



**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

## RESULTS FOR THE SECOND QUARTER FY12 AND SIX MONTHS ENDED 31 DECEMBER 2011

# Q2 FY12



### KEY FEATURES

- Record operating profits of R2.1bn (US\$257m)
- Record headline earnings of R1.0bn (US\$129m)
  - 155% increase in HEPS at 242 SA cents (30 US cents)
- Gold production up by 5% – 10 718kg (344 592oz)
  - recovery grade increased by 13% to 2.36g/t
- Cash operating costs reduced by 6% to R249 356/kg (US\$958/oz)
- Interim dividend declared (ZAR0.40/share)

### Financial summary for the second quarter FY12 and six months ended 31 December 2011

		Quarter December 2011	Quarter September 2011	Q-on-Q Variance %	6 months December 2011	6 months December 2010	Variance %
Gold produced <sup>(1)</sup>	– kg	10 718	10 207	5	20 925	20 526	2
	– oz	344 592	328 162	5	672 754	659 925	2
Cash costs	– R/kg	249 356	265 288	6	257 114	222 787	(15)
	– US\$/oz	958	1 156	17	1 051	965	(9)
Gold sold	– kg	11 000	9 948	11	20 948	20 915	–
	– oz	353 658	319 836	11	673 494	672 433	–
Gold price received	– R/kg	438 183	396 405	11	418 381	295 069	42
	– US\$/oz	1 683	1 727	(3)	1 711	1 294	32
Operating profit	– R million	2 077	1 306	59	3 383	1 519	123
	– US\$ million	257	183	40	443	215	106
Basic earnings per share*	– SAc/s	243	111	119	354	93	281
	– USc/s	30	16	88	46	13	254
Headline profit*	– Rm	1 041	411	153	1 452	435	234
	– US\$m	129	58	122	191	61	213
Headline earnings per share*	– SAc/s	242	95	155	337	101	234
	– USc/s	30	13	131	44	14	214
Exchange rate	– R/US\$	8.10	7.14	13	7.61	7.09	7

\* Reported amounts include continuing operations only.

(1) Production statistics for Target 3 and Steyn 2 have been included. These mines were in a build-up phase up to the end of June 2011 and September 2011 respectively, revenue and costs were capitalised. Revenue capitalised includes: Quarter ended December 2011 Target 3, nil (September 2011 – nil) and Steyn 2, nil (September 2011 – 36kg), six months ended December 2011 Target 3, nil (December 2010 – 281kg) and Steyn 2, 36kg (December 2010 – 49kg).

Shareholder information		
Issued ordinary share capital at 31 December 2011	431 312 677	
Issued ordinary share capital at 30 September 2011	430 272 715	
Market capitalisation		
At 31 December 2011	ZARm	40 975
At 31 December 2011	US\$m	5 020
Harmony ordinary share and ADR prices		
12 month high (1 January 2011 – 31 December 2011) for ordinary shares	R115.75	
12 month low (1 January 2011 – 31 December 2011) for ordinary shares	R74.77	
12 month high (1 January 2011 – 31 December 2011) for ADRs	US\$15.57	
12 month low (1 January 2011 – 31 December 2011) for ADRs	US\$10.56	
Free float		
Ordinary shares	100%	
ADR ratio	1:1	
JSE Limited		
Range for quarter (1 October 2011 – 31 December 2011 closing prices)	R92.64 – R115.75	
Average daily volume for the quarter (1 October 2011 – 31 December 2011)	1 184 707 shares	
New York Stock Exchange, Inc including other US trading		
Range for quarter (1 October 2011 – 31 December 2011 closing prices)	US\$11.34–US\$14.37	
Average daily volume for the quarter (1 October 2011 – 31 December 2011)	2 174 204 shares	

Harmony's 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 2011 are available on our website: [www.harmony.co.za](http://www.harmony.co.za)



## Forward-looking statements

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

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

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

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

## Competent person's declaration

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

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

Reserves and resources South Africa:

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

Reserves and resources PNG:

Stuart Hayward for the Wafi-Golpu mineral resources, Gregory Job for the Golpu mineral reserve, James Francis for the Hidden Valley

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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.

## Chief Executive Officer's Review

In the second quarter of financial year 2012, Harmony generated a record operating profit of R2 billion (US\$257 million) and recorded its 5th consecutive quarter of operating cash flow. These results were achieved due to a continued focus on improving grade quality and controlling costs during a period when the gold price remained strong, but volatile. An interim dividend of ZAR0.40 cents has been declared. Harmony remains focused on its long term strategic goal of achieving sustainable profitability and delivering shareholder value.

Some key financial highlights for the period are listed below:

- Record operating profits of R2.1bn (US\$257m);
- Record headline earnings of R1.0bn (US\$129m)
  - 155% increase in HEPS at 242 SA cents (30 US cents);
- Gold production up by 5% to 10 718kg (344 592oz)
  - recovery grade increased by 13% at 2.36g/t;
- Cash operating costs reduced by 6% to R249 356/kg (US\$958/oz);
- Interim dividend declared of ZAR0.40 per share

### Safety

Harmony is committed to improving the safety of its workers with an ultimate target of zero harm to all. It is therefore with regret that I report that seven of our colleagues died in work-related incidents during the quarter. Those who died were: Domingos Chivure (team leader, Evander), Petrus Steyn and Willem Momberg (both proto team members, Evander), Sipho Makhoba (engineering assistant, Kusasaletu), Mzwabantu Wanga (engineering assistant, Evander) and Simiao Macuacua (water jet operator, Kusasaletu) and Tefayo Bhambatha (water jet operator, Tshepong). I would like to extend my deepest condolences to their families, friends and colleagues.

As part of the drive to stop repetitive accidents, risk assessments have been re-emphasized throughout the company. As part of our short term safety strategy more focus will be placed on the prevention of fall of ground, trucks and tramming accidents and the elimination of silicosis. Please see page 4 for more information on safety and health.

### Operational review

Gold production increased by 511kg in the December 2011 quarter to 10 718kg, compared to 10 207kg in the September 2011 quarter. The increase in production is mainly due to the following:

- *Tshepong*: grade increased by 23% (4.12g/t to 5.08g/t), tonnes milled increased by 7% from 287 000 tonnes to 306 000 tonnes;
- *Phakisa*: tonnes milled increased by 12% to 126 000 tonnes, with a 12% improvement in grade from 4.65g/t to 5.22g/t in December 2011 quarter;
- *Unisel*: grade increased by 25% from 3.70g/t to 4.62g/t; tonnes milled improved by 9% to 100 000 tonnes;
- *Masimong*: showed a 12% improvement in grade from 3.43g/t in the September 2011 quarter to 3.85g/t in December 2011 quarter;
- *Target 1*: grade improved by 10% from 4.47g/t to 4.91g/t;
- *Steyn 2*: continued to build up production;
- *Target 3*: showed a marked improvement in grade of 26% from 3.09g/t to 3.89g/t in the quarter under review;
- *Hidden Valley*: gold production increased by 3% to 816kg gold while silver production increased by 25% to 8 552kg.

The following operations recorded a decrease in production:

- *Kusasaletu*: safety stoppages (due to two fatal accidents) resulted in a 23% decrease in tonnes milled;
- *Bambanani*: restructuring of the shaft resulted in a decrease of 73% in tonnes milled

### Financial performance

#### Quarter on quarter

Cash operating costs decreased by 6% from R265 288/kg in the September 2011 quarter to R249 356/kg in the past quarter, mainly due to a 5% increase in gold produced.

The gold price received increased by 11% from R396 405/kg in the previous quarter to R438 183/kg in the December 2011 quarter. An increase in production and a higher gold price resulted in revenue increasing by 23% or R891 million.

Total capital expenditure for the December 2011 quarter was R782 million, a 12% (R82 million) increase in comparison to the September 2011 quarter (R700 million). We expect the latter part of the year to be more capital intensive and maintain our expectation of full year capital of R3.7 billion.

Operating profit for the December 2011 quarter increased by R771 million or 59% to R2 077 million, compared to R1 306 million recorded in the September 2011 quarter.

#### Six months ended December 2011 vs six months ended December 2010

Gold production increased by 2% at 20 925kg in the six months ended December 2011 when compared to the six months ended December 2010. The gold price received increased by 42% from R295 069/kg in the previous period to R418 381/kg in the six months ended December 2011. An increase in production and a higher gold price resulted in revenue increasing by R2 676 million or 44%.

Cash operating costs increased by 15% from R222 787/kg in the six months ended December 2010 to R257 114/kg in the past six months to December 2011, mainly due to increases in electricity and inflation driven costs.

Operating profit for the six months ended December 2011 increased by 123% to R3 383 million, compared to R1 519 million recorded in the December 2010 period.

### Optimising our asset portfolio

#### Evander

On 30 January 2012 Harmony announced that it had signed a sale of shares and claims agreement ("the agreement") with a consortium comprised of Pan African Resources plc ("Pan African") and Witwatersrand Consolidated Gold Resources Limited ("Wits Gold") (the "Consortium"), for the disposal of Harmony's entire interest in Evander Gold Mines Limited (Evander), with effect from the closing date.

The purchase consideration of R1.7 billion, less certain distributions made by Evander to Harmony between 1 April 2012 and the closing date of the Transaction ("Closing Date") will be payable as follows:

- R1.4 billion less certain distributions made by Evander to Harmony between 1 April 2012 and the Closing Date of the Transaction;
- four cash payments of R25 million each, payable quarterly and commencing three months after the Closing Date, amounting to R100 million in the aggregate;



## Results for the second quarter FY12 and six months ended 31 December 2011

- a further R100 million payable 19 months after the Closing Date, provided the average rand gold price exceeds R410 000 per kg over the preceding 12 months. This payment can be made in either cash or shares (or a combination of both) at the election of the Consortium and should the Consortium elect to make payment wholly or partially in shares, each of Pan African and Wits Gold will issue shares to Harmony in equal value proportions; and
- R100 million payable 31 months after the Closing Date, provided the average rand gold price exceeds R450 000 per kg during the preceding 12 months. This payment can be made in either cash or shares (or a combination of both) at the election of the Consortium and should the Consortium elect to make payment wholly or partially in shares, each of Pan African and Wits Gold will issue shares to Harmony in equal value proportions.

Evander, a wholly owned subsidiary of Harmony, will be sold as a going concern. The Evander operations comprise the Evander 8 shaft which is located in Mpumalanga. Evander also includes several potential development projects namely Rolspruit, Poplar, Evander South and Libra. The disposal of Evander is in line with Harmony's growth strategy, allowing the company to further optimise its asset portfolio. Harmony does not intend spending capital on developing the potential Evander projects and selling the assets to the Consortium creates a new dynamic for junior gold miners in South Africa. The proceeds from the transaction will be used towards funding the development of Wafi-Golpu.

### *Rand Uranium*

A process was initiated during financial year 2011 for the disposal of Rand Uranium (Proprietary) Limited ("Rand Uranium"), of which Harmony held 40%. Gold One International Limited ("Gold One") made a binding offer to acquire 100% of Rand Uranium for a total consideration of US\$250 million. The offer was accepted by the shareholders of Rand Uranium. All conditions precedent to the agreement were fulfilled and the transaction was declared unconditional and closed on Friday 6 January 2012 ("Completion Date").

Harmony's portion of the purchase price amounts to approximately US\$38 million of which US\$24 million was settled in cash on 6 January 2012 realising an amount of R193 million. The balance of US\$14 million will be settled in either cash, Gold One ordinary shares, or a combination thereof within 90 days of the Completion Date.

### **Wafi-Golpu**

Pre-feasibility studies are progressing according to schedule. Key strategy milestones were reached in the selection of preferred strategies for mining, underground access, processing, port and power infrastructure. This has allowed work to commence on detailed engineering, cost

estimates and schedules for procurement and construction for early works. At the end of the December 2011 quarter, seven drill rigs were operating with six engaged on extension of the Golpu orebody to the north and infill of deeper sections. One drill continued with geotechnical investigation drilling along the access decline route.

Given the early stage of orebody knowledge and evaluation of mining options the access strategy has been developed to preserve maximum flexibility to accommodate changes in orebody shape and mining sequence.

### **Gold market**

The gold price has posted its tenth straight year of gains since 2001 and benefitted from the global economic uncertainty that prevailed throughout calendar year 2011. Gold continues to prove itself as a currency and store of wealth. Investors in Harmony have complete exposure to the spot gold price, as the company does not hedge its gold.

During the past quarter, the gold price received increased by 11% from R396 405/kg in the September 2011 quarter to R438 183/kg in the December 2011 quarter. At the current price our margins therefore remain strong. We remain bullish on the gold price and it is our view that the gold price in dollar terms will continue to strengthen, as the fundamentals that drove the gold price up are still in place and the global financial markets have not yet stabilised. We expect that gold will reach an average price of \$1 850/oz for calendar year 2012 and we may even see it as high as \$2 000/oz later this year.

### **Dividend**

We are very pleased to declare an interim dividend of ZAR0.40 cents. The Board of Harmony believes that the upswing in the gold price and the company's results warrant an interim dividend.

### **Conclusion**

During the quarter our Financial Director, Hannes Meyer, was approached by a Canadian mining company, and he will be leaving us on 14 March 2012. Frank Abbott who joined Harmony in 1994 as a member of the board and who held various executive and non-executive roles, has been appointed as Financial Director effective 7 February 2012. We wish both Hannes and Frank well with their new responsibilities.

As our growth projects come on stream, and our existing mines operate to tailored business plans, we remain confident of reaching our long-term targets.

**Graham Briggs**  
**Chief Executive Officer**

## Safety and health

### **Safety**

The past quarter's safety performance was very disappointing, with seven fatalities being recorded. This resulted in the 2012 year to date fatal injury frequency rate (FIFR) deteriorating to 0.20 compared to 0.17 in 2011. Common management system failures that have been identified are risk management and change management. As part of the drive to stop repetitive accidents, risk assessments have been re-emphasised throughout the company.

The lost time injury frequency rate (LTIFR) showed an improvement from the previous quarter to 7.99. A single digit figure was recorded for the 13th consecutive quarter. This is encouraging and proves that the foundation of the safety improvements over the last five years is still intact.

As part of our short term safety strategy more focus will be placed on the prevention of fall of ground, trucks and tramming accidents and the elimination of silicosis. The implementation of the Harmony Ground Control Strategy and ensuring full compliance to the Rail Bound Code of Practice will ensure a reduction of incidents and accidents as a result of these agencies in the short term.

The first step towards a more sustainable safety performance is to improve our safety management framework. IRCA Global – an internationally recognised company with expertise in the field of safety, health, environmental and quality management – was contracted to do a gap audit against international standards of Harmony's South African operations. The common critical shortcomings identified during the audit were in the following areas of safety management:

- Risk assessments;
- Management of change;
- Technical planning;
- Management of close out actions;
- Leadership controls.

There were also operations that showed remarkable improvement in safety trends during the past six months. Target 1 and 3, Bambanani, Phakisa, Doornkop and Kalgold showed good improvements and are also fatality free for the year to date.

## Financial overview

### Operating profit

Operating profit increased by 59% to R2.1 billion in the December 2011 quarter, with an increase in revenue being the main contributor.

### Revenue

The increase in revenue from R3.9 billion to R4.8 billion is due to an 11% increase on the R/kg gold price received (R396 405/kg to R438 183/kg) and an 11% increase in gold sold.

### Cost of sales

Production cost is slightly higher at R2 743 million. Cash operating cost decreased by R26 million, but gold inventory movement caused an increase of R146 million, resulting in the overall 5% increase.

### Net gain/(loss) on financial instruments

The fair value of the Nedbank Equity Linked Deposits, held by the Environmental Trusts, is linked to the equity market. During the quarter equity markets increased, resulting in the gain of R67 million.

### Taxation

The taxation expense for the December quarter increased to R270 million and comprise current taxation of R58 million and deferred taxation of R212 million. Many mines in the group have redeemed capital allowances against taxable income, resulting in the low current tax expense, but a higher deferred tax expense.

### Earnings per share

Basic earnings per share increased from 111 SA cents to 243 SA cents per share. Headline earnings per share increased from earnings of 95 SA cents per share to 242 SA cents per share.

### Property, plant and equipment

Capital expenditure for the quarter increased from R700 million to R782 million.

## Health

The health and wellness of our workforce is as vital as their safety and serves as a key component to our on-going business success. We continue to review and improve our policies, procedures and process to ensure a better quality of life for our employees.

Our employees are our biggest asset and therefore we acknowledge the joint responsibility to ensure their optimal health and well-being. We are committed to improving the wellness of our people which include their physical, emotional, developmental and occupational needs amongst others.

See our 2011 Sustainable Development Report for more details on our website [www.harmony.co.za](http://www.harmony.co.za).

### Trade and other receivables (current)

Trade and other receivables increased by R255 million quarter on quarter to R1 131 million, with the annual insurance pre-payment and self-insurance fund contributions contributing to R220 million of the increase.

### Borrowings

Borrowings decreased by R701 million to R1 314 million, mainly as a result of a re-payment on the Rand Nedbank facilities. The group's Rand revolving credit facility of R850 million is fully repaid and remains available until the end of 2013.

## Notice of cash dividend

Dividend No. 83 of 40 cents per ordinary share, being an interim dividend for the half year ended 31 December 2011, has been declared payable on Monday, 12 March 2012 to those shareholders recorded in the books of the company at the close of business on Friday, 9 March 2012. The dividend is declared in the currency of the Republic of South Africa. Any change in address or dividend instruction to apply to this dividend must be received by the company's transfer secretaries or registrar not later than Friday, 2 March 2012.

Last date to trade ordinary shares <i>cum</i> dividend	Friday, 2 March 2012
Ordinary shares trade ex dividend	Monday, 5 March 2012
Currency conversion date in respect of the UK own name shareholders	Monday, 5 March 2012
Record date	Friday, 9 March 2012
Payment date	Monday, 12 March 2012

No dematerialisation or rematerialisation of share certificates may occur between Monday, 5 March 2012 and Friday, 9 March 2012, both dates inclusive, nor may any transfers between registers take place during this period.

## Results for the second quarter FY12 and six months ended 31 December 2011

### Operational overview

#### GROUP OPERATIONAL RESULTS

Indicator	Units	December 2011	September 2011	% variance
<b>Tonnes</b>	<b>000</b>	4 542	4 870	(7)
<b>Grade</b>	<b>g/t</b>	2.36	2.09	13
<b>Gold produced</b>	<b>Kg</b>	10 718	10 207	5
<b>Cash operating costs</b>	<b>R/kg</b>	249 356	265 288	6
<b>Operating profit</b>	<b>R'000</b>	2 077 067	1 306 437	59

Recovery grade saw a significant improvement of 13% to 2.36g/t quarter on quarter. Initiatives to improve the recovery grade included:

- mining higher quality panels to increase the average mining grade;
- control or minimise dilution: stoping width control and control on cross tramping where reef and waste is separated;
- clean mining: minimise off reef and get sweepings done as soon as possible.

Quarter on quarter production was 5% higher at 10 718kg – a result of management focusing on producing quality ounces, rather than merely focusing on increasing tonnes milled.

Cash operating cost improved by 6%, mainly due to higher gold production and lower summer electricity tariffs.

A record operating profit of R2.1 billion was generated during the December quarter, attributable to the higher gold production and the favourable gold price received of R438 183/kg.

#### BUILD-UP AND STEADY OPERATIONS

##### Doornkop

Indicator	Units	December 2011	September 2011	% variance
Tonnes	000	232	277	(16)
Grade	g/t	3.87	3.13	24
Gold produced	Kg	897	866	4
Cash operating costs	R/kg	237 007	270 487	12
Operating profit	R'000	179 225	118 607	51

During the past quarter Doornkop continued with its production success. An increase in recovery grade of 24% to 3.87g/t resulted in higher production at 897kg during the quarter. The 16% decrease in tonnes quarter on quarter is due to the now depleted stockpile, which inflated volumes in the September 2011 quarter.

Cash operating costs decreased by 12% to R237 007/kg due to higher gold output and lower electricity rates at both the shaft and plant.

The higher R/kg gold price together with increased production and a decrease in cash operating costs, resulted in a 51% increase in operating profit to R179 million for the quarter.

##### Kusasaletu

Indicator	Units	December 2011	September 2011	% variance
Tonnes	000	256	331	(23)
Grade	g/t	4.95	4.69	6
Gold produced	Kg	1 268	1 554	(18)
Cash operating costs	R/kg	283 053	239 336	(18)
Operating profit	R'000	198 948	239 736	(17)

Two fatalities at Kusasaletu, resulted in safety stoppages of 12 days in total, which negatively impacted on production with tonnes milled being 23% lower than the previous quarter at 256 000 tonnes.

Lower volumes resulted in cash operating costs increasing by 18% to R283 053/kg. Despite lower production at 1 268kg, the gold price assisted Kusasaletu in recording an operating profit of R199 million.

##### Phakisa

Indicator	Units	December 2011	September 2011	% variance
Tonnes	000	126	113	12
Grade	g/t	5.22	4.65	12
Gold produced	Kg	658	526	25
Cash operating costs	R/kg	299 804	364 804	18
Operating profit	R'000	93 819	18 194	416

Phakisa increased its gold production by 25% to 658kg for the fourth consecutive quarter. The increase in gold production is due to increase in both tonnes milled at 126 000 t and a 12% improvement in recovery grade to 5.22g/t.

Cash operating costs decreased by 18% to R299 804/kg, mainly due to increased gold production.

Cost control and increased volumes resulted in a 416% increase in operating profit to R94 million.

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

Indicator	Units	December 2011	September 2011	% variance
Tonnes	000	474	415	14
Grade	g/t	1.72	1.91	(10)
Gold produced	Kg	816	792	3
Cash operating costs	R/kg	268 500	206 563	(30)
Operating profit	R'000	188 062	115 633	63

Hidden Valley recorded a 3% increase in gold production to 816kg when compared to the previous quarter and a decrease in recovery grade at 1.72g/t. Milled tonnes were 14% higher than the previous quarter due to the re-commissioning of the overland conveyor during September 2011 which increased the capacity of the materials handling system.

Cash operating costs increased due to overland conveyor maintenance costs, maintenance cost on trucks and increased processing consumables. Silver production, treated as a credit to cash costs, increased with 25% quarter on quarter at 8 552kg, but the effect was offset by a 20% decrease in silver prices during the quarter.

An operating profit of R188 million was recorded, which represents a 63% improvement quarter on quarter.

#### Masimong

Indicator	Units	December 2011	September 2011	% variance
Tonnes	000	232	232	–
Grade	g/t	3.85	3.43	12
Gold produced	Kg	894	796	12
Cash operating costs	R/kg	240 999	277 340	13
Operating profit	R'000	178 560	99 157	80

Masimong's tonnes milled remained flat quarter on quarter at 232 000t. An improvement in the plant call factor contributed to a 12% increase in the recovery grade at 3.85g/t, which resulted in a higher gold production of 894kg gold quarter on quarter.

The reef ore pass system at Masimong need to be replaced and therefore a new ore pass system between two levels will be developed. Until such time as the new ore pass is completed, reef and waste will be mixed and may affect the grade in the short term.

Cash operating costs were well controlled. Higher gold production and a decrease in electricity costs resulted in a 13% improvement in cash operating costs at R240 999/kg for the quarter.

A higher gold price, increased production and cost control resulted in an 80% increase in the operating profit at R179 million.

#### Target 1

Indicator	Units	December 2011	September 2011	% variance
Tonnes	000	208	210	(1)
Grade	g/t	4.91	4.47	10
Gold produced	Kg	1 021	939	9
Cash operating costs	R/kg	202 816	223 578	9
Operating profit	R'000	240 255	160 102	50

Target 1 continues to increase its production. Although tonnes milled was mainly flat quarter on quarter at 208 000t, the recovery grade increased by 10% to 4.91g/t resulting in an increase in production of 9% to 1 021kg.

Cash operating costs decreased by 9% to R202 816/kg, making it the second lowest producer in the company.

Operating profit at Target 1 increased by 50% to R240 million, supported by the higher gold price received and increased production.

#### Target 3

Indicator	Units	December 2011	September 2011	% variance
Tonnes	000	76	78	(3)
Grade	g/t	3.89	3.09	26
Gold produced	Kg	296	241	23
Cash operating costs	R/kg	350 851	444 100	21
Operating profit/(loss)	R'000	24 174	(12 501)	293

Target 3 increased its gold production by 23% to 296kg, mainly due to an improvement of 26% in recovery grade at 3.89g/t. The recovery grade improved due to reduced stoping width in the Elsburg-, Basal- and B reef, as well as halting non-critical development ends.

Cash operating costs decreased by 21% to R350 851/kg, largely due to higher gold production. Higher gold prices and lower cash costs resulted in operating profit increasing by more than 100% to R24 million.

#### Tshepong

Indicator	Units	December 2011	September 2011	% variance
Tonnes	000	306	287	7
Grade	g/t	5.08	4.12	23
Gold produced	Kg	1 555	1 183	31
Cash operating costs	R/kg	203 708	263 276	23
Operating profit	R'000	371 743	161 493	130

Tonnes milled increased by 7%, combined with a higher recovery grade of 5.08g/t, resulted in a 31% increase in gold production to 1 555kg quarter on quarter. The higher recovery grade is due to an increased focus on clean mining during the December 2011 quarter.

Cash operating costs improved by 23% to R203 708/kg mainly due to increased gold output.

A higher gold price received during the quarter and higher production resulted in an operating profit of R372 million, which represents an increase of more than 100% when compared to the September 2011 quarter.

#### OTHER OPERATIONS

##### Bambanani

Indicator	Units	December 2011	September 2011	% variance
Tonnes	000	25	92	(73)
Grade	g/t	8.56	5.02	71
Gold produced	Kg	214	462	(54)
Cash operating costs	R/kg	564 808	437 706	(29)
Operating loss	R'000	(30 458)	(25 696)	(19)

The December 2011 quarter was the first full quarter since the closure of the sub-shaft. The focus in the past quarter has been on developing the shaft pillar. As a result only 25 000t were milled with a 71% improvement in recovered grade at 8.56g/t.

## Results for the second quarter FY12 and six months ended 31 December 2011

Lower gold production at 214kg resulted in the cash operating unit costs increasing by 29% quarter on quarter.

As the restructuring nears completion and capital is spent on extracting the shaft pillar we believe that production results at Bambanani will improve.

### Steyn 2

Indicator	Units	December 2011	September 2011	% variance
Tonnes	000	15	n/a	100
Grade	g/t	7.53	n/a	100
Gold produced	Kg	113	36	214
Cash operating costs	R/kg	337 593	n/a	100
Operating profit/(loss)	R'000	13 010	n/a	100

The December 2011 quarter marks Steyn 2's first commercial production quarter producing 113kg. This represents a 214% increase quarter on quarter, with 15 000t milled at a recovery grade of 7.53g/t.

Cash operating costs at R337 593/kg and an operating profit of R13 million for the quarter were recorded.

West shaft is currently being refurbished to serve Steyn 2 and Bambanani in transporting rock, material and people.

### Evander

Indicator	Units	December 2011	September 2011	% variance
Tonnes	000	117	123	(5)
Grade	g/t	7.19	6.94	4
Gold produced	kg	841	854	(2)
Cash operating costs	R/kg	214 379	208 597	(3)
Operating profit/(loss)	R'000	183 652	154 944	19

Tonnes milled were negatively impacted by safety stoppages, with a 5% decrease quarter on quarter at 117 000t. Recovered grade improved by 4% to 7.19g/t due to an improvement in face grade. Gold production decreased slightly by 2% to 841kg, when compared to the previous quarter.

Operating profit was 19% higher at R184 million due to a higher gold price received.

The cash operating costs were well controlled during the quarter with only a 3% increase at R214 379/kg despite the lower gold production.

### Joel

Indicator	Units	December 2011	September 2011	% variance
Tonnes	000	150	147	2
Grade	g/t	4.85	4.70	3
Gold produced	kg	727	691	5
Cash operating costs	R/kg	199 586	202 729	2
Operating profit	R'000	178 690	134 010	33

Joel built on its success of the previous quarter by increasing its tonnes milled by 2% to 150 000 tonnes and improving its recovered grade by 3% to 4.85g/t, resulting in higher gold production quarter on quarter at 727kg. The recovery grade improvement is attributable to increased vamping activities during the quarter as well as increased belt- and development grades.

The cash operating cost of R199 586/kg is currently the lowest in the company and improved mainly due to higher gold production and summer electricity tariffs. Higher production, lower costs and a higher gold price received resulted in an operating profit of R179 million, 33% more than the previous quarter.

### Unisel

Indicator	Units	December 2011	September 2011	% variance
Tonnes milled	000	100	92	9
Grade	g/t	4.62	3.70	25
Gold produced	Kg	462	340	36
Cash operating costs	R/kg	276 102	360 400	23
Operating profit	R'000	77 308	15 341	404

Unisel had a good quarter, with tonnes milled being 9% higher at 100 000t and a 25% increase in recovery grade at 4.62g/t. The improvement in grade is due to higher Basal reef values mined combined with increases in the belt- and face grades.

Gold production increased by 36% to 462kg compared to the September quarter, resulting in a 23% decrease in cash operating costs to R276 102/kg.

Unisel's operating profit multiplied fivefold to R77 million due to the higher gold price received in conjunction with increased production.

### TOTAL SOUTH AFRICAN SURFACE OPERATIONS

Indicator	Units	December 2011	September 2011	% variance
<b>Tonnes</b>	<b>000</b>	<b>2 225</b>	<b>2 473</b>	<b>(10)</b>
<b>Grade</b>	<b>g/t</b>	<b>0.43</b>	<b>0.37</b>	<b>16</b>
<b>Gold produced</b>	<b>Kg</b>	<b>956</b>	<b>927</b>	<b>3</b>
<b>Cash operating costs</b>	<b>R/kg</b>	<b>240 183</b>	<b>263 671</b>	<b>9</b>
<b>Operating profit</b>	<b>R'000</b>	<b>180 079</b>	<b>127 417</b>	<b>41</b>

Surface sources increased its gold production by 3% to 956kg for the quarter by increasing the recovery grade to 0.43g/t. Increases in recovery grade were mainly from the Kalgold and Phoenix tailings.

Operating profits generated by surface sources amounted to R180 million, a 41% increase quarter on quarter.

Cash operating costs quarter on quarter decreased by 9% to R240 183/kg due to higher gold production despite less tonnes (less tailings tonnage from Phoenix) treated during the quarter.



### Kalgold

Indicator	Units	December 2011	September 2011	% variance
Tonnes	000	331	364	(9)
Grade	g/t	0.82	0.74	11
Gold produced	Kg	273	270	1
Cash operating costs	R/kg	268 462	337 615	20
Operating profit	R'000	41 495	20 401	103

The operating profit at Kalgold doubled during the quarter at R41 million, supported by a higher gold price, a marginal increase in gold production to 273kg and a lower cash operating cost of R268 462/kg. Kalgold managed to decrease its cash operating costs during the quarter mainly due to the run of mine stockpile which is handled as a credit to cash costs.

The tonnes milled for the quarter decreased by 9% to 331 000t countered positively by an 11% increase in recovery grade to 0.82g/t. Kalgold plant throughput remains a constraint due to maintenance on the C Mill. Furthermore the stock pile increased as a result of the breakdown of the pre-primary crusher. This crusher has been removed from site to be repaired by May 2012.

### Phoenix (tailings)

Indicator	Units	December 2011	September 2011	% variance
Tonnes	000	1 085	1 365	(21)
Grade	g/t	0.19	0.16	19
Gold produced	Kg	207	215	(4)
Cash operating costs	R/kg	236 551	235 051	(1)
Operating profit	R'000	39 457	34 773	13

Phoenix's recovery grade improved by 19% to 0.19g/t compared to the previous quarter, mainly due to improved dissolution when pre-oxidation was implemented in the delivery pipes from the feed sources to the plant.

Operating profit increased to R39 million despite a 4% decrease in gold production at 207kg and a marginal increase in cash operating unit cost to R236 551/kg.

### Surface dumps

Indicator	Units	December 2011	September 2011	% variance
Tonnes	000	809	744	9
Grade	g/t	0.59	0.59	–
Gold produced	Kg	476	442	8
Cash operating costs	R/kg	225 544	232 423	3
Operating profit	R'000	99 127	72 243	37

Treatment of tonnes at the surface dumps increased by 9% to 809 000t and resulted in an 8% increase in gold production to 476kg, whilst the grade remained static for the quarter.

An operating profit of R99 million was generated due to higher gold production, a higher gold price received and a slight decrease of 3% in cash operating cost to R225 544/kg.

## Results for the second quarter FY12 and six months ended 31 December 2011

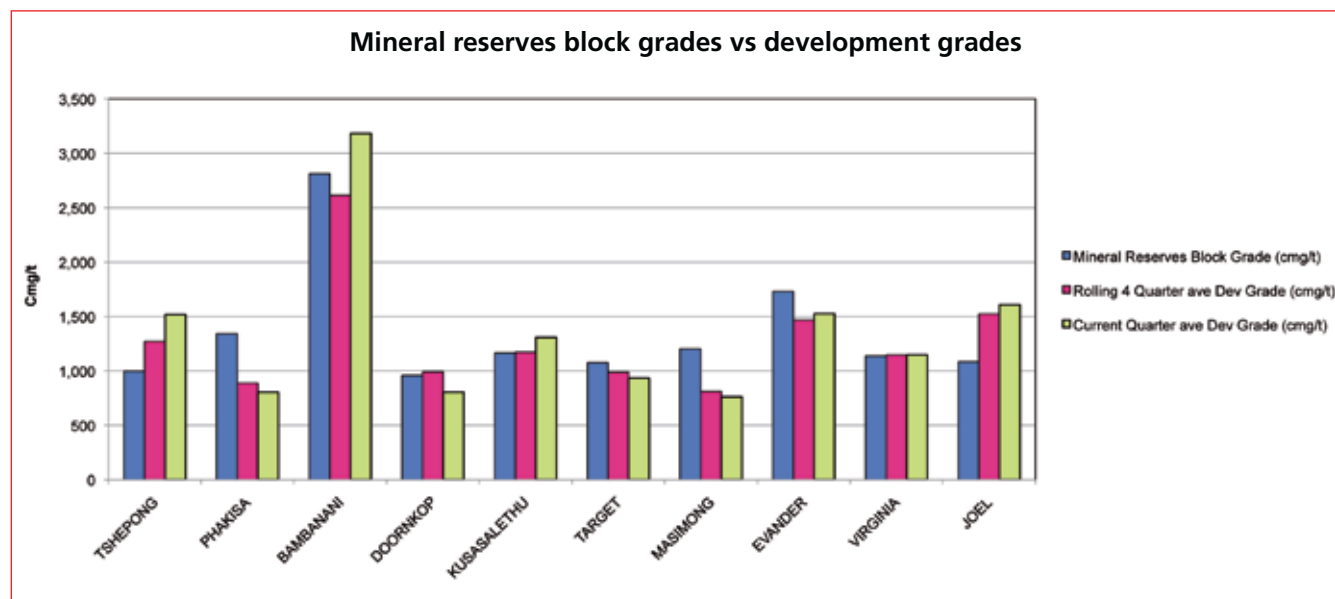
### Development

The main purpose of development is to explore the possibilities of future mining operations.

A development programme is vital in the life of a mine. The on-reef development on a shaft is an indication of the grades that will be mined in future. Important information is derived, such as expected geological structures, dip of the ore body and the channel width.

Depending on the shaft layout – such as raise line length and spacing – ledging and stoping will take place in 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 mine profitably and to continuously upgrade the resources to reserves.



**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.

#### Doornkop

There was a slight decrease in the development grade during the current quarter which is in line with expectations. More on-reef attacking ends have also been established during the quarter which will enable us to develop more South Reef raises during the next quarter.

#### Kusasaletu

The quarter on quarter development grade has improved and continues to return grades that are in line with the overall ore body grade and as predicted for the areas that are being developed.

#### Phakisa

There was further progress with the development towards the north which returned good grades as expected. However during the quarter under review, the overall development grades reduced compared to the previous quarter due to lower grades intercepted in the development ends towards the South of the shaft.

#### Masimong

Basal reef and B reef development grades remained below expectations for the quarter. On the Basal reef the reason for lower grade is due to lower values still intercepted in the development to the south of the mine. On the B reef the grades were negatively impacted by two high grade drives not being developed due to overstoping taking place on top of the travelling ways that service these areas.

#### Target (narrow reef mining)

Quarter on quarter there was a decrease in development grades of the narrow reef mining section at Target 1 due to the very erratic nature of the specific area being developed. At Target 3 there is still an encouraging improvement in both the meters developed and the development grade quarter on quarter. Basal reef development also commenced during this quarter.

#### Tshepong

There was an improvement in both the Basal reef and B reef development grades quarter on quarter. The development focus at Tshepong remains the development of new and existing raise lines on the Basal reef in the higher grade decline area where most of the future mining at the mine will take place.

#### Bambanani

Most of the development is taking place in the shaft pillar where the development grade still remains above 3 000cmg/t, which is in line with expectations of this high grade shaft pillar.

#### Evander 8

There was an improvement in the quarter on quarter development grade. The reserve at Evander is now made up of the Kinross payshoot in the decline area of the mine where the grades in the raise lines being developed remained in line with expectations.

## Joel

The development grades at Joel remained above the reserve grade with an improvement in the development grade quarter on quarter.

## Unisel

At Unisel, the development grade of the Basal reef is in line with expectations, while the leader reef grade was better than expected. In the decline area the Middle reef and Basal reef separation is less than one metre and they are being developed jointly and will be mined as such. This development is currently showing very encouraging grades.

## Exploration

### International (Papua New Guinea)

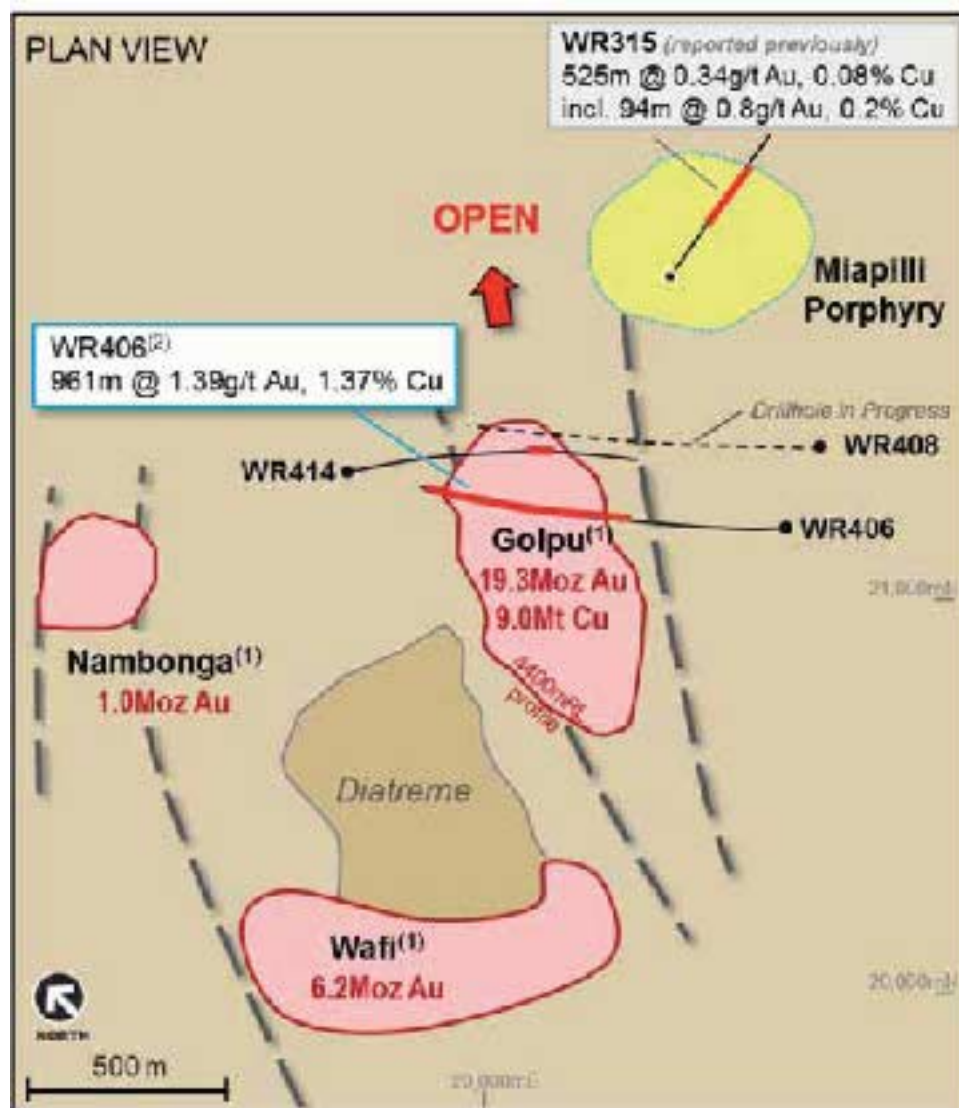
#### Morobe Mining Joint Venture (50% Harmony)

##### Wafi-Golpu

The pre-feasibility study for Wafi-Golpu continued in line with the planned schedule during the quarter. Ramp up of the drilling activities continued as planned, with the 7th rig now fully operational. The additional drilling is focused upon collection of geotechnical data

to support the mine design and assessment of mine access options. Metallurgical test-work programmes continued to confirm excellent recoveries and product grades. Early construction activities are focused on expansion and improvement of the existing accommodation facilities with over 200 people now on site and engaged in exploration and early works.

Construction and upgrade of the road to the proposed site continued during the quarter and stakeholder engagement with the community, landowners and various government agencies is ongoing. The pre-feasibility study remains on schedule for completion in the first half of calendar 2012.



**Figure 1. Golpu**

- (1) Refer [www.harmony.co.za](http://www.harmony.co.za) for Statement of Mineral Resources and Ore Reserves to 30 June 2011. Resource figures quoted on 100% basis.
- (2) Partial result reported in previous quarter. Re-reported final result.

**Note:** Cu = copper; Au = gold

## Results for the second quarter FY12 and six months ended 31 December 2011

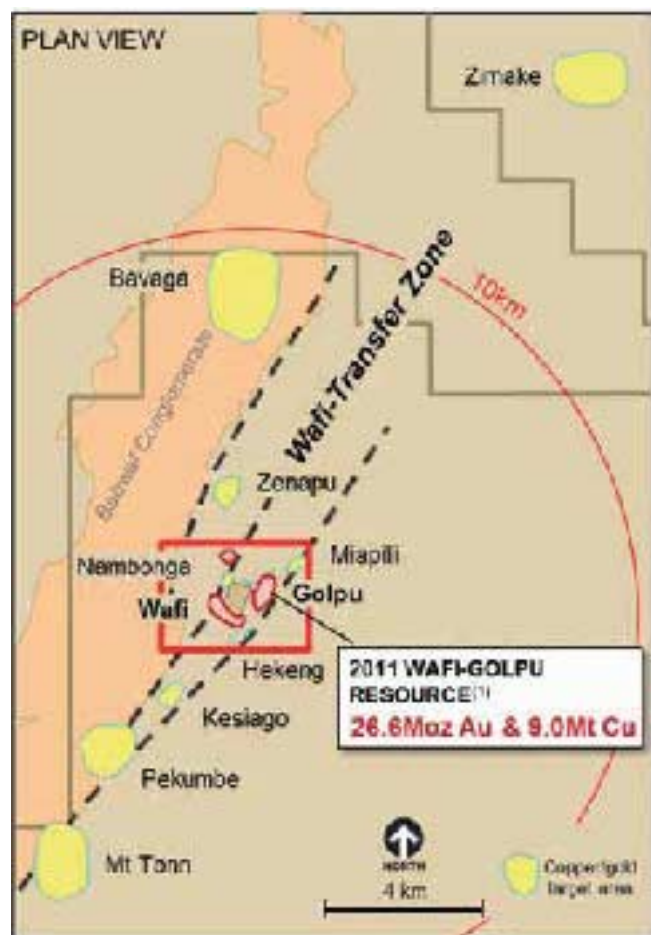
The exploration programme at Wafi-Golpu continued on three fronts, including step out drilling targeting additional growth of the known mineralised system, drilling to support the ongoing pre-feasibility study, and the search for new porphyry deposits within the 17km long Wafi Transfer Zone. Significant step out results include:

- WR406 961m @ 1.37% Cu, 1.39g/t Au from 958m including 199m @ 2.57% Cu, 2.87g/t Au from 1 286m
- WR414 142m @ 0.34% Cu, 0.09g/t Au from 1 278m and 94m @ 0.34% Cu, 0.16g/t Au from 1 434m

The higher grade porphyry intercept seen in WR406 (partially reported in previous quarter) is located below the previously reported very high grade intercept in WR377 and demonstrates that these higher grades persist at depth and remain open in that direction.

Drill testing of the highly prospective Wafi Transfer Zone will commence during the next quarter. Targets include the Kesiago, Mt Tonn and Zimake prospects.

**Figure 2.** Wafi transfer zone



(1) Refer [www.harmony.co.za](http://www.harmony.co.za) for Statement of Mineral Resources and Ore Reserves to 30 June 2011. Resource figures quoted on 100% basis.

### Hidden Valley district exploration

The exploration programme at Hidden Valley targeted incremental growth in and around the Hidden Valley, Kaveroi and Hamata deposits. The search for new deposits within trucking distance of the processing plant was also ongoing.

At Hidden Valley, drilling confirmed the continuity of the higher grade mineralisation of the Hidden Valley and Kaveroi lodes with the following significant results drilled this quarter:

- HVDD112 30m @ 6.4g/t Au from 405m
- HVDD113A 28m @ 4.2g/t Au from 551m
- HVDD118 30m @ 3.1g/t Au from 374m
- HVDD119 27m @ 2.5g/t Au from 309m and 11m @ 3.9g/t Au from 342m and 29m @ 5.2g/t Au from 359m

Results from drill testing of the Hamata deposit confirm the presence of mineralisation down dip of the current inferred resource boundary. Significant intersections include:

- HMDD012 18m @ 2.7g/t Au from 38m
- HMDD013 10m @ 7.8g/t Au from 188m and 28m @ 2.7g/t Au from 254m

Regionally, drill testing of the Heyu Prospect located 4km northwest of the Hidden Valley mine commenced during the quarter. The programme is designed to test a series of geochemical anomalies located within a highly prospective structural setting.

### PNG Exploration (Harmony 100%)

#### Mt Hagen project (el1611 & el1596)

Exploration work at Mt Hagen focused on drill testing at the Kurunga Intrusive Complex (KIC) at both Penamb and Bakil prospects with a total of 1 778m drilled.

#### Bakil Prospect (EL1611)

At the Bakil drilling comprised one hole for 723m (BKDD002). The hole was designed to test at depth below an intense pervasive zone of albite alteration. Geology encountered in the hole included a range of intrusive units with localised zones of faulting and brecciation. Pervasive albite (sodic) alteration is overprinted in zones by variable propylitic (chlorite, carbonate, epidote, hematite). No significant mineralisation was noted in the geology logs. Assays are pending.

#### Penamb Prospect (EL1596)

The Penamb Prospect is located approximately 5km SE of Kurunga and approximately 40km NE of Mt Hagen, within the WNW trending Maramuni Arc. Mapping and drilling to date indicates potential for porphyry Cu – Mo ± Au system that is characterised by multiple intrusive, alteration and mineralising events. The surface expression of this system is 600 x 500m.

Initial results reported Q1 included:

- PNDD001 285m @ 0.1% Cu, 83 Mo from 63m

Results received during the quarter have also been highly encouraging with PNDD002 returning:

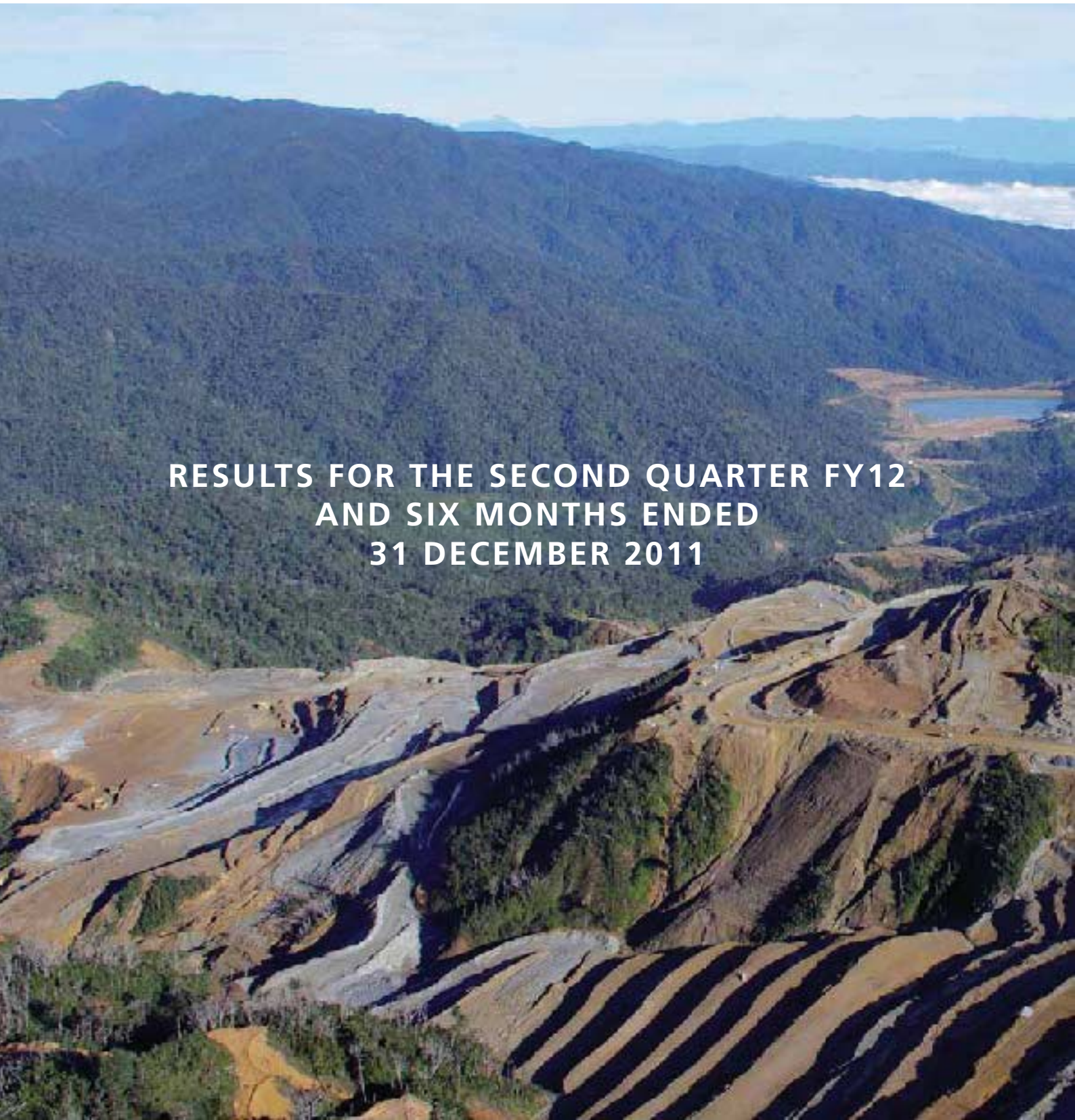
- PNDD002 144m @ 0.1% Cu, 27ppm Mo from 32m  
190m @ 0.1% Cu, 47ppm Mo from 193m

A third hole, PNDD003 is currently in progress to test the potential for potassic alteration and mineralisation at depth below PNDD001 (refer Figure 2). Broad low grade intervals of Cu – Mo mineralisation (similar to initial holes) are already evident in the drill core obtained to date.





**RESULTS FOR THE SECOND QUARTER FY12  
AND SIX MONTHS ENDED  
31 DECEMBER 2011**



## Results for the second quarter FY12 and six months ended 31 December 2011

### Operating results (Rand/Metric) (US\$/Imperial)

Underground production – South Africa											
		Three months ended	Bambanani	Doornkop	Evander	Joel	Kusasa-Iethu	Masimong	Phakisa	Steyn 2 <sup>(1)</sup>	Target 1
Ore milled	– t'000	Dec-11 Sep-11	25 92	232 277	117 123	150 147	256 331	232 232	126 113	15 –	208 210
Gold produced	– kg	Dec-11 Sep-11	214 462	897 866	841 854	727 691	1 268 1 554	894 796	658 526	113 36	1 021 939
Gold produced	– oz	Dec-11 Sep-11	6 880 14 854	28 839 27 843	27 039 27 457	23 374 22 216	40 767 49 962	28 743 25 592	21 155 16 911	3 633 1 157	32 826 30 190
Yield	– g/tonne	Dec-11 Sep-11	8.56 5.02	3.87 3.13	7.19 6.94	4.85 4.70	4.95 4.69	3.85 3.43	5.22 4.65	7.53 –	4.91 4.47
Cash operating costs	– R/kg	Dec-11 Sep-11	564 808 437 706	237 007 270 487	214 379 208 597	199 586 202 729	283 053 239 336	240 999 277 340	299 804 364 804	337 593 –	202 816 223 578
Cash operating costs	– \$/oz	Dec-11 Sep-11	2 170 1 907	910 1 178	824 909	767 883	1 087 1 043	926 1 208	1 152 1 589	1 297 –	779 974
Cash operating costs	– R/tonne	Dec-11 Sep-11	4 835 2 198	916 846	1 541 1 448	967 953	1 402 1 124	929 952	1 566 1 698	2 543 –	996 1 000
Gold sold	– kg	Dec-11 Sep-11	218 457	911 860	818 841	749 710	1 201 1 462	910 786	670 520	115 36	1 040 927
Gold sold	– oz	Dec-11 Sep-11	7 009 14 693	29 289 27 650	26 299 27 039	24 081 22 827	38 613 47 004	29 257 25 270	21 541 16 718	3 697 1 157	33 437 29 804
Revenue	(R'000)	Dec-11 Sep-11	96 114 175 069	398 020 348 165	357 866 329 960	328 950 282 825	523 510 575 039	401 168 314 230	295 476 205 781	50 584 –	455 504 366 466
Cash operating costs	(R'000)	Dec-11 Sep-11	120 869 202 220	212 595 234 242	180 293 178 142	145 099 140 086	358 911 371 928	215 453 220 763	197 271 191 887	38 148 –	207 075 209 940
Inventory movement	(R'000)	Dec-11 Sep-11	5 703 (1 455)	6 200 (4 684)	(6 079) (3 126)	5 161 8 729	(34 349) (36 625)	7 155 (5 690)	4 386 (4 300)	(574) –	8 174 (3 576)
Operating costs	(R'000)	Dec-11 Sep-11	126 572 200 765	218 795 229 558	174 214 175 016	150 260 148 815	324 562 335 303	222 608 215 073	201 657 187 587	37 574 –	215 249 206 364
Operating profit/(loss)*	(R'000)	Dec-11 Sep-11	(30 458) (25 696)	179 225 118 607	183 652 154 944	178 690 134 010	198 948 239 736	178 560 99 157	93 819 18 194	13 010 –	240 255 160 102
Operating profit/(loss)*	(\$'000)	Dec-11 Sep-11	(3 762) (3 599)	22 134 16 611	22 681 21 702	22 069 18 768	24 570 33 578	22 053 13 888	11 587 2 548	1 607 –	29 672 22 424
Capital expenditure	(R'000)	Dec-11 Sep-11	44 077 43 790	74 560 64 717	50 650 37 580	14 891 13 227	113 165 97 564	71 643 50 101	75 129 73 938	21 791 32 907	65 439 62 600
Capital expenditure	(\$'000)	Dec-11 Sep-11	5 444 6 133	9 208 9 064	6 255 5 263	1 839 1 853	13 976 13 665	8 848 7 017	9 279 10 356	2 691 4 609	8 082 8 768

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

<sup>(1)</sup> Steyn 2 started production during the December 2011 quarter. Previously revenue and costs were capitalised.

				Surface production – South Africa				South Africa Other	South Africa Total	Hidden Valley	Inter- national Other	Harmony Total
Target 3	Tshepong	Unisel	Total Under- ground	Kalgold	Phoenix	Dumps	Total Surface					
<b>76</b> 78	<b>306</b> 287	<b>100</b> 92	<b>1 843</b> 1 982	<b>331</b> 364	<b>1 085</b> 1 365	<b>809</b> 744	<b>2 225</b> 2 473	– –	<b>4 068</b> 4 455	<b>474</b> 415	– –	<b>4 542</b> 4 870
<b>296</b> 241	<b>1 555</b> 1 183	<b>462</b> 340	<b>8 946</b> 8 488	<b>273</b> 270	<b>207</b> 215	<b>476</b> 442	<b>956</b> 927	– –	<b>9 902</b> 9 415	<b>816</b> 792	– –	<b>10 718</b> 10 207
<b>9 517</b> 7 748	<b>49 994</b> 38 034	<b>14 854</b> 10 931	<b>287 621</b> 272 895	<b>8 777</b> 8 681	<b>6 655</b> 6 912	<b>15 304</b> 14 211	<b>30 736</b> 29 804	– –	<b>318 357</b> 302 699	<b>26 235</b> 25 463	– –	<b>344 592</b> 328 162
<b>3.89</b> 3.09	<b>5.08</b> 4.12	<b>4.62</b> 3.70	<b>4.85</b> 4.26	<b>0.82</b> 0.74	<b>0.19</b> 0.16	<b>0.59</b> 0.59	<b>0.43</b> 0.37	– –	<b>2.43</b> 2.11	<b>1.72</b> 1.91	– –	<b>2.36</b> 2.09
<b>350 851</b> 444 100	<b>203 708</b> 263 276	<b>276 102</b> 360 400	<b>248 591</b> 270 969	<b>268 462</b> 337 615	<b>236 551</b> 235 051	<b>225 544</b> 232 423	<b>240 183</b> 263 671	– –	<b>247 779</b> 270 247	<b>268 500</b> 206 563	– –	<b>249 356</b> 265 288
<b>1 348</b> 1 935	<b>783</b> 1 147	<b>1 061</b> 1 570	<b>955</b> 1 180	<b>1 031</b> 1 471	<b>909</b> 1 024	<b>866</b> 1 013	<b>923</b> 1 149	– –	<b>952</b> 1 177	<b>1 031</b> 900	– –	<b>958</b> 1 156
<b>1 366</b> 1 372	<b>1 035</b> 1 085	<b>1 276</b> 1 332	<b>1 207</b> 1 156	<b>221</b> 250	<b>45</b> 37	<b>133</b> 138	<b>103</b> 99	– –	<b>603</b> 569	<b>462</b> 394	– –	<b>588</b> 554
<b>302</b> 238	<b>1 583</b> 1 170	<b>471</b> 336	<b>8 988</b> 8 343	<b>274</b> 269	<b>201</b> 223	<b>471</b> 448	<b>946</b> 940	– –	<b>9 934</b> 9 283	<b>1 066</b> 665	– –	<b>11 000</b> 9 948
<b>9 710</b> 7 652	<b>50 895</b> 37 616	<b>15 143</b> 10 803	<b>288 971</b> 268 233	<b>8 809</b> 8 649	<b>6 462</b> 7 170	<b>15 143</b> 14 404	<b>30 414</b> 30 223	– –	<b>319 385</b> 298 456	<b>34 273</b> 21 380	– –	<b>353 658</b> 319 836
<b>132 145</b> 92 696	<b>698 006</b> 466 248	<b>207 517</b> 135 929	<b>3 944 860</b> 3 292 408	<b>120 867</b> 108 833	<b>88 082</b> 89 235	<b>205 430</b> 179 650	<b>414 379</b> 377 718	– –	<b>4 359 239</b> 3 670 126	<b>460 778</b> 259 038	– –	<b>4 820 017</b> 3 929 164
<b>103 852</b> 107 028	<b>316 766</b> 311 456	<b>127 559</b> 122 536	<b>2 223 891</b> 2 290 228	<b>73 290</b> 91 156	<b>48 966</b> 50 536	<b>107 359</b> 102 731	<b>229 615</b> 244 423	– –	<b>2 453 506</b> 2 534 651	<b>219 096</b> 163 598	– –	<b>2 672 602</b> 2 698 249
<b>4 119</b> (1 831)	<b>9 497</b> (6 701)	<b>2 650</b> (1 948)	<b>12 043</b> (61 207)	<b>6 082</b> (2 724)	<b>(341)</b> 3 926	<b>(1 056)</b> 4 676	<b>4 685</b> 5 878	– –	<b>16 728</b> (55 329)	<b>53 620</b> (20 193)	– –	<b>70 348</b> (75 522)
<b>107 971</b> 105 197	<b>326 263</b> 304 755	<b>130 209</b> 120 588	<b>2 235 934</b> 2 229 021	<b>79 372</b> 88 432	<b>48 625</b> 54 462	<b>106 303</b> 107 407	<b>234 300</b> 250 301	– –	<b>2 470 234</b> 2 479 322	<b>272 716</b> 143 405	– –	<b>2 742 950</b> 2 622 727
<b>24 174</b> (12 501)	<b>371 743</b> 161 493	<b>77 308</b> 15 341	<b>1 708 926</b> 1 063 387	<b>41 495</b> 20 401	<b>39 457</b> 34 773	<b>99 127</b> 72 243	<b>180 079</b> 127 417	– –	<b>1 889 005</b> 1 190 804	<b>188 062</b> 115 633	– –	<b>2 077 067</b> 1 306 437
<b>2 985</b> (1 751)	<b>45 910</b> 22 619	<b>9 548</b> 2 148	<b>211 054</b> 148 936	<b>5 125</b> 2 857	<b>4 873</b> 4 869	<b>12 242</b> 10 118	<b>22 240</b> 17 844	– –	<b>233 294</b> 166 780	<b>23 226</b> 16 195	– –	<b>256 520</b> 182 975
<b>24 060</b> 11 899	<b>76 287</b> 58 700	<b>17 935</b> 15 689	<b>649 627</b> 562 712	<b>20 563</b> 9 635	<b>5 088</b> 63	<b>897</b> 12 647	<b>26 548</b> 22 345	<b>8 350</b> 5 771	<b>684 525</b> 590 828	<b>53 176</b> 39 937	<b>44 688</b> 69 337	<b>782 389</b> 700 102
<b>2 971</b> 1 667	<b>9 422</b> 8 222	<b>2 215</b> 2 197	<b>80 230</b> 78 814	<b>2 540</b> 1 349	<b>628</b> 9	<b>111</b> 1 771	<b>3 279</b> 3 129	<b>1 031</b> 808	<b>84 540</b> 82 751	<b>6 567</b> 5 594	<b>5 519</b> 9 711	<b>96 626</b> 98 056



# Results for the second quarter FY12 and six months ended 31 December 2011

## CONDENSED CONSOLIDATED INCOME STATEMENTS (Rand)

Figures in million	Note	Quarter ended			Six months ended		Year ended
		31 December 2011 (Unaudited)	30 September 2011 (Unaudited)	31 December 2010 (Unaudited)	31 December 2011	31 December 2010	30 June 2011 (Audited)
<b>Continuing operations</b>							
Revenue		4 820	3 929	2 990	8 749	6 073	12 445
Cost of sales	2	(3 337)	(3 192)	(2 506)	(6 529)	(5 501)	(11 615)
Production costs		(2 743)	(2 623)	(2 123)	(5 366)	(4 554)	(9 170)
Amortisation and depreciation		(528)	(475)	(442)	(1 003)	(868)	(1 776)
Impairment of assets		–	–	–	–	–	(264)
Employment termination and restructuring costs		(17)	(34)	(54)	(51)	(132)	(158)
Other items		(49)	(60)	113	(109)	53	(247)
<b>Gross profit</b>		<b>1 483</b>	<b>737</b>	<b>484</b>	<b>2 220</b>	<b>572</b>	<b>830</b>
Corporate, administration and other expenditure		(90)	(84)	(96)	(174)	(190)	(354)
Social investment expenditure		(14)	(15)	(23)	(29)	(39)	(84)
Exploration expenditure		(99)	(97)	(76)	(196)	(175)	(353)
Profit on sale of property, plant and equipment		4	26	1	30	17	29
Other income/(expenses) – net		24	18	6	42	(48)	(24)
<b>Operating profit</b>		<b>1 308</b>	<b>585</b>	<b>296</b>	<b>1 893</b>	<b>137</b>	<b>44</b>
Loss from associates		–	–	(19)	–	(27)	(51)
Reversal of impairment/(impairment) of investment in associate	3	2	48	–	50	–	(142)
Net gain/(loss) on financial instruments		67	(26)	78	41	389	141
Gain on farm-in option		–	–	–	–	–	273
Investment income		22	16	38	38	52	140
Finance cost		(83)	(73)	(69)	(156)	(128)	(288)
<b>Profit before taxation</b>		<b>1 316</b>	<b>550</b>	<b>324</b>	<b>1 866</b>	<b>423</b>	<b>117</b>
Taxation		(270)	(72)	(28)	(342)	(22)	480
Normal taxation		(58)	(40)	–	(98)	(9)	(12)
Deferred taxation	4	(212)	(32)	(28)	(244)	(13)	492
<b>Net profit from continuing operations</b>		<b>1 046</b>	<b>478</b>	<b>296</b>	<b>1 524</b>	<b>401</b>	<b>597</b>
<b>Discontinued operations</b>							
Profit from discontinued operations		–	–	23	–	20	20
<b>Net profit for the period</b>		<b>1 046</b>	<b>478</b>	<b>319</b>	<b>1 524</b>	<b>421</b>	<b>617</b>
<i>Attributable to:</i>							
Owners of the parent		1 046	478	319	1 524	421	617
Non-controlling interest		–	–	–	–	–	–
<b>Earnings per ordinary share (cents)</b>	5						
Earnings from continuing operations		243	111	69	354	93	139
Earnings from discontinued operations		–	–	5	–	5	5
<b>Total earnings per ordinary share (cents)</b>		<b>243</b>	<b>111</b>	<b>74</b>	<b>354</b>	<b>98</b>	<b>144</b>
<b>Diluted earnings per ordinary share (cents)</b>							
	5						
Earnings from continuing operations		242	111	69	353	93	139
Earnings from discontinued operations		–	–	5	–	5	5
<b>Total diluted earnings per ordinary share (cents)</b>		<b>242</b>	<b>111</b>	<b>74</b>	<b>353</b>	<b>98</b>	<b>144</b>

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



## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Rand)

	Quarter ended			Six months ended		Year ended
	31 December 2011 (Unaudited)	30 September 2011 (Unaudited)	31 December 2010 (Unaudited)	31 December 2011	31 December 2010	30 June 2011 (Audited)
<i>Figures in million</i>						
Net profit for the period	1 046	478	319	1 524	421	617
Other comprehensive income for the period, net of income tax	179	955	(161)	1 134	(55)	368
Foreign exchange translation	212	924	(131)	1 136	(25)	470
(Loss)/gain on fair value movement of available-for-sale investments	(33)	31	(30)	(2)	(30)	(102)
<b>Total comprehensive income for the period</b>	<b>1 225</b>	<b>1 433</b>	<b>158</b>	<b>2 658</b>	<b>366</b>	<b>985</b>
<i>Attributable to:</i>						
Owners of the parent	1 225	1 433	158	2 658	366	985
Non-controlling interest	—	—	—	—	—	—

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

The preparation of the reviewed financial statements for the six months ended 31 December 2011 was supervised by the financial director, Hannes Meyer. These financial statements were reviewed by the group's external auditors, PricewaterhouseCoopers Incorporated (see note 11) and approved by the Board of Harmony Gold Mining Company Limited.

# Results for the second quarter FY12 and six months ended 31 December 2011

## CONDENSED CONSOLIDATED BALANCE SHEETS (Rand)

Figures in million	Note	At 31 December 2011	At 30 September 2011 (Unaudited)	At 30 June 2011 (Audited)	At 31 December 2010
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment		32 830	32 278	31 221	30 218
Intangible assets		2 185	2 171	2 170	2 199
Restricted cash		31	31	31	26
Restricted investments		1 929	1 860	1 883	1 864
Investments in associates		–	–	–	358
Deferred tax assets		1 179	1 287	1 149	723
Investments in financial assets		183	215	185	264
Inventories		169	168	172	232
Trade and other receivables		28	24	23	69
<b>Total non-current assets</b>		<b>38 534</b>	<b>38 034</b>	<b>36 834</b>	<b>35 953</b>
<b>Current assets</b>					
Inventories		990	1 006	837	943
Trade and other receivables		1 131	876	1 073	962
Income and mining taxes		194	100	139	102
Cash and cash equivalents		1 205	1 325	693	837
Assets of disposal groups classified as held-for-sale	3	3 520 315	3 307 314	2 742 268	2 844 –
<b>Total current assets</b>		<b>3 835</b>	<b>3 621</b>	<b>3 010</b>	<b>2 844</b>
<b>Total assets</b>		<b>42 369</b>	<b>41 655</b>	<b>39 844</b>	<b>38 797</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Share capital and reserves</b>					
Share capital		28 326	28 314	28 305	28 277
Other reserves		1 945	1 741	762	266
Retained earnings		2 359	1 313	1 093	897
<b>Total equity</b>		<b>32 630</b>	<b>31 368</b>	<b>30 160</b>	<b>29 440</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities		4 452	4 300	4 216	4 336
Provision for environmental rehabilitation		2 092	2 046	1 971	1 752
Retirement benefit obligation and other provisions		177	174	174	179
Borrowings	6	991	1 684	1 229	1 243
<b>Total non-current liabilities</b>		<b>7 712</b>	<b>8 204</b>	<b>7 590</b>	<b>7 510</b>
<b>Current liabilities</b>					
Borrowings	6	323	331	330	344
Income and mining taxes		3	3	2	10
Trade and other payables		1 684	1 733	1 746	1 493
Liabilities of disposal groups classified as held-for-sale	3	2 010 17	2 067 16	2 078 16	1 847 –
<b>Total current liabilities</b>		<b>2 027</b>	<b>2 083</b>	<b>2 094</b>	<b>1 847</b>
<b>Total equity and liabilities</b>		<b>42 369</b>	<b>41 655</b>	<b>39 844</b>	<b>38 797</b>

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

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY<sup>(Rand)</sup>

for the six months ended 31 December 2011

Figures in million	Share capital	Other reserves	Retained earnings	Total
Balance – 30 June 2011	28 305	762	1 093	30 160
Issue of shares	21	–	–	21
Share-based payments	–	49	–	49
Net profit for the period	–	–	1 524	1 524
Other comprehensive income for the period	–	1 134	–	1 134
Dividends paid	–	–	(258)	(258)
<b>Balance – 31 December 2011</b>	<b>28 326</b>	<b>1 945</b>	<b>2 359</b>	<b>32 630</b>
Balance – 30 June 2010	28 261	258	690	29 209
Issue of shares	16	–	–	16
Share-based payments	–	63	–	63
Net profit for the period	–	–	421	421
Other comprehensive income for the period	–	(55)	–	(55)
Dividends paid	–	–	(214)	(214)
<b>Balance – 31 December 2010</b>	<b>28 277</b>	<b>266</b>	<b>897</b>	<b>29 440</b>

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

# Results for the second quarter FY12 and six months ended 31 December 2011

## CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (Rand)

	Quarter ended			Six months ended		Year ended
	31 December 2011	30 September 2011	31 December 2010	31 December 2011	31 December 2010	30 June 2011
Figures in million	(Unaudited)	(Unaudited)	(Unaudited)			(Audited)
<b>Cash flow from operating activities</b>						
Cash generated by operations	1 566	1 092	450	2 658	1 153	2 418
Interest and dividends received	12	16	38	28	52	140
Interest paid	(36)	(41)	(35)	(77)	(65)	(134)
Income and mining taxes paid	(149)	–	(30)	(149)	(34)	(45)
<b>Cash generated by operating activities</b>	<b>1 393</b>	<b>1 067</b>	<b>423</b>	<b>2 460</b>	<b>1 106</b>	<b>2 379</b>
<b>Cash flow from investing activities</b>						
Decreased in restricted cash	–	–	90	–	120	116
Proceeds on disposal of investment in subsidiary	–	–	–	–	229	229
Proceeds on disposal of available-for-sale financial assets	–	–	2	–	2	16
Pre-payment for Evander 6 and Twistdraai transaction	–	–	–	–	–	100
Other investing activities	3	–	(6)	3	4	(5)
Net additions to property, plant and equipment	(779)	(668)	(846)	(1 447)	(1 594)	(3 110)
<b>Cash utilised by investing activities</b>	<b>(776)</b>	<b>(668)</b>	<b>(760)</b>	<b>(1 444)</b>	<b>(1 239)</b>	<b>(2 654)</b>
<b>Cash flow from financing activities</b>						
Borrowings raised	–	799	525	799	525	925
Borrowings repaid	(718)	(352)	(107)	(1 070)	(114)	(546)
Ordinary shares issued – net of expenses	11	9	8	20	16	44
Dividends paid	–	(258)	–	(258)	(214)	(214)
<b>Cash (utilised)/generated by financing activities</b>	<b>(707)</b>	<b>198</b>	<b>426</b>	<b>(509)</b>	<b>213</b>	<b>209</b>
<b>Foreign currency translation adjustments</b>	<b>(30)</b>	<b>35</b>	<b>(24)</b>	<b>5</b>	<b>(13)</b>	<b>(11)</b>
Net (decrease)/increase in cash and cash equivalents	(120)	632	65	512	67	(77)
Cash and cash equivalents – beginning of period	1 325	693	772	693	770	770
<b>Cash and cash equivalents – end of period</b>	<b>1 205</b>	<b>1 325</b>	<b>837</b>	<b>1 205</b>	<b>837</b>	<b>693</b>

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



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011 (Rand)

### 1. Accounting policies

#### *Basis of accounting*

The condensed consolidated financial statements for the six months ended 31 December 2011 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 2011, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS). The accounting policies are consistent with those described in the annual financial statements, except for the adoption of applicable revised and/or new standards issued by the International Accounting Standards Board.

### 2. Cost of sales

	Quarter ended			Six months ended		Year ended
	31 December 2011 (Unaudited)	30 September 2011 (Unaudited)	31 December 2010 (Unaudited)	31 December 2011	31 December 2010	30 June 2011 (Audited)
Figures in million						
Production costs – excluding royalty	2 684	2 591	2 093	5 275	4 501	9 074
Royalty expense	59	32	30	91	53	96
Amortisation and depreciation	528	475	442	1 003	868	1 776
Impairment of assets	–	–	–	–	–	264
Rehabilitation expenditure	1	5	5	6	9	74
Care and maintenance cost of restructured shafts	23	31	28	54	53	124
Employment termination and restructuring costs <sup>(1)</sup>	17	34	54	51	132	158
Share-based payments	25	24	32	49	63	136
Other	–	–	(178)	–	(178)	(87)
<b>Total cost of sales</b>	<b>3 337</b>	<b>3 192</b>	<b>2 506</b>	<b>6 529</b>	<b>5 501</b>	<b>11 615</b>

<sup>(1)</sup> The amount of R17 million in December 2011 quarter (R34 million in September 2011 quarter) relates to restructuring at the Bambanani shaft.

### 3. Disposal groups classified as held for sale and discontinued operations

#### Investment in associate

The investment in Rand Uranium (Proprietary) Limited ("Rand Uranium") has been classified as held for sale following a decision by the shareholders of the company to commence with a process to sell the company. In terms of the binding offer accepted by the shareholders on 21 April 2011, the capital portion of the subordinated shareholder's loan of R61 million due to the group will be repaid out of the sale proceeds. The group's attributable portion of the sale proceeds amounts to approximately US\$38 million.

The investment is carried at the lower of carrying value and fair value less cost to sell. At each reporting date, the carrying value is remeasured for possible impairment or reversal of impairment. An impairment of R142 million has been recognised for the 2011 year. During December 2011 quarter, a reversal of impairment of R2 million (year to date R50 million) was recognised resulting from changes in the US\$/R exchange rate.

See note 8 for developments after balance sheet date.

### 4. Deferred taxation

During the December quarter several mines in the group redeemed capital allowances against their increased taxable income, resulting in the increased deferred tax expense.

## Results for the second quarter FY12 and six months ended 31 December 2011

### 5. Earnings and net asset value per share

Earnings per share is calculated on the weighted average number of shares in issue for the quarter ended 31 December 2011: 430.5 million (30 September 2011: 430.1 million, 31 December 2010: 429.1 million), six months ended 31 December 2011: 430.2 million (31 December 2010: 428.9 million), and the year ended 30 June 2011: 429.3 million.

Diluted earnings per share is calculated on weighted average number of diluted shares in issue for the quarter ended 31 December 2011: 432.3 million (30 September 2011: 431.6 million, 31 December 2010: 429.9 million), six months ended 31 December 2011: 431.9 million (31 December 2010: 429.7 million), and the year ended 30 June 2011: 430.4 million.

	Quarter ended			Six months ended		Year ended
	31 December 2011 (Unaudited)	30 September 2011 (Unaudited)	31 December 2010 (Unaudited)	31 December 2011	31 December 2010	30 June 2011 (Audited)
<b>Total earnings per share (cents):</b>						
Basic earnings	243	111	74	354	98	144
Diluted earnings	242	111	74	353	98	144
Headline earnings	242	95	69	337	101	223
– from continuing operations	242	95	69	337	101	223
– from discontinued operations	–	–	–	–	–	–
Diluted headline earnings	241	95	69	336	101	222
– from continuing operations	241	95	69	336	101	222
– from discontinued operations	–	–	–	–	–	–
<b>Figures in million</b>						
<b>Reconciliation of headline earnings:</b>						
<b>Continuing operations</b>						
Net profit	1 046	478	296	1 524	401	597
<i>Adjusted for:</i>						
Profit on sale of property, plant and equipment	(4)	(26)	(1)	(30)	(17)	(29)
Taxation effect of profit on sale of property, plant and equipment	1	7	–	8	5	7
Net gain on financial instruments	–	–	(1)	–	(1)	(7)
Taxation effect of net gain on financial instruments	–	–	–	–	–	2
(Reversal of impairment)/impairment of investment in associate*	(2)	(48)	–	(50)	–	142
Foreign exchange loss reclassified from other comprehensive income*	–	–	–	–	47	47
Impairment of assets	–	–	–	–	–	264
Taxation effect of impairment of assets	–	–	–	–	–	(66)
<b>Headline earnings</b>	<b>1 041</b>	<b>411</b>	<b>294</b>	<b>1 452</b>	<b>435</b>	<b>957</b>
<b>Discontinued operations</b>						
Net profit	–	–	23	–	20	20
<i>Adjusted for:</i>						
Profit on sale of investment in subsidiary	–	–	(23)	–	(54)	(54)
Taxation effect of profit on sale of investment in subsidiary	–	–	–	–	34	34
<b>Headline earnings</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total headline earnings</b>	<b>1 041</b>	<b>411</b>	<b>294</b>	<b>1 452</b>	<b>435</b>	<b>957</b>

\* There is no taxation effect on these items.

### Net asset value per share (cents)

	At 31 December 2011	At 30 September 2011 (Unaudited)	At 30 June 2011 (Audited)	At 31 December 2010
Number of shares in issue	431 312 677	430 272 715	430 084 628	429 506 618
Net asset value per share (cents)	7 565	7 290	7 013	6 854

## 6. Borrowings

	At 31 December 2011	At 30 September 2011 (Unaudited)	At 30 June 2011 (Audited)	At 31 December 2010
<i>Figures in million</i>				
Total long-term borrowings	991	1 684	1 229	1 243
Total current portion of borrowings	323	331	330	344
<b>Total borrowings (1) (2)</b>	<b>1 314</b>	<b>2 015</b>	<b>1 559</b>	<b>1 587</b>

(1) The Nedbank revolving credit facility was repaid in full during the December 2011 quarter following repayments totalling R550 million. The full R850 million facility is available until December 2013.

A bi-annual repayment of R152.5 million on the Nedbank term facilities during the December 2011 quarter reduced the balance to R915 million.

There is no change regarding the US\$300 million syndicated revolving credit facility, with US\$250 million still available. The facility is repayable by August 2015 and attracts interest at LIBOR plus 260 basis points, which is payable quarterly.

(2) Included in the borrowings is R44 million (30 September 2011: R52 million; December 2010: R63 million) owed to Westpac Bank Limited in terms of a finance lease agreement. The future minimum lease payments are as follows:

	At 31 December 2011	At 30 September 2011 (Unaudited)	At 30 June 2011 (Audited)	At 31 December 2010
<i>Figures in million</i>				
Due within one year	34	31	29	28
Due between one and five years	11	22	23	36
	45	53	52	64
Future finance charges	(1)	(1)	(1)	(1)
<b>Total future minimum lease payments</b>	<b>44</b>	<b>52</b>	<b>51</b>	<b>63</b>

## 7. Commitments and contingencies

	At 31 December 2011	At 30 September 2011 (Unaudited)	At 30 June 2011 (Audited)	At 31 December 2010
<i>Figures in million</i>				
<b>Capital expenditure commitments:</b>				
Contracts for capital expenditure	291	290	194	166
Authorised by the directors but not contracted for	3 373	3 570	1 504	2 669
	<b>3 664</b>	<b>3 860</b>	<b>1 698</b>	<b>2 835</b>

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 2011, 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 2011, except as discussed below:

Harmony reached a mutually acceptable settlement with the plaintiff class and this settlement was found to be fair and reasonable and was approved by the United States District Court in November 2011. A single class member has filed an appeal of the District Court's order approving the settlement. That appeal is currently pending in the United States Court of Appeals for the Second Circuit. The settlement amount has been paid into escrow by the company's insurers and will be distributed to the plaintiffs once the appeal has been finalised.

## 8. Subsequent events

- (a) SA process was initiated during financial year 2011 for the disposal Rand Uranium (Proprietary) Limited ("Rand Uranium"), of which Harmony held 40%. Gold One International Limited ("Gold One") made a binding offer to acquire 100% of Rand Uranium for a total consideration of US\$250 million. The offer was accepted by the shareholders of Rand Uranium. All conditions precedent to the agreement were fulfilled and the transaction was declared unconditional and closed on Friday 6 January 2012 ("Completion Date")

Harmony's portion of the purchase price amounts to approximately US\$38 million of which US\$24 million was settled in cash on 6 January 2012 realising an amount of R193 million. The balance of US\$14 million is to be settled in either cash, Gold One ordinary shares, or a combination thereof within 90 days of the Completion Date.

## Results for the second quarter FY12 and six months ended 31 December 2011

- (b) Harmony has signed a sale of share and claims agreement on 30 January 2012 with Pan Africa Resources plc and Witwatersrand Consolidated Gold Resources Limited (the "Consortium") for the disposal of Harmony's entire interest in Evander Gold Mines Limited ("Evander"). The disposal will be for an aggregate purchase consideration of R1.7 billion, excluding the proceeds of the Taung Gold Limited transaction and less certain distributions made by Evander to Harmony between 1 April 2012 and the close of the transaction.

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

- the Consortium raising the required funding comprising of debt and/or equity;
- each of the Consortium members obtaining the requisite shareholder approvals for the acquisition; and
- obtaining all relevant regulatory approvals.

- (c) On 2 February 2012, the Board approved an interim dividend of 40 cents, amounting to approximately R173 million, payable on 12 March 2012.

### 9. Segment report

The segment report follows on page 25.

### 10. Reconciliation of segment information to consolidated income statements

Figures in million	Six months ended	
	31 December 2011	31 December 2010
The "Reconciliation of segment information to consolidated income statement" 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, balance sheet and segment report:		
<b>Reconciliation of production profit to gross profit</b>		
Total segment revenue	8 749	6 073
Total segment production costs and royalty expense	(5 366)	(4 554)
Production profit per segment report	3 383	1 519
Cost of sales items, other than production costs and royalty expense	(1 163)	(947)
Amortisation and depreciation	(1 003)	(868)
Employment termination and restructuring costs	(51)	(132)
Share-based payments	(49)	(63)
Rehabilitation costs	(6)	(9)
Care and maintenance costs of restructured shafts	(54)	(53)
Other	—	178
<b>Gross profit as per income statements *</b>	<b>2 220</b>	<b>572</b>

\* The reconciliation was done up to the first recognisable line item on the income statement. The reconciliation will follow the income statement after that.

### 11. Review report

The condensed consolidated financial statements for the six months ended 31 December 2011 on pages 16 to 25 have been reviewed in accordance with International Standards on Review Engagements 2410 – "Review of interim financial information performed by the Independent Auditors of the entity" by PricewaterhouseCoopers Inc. Their unqualified review report is available for inspection at the company's registered office.



**SEGMENT REPORT** (Rand)  
for the six months ended 31 December 2011

Continuing operations													
South Africa													
Underground													
Bambanani	322	502	365	421	(43)	81	143	156	825	1 716	132	233	
Doornkop	746	360	448	295	298	65	139	154	1 763	1 184	509	311	
Evander	688	315	349	316	339	(1)	88	116	1 695	1 069	240	279	
Joel	612	169	299	198	313	(29)	28	40	1 418	556	297	168	
Kusasaletu	1 099	772	660	643	439	129	211	189	2 822	2 559	587	497	
Masimong	715	730	438	397	277	333	122	89	1 690	2 414	464	462	
Phakisa	501	267	389	223	112	44	149	194	1 184	882	239	193	
Target	1 047	511	635	358	412	153	164	252	2 497	1 982	572	401	
Tshepong	1 164	1 000	631	581	533	419	135	133	2 738	3 316	593	683	
Virginia	343	398	251	349	92	49	34	49	802	1 326	192	366	
Surface													
All other surface operations	792	589	485	431	307	158	62	66	1 883	2 024	4 698	5 328	
Total South Africa	8 029	5 613	4 950	4 212	3 079	1 401	1 275	1 438	19 317	19 028	8 523	8 921	
International													
Hidden Valley	720	460	416	342	304	118	93	144	1 608	1 498	889	852	
Other	—	—	—	—	—	—	114	—	—	—	—	—	
Total international	720	460	416	342	304	118	207	144	1 608	1 498	889	852	
Total continuing operations	8 749	6 073	5 366	4 554	3 383	1 519	1 482	1 582	20 925	20 526	9 412	9 773	
Reconciliation of the segment information to the consolidated income statement (refer to note 10)													
	8 749	6 073	5 366	4 554									

\* Production statistics are unaudited.

## Results for the second quarter FY12 and six months ended 31 December 2011

### Operating results (US\$/Imperial)

Underground production – South Africa											
		Three months ended	Bambanani	Doornkop	Evander	Joel	Kusasa-Iethu	Masimong	Phakisa	Steyn 2 <sup>(1)</sup>	Target 1
Ore milled	– t'000	Dec-11 Sep-11	28 101	256 305	129 136	165 162	282 365	256 256	139 125	17 –	229 232
Gold produced	– oz	Dec-11 Sep-11	6 880 14 854	28 839 27 843	27 039 27 457	23 374 22 216	40 767 49 962	28 743 25 592	21 155 16 911	3 633 1 157	32 826 30 190
Yield	– oz/t	Dec-11 Sep-11	0.246 0.147	0.113 0.091	0.210 0.202	0.142 0.137	0.145 0.137	0.112 0.100	0.152 0.135	0.214 –	0.143 0.130
Cash operating costs	– \$/oz	Dec-11 Sep-11	2 170 1 907	910 1 178	824 909	767 883	1 087 1 043	926 1 208	1 152 1 589	1 297 –	779 974
Cash operating costs	– \$/t	Dec-11 Sep-11	533 280	103 108	173 183	109 121	157 143	104 121	175 215	277 –	112 127
Gold sold	– oz	Dec-11 Sep-11	7 009 14 693	29 289 27 650	26 299 27 039	24 081 22 827	38 613 47 004	29 257 25 270	21 541 16 718	3 697 1 157	33 437 29 804
Revenue	(\$'000)	Dec-11 Sep-11	11 870 24 520	49 156 48 764	44 197 46 214	40 626 39 612	64 654 80 540	49 545 44 011	36 492 28 822	6 247 –	56 255 51 327
Cash operating costs	(\$'000)	Dec-11 Sep-11	14 928 28 323	26 256 32 809	22 267 24 950	17 920 19 621	44 326 52 092	26 608 30 920	24 363 26 876	4 711 –	25 574 29 404
Inventory movement	(\$'000)	Dec-11 Sep-11	704 (204)	766 (656)	(751) (438)	637 1 223	(4 242) (5 130)	884 (797)	542 (602)	(71) –	1 009 (501)
Operating costs	(\$'000)	Dec-11 Sep-11	15 632 28 119	27 022 32 153	21 516 24 512	18 557 20 844	40 084 46 962	27 492 30 123	24 905 26 274	4 640 –	26 583 28 903
Operating profit/(loss)*	(\$'000)	Dec-11 Sep-11	(3 762) (3 599)	22 134 16 611	22 681 21 702	22 069 18 768	24 570 33 578	22 053 13 888	11 587 2 548	1 607 –	29 672 22 424
Capital expenditure	(\$'000)	Dec-11 Sep-11	5 444 6 133	9 208 9 064	6 255 5 263	1 839 1 853	13 976 13 665	8 848 7 017	9 279 10 356	2 691 4 609	8 082 8 768

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

(1) Steyn 2 started production during the December 2011 quarter. Previously revenue and costs were capitalised.

Surface production – South Africa												
Target 3	Tshepong	Unisel	Total Under-ground	Kalgold	Phoenix	Dumps	Total Surface	South Africa Other	South Africa Total	Hidden Valley	Inter-national Other	Harmony Total
<b>84</b> 86	<b>337</b> 316	<b>110</b> 101	<b>2 032</b> 2 185	<b>365</b> 401	<b>1 196</b> 1 505	<b>892</b> 820	<b>2 453</b> 2 726	– –	<b>4 485</b> 4 911	<b>523</b> 458	– –	<b>5 008</b> 5 369
<b>9 517</b> 7 748	<b>49 994</b> 38 034	<b>14 854</b> 10 931	<b>287 621</b> 272 895	<b>8 777</b> 8 681	<b>6 655</b> 6 912	<b>15 304</b> 14 211	<b>30 736</b> 29 804	– –	<b>318 357</b> 302 699	<b>26 235</b> 25 463	– –	<b>344 592</b> 328 162
<b>0.113</b> 0.090	<b>0.148</b> 0.120	<b>0.135</b> 0.108	<b>0.142</b> 0.124	<b>0.024</b> 0.022	<b>0.006</b> 0.005	<b>0.017</b> 0.017	<b>0.013</b> 0.011	– –	<b>0.071</b> 0.061	<b>0.050</b> 0.056	– –	<b>0.069</b> 0.061
<b>1 348</b> 1 935	<b>783</b> 1 147	<b>1 061</b> 1 570	<b>955</b> 1 180	<b>1 031</b> 1 471	<b>909</b> 1 024	<b>866</b> 1 013	<b>923</b> 1 149	– –	<b>952</b> 1 177	<b>1 031</b> 900	– –	<b>958</b> 1 156
<b>153</b> 174	<b>116</b> 138	<b>143</b> 170	<b>135</b> 147	<b>25</b> 32	<b>5</b> 5	<b>15</b> 18	<b>12</b> 13	– –	<b>68</b> 72	<b>52</b> 50	– –	<b>66</b> 70
<b>9 710</b> 7 652	<b>50 895</b> 37 616	<b>15 143</b> 10 803	<b>288 971</b> 268 233	<b>8 809</b> 8 649	<b>6 462</b> 7 170	<b>15 143</b> 14 404	<b>30 414</b> 30 223	– –	<b>319 385</b> 298 456	<b>34 273</b> 21 380	– –	<b>353 658</b> 319 836
<b>16 320</b> 12 983	<b>86 204</b> 65 303	<b>25 629</b> 19 038	<b>487 195</b> 461 134	<b>14 927</b> 15 243	<b>10 878</b> 12 498	<b>25 371</b> 25 162	<b>51 176</b> 52 903	– –	<b>538 371</b> 514 037	<b>56 907</b> 36 281	– –	<b>595 278</b> 550 318
<b>12 826</b> 14 990	<b>39 121</b> 43 623	<b>15 754</b> 17 163	<b>274 654</b> 320 771	<b>9 051</b> 12 768	<b>6 047</b> 7 079	<b>13 259</b> 14 389	<b>28 357</b> 34 236	– –	<b>303 011</b> 355 007	<b>27 059</b> 22 914	– –	<b>330 070</b> 377 921
<b>509</b> (256)	<b>1 173</b> (939)	<b>327</b> (273)	<b>1 487</b> (8 573)	<b>751</b> (382)	<b>(42)</b> 550	<b>(130)</b> 655	<b>579</b> 823	– –	<b>2 066</b> (7 750)	<b>6 622</b> (2 828)	– –	<b>8 688</b> (10 578)
<b>13 335</b> 14 734	<b>40 294</b> 42 684	<b>16 081</b> 16 890	<b>276 141</b> 312 198	<b>9 802</b> 12 386	<b>6 005</b> 7 629	<b>13 129</b> 15 044	<b>28 936</b> 35 059	– –	<b>305 077</b> 347 257	<b>33 681</b> 20 086	– –	<b>338 758</b> 367 343
<b>2 985</b> (1 751)	<b>45 910</b> 22 619	<b>9 548</b> 2 148	<b>211 054</b> 148 936	<b>5 125</b> 2 857	<b>4 873</b> 4 869	<b>12 242</b> 10 118	<b>22 240</b> 17 844	– –	<b>233 294</b> 166 780	<b>23 226</b> 16 195	– –	<b>256 520</b> 182 975
<b>2 971</b> 1 667	<b>9 422</b> 8 222	<b>2 215</b> 2 197	<b>80 230</b> 78 814	<b>2 540</b> 1 349	<b>628</b> 9	<b>111</b> 1 771	<b>3 279</b> 3 129	<b>1 031</b> 808	<b>84 540</b> 82 751	<b>6 567</b> 5 594	<b>5 519</b> 9 711	<b>96 626</b> 98 056

# Results for the second quarter FY12 and six months ended 31 December 2011

## CONDENSED CONSOLIDATED INCOME STATEMENTS (US\$)

(Convenience translation)

	Quarter ended			Six months ended		Year ended
	31 December	30 September	31 December	31 December	31 December	30 June
	2011	2011	2010	2011	2010	2011
Figures in million	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>Continuing operations</b>						
Revenue	595	550	434	1 149	856	1 781
Cost of sales	(412)	(447)	(364)	(857)	(775)	(1 664)
Production costs	(339)	(367)	(308)	(706)	(642)	(1 313)
Amortisation and depreciation	(65)	(67)	(64)	(131)	(122)	(254)
Impairment of assets	–	–	–	–	–	(39)
Employment termination and restructuring costs	(2)	(5)	(8)	(7)	(19)	(23)
Other items	(6)	(8)	16	(13)	8	(35)
<b>Gross profit</b>	<b>183</b>	<b>103</b>	<b>70</b>	<b>292</b>	<b>81</b>	<b>117</b>
Corporate, administration and other expenditure	(11)	(12)	(14)	(23)	(27)	(51)
Social investment expenditure	(2)	(2)	(3)	(4)	(5)	(12)
Exploration expenditure	(12)	(14)	(11)	(26)	(25)	(51)
Profit on sale of property, plant and equipment	–	4	–	4	2	4
Other income/(expenses) – net	3	3	1	6	(7)	(3)
<b>Operating profit</b>	<b>161</b>	<b>82</b>	<b>43</b>	<b>249</b>	<b>19</b>	<b>4</b>
Loss from associates	–	–	(3)	–	(4)	(7)
Reversal of impairment/(impairment) of investment in associate	–	7	–	7	–	(20)
Net gain/(loss) on financial instruments	8	(4)	11	5	55	20
Gain on farm-in option	–	–	–	–	–	38
Investment income	3	2	6	5	7	20
Finance cost	(10)	(10)	(10)	(21)	(18)	(41)
<b>Profit before taxation</b>	<b>162</b>	<b>77</b>	<b>47</b>	<b>245</b>	<b>59</b>	<b>14</b>
Taxation	(33)	(10)	(4)	(45)	(3)	69
Normal taxation	(7)	(6)	–	(13)	(1)	(2)
Deferred taxation	(26)	(4)	(4)	(32)	(2)	71
<b>Net profit from continuing operations</b>	<b>129</b>	<b>67</b>	<b>43</b>	<b>200</b>	<b>56</b>	<b>83</b>
<b>Discontinued operations</b>						
Profit from discontinued operations	–	–	3	–	3	3
<b>Net profit for the period</b>	<b>129</b>	<b>67</b>	<b>46</b>	<b>200</b>	<b>59</b>	<b>86</b>
<i>Attributable to:</i>						
Owners of the parent	129	67	46	200	59	86
Non-controlling interest	–	–	–	–	–	–
<b>Earnings per ordinary share (cents)</b>						
Earnings from continuing operations	30	16	10	46	13	19
Earnings from discontinued operations	–	–	1	–	1	1
<b>Total earnings per ordinary share (cents)</b>	<b>30</b>	<b>16</b>	<b>11</b>	<b>46</b>	<b>14</b>	<b>20</b>
<b>Diluted earnings per ordinary share (cents)</b>						
Earnings from continuing operations	30	16	10	46	13	19
Earnings from discontinued operations	–	–	1	–	1	1
<b>Total diluted earnings per ordinary share (cents)</b>	<b>30</b>	<b>16</b>	<b>11</b>	<b>46</b>	<b>14</b>	<b>20</b>

The currency conversion average rates for the quarter ended: December 2011: US\$1 = R8.10 (September 2011: US\$1 = R7.14, December 2010: US\$1 = 6.88). Six months ended: December 2011: US\$1 = R7.61 (December 2010: US\$1 = R7.09).

The income statement for the year ended 30 June 2011 has been extracted from the 2011 Annual Report.

### Note on convenience translation

Except where specific statements have been extracted from the 2011 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.

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (US\$)

(Convenience translation)

	Quarter ended			Six months ended		Year ended
	31 December 2011 (Unaudited)	30 September 2011 (Unaudited)	31 December 2010 (Unaudited)	31 December 2011 (Unaudited)	31 December 2010 (Unaudited)	30 June 2011 (Audited)
Figures in million						
Net profit for the period	129	67	46	200	59	86
Other comprehensive income for the period, net of income tax	22	134	(23)	149	(8)	540
Foreign exchange translation	26	130	(19)	149	(4)	555
(Loss)/gain on fair value movement of available-for-sale investments	(4)	4	(4)	–	(4)	(15)
<b>Total comprehensive income for the period</b>	<b>151</b>	<b>201</b>	<b>23</b>	<b>349</b>	<b>51</b>	<b>626</b>
Attributable to:						
Owners of the parent	151	201	23	349	51	626
Non-controlling interest	–	–	–	–	–	–

The currency conversion average rates for the quarter ended: December 2011: US\$1 = R8.10 (September 2011: US\$1 = R7.14, December 2010: US\$1 = 6.88). Six months ended: December 2011: US\$1 = R7.61 (December 2010: US\$1 = R7.09).

The statement of comprehensive income for the year ended 30 June 2011 has been extracted from the 2011 Annual Report.

# Results for the second quarter FY12 and six months ended 31 December 2011

## CONDENSED CONSOLIDATED BALANCE SHEETS (US\$)

(Convenience translation)

	At 31 December 2011 (Unaudited)	At 30 September 2011 (Unaudited)	At 30 June 2011 (Audited)	At 31 December 2010 (Unaudited)
Figures in million				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4 050	3 997	4 607	4 568
Intangible assets	269	269	320	332
Restricted cash	4	4	5	4
Restricted investments	238	230	278	282
Investments in associates	–	–	–	54
Deferred tax assets	145	159	170	109
Investments in financial assets	23	27	27	40
Inventories	21	21	25	35
Trade and other receivables	3	3	3	10
<b>Total non-current assets</b>	<b>4 753</b>	<b>4 710</b>	<b>5 435</b>	<b>5 434</b>
<b>Current assets</b>				
Inventories	122	125	124	143
Trade and other receivables	139	109	158	145
Income and mining taxes	24	12	21	15
Cash and cash equivalents	149	164	102	127
	434	410	405	430
Assets of disposal groups classified as held-for-sale	39	39	40	–
<b>Total current assets</b>	<b>473</b>	<b>449</b>	<b>445</b>	<b>430</b>
<b>Total assets</b>	<b>5 226</b>	<b>5 159</b>	<b>5 880</b>	<b>5 864</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Share capital and reserves</b>				
Share capital	3 494	3 506	4 033	4 275
Other reserves	240	216	519	40
Retained earnings	291	163	(102)	136
<b>Total equity</b>	<b>4 025</b>	<b>3 885</b>	<b>4 450</b>	<b>4 451</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	549	533	623	655
Provision for environmental rehabilitation	258	253	291	265
Retirement benefit obligation and other provisions	22	22	26	27
Borrowings	122	209	181	188
<b>Total non-current liabilities</b>	<b>951</b>	<b>1 017</b>	<b>1 121</b>	<b>1 135</b>
<b>Current liabilities</b>				
Borrowings	40	41	49	52
Income and mining taxes	–	–	–	1
Trade and other payables	208	214	258	225
	248	255	307	278
Liabilities of disposal groups classified as held-for-sale	2	2	2	–
<b>Total current liabilities</b>	<b>250</b>	<b>257</b>	<b>309</b>	<b>278</b>
<b>Total equity and liabilities</b>	<b>5 226</b>	<b>5 159</b>	<b>5 880</b>	<b>5 864</b>

The balance sheet for December 2011 converted at a conversion rate of US\$1 = R8.11 (September 2011: US\$1 = R8.08, December 2010: US\$1 = R6.62).

The balance sheet as at 30 June 2011 has been extracted from the 2011 Annual Report.



## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (US\$) (Unaudited)

for the six months ended 31 December 2011 (Convenience translation)

Figures in million	Share capital	Other reserves	Retained earnings	Total
Balance – 30 June 2011	3 491	94	135	3 720
Issue of shares	3	–	–	3
Share-based payments	–	6	–	6
Net profit for the period	–	–	188	188
Total comprehensive income for the period	–	140	–	140
Dividends paid	–	–	(32)	(32)
<b>Balance – 31 December 2011</b>	<b>3 494</b>	<b>240</b>	<b>291</b>	<b>4 025</b>
Balance – 30 June 2010	4 272	39	104	4 415
Issue of shares	3	–	–	3
Share-based payments	–	9	–	9
Net profit for the period	–	–	64	64
Total comprehensive income for the period	–	(8)	–	(8)
Dividends paid	–	–	(32)	(32)
<b>Balance – 31 December 2010</b>	<b>4 275</b>	<b>40</b>	<b>136</b>	<b>4 451</b>

The currency conversion closing rates for the period ended 31 December 2011: US\$1 = R8.11 (December 2010: US\$1 = R6.62).

# Results for the second quarter FY12 and six months ended 31 December 2011

## CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (US\$)

(Convenience translation)

Figures in million	Quarter ended			Six months ended		Year ended
	31 December 2011 (Unaudited)	30 September 2011 (Unaudited)	31 December 2010 (Unaudited)	31 December 2011 (Unaudited)	31 December 2010 (Unaudited)	30 June 2011 (Audited)
<b>Cash flow from operating activities</b>						
Cash generated by operations	193	153	65	349	163	346
Interest and dividends received	2	2	6	4	7	20
Interest paid	(4)	(6)	(5)	(10)	(9)	(19)
Income and mining taxes paid	(18)	–	(4)	(20)	(5)	(7)
<b>Cash generated by operating activities</b>	<b>173</b>	<b>149</b>	<b>62</b>	<b>323</b>	<b>156</b>	<b>340</b>
<b>Cash flow from investing activities</b>						
Decrease in restricted cash	–	–	13	–	17	17
Proceeds on disposal of investment in subsidiary	–	–	–	–	30	30
Pre-payment for Evander 6 and Twistdraai transaction	–	–	–	–	–	15
Other investing activities	–	–	(1)	–	3	2
Net additions to property, plant and equipment	(96)	(94)	(123)	(190)	(225)	(445)
<b>Cash utilised by investing activities</b>	<b>(96)</b>	<b>(94)</b>	<b>(111)</b>	<b>(190)</b>	<b>(175)</b>	<b>(381)</b>
<b>Cash flow from financing activities</b>						
Borrowings raised	–	112	76	105	74	134
Borrowings repaid	(89)	(49)	(16)	(141)	(16)	(81)
Ordinary shares issued – net of expenses	1	1	1	3	2	6
Dividends paid	–	(36)	–	(34)	(30)	(30)
<b>Cash (utilised)/generated by financing activities</b>	<b>(88)</b>	<b>28</b>	<b>61</b>	<b>(67)</b>	<b>30</b>	<b>29</b>
<b>Foreign currency translation adjustments</b>	<b>(4)</b>	<b>(21)</b>	<b>4</b>	<b>(19)</b>	<b>15</b>	<b>13</b>
Net (decrease)/increase in cash and cash equivalents	(15)	62	16	47	26	1
Cash and cash equivalents – beginning of period	164	102	111	102	101	101
<b>Cash and cash equivalents – end of period</b>	<b>149</b>	<b>164</b>	<b>127</b>	<b>149</b>	<b>127</b>	<b>102</b>

Operating activities translated at average rates for the quarter ended: December 2011: US\$1 = R8.10 (September 2011: US\$1 = R7.14, December 2010: US\$1 = 6.88). Six months ended: December 2011: US\$1 = R7.61 (December 2010: US\$1 = R7.09).

Closing balance translated at closing rates of: December 2011: US\$1 = R8.11 (September 2011: US\$1 = R8.08, December 2010: US\$ = R6.62).

The cash flow statement for the year ended 30 June 2011 has been extracted from the 2011 Annual Report.

**SEGMENT REPORT** (US\$/Imperial) (Unaudited)  
for the six months ended 31 December 2011

Continuing operations												
South Africa												
Underground												
Bambanani	42	71	48	59	(6)	12	19	22	26 524	55 171	146	257
Doornkop	98	51	59	42	39	9	18	22	56 682	38 067	561	343
Evander	90	44	46	45	44	(1)	12	16	54 496	34 369	265	307
Joel	80	24	39	28	41	(4)	4	6	45 590	17 875	327	185
Kusasaletu	144	109	87	91	57	18	28	27	90 729	82 274	647	548
Masimong	94	103	58	56	36	47	16	13	54 335	77 611	512	509
Phakisa	66	38	51	31	15	7	20	27	38 066	28 357	264	213
Target	138	72	83	50	55	22	22	36	80 281	63 723	631	442
Tshepong	153	141	83	82	70	59	18	19	88 028	106 611	653	753
Virginia	45	56	33	49	12	7	4	7	25 785	42 632	211	404
Surface												
All other surface operations	104	82	64	61	40	21	6	9	60 540	65 073	5 179	5 874
Total South Africa	1 054	791	651	594	403	197	167	204	621 056	611 763	9 396	9 835
International												
Hidden Valley	95	65	55	48	40	17	12	20	51 698	48 162	981	940
Other	—	—	—	—	—	—	15	—	—	—	—	—
Total international	95	65	55	48	40	17	27	20	51 698	48 162	981	940
Total continuing operations	1 149	856	706	642	443	214	194	224	672 754	659 925	10 377	10 775

## Results for the second quarter FY12 and six months ended 31 December 2011

### DEVELOPMENT RESULTS (Metric)

Quarter ended December 2011

	Reef (metres)	Sampled (metres)	Channel width (cm's)	Channel value (g/t)	Gold (cmg/t)
<b>Tshepong</b>					
Basal	467	424	8.98	174.19	1 563
B Reef	133	86	95.02	13.63	1 295
<b>All Reefs</b>	<b>600</b>	<b>510</b>	<b>23.49</b>	<b>64.64</b>	<b>1 518</b>
<b>Phakisa &amp; Nyala</b>					
Basaal	483	504	90.90	8.87	806
<b>All Reefs</b>	<b>483</b>	<b>504</b>	<b>90.90</b>	<b>8.87</b>	<b>806</b>
<b>Total Bambanani</b>					
(incl. Bambanani, Steyn 2)					
Basal	72	72	169.60	18.77	3 184
<b>All Reefs</b>	<b>72</b>	<b>72</b>	<b>169.60</b>	<b>18.77</b>	<b>3 184</b>
<b>Doornkop</b>					
South Reef	556	414	40.00	20.14	806
<b>All Reefs</b>	<b>556</b>	<b>414</b>	<b>40.00</b>	<b>20.14</b>	<b>806</b>
<b>Kusasaletu</b>					
VCR Reef	672	656	57.70	22.66	1 308
<b>All Reefs</b>	<b>672</b>	<b>656</b>	<b>57.70</b>	<b>22.66</b>	<b>1 308</b>
<b>Total Target</b>					
(incl. Target 1 & Target 3)					
Elsburg	550	337	83.74	12.37	1 036
Basal	24	6	32.00	24.97	799
A Reef	59	8	37.00	4.54	168
B Reef	94	88	151.68	4.13	627
<b>All Reefs</b>	<b>726</b>	<b>439</b>	<b>95.80</b>	<b>9.76</b>	<b>935</b>
<b>Masimong</b>					
Basal	750	532	51.04	14.50	740
B Reef	114	138	58.63	14.38	843
<b>All Reefs</b>	<b>864</b>	<b>670</b>	<b>52.60</b>	<b>14.47</b>	<b>761</b>
<b>Evander</b>					
Kimberley	431	423	63.00	24.22	1 526
<b>All Reefs</b>	<b>431</b>	<b>423</b>	<b>63.00</b>	<b>24.22</b>	<b>1 526</b>
<b>Virginia</b>					
(incl. Unisel)					
Basal	298	186	137.09	7.15	981
Leader	331	324	176.34	6.93	1 222
Middle	62	36	31.11	43.68	1 359
<b>All Reefs</b>	<b>691</b>	<b>546</b>	<b>153.39</b>	<b>7.49</b>	<b>1 149</b>
<b>Joel</b>					
Beatrix	521	528	159.30	10.09	1 608
<b>All Reefs</b>	<b>521</b>	<b>528</b>	<b>159.30</b>	<b>10.10</b>	<b>1 608</b>
<b>Total Harmony</b>					
Basal	2 093	1 724	66.49	16.39	1 090
Beatrix	521	528	159.30	10.10	1 608
Leader	331	324	176.34	6.93	1 222
B Reef	341	312	94.91	9.55	907
A Reef	59	8	37.00	4.54	168
Middle	62	36	31.11	43.68	1 359
Elsburg	550	337	83.74	12.37	1 036
Kimberley	431	423	63.00	24.22	1 526
South Reef	556	414	40.00	20.14	806
VCR	672	656	57.70	22.66	1 308
<b>All Reefs</b>	<b>5 616</b>	<b>4 762</b>	<b>83.20</b>	<b>14.24</b>	<b>1 185</b>

### DEVELOPMENT RESULTS (Imperial)

Quarter ended December 2011

	Reef (feet)	Sampled (feet)	Channel width (inches)	Channel value (oz/t)	Gold (in.oz/t)
<b>Tshepong</b>					
Basal	1 532	1 391	4.00	4.49	18
B Reef	438	282	37.00	0.40	15
<b>All Reefs</b>	<b>1 970</b>	<b>1 673</b>	<b>9.00</b>	<b>1.94</b>	<b>17</b>
<b>Phakisa &amp; Nyala</b>					
Basal	1 584	1 654	36.00	0.26	9
<b>All Reefs</b>	<b>1 584</b>	<b>1 654</b>	<b>36.00</b>	<b>0.26</b>	<b>9</b>
<b>Total Bambanani</b>					
(incl. Bambanani, Steyn 2)					
Basal	235	235	67.00	0.55	37
<b>All Reefs</b>	<b>235</b>	<b>235</b>	<b>67.00</b>	<b>0.55</b>	<b>37</b>
<b>Doornkop</b>					
South Reef	1 824	1 358	16.00	0.58	9
<b>All Reefs</b>	<b>1 824</b>	<b>1 358</b>	<b>16.00</b>	<b>0.58</b>	<b>9</b>
<b>Kusasaletu</b>					
VCR Reef	2 203	2 152	23.00	0.65	15
<b>All Reefs</b>	<b>2 203</b>	<b>2 152</b>	<b>23.00</b>	<b>0.65</b>	<b>15</b>
<b>Total Target</b>					
(incl. Target 1 & Target 3)					
Elsburg	1 805	1 106	33.00	0.36	12
Basal	79	20	13.00	0.71	9
A Reef	192	26	15.00	0.13	2
B Reef	307	289	60.00	0.12	7
<b>All Reefs</b>	<b>2 383</b>	<b>1 440</b>	<b>38.00</b>	<b>0.28</b>	<b>11</b>
<b>Masimong</b>					
Basal	2 459	1 745	20.00	0.43	9
B Reef	375	453	23.00	0.42	10
<b>All Reefs</b>	<b>2 834</b>	<b>2 198</b>	<b>21.00</b>	<b>0.42</b>	<b>9</b>
<b>Evander</b>					
Kimberley	1 415	1 388	25.00	0.70	18
<b>All Reefs</b>	<b>1 415</b>	<b>1 388</b>	<b>25.00</b>	<b>0.70</b>	<b>18</b>
<b>Virginia</b>					
(incl. Unisel)					
Basal	978	610	54.00	0.21	11
Leader	1 086	1 063	69.00	0.20	14
Middle	202	118	12.00	1.30	16
<b>All Reefs</b>	<b>2 266</b>	<b>1 791</b>	<b>60.00</b>	<b>0.22</b>	<b>13</b>
<b>Joel</b>					
Beatrix	1 710	1 732	63.00	0.29	18
<b>All Reefs</b>	<b>1 710</b>	<b>1 732</b>	<b>63.00</b>	<b>0.29</b>	<b>18</b>
<b>Total Harmony</b>					
Basal	6 868	5 655	26.00	0.48	13
Beatrix	1 710	1 732	63.00	0.29	18
Leader	1 086	1 063	69.00	0.20	14
B Reef	1 120	1 024	37.00	0.28	10
A Reef	192	26	15.00	0.13	2
Middle	202	118	12.00	1.30	16
Elsburg	1 805	1 106	33.00	0.36	12
Kimberley	1 415	1 388	25.00	0.70	18
South Reef	1 824	1 358	16.00	0.58	9
VCR	2 203	2 152	23.00	0.65	15
<b>All Reefs</b>	<b>18 426</b>	<b>15 622</b>	<b>33.00</b>	<b>0.41</b>	<b>14</b>



### Harmony's strategy

Harmony's strategy is to produce 1.8 to 2 million\* safe and profitable ounces of gold by 2015. Following a review of assets during 2011, action was taken and capital committed to increase production at existing operations, further the development of current projects and advance scoping studies so as to ensure the future production pipeline of tomorrow's gold by growing reserves and resources and strengthening the quality of our asset base.

Our challenge going forward is to meet our targets and objectives and, more specifically, to deliver consistent production results, improve productivity, curb costs and to create and deliver value to shareholders.

\* Excludes future acquisitions or disposals.







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

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### Trading Symbols

**JSE Limited: HAR**  
**New York Stock Exchange, Inc: HMY**  
**Euronext, Brussels: HMY**  
**Berlin Stock Exchange: HAM1**

### Registration number

**1950/038232/06**  
**Incorporated in the Republic of South Africa**

### ISIN

**ZAEE00015228**

