valley

73

95

66

55

7

40

28

12

42 793

51 698

1 044

981

**Total international**

**73**

**95**

**66**

**55**

**7**

**40**

**28**

**12**

**42 793**

**51 698**

**1 044**

**981**

**Total continuing operations**

**1 051**

**1 053**

**691**

**657**

**360**

**396**

**195**

**167**

**613 658**

**614 529**

**10 167**

**10 025**

Discontinued operations

Evander

75

96

45

49

30

47

13

12

47 583

58 225

330

352

**Total discontinued operations**

**75**

**96**

**45**

**49**

**30**

**47**

13

12

47 583

58 225

330

352

**Total operations**

1 126

1 149

736

706

390

443

208

179

661 241

672 754

10 497

10 377

*# Capital expenditure for international operations excludes expenditure spend on Wafi-Golpu of US\$30 million (2011: US\$15 million).*

**34**

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

DEVELOPMENT RESULTS (Metric)

Quarter ended December 2012

Channel

Channel

Reef

Sampled

width

value

Gold

Meters

Meters

(Cm's)

(g/t)

(Cmg/t)

Kusasaletu

VCR Reef

394

383

84.81

19.91

1 688

**All Reefs**

**394**

**383**

**84.81**

**19.91**

**1 688**

Doornkop

South Reef

330

342

37.22

21.07

784

**All Reefs**

**330**

**342**

**37.22**

**21.07**

**784**

Phakisa

Basal 414

429

97.09

10.22

993

**All Reefs**

**414**

<b>429</b>	
<b>97.09</b>	
<b>10.22</b>	
<b>993</b>	
Tshepong	
Basal	371
356	
8.89	
172.87	
1 536	
B Reef	
300	
259	
58.06	
13.97	
811	
<b>All Reefs</b>	
<b>671</b>	
<b>615</b>	
<b>29.57</b>	
<b>41.64</b>	
<b>1 231</b>	
Masimong 5	
Basal	304
297	
51.79	
16.74	
867	
B Reef	
123	
126	
82.49	
10.32	
851	
<b>All Reefs</b>	
<b>426</b>	
<b>423</b>	
<b>60.95</b>	
<b>14.15</b>	
<b>862</b>	
Target	
Elsburg	296
227	
139.28	
8.01	
1 116	
Basal	3
7	
22.00	
32.35	
712	



A Reef

115

75

138.02

11.03

1 523

B Reef

84

57

139.57

13.14

1 834

**All Reefs**

**498**

**365**

**136.82**

**9.52**

**1 302**

Target 1

Elsburg 115

82

234.88

7.96

1 870

**All Reefs**

**115**

**82**

**234.88**

**7.96**

**1 870**

Total Bambanani

(Incl. Bambanani. Steyn 2)

Basal 61

61

166.88

17.00

2 836

**All Reefs**

**61**

**61**

**166.88**

**17.00**

**2 836**

Joel

Beatrix 193

182

228.62

7.97

1 823

**All Reefs**

**193**

**182**  
**228.62**  
**7.97**  
**1 823**  
 Unisel  
 Basal 293.6  
 229  
 138.20  
 12.57  
 1 737  
 Leader 428.1  
 363  
 209.44  
 6.21  
 1 300  
**All Reefs**  
**722**  
**592**  
**181.90**  
**8.08**  
**1 469**  
 Target 3  
 Elsburg 181  
 145  
 85.21  
 8.09  
 689  
 Basal 3  
 7  
 22.00  
 32.35  
 712  
 A Reef  
 115  
 75  
 138.02  
 11.03  
 1 523  
 B Reef  
 84  
 57  
 139.57  
 13.14  
 1 834  
**All Reefs**  
**383**  
**283**  
**108.40**  
**10.49**  
**1 138**  
 Evander 8

Kimberley	380
378	
29.47	
52.35	
1 542	
<b>All Reefs</b>	
<b>380</b>	
<b>378</b>	
<b>29.47</b>	
<b>52.35</b>	
<b>1 542</b>	
Total Harmony	
Basal	
1 446	
1 378	
74.10	
17.68	
1 310	
Beatrix	193
182	
228.62	
7.97	
1 823	
Leader	428
363	
209.44	
6.21	
1 300	
B Reef	
507	
441	
75.48	
12.64	
954	
A Reef	
114.6	
74.5	
138.02	
11.03	
1 523	
Elsburg	296.2
227	
139.28	
8.01	
1 116	
Kimberley	379.6
378	
29.47	
52.35	
1 542	
South Reef	

330  
 342  
 37.22  
 21.07  
 784  
 VCR 394

383  
 84.81  
 19.91  
 1 688

**All Reefs**

**4 088**  
**3 769**  
**93.22**  
**13.93**  
**1 299**

DEVELOPMENT RESULTS (Imperial)

Quarter ended December 2012

Channel

Channel

Reef

Sampled

Width

Value

Gold

Feet

Feet

(Inch)

(oz/t)

(In.oz/t)

Kusasaletu

VCR Reef

1 292

1 257

33

0.59

19

**All Reefs**

**1 292**

**1 257**

**33**

**0.59**

**19**

Doornkop

South Reef

1 082

1 122

15

0.60

9

**All Reefs**

**1 082**

**1 122**

**15**

**0.60**

**9**

Phakisa

Basal

1 358

1 407

38

0.30

11

**All Reefs**

**1 358**

**1 407**

**38**

**0.30**

**11**

Tshepong

Basal

1 218

1 168

3

5.88

18

B Reef

984

848

23

0.41

9

**All Reefs**

**2 202**

**2 016**

**12**

**1.18**

**14**

Masimong 5

Basal

996

973

20

0.50

10

B Reef

402

413

32

0.31

10

**All Reefs**

**1 398**

**1 386**

**24**

**0.41**

**10**

Target

Elsburg 972

745

55

0.23

13

Basal 10

23

9

0.91

8

A Reef

376

244

54

0.32

17

B Reef

277

185

55

0.38

21

**All Reefs**

**1 634**

**1 198**

**54**

**0.28**

**15**

Target 1

Elsburg 378

269

92

0.23

21

**All Reefs**

**378**

**269**

**92**

**0.23**

**21**

Total Bambanani

(Incl. Bambanani, Steyn 2)

Basal 200

200

66

0.49

33  
**All Reefs**  
**200**  
**200**  
**66**  
**0.49**  
**33**  
 Joel  
 Beatrix 633  
 598  
 90  
 0.23  
 21  
**All Reefs**  
**633**  
**598**  
**90**  
**0.23**  
**21**  
 Unisel  
 Basal 963  
 750  
 54  
 0.37  
 20  
 Leader 1 405  
 1 191  
 82  
 0.18  
 15  
**All Reefs**  
**2 368**  
**1 941**  
**72**  
**0.23**  
**17**  
 Target 3  
 Elsburg 594  
 476  
 34  
 0.23  
 8  
 Basal 10  
 23  
 9  
 0.91  
 8  
 A Reef  
 376  
 244  
 54

0.32  
 17  
 B Reef  
 277  
 185  
 55  
 0.38  
 21  
**All Reefs**  
**1 256**  
**928**  
**43**  
**0.30**  
**13**  
 Evander 8  
 Kimberley  
 1 245  
 1 240  
 12  
 1.48  
 18  
**All Reefs**  
**1 245**  
**1 240**  
**12**  
**1.48**  
**18**  
 Total Harmony  
 Basal  
 4 745  
 4 522  
 29.00  
 0.52  
 15.04  
 Beatrix 633  
 598  
 90.00  
 0.23  
 20.93  
 Leader  
 1 405  
 1 191  
 82.00  
 0.18  
 14.93  
 B Reef  
 1 663  
 1 447  
 30.00  
 0.37  
 10.95



A Reef

376

244

54.00

0.32

17.49

Elsburg

972

745

55.00

0.23

12.81

Kimberley

1 245

1 240

12.00

1.48

17.71

South Reef

1 082

1 122

15.00

0.60

9.00

VCR

1 292

1 257

33.00

0.59

19.39

**All Reefs**

**13 412**

**12 366**

**37.00**

**0.40**

**15**

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**35**  
NOTES

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## **CONTACT DETAILS**

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*Website:* [www.harmony.co.za](http://www.harmony.co.za)

### ***Directors***

P T Motsepe\* *Chairman*

M Motloba\*<sup>^</sup> *Deputy Chairman*

G P Briggs *Chief Executive Officer*

F Abbott *Financial Director*

H E Mashego *Executive Director*

F T De Buck\*<sup>^</sup> *Lead independent director*

J A Chissano\*<sup>1^</sup>, K V Dicks\*<sup>^</sup>, Dr D S Iushaba\*<sup>^</sup>, C Markus\*<sup>^</sup>,

M Msimang\*<sup>^</sup>, J Wetton\*<sup>^</sup>, A J Wilkens\*

\* Non-executive

<sup>^</sup> Independent

1 Mozambican

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Investor Relations Manager

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Executive: Corporate and Investor Relations

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### ***Company Secretary***

Riana Bisschoff

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### ***South African Share Transfer Secretaries***

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Kent BR3 4TU, United Kingdom

*Telephone: 0871 664 0300 (UK) (calls cost 10p a minute plus network extras, lines are open 09:00 am – 17:30 pm, Monday to Friday)*

*or +44 (0) 20 8639 3399 (calls from overseas)*

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***ADR Depositary***

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***Trading Symbols***

*JSE Limited: HAR*

*New York Stock Exchange, Inc: HMY*

*Euronext, Brussels: HMY*

*Berlin Stock Exchange: HAM1*

***Registration number***

1950/038232/06

*Incorporated in the Republic of South Africa*

***ISIN***

ZAE000015228

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: February 4

Harmony Gold Mining Company Limited

By: /s/ Frank Abbott

Name: Frank Abbott

Title: Financial Director