

HARMONY GOLD MINING CO LTD

Form 6-K

November 07, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**Form 6-K**

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

For 7 November 2012

**Harmony Gold Mining Company  
Limited**

Randfontein Office Park

Corner Main Reef Road and Ward Avenue

Randfontein, 1759

South Africa

(Address of principal executive offices)

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

Form 20-F  Form 40-F

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

Yes  No

**KEY FEATURES  
FINANCIAL SUMMARY FOR THE 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

# Figures represent continuing operations unless stated otherwise

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

operating profit line in the income statement

\* Including discontinued operations

**Shareholder information**

Issued ordinary share capital at

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

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*

**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

**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

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

2  
2  
2  
2  
2

**Forward-looking statements**

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

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

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

*As a consequence, these forward-looking statements should be considered in light of various important factors, including those set forth in this quarterly report.*

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

Harmony's Integrated Annual Report, Notice of Annual General Meeting, its Sustainable Development Report and its Annual Report filed on a Form 20F with the United States' Securities and Exchange Commission for the year ended 30 June 2012 are available on our website:

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

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**Competent person’s declaration**

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

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

Reserves and resources South Africa:

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

Reserves and resources PNG:

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

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

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

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



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Chief executive officer's review

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 Kusasalethu 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 Kusasalethu 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 Kusasalethu 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:

Growth

Ore reserves

Increased by 27%

Dividends

Increased by 50%

Net debt

Lowered by R823m (US\$123m)

Capital expenditure

Funded entirely by operations

– R3.2bn (US\$414m)

Exploration

Expenditure

Increased by 54%

Number of gold and

copper targets

Increased

Diversity – geographic

and copper

Improved

Discovery cost

US\$6 per equivalent resource

ounce

Optimising

operational

delivery

Improved safety

Fatalities down, improved

lost-time injury frequency rate

Disposed of non-core

assets

Evander and Rand Uranium

Improved margin

26% in FY11, 35% in FY12

Leverage to gold price

– 36% increase in R/kg gold

price = 80% increase in

rand profit

– 23% increase in US\$/oz gold

price = 62% increase in

US\$ profit

Golpu

World-class gold/copper project, long life

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

**4****Results for the first quarter ended 30 September 2012**

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*

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## 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.



6

**Results for the first quarter  
ended 30 September 2012**

Operational overview

**GROUP OPERATIONAL RESULTS**

**Continuing operations (excludes Evander)**

Indicator

Units

September

2012

June

2012 % variance

Underground tonnes

000

1 880

1 852

2

Surface tonnes

000

2 390

2 327

3

**Total tonnes**

**000**

**4 761**

**4 638**

**3**

Underground grade

g/t

4.52

4.21

7

Surface grade

g/t

0.34

0.35

(3)

**Total grade**

**g/t**

**2.10**

**2.00**

**5**

**Gold produced**

**kg**

**10 013**

**9 269**

**8**

**Cash operating costs R/kg**

**294 404**

**278 091**

**(6)**

**Operating profit****R'000 1 408 376 1 295 036****9**

A continued focus on grade and a further reduction in safety stoppages contributed to an 8% increase in production at 10 013kg quarter on quarter. Recovered grade was 5% higher at 2.10g/t, with our underground operations recording a 7% increase in recovered grade at 4.52g/t. Tonnes milled increased by 3% quarter on quarter to 4 761 000t.

Higher winter electricity tariffs and the annual wage increase, which came into effect on 1 July 2012, resulted in cash operating costs being 6% higher at R294 404/kg, when compared to R278 091/kg in the previous quarter.

Operating profit was 9% higher at R1.4 billion, due to increases in recovered grade and revenue.

The Rand gold price received increased by 5% from R421 565/kg to R440 868/kg quarter on quarter, while the US dollar gold price received increased by only 3% to US\$1 663/oz, from US\$1 615/oz in the June 2012 quarter. The higher R/kg gold price is due to the effect of a 2% weakening of the Rand from R8.12/US\$ in the June 2012 quarter to R8.25/US\$ in the quarter under review.

At our Investor Day held on 28 August 2012, we listed our operations from the biggest production contributor to the smallest. Our quarterly reporting has been brought in line with this approach.

**Asset portfolio**

Operation

Expected potential

ounces

#

Cash cost\*

(R/kg)

Cash costs\*

(US\$/oz)

Life of mine

(years) Comments

Kusasaletu

260 000 – 300 000 oz

R240 000 – 250 000/kg

US\$990 – 1 030/oz

25 years In build-up

Doornkop

185 000 – 200 000 oz

R245 000 – 255 000/kg US\$1 010 – 1 050/oz

16 years In build-up

Phakisa

175 000 – 200 000 oz

R200 000 – 210 000/kg

US\$825 – 865/oz

21 years In build-up

Tshepong

190 000 – 200 000 oz

R245 000 – 260 000/kg US\$1 010 – 1 070/oz  
17 years Steady state production  
Masimong  
135 000 – 150 000 oz  
R215 000 – 220 000/kg  
US\$890 – 910/oz  
13 years Steady state production  
Hidden Valley  
100 000 – 135 000oz<sup>1</sup>  
Not applicable  
US\$825 – 865/oz  
13 years Exploration may increase life  
Target 1  
115 000 – 125 000 oz  
R235 000 – 250 000/kg  
US\$970 – 1 030/oz  
12 years Steady state production  
Bambanani  
110 000 – 120 000 oz  
R180 000 – 200 000/kg  
US\$750 – 825/oz  
9 years Shaft pillar  
Joel  
75 000 – 85 000 oz  
R230 000 – 245 000/kg  
US\$950 – 1 010/oz  
12 years Decline depth extension commenced  
Unisel  
60 000 – 75 000 oz  
R270 000 – 290 000/kg US\$1 115 – 1 200/oz  
6 years Steady state production  
Target 3  
55 000 – 60 000 oz  
R245 000 – 260 000/kg US\$1 010 – 1 070/oz  
17 years In build-up  
Various surface  
55 000 – 60 000 oz  
R215 000 – 230 000/kg  
US\$890 – 950/oz  
30+ years Tailings, rock dumps, clean-up  
Kalgold  
35 000 – 40 000 oz  
R300 000 – 320 000/kg US\$1 240 – 1 320/oz  
12 years Steady state production  
Steyn 2  
13 000 – 15 000 oz  
R230 000 – 240 000/kg  
US\$950 – 990/oz  
2 years Shaft pillar  
**Total**  
**~ 1.7 million oz**

#  
 ~ R230 000 – 240 000/kg ~ US\$950 – 990/oz

\* *Future costs are calculated in real terms and using an exchange rate of US\$/R7.55*

<sup>1</sup> *Represents Harmony's 50% equity portion*

#  
 Targeted production FY16

**Kusasaletu**

Indicator

Units

September

2012

June

2012

%

variance

Tonnes

000

328

337

(3)

Grade

g/t

4.88

4.72

3

Gold produced

kg

1 601

1 590

1

Cash operating costs

R/kg

282 606

243 047

(16)

Operating profit

R'000

249 961

274 292

(9)

Kusasaletu had a steady quarter following a very good June quarter, producing 1 601kg of gold. An improved recovered grade at 4.88g/t equalised the effect of 3% less tonnes milled at 328 000t.

Cash operating costs were higher at R282 606/kg due to higher electricity winter tariffs, the annual wage increase and an increase in plant costs due to repairs to the milling section.

Kusasaletu again recorded the highest quarterly operating profit in the group of R250 million.

After the quarter under review, Kusasalethu's workforce embarked on an unprotected strike. The strike lasted for 23 days from 2 October 2012 to 25 October 2012, after a final ultimatum was issued and 98% of the workforce subsequently returned to work. It is estimated that the start-up and assessments at the mine will take about ten days to ensure that the mining activities return safely to normal operating capacity. The loss in production during the 23 days of strike action is estimated at approximately 15 000oz; this excludes the production lost during the assessment and safety start-up period.

7

**Doornkop**

Indicator

Units

September

2012

June

2012

%

variance

Tonnes

000

245

261

(6)

Grade

g/t

3.56

3.11

14

Gold produced

kg

871

812

7

Cash operating costs

R/kg

294 156

282 498

(4)

Operating profit

R'000

125 560

107 927

16

Despite lower tonnes milled, gold production was 7% higher quarter on quarter at 871kg, due to a 14% increase in recovered grade at 3.56g/t. Tonnes milled were affected by maintenance work that was performed on the trackless machinery used in the Kimberley Reef.

An operating profit of R126 million was generated during the quarter due to the higher gold production and higher gold price received. Cash operating costs were higher at R294 156/kg, due to electricity winter tariffs, annual wage increases and the upgrade of railbound equipment.

**Phakisa**

Indicator

Units

September

2012

June

2012

%

variance

Tonnes

000

142

153

(7)

Grade

g/t

4.78

4.84

(1)

Gold produced

kg

679

741

(8)

Cash operating costs

R/kg

367 785

296 637

(24)

Operating profit

R'000

47 800

93 710

(49)

Gold production at Phakisa was 8% lower quarter on quarter at 679kg, due to a collapse in the No. 3 ventilation shaft and industrial action at the shaft (which was resolved). The ventilation issues are being addressed – repairs to the No. 3 shaft have commenced and are likely to take four months. Changes to the ventilation system may result in production remaining static for the balance of the financial year. Grade remained steady at 4.78g/t.

An operating profit of R48 million was generated during the quarter compared to R94 million in the June 2012 quarter. The reduction in operating profit is attributable to lower gold production and higher cash operating costs of R367 785/kg. Costs were higher due to annual wage increases, electricity winter tariffs, the replacement of railveyor cars and an increase in engineering equipment associated with the build-up in production.

**Tshepong**

Indicator

Units

September

2012

June

2012

%

variance

Tonnes

000

313  
 317  
 (1)  
 Grade  
 g/t  
 3.70  
 3.95  
 (6)

Gold produced  
 kg  
 1 159  
 1 252  
 (7)

Cash operating costs  
 R/kg  
 329 079  
 271 733  
 (21)

Operating profit  
 R'000  
 126 551  
 184 697  
 (31)

Tshepong recorded a R126 million operating profit, despite a 6% decrease in recovered grade and a 1% decrease in tonnes milled at 313 000t. Gold production decreased by 7% to 1 159kg.

Quarter-on-quarter, cash operating cost per unit increased to R329 079/kg due to lower volumes, annual wage increases and the electricity winter tariffs.

**Masimong**

Indicator  
 Units  
 September  
 2012  
 June  
 2012  
 %  
 variance

Tonnes  
 000  
 261  
 231  
 13

Grade  
 g/t  
 3.78  
 3.26  
 16

Gold produced  
 kg  
 987



754  
 31  
 Cash operating costs  
 R/kg  
 265 698  
 276 523  
 4  
 Operating profit  
 R'000  
 177 406  
 108 136  
 64

This was the first quarter post the commissioning of the waste pass at Masimong. Gold production increased by 31% to 987kg, due to increased tonnes milled at 261 000t and a 16% increase in recovered grade.

Cash operating costs improved by 4% at R265 698/kg due to higher volumes, despite the annual increase in wages and higher electricity cost due to winter tariffs.

An operating profit of R177 million was recorded for the quarter; this represents a 64% improvement quarter on quarter.

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

Indicator  
 Units  
 September  
 2012  
 June  
 2012  
 %  
 variance  
 Tonnes  
 000  
 491  
 459  
 7  
 Grade  
 g/t  
 1.40  
 1.45  
 (3)  
 Gold produced  
 kg  
 689  
 664  
 4  
 Cash operating costs  
 R/kg  
 379 303  
 394 277  
 4

Operating profit/(loss)

R'000

26 066

(10 418)

>100

Hidden Valley increased production by 4% quarter on quarter at 689kg of gold and a 7% increase in silver production at 6 975kg at a cash operating cost of R379 303/kg. The 4% improvement in the cash operating costs in the September 2012 quarter reflects the increase in gold and silver production and higher silver prices.

Mill throughput and gold recoveries improved during the September quarter, whilst gold grades remained steady. The crusher upgrade is planned to commence during the March 2013 quarter, which will allow the overland conveyor to operate at planned capacity.

An operating profit of R26 million was recorded, due to higher production at the mine.

**Target 1**

Indicator

Units

September

2012

June

2012

%

variance

Tonnes

000

178

180

(1)

Grade

g/t

6.02

4.49

34

Gold produced

kg

1 071

808

33

Cash operating costs

R/kg

221 587

281 736

21

Operating profit

R'000

218 952

122 294

79

8

**Results for the first quarter  
ended 30 September 2012**

Recovered grade at Target 1 improved by 34% quarter on quarter from 4.49g/t to 6.02g/t, mainly due to higher than expected grades from some of the massive panels as well as improved face grades from the narrow reef stopes. As a result, gold production increased by 33% to 1 071kg, while tonnes milled were slightly down at 178 000t.

The increase in gold production reduced the cash operating costs by 21% to R221 587/kg, despite an increase in electricity winter tariffs and plant costs.

Target 1 generated an operating profit of R219 million for the quarter; this represents a 79% increase when compared to the previous quarter.

**Bambanani**

Indicator

Units

September

2012

June

2012

%

variance

Tonnes

000

33

22

50

Grade

g/t

10.21

9.14

12

Gold produced

kg

337

201

68

Cash operating costs

R/kg

329 674

426 204

23

Operating profit/(loss)

R'000

40 649

(400)

>100

Bambanani turned its operating loss of R400 000 in the previous quarter to an operating profit of R41 million. Improvements in tonnes milled at 33 000t and recovered grade at 10.21g/t resulted in a 68% increase in gold production at 337kg for the quarter. The increase in

recovered grade is due to the increase in face grades as mining moves into higher grade raises.

Due to the higher gold production, the cash operating costs improved by 23% to R329 674/kg despite cost increases.

**Joel**

Indicator

Units

September

2012

June

2012

%

variance

Tonnes

000

167

147

14

Grade

g/t

5.39

5.37

0.4

Gold produced

kg

900

790

14

Cash operating costs

R/kg

189 823

180 796

(5)

Operating profit

R'000

212 482

191 871

11

Gold production increased by 14% quarter on quarter to 900kg, mainly due to an increase in tonnes milled at 167 000t, while the grade remained stable at 5.39g/t. As a result, operating profit was higher at R212 million.

Joel has the lowest cash operating cost in Harmony at R189 823/kg.

The 5% increase from R180 796/kg in the previous quarter is due to annual wage increases and higher winter electricity tariffs.

**Unisel**

Indicator

Units

September

2012

June

2012  
 %  
 variance  
 Tonnes milled  
 000  
 116  
 112  
 4  
 Grade  
 g/t  
 3.71  
 4.10  
 (10)  
 Gold produced  
 kg  
 430  
 459  
 (6)  
 Cash operating costs  
 R/kg  
 338 063  
 283 244  
 (19)  
 Operating profit  
 R'000  
 44 450  
 65 127  
 (32)

Unisel milled 116 000t at a recovered grade of 3.71g/t which resulted in a 6% decrease in gold production at 430kg quarter on quarter. The lower grade was mainly due to a decrease in belt grade, which is being addressed through applying clean mining practices.

Cash operating costs increased by 19% to R338 063/kg, due to lower gold production, annual wage increases and higher winter electricity tariffs. Lower production and higher costs resulted in a decrease in operating profit to R44 million.

**Target 3**

Indicator  
 Units  
 September  
 2012  
 June  
 2012  
 %  
 variance  
 Tonnes  
 000  
 87  
 80  
 9  
 Grade

g/t  
 4.22  
 3.63  
 16  
 Gold produced  
 kg  
 367  
 290  
 27  
 Cash operating costs  
 R/kg  
 359 738  
 383 462  
 6  
 Operating profit  
 R'000  
 26 776  
 12 002  
 >100

Target 3 recorded a 27% increase in gold produced at 367kg, compared to 290kg produced in the June 2012 quarter, due to higher recovered grade and increased tonnes. Recovered grade improved by 16% quarter on quarter, largely due to an increase in face grade. Tonnes milled increased by 9% at 87 000t for the quarter. Cash operating costs per unit improved by 6% at R359 738/kg, due to increased gold production. Higher gold production, combined with a higher gold price received, resulted in operating profit doubling from R12 million to R27 million.

**Steyn 2**

Indicator  
 Units  
 September  
 2012  
 June  
 2012  
 %  
 variance  
 Tonnes  
 000  
 10  
 12  
 (17)  
 Grade  
 g/t  
 10.10  
 8.75  
 15  
 Gold produced  
 kg  
 101  
 105

(4)

Cash operating costs

R/kg

383 436

318 895

(20)

Operating profit

R'000

5 568

10 831

(49)

Recovered grade at Steyn 2 increased by 15% quarter on quarter to 10.10g/t, mainly due to an increase in the belt grade. The changeover to hoist Steyn 2's ore from West Shaft's infrastructure took place during the quarter. The changeover process hampered the hoisting of tonnes at 10 000t, which resulted in a 4% decrease in gold production at 101kg.

Operating profit was lower quarter on quarter at R6 million due to the decrease in gold production and higher cash operating costs.

9

**TOTAL SOUTH AFRICAN SURFACE OPERATIONS****Continuing operations (excluding Evander surface sources)**

Indicator

Units

September

2012

June

2012

%

variance

Tonnes

000

2 390

2 327

3

Grade

g/t

0.34

0.35

(3)

Gold produced

kg

821

803

2

Cash operating costs

R/kg

303 430

249 867

(21)

Operating profit

R'000

106 155

134 967

(21)

Gold production at the South African continuing surface sources increased by 2% quarter on quarter to 821kg, mainly due to the 3% increase in tonnes milled of 2 390 000t. Recovered grade regressed slightly at 0.34g/t.

Operating profit was 21% lower at R106 million due to higher winter electricity tariffs, increased fuel costs and higher processing, which resulted in higher operating costs at R303 430/kg.

**Surface dumps (excluding Evander surface sources)**

Indicator

Units

September

2012

June

2012

%



variance  
 Tonnes  
 000  
 714  
 700  
 2  
 Grade  
 g/t  
 0.39  
 0.47  
 (17)  
 Gold produced  
 kg  
 280  
 330  
 (15)  
 Cash operating costs  
 R/kg  
 378 161  
 247 145  
 (53)  
 Operating profit  
 R'000  
 20 463  
 57 118  
 (64)

An increase in plant availability resulted in more tonnes being processed. Recovered grade decreased by 17% quarter on quarter to 0.39g/t, resulting in lower gold production at 280kg. The decrease in grade is due to the majority of the surface sources reporting lower grades with the waste rock dumps having the biggest impact. Cash operating costs were higher quarter on quarter at R378 161/kg, due to continued maintenance costs and dust suppression on dormant slimes dams, resulting in a much lower operating profit of R20 million.

**Phoenix (tailings)**

Indicator  
 Units  
 September  
 2012  
 June  
 2012  
 %  
 variance  
 Tonnes  
 000  
 1 286  
 1 290  
 (0.3)  
 Grade  
 g/t  
 0.156

0.155  
 0.8  
 Gold produced  
 kg  
 201  
 200  
 0.5  
 Cash operating costs  
 R/kg  
 287 239  
 252 790  
 (14)  
 Operating profit  
 R'000  
 25 930  
 33 866  
 (23)

Tonnes treated remained stable at 1 286 000t, while the recovered grade increased slightly and resulted in production at a similar level to the previous quarter at 201kg.

Higher winter electricity tariffs and an increase in reagent consumption negatively affected the operating profit, which was 23% lower quarter on quarter at R26 million.

**Kalgold**

Indicator  
 Units  
 September  
 2012  
 June  
 2012  
 %  
 variance  
 Tonnes  
 000  
 390  
 337  
 16  
 Grade  
 g/t  
 0.87  
 0.81  
 7  
 Gold produced  
 kg  
 340  
 273  
 25  
 Cash operating costs  
 R/kg  
 251 459  
 251 015

(0.2)  
 Operating profit  
 R'000  
 59 762  
 43 983  
 36

Mining at Kalgold was done from both the A-zone and the Watertank pits, resulting in tonnes milled being 16% higher quarter on quarter at 390 000t. The recovered grade improved by 7% quarter on quarter to 0.87g/t, mainly due to the improved plant feed grade. Eight carbon in leach tanks were successfully commissioned during the quarter, which replaced the timeworn carbon in leach tanks at the plant.

Cash operating costs remained steady at R251 459/kg, due to increased gold output. Operating profit was 36% higher quarter on quarter at R60 million.

**DISCONTINUED OPERATIONS**

**Total Evander (underground and surface)**

Indicator  
 Units  
 September  
 2012  
 June  
 2012  
 %

variance  
 Tonnes  
 000  
 159  
 147  
 8

Grade  
 g/t  
 5.14  
 4.73  
 9

Gold produced  
 kg  
 817  
 695  
 18

Cash operating costs  
 R/kg  
 259 613  
 301 429  
 14

Operating profit  
 R'000  
 141 358  
 95 141  
 49

**Evander underground**

Indicator  
 Units  
 September  
 2012  
 June  
 2012  
 %  
 variance  
 Tonnes  
 000  
 117  
 97  
 21  
 Grade  
 g/t  
 6.48  
 6.70  
 (3)  
 Gold produced  
 kg  
 758  
 650  
 17  
 Cash operating costs  
 R/kg  
 268 673  
 304 085  
 12  
 Operating profit  
 R'000  
 123 741  
 87 977  
 41

**Evander surface sources**

Indicator  
 Units  
 September  
 2012  
 June  
 2012  
 %  
 variance  
 Tonnes  
 000  
 42  
 50  
 (16)  
 Grade  
 g/t  
 1.40  
 0.90

56

Gold produced

kg

59

45

31

Cash operating costs

R/kg

143 220

263 067

46

Operating profit

R'000

17 617

7 164

>100

The Evander operation had a good quarter, showing improvements in all production results.

An increase of 18% in gold production and a 14% improvement in cash operating costs at R259 613/kg, resulted in an operating profit of R141 million.

Gold production at Evander increased to 817kg, due to a net increase of 8% in tonnes milled at 159 000t and an increase in recovered grade to 5.14g/t.

## 10

### **Results for the first quarter ended 30 September 2012**

#### **Development**

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

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

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

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

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

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

#### **Mineral reserves block grades vs development grades**

##### **September 2012**

**Note:** The ore reserve block grades reflect the grades of the blocks in the life-of-mine plans for the various operations. These blocks are to a large degree the blocks above

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

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

#### **Kusasaletu**

The quarter on quarter development grade is in line with expectations and continues to support the resource estimates.

#### **Doornkop**

The development grade improved further during this quarter, due to a new raise line that was started on 192 level.

#### **Phakisa**

There was a quarter on quarter drop in the development grade. This is as a result of lower on reef meters developed in the better grade Basal Reef raises.

#### **Tshepong**

Both the Basal Reef and the B Reef development grades improved quarter on quarter. The Basal Reef returned some very good results in the decline area of the mine. This is very encouraging in terms of the future grade profile of Tshepong.

#### **Masimong**

Basal Reef development grades remain erratic, but improved marginally quarter on quarter. There was a drop in the B Reef development grades as some of the drives advanced out of the B Reef channels into areas of non-deposition of B Reef.

#### **Target 1 (narrow reef mining)**

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

#### **Bambanani**

All development is taking place in the shaft pillar. The development grade remains in line with expectations and continues to support the high grade profile of the mine.

#### **Joel**

Development grades increased during this quarter as a result of good values intersected in the raises being developed on 129 level.

**Unisel**

At Unisel, the development grade of the Basal Reef improved further owing to the development of higher grade pillars in the Brand 5 shaft area. The Leader Reef grade also improved and continued to show encouraging results. There was no development planned on the Middle Reef during the quarter.

**Target 3 (narrow reef mining)**

Both the A Reef and B Reef returned very encouraging results during the quarter. However, no Basal Reef was developed during the quarter. This is due to logistical and infrastructure constraints encountered in some of the sub-shaft areas, which is in the process of being re-commissioned.

**Evander**

There was an increase in the quarter on quarter development grade, due to higher grades intersected in the winzes being developed in the payshoot area. However, some localised lower grades were also intersected, which is typical of the erratic nature of the grade distribution in the Kimberly Reef.

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

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Exploration highlights

**International (Papua New Guinea)**

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

**Wafi-Golpu**

On 29 August 2012, Harmony released its ore reserve and mineral resource estimates for Wafi-Golpu complex, following the completion of the technical pre-feasibility study for the Golpu deposit.

The highlights of the Golpu pre-feasibility study as well as the detail on the capital and operating costs are as follows:

*Highlights of the Golpu pre-feasibility study (PFS)\**

- Excellent potential for further mineral discoveries in the region
- Golpu deposit – a large, low cost, long life, block cave mining operation
  - Updated Golpu probable mineral reserve estimate containing 12.4 million ounces of gold and 5.4 million tonnes of copper for 38.9 million gold equivalent ounces

1

- Drilling within the Lift 1 post completion of the study have returned higher grades than modelled in the Mineral Reserve, thus there is grade upside potential to the mineral reserve estimate
- First production by 2019, subject to approvals and feasibility study
- Mine life of 26 years and annual production reaches 490 000 ounces of gold and 290 000 tonnes of copper during the period 2026 to 2035 under the PFS base case scenario
- First quartile cash costs (whether measured by gold or copper unit cost)
- Estimated capital cost to first production of US\$4.85 billion. This estimate is at PFS level and capital costs are undergoing further evaluation with the objective of optimising these
- Harmony has budgeted US\$114 million for study and drilling programme costs for FY13 and the company's share of expenditure for the feasibility study is estimated to be in the order of US\$400 million, over half of which would comprise expenditure on additional resource definition drilling and early stage access decline development
- Total capital expenditure to first production occurs over a six year period. Harmony expects to be able to fund its share of the capital expenditure largely from operating cash flow (refer to Harmony's Investor Day presentation, dated 29 August 2012 on [www.harmony.co.za](http://www.harmony.co.za))
- High grade drill intercepts occur at depth indicating good potential for a third mining lift
- Further metallurgical test work is expected to optimise the metal recoveries assumed in the PFS
- The Wafi deposit is in Concept Study, with progress to PFS likely to occur later this calendar year

*\* Important to note is that the Golpu pre-feasibility study excludes information on Wafi*



<sup>1</sup> Gold equivalent based on US\$1 400/oz Au and US\$3.50/lb Cu

**Mineral resource estimate for the Golpu deposit**

Tonnes

(Mt)

Au

(g/t)

Cu

(%)

Ag

(g/t)

Contained

Gold

(Moz)

Contained

Copper

(Mt)

Contained

Silver

(Moz)

Gold

Equivalent<sup>1</sup>

(Moz)

**Indicated Resource**

Golpu

810

0.64

0.92

1.1

16.6

7.45

28.6

53.7

**Inferred Resource**

Golpu

190

0.61

0.80

1.0

3.7

1.52

6.1

11.5

**Total Resource**

Golpu

1 000

0.63

0.90

1.1

20.3

8.97

34.7

65.2

**Mineral reserve estimate for the Golpu deposit**

Tonnes

(Mt)

Au

(g/t)

Cu

(%)

Contained

Gold

(Moz)

Contained

Copper

(Mt)

Gold

Equivalent<sup>1</sup>

(Moz)

**Probable Reserve**

Golpu

450

0.86

1.2

12.4

5.44

38.9<sup>1</sup>

The Golpu Indicated Mineral Resource is inclusive of the Golpu Probable Mineral Reserve as set out above. For the purpose of this release, Mineral

Resources and Mineral Reserves are reported in 100% terms. Harmony has a beneficial interest of 50% in these resources and reserves.

<sup>1</sup> Gold equivalent based on US\$1 400/oz Au and US\$3.50/lb Cu

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**Results for the first quarter  
ended 30 September 2012**

*Estimate capital and operating cost as per Golpu pre-feasibility study*

The estimated initial capital cost to first production for the Golpu development from the PFS is set out below.

There is potential for capital costs to be optimised from the PFS estimates and capital costs are undergoing further evaluation to leverage cost reduction opportunities presented by forecast weaker economic conditions. No major commitments are being made until this review has been completed.

**Capital cost estimate**

Area

PFS Estimate

(US\$m)\*

**Direct Costs**

Mine

968

Process Plant

652

Infrastructure

558

Power Supply

472

**Total Direct Costs**

2 649

**Indirect Costs**

Project Management

678

Owners' Costs

635

Drilling and Studies

445

**Total Indirect Costs**

1 758

Contingency

437

**Total Capital Cost**

4 845

*\*Figures quoted on 100% basis*

Harmony's share of project expenditure up to completion of the feasibility study is expected to be approximately US\$400 million and a further US\$270 million prior to receiving all approvals and permits necessary for construction to commence in mid-2016. The majority of this pre-execution phase expenditure comprises resource definition drilling, technical studies and access decline development.

In addition to the contingency shown in the capital cost estimate table above, growth allowances have been made in each sub-element of Direct and Indirect Costs.

After first production, there will be ongoing capital expenditure for the remainder of the mine life, including ongoing mine development

to deliver the projected production. The PFS estimates total capital expenditure on a 100% basis (including the US\$4.8 billion referred to above) for the life of the project to be US\$9.8 billion.

The operating costs per tonne of ore processed for Lift 1 and Lift 2 estimated in the PFS are as follows:

**Operating cost estimate**

Area  
PFS Estimate  
(US\$/t processed)  
(Life-of-Project)

Mining

8.64

Processing

7.39

Infrastructure

1.62

G&A

5.01

**Total Operating Cost**

22.65

**Indicative pre-feasibility parameters**

The key outcomes of the study are as follows:

Pre-feasibility base case

22Mtpa capacity

Units

Result\*

Production Life

Years

26

Peak Au Production

koz pa

560

Peak Cu Production

kt pa

335

Annual Au Production<sup>1</sup>

koz pa

490

Annual Cu Production<sup>1</sup>

kt pa

290

Gold Cash Cost

2

US\$/oz

Negative 2 600

3

Copper Cash Cost

2

US\$/lb

0.54

3

**Total Initial Capital**

US\$B

4.85

**Total Capital**

US\$B

9.75

*1. For the period 2026 – 2035*

*2. Net of by-product credits*

*3. Price assumption used: Gold \$1 650/oz and Copper US\$3.50/lb*

*\* Figures quoted on 100% basis*

The joint venture participants are engaging with the government and landowner representatives, to ensure alignment on the planned project development and key elements of the next phase of work.

Capital costs and key contractors are also being reviewed before the commencement of the feasibility study.

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**Figure 1:** Plan view of MMJV project area in PNG

Drilling at Wafi-Golpu targeted the high grade zones in the upper levels of the Golpu deposit and also continued to better define the eastern margin of the resource at depth.

Drill hole WR426, targeting the eastern margin, intersected 942m at 0.94g/t Au and 1.18% Cu from 1 038m including 340m at 1.91g/t Au and 2.35% Cu from 1 246m, in line with surrounding drill holes. This confirms the vertical altitude of the geology model.

**Hidden Valley district exploration**

Exploration drilling continues along the prospective Wafi Transfer Zone and at the Kerimenge prospect, four kilometres north of Hidden Valley mine. The regional exploration campaign advanced with surface sampling at the Garawaria prospect, 60 kilometres southeast of Hidden Valley. Results from the ongoing regional program on EL1629 continue to highlight Garawaria as a standout gold/copper-gold target.

Results received for remaining trench samples included:

Trench 1C:

62m @ 4.01 g/t Au

Trench 3:

55m @ 1.41 g/t Au

An initial 7 holes drill programme has been approved for the prospect and camp construction and pad preparation are underway.

**PNG exploration (Harmony 100%)**

**Figure 2:** Harmony's exploration tenements

14

**Results for the first quarter  
ended 30 September 2012**

15

Operating results  
(Rand/Metric) (US\$/Imperial)  
South Africa  
International  
Discontinued  
Operations  
Underground production  
Surface production  
Three  
months  
ended  
Kusasa-  
lethu  
Doorn-  
kop  
Phakisa  
Tshepong  
Masi-  
mong  
Target 1  
Bamba-  
nani  
Joel  
Unisel  
Target 3  
Steyn 2  
Total  
Under-  
ground  
Phoenix  
Dumps  
Kalgold  
Total  
Surface  
Other  
Total  
South  
Africa  
Hidden  
Valley  
Other  
Total  
Continuing  
Operations  
Evander  
Evander  
Surface

Harmony  
Total  
**Ore milled**  
**- t'000**  
Sep-12  
328  
245  
142  
313  
261  
178  
33  
167  
116  
87  
10  
1 880  
1 286  
714  
390  
2 390  
-  
4 270  
491  
-  
4 761  
117  
42  
4 920  
Jun-12  
337  
261  
153  
317  
231  
180  
22  
147  
112  
80  
12  
1 852  
1 290  
700  
337  
2 327  
-  
4 179  
459  
-  
4 638



97  
50  
4 785  
**Gold produced**  
**– kg**  
**Sep-12**  
**1 601**  
**871**  
**679**  
**1 159**  
**987**  
**1 071**  
**337**  
**900**  
**430**  
**367**  
**101**  
**8 503**  
**201**  
**280**  
**340**  
**821**  
**–**  
**9 324**  
**689**  
**–**  
**10 013**  
**758**  
**59**  
**10 830**  
Jun-12  
1 590  
812  
741  
1 252  
754  
808  
201  
790  
459  
290  
105  
7 802  
200  
330  
273  
803  
**–**  
8 605  
664  
**–**

9 269

650

45

9 964

**Gold produced**

**- oz**

**Sep-12**

**51 473**

**28 003**

**21 830**

**37 263**

**31 733**

**34 433**

**10 835**

**28 936**

**13 825**

**11 799**

**3 247**

**273 377**

**6 462**

**9 002**

**10 931**

**26 395**

**-**

**299 772**

**22 152**

**-**

**321 924**

**24 370**

**1 897**

**348 191**

Jun-12

51 120

26 106

23 824

40 253

24 242

25 978

6 462

25 399

14 757

9 324

3 376

250 841

6 430

10 610

8 777

25 817

**-**

**276 658**

**21 348**

-	
298 006	
20 898	
1 447	
320 351	
<b>Yield</b>	<b>-g/tonne</b>
<b>Sep-12</b>	
<b>4.88</b>	
<b>3.56</b>	
<b>4.78</b>	
<b>3.70</b>	
<b>3.78</b>	
<b>6.02</b>	
<b>10.21</b>	
<b>5.39</b>	
<b>3.71</b>	
<b>4.22</b>	
<b>10.10</b>	
<b>4.52</b>	
<b>0.16</b>	
<b>0.39</b>	
<b>0.87</b>	
<b>0.34</b>	
-	
<b>2.18</b>	
<b>1.40</b>	
-	
<b>2.10</b>	
<b>6.48</b>	
<b>1.40</b>	
<b>2.20</b>	
Jun-12	
4.72	
3.11	
4.84	
3.95	
3.26	
4.49	
9.14	
5.37	
4.10	
3.63	
8.75	
4.21	
0.16	
0.47	
0.81	
0.35	
-	
2.06	
1.45	

–  
2.00  
6.70  
0.90  
2.08  
**Cash operating costs**  
**– R/kg**  
**Sep-12**  
**282 606**  
**294 156**  
**367 785**  
**329 079**  
**265 698**  
**221 587**  
**329 674**  
**189 823**  
**338 063**  
**359 738**  
**383 436**  
**286 654**  
**287 239**  
**378 161**  
**251 459**  
**303 430**  
–  
**288 131**  
**379 303**  
–  
**294 404**  
**268 673**  
**143 220**  
**291 780**  
Jun-12  
243 047  
282 498  
296 637  
271 733  
276 523  
281 736  
426 204  
180 796  
283 244  
383 462  
318 895  
271 108  
252 790  
247 145  
251 015  
249 867  
–

269 126  
394 277

—

278 091  
304 085  
263 067  
279 719

**Cash operating**

**costs**

— \$/oz

**Sep-12**

**1 066**

**1 109**

**1 387**

**1 241**

**1 002**

**836**

**1 243**

**716**

**1 275**

**1 357**

**1 446**

**1 081**

**1 083**

**1 426**

**948**

**1 144**

—

**1 087**

**1 430**

—

**1 110**

**1 013**

**540**

**1 100**

**Jun-12**

931

1 082

1 136

1 041

1 059

1 079

1 632

692

1 085

1 469

1 221

1 038

968

947

961

957  
—  
1 031  
1 510  
—  
1 065  
1 165  
1 008  
1 071  
**Cash operating  
costs**  
**– R/tonne**  
**Sep-12**  
**1 379**  
**1 046**  
**1 759**  
**1 219**  
**1 005**  
**1 333**  
**3 367**  
**1 023**  
**1 253**  
**1 518**  
**3 873**  
**1 296**  
**45**  
**148**  
**219**  
**104**  
—  
**629**  
**532**  
—  
**619**  
**1 741**  
**201**  
**642**  
Jun-12  
1 147  
879  
1 437  
1 073  
903  
1 265  
3 894  
972  
1 161  
1 390  
2 790  
1 142  
39

117  
203  
86  
—  
554  
570  
—  
556  
2 038  
237  
582  
**Gold sold**  
— kg  
**Sep-12**  
**1 545**  
**848**  
**678**  
**1 158**  
**986**  
**1 008**  
**337**  
**856**  
**430**  
**345**  
**101**  
**8 292**  
**179**  
**269**  
**316**  
**764**  
—  
**9 056**  
**648**  
—  
**9 704**  
**714**  
**59**  
**10 477**  
Jun-12  
1 512  
817  
739  
1 247  
752  
877  
201  
834  
458  
314  
104  
7 855

206  
335  
296  
837  
—  
8 692  
641  
—  
9 333  
660  
45  
10 038  
**Gold sold**  
**— oz**  
**Sep-12**  
**49 673**  
**27 264**  
**21 798**  
**37 231**  
**31 701**  
**32 408**  
**10 835**  
**27 521**  
**13 825**  
**11 092**  
**3 247**  
**266 595**  
**5 755**  
**8 648**  
**10 160**  
**24 563**  
—  
**291 158**  
**20 834**  
—  
**311 992**  
**22 956**  
**1 897**  
**336 845**  
Jun-12  
48 612  
26 267  
23 759  
40 092  
24 177  
28 196  
6 462  
26 814  
14 725  
10 095  
3 344



252 543  
 6 623  
 10 770  
 9 517  
 26 910

—  
 279 453  
 20 609

—  
 300 062  
 21 219  
 1 447

322 728

**Revenue (R'000)**

**Sep-12**

**683 540**

**374 477**

**298 387**

**509 194**

**435 594**

**442 824**

**149 441**

**374 867**

**190 189**

**151 293**

**44 331**

**3 654 137**

**78 855**

**118 204**

**140 117**

**337 176**

—

**3 991 313**

**286 867**

—

**4 278 180**

**315 346**

**26 067**

**4 619 593**

Jun-12

641 580

344 493

311 212

525 128

316 679

368 359

84 640

351 648

192 912

132 225

43 824

3 312 700  
87 078  
140 908  
124 972  
352 958

—  
3 665 658  
268 805

—  
3 934 463  
279 277  
19 002  
4 232 742

**Cash operating  
costs**

**(R'000)**

**Sep-12**

**452 453**

**256 210**

**249 726**

**381 403**

**262 244**

**237 320**

**111 100**

**170 841**

**145 367**

**132 024**

**38 727**

**2 437 415**

**57 735**

**105 885**

**85 496**

**249 116**

—  
**2 686 531**

**261 340**

—  
**2 947 871**

**203 654**

**8 450**

**3 159 975**

**Jun-12**

**386 444**

**229 388**

**219 808**

**340 210**

**208 498**

**227 643**

**85 667**

**142 829**

**130 009**

111 204  
33 484  
2 115 184  
50 558  
81 558  
68 527  
200 643  
—  
2 315 827  
261 800  
—  
2 577 627  
197 655  
11 838  
2 787 120  
**Inventory  
movement  
(R'000)**  
**Sep-12**  
**(18 874)**  
**(7 293)**  
**861**  
**1 240**  
**(4 056)**  
**(13 448)**  
**(2 308)**  
**(8 456)**  
**372**  
**(7 507)**  
**36**  
**(59 433)**  
**(4 810)**  
**(8 144)**  
**(5 141)**  
**(18 095)**  
—  
**(77 528)**  
**(539)**  
—  
**(78 067)**  
**(12 049)**  
—  
**(90 116)**  
Jun-12  
(19 156)  
7 178  
(2 306)  
221  
45  
18 422  
(627)

16 948  
(2 224)  
9 019  
(491)  
27 029  
2 654  
2 232  
12 462  
17 348

—  
44 377  
17 423

—  
61 800  
(6 355)

—  
55 445

**Operating costs**

**(R'000)**

**Sep-12**

**433 579**

**248 917**

**250 587**

**382 643**

**258 188**

**223 872**

**108 792**

**162 385**

**145 739**

**124 517**

**38 763**

**2 377 982**

**52 925**

**97 741**

**80 355**

**231 021**

—

**2 609 003**

**260 801**

—

**2 869 804**

**191 605**

**8 450**

**3 069 859**

Jun-12

367 288

236 566

217 502

340 431

208 543

246 065

85 040  
159 777  
127 785  
120 223  
32 993  
2 142 213  
53 212  
83 790  
80 989  
217 991

—  
2 360 204  
279 223

—  
2 639 427  
191 300  
11 838  
2 842 565

**Operating profit\***

**(R'000)**

**Sep-12**

**249 961**

**125 560**

**47 800**

**126 551**

**177 406**

**218 952**

**40 649**

**212 482**

**44 450**

**26 776**

**5 568**

**1 276 155**

**25 930**

**20 463**

**59 762**

**106 155**

—

**1 382 310**

**26 066**

—

**1 408 376**

**123 741**

**17 617**

**1 549 734**

Jun-12

274 292

107 927

93 710

184 697

108 136

122 294  
(400)  
191 871  
65 127  
12 002  
10 831  
1 170 487  
33 866  
57 118  
43 983  
134 967  
—  
1 305 454  
(10 418)  
—  
1 295 036  
87 977  
7 164  
1 390 177  
**Operating profit\***  
**(\$'000)**  
**Sep-12**  
**30 305**  
**15 223**  
**5 796**  
**15 344**  
**21 509**  
**26 546**  
**4 929**  
**25 762**  
**5 388**  
**3 246**  
**676**  
**154 724**  
**3 144**  
**2 482**  
**7 245**  
**12 871**  
—  
**167 595**  
**3 160**  
—  
**170 755**  
**15 002**  
**2 135**  
**187 892**  
Jun-12  
33 777  
13 290  
11 540  
22 745

13 316  
15 059  
(49)  
23 629  
8 020  
1 478  
1 334  
144 139  
4 170  
7 033  
5 417  
16 620  
—  
160 759  
(1 284)  
—  
159 475  
10 834  
882  
171 191  
**Capital  
expenditure  
(R'000)**  
**Sep-12**  
**116 450**  
**77 688**  
**77 645**  
**75 254**  
**36 268**  
**86 400**  
**31 261**  
**38 105**  
**15 565**  
**28 320**  
**838**  
**583 794**  
**67 869**  
**5 765**  
**12 548**  
**86 182**  
**6 699**  
**676 675**  
**87 153**  
**130 955**  
**894 783**  
**53 489**  
—  
**948 272**  
Jun-12  
102 993  
92 378

75 172  
88 812  
42 103  
71 160  
43 188  
41 879  
20 333  
31 806  
11 051  
620 875  
21 598  
8 926  
27 592  
58 116  
7 866  
686 857  
121 347  
121 656  
929 860  
46 530  
—  
976 390  
**Capital  
expenditure  
(\$'000)**  
**Sep-12**  
**14 119**  
**9 419**  
**9 414**  
**9 124**  
**4 397**  
**10 475**  
**3 790**  
**4 620**  
**1 887**  
**3 434**  
**102**  
**70 781**  
**8 229**  
**699**  
**1 521**  
**10 449**  
**812**  
**82 042**  
**10 567**  
**15 877**  
**108 486**  
**6 485**  
—  
**114 971**  
Jun-12



12 683  
11 376  
9 257  
10 937  
5 185  
8 763  
5 318  
5 157  
2 504  
3 917  
1 361  
76 458  
2 660  
1 099  
3 398  
7 157  
969  
84 584  
14 943  
14 982  
114 509  
5 730  
—  
120 239

\* Operating profit/(loss) is comparable to the term production profit/(loss) in the segment report in the financial statements and not to the operating profit line item in the income statement.

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**Results for the first quarter  
ended 30 September 2012**

CONDENSED CONSOLIDATED INCOME STATEMENTS (Rand)

Figures in million

Note

**Quarter ended**

**Year ended**

30 September

2012

(Unaudited)

30 June

2012

(Unaudited)

30 September<sup>1</sup>

2011

(Unaudited)

30 June

2012

(Audited)

**Continuing operations**

Revenue

4 278

3 934

3 574

15 169

Cost of sales

2

(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	
3	
(105)	
(21)	
(22)	
(87)	
Other items	
(27)	
(166)	
(34)	
(197)	
<b>Gross profit</b>	
<b>788</b>	
<b>609</b>	
<b>599</b>	
<b>3 032</b>	
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)	
<b>Operating profit</b>	
<b>584</b>	
<b>295</b>	
<b>453</b>	
<b>2 121</b>	
Reversal of impairment of investment in associate	
–	
–	
48	

56
Impairment of investments
4
(48)
(144)
—
(144)
Net gain/(loss) on financial instruments
74
12
(23)
86
Investment income
33
33
16
97
Finance cost
(58)
(69)
(70)
(286)
<b>Profit before taxation</b>
<b>585</b>
<b>127</b>
<b>424</b>
<b>1 930</b>
Taxation
5
(152)
(200)
(57)
123
Normal taxation
(111)
(83)
(40)
(199)
Deferred taxation
(41)
(117)
(17)
322
<b>Net profit/(loss) from continuing operations</b>
<b>433</b>
<b>(73)</b>
<b>367</b>
<b>2 053</b>
<b>Discontinued operations</b>
Profit from discontinued operations
6

89
180
111
592
<b>Net profit for the period</b>
<b>522</b>
<b>107</b>
<b>478</b>
<b>2 645</b>
<i>Attributable to:</i>
Owners of the parent
522
107
478
2 645
<b>Earnings per ordinary share (cents)</b>
7
Earnings/(loss) from continuing operations
100
(17)
85
477
Earnings from discontinued operations
21
42
26
137
<b>Total earnings</b>
<b>121</b>
<b>25</b>
<b>111</b>
<b>614</b>
<b>Diluted earnings per ordinary share (cents)</b>
7
Earnings/(loss) from continuing operations
100
(17)
85
476
Earnings from discontinued operations
21
42
26
136
<b>Total diluted earnings</b>
<b>121</b>
<b>25</b>
<b>111</b>
<b>612</b>

<sup>1</sup> 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.

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Rand)

Figures in million

Note

**Quarter ended**

**Year ended**

30 September

2012

(Unaudited)

30 June

2012

(Unaudited)

30 September

2011

(Unaudited)

30 June

2012

(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.



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**Results for the first quarter  
ended 30 September 2012**

CONDENSED CONSOLIDATED BALANCE SHEETS (Rand)

Figures in million

Note

At

30 September

2012

(Unaudited)

At

30 June

2012

(Audited)

At

30 September

2011

(Unaudited)

**ASSETS**

**Non-current assets**

Property, plant and equipment

33 334

32 853

32 278

Intangible assets

2 194

2 196

2 171

Restricted cash

36

36

31

Restricted investments

1 919

1 842

1 860

Deferred tax assets

523

486

1 287

Investments in financial assets

4

98

146

215

Inventories

58

58

168

Trade and other receivables

20

28

24

**Total non-current assets**

**38 182**

**37 645**

**38 034**

**Current assets**

Inventories

1 185

996

1 006

Trade and other receivables

1 165

1 245

876

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

28 331

28 314

Other reserves

2 515

2 444

1 741

Retained earnings

3 611

3 307

1 313

**Total equity**

**34 457**

**34 082**

**31 368**

**Non-current liabilities**

Deferred tax liabilities

3 166

3 106

4 300

Provision for environmental rehabilitation

1 895

1 865

2 046

Retirement benefit obligation

181

177

167

Other provisions

33

30

7

Derivative financial liabilities

3

54

—

—

Borrowings

8

1 840

1 503

1 684

**Total non-current liabilities**

**7 169**

**6 681**

**8 204**

**Current liabilities**

Borrowings

8

306

313

331

Income and mining taxes

110

1

3

Derivative financial liabilities

3

16

—

—
Trade and other payables
1 966
1 747
1 733
2 398
2 061
2 067
Liabilities of disposal groups classified as held for sale
6
440
376
16
<b>Total current liabilities</b>
<b>2 838</b>
<b>2 437</b>
<b>2 083</b>
<b>Total equity and liabilities</b>
<b>44 464</b>
<b>43 200</b>
<b>41 655</b>

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

**19**  
 CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Rand) (Unaudited)  
 for the quarter ended 30 September 2012

Figures in million

Share capital	
Other reserves	
Retained earnings	
Total	
Balance – 30 June 2012	28 331
	2 444
	3 307
	34 082
Share-based payments	–
	45
	–
	45
Net profit for the period	–
	–
	522
	522
Other comprehensive income for the period	–
	26
	–
	26
Dividends paid	1
	–
	–
	(218)
	(218)
<b>Balance – 30 September 2012</b>	<b>28 331</b>
	<b>2 515</b>
	<b>3 611</b>
	<b>34 457</b>
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 paid
2
—
—
(258)
(258)
<b>Balance – 30 September 2011</b>
<b>28 314</b>
<b>1 741</b>
<b>1 313</b>
<b>31 368</b>

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

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

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

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**Results for the first quarter  
ended 30 September 2012**

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (Rand)

Figures in million

**Quarter ended**

**Year ended**

30 September

2012

(Unaudited)

30 June

2012

(Unaudited)

30 September

2011

(Unaudited)

30 June

2012

(Audited)

**Cash flow from operating activities**

Cash generated by operations

1 337

1 211

1 092

4 551

Interest and dividends received

26

20

16

80

Interest paid

(29)

(38)

(41)

(141)

Income and mining taxes refunded/(paid)

108

(163)

–

(277)

**Cash generated by operating activities**

**1 442**

**1 030**

**1 067**

**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.

**21****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**

Figures in million

**Quarter ended****Year ended**

30 September

2012

(Unaudited)

30 June

2012

(Unaudited)

30 September<sup>1</sup>

2011

(Unaudited)

30 June

2012

(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

–

(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 <sup>2</sup>
105
21
22
87
Other
-
127
-
126
<b>Total cost of sales</b>
<b>3 490</b>
<b>3 325</b>
<b>2 975</b>
<b>12 137</b>

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.

22

**Results for the first quarter  
ended 30 September 2012**

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 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<sup>1</sup>

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
<b>Headline earnings/(loss)</b>
<b>440</b>
<b>(48)</b>
<b>300</b>
<b>2 000</b>
<b>Discontinued operations</b>
Net profit
89
180
111
592
<i>Adjusted for:</i>
Profit on sale of property, plant and equipment
—
(230)
—
(232)
Taxation effect of profit on sale of property, plant and equipment
—
71
—
72
<b>Headline earnings</b>
<b>89</b>
<b>21</b>
<b>111</b>
<b>432</b>

**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*



**23**

**Net asset value per share**

At

30 September  
2012

(Unaudited)

At

30 June  
2012

(Audited)

At

30 September  
2011

(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**

Figures in million

At

30 September  
2012

(Unaudited)

At

30 June  
2012

(Audited)

At

30 September  
2011

(Unaudited)

**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](http://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.

24

**Results for the first quarter  
ended 30 September 2012**

**13. Reconciliation of segment information to consolidated income statements**

Figures in million

30 September

2012

(Unaudited)

30 September<sup>1</sup>

2011

(Unaudited)

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

**Reconciliation of production profit to gross profit**

Total segment revenue

4 619

3 929

Total segment production costs

(3 070)

(2 623)

Production profit per segment report

1 549

1 306

Discontinued operations

(141)

(172)

Production profit from continuing operations

1 408

1 134

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

(620)

(535)

**Gross profit as per income statements\***

**788**

**599**

<sup>1</sup>

*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.*

**25**

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

**Revenue**

30 September

**Production cost**

30 September

**Production profit/(loss)**

30 September

**Capital expenditure**

30 September

**Kilograms produced**

30 September

**Tonnes milled**

30 September

2012

2011

2012

2011

2012

2011

2012

2011

2012

2011

2012

2011

R million

R million

R million

R million

kg

t'000

**Continuing operations**

**South Africa**

**Underground**

Kusasaletu

684

575

434

335

250

240

116

98

1 601

1 554

328

331

Doornkop

374  
348  
249  
230  
125  
118  
78  
65  
871  
866  
245  
277  
Phakisa  
298  
206  
251  
188  
47  
18  
78  
74  
679  
526  
142  
113  
Tshepong  
509  
466  
383  
305  
126  
161  
75  
59  
1 159  
1 183  
313  
287  
Masimong  
436  
314  
258  
215  
178  
99  
36  
50  
987  
796  
261  
232

Target 1

443  
366  
224  
206  
219  
160  
87  
63  
1 071  
939  
178  
210

Bambanani

194  
175  
148  
201  
46  
(26)  
32  
77  
438  
498  
43  
92

Joel

375  
283  
162  
149  
213  
134  
38  
13  
900  
691  
167  
147

Unisel

(1)  
190  
136  
146  
121  
44  
15  
16  
16  
430  
340

116

92

Target 3

151

93

124

105

27

(12)

28

12

367

241

87

78

**Surface**

All other surface operations

337

353

230

242

107

111

93

26

821

863

2 390

2 431

**Total South Africa**

**3 991**

**3 315**

**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
<b>Total discontinued operations</b>
<b>341</b>
<b>355</b>
<b>200</b>
<b>183</b>
<b>141</b>
<b>172</b>
<b>53</b>
<b>38</b>
<b>817</b>
<b>918</b>
<b>159</b>
<b>165</b>
<b>Total operations</b>
<b>4 619</b>
<b>3 929</b>
<b>3 070</b>
<b>2 623</b>
<b>1 549</b>
<b>1 306</b>
<b>948</b>
<b>700</b>
<b>10 830</b>
<b>10 207</b>
<b>4 920</b>
<b>4 870</b>
Reconciliation of the segment
information to the consolidated
income statement (refer to
note 13)
(341)
(355)
(200)
(183)
<b>4 278</b>
<b>3 574</b>
<b>2 870</b>
<b>2 440</b>

(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.*

26

**Results for the first quarter  
ended 30 September 2012**

27

Operating results (US\$/Imperial)

South Africa

International

Discontinued

Operations

Underground production

Surface production

Three

months

ended

Kusasa-

lethu

Doorn-

kop

Phakisa

Tshepong

Masi-

mong

Target 1

Bamba-

nani

Joel

Unisel

Target 3

Steyn 2

Total

Under-

ground

Phoenix

Dumps

Kalgold

Total

Surface

Other

Total

South

Africa

Hidden

Valley

Other

Total

Continuing

Operations

Evander

Evander

Surface

Harmony

Total  
**Ore milled**  
**- t'000**

**Sep-12**

**362**

**270**

**157**

**345**

**288**

**196**

**36**

**184**

**128**

**96**

**11**

**2 073**

**1 418**

**788**

**430**

**2 636**

**-**

**4 709**

**541**

**-**

**5 250**

**129**

**46**

**5 425**

**Jun-12**

**372**

**288**

**169**

**350**

**255**

**198**

**24**

**162**

**124**

**88**

**13**

**2 043**

**1 423**

**772**

**372**

**2 567**

**-**

**4 610**

**506**

**-**

**5 116**

**107**

55

5 278

**Gold produced**

– oz

**Sep-12**

**51 473**

**28 003**

**21 830**

**37 263**

**31 733**

**34 433**

**10 835**

**28 936**

**13 825**

**11 799**

**3 247**

**273 377**

**6 462**

**9 002**

**10 931**

**26 395**

–

**299 772**

**22 152**

–

**321 924**

**24 370**

**1 897**

**348 191**

Jun-12

51 120

26 106

23 824

40 253

24 242

25 978

6 462

25 399

14 757

9 324

3 376

250 841

6 430

10 610

8 777

25 817

–

276 658

21 348

–

298 006

20 898  
 1 447  
 320 351

**Yield**                    **-oz/t**

**Sep-12**

**0.142**

**0.104**

**0.139**

**0.108**

**0.110**

**0.176**

**0.301**

**0.157**

**0.108**

**0.123**

**0.295**

**0.132**

**0.005**

**0.011**

**0.025**

**0.010**

-

**0.064**

**0.041**

-

**0.061**

**0.189**

**0.041**

**0.064**

Jun-12

0.137

0.091

0.141

0.115

0.095

0.131

0.269

0.157

0.119

0.106

0.260

0.123

0.005

0.014

0.024

0.010

-

0.060

0.042

-

0.058

0.195

0.026

0.061

**Cash operating  
costs**

**- \$/oz**

**Sep-12**

**1 066**

**1 109**

**1 387**

**1 241**

**1 002**

**836**

**1 243**

**716**

**1 275**

**1 357**

**1 446**

**1 081**

**1 083**

**1 426**

**948**

**1 144**

**-**

**1 087**

**1 430**

**-**

**1 110**

**1 013**

**540**

**1 100**

**Jun-12**

**931**

**1 082**

**1 136**

**1 041**

**1 059**

**1 079**

**1 632**

**692**

**1 085**

**1 469**

**1 221**

**1 038**

**968**

**947**

**961**

**957**

**-**

**1 031**

**1 510**

–  
1 065  
1 165  
1 008  
1 071  
**Cash operating  
costs**  
– \$/t  
**Sep-12**  
**152**  
**115**  
**193**  
**134**  
**110**  
**147**  
**374**  
**113**  
**138**  
**167**  
**427**  
**143**  
**5**  
**16**  
**24**  
**11**  
–  
**69**  
**59**  
–  
**68**  
**191**  
**22**  
**71**  
Jun-12  
128  
98  
160  
120  
101  
142  
440  
109  
129  
156  
317  
127  
4  
13  
23  
10  
–

62  
64  
—  
62  
227  
27  
65  
**Gold sold**  
— oz  
**Sep-12**  
**49 673**  
**27 264**  
**21 798**  
**37 231**  
**31 701**  
**32 408**  
**10 835**  
**27 521**  
**13 825**  
**11 092**  
**3 247**  
**266 595**  
**5 755**  
**8 648**  
**10 160**  
**24 563**  
—  
**291 158**  
**20 834**  
—  
**311 992**  
**22 956**  
**1 897**  
**336 845**  
Jun-12  
48 612  
26 267  
23 759  
40 092  
24 177  
28 196  
6 462  
26 814  
14 725  
10 095  
3 344  
252 543  
6 623  
10 770  
9 517  
26 910



-	
279 453	
20 609	
-	
300 062	
21 219	
1 447	
322 728	
<b>Revenue</b>	<b>(\$'000)</b>
<b>Sep-12</b>	
<b>82 874</b>	
<b>45 403</b>	
<b>36 177</b>	
<b>61 736</b>	
<b>52 813</b>	
<b>53 689</b>	
<b>18 119</b>	
<b>45 450</b>	
<b>23 059</b>	
<b>18 343</b>	
<b>5 375</b>	
<b>443 038</b>	
<b>9 561</b>	
<b>14 332</b>	
<b>16 988</b>	
<b>40 881</b>	
-	
<b>483 919</b>	
<b>34 781</b>	
-	
<b>518 700</b>	
<b>38 233</b>	
<b>3 160</b>	
<b>560 093</b>	
Jun-12	
79 008	
42 423	
38 325	
64 668	
38 998	
45 362	
10 423	
43 304	
23 756	
16 283	
5 397	
407 947	
10 723	
17 352	
15 390	
43 465	

—  
451 412  
33 102  
—  
484 514  
34 392  
2 340  
521 246  
**Cash operating  
costs  
(\$'000)**  
**Sep-12**  
**54 857**  
**31 064**  
**30 277**  
**46 242**  
**31 796**  
**28 773**  
**13 470**  
**20 713**  
**17 626**  
**16 007**  
**4 695**  
**295 520**  
**7 000**  
**12 837**  
**10 366**  
**30 203**  
—  
**325 723**  
**31 686**  
—  
**357 409**  
**24 692**  
**1 025**  
**383 126**  
Jun-12  
47 590  
28 249  
27 069  
41 896  
25 676  
28 034  
10 549  
17 588  
16 010  
13 694  
4 123  
260 478  
6 226  
10 044

8 438  
 24 708  
 —  
 285 186  
 32 240  
 —  
 317 426  
 24 341  
 1 458  
 343 225  
**Inventory**  
**movement**  
**(\$'000)**  
**Sep-12**  
**(2 288)**  
**(884)**  
**104**  
**150**  
**(492)**  
**(1 630)**  
**(280)**  
**(1 025)**  
**45**  
**(910)**  
**4**  
**(7 206)**  
**(583)**  
**(987)**  
**(623)**  
**(2 193)**  
 —  
**(9 399)**  
**(65)**  
 —  
**(9 464)**  
**(1 461)**  
 —  
**(10 925)**  
 Jun-12  
 (2 359)  
 884  
 (284)  
 27  
 6  
 2 269  
 (77)  
 2 087  
 (274)  
 1 111  
 (60)  
 3 330

327  
 275  
 1 535  
 2 137  
 -  
 5 467  
 2 146  
 -  
 7 613  
 (783)  
 -  
 6 830  
**Operating costs**  
**(\$'000)**  
**Sep-12**  
**52 569**  
**30 180**  
**30 381**  
**46 392**  
**31 304**  
**27 143**  
**13 190**  
**19 688**  
**17 671**  
**15 097**  
**4 699**  
**288 314**  
**6 417**  
**11 850**  
**9 743**  
**28 010**  
 -  
**316 324**  
**31 621**  
 -  
**347 945**  
**23 231**  
**1 025**  
**372 201**  
 Jun-12  
 45 231  
 29 133  
 26 785  
 41 923  
 25 682  
 30 303  
 10 472  
 19 675  
 15 736  
 14 805  
 4 063

263 808  
 6 553  
 10 319  
 9 973  
 26 845  
 -  
 290 653  
 34 386  
 -  
 325 039  
 23 558  
 1 458  
 350 055  
**Operating profit**  
**(\$'000)**  
**Sep-12**  
**30 305**  
**15 223**  
**5 796**  
**15 344**  
**21 509**  
**26 546**  
**4 929**  
**25 762**  
**5 388**  
**3 246**  
**676**  
**154 724**  
**3 144**  
**2 482**  
**7 245**  
**12 871**  
 -  
**167 595**  
**3 160**  
 -  
**170 755**  
**15 002**  
**2 135**  
**187 892**  
 Jun-12  
 33 777  
 13 290  
 11 540  
 22 745  
 13 316  
 15 059  
 (49)  
 23 629  
 8 020  
 1 478

1 334  
144 139  
4 170  
7 033  
5 417  
16 620  
—  
160 759  
(1 284)  
—  
159 475  
10 834  
882  
171 191  
**Capital  
expenditure  
(\$'000)**  
**Sep-12**  
**14 119**  
**9 419**  
**9 414**  
**9 124**  
**4 397**  
**10 475**  
**3 790**  
**4 620**  
**1 887**  
**3 434**  
**102**  
**70 781**  
**8 229**  
**699**  
**1 521**  
**10 449**  
**812**  
**82 042**  
**10 567**  
**15 877**  
**108 486**  
**6 485**  
—  
**114 971**  
Jun-12  
12 683  
11 376  
9 257  
10 937  
5 185  
8 763  
5 318  
5 157

2 504  
3 917  
1 361  
76 458  
2 660  
1 099  
3 398  
7 157  
969  
84 584  
14 943  
14 982  
114 509  
5 730  
—  
120 239

28

**Results for the first quarter  
ended 30 September 2012**

CONDENSED CONSOLIDATED INCOME STATEMENTS (US\$)

(Convenience translation)

Figures in million

**Quarter ended**

**Year ended**

30 September

2012

(Unaudited)

30 June

2012

(Unaudited)

30 September<sup>1</sup>

2011

(Unaudited)

30 June

2012

(Audited)

**Continuing operations**

Revenue

519

485

501

1 953

Cost of sales

(423)

(409)

(417)

(1 561)

Production costs

(348)

(325)

(342)

(1 276)

Amortisation and depreciation

(58)

(67)

(62)

(247)

Reversal of impairment of assets

—

7

—

7

Employment termination and restructuring costs

(1)

(1)

(5)

(10)



Share-based payments

(13)

(3)

(3)

(11)

Other items

(3)

(20)

(5)

(24)

**Gross profit**

**96**

**76**

**84**

**392**

Corporate, administration and other expenditure

(13)

(11)

(11)

(45)

Social investment expenditure

(2)

(3)

(2)

(9)

Exploration expenditure

(16)

(20)

(13)

(64)

Profit on sale of property, plant and equipment

7

4

4

8

Other (expenses)/income – net

–

(9)

3

(6)

**Operating profit**

**72**

**37**

**65**

**276**

Reversal of impairment of investment in associate

–

–

7

7

Impairment of investments

(6)	
(18)	
—	
(19)	
Net gain/(loss) on financial instruments	
9	
1	
(4)	
11	
Investment income	
4	
4	
2	
12	
Finance cost	
(7)	
(8)	
(10)	
(37)	
<b>Profit before taxation</b>	
<b>72</b>	
<b>16</b>	
<b>60</b>	
<b>250</b>	
Taxation	
(18)	
(24)	
(8)	
16	
Normal taxation	
(13)	
(10)	
(6)	
(25)	
Deferred taxation	
(5)	
(14)	
(2)	
41	
<b>Net profit/(loss) from continuing operations</b>	
<b>54</b>	
<b>(8)</b>	
<b>52</b>	
<b>266</b>	
<b>Discontinued operations</b>	
Profit from discontinued operations	
11	
22	
15	
75	
<b>Net profit for the period</b>	

65

14

67

341

*Attributable to:*

Owners of the parent

65

14

67

341

**Earnings per ordinary share (cents)**

Earnings/(loss) from continuing operations

12

(2)

12

61

Earnings from discontinued operations

3

5

4

18

**Total earnings**

15

3

16

79

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

Earnings/(loss) from continuing operations

12

(2)

12

61

Earnings from discontinued operations

3

5

4

18

**Total diluted earnings**

15

3

16

79

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

The currency conversion average rates for the quarter ended: September 2012: US\$1 = R8.25 (June 2012: US\$1 = R8.12, September 2011:

US\$1 = R7.14). For year ended: June 2012: US\$1 = R7.77.

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

**29**

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (US\$)

(Convenience translation)

Figures in million

**Quarter ended**

**Year ended**

30 September

2012

(Unaudited)

30 June

2012

(Unaudited)

30 September

2011

(Unaudited)

30 June

2012

(Audited)

Net profit for the period

65

14

67

341

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

3

74

134

(595)

Foreign exchange translation

3

62

129

(607)

(Loss)/gain on fair value movement of available-for-sale investments

–

(6)

4

(7)

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

–

18

–

19

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

**68**

**88**

**201**

**(254)**

*Attributable to:*

Owners of the parent

68

88

201

(254)

*The currency conversion average rates for the quarter ended: September 2012: US\$1 = R8.25 (June 2012: US\$1 = R8.12, September 2011:*

*US\$1 = R7.14). For year ended: June 2012: US\$1 = R7.77.*

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

**Note on convenience translations**

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

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

statements presented on pages 28 to 33.

**30**

**Results for the first quarter  
ended 30 September 2012**

CONDENSED CONSOLIDATED BALANCE SHEETS (US\$)

(Convenience translation)

Figures in million

At

30 September

2012

(Unaudited)

At

30 June

2012

(Audited)

At

30 September

2011

(Unaudited)

**ASSETS**

**Non-current assets**

Property, plant and equipment

4 045

4 003

3 997

Intangible assets

266

268

269

Restricted cash

4

4

4

Restricted investments

233

224

230

Deferred tax assets

63

59

159

Investments in financial assets

12

18

27

Inventories

7

7

21

Trade and other receivables

2

3

3

**Total non-current assets**

**4 632**

**4 586**

**4 710**

**Current assets**

Inventories

144

121

125

Trade and other receivables

141

152

109

Income and mining taxes

1

14

12

Cash and cash equivalents

275

216

164

561

503

410

Assets of disposal groups classified as held for sale

202

174

39

**Total current assets**

**763**

**677**

**449**

**Total assets**

**5 395**

**5 263**

**5 159**

**EQUITY AND LIABILITIES**

**Share capital and reserves**

Share capital

3 438

4 036

3 506

Other reserves

305

(64)

216

Retained earnings

438

180

163

**Total equity**

**4 181**

**4 152**

**3 885**

**Non-current liabilities**

Deferred tax liabilities

384

378

533

Provision for environmental rehabilitation

230

227

253

Retirement benefit obligation

22

22

21

Other provisions

4

4

1

Derivative financial liabilities

7

—

—

Borrowings

223

183

209

**Total non-current liabilities**

**870**

**814**

**1 017**

**Current liabilities**

Borrowings

37

38

41

Income and mining taxes

13

—

—

Derivative financial liabilities

2

—

—

Trade and other payables

239

213

214

291



251
255
Liabilities of disposal groups classified as held for sale
53
46
2
<b>Total current liabilities</b>
<b>344</b>
<b>297</b>
<b>257</b>
<b>Total equity and liabilities</b>
<b>5 395</b>
<b>5 263</b>
<b>5 159</b>

*The balance sheet for September 2012 converted at a conversion rate of US\$1 = R8.24 (June 2012 US\$1 = R 8.21, September 2011: US\$1 = R8.08).*

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

**31**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (US\$) (Unaudited)**  
 for the quarter ended 30 September 2012 (Convenience translation)

Figures in million

Share capital	
Other reserves	
Retained earnings	
Total	
Balance – 30 June 2012	3 438
	297
	401
	4 136
Share-based payments	–
	5
	–
	5
Net profit for the period	–
	–
	63
	63
Other comprehensive income for the period	–
	3
	–
	3
Dividends paid	–
	–
	(26)
	(26)
<b>Balance – 30 September 2012</b>	<b>3 438</b>
	<b>305</b>
	<b>438</b>
	<b>4 181</b>
Balance – 30 June 2011	3 505
	95
	136
	3 736
Issue of shares	1
	–
	–
	1

Share-based payments

—

3

—

3

Net profit for the period

—

—

59

59

Other comprehensive income for the period

—

118

—

118

Dividends paid

—

—

(32)

(32)

**Balance – 30 September 2011**

**3 506**

**216**

**163**

**3 885**

*The currency conversion closing rates for the year ended 30 September 2012: US\$1 = R8.24 (September 2011: US\$1 = R8.08).*

32

**Results for the first quarter  
ended 30 September 2012**

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (US\$)

(Convenience translation)

Figures in million

**Quarter ended**

**Year ended**

30 September

2012

(Unaudited)

30 June

2012

(Unaudited)

30 September

2011

(Unaudited)

30 June

2012

(Audited)

**Cash flow from operating activities**

Cash generated by operations

162

149

153

586

Interest and dividends received

3

2

2

10

Interest paid

(4)

(5)

(6)

(18)

Income and mining taxes refunded/(paid)

13

(20)

–

(33)

**Cash generated by operating activities**

**174**

**126**

**149**

**545**

**Cash flow from investing activities**

Cash transferred to disposal group

(20)

–

–

–	
Proceeds on disposal of investment in associate	
–	
4	
–	
28	
Proceeds on disposal of Evander 6 and Twistdraai	
–	
15	
–	
15	
Other investing activities	
–	
(7)	
–	
(10)	
Net additions to property, plant and equipment	
(108)	
(117)	
(94)	
(404)	
<b>Cash utilised by investing activities</b>	
<b>(128)</b>	
<b>(105)</b>	
<b>(94)</b>	
<b>(371)</b>	
<b>Cash flow from financing activities</b>	
Borrowings raised	
40	
42	
112	
188	
Borrowings repaid	
(1)	
(20)	
(49)	
(159)	
Ordinary shares issued – net of expenses	
–	
–	
1	
3	
Dividends paid	
(26)	
–	
(36)	
(57)	
<b>Cash generated/(utilised) by financing activities</b>	
<b>13</b>	
<b>22</b>	
<b>28</b>	

**(25)**

**Foreign currency translation adjustments**

–

**(13)**

**(21)**

**(35)**

Net increase in cash and cash equivalents

59

30

62

114

Cash and cash equivalents – beginning of period

216

186

102

102

**Cash and cash equivalents – end of period**

**275**

**216**

**164**

**216**

*The currency conversion average rates for the quarter ended: September 2012: US\$1 = R8.25 (June 2012: US\$1 = R8.12, September 2011:*

*US\$1 = R7.14). For year ended: June 2012: US\$1 = R7.77.*

*Closing balance translated at closing rates of: September 2012: US\$1 = R8.24 (June 2012 US\$1 = R 8.21, September 2011: US\$1 = R8.08).*

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

**33**

Segment report (US\$/Imperial) (Unaudited)  
for the quarter ended 30 September 2012

**Revenue**

30 September

**Production cost**

30 September

**Production profit/(loss)**

30 September

**Capital expenditure**

30 September

**Ounces produced**

30 September

**Tons milled**

30 September

2012

2011

2012

2011

2012

2011

2012

2011

2012

2011

2012

2011

US\$ million

US\$ million

US\$ million

US\$ million

oz

t'000

**Continuing operations**

**South Africa**

**Underground**

Kusasaletu

83

81

53

47

30

34

14

14

51 473

49 962

362

365

Doornkop

45  
49  
30  
32  
15  
17  
9  
9  
28 003  
27 843  
270  
305  
Phakisa  
36  
29  
30  
26  
6  
3  
9  
10  
21 830  
16 911  
157  
125  
Tshepong  
62  
65  
46  
43  
16  
22  
9  
8  
37 263  
38 034  
345  
316  
Masimong  
53  
44  
31  
30  
22  
14  
4  
7  
31 733  
25 592  
288  
256



Target 1

54  
51  
27  
29  
27  
22  
11  
9  
34 433  
30 190  
196  
232

Bambanani

23  
24  
18  
28  
5  
(4)  
4  
11  
14 082  
16 011  
47  
101

Joel

45  
40  
20  
21  
25  
19  
5  
2  
28 936  
22 216  
184  
162

Unisel

(1)  
23  
19  
18  
17  
5  
2  
2  
2  
13 825  
10 931

128

101

Target 3

18

13

15

15

3

(2)

3

2

11 799

7 748

96

86

**Surface**

All other surface operations

42

50

28

34

14

16

12

3

26 395

27 746

2 636

2 680

**Total South Africa**

**484**

**465**

**316**

**322**

**168**

**143**

**82**

**77**

**299 772**

**273 184**

**4 709**

**4 729**

**International**

Hidden Valley

35

36

32

20

3

16

11

6  
22 152  
25 463  
541  
458  
Other  
—  
—  
—  
—  
—  
—  
16  
10  
—  
—  
—  
**Total international**  
**35**  
**36**  
**32**  
**20**  
**3**  
**16**  
**27**  
**16**  
**22 152**  
**25 463**  
**541**  
**458**  
**Total continuing operations**  
**519**  
**501**  
**348**  
**342**  
**171**  
**159**  
**109**  
**93**  
**321 924**  
**298 647**  
**5 250**  
**5 187**  
**Discontinued operations**  
Evander  
41  
49  
24  
25  
17

24  
 6  
 5  
 26 267  
 29 515  
 175  
 182

**Total discontinued operations**

41  
 49  
 24  
 25  
 17  
 24  
 6  
 5

26 267  
 29 515  
 175  
 182

**Total operations**

560  
 550  
 372  
 367  
 188  
 183  
 115  
 98  
 348 191  
 328 162  
 5 425  
 5 369

*(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.*

34

**Results for the first quarter  
ended 30 September 2012**

DEVELOPMENT RESULTS (Metric)

Quarter ended September 2012

Channel

Channel

Reef

Sampled

width

value

Gold

Meters

Meters

(Cm's)

(g/t)

(Cmg/t)

Kusasaletu

VCR Reef

376

376

95.86

13.15

1 260

**All Reefs**

**376**

**376**

**95.86**

**13.15**

**1 260**

Doornkop

South Reef

271

192

43.00

23.44

1 000

**All Reefs**

**271**

**192**

**43.00**

**23.25**

**1 000**

Phakisa

Basal 275

296

98.84

8.25

815

**All Reefs**

**275**

**296**  
**98.84**  
**8.25**  
**815**  
 Tshepong  
 Basal 307  
 280  
 9.09  
 219.93  
 2 000  
 B Reef  
 356  
 338  
 59.88  
 14.65  
 877  
**All Reefs**  
**664**  
**618**  
**36.87**  
**37.59**  
**1 386**  
 Masimong 5  
 Basal 336  
 332  
 50.53  
 16.90  
 854  
 B Reef  
 163  
 174  
 81.10  
 8.82  
 715  
**All Reefs**  
**499**  
**506**  
**61.04**  
**13.21**  
**806**  
 Total Target  
 (Incl. Target 1 & Target 3)  
 Elsburg 392  
 276  
 106.06  
 4.74  
 503  
 A Reef  
 88  
 80  
 84.70

12.12  
 1 027  
 B Reef  
 51  
 78  
 124.10  
 18.04  
 2 239  
**All Reefs**  
**530**  
**434**  
**105.36**  
**8.65**  
**911**  
 Total Bambanani  
 (Incl. Bambanani, Steyn 2)  
 Basal 67  
 67  
 188.30  
 19.03  
 3 583  
**All Reefs**  
**67**  
**67**  
**188.30**  
**19.03**  
**3 583**  
 Joel  
 Beatrix 178  
 204  
 252.00  
 6.28  
 1 582  
**All Reefs**  
**178**  
**204**  
**252.00**  
**6.28**  
**1 582**  
 Evander 8  
 Kimberley 436  
 429  
 18  
 104.005  
 1 872  
**All Reefs**  
**436**  
**429**  
**18.00**  
**104.00**  
**1 872**

Unisel	
Basal	262
228	
77.05	
17.37	
1 338	
Leader	414
392	
221.00	
6.20	
1 370	
<b>All Reefs</b>	
<b>675</b>	
<b>620</b>	
<b>168.06</b>	
<b>8.08</b>	
<b>1 358</b>	
Total Harmony	
Basal	
1 247	
1 203	
65.51	
20.69	
1 356	
Beatrix	178
204	
252.00	
6.28	
1 582	
Leader	414
392	
221.00	
6.20	
1 370	
B Reef	
570	
590	
74.63	
13.52	
1 009	
A Reef	
88	
80	
84.70	
12.12	
1 027	
Elsburg	392
276	
106.06	
4.74	
503	



Kimberley	436
429	
18.00	
104.00	
1 872	
South Reef	
271	
192	
43.00	
23.25	
1 000	
VCR	376

376	
95.86	
13.15	
1 260	
<b>All Reefs</b>	
<b>3 971</b>	
<b>3 742</b>	
<b>93.25</b>	
<b>13.69</b>	
<b>1 276</b>	

DEVELOPMENT RESULTS (Imperial)

Quarter ended September 2012

Channel

Channel

Reef

Sampled

Width

Value

Gold

Feet

Feet

(Inch)

(oz/t)

(In.oz/t)

Kusasaletu

VCR Reef

1 234

1 234

38.00

0.38

14

**All Reefs**

**1 234**

**1 234**

**38.00**

**0.38**

**14**

Doornkop

South Reef

888  
 630  
 17.00  
 0.68  
 11  
**All Reefs**  
**888**  
**630**  
**17.00**  
**0.68**  
**11**  
 Phakisa  
 Basal 902  
 971  
 39.00  
 0.24  
 9  
**All Reefs**  
**902**  
**971**  
**39.00**  
**0.24**  
**9**  
 Tshepong  
 Basal 1  
 008  
 919  
 4.00  
 5.74  
 23  
 B Reef  
 1 169  
 1 109  
 24.00  
 0.42  
 10  
**All Reefs**  
**2 177**  
**2 028**  
**15.00**  
**1.06**  
**16**  
 Masimong 5  
 Basal  
 1 103  
 1 089  
 20.00  
 0.49  
 10  
 B Reef  
 534

571  
 32.00  
 0.26  
 8  
**All Reefs**  
**1 637**  
**1 660**  
**24.00**  
**0.39**  
**9**  
 Total Target  
 (Incl. Target 1 & Target 3)  
 Elsburg 1  
 285  
 906  
 42.00  
 0.14  
 6  
 A Reef  
 288  
 262  
 33.00  
 0.36  
 12  
 B Reef  
 166  
 256  
 49.00  
 0.52  
 26  
**All Reefs**  
**1 739**  
**1 424**  
**41.00**  
**0.26**  
**10**  
 Total Bambanani  
 (Incl. Bambanani. Steyn 2)  
 Basal                      221  
 221  
 74.00  
 0.56  
 41  
**All Reefs**  
**221**  
**221**  
**74.00**  
**0.56**  
**41**  
 Joel  
 Beatrix                      583

669  
 99.00  
 0.18  
 18  
**All Reefs**  
**583**  
**669**  
**99.00**  
**0.18**  
**18**  
 Evander 8  
 Kimberley  
 1 432  
 1 407  
 7.00  
 3.07  
 22  
**All Reefs**  
**1 432**  
**1 407**  
**7.00**  
**3.07**  
**22**  
 Unisel  
 Basal 858  
 748  
 30.00  
 0.51  
 15  
 Leader  
 1 358  
 1 286  
 87.00  
 0.18  
 16  
**All Reefs**  
**2 216**  
**2 034**  
**66.00**  
**0.24**  
**16**  
 Total Harmony  
 Basal  
 4 092  
 3 948  
 26.00  
 0.60  
 16  
 Beatrix 583  
 669  
 99.00

0.18  
18  
Leader  
1 358  
1 286  
87.00  
0.18  
16  
B Reef  
1 869  
1 936  
29.00  
0.40  
12  
A Reef  
288  
262  
33.00  
0.36  
12  
Elsburg 1  
285  
906  
42.00  
0.14  
6  
Kimberley  
1 432  
1 407  
7.00  
3.07  
22  
South Reef  
888  
630  
17.00  
0.68  
11  
VCR  
1 234  
1 234  
38.00  
0.38  
14  
**All Reefs**  
**13 028**  
**12 278**  
**37.00**  
**0.40**  
**15**

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NOTES

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## **CONTACT DETAILS**

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

### ***Directors***

P T Motsepe\* *Chairman*

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

G P Briggs *Chief Executive Officer*

F Abbott *Financial Director*

H E Mashego *Executive Director*

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

J A Chissano\*

1

<sup>^</sup>, K V Dicks\*<sup>^</sup>, Dr D S Lushaba\*<sup>^</sup>, C Markus\*<sup>^</sup>,

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

\* Non-executive

<sup>^</sup> Independent

1

Mozambican

### ***Investor relations team***

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Investor Relations Officer

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### ***Company Secretary***

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



Link Market Services South Africa (Proprietary) Limited

*(Registration number 2000/007239/07)*

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*Telephone: +27 86 154 6572*

*Fax: +27 86 674 4381*

***United Kingdom Registrars***

Capita Registrars

The Registry, 34 Beckenham Road, Beckenham

Kent BR3 4TU, United Kingdom

*Telephone: 0871 664 0300 (UK) (calls cost 10p a minute plus network extras, lines are open 8:30am – 5:30pm, Monday to Friday)*

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

*Fax: +44 (0) 20 8639 2220*

***ADR Depositary***

Deutsche Bank Trust Company Americas

c/o American Stock Transfer and Trust Company, Peck Slip Station

PO Box 2050, New York, NY 10272-2050

*E-mail Queries: adr@db.com*

*Toll Free: +1-866-243-9656*

*Intl: +1-718-921-8200*

*Fax: +1-718-921-8334*

***Sponsor***

JP Morgan Equities Limited

1 Fricker Road, corner Hurlingham Road, Illovo, Johannesburg, 2196

Private Bag X9936, Sandton, 2146, South Africa

*Telephone: +27 11 507 0300*

*Fax: +27 11 507 0503*

***Trading Symbols***

*JSE Limited: HAR*

*New York Stock Exchange, Inc: HMY*

*Euronext, Brussels: HMY*

*Berlin Stock Exchange: HAM1*

***Registration number***

1950/038232/06

*Incorporated in the Republic of South Africa*

***ISIN***

ZAE000015228

**SIGNATURES**

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

Dated: November 7, 2012

Harmony Gold Mining Company Limited

By: /s/ Frank Abbott

Name: Frank Abbott

Title: Financial Director