



Press Release

Harmony cuts costs and capital

Johannesburg, Friday, 3 May 2013. Harmony Gold Mining Company Limited (Harmony) reported an operating profit of R821 million (US\$92 million) for the March 2013 quarter, following a 15% decrease in gold production to 7 699kg (247 529oz). The decrease in production, quarter on quarter, is mainly as a result of the temporary closure of Kusasalethu due to safety and security reasons, the damage to the ventilation shaft at Phakisa and a slow start-up at the other operations post the festive season.

Highlights for the quarter include the lowest quarterly lost time injury frequency rate of 5.15 recorded in Harmony's history, the signing of a watershed agreement with Kusasalethu labour and achieving the best drill production of 14 664 meters at Wafi-Golpu in Papua New Guinea where the gold recovery test work program determined a material improvement in both gold and copper recoveries.

The rand per kilogram unit cost for the March 2013 quarter increased by 17% to R362 491/kg (US\$1 264/oz). The costs are however skewed, as Kusasalethu was not in production during the March 2013 quarter. Capital expenditure for the March 2013 quarter was R677 million (US\$ 76 million), R189 million (US\$ 24 million) less than the December 2012 quarter.

Commenting on the results for the quarter and nine months ended released today, chief executive officer, Graham Briggs, says: "We cannot influence or predict the future price of gold. For the past year the high gold price has assisted us in producing strong margins, but with the gold price that fluctuated and decreased to levels close to \$1 400/oz, immediate actions to reduce costs were implemented during April 2013. Our aim is to reduce services and corporate costs in South Africa by R400 million and overall capital expenditure in both South Africa and PNG by R1.4 billion for the financial year 2014. Larger cost-cutting measures such as shaft or mine closures are not envisaged at present."

"We knew that the March 2013 quarter may be difficult and our results reaffirmed that we need to do more to meet expectations. Harmony has been able to fund its capital, exploration and dividends while maintaining its balance sheet strength. Our aim is to continue to focus on strengthening our earnings per share and pay dividends", he added.

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