

Harmony SENS (Quarter) 061112.txt

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

Q1 FY13

RESULTS FOR THE FIRST QUARTER FY13 ENDED 30 SEPTEMBER 2012

KEY FEATURES

Quarter on quarter

- Gold production increased by 8% to 10 013kg (321 924oz)
- Operating profit 9% higher at R1.4bn (US\$171 million)
- Cash operating costs increased by 6% to R294 404/kg (US\$1 110/oz) due to:
  - two months of winter electricity tariffs
  - annual wage increase on 1 July 2012
- Increase in headline earnings per share\* to 123 SA cents (15 US cents)

\* Including discontinued operations

All the figures used in this report represent continuing operations, unless specified otherwise.

FINANCIAL SUMMARY FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2012

		Quarter September 2012#	Quarter June 2012#	Q on Q variance %
Gold produced	- kg	10 013	9 269	8
	- oz	321 924	298 006	8
Cash operating costs	- R/kg	294 404	278 091	(6)
	- US\$/oz	1 110	1 065	(4)
Gold sold	- kg	9 704	9 333	4
	- oz	311 992	300 062	4
Gold price received	- R/kg	440 868	421 565	5
	- US\$/oz	1 663	1 615	3
Operating profit <sup>1</sup>	- R million	1 408	1 295	9
	- US\$ million	171	159	7
Basic earnings per share*	- SAC/s	121	25	>100
	- USc/s	15	3	>100
Headline profit/(loss)*	- Rm	529	(27)	>100
	- US\$m	64	(3)	>100
Headline earnings per share*	- SAC/s	123	(6)	>100
	- USc/s	15	(1)	>100
Exchange rate	- R/US\$	8.25	8.12	2

\* Including discontinued operations

# Figures represent continuing operations unless stated otherwise

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

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operating profit line in the income statement

Shareholder information

Issued ordinary share capital at  
30 September 2012\* 435 064 236

Issued ordinary share capital at  
30 June 2012 431 564 236

\* The increase in the issued shares is due to the shares issued to the  
Tlhakanelo Employee Share Trust

Market capitalisation

At 30 September 2012 (ZARm) 30 381

At 30 September 2012 (US\$m) 3 682

At 30 June 2012 (ZARm) 33 015

At 30 June 2012 (US\$m) 4 037

Harmony ordinary share and ADR prices

12-month high (1 October 2011 –  
30 September 2012) for ordinary shares R115.75

12-month low (1 October 2011 –  
30 September 2012) for ordinary shares R66.90

12-month high (1 October 2011 –  
30 September 2012) for ADRs US\$14.37

12-month low (1 October 2011 –  
30 September 2012) for ADRs US\$7.85

Free float 100%

ADR ratio 1:1

JSE Limited HAR

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

Range for quarter (1 April 2012 –  
30 June 2012 closing prices) R72.84 – R89.00

Average daily volume for the quarter  
(1 April 2012 – 30 June 2012) 1 491 325 shares

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

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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
Range for quarter (1 April 2012 – 30 June 2012 closing prices)	US\$8.70 – US\$11.04
Average daily volume for the quarter (1 April 2012 – 30 June 2012)	2 069 561 shares
Investors' calendar	2012/2013
Annual general meeting	28 November 2012
Q2 FY13 results	4 February 2013#
Q3 FY13 results	8 May 2013#
Q4 FY13 results	14 August 2013#
Investor Day	28 August 2013#
#These dates may change in future	

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)

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.

#### 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.

#### Chief executive officer's review

Harmony produced solid results for FY12, and improved on these in the first quarter of FY13. The company continues to generate strong cash flow, with low debt and undrawn lending facilities and a rand/dollar exchange rate that is working in our favour.

The past quarter has been a tumultuous time in the mining industry

after unprotected strikes at one platinum mine spread across almost the entire mining industry, including our own Kusasaletu mine. In addition to the tragic loss of life at some operations in the mining industry and the economic cost of these actions, the scale of violence and intimidation has made media headlines around the world with concomitant impacts on investor sentiment, South Africa's sovereign credit rating, and national and industry reputations. These events have been extremely unfortunate not only for the industry and its employees, but also for future growth and development in South Africa, given the critical role of gold mining in our country's economic development.

At Harmony, some 5 400 employees at Kusasaletu mine near Carletonville embarked on an unprotected strike at the beginning of October 2012. We urged our employees to honour existing collective agreements entered into through the Chamber of Mines as well as existing bargaining structures. In addition, we continued to encourage all employees participating in this unlawful strike to act in a safe, responsible and peaceful manner, and to engage through established channels. The majority of striking workers returned to Kusasaletu on 25 October 2012. Safety inspections, safety inductions and health checks were done during the first few days of the workers' return, but production start-up has been slow.

Encouragingly, Harmony's other operations have remained at work during difficult times – arguably an indication that work done on building a common culture and values is producing benefits. I thank management teams and all employee representatives for the good relationships they have with each other and for being 'connected'.

On 25 October 2012, the Chamber of Mines, representing Harmony, AngloGold Ashanti Ltd and Gold Fields Ltd, together with the National Union of Mineworkers, Solidarity and UASA, signed an agreement to give effect to clause 11 of the 2011 – 2013 Chamber Gold Wage Agreement to put an end to the national strikes in the gold industry. The adjustment effectively increases Harmony's wages by approximately R10 million per month.

Everything we do at Harmony is based on our values – safety, honesty, achievement, accountability and connectedness. This means we do what is right for our shareholders and other stakeholders, our employees, our assets and our business.

We were able to demonstrate these values in action effectively using concrete examples during an analyst visit to our Papua New Guinea (PNG) operations in September. Harmony's chairman and management recently visited PNG and had the opportunity to meet with the prime minister, the Honourable Peter O'Neill, and members of his cabinet. The official party visited our Hidden Valley mine and Wafi-Golpu project, which was indeed an honour and privilege for us. Harmony is committed to building a mutually beneficial long-term partnership with the government of PNG, the communities living near our operations, our employees and other stakeholders.

Understanding the importance of delivering on our promises, we are focused on meeting our guidance to the investment community of delivering 1.7 million ounces of gold by 2016. An important component in reaching this milestone lies in the development work being done throughout the company to ensure our grade continues to improve. We trust that delivering on our targets will contribute to investors recognising the value in Harmony's share price.

Progress made towards our strategic objectives as at 30 June 2012 are:

	Ore reserves	Increased by 27%
	Dividends	Increased by 50%
Growth	Net debt	Lowered by R823m (US\$123m)

		Funded entirely by operations
	Capital expenditure	- R3.2bn (US\$414m)
	Expenditure	Increased by 54%
	Number of gold and	Increased
Exploration	copper targets	
	Diversity - geographic	Improved
	and copper	
	Discovery cost	US\$6 per equivalent resource ounce
	Improved safety	Fatalities down, improved lost-time injury frequency rate
	Disposed of non-core assets	Evander and Rand Uranium
Optimising operational delivery	Improved margin	26% in FY11, 35% in FY12 - 36% increase in R/kg gold price = 80% increase in rand profit
	Leverage to gold price	- 23% increase in US\$/oz gold price = 62% increase in US\$ profit
		world-class gold/copper project, long life
Golpu	Lowest industry quartile operating cost (gold and copper)	
	Significant upside potential - Golpu and the wafi transfer structure	

This year (FY13) we plan to produce 1.3 million ounces of gold from continuing operations. This quarter's results show that we are on course, however the strike at Kusasalethu will impact on our target ( $\pm 25\ 000$ oz).

#### Safety and values

Regrettably, Harmony recorded three fatalities in the quarter. Mzwandile Bhudaza was a rock driller at Unisel and Sera Nkhache and Simon Retselisitsoe Molefi were contractors at Joel mine. We extend our deepest sympathy to their families and colleagues.

Given the current turmoil in the mining industry, we need to be even more vigilant about safety. It is the most important aspect of our business, and one of Harmony's values, which requires everyone to make safety the foremost priority in all circumstances. Safety awareness campaigns are on-going.

Phakisa has now reached 27 months without a fatality (1.75 million shifts), while Masimong reached 1 million fatality-free shifts in June - a milestone that took 17 months to reach. Tshepong recorded 1 million fatality-free shifts in September 2012 after nine months. At the time of writing this report, Target 1 achieved three years without a fatality (more than 1 million fatality-free shifts). Through an increased focus on

safety, behavioural improvements, reviewing accidents and potential dangerous areas, communication and remedial action, we are steadily improving the company's safety environment.

#### Gold market

The rand gold price received increased by 5% from R421 565/kg in the June 2012 quarter to R440 868/kg in the September 2012 quarter. During this period, the rand weakened 2% from R8.12/US\$ to R8.25/US\$. A 3% increase in the US dollar gold price to US\$1 663/oz (US\$1 615/oz in the June 2012 quarter) resulted in the higher rand per kilogram gold price.

#### Operational and financial results

The September 2012 quarter was a solid start to the new financial year, despite the noted industry challenges. Gold production from underground was 9% higher than the prior quarter, mainly driven by improved grade. Operating profit increased by 12% compared to the June 2012 quarter to more than R1.55 billion (including discontinued operations). Cash operating costs increased quarter on quarter, mainly due to two months of winter electricity tariffs and labour increases implemented on 1 July. This resulted in the rand per kilogram unit cost increasing by 6% from R278 091/kg in the June 2012 quarter to R294 404/kg in this quarter.

#### Wafi-Golpu

Results from the resource definition programme have been extremely encouraging and the resource potential at Wafi-Golpu continues to improve with ongoing drilling.

In Harmony's latest statement of mineral resources and reserves, we declared jointly-held Golpu's reserve of 450Mt at 1.21% copper and 0.86g/t gold for 12.4Moz gold and 5.4Mt copper. At 30 June 2012, Harmony's attributable gold equivalent mineral reserves in South Africa and PNG were 52.9Moz, a 31% annual increase in declared reserves. This is largely due to the increase in mineral reserves in PNG after completing the pre-feasibility study at Golpu. As drilling at Golpu continues, more ounces from PNG may be added to reserves.

#### Exploration

The New Guinea mobile belt represents a fertile porphyry copper/gold belt with significant exploration upside and the opportunity to repeat our success at Wafi-Golpu.

Given that investing in greenfields exploration remains a significant part of our growth strategy, Harmony's PNG exploration portfolio currently comprises three quality projects in the New Guinea mobile belt:

- Mt Hagen - mineralised porphyry copper system with highly anomalous mineralisation and alteration patterns
- Amanab - structurally hosted Au vein system
- Lake Kapiago area - potential OK Tedi/Grasberg-style target developed with detailed airborne magnetics

In South Africa, a surface drilling exploration process is under way at Masimong to prove up the extension of the known B Reef value trend in this area.

#### Evander transaction

In May 2012, Harmony concluded an agreement with Pan African Resources plc to dispose of its 100% interest in Evander Gold Mines Limited for R1.5 billion. Following competition authority approval in July 2012, the remaining conditions precedent are expected to be fulfilled during the third quarter of FY13.

## Conclusion

In recent years, Harmony has built a reputation as a leading gold mining company in both South Africa and PNG. These results confirm that Harmony is guided by a clear strategy and expert management teams delivering sustainable and competitive results.

While the gold price, rand/dollar exchange rate, geographic and currency diversification will always be key factors in our company's performance, we are confident that the people, policies, systems and infrastructure in place will ensure Harmony's competitiveness and sustainability for many years to come.

We are committed to creating value for our shareholders and we are honouring our obligations to our employees, communities living near our mines and other stakeholders. In recent years, Harmony has invested millions of rands into improving the living standards of many communities in South Africa and Papua New Guinea through local development initiatives and our social and labour plans (see our 2012 sustainable development report on [www.harmony.co.za](http://www.harmony.co.za)).

We measure, we measure up and we deliver – growing gold production, reserves, profits and stakeholder benefits is our plan for FY13.

Graham Briggs  
Chief executive officer

## Safety and health

Harmony is committed to the health and wellbeing of our employees as it promotes a safe and productive workplace and supports a positive workplace culture. At Harmony we aim to provide a positive, supportive working environment that values the safety, health and wellbeing of our employees.

During the quarter it was decided to integrate all safety behaviour and culture initiatives into the Harmony culture programme of which safety is the first value. The work done on the integration will continue during the December 2012 quarter.

Regrettably three employees were fatally injured during the quarter in two separate incidents at Unisel and Joel, compared to one at Evander in the previous quarter. This marks a deterioration in the Fatal Injury Frequency Rate (FIFR) quarter on quarter to 0.13, from 0.04 in the previous quarter. The FIFR year to date improved by 19% to 0.13, when compared to the actual figure for the previous year of 0.16.

Year on year Harmony's total FIFR showed a continued improvement and the year to date is at the lowest level ever, but still well above the 2013 industry milestone target of 0.03. All efforts are directed towards achieving the industry-target.

The Lost Time Injury Frequency Rate (LTIFR) regressed by 3% quarter on quarter from 5.90 to 6.10 while the year to date LTIFR improved by 16% to 6.10, when compared to the actual figure for the previous year of 7.29. The year on year LTIFR improved at most South African operations with Kalgold, Masimong and Bambanani improving by 50% or more.

During the quarter, the follow-up audits on the gap analysis performed by the International Register of Certificated Auditors (IRCA) were completed at all operations and workshops with representatives from each operation were held to get additional inputs to further improve the Harmony Occupational Health and Safety Management system. A final document has been compiled for approval and implementation.

High level safety and health audits were completed on three operations during the quarter and four audit reviews were done at the



applicable operations by the chief executive officer (CEO) and various other executives. The CEO used this opportunity to meet with full-time health and safety representatives and union officials at the mine to discuss safety related matters. This effort is a first-rate example of visible felt leadership with safety being led from the top.

The most significant safety achievements during the quarter were:

- Randfontein surface operations achieved 4 750 000 fatality free shifts
- Phakisa achieved 1 750 000 fall of ground fatality free shifts
- Masimong achieved 1 000 000 fatality free shifts

Our pro-active approach to the health and wellness of our employees continues through a diverse array of measures, programmes and initiatives which are supported and invested in by the Company to promote the good health of our employees. By taking a pro-active approach to our workplace health and safety, we are minimising and eliminate risks before they occur.

#### Financial overview

##### Net profit

The net profit for the September 2012 quarter was R522 million, 388% higher than the previous quarter. This reflects the increase in gold sold of 371kg (4%) as well as an increase in the gold price received of 5% to R440 868/kg.

##### Share-based payments

Share-based payments increased from R21 million to R105 million in the September 2012 quarter. This includes a cost of R81 million 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). 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.

Harmony issued 3.5 million shares to the Tlhakanelo Share Trust on 31 August 2012. In terms of IFRS 2, Share-based Payment, the SARs includes an equity-settled portion as well as a cash-settled portion relating to the cash bonus. The cash-settled portion has been recognised in the balance sheet as a derivative financial liability.

##### Impairment of investments

The impairment of investments amounting to R48 million in the September 2012 quarter and R144 million in the June 2012 quarter recorded in the income statement is the reduction in the fair market value of the investment in Witwatersrand Consolidated Gold Resources Limited.

##### Net gain on financial instruments

The net gain on financial instruments of R74 million in the September 2012 quarter is due to the increased market value of the rehabilitation funds' equity-linked deposits invested with Nedbank.

##### Profit on discontinued operations

Profit from discontinued operations is R89 million in the September 2012 quarter and R180 million in the June 2012 quarter. The amounts represent the net profit after taxation for Evander Gold Mines Limited. Included in the amount for the June 2012 quarter is the profit on sale of Evander 6 and Twistdraai to Taung Gold Limited of R159 million (net of taxation).

##### Earnings per share

Total basic earnings per share increased from 25 SA cents to

121 SA cents per share in the September 2012 quarter. Total headline earnings per share increased from a loss of 6 SA cents to earnings of 123 SA cents per share.

#### Borrowings and cash

The long-term portion of borrowings increased from R1 503 million to R1 840 million in the September 2012 quarter, mainly due to a drawdown of US\$40 million on the US dollar syndicated revolving credit facility. During the same period cash and cash equivalents increased from R1 773 million to R2 266 million as a result of strong cash flow generated by operating activities, resulting in a positive net cash position of R120 million at quarter-end.

Assets and liabilities of disposal group classified as held for sale  
Assets and liabilities of disposal groups classified as held for sale at 30 September 2012 represents the assets and liabilities of Evander Gold Mines Limited that were classified as held for sale and includes increases in cash balances as well as mining assets.

#### CONDENSED CONSOLIDATED INCOME STATEMENTS (Rand)

	Quarter ended			Year ended
	30 September	30 June	30 September(1)	30 June
Figures in million	2012	2012	2011	2012
Note	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Continuing operations				
Revenue	4 278	3 934	3 574	15 169
Cost of sales	(3 490)	(3 325)	(2 975)	(12 137)
Production costs	(2 870)	(2 639)	(2 440)	(9 911)
Amortisation and depreciation	(481)	(548)	(445)	(1 921)
Reversal of impairment of assets	-	60	-	60
Employment termination and restructuring costs	(7)	(11)	(34)	(81)
Share-based payments	(105)	(21)	(22)	(87)
other items	(27)	(166)	(34)	(197)
Gross profit	788	609	599	3 032
Corporate, administration and other expenditure	(106)	(91)	(80)	(352)
Social investment expenditure	(20)	(22)	(14)	(72)
Exploration expenditure	(136)	(161)	(96)	(500)
Profit on sale of property, plant and equipment	55	34	26	63
Other income/(expenses) - net	3	(74)	18	(50)
Operating profit	584	295	453	2 121
Reversal of impairment of investment in associate	-	-	48	56
Impairment of investments	(48)	(144)	-	(144)

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Net gain/(loss) on financial instruments	74	12	(23)	86
Investment income	33	33	16	97
Finance cost	(58)	(69)	(70)	(286)
Profit before taxation	585	127	424	1 930
Taxation	5	(152)	(200)	123
Normal taxation	(111)	(83)	(40)	(199)
Deferred taxation	(41)	(117)	(17)	322
Net profit/(loss) from continuing operations	433	(73)	367	2 053
Discontinued operations				
Profit from discontinued operations	6	89	180	592
Net profit for the period	522	107	478	2 645
Attributable to:				
Owners of the parent	522	107	478	2 645
Earnings per ordinary share (cents)	7			
Earnings/(loss) from continuing operations	100	(17)	85	477
Earnings from discontinued operations	21	42	26	137
Total earnings	121	25	111	614
Diluted earnings per ordinary share (cents)	7			
Earnings/(loss) from continuing operations	100	(17)	85	476
Earnings from discontinued operations	21	42	26	136
Total diluted earnings	121	25	111	612

(1) The comparative figures are re-presented due to Evander being reclassified as a discontinued operation. See note 6 in this regard.

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Rand)

	Quarter ended		Year ended		
	September	30 June	30 September	30 June	
	2012	2012	2011	2012	
Figures in million					Note
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	
Net profit for the period	522	107	478	2 645	

Other comprehensive income for the period, net of income tax				
26	606	955	1 587	
Foreign exchange translation				
26	506	924	1 485	
(Loss)/gain on fair value movement of available-for-sale investments				
-	(44)	31	(42)	
Impairment of available-for-sale investments recognised in profit or loss				4
-	144	-	144	
Total comprehensive income for the period				
548	713	1 433	4 232	
Attributable to:				
Owners of the parent				
548	713	1 433	4 232	

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

The unaudited condensed consolidated financial statements for the quarter ended 30 September 2012 have been prepared by Harmony Gold Mining Company Limited's corporate reporting team headed by Mr Herman Perry. This process was supervised by the financial director, Mr Frank Abbott and approved by the board of Harmony Gold Mining Company Limited. These financial statements have not been audited or independently reviewed.

#### CONDENSED CONSOLIDATED BALANCE SHEETS (Rand)

	At	At		At
	30 June	30 September		30 September
	2012	2011		2012
Figures in million	(Audited)	(Unaudited)	Note	(Unaudited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	32 853	32 278		33 334
Intangible assets	2 196	2 171		2 194
Restricted cash	36	31		36
Restricted investments	1 842	1 860		1 919
Deferred tax assets	486	1 287		523
Investments in financial assets	146	215	4	98
Inventories	58	168		58
Trade and other receivables	28	24		20
Total non-current assets	37 645	38 034		38 182
<b>Current assets</b>				
Inventories	996	1 006		1 185
Trade and other receivables	1 245	876		1 165

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Income and mining taxes			8
118	100		
Cash and cash equivalents			2 266
1 773	1 325		
			4 624
4 132	3 307		
Assets of disposal groups classified as held for sale		6	1 658
1 423	314		
Total current assets			6 282
5 555	3 621		
Total assets			44 464
43 200	41 655		
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital			
28 331	28 314		28 331
Other reserves			
2 444	1 741		2 515
Retained earnings			
3 307	1 313		3 611
Total equity			
34 082	31 368		34 457
Non-current liabilities			
Deferred tax liabilities			
3 106	4 300		3 166
Provision for environmental rehabilitation			
1 865	2 046		1 895
Retirement benefit obligation			
177	167		181
Other provisions			
30	7		33
Derivative financial liabilities			
-	-	3	54
Borrowings			
1 503	1 684	8	1 840
Total non-current liabilities			
6 681	8 204		7 169
Current liabilities			
Borrowings			
313	331	8	306
Income and mining taxes			
1	3		110
Derivative financial liabilities			
-	-	3	16
Trade and other payables			
1 747	1 733		1 966
			2 398
2 061	2 067		
Liabilities of disposal groups classified as held for sale		6	440
376	16		
Total current liabilities			
2 437	2 083		2 838
Total equity and liabilities			
43 200	41 655		44 464

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Rand) (Unaudited)  
for the quarter ended 30 September 2012

	Share	Other	Retained
Figures in million	capital	reserves	earnings

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Total

Balance – 30 June 2012	28 331	2 444	3 307	34
082				
Share-based payments	–	45	–	
45				
Net profit for the period	–	–	522	
522				
Other comprehensive income for the period	–	26	–	
26				
Dividends paid1	–	–	(218)	
(218)				
Balance – 30 September 2012	28 331	2 515	3 611	34
457				
Balance – 30 June 2011	28 305	762	1 093	30
160				
Issue of shares	9	–	–	
9				
Share-based payments	–	24	–	
24				
Net profit for the period	–	–	478	
478				
Other comprehensive income for the period	–	955	–	
955				
Dividends paid2	–	–	(258)	
(258)				
Balance – 30 September 2011	28 314	1 741	1 313	31
368				

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.

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (Rand)

	Quarter ended		Year ended	
	30 June	30 September	30 June	
	2012	2011	2012	
September	2012	2011	2012	
Figures in million				
(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	
Cash flow from operating activities				
Cash generated by operations	1 337	1 211	4 551	
Interest and dividends received	26	20	80	
Interest paid	(29)	(38)	(141)	
Income and mining taxes refunded/(paid)	108	(163)	(277)	
Cash generated by operating activities	1 442	1 030	4 213	
Cash flow from investing activities				
Cash transferred to disposal group	(162)	–	–	
Proceeds on disposal of investment in associate	–	29	222	
Proceeds on disposal of Evander 6 and Twistdraai	–	125	125	
Other investing activities	–	(56)	(85)	

Net additions to property, plant and equipment	(893)	(952)	(668)	(3 140)
Cash utilised by investing activities	(1 055)	(854)	(668)	(2 878)
Cash flow from financing activities				
Borrowings raised	330	342	799	1 443
Borrowings repaid	(9)	(161)	(352)	(1 248)
Ordinary shares issued – net of expenses	–	3	9	26
Dividends paid	(218)	–	(258)	(431)
Cash generated/(utilised) by financing activities	103	184	198	(210)
Foreign currency translation adjustments	3	(14)	35	(45)
Net increase in cash and cash equivalents	493	346	632	1 080
Cash and cash equivalents – beginning of period	1 773	1 427	693	693
Cash and cash equivalents – end of period	2 266	1 773	1 325	1 773

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
for the period ended 30 September 2012 (Rand)

1. Accounting policies

Basis of accounting

The condensed consolidated financial statements for the quarter ended 30 September 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

	Quarter ended		Year ended	
	30 September	30 June	30 September(1)	30 June
	2012	2012	2011	2012
Figures in million				
(Unaudited)		(Unaudited)	(Unaudited)	(Audited)
Production costs – excluding royalty	2 814	2 623	2 409	9 791
Royalty expense	56	16	31	120
Amortisation and depreciation	481	548	445	1 921
Reversal of impairment of assets				

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	-	(60)	-	(60)
Rehabilitation expenditure	7	20	5	(17)
Care and maintenance cost of restructured shafts	20	19	29	88
Employment termination and restructuring costs	7	11	34	81
Share-based payments(2)	105	21	22	87
Other	-	127	-	126
Total cost of sales	3 490	3 325	2 975	12 137

1. The comparative figures are re-presented due to Evander being reclassified as a discontinued operation. See note 6 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 ten years receiving an additional ten percent. Both the Scheme 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 on the balance sheet as a derivative financial liability, the fair value of which will be re-measured at each reporting date.

### 4. Impairment of investments

The impairment of the investment in Witswatersrand Consolidated Gold Resources Limited (Wits Gold) results from the decline in the fair value of the investment on the JSE.

### 5. 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.

Unredeemed capital deductions are not allowed against non-mining income. However these deductions will be allowable against future mining income.

### 6. 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



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with Pan African Resources plc (Pan African). The disposal will be for an aggregate purchase consideration of R1.5 billion, excluding the proceeds of the Taung Gold Limited transaction.

The transaction is subject to, among others, the following conditions precedent:

- Pan African obtaining the requisite shareholder approval for the acquisition; and
- obtaining all relevant regulatory approvals

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.

7. Earnings/(loss) and net asset value per share

	Quarter ended			Year ended
	30 September 2012 (Unaudited)	30 June 2012 (Unaudited)	30 September(1) 2011 (Unaudited)	30 June 2012 (Audited)
Weighted average number of shares (million)	431.5	431.4	431.1	430.8
Weighted average number of diluted shares (million)	432.3	432.3	431.6	432.0
Total earnings/(loss) per share (cents):				
Basic earnings	121	25	111	614
Diluted earnings	121	25	111	612
Headline earnings/(loss)	123	(6)	95	565
- from continuing operations	102	(11)	70	465
- from discontinued operations	21	5	25	100
Diluted headline earnings/(loss)	123	(6)	95	563
- from continuing operations	102	(11)	70	463
- from discontinued operations	21	5	25	100
Figures in million				
Reconciliation of headline earnings:				
Continuing operations				
Net profit/(loss)	433	(73)	367	2 053
Adjusted for:				
Reversal of impairment of investment in associate*	-	-	(48)	(56)
Impairment of investments*	48	144	-	144
Reversal of impairment of assets	-	(60)	-	(60)
Taxation effect on impairment of assets	-	(34)	-	(34)
Profit on sale of property, plant and equipment	(55)	(34)	(26)	(63)
Taxation effect of profit on sale of property, plant and equipment	14	9	7	16
Headline earnings/(loss)	440	(48)	300	2 000

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Discontinued operations				
Net profit	89	180	111	592
Adjusted for:				
Profit on sale of property, plant and equipment	-	(230)	-	(232)
Taxation effect of profit on sale of property, plant and equipment	-	71	-	72
Headline earnings	89	21	111	432
Total headline earnings/(loss)	529	(27)	411	2 432

(1) The comparative figures are re-presented due to Evander being reclassified as a discontinued operation. See note 6 in this regard

\* There is no taxation effect on these items

Net asset value per share

	At	At	At
	30 September	30 June	30 September
	2012	2012	2011
	(Unaudited)	(Audited)	(Unaudited)
Number of shares in issue	435 064 236	431 564 236	430 272 715
Net asset value per share (cents)	7 920	7 897	7 290

8. Borrowings

The Nedbank revolving credit facility was repaid in full during the December 2011 quarter and the full R850 million facility is available until December 2013.

The balance on the Nedbank term facilities at 30 September 2012 is R762 million.

US\$40 million of the US\$300 million syndicated revolving credit facility was drawn during the September 2012 quarter, taking the drawn down level to US\$170 million. The facility is repayable by August 2015.

9. Commitments and contingencies

	At	At	At
	30 September	30 June	30 September
	2012	2012	2011
	(Unaudited)	(Audited)	(Unaudited)
Figures in million			
Capital expenditure commitments:			
Contracts for capital expenditure	510	519	290
Authorised by the directors but not contracted for	2 263	2 257	3 570
	2 773	2 776	3 860

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

Contingent liability

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

10. 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

11. Subsequent events

(a) Tax court judgement – refer to note 5 for the details.

(b) On 2 October 2012 employees at our Kusasalethu operation went on strike. This will affect production in the December 2012 quarter. Refer to the CEO's review on page 3 for further details.

12. Segment report

The segment report follows on the page 25.

13. Reconciliation of segment information to consolidated income statements

	30 september	30
September(1)		

2011  
Figures in million

2012

(Unaudited)

(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	4 619
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3 929

Total segment production costs	(3 070)
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(2 623)

Production profit per segment report	1 549
--------------------------------------	-------

1 306

Discontinued operations	(141)
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(172)

Production profit from continuing operations	1 408
--	-------

1 134

Cost of sales items, other than production costs and royalty expense	(620)
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(535)

Gross profit as per income statements\*

788

599

(1) The comparative figures are re-presented due to Evander being reclassified as a discontinued operation. See note 6 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.

SEGMENT REPORT (Rand/Metric) (Unaudited)  
for the quarter ended 30 September 2012

Capital expenditure milled	Production cost		Production profit/(loss)				Revenue		Tonnes
	30 September		30 September		30 September		30 September		
September	2012	2011	2012	2011	2012	2011	2012	2011	30
September	2011	2012	2011	2012	2011	2012	2011	2012	2011
	R million		kg		R million		R million		t'000
Continuing operations									
South Africa									
Underground									
Kusasaletu	434	335	250	684	240	575	116	331	
Doornkop	98	1 601	1 554	374	328	348	78	277	
Phakisa	249	230	125	118	245	206	78	113	
Tshepong	65	871	866	298	18	142	466	75	287
Masimong	251	188	47	509	161	313	314	36	232
Target 1	74	679	526	443	261	366	87	210	
Bambanani	224	206	219	160	178	175	32	92	
Joel	63	1 071	939	194	(26)	43	283	38	147
Unisel(1)	148	201	46	375	134	167	136	16	92
Target 3	16	430	340	151	116	93	28	78	
Surface	124	105	27	(12)	87				
All other surface operations	12	367	241	337		353	93	431	
	230	242	107	111	2 390				
	26	821	863						
Total South Africa				3 991		3 315			

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2 609	2 297	1 382	1 018	677	
553	9 324	8 497	4 270	4 290	
International					
Hidden Valley			287	259	
261	143	26	116	87	
40	689	792	491	415	
Other			-	-	
-	-	-	-	131	
69	-	-	-	-	
Total international			287	259	
261	143	26	116	218	
109	689	792	491	415	
Total continuing operations			4 278	3 574	
2 870	2 440	1 408	1 134	895	
662	10 013	9 289	4 761	4 705	
Discontinued operations					
Evander			341	355	
200	183	141	172	53	
38	817	918	159	165	
Total discontinued operations			341	355	
200	183	141	172	53	
38	817	918	159	165	
Total operations			4 619	3 929	
3 070	2 623	1 549	1 306	948	
700	10 830	10 207	4 920	4 870	
Reconciliation of the segment information to the consolidated income statement (refer to note 13)			(341)	(355)	
(200)	(183)				
2 870	2 440		4 278	3 574	

(1) The Virginia segment comprised of several mines, including Unisel. The other mines were placed on care and maintenance, the last in October 2010. As their results are no longer included in the comparative information, Unisel now becomes a segment on its own.

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M Motloba\*^ Deputy Chairman  
G P Briggs Chief Executive Officer  
F Abbott Financial Director  
H E Mashego Executive Director  
F F T De Buck\*^ Lead independent director  
J A Chissano\*1^, K V Dicks\*^, Dr D S Lushaba\*^, C Markus\*^,  
M Msimang\*^, J Wetton\*^, A J Wilkens\*  
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^ Independent  
1 Mozambican

Investor relations team  
Henrika Basterfield

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Trading Symbols  
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New York Stock Exchange, Inc: HMY  
Euronext, Brussels: HMY  
Berlin Stock Exchange: HAM1

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