

Harmony Gold Mining Company Limited
("Harmony" or "Company")
Incorporated in the Republic of South Africa
Registration number: YSO/038232/06
JSE share code: HAR
NYSE share code: HMY
ISIN: ZAE00015228

Q2 FY14

Results for the second quarter FY14 and six months ended 31 December 2013

KEY FEATURES

Quarter-on-quarter

Safety improved quarter-on-quarter

Gold production remained steady at 9 515kg (305 913/oz)
- Increase in underground recovered grade of 7% to 4.85g/t
- Hidden Valley back on track

Reduced overall costs quarter-on-quarter

- cash operating costs decreased by 5% to R308 665/kg (US\$949/oz)
- reduced all-in sustaining cost from R404 694/kg to R397 503/kg (US\$1 264/oz to US\$1 222/oz)
- restructured by reducing low grade mining

Operating profit⁽¹⁾ decreased from R1 037 million (US\$104 million)

to R986 million (US\$97 million)
Headline loss per share of 21.5A cents (US\$2 cents)

All figures represent continuing operations unless stated otherwise

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

RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2013

	Quarter Dec 2013	Quarter Sep 2013	0-on-0 %	6 months ended Dec 2013	6 months ended Dec 2012*	% Variance	
Gold produced	- kg	9 515	9 635	(1)	19 150	19 087	-
	- oz	305 913	309 773	(1)	615 686	613 658	-
Cash operating costs	- R/kg	308 665	324 272	5	316 517	301 393	(5)
	- US\$/oz	949	1 013	6	981	1 108	11
	- kg	9 798	9 353	5	19 151	19 318	(1)
Gold sold	- oz	315 014	300 703	5	615 717	621 089	(1)
Underground grade	- g/t	4.85	4.55	7	4.69	4.64	1
All-in sustaining costs	- R/kg	397 503	404 694	2	401 021	396 968	(1)
	- US\$/oz	1 222	1 264	3	1 242	1 459	15
Gold price received	- R/kg	415 532	429 566	(3)	422 356	460 244	(8)
	- US\$/oz	1 277	1 342	(5)	1 309	1 692	(23)
Operating profit ⁽¹⁾	- Rm	986	1 037	(5)	2 022	3 057	(34)
	- US\$m	97	104	(7)	201	362	(44)
Basic (loss)/earnings per share ⁽²⁾	- US\$/s	(21)	3	>(100)	(18)	289	>(100)
Headline (loss)/earnings per share ⁽²⁾	- US\$/s	(2)	-	(100)	(2)	34	>(100)
Headline (loss)/earnings per share ⁽²⁾	- Rm	(91)	20	>(100)	(71)	1 205	>(100)
	- US\$m	(10)	2	>(100)	(7)	142	>(100)
Headline (loss)/earnings per share ⁽²⁾	- Rm	(21)	5	>(100)	(16)	280	>(100)
	- US\$/s	(2)	0.5	>(100)	(2)	8.33	>(100)
Exchange rate	- R/US\$	10.12	9.96	2	10.04	8.46	19

* Comparative figures in these line items for the six months ended December 2012 have been restated as a result of the adoption of IFRIC 20 Stripping costs in the production phase of a surface mine.

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

(2) The six months ended December 2012 include discontinued operations.

Shareholder information

Issued ordinary share capital at 31 December 2013 435 693 819

Issued ordinary share capital at 30 September 2013 435 289 890

Market capitalisation

At 31 December 2013 (ZARm) 11 284

At 31 December 2013 (US\$m) 1 077

At 30 September 2013 (ZARm) 15 083

At 30 September 2013 (US\$m) 1 499

Harmony ordinary share and ADR prices

12-month high (1 January 2013 - 31 December 2013) for ordinary shares R75.64

12-month low (1 January 2013 - 31 December 2013) for ordinary shares R24.48

12-month high (1 January 2013 - 31 December 2013) for ADRs US\$8.88

12-month low (1 January 2013 - 31 December 2013) for ADRs US\$2.36

Free float 100%

ADR ratio 1:1

JSE Limited HAR

Range for quarter (1 October 2013 - 31 December 2013 closing prices) R24.48 - R36.14

Average daily volume for the quarter (1 October 2013 - 31 December 2013) 1 180 825 shares

Range for quarter (1 July 2013 - 30 September 2013 closing prices) R32.74 - R42.47

Average daily volume for the quarter (1 July 2013 - 30 September 2013) 1 680 746 shares

New York Stock Exchange including other US trading platforms HMY

Range for quarter (1 October 2013 - 31 December 2013 closing prices) US\$2.36 - US\$3.67

Average daily volume for the quarter (1 October 2013 - 31 December 2013) 2 722 889

Range for quarter (1 July 2013 - 30 September 2013 closing prices) US\$3.30 - US\$4.33

Average daily volume for the quarter (1 July 2013 - 30 September 2013) 3 824 973

Investors' calendar 2014

Q3 FY14 presentation (webcast and conference calls only) 7 May

Q4 FY14 and year-end live presentation in Johannesburg 14 August

Q1 FY15 presentation (webcast and conference calls only) 5 November

Annual General Meeting 21 November

CONTACT DETAILS

Corporate Office

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Randfontein, 1759, South Africa

range of US\$1 200/oz to US\$1 250/oz - 20% down on year-ago levels. We are confident that we can continue to manage our operations so as to remain profitable even should the gold price come under further pressure. In fact, five of our mines are very profitable and are thriving at an all-in cost of below US\$1 000/oz. At present Target 1 (US\$854/oz), Bambanani (US\$742/oz), Joel (US\$921/oz), Steyn 2 (US\$817/oz) and Phoenix (US\$861/oz) are each operating at an all-in sustaining cost of less than US\$1 000/oz.

Our group average all-in sustaining cost is less than US\$1 250/oz or lower than the R400 000/kg on which our current near-term strategic planning is based. By this financial year's end (June 2014) we are planning on having reduced our costs to a sustainable average of between US\$1 100/oz and US\$1 150/oz or R380 000/kg. Our core competency is on mining profitably and managing our production and costs. We are nimble enough to respond and adjust to changes.

We have restructured and right-sized Hidden Valley in Papua New Guinea (PNG) so that its costs are now less than US\$1 200/oz. We are continuing to refine our Golpu gold and copper resource knowledge in PNG.

Costs at Kal gold and Unisel are already below US\$1 200/oz, and at Doornkop we have eliminated the unprofitable lowest grade reserves (the Kimberley reef). Target 3 and Masiomg will follow suit.

At Kusasethu and Tshepong we have introduced management and technical changes to increase production and consequently lower unit costs. Phakisa is on the same road, though it is spending on capital during its production build-up phase.

We have already limited our spending on exploration, corporate overheads, support services, electricity and capital in the process. Harmony has become South Africa's most productive deep level miner measured in terms of R/tonne costs, which is where we intend to stay. Harmony's strength has always been its ability to adjust quickly and efficiently to adverse conditions. Harmony has positioned itself to thrive at current prices and provide investors with handsome returns when market conditions improve. We will continue to be able to react optimally to any further adverse market conditions.

1. SAFETY

It is with regret that I report that three employees lost their lives as a result of mine accidents during the quarter, bringing the total amount of fatalities for financial year 2014 to seven. On behalf of management and the Board, I wish to express our sincere condolences to the families and colleagues of Gcinkuhle Vincent Ngulungu (Driller at Phakisa), Sela Mchithaku (Driller at Tshepong) and Vincent Tsosete (Driller at Joel).

The safety performance at Harmony's South African operations improved quarter-on-quarter. Management changes that were already effected at operations and ongoing safety risk training will certainly contribute to an improvement in safety at those operations in future.

Some operations continue to do well in safety, such as Target 3, Bambanani, Steyn 2, Unisel, Tshepong and Target 1, who reached 1 million and more fatal free shift milestones during the quarter.

2. OPERATIONAL AND FINANCIAL RESULTS

Gold production remained steady quarter-on-quarter, with a 7% increase in grade. Gold production for the December 2013 quarter decreased slightly by 1% (120kg) to 9 518kg in comparison to 9 636kg in the September 2013 quarter. Underground recovered grade improved by 7% to 4.85g/t for a third consecutive quarter.

Production at Hidden Valley showed a marked improvement following the restructuring at the mine over the last couple of quarters. Closing the Kimberley Reef at Doornkop resulted in a 13% increase in recovered grade, with Target 1, Bambanani and Unisel performing very well.

Operating profit for the December 2013 quarter was 5% lower than in the previous quarter at R986 million, due to a 3% decrease in the gold price received as well as gold production being stable quarter-on-quarter.

The rand gold price received decreased by 2% from R429 566/kg in the September 2013 quarter to R415 332/kg in the quarter under review. The US dollar gold price decreased by 5% from US\$1 342/oz in the September 2013 quarter to US\$1 277/oz. The rand weakened by 2% against the US dollar in the December 2013 quarter to R10.12/US\$ from R9.96/US\$ in the September 2013 quarter.

Cash operating costs decreased by 6% or R187 million in the December 2013 quarter.

Capital expenditures for the December 2013 quarter remained fairly constant at R640 million (R622 million in the September 2013 quarter). South African operations increased expenditure by 8% or R48 million, whilst Hidden Valley recorded a 61% (R29 million) decrease in capital to R19 million.

Our focus on driving our all-in-sustaining cost lower has resulted in an all-in-sustaining cost of R397 503/kg for the December 2013 quarter, a 2% improvement compared to the R404 694/kg recorded in the September 2013 quarter and a 15% improvement over the last three quarters.

3. EMPLOYEE RELATIONS

The Association of Mineworkers and Construction Union (AMCU) sought to proceed with strike action on a number of gold mining operations with effect from 20 January 2014 in relation to the wage agreement that was finalised in September 2013 in the gold sector between the employers and the National Union of Mineworkers, UASA and Solidarity and which was applied to all employees in the represented bargaining units. Together, these three unions represented 72% of employees in the sector. The agreed increases and improved benefits were backdated to 1 July 2013 and all employees, irrespective of union affiliation, have been in receipt of these since September 2013.

On 30 January 2014 South Africa's Labour Court ruled that a strike threatened by the AMCU at our Kusasethu and Masiomg mines would be unprotected, and that employees should continue to proceed to work. The ruling ruled that AMCU must return to court on 14 March 2014 to explain why this interim interdict that was applied for by the Chamber of Mines should not be made permanent.

We welcome this interim ruling and remain firm in the company's belief that the wage agreement is fair and valid. Harmony and the unions can get this industry working, by actively contributing to the success of the company, employees can and will share in its fortunes.

4. WAFI-GOLPU

On 6 December 2013 Harmony and Newcrest announced plans to complete a feasibility study to evaluate an underground exploration programme for the Wafi-Golpu Project in PNG.

This next phase of work requires a feasibility study on underground exploration access and associated underground staging platforms to complete deep underground drilling and bulk sampling of the ore body. Underground access to the orebody through an exploration shaft would generate essential ore body knowledge required to support a future development decision. Geotechnical drilling to identify a suitable exploration shaft location has commenced.

The Johannesburg office of the engineering consulting firm Worleyparsons TWP has been engaged to prepare the feasibility study for the proposed underground exploration access, for consideration and approval by the joint venture. Their engagement also includes a review of an associated lower capital expenditure development option for the Golpu deposit to underpin the commercial decision for underground access.

The joint venture anticipates a final investment decision for the proposed underground access during the second half of calendar 2014, subject to receipt of necessary regulatory approvals.

The joint venture also aims to finalise an agreement to provide a framework for the underground exploration phase, ongoing technical and economic studies and, ultimately, the future development and operation of the project.

These planning and study activities are accommodated within the 2014 exploration budget for the project. In parallel to these planning and study activities, the joint venture will continue with investment in the community in the Wafi-Golpu project area.

5. ENVIRONMENTAL MANAGEMENT

Harmony demonstrated an improved performance in the Carbon Disclosure Project year on year since 2010 in both the disclosure and performance leadership indices. This year we maintained a score of 99% (holding a joint third position) Gold rating on the Disclosure Index and an A-Band Platinum rating on the Performance and Leadership Index. Harmony and Anglo American are the only two mining companies of the JSE top 100 that achieved A-Band performance. Of the JSE top 100, only eight companies achieved A-Band ratings.

Graham Briggs
Chief executive officer

Financial overview

Net (loss)/profit

The net loss for the December 2013 quarter was R91 million, compared to a net profit of R13 million in the September 2013 quarter, mainly due to the foreign exchange translation loss recorded on the US-denominated loan and gold stock adjustments as a result of more gold sold than produced during the December 2013 quarter.

Other (expenses)/income - net

Included in other expenses in the December 2013 quarter is a loss of R111 million for the foreign exchange movement on the US\$-denominated syndicated loan, resulting from the Rand weakening from US\$/R10.05 to US\$/R10.46 at 31 December 2013.

Non-current assets classified as held for sale

During the December 2013 quarter, Sibanye Gold Limited (Sibanye) made a cash offer to purchase the entire issued ordinary share capital of the Waterford Consolidated Gold Resources Limited (Wits Gold). The transaction is subject to regulatory approvals and is expected to be completed within 12 months. The group's investment in Wits Gold has subsequently been classified as a non-current asset held for sale.

Borrowings

During the December 2013 quarter, the Nedbank R550 million facility was refinanced with a new three year R1.3 billion Nedbank facility on substantially the same terms as the previous facility. The new revolving credit facility matures in December 2016. The outstanding amount on the Nedbank Term Loan of R458 million was settled by drawing against the new facility. The covenants on both the US\$ denominated loan and

Rand facilities were renegotiated and are as follows:

- The group's interest cover shall ratio not be less than five times (EBITDA/Total interest);
- Current ratio shall not be less than one (current assets/current liabilities);
- Cash flow from operating activities shall be above R100 million for the six months prior to the evaluation date;
- Total net debt shall not exceed R3 billion plus the rand equivalent of US\$300 million;
- Tangible net worth to net debt ratio shall not be less than six times.

Loss/earnings per share

The earnings per share of 3 SA cents decreased to a loss per share of 21 SA cents in the December 2013 quarter.

OPERATIONAL RESULTS (Rand/Metric) (US\$/Metric)

		Underground production										South Africa		Surface production									
		Three months ended	Kusasa-ethu	Doornkop	Phakisa	Tshepong	Masi-mong	Target 1	Bambanani	Joel	Unisa	Target 3	Steyn 2	Total underground	Phoenix	Dumps	Kal gold	Total surface	Total South Africa	Hidden Valley	Total continuing operations		
Ore milled	- t'000	Dec-13	329	236	156	249	189	191	51	159	108	82	12	1 762	1 544	873	364	2 781	4 543	503	5 046		
Gold produced	- kg	Dec-13	1 140	872	706	962	684	1 241	697	674	512	350	147	7 985	2 17	226	315	758	8 743	772	9 515		
Gold produced	- oz	Sep-13	1 272	765	755	1 049	758	1 081	623	697	476	392	146	8 014	225	297	324	846	8 860	775	9 635		
Yield	- g/tonne	Dec-13	36 652	28 035	22 698	30 929	21 991	39 899	22 409	21 670	16 461	11 253	4 726	256 723	6 977	7 266	10 127	24 370	281 093	24 820	305 913		
Cash operating costs	- R/kg	Sep-13	40 896	24 595	24 274	33 926	24 370	34 755	20 030	22 409	15 304	12 603	4 694	257 656	7 234	9 549	10 417	27 200	284 856	24 917	309 773		
Cash operating costs	- \$/oz	Dec-13	3 777	3 666	5 15	4 39	4 25	6 43	12 91	4 52	4 79	4 67	12 25	4 85	0 15	0 30	0 87	0 29	2 06	1 53	2 00		
Cash operating costs	- R/tonne	Sep-13	3 87	3 24	4 84	4 21	4 01	5 66	12 22	4 38	4 41	4 78	12 17	4 55	0 15	0 34	0 89	0 30	1 95	1 54	1 91		
Gold sold	- kg	Dec-13	389 854	320 533	374 572	352 244	353 671	200 373	199 795	261 521	294 779	383 566	221 871	306 967	279 221	357 916	318 184	318 876	308 000	316 206	308 665		
Gold sold	- oz	Sep-13	378 360	372 256	359 825	337 704	339 471	240 274	220 342	258 561	320 525	373 446	233 966	319 395	272 796	344 552	325 694	318 276	319 286	381 274	324 272		
Revenue	(R'000)	Dec-13	1 198	985	1 151	1 083	1 087	616	614	804	906	1 179	682	943	858	1 100	978	980	947	1 972	949		
Operating profit	(R'000)	Sep-13	1 182	1 163	1 124	1 055	1 060	750	688	808	1 001	1 166	731	998	852	1 076	1 017	994	997	1 911	1 013		
Operating profit	(S'000)	Dec-13	1 472	1 174	1 930	1 547	1 503	1 288	2 579	1 183	1 411	1 790	2 718	1 488	41	107	275	93	634	482	618		
Operating profit	(R'000)	Sep-13	1 463	1 207	1 741	1 423	1 361	1 360	2 692	1 133	1 413	1 785	2 847	1 453	40	117	290	97	623	587	619		
Operating profit	(S'000)	Dec-13	1 184	888	740	1 009	717	1 384	730	681	537	390	154	8 414	180	224	269	673	9 687	711	9 798		
Operating profit	(R'000)	Sep-13	1 098	796	742	1 031	745	986	613	693	647	358	144	7 673	221	288	340	849	8 522	831	9 353		
Operating profit	(S'000)	Dec-13	38 066	28 550	23 792	32 440	23 052	44 497	23 470	21 895	17 265	12 539	4 951	270 517	5 787	7 202	8 649	21 638	292 155	22 859	315 014		
Operating profit	(R'000)	Sep-13	35 301	25 592	23 856	33 147	23 952	31 701	19 708	22 280	15 014	11 510	4 630	246 691	7 105	9 259	10 931	27 295	273 986	26 717	300 703		
Operating profit	(S'000)	Dec-13	494 357	364 818	306 991	418 452	297 349	575 876	302 668	283 124	222 669	162 260	63 875	3 492 439	75 268	96 949	113 108	285 325	3 777 764	293 622	4 071 386		
Operating profit	(R'000)	Sep-13	471 091	342 177	318 272	442 614	319 160	423 239	263 048	297 079	200 535	153 520	61 532	3 292 267	95 253	124 269	146 634	366 156	3 658 423	359 304	4 017 727		
Operating profit	(S'000)	Dec-13	444 434	279 505	264 448	338 859	241 911	248 663	139 257	176 265	150 927	134 248	32 615	2 451 132	60 591	80 889	100 228	241 708	2 692 840	244 111	2 936 951		
Operating profit	(R'000)	Sep-13	481 274	284 776	271 668	354 251	257 319	259 736	137 273	180 217	152 570	146 391	34 159	2 559 634	61 379	102 332	105 525	269 326	2 828 870	295 487	3 124 357		
Operating profit	(S'000)	Dec-13	28 010	12 659	16 146	22 591	16 418	51 668	12 367	(6 288)	9 603	28 051	3 043	194 268	(11 068)	143	(13 675)	(24 600)	169 668	(20 733)	148 935		
Operating profit	(R'000)	Sep-13	(86 317)	3 625	(6 345)	(8 497)	476	(34 592)	(1 659)	(1 599)	(2 391)	(19 548)	(1 020)	(158 047)	(317)	(4 017)	2 559	(1 775)	(159 822)	16 283	(143 539)		
Operating profit	(S'000)	Dec-13	472 444	292 164	280 594	361 450	258 329	500 331	151 624	169 977	160 530	162 299	35 658	2 645 400	49 523	81 032	86 553	217 108	2 862 508	223 378	3 085 886		
Operating profit	(R'000)	Sep-13	394 957	288 401	265 323	345 554	257 795	225 154	135 614	178 628	150 179	126 843	33 139	2 401 587	61 062	98 315	108 084	267 461	2 669 048	311 770	2 980 818		
Operating profit	(S'000)	Dec-13	21 913	72 654	26 397	57 002	39 020	275 545	151 044	113 147	62 139	(39)	28 217	847 039	25 745	15 917	26 555	68 217	915 256	70 244	985 500		
Operating profit	(R'000)	Sep-13	76 134	53 776	52 949	97 060	61 365	198 085	127 434	118 451	50 356	26 677	28 393	890 680	34 191	25 954	38 550	98 695	989 375	47 534	1 036 909		
Operating profit	(S'000)	Dec-13	2 164	7 178	2 609	5 632	3 856	27 227	14 924	11 180	6 140	(4)	2 788	83 694	2 544	1 572	2 623	6 739	90 433	6 941	97 374		
Operating profit	(R'000)	Sep-13	7 644	5 400	5 317	9 746	6 161	19 890	12 797	11 894	5 057	2 679	2 850	89 435	3 434	2 606	3 871	9 911	99 346	4 772	104 118		
Operating profit	(S'000)	Dec-13	130 309	63 513	98 511	78 740	40 571	64 190	29 220	37 936	24 652	36 768	641	605 051	931	2 463	12 607	16 001	621 052	19 082	640 134		
Operating profit	(R'000)	Sep-13	120 048	60 100	90 762	67 598	37 819	61 509	31 922	42 956	17 228	35 411	562	565 015	-	129	8 023	8 152	573 167	48 478	621 645		
Operating profit	(S'000)	Dec-13	12 875	6 276	9 734	7 780	4 009	6 343	2 887	3 748	2 436	3 633	63	59 785	92	243	1 246	1 581	61 366	1 885	63 251		
Operating profit	(R'000)	Sep-13	12 055	6 035	9 114	6 788	3 798	6 176	3 205	4 223	1 730	3 556	56	56 736	-	13	806	819	57 555	4 868	62 423		
Operating profit	(S'000)	Dec-13	408 698	346 101	389 497	367 910	371 109	222 422	216 640	258 728	307 717	422 833	240 307	323 996	275 126	361 752	330 343	326 029	324 163	316 287	323 591		
Operating profit	(R'000)	Sep-13	375 072	375 492	364 217	341 375	362 285	232 532	226 822	263 371	329 937	359 871	235 119	321 965	276 299	341 372	321 027	316 285	321 399	376 717	326 314		
Operating profit	(S'000)	Dec-13	1 256	1 064	1 197	1 131	1 141	684	656	795	946	1 299	739	321 965	846	1 112	1 015	1 002	996	969	994		
Operating profit	(R'000)	Sep-13	1 171	1 173	1 138	1 066	1 132	726	708	823	1 031	1 124	734	1 006	863	1 066	1 003	988	1 004	1 177	1 019		
Operating profit	(S'000)	Dec-13	533 624	416 838	503 058	458 501	447 878	278 028	241 303	299 632	373 246	526 404	263 910	400 445	280 299	386 310	393 782	360 943	397 713	394 820	397 503		
Operating profit	(R'000)	Sep-13	499 528	453 515	497 604	418 042	428 681	306 233	248 992	299 968	380 985	470 106	253 014	400 649	276 299	352 628	359 453	335 492	393 978	514 593	404 694		
Operating profit	(S'000)	Dec-13	1 640	1 281	1 546	1 409	1 376	854	742	921	1 147	1 618	811	1 210	861	1 187	1 210	1 109	1 222	1 209	1 222		
Operating profit	(R'000)	Sep-13	1 560	1 416	1 554	1 306	1 339	956	778	937	1 190	1 468	790	1 251	863	1 101	1 123	1 048	1 230	1 607	1 264		

Commentary on operational results

Quarter-on-quarter

Harmony increased its underground recovered grade by 7% to 4.85g/t, representing a third consecutive quarter of increased grade.

Harmony's production for the second quarter of financial year 2014 compared well with the previous quarter, with a 1% decrease to 9 515kg.

Cash operating costs decreased by 5% to R308 665/kg mainly due to the decrease in the electricity price tariffs, compared to the previous quarter which included winter tariffs.

All-in sustaining costs decreased by 2% quarter-on-quarter from R404 694/kg to R397 503/kg mainly due to a 5% increase in gold sold during the quarter. Production on delivery against a lower operating cost base remains the key focus at all of our operations during the next quarter.

SOUTH AFRICAN OPERATIONS

Kusasa-ethu

Kusasa-ethu's results were adversely affected by the spillage and flooding of the return ventilation shaft and sub-shaft bottoms which hampered rock hoisting during the quarter.

During the March 2014 quarter, management will focus on reducing the availability of the engineering equipment in order to increase production on downtime.

Doornkop

Doornkop had a good quarter, with a 14% increase in production mainly due to a 13% increase in grade. Cash operating cost improved by 14% to R220 533/kg while the all-in sustaining costs improved by 8% to R 416 838/kg.

The Kimberley Reef mine was always earmarked for closure as the new South Reef mine increased production on a higher recovered grade. Mechanical mining methods are used on the Kimberley Reef horizon (mining high volumes at a much lower grade), which is extremely sensitive to gold price fluctuations and in the current gold price environment, the end of its economic life was brought closer.

Closing the Kimberley Reef will have a positive effect on both the costs and grade of Doornkop. Production at the higher

increased after another smaller cavity was identified during the re-sink and re-lining process.

Tshepong

Tshepong's gold production decreased due to a section 54 stoppage after a fatality occurred. The decrease of 12% in tonnes milled, offset by a 4% increase in recovered grade (at 4.39g/t) resulted in an 8% decrease in gold production to 96kg.

Cash operating costs increased by 4% quarter-on-quarter while the all-in sustaining costs increased by 10% to R458 501/kg, as a result of lower volumes and higher capital expenditure during the quarter. Tshepong's focus during the next quarter will be on creating stoping face length in the higher grade areas of the mine and maintaining reef meter development.

Masi mong

Masi mong had another challenging quarter with gold production being 10% less at 64kg, due to a 10% decrease in volumes quarter-on-quarter. General underperformance and a fatality during the December 2013 quarter had a negative impact on production.

However, recovered grade increased by 6% quarter-on-quarter to 4.25g/t.

The decrease in gold production resulted in a 4% increase in cash operating cost at R352 671/kg and together with higher capital expenditure quarter-on-quarter, a 4% increase in all-in sustaining costs from R428 687/kg to R447 878/kg.

The focus in the next quarter will be to address the underperformance to ensure a turnaround at the mine. Actions include: restructuring the shaft, equipping and mining high grade pillars that were previously left un-mined and reduce maintenance capital to an absolute minimum.

Target 1

Target 1 had another excellent quarter with a 14% increase in recovered grade and a 15% increase in gold production.

The mine's sustained operational improvements resulted in a lower all-in sustaining cost of R278 028/kg and a 17% reduction in cash operating cost to R200 375/kg.

Bambanani

Gold production increased by 12% quarter-on-quarter, due to a 6% increase in both volumes and recovered grade at 12.91g/t.

Bambanani has the lowest all-in sustaining cost in the company at R241 303/kg, as well as the best cash operating cost at R199 795/kg.

During the March 2014 quarter Bambanani will continue its good performance, through a further increase in volume.

Joel

Stoppages in December 2013 resulted in a 6% decrease in tonnes milled at Joel. Recovered grade increased by 3% to 4.52g/t, resulting in a 3% decrease in gold to 67kg.

Quarter-on-quarter cash operating cost increased slightly to R261 521/kg and all-in sustaining costs remained stable at R299 632/kg.

Unisel

Unisel had a good production quarter due to a 9% increase in recovered grade (from 4.41g/t to 4.79g/t), resulting in a 8% increase in gold production to 512kg.

Cash operating costs improved by 6% to R294 779/kg quarter-on-quarter and all-in sustaining costs decreased from R366 965/kg to R373 246/kg.

Target 3

Target 3 had a very challenging quarter. Tonnes decrease by 9% (from 82 000t to 75 000t), the recovered grade decreased by 2% to 4.67g/t, which resulted in an 11% decrease in gold production to 350kg.

Due to the underperformance in gold output the cash operating cost also increased by 3% to R383 566/kg.

All-in sustaining cost increased by 12% to R526 404/kg.

A review of Target 3's performance was done in January to assess the underperformance. The focus will be on opening up the Basal Reef.

Steyn 2

Tonnes milled remained steady quarter-on-quarter at 12 000t while the recovered grade increased by 1% from 12.17g/t to 12.25g/t, resulting in gold production remaining steady.

Cash operating costs improved by 5% quarter-on-quarter to R221 871/kg and all-in sustaining costs increased from R253 014/kg to R263 910/kg, due to higher capital spent quarter-on-quarter.

Phoenix (tailings)

Recovered grade remained stable at 0.15g/t while 4% less tonnes were milled at Phoenix during the quarter, which resulted in a 4% decrease in gold production to 27kg.

The decrease in gold output resulted in a 2% increase in cash operating costs to R279 221/kg and a slight increase in all-in sustaining costs from R276 299/kg to R280 299/kg in the quarter.

During the March 2014 quarter, focus will remain on optimising efficiency, recovery and cost control.

Surface dumps

Quarter-on-quarter gold production decreased by 24% due to a 14% decrease in tonnes milled. Grade was 12% lower at 0.30g/t.

The decrease in gold output resulted in a 4% increase in cash operating costs to R357 916/kg and a 10% increase quarter-on-quarter in all-in sustaining costs to R386 310/kg.

Kalgold

Kalgold's gold production decreased by 3% quarter-on-quarter to 315kg, as tonnes were in line with the previous quarter while recovered grade was 2% lower at 0.87g/t for the December 2013 quarter.

Cash operating cost decreased by 2% to R318 184/kg while all-in sustaining costs increased by 10% to R393 782/kg due to an increase in the total capital expenditure on the new oxygen plant, costs incurred on the new residue tank and other plant refurbishment projects.

During the quarter, a decision was taken to postpone the scheduled replacements of A and B mills to the next financial year in line with the capital reduction initiative throughout the Company.

INTERNATIONAL OPERATIONS

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

Hidden Valley's tonnes milled and recovered grade at 1.53g/t was in line with the previous quarter and resulted in gold production of 772kg during the December 2013 quarter. Silver production at 272 710oz was 8% higher than the previous quarter.

Cash operating costs improved by 17% to R316 206/kg, while all-in sustaining costs decreased by 23% to R394 820/kg during the quarter, due to lower production stripping, increased silver by-product credits, lower sustaining capital expenditure and continued cost reduction efforts.

The operating performance of the overland conveyor improved during the quarter and minor configuration changes to the crusher were completed.

Exploration Highlights

INTERNATIONAL (PAPUA NEW GUINEA)

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

Wafi-Golpu

In addition to what is said in the message from the chief executive officer above.

Harmony and its joint venture partner, Newcrest Mining Limited, plan to undertake a feasibility study to evaluate an underground exploration program for the Wafi-Golpu Project. The underground exploration program is proposed to include an exploration shaft to facilitate deep drilling and bulk sampling of the orebody to generate essential orebody knowledge required to support a future development decision.

Geotechnical drilling to identify a suitable exploration shaft location is in progress.

A final investment decision for the proposed underground exploration program is expected during the second half of calendar 2014, subject to receipt of necessary government and regulatory approvals. Work is continuing on a substantially lower capital expenditure development program for Wafi-Golpu and drilling activity has been scaled down from four rigs to only one drill assigned to resource definition continuing into the third quarter.

Drilling during the quarter delivered the following results.

North-south resource definition on hole confirms continuity of porphyry and high grade mineralisation

- 943.49m @ 1.28g/t Au and 1.44% Cu from 996m (WR499)2

- Including 560m @ 1.88g/t Au and 2.13% Cu from 1252m

New zone of higher grade gold mineralisation identified between Golpu and Ilavti

- 54m @ 3.61g/t Au from 146m (WR502)

Results for the second quarter FY14 and six months ended 31 December 2013 (Rand)

CONDENSED CONSOLIDATED INCOME STATEMENTS (Rand)

Figures in million	Note	31 December 2013 (Unaudited)	Quarter ended 30 September 2013 (Unaudited)	31 December 2012 (Unaudited) (Restated)*	Six months ended 31 December 2013	31 December 2012 (Restated)*	Year ended 30 June 2013 (Audited) (Restated)*
Continuing operations							
Revenue		4 071	4 018	4 613	8 099	8 891	15 992
Cost of sales	3	(3 817)	(3 735)	(3 508)	(7 552)	(7 018)	(16 448)
Production costs		(3 086)	(2 981)	(2 956)	(6 067)	(5 834)	(11 321)
Amortisation and depreciation		(565)	(577)	(509)	(1 142)	(1 002)	(2 001)
Impairment of assets		-	-	-	-	-	(2 733)
Other items		(166)	(177)	(43)	(343)	(182)	(393)
Gross profit/(loss)		254	283	1 105	537	1 873	(546)
Corporate, administration and other expenditure		(102)	(108)	(111)	(210)	(217)	(465)
Social investment expenditure		(21)	(38)	(25)	(59)	(45)	(127)
Exploration expenditure		(112)	(142)	(160)	(254)	(296)	(675)
Profit on sale of property, plant and equipment		-	-	69	-	124	139
Other (expenses)/income - net	6	(140)	-	(47)	(139)	(44)	(366)
Operating (loss)/profit		(121)	(4)	831	(125)	1 395	(2 022)
Profit from associates		4	3	-	7	-	(88)
Impairment of investments		-	(7)	-	(7)	(48)	(88)
Net gain on financial instruments		39	74	92	113	166	173
Investment income		50	25	38	95	71	185
Finance cost		(57)	(60)	(75)	(117)	(133)	(256)
(Loss)/profit before taxation		(85)	51	886	(34)	1 451	(2 005)
Taxation		(6)	(38)	(221)	(44)	(373)	(655)
Normal taxation		-	(49)	(115)	(49)	(226)	(271)
Deferred taxation		(6)	11	(106)	5	(147)	(384)
Net (loss)/profit from continuing operations		(91)	13	665	(78)	1 078	(2 663)
Discontinued operations		-	-	82	-	171	314
Profit from discontinued operations		-	-	82	-	171	314
Net (loss)/profit for the period		(91)	13	747	(78)	1 249	(2 349)
Attributable to:							
Owners of the parent		(91)	13	747	(78)	1 249	(2 349)
(Loss)/earnings per ordinary share (cents)	4	-	3	154	(18)	249	(616)
(Loss)/earnings from continuing operations		(21)	3	154	(18)	249	(616)
Earnings from discontinued operations		-	-	19	-	40	73
Total (loss)/earnings		(21)	3	173	(18)	289	(543)
Diluted (loss)/earnings per ordinary share (cents)	4	-	3	154	(18)	249	(616)
(Loss)/earnings from continuing operations		(21)	3	154	(18)	249	(616)
Earnings from discontinued operations		-	-	19	-	40	73
Total diluted (loss)/earnings		(21)	3	173	(18)	289	(543)

* The audited June 2013 annual results, interim December 2012 and unaudited December 2012 quarter results have been restated due to a change in accounting policy. Refer to note 2 for details.

The restatements to the comparative information have not been audited.

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Rand)

Figures in million	Note	31 December 2013 (Unaudited)	Quarter ended 30 September 2013 (Unaudited)	31 December 2012 (Unaudited) (Restated)*	Six months ended 31 December 2013	31 December 2012 (Restated)*	Year ended 30 June 2013 (Audited) (Restated)*
Net (loss)/profit for the period		(91)	13	747	(78)	1 249	(2 349)
Other comprehensive income/(loss) for the period, net of income tax		378	(695)	195	(317)	220	737
Foreign exchange translation movements on investments		370	(694)	172	(324)	197	742
Other comprehensive income/(loss) for the period		8	(1)	23	7	23	(5)
Total comprehensive income/(loss) for the period		287	(682)	942	(395)	1 469	(1 612)
Attributable to:							
Owners of the parent		287	(682)	942	(395)	1 469	(1 612)

* The audited June 2013 annual results, interim December 2012 and unaudited December 2012 quarter results have been restated due to a change in accounting policy. Refer to note 2 for details.

The restatements to the comparative information have not been audited.

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.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Rand)

for the six months ended 31 December 2013

Figures in million	Note	Share capital	Other reserves	Retained earnings	Total
Balance - 30 June 2013 as previously reported	2	28 325	3 464	522	32 311
Restatement for IFRIC 20		-	(22)	(74)	(96)
Restated balance - 30 June 2013		28 325	3 442	448	32 215
Share-based payments		-	145	-	145
Net profit for the period		-	-	(78)	(78)
Other comprehensive loss for the period		-	(317)	-	(317)
Balance - 31 December 2013		28 325	3 270	370	31 965
Balance - 30 June 2012 as previously reported	2	28 331	2 444	3 307	34 082
Restatement for IFRIC 20		-	(15)	(94)	(109)
Restated balance - 30 June 2012		28 331	2 429	3 213	33 973
Share-based payments		-	130	-	130
Net profit for the period		-	-	1 249	1 249
Other comprehensive income for the period		-	220	-	220
Dividends paid		-	-	(218)	(218)
Balance - 31 December 2012		28 331	2 779	4 244	35 354

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

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

The condensed consolidated financial statements for the six months ended 31 December 2013 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. The condensed consolidated financial statements for the six months ended 31 December 2013 were reviewed by the group's external auditors, PricewaterhouseCoopers Incorporated (see note 13).

CONDENSED CONSOLIDATED BALANCE SHEETS (Rand)

Figures in million	Note	At 31 December 2013 (Unaudited)	At 30 September 2013 (Unaudited)	At 30 June 2013 (Audited) (Restated)*	At 31 December 2012 (Restated)*
ASSETS					
Non-current assets					
Property, plant and equipment		32 663	32 195	32 732	33 931
Intangible assets		2 193	2 191	2 191	2 192
Restricted cash		38	38	37	37
Restricted investments		2 180	2 143	2 054	2 020
Deferred tax assets		91	93	104	554
Investments in associates		115	112	109	-
Investments in financial assets		4	42	49	159
Inventories		57	57	57	57
Trade and other receivables		-	-	-	13
Total non-current assets		37 341	36 871	37 333	38 963
Current assets					
Inventories		1 423	1 482	1 417	1 066
Trade and other receivables		1 149	1 238	1 162	1 292
Income and mining taxes		106	103	132	-

Restricted cash	15	-	-	-
Cash and cash equivalents	2 323	2 288	2 089	2 511
Non-current assets and assets of disposal groups classified as held for sale	5 016	5 111	4 800	4 869
5	46	-	-	1 822
Total current assets	5 062	5 111	4 800	6 691
Total assets	42 403	41 982	42 133	45 654
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	28 325	28 325	28 325	28 331
Other reserves	3 270	2 790	3 442	2 779
Retained earnings	370	461	448	4 244
Total equity	31 965	31 576	32 215	35 354
Non-current liabilities				
Deferred tax liabilities	3 000	2 998	3 021	3 270
Provision for environmental rehabilitation	2 016	1 990	1 997	1 912
Retirement benefit obligation	201	198	194	184
Other provisions	71	63	55	40
Borrowings	6	3 280	2 252	2 072
Total non-current liabilities	8 568	8 117	7 519	7 478
Current liabilities				
Borrowings	6	-	291	301
Income and mining taxes	-	-	24	4
Trade and other payables	1 870	1 974	2 109	2 050
Liabilities of disposal groups classified as held for sale	1 870	2 289	2 399	2 367
Total current liabilities	1 870	2 289	2 399	455
Total equity and liabilities	42 403	41 982	42 133	45 654

* The audit fee June 2013 annual results and interim December 2012 results have been restated due to a change in accounting policy. Refer to note 2 for details. The restatements to the comparative information have not been audited.

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (Rand)

	31 December 2013 (Unaudited)	Quarter ended 30 September 2013 (Unaudited)	31 December 2012 (Unaudited)	Six months ended 31 December 2013	31 December 2012	Year ended 30 June 2013 (Audited)
Cash flow from operating activities						
Cash generated by operations	700	238	1 392	938	2 729	3154
Interest and dividends received	32	26	30	58	56	138
Interest paid	(21)	(29)	(29)	(50)	(58)	(125)
Income and mining taxes (paid)	(28)	-	(221)	(28)	(113)	(312)
Cash generated by operating activities	683	235	1 172	918	2 614	2 855
Cash flow from investing activities						
Cash transferred to disposal group	-	-	(90)	-	(252)	-
Proceeds on disposal of investment in subsidiary	-	-	-	-	-	1 264
Purchase of investments	(1)	(9)	(45)	(10)	(45)	(86)
Other investing activities	-	-	-	-	-	(4)
Net additions to property, plant and equipment(1)	(624)	(618)	(986)	(1 242)	(1 879)	(3 652)
Cash utilized by investing activities	(625)	(627)	(1 121)	(1 252)	(2 176)	(2 478)
Cash flow from financing activities						
Borrowings raised	-	612	348	612	678	678
Borrowings repaid	(3)	(3)	(164)	(6)	(173)	(333)
Ordinary shares issued - net of expenses	-	-	-	-	-	1
Option premium on BE transaction	-	-	-	-	-	2
Dividends paid	-	-	-	(218)	-	(435)
Cash generated/(utilised) by financing activities	(3)	609	184	606	287	(87)
Foreign currency translation adjustments	(20)	(18)	10	(38)	13	26
Net increase in cash and cash equivalents	35	199	245	234	738	316
Cash and cash equivalents - beginning of period	2 288	2 089	2 266	2 089	1 773	1 773
Cash and cash equivalents - end of period	2 323	2 288	2 511	2 323	2 511	2 089

(1) Includes capital expenditure for Wafi-Golpu and other International projects of R0 million in the December 2013 quarter (September 2013: R0 million) (December 2012: R7 million) and R537 million in the year ended 30 June 2013.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the period ended 31 December 2013 (Rand)

1. Accounting policies

Basis of accounting
The condensed consolidated financial statements for the six months ended 31 December 2013 have been prepared in accordance with IAS 34, Interim Financial Reporting, JSE Listings Requirements, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee 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 2013, 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.

The following accounting standards, amendments to standards and new interpretations have been adopted with effect from 1 July 2013.

IFRS 7	Amendment - Disclosures - Offsetting Financial Assets and Financial Liabilities
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IFRSs	Annual Improvements 2009 - 2011
IAS 19	Employee Benefits (Revised 2011)
IAS 27	Separate Financial Statements (Revised 2011)
IAS 28	Investments in Associates and Joint Ventures (Revised 2011)
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

New standards and amendments which have an impact on the condensed consolidated financial statements of the group are described below:

IAS 19 includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income (OCI). Actuarial gains and losses recognised in OCI will not be recycled to profit or loss.

The impact for the group was immaterial.

IFRS 11 requires joint operations to be accounted at the group's interest in the assets, liabilities, revenue and expenses of the joint operation. Harmony previously accounted for joint operations using the proportional consolidation method. The change in accounting policy has not had an impact on any previously reported numbers.

IFRIC 20 clarifies the requirements for accounting for costs of stripping activity in the production phase of surface mining. Stripping assets that cannot be attributed to an identifiable component of the orebody will be written off to retained earnings on adoptions of IFRIC 20. Refer to note 2 for further details.

2. Change in accounting policies

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine ("IFRIC 20") which became effective on 1 January 2013, clarifies the requirements for accounting for the costs of stripping activity in the production phase of surface mining when two benefits accrue: (i) usable ore that can be used to produce inventory; and (ii) improved access to further quantities of material that will be mined in future periods. Harmony has applied IFRIC 20 on a prospective basis from 1 July 2011 in compliance with the transitional requirements of IFRIC 20.

Harmony previously accounted for stripping costs incurred during the production phase to remove waste material by deferring these costs, which were then charged to production costs on the basis of the average life-of-mine stripping ratio.

A stripping activity asset shall be recognised if all of the following are met:

- it is probable that the future economic benefit (improved access to the orebody) associated with the stripping activity will flow to the entity;
- the entity can identify the component of the orebody for which access has been improved; and
- the cost relating to the stripping activity associated with that component can be measured reliably.

The stripping asset shall be depreciated over the expected useful life of the identified component of the orebody based on the units of production method.

Where there are no identifiable components of the orebody to which the predecessor asset relates, the asset was written off to retained earnings at the beginning of the earliest period presented. An amount of R54 million was written off to retained earnings.

The comparative periods presented have been restated. The restatement had no effect on the condensed consolidated cash flow statements.

The results for the six months ended 31 December 2013, year ended 30 June 2013 and the financial position at those dates have been reviewed and audited respectively, but the restatement of the results and balances affected by IFRIC 20 have not been audited.

Reconciliation of the effect of the change in accounting standard:

	Quarter ended 31 December 2012 (Unaudited)	Six months ended 31 December 2012	Year ended 30 June 2013 (Audited)
Condensed consolidated income statements			
Cost of sales			
Production costs			
As previously reported	(2 980)	(5 850)	(11 400)
IFRIC 20 adjustment	24	16	79
Restated	(2 956)	(5 834)	(11 321)
Amortisation and depreciation			
As previously reported	(501)	(982)	(1 942)
IFRIC 20 adjustment	(8)	(20)	(59)
Restated	(509)	(1 002)	(2 001)
Increase/decrease in net profit/loss for the period*	16	(4)	20

* There is no material tax effect on these items.

	Quarter ended 31 December	Six months ended 31 December	Year ended 30 June
Condensed consolidated statements of comprehensive income			

	2012 (Unaudited)	2012	2013 (Audited)
Increase/decrease in net profit/loss for the period*	16	(4)	20
Other comprehensive income for the period net of income tax			
Foreign exchange translation			
As previously reported	174	200	749
IFRIC 20 adjustment	(2)	(3)	(7)
Restated	172	197	742
Increase/decrease in total comprehensive income/loss for the period	14	(7)	13

* There is no material taxation effect on these items.

Condensed consolidated balance sheets

Figures in million	At 30 June 2013 (Audited)	At 31 December 2012
Non-current assets		
Property, plant and equipment		
As previously reported	32 820	34 028
IFRIC 20 adjustment	(80)	(97)
Restated	32 732	33 931
Current assets		
Inventories		
As previously reported	1 425	1 085
IFRIC 20 adjustment	(9)	(19)
Restated	1 417	1 066
Share capital and reserves		
Other reserves		
As previously reported	3 464	2 797
IFRIC 20 adjustment (1)	(22)	(18)
Restated	3 442	2 779
Retained earnings		
As previously reported	522	4 342
IFRIC 20 adjustment	(74)	(98)
Restated	448	4 244
Decrease in total equity	(96)	(116)

(1) Translation effect of the IFRIC 20 adjustments on foreign operations (Hidden Valley).

Earnings/(loss) and headline earnings per share

	Quarter ended 31 December 2013 (Unaudited)	Six months ended 31 December 2012	Year ended 30 June 2013 (Audited)
Total basic and diluted earnings/(loss) per share (cents)	169	290	(548)
As previously reported	4	(1)	5
IFRIC 20 adjustment	-	-	-
Restated	173	289	(543)
Total headline earnings			
Figures in million			
As previously reported	680	1 209	204
IFRIC 20 adjustment	16	(4)	20
Restated	696	1 205	224
Headline earnings per share (cents)			
As previously reported	158	281	47
IFRIC 20 adjustment	4	(1)	5
Restated	162	280	52
Diluted headline earnings (cents)			
As previously reported	157	280	47
IFRIC 20 adjustment	4	(1)	5
Restated	161	279	52

3. Cost of sales

Figures in million	31 December 2013 (Unaudited)	Quarter ended 30 September 2013 (Unaudited)	31 December 2012 (Unaudited)	Six months ended 31 December 2013	31 December 2012 (Restated)*	Year ended 30 June 2013 (Audited)
Production on costs - excluding royalty	3 047	2 943	2 888	5 990	5 710	11 104
Royalty expense	39	38	68	77	124	217
Amortisation on and depreciation on	565	577	509	1 142	1 002	2 001
Impairment of assets	-	-	-	-	-	2 133
Rehabilitation on (credit)/expenditure(1)	(15)	15	(1)	-	6	(24)
Care and maintenance cost of restructured shafts	18	17	16	35	36	68
Employment termination and restructuring costs(2)	50	94	-	144	7	46
Share-based payments(3)	113	51	21	164	126	266
Other	-	-	7	7	-	37
Total cost of sales	3 817	3 735	3 508	7 552	7 018	16 448

* The audited June 2013 annual results, interim December 2012 and unaudited December 2012 quarter results have been restated due to a change in accounting policy. Refer to note 2 for details. The restatements to the comparative information have not been audited.

- (1) A credit of R24 million arose in the December 2013 quarter as a result of work performed in the Free State, resulting in a reduction in the rehabilitation liability.
- (2) Included in the September and December 2013 quarters are amounts relating to the restructuring at Hidden Valley and the voluntary retrenchment packages offered in South Africa.
- (3) This includes the cost relating to the Employee Share Ownership Plan (ESOP) awards that were granted in August 2012. The December 2013 quarter includes costs related to the acceleration of vesting for employees who took voluntary retrenchment.

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

	31 December 2013 (Unaudited)	Quarter ended 30 September 2013 (Unaudited)	31 December 2012 (Unaudited)	Six months ended 31 December 2013	31 December 2012 (Restated)*	Year ended 30 June 2013 (Audited)
Weighted average number of shares (million)	432.9	432.6	431.6	432.8	431.6	431.9
Weighted average number of diluted shares (million)	433.4	433.0	432.6	433.8	432.6	432.7
Total (loss)/earnings per share (cents)						
Basic (loss)/earnings	(21)	3	173	(18)	289	(543)
Diluted (loss)/earnings	(21)	2	173	(18)	289	(543)
Headline (loss)/earnings	(21)	5	162	(16)	280	52
- from continuing operations	(21)	5	143	(16)	240	3
- from discontinued operations	-	-	19	-	40	49
Diluted headline (loss)/earnings	(21)	5	161	(16)	279	52
- from continuing operations	(21)	5	142	(16)	239	3
- from discontinued operations	-	-	19	-	40	49
Figures in million						
Reconciliation of headline (loss)/earnings						
Continuing operations						
Net (loss)/profit	(91)	13	665	(78)	1 078	(2 663)
Adjusted for:						
Impairment of investments(1)	-	7	-	7	-	88
Impairment of assets	-	-	-	-	48	2 733
Taxation effect on impairment of assets	-	-	-	-	-	(38)
Profit on sale of property, plant and equipment	-	-	(69)	-	(124)	(139)
Taxation effect of profit on sale of property, plant and equipment	-	-	18	-	32	31
Headline (loss)/earnings	(91)	20	614	(71)	1 034	12
Discontinued operations						
Net profit	-	-	82	-	171	314
Adjusted for:						
Profit on sale of investment in subsidiary(1)	-	-	-	-	-	(102)
Headline earnings	-	-	82	-	171	212
Total headline (loss)/earnings	(91)	20	696	(71)	1 205	224

(1) There is no taxation effect on these items.

Net asset value per share

	At 31 December 2013	At 30 September 2013 (Unaudited)	At 30 June 2013 (Audited)	At 31 December 2012 (Restated)*
Number of shares in issue	435 693 819	435 289 890	435 289 890	435 257 691
Net asset value per share (cents)	7 337	7 254	7 405	8 123

* The audited June 2013 annual results, interim December 2012 and unaudited December 2012 quarter results have been restated due to a change in accounting policy. Refer to note 2 for details. The restatements to the comparative information have not been audited.

- Non-current assets and assets of disposal groups classified as held for sale
During the December 2013 quarter, a cash offer for Witwatersrand Consolidated Gold Resources Limited's (Wits Gold) entire share capital was made to all Wits Gold shareholders by Sibanye Gold Limited. Harmony has accepted the offer. Following this, R46 million which represents Harmony's fair value stake in Wits Gold has been classified as a non-current asset held for sale (Formerly classified as Investment in Financial Assets) under IFRS 5. A regulatory process is being followed and the sale is expected to be completed within the next 12 months.

- Borrowings
Two draw downs of US\$30 million each were made from the US\$300 million syndicated revolving credit facility during the September 2013 quarter. During the December 2013 quarter there were no draw downs and the drawn level remains at US\$270 million. The weakening of the Rand against the US\$ resulted in a foreign exchange translation loss of R111 million being recorded, increasing the borrowings balance and other expenses-net. The facility is repayable by September 2015.

Harmony refinanced its Nedbank revolving credit facility and entered into a new agreement for R1.3 billion revolving credit facility during the December 2013 quarter. The interest rate is equivalent to LIBOR + 350 basis points and is repayable by December 2016.

At the same time management also agreed an amended set of financial covenants with the lender group, to give the group more long-term financial flexibility. Two of the financial covenants were re-negotiated as follows:

- The interest cover measure has been changed from EBIT to EBITDA(1) and the ratio of cover has changed from two times to five times.
- The ratio of Market Capitalisation to Net Debt has been replaced by the ratio of Tangible Net Worth(2) to Net Debt. The ratio remained the same at six times.

(1) EBITDA as defined in the agreement excludes unusual items such as impairment and restructuring costs.
 (2) Tangible Net Worth is defined as total equity less intangible assets.

The covenants applicable to all Harmony debt facilities are accordingly as follows:

- The group's interest cover ratio shall not be less than five (EBITDA/Total Interest).
- Current ratio shall not be less than one (current assets/current liabilities).
- Cash flow from operating activities shall be above R100 million for the six months prior to the evaluation date.
- Total net debt shall not exceed R3 billion plus the rand equivalent of US\$300 million.
- Tangible Net Worth to facilities outstanding ratio shall not be less than six times.

7. Financial risk management activities

Fair value determination

The following table presents the group's assets and liabilities that are measured at fair value by level within the fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets;

Level 2: Inputs other than quoted prices included within level (1) that are observable for the asset, either directly or indirectly (that is, as prices) or indirectly (that is derived from prices);

Level 3: Inputs for the asset that are not based on observable market data (that is unobservable inputs).

Figures in million	At 31 December 2013	At 30 September 2013 (Unaudited)	At 30 June 2013 (Audited)	At 31 December 2012
Available-for-sale financial assets(1)*				
Level 1				
Level 2	46	37	44	96
Level 3	4	5	5	63
Fair value through profit and loss(2)*				
Level 1				
Level 2	934	1 116	1 041	1 135
Level 3	-	-	-	-

(1) Level 1 fair values are directly derived from actively traded shares on the JSE.

Level 3 fair values have been valued by the directors by performing independent valuations on an annual basis to ensure that significant prolonged decline in the value of the investments has not occurred. The December 2012 balance includes the interest in Rand Refinery. At the end of the 2013 financial year, the investment in Rand Refinery was reclassified as an investment in associate on obtaining significant influence.

(2) The majority of the level 2 fair values are directly derived from the Shareholders Weighted Top 40 Index (SMIX 40) on the JSE and are discounted at market interest rates.

* Includes non-current assets or disposal groups held for sale where applicable.

8. Commitments and contingencies

Figures in million	At 31 December 2013	At 30 September 2013 (Unaudited)	At 30 June 2013 (Audited)	At 31 December 2012
Capital expenditure commitments:				
Contracts for capital expenditure		322	351	416
Authorized by the directors but not contracted for		1 152	1 835	1 545
		1 474	2 186	1 961
				2 148

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 integrated annual report for the financial year ended 30 June 2013, available on the group's website (www.harmony.co.za). There were no significant changes in contingencies since 30 June 2013.

9. 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 2013 quarter, Frank Abbott purchased 65 600 shares.

10. Subsequent events

There were no subsequent events to report.

11. Segment report

The segment report follows.

12. Reconciliation of segment information to consolidated income statements and balance sheets

Figures in million	31 December 2013	31 December 2012 (Restated)*
The "Reconciliation of segment information to consolidated financial statements" line item in the segment report is broken down in the following elements, to give a better understanding of the differences between the financial statements and segment report:		
Reconciliation of production profit to gross profit		
Total segment revenue	8 089	9 542
Total segment production costs	(6 067)	(6 215)
Production profit per segment report	2 022	3 327
Discontinued operations	-	(270)
Production profit from continuing operations	2 022	3 057
Cost of sales items, other than production costs and royalty expense	(1 485)	(1 184)
Gross profit as per income statements(1)	537	1 873

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

Figures in million	31 December 2013	31 December 2012 (Restated)*
Reconciliation of total segment mining assets to consolidated property, plant and equipment		
Property, plant and equipment not allocated to a segment		
Mining assets	1 133	942
Undeveloped property	5 139	5 139
Other non-mining assets	89	62
Wafi-Golpu assets	1 069	854
Less: Non-current assets previously classified as held for sale	-	(1 233)
	7 430	5 714

* The Interim December 2012 results have been restated due to a change in accounting policy. Refer to note 2 for details. The restatements to the comparative information have not been audited.

13. Review report

These condensed consolidated financial statements for the six months ended 31 December 2013 on pages 12 to 23 have been reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified conclusion thereon. A copy of the auditor's report on the condensed consolidated financial statements is available for inspection at the company's registered office, together with the financial statements identified in the auditor's report.

Segment report (Rand/Metric)

for the six months ended 31 December 2013

	Revenue		Production cost*		Production profit†		Mining assets*		Capital expenditure‡		Kilograms produced#		Tonnes mined#	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Continuing operations														
South Africa														
Underground														
Kusasa/ethu	965	976	867	840	98	136	3 502	3 329	250	217	2 412	2 003	631	466
Boornkop	707	886	581	542	126	344	3 380	3 330	124	151	1 637	1 875	474	517
Phakisa	625	638	546	491	79	147	4 530	4 593	189	158	1 461	1 367	293	270
Tshepong	861	1 077	707	751	154	326	3 986	3 484	146	149	2 011	2 510	468	567
Masi mong	617	925	516	519	101	406	1 021	998	78	80	1 442	1 978	350	477
Target 1	999	979	525	465	474	514	2 690	2 703	126	188	2 322	2 157	384	356
Bambanani (a)	691	426	356	306	335	120	881	1 004	62	70	1 613	911	129	98
Joel	580	821	349	343	231	478	354	260	80	79	3 371	1 750	308	321
Unisel	422	453	311	299	112	154	347	665	42	35	988	962	215	233
Target 3	316	364	289	262	27	102	508	398	72	68	742	798	157	169
Surface														
All other surface operations	452	730	485	493	167	237	472	365	25	200	1 604	1 645	5 382	4 800
Total South Africa	7 436	8 275	5 532	5 311	1 904	2 964	21 671	21 129	1 194	1 395	17 603	17 756	8 791	8 274
International														
Hiddon Valley	653	616	535	523	118	93	3 562	5 855	68	236	1 547	1 331	1 009	947
Total international	653	616	535	523	118	93	3 562	5 855	68	236	1 547	1 331	1 009	947
Total continuing operations	8 089	8 891	6 067	5 834	2 022	3 057	25 233	26 984	1 262	1 631	19 150	19 087	9 800	9 221
Discontinued operations														
Evander	-	651	-	381	-	270	-	1 233	-	109	-	1 480	-	300
Total discontinued operations	-	651	-	381	-	270	-	1 233	-	109	-	1 480	-	300
Total operations	8 089	9 542	6 067	6 215	2 022	3 327	25 233	28 217	1 262	1 740	19 150	20 567	9 800	9 521
Reconciliation of the segment information to the consolidated financial statements (refer to note 12)	-	(651)	-	(381)	-	7 430	5 714							
	8 089	8 891	6 067	5 834		32 663	33 931							

* The Interim December 2012 results have been restated due to a change in accounting policy. Refer to note 2 for details. The restatements to the comparative information have not been audited.

† Production on statistics are unaudited.

‡ Capital expenditure for international operations excludes expenditure spend on Wafi-Golpu of R0 million (2012: R255 million).

Includes Steyn 2.

DEVELOPMENT RESULTS (Metric)

Quarter ending December 2013

	Reef Meters	Sampled Meters	Width (m)	Channel Val use (G/T)	Gold (Oz/T)
Tshepong					

Basal	418	407	8.81	189.19	1.667
B Reef	249	213	85.90	9.75	838
All Reefs	667	620	35.26	39.22	1.383
Phakisa					
Basal	256	263	102.57	11.65	1.195
Leader	5	6	47.00	1.43	67
All Reefs	259	269	101.33	11.54	1.169
Total Babanani (Incl. Babanani, Steyn 2)					
Basal	16	16	58.71	11.68	685
All Reefs	16	16	58.71	11.68	685
Babanani					
Basal	16	16	58.71	11.68	685
All Reefs	16	16	58.71	11.68	685
Doornkop					
South Reef	365	350	51.72	13.80	714
All Reefs	365	350	51.72	13.80	714
Kussal etthu					
VCR Reef	558	497	107.66	10.75	1.157
All Reefs	558	497	107.66	10.75	1.157
Target					
Elsburg	209	108	189.29	8.03	1.521
Basal	87	62	10.24	229.46	2.350
A Reef	83	41	141.95	7.38	1.047
B Reef	229	128	84.09	23.32	1.961
All Reefs	689	339	111.09	16.03	1.781
Target 1					
Elsburg	132	64	251.70	7.14	1.797
All Reefs	132	64	251.70	7.14	1.797
Target 3					
Elsburg	77	44	98.50	11.35	1.118
Basal	87	62	10.24	229.46	2.350
A Reef	83	41	141.95	7.38	1.047
B Reef	229	128	84.09	23.32	1.961
All Reefs	477	275	78.37	22.68	1.778
Masi mong 5					
Basal	386	348	48.63	15.87	772
B Reef	115	134	75.04	14.21	1.067
All Reefs	500	482	55.98	15.25	854
Unisol					
Basal	322.8	258	192.95	9.25	1.784
Leader	463.7	399	200.22	6.19	1.239
Middle	47.0	32	214.75	13.27	2.849
All Reefs	833	689	198.17	7.66	1.518
Jodi					
Beatrix	260	258	157.88	8.50	1.342
All Reefs	260	258	157.88	8.50	1.342
Total Harmony					
Basal	1.485	1.354	73.00	19.00	1.387
Beatrix	260	258	157.88	8.50	1.342
Leader	466	405	197.95	6.17	1.222
B Reef	593	475	82.34	14.64	1.205
A Reef	83.4	41	141.95	7.38	1.047
Middle	47.0	32	214.75	13.27	2.849
Elsburg	208.7	108	189.29	8.03	1.521
South Reef	365	350.25	51.72	13.80	714
VCR	558	497	107.66	10.75	1.157
All Reefs	4.067	3.520	103.30	12.14	1.254

DEVELOPMENT RESULTS (Imperial)
Quarter ending December 2013

	Reef (rect)	Sampled (rect)	Width (m)	Channel Volume (cuz)	Gold (t.n.cuz)
Tshepong					
Basal	1.371	1.335	3	6.38	19
B Reef	818	697	34	0.28	10
All Reefs	2.189	2.032	14	1.13	16
Phakisa					
Basal	840	863	40	0.34	14
Leader	8	20	19	0.04	1
All Reefs	848	883	40	0.34	13
Total Babanani (Incl. Babanani, Steyn 2)					
Basal	52	52	23	0.34	8
All Reefs	52	52	23	0.34	8
Babanani					
Basal	52	52	23	0.34	8
All Reefs	52	52	23	0.34	8
Doornkop					
South Reef	1.198	1.149	20	0.41	8
All Reefs	1.198	1.149	20	0.41	8
Kussal etthu					
VCR Reef	1.831	1.631	42	0.32	13
All Reefs	1.831	1.631	42	0.32	13
Target					
Elsburg	685	354	75	0.23	17
Basal	295	203	4	6.75	27
A Reef	273	135	56	0.21	12
B Reef	753	420	33	0.68	23
All Reefs	1.996	1.112	44	0.47	20
Target 1					
Elsburg	432	210	99	0.21	21
All Reefs	432	210	99	0.21	21
Target 3					
Elsburg	253	144	39	0.33	13
Basal	295	203	4	6.75	27
A Reef	273	135	56	0.21	12
B Reef	753	420	33	0.68	23
All Reefs	1.564	902	31	0.66	20
Masi mong 5					
Basal	1.265	1.142	19	0.47	9
B Reef	376	440	30	0.41	12
All Reefs	1.641	1.582	22	0.45	10
Unisol					
Basal	1.059	846	76	0.27	20
Leader	1.521	1.309	79	0.18	14
Middle	154	105	85	0.38	33
All Reefs	2.734	2.261	78	0.22	17
Jodi					
Beatrix	853	846	62	0.25	15
All Reefs	853	846	62	0.25	15
Total Harmony					
Basal	4.871	4.441	29.00	0.55	15.93
Beatrix	853	846	62.00	0.25	15.41
Leader	1.530	1.329	78.00	0.18	14.03
B Reef	1.947	1.558	32.00	0.43	13.84
A Reef	273	135	56.00	0.21	12.02
Middle	154	105	85.00	0.38	32.72
Elsburg	685	354	75.00	0.23	17.46
South Reef	1.198	1.149	20.00	0.41	8.19
VCR	1.831	1.631	42.00	0.32	13.29
All Reefs	13.342	11.548	41.00	0.35	14