

HARMONY GOLD MINING CO LTD

Form 6-K

February 06, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**Form 6-K**

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO

RULE 13a-16 OR 15d-16 UNDER THE SECURITIES

EXCHANGE ACT OF 1934

For 6 February 2012

**Harmony Gold Mining Company**

**Limited**

Randfontein Office Park

Corner Main Reef Road and Ward Avenue

Randfontein, 1759

South Africa

(Address of principal executive offices)

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

Form 20-F  Form 40-F

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

Yes  No

**Au**

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)

**KEY FEATURES**

*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 oat*

Ordinary shares

100%

*ADR ratio*

1:1

*JSE Limited*

HAR

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*

HMY

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

**RESULTS FOR THE SECOND QUARTER FY12 AND**

**SIX MONTHS ENDED 31 DECEMBER 2011**

**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

**Financial summary for the second quarter FY12 and six months**

**ended 31 December 2011**

Quarter	Quarter	Q-on-Q	6 months	6 months	
December	September	Variance	December	December	Variance
2011	2011	%	2011	2010	%

Gold

– kg

10 718

10 207

5

20 925

20 526

2

produced

(1)

– 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

– R/kg

438 183

396 405

11

418 381

295 069

42

received

– US\$/oz

1 683

1 727

(3)

1 711

1 294					
32					
Operating					
– R million					
2 077					
1 306					
59					
3 383					
1 519					
123					
profit	– US\$				
257	183	40	443	215	106
million					
Basic					
–					
SAc/s					
243	111	119	354	93	281
earnings					
–					
USc/s					
30	16	88	46	13	
254					
per share*					
Headline					
– Rm					
1 041					
411					
153					
1 452					
435					
234					
profit*					
–					
US\$m	129	58			
122					
191	61				
213					
Headline					
–					
SAc/s					
242	95	155	337	101	234
earnings					
–					
USc/s					
30	13				
131	44	14			
214					
per share*					
Exchange					
–					
R/US\$	8.10	7.14	13	7.61	7.09

7

rate

*\* 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).*

**Q2 FY12**

2

2

### **Forward-looking statements**

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

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

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

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

Harmony's Annual Report, Notice of Annual General Meeting, its Sustainable Development Report and its Annual Report

led 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)

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**Competent person's declaration**



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

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

Reserves and resources South Africa:

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

Reserves and resources PNG:

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

These competent persons consent to the inclusion in the report of the matters based on the information in the form and context in which it appears. Mr Boshoff and Mr Job are full-time employees of Harmony Gold Mining Company Limited and Mr Hayward is a full-time employee of Wa -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 Wa -Golpu project.

**3****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, Kusasalethu), Mzwabantu Wanga (engineering assistant, Evander) and Simiao Macuacua (water jet operator, Kusasalethu) 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;

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

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.

- 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**

## 5

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.

### **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.

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.

### **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).

#### 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 *cum* 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.

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

Operational overview

**GROUP OPERATIONAL RESULTS**

December

September

%

Indicator Units

2011

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
------	------	----

**Gold produced**

**Kg**

10 718

10 207

5

<b>Cash operating costs</b>	<b>R/kg</b>
-----------------------------	-------------

249 356

265 288

6

**Operating profit**

<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 tramming 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**

December

September

%

Indicator Units

2011	
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**

December	
September	
%	
Indicator	Units
2011	
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 Kusasalethu, 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 Kusasalethu in recording an operating profit of R199 million.

**Phakisa**

December  
 September  
 %

Indicator	Units
2011	
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)**

December

September

%

Indicator Units

2011

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.

7

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**

December

September

%

Indicator Units

2011

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

December

September

%

Indicator	Units
-----------	-------

2011

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

December

September

%

Indicator	Units
-----------	-------

2011

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 milion.

### **Tshepong**

December
September
%
Indicator
Units
2011
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**

December

September

%

Indicator

Units

2011

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.

8

**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**

December

September

%

Indicator	Units
-----------	-------

2011

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**

December

September

%

Indicator	Units
-----------	-------

2011	
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

December	
September	
%	
Indicator	Units
2011	
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**

December

September

%

Indicator

Units

2011

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**

December

September

%

Indicator

Units

2011

2011

variance

**Tonnes****000**

2 225

2 473

(10)

**Grade****g/t**

0.43

0.37

16

**Gold produced****Kg** 956

927

3

**Cash operating costs** **R/kg**

240 183

263 671

9

**Operating profit****R'000**

180 079

127 417

41

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.

9

**Kalgold**

December

September

%

Indicator Units

2011

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)**

December

September

%

Indicator Units

2011

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

December	
September	
%	
Indicator	Units
2011	
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.

## 10

### **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.

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

**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.

**11**

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.

**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.

**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

12

**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.

**13**

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



14

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

15

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

Underground production – South Africa

Surface production – South Africa

Three

Total

South

South

Inter-

months

Kusasa-

Under-

Total

Africa

Africa

Hidden

national

Harmony

ended

Bambanani

Doornkop

Evander

Joel

lethu

Masimong

Phakisa

Steyn

2

(1)

Target 1

Target 3

Tshepong

Unisel

ground

Kalgold

Phoenix

Dumps

Surface

Other

Total

Valley

Other

Total

**Ore milled**

**– t'000**

**Dec-11**

**25**

**232**

**117**  
**150**  
**256**  
**232**  
**126**  
**15**  
**208**  
**76**  
**306**  
**100**  
**1 843**  
**331**  
**1 085**  
**809**  
**2 225**  
 –  
**4 068**  
**474**  
 –  
**4 542**  
 Sep-11  
 92            277            123            147            331            232            113  
 –            210            78            287            92  
 1  
 982            364  
 1  
 365            744  
 2  
 473            –  
 4  
 455            415  
 –  
 4  
 870  
**Gold produced**  
**– kg**  
**Dec-11**  
**214**  
**897**  
**841**  
**727**  
**1 268**  
**894**  
**658**  
**113**  
**1 021**  
**296**  
**1 555**  
**462**  
**8 946**  
**273**

<b>207</b>					
<b>476</b>					
<b>956</b>					
–					
<b>9 902</b>					
<b>816</b>					
–					
<b>10 718</b>					
Sep-11					
462	866	854	691		
1					
554	796	526	36	939	241
1					
183	340				
8					
488	270	215	442	927	–
9					
415	792				
–					
10					
207					
<b>Gold produced</b>					
<b>– oz</b>					
<b>Dec-11</b>					
<b>6 880</b>					
<b>28 839</b>					
<b>27 039</b>					
<b>23 374</b>					
<b>40 767</b>					
<b>28 743</b>					
<b>21 155</b>					
<b>3 633</b>					
<b>32 826</b>					
<b>9 517</b>					
<b>49 994</b>					
<b>14 854</b>					
<b>287 621</b>					
<b>8 777</b>					
<b>6 655</b>					
<b>15 304</b>					
<b>30 736</b>					
–					
<b>318 357</b>					
<b>26 235</b>					
–					
<b>344 592</b>					
Sep-11					
14 854					
27 843					
27 457					
22 216					

49 962  
 25 592  
 16 911  
 1 157  
 30 190  
 7 748  
 38 034  
 10 931  
 272 895  
 8 681  
 6 912  
 14 211  
 29 804  
 –  
 302 699  
 25 463  
 –

328 162

**Yield**

–  
**g/tonne**

<b>Dec-11</b>	<b>8.56</b>	<b>3.87</b>	<b>7.19</b>	<b>4.85</b>	<b>4.95</b>	<b>3.85</b>	<b>5.22</b>	<b>7.53</b>
<b>4.91</b>	<b>3.89</b>	<b>5.08</b>	<b>4.62</b>	<b>4.85</b>	<b>0.82</b>	<b>0.19</b>	<b>0.59</b>	<b>0.43</b>
–	<b>2.43</b>	<b>1.72</b>						
–	<b>2.36</b>							
Sep-11								
5.02	3.13	6.94	4.70	4.69	3.43	4.65		
–	4.47	3.09	4.12	3.70	4.26	0.74	0.16	0.59
–	2.11	1.91						0.37
–	2.09							

**Cash operating**

– **R/kg**

**Dec-11**

**564 808**  
**237 007**  
**214 379**  
**199 586**  
**283 053**  
**240 999**  
**299 804**  
**337 593**  
**202 816**  
**350 851**  
**203 708**  
**276 102**  
**248 591**  
**268 462**  
**236 551**  
**225 544**  
**240 183**  
 –

247 779

268 500

—

249 356

costs

Sep-11

437 706

270 487

208 597

202 729

239 336

277 340

364 804

—

223 578

444 100

263 276

360 400

270 969

337 615

235 051

232 423

263 671

—

270 247

206 563

—

265 288

**Cash operating**

— \$/oz

**Dec-11**

2 170

910

824

767

1 087

926

1 152

1 297

779

1 348

783

1 061

955

1 031

909

866

923

—

952

1 031

-  
**958**  
**costs**  
 Sep-11  
 1 907  
 1 178  
 909  
 883  
 1 043  
 1 208  
 1 589  
 -  
 974  
 1 935  
 1 147  
 1 570  
 1 180  
 1 471  
 1 024  
 1 013  
 1 149  
 -  
 1 177  
 900  
 -  
 1 156  
**Cash operating**  
**- R/tonne**  
**Dec-11**  
**4 835**  
**916**  
**1 541**  
**967**  
**1 402**  
**929**  
**1 566**  
**2 543**  
**996**  
**1 366**  
**1 035**  
**1 276**  
**1 207**  
**221**  
**45**  
**133**  
**103**  
 -  
**603**  
**462**            -  
**588**  
**costs**

Sep-11  
 2 198  
 846  
 1 448  
 953  
 1 124  
 952  
 1 698  
 -  
 1 000  
 1 372  
 1 085  
 1 332  
 1 156  
 250  
 37  
 138  
 99  
 -  
 569  
 394  
 -  
 554  
**Gold sold**  
**- kg**  
**Dec-11**  
**218**  
**911**  
**818**  
**749**  
**1 201**  
**910**  
**670**  
**115**  
**1 040**  
**302**  
**1 583**  
**471**  
**8 988**  
**274**  
**201**  
**471**  
**946**  
 -  
**9 934**  
**1 066**  
 -  
**11 000**  
 Sep-11  
 457            860            841            710  
 1

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462	786	520	36	927	238
1					
170	336				
8					
343	269	223	448	940	—
9					
283	665				
—					
9					
948					
<b>Gold sold</b>					
<b>— oz</b>					
<b>Dec-11</b>					
<b>7 009</b>					
<b>29 289</b>					
<b>26 299</b>					
<b>24 081</b>					
<b>38 613</b>					
<b>29 257</b>					
<b>21 541</b>					
<b>3 697</b>					
<b>33 437</b>					
<b>9 710</b>					
<b>50 895</b>					
<b>15 143</b>					
<b>288 971</b>					
<b>8 809</b>					
<b>6 462</b>					
<b>15 143</b>					
<b>30 414</b>					
<b>—</b>					
<b>319 385</b>					
<b>34 273</b>					
<b>—</b>					
<b>353 658</b>					
Sep-11					
14 693					
27 650					
27 039					
22 827					
47 004					
25 270					
16 718					
1 157					
29 804					
7 652					
37 616					
10 803					
268 233					
8 649					
7 170					



14 404  
30 223  
—  
298 456  
21 380  
—  
319 836  
**Revenue**  
**(R'000)**  
**Dec-11**  
**96 114**  
**398 020**  
**357 866**  
**328 950**  
**523 510**  
**401 168**  
**295 476**  
**50 584**  
**455 504**  
**132 145**  
**698 006**  
**207 517**  
**3 944 860**  
**120 867**  
**88 082**  
**205 430**  
**414 379**  
—  
**4 359 239**  
**460 778**  
**— 4 820 017**  
Sep-11  
175 069  
348 165  
329 960  
282 825  
575 039  
314 230  
205 781  
—  
366 466  
92 696  
466 248  
135 929  
3 292 408  
108 833  
89 235  
179 650  
377 718  
—  
3 670 126

259 038

– 3 929 164

**Cash operating**

**(R'000)**

**Dec-11**

**120 869**

**212 595**

**180 293**

**145 099**

**358 911**

**215 453**

**197 271**

**38 148**

**207 075**

**103 852**

**316 766**

**127 559**

**2 223 891**

**73 290**

**48 966**

**107 359**

**229 615**

–

**2 453 506**

**219 096**

**– 2 672 602**

**costs**

Sep-11

202 220

234 242

178 142

140 086

371 928

220 763

191 887

–

209 940

107 028

311 456

122 536

2 290 228

91 156

50 536

102 731

244 423

–

2 534 651

163 598

– 2 698 249

**Inventory**

**(R'000)**

**Dec-11**

**5 703**  
**6 200**  
**(6 079)**  
**5 161**  
**(34 349)**  
**7 155**  
**4 386**  
**(574)**  
**8 174**  
**4 119**  
**9 497**  
**2 650**  
**12 043**  
**6 082**  
**(341)**  
**(1 056)**  
**4 685**  
**-**  
**16 728**  
**53 620**  
**-**  
**70 348**  
**movement**  
**Sep-11**  
**(1 455)**  
**(4 684)**  
**(3 126)**  
**8 729**  
**(36 625)**  
**(5 690)**  
**(4 300)**  
**- (3 576)**  
**(1 831)**  
**(6 701)**  
**(1 948)**  
**(61 207)**  
**(2 724)**  
**3 926**  
**4 676**  
**5 878**  
**-**  
**(55 329)**  
**(20 193)**  
**- (75 522)**  
**Operating costs**  
**(R'000)**  
**Dec-11**  
**126 572**  
**218 795**  
**174 214**  
**150 260**

324 562  
222 608  
201 657  
37 574  
215 249  
107 971  
326 263  
130 209  
2 235 934  
79 372  
48 625  
106 303  
234 300  
—  
2 470 234  
272 716  
— 2 742 950  
Sep-11  
200 765  
229 558  
175 016  
148 815  
335 303  
215 073  
187 587  
—  
206 364  
105 197  
304 755  
120 588  
2 229 021  
88 432  
54 462  
107 407  
250 301  
—  
2 479 322  
143 405  
— 2 622 727  
**Operating**  
**(R'000)**  
**Dec-11**  
**(30 458)**  
179 225  
183 652  
178 690  
198 948  
178 560  
93 819  
13 010  
240 255

24 174  
371 743  
77 308  
1 708 926  
41 495  
39 457  
99 127  
180 079  
—  
1 889 005  
188 062  
— 2 077 067  
**profit/(loss)\***  
Sep-11  
(25 696)  
118 607  
154 944  
134 010  
239 736  
99 157  
18 194  
—  
160 102  
(12 501)  
161 493  
15 341  
1 063 387  
20 401  
34 773  
72 243  
127 417  
—  
1 190 804  
115 633  
— 1 306 437  
**Operating**  
**(\$'000)**  
**Dec-11**  
**(3 762)**  
**22 134**  
**22 681**  
**22 069**  
**24 570**  
**22 053**  
**11 587**  
**1 607**  
**29 672**  
**2 985**  
**45 910**  
**9 548**  
**211 054**

**5 125**  
**4 873**  
**12 242**  
**22 240**  
 –  
**233 294**  
**23 226**  
 –  
**256 520**  
**profit/(loss)\***  
 Sep-11  
 (3 599)  
 16 611  
 21 702  
 18 768  
 33 578  
 13 888  
 2 548  
 –  
 22 424  
 (1 751)  
 22 619  
 2 148  
 148 936  
 2 857  
 4 869  
 10 118  
 17 844  
 –  
 166 780  
 16 195  
 –  
 182 975  
**Capital**  
**(R'000)**  
**Dec-11**  
**44 077**  
**74 560**  
**50 650**  
**14 891**  
**113 165**  
**71 643**  
**75 129**  
**21 791**  
**65 439**  
**24 060**  
**76 287**  
**17 935**  
**649 627**  
**20 563**  
**5 088**

**897**  
**26 548**  
**8 350**  
**684 525**  
**53 176**  
**44 688**  
**782 389**  
**expenditure**  
Sep-11  
43 790  
64 717  
37 580  
13 227  
97 564  
50 101  
73 938  
32 907  
62 600  
11 899  
58 700  
15 689  
562 712  
9 635  
63  
12 647  
22 345  
5 771  
590 828  
39 937  
69 337  
700 102  
**Capital**  
**(\$'000)**  
**Dec-11**  
**5 444**  
**9 208**  
**6 255**  
**1 839**  
**13 976**  
**8 848**  
**9 279**  
**2 691**  
**8 082**  
**2 971**  
**9 422**  
**2 215**  
**80 230**  
**2 540**  
**628**  
**111**  
**3 279**

**1 031**  
**84 540**  
**6 567**  
**5 519**  
**96 626**  
**expenditure**  
Sep-11  
6 133  
9 064  
5 263  
1 853  
13 665  
7 017  
10 356  
4 609  
8 768  
1 667  
8 222  
2 197  
78 814  
1 349  
9  
1 771  
3 129  
808  
82 751  
5 594  
9 711  
98 056

\* 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.



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

CONDENSED CONSOLIDATED INCOME STATEMENTS (Rand)

**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

Note

(Unaudited)

(Unaudited)

(Unaudited)

(Audited)

**Continuing operations**

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)

**Gross profit****1 483****737****484****2 220****572****830**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)

**Operating profit****1 308**

<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

**Net profit from  
continuing operations****1 046****478****296****1 524****401****597****Discontinued operations**

Profit from discontinued operations

-

- 23

- 20 20

**Net profit for the period****1 046****478****319****1 524****421****617***Attributable to:*

Owners of the parent

1

046 478 319 1 524 421 617

Non-controlling interest

- - - - -

**Earnings per ordinary share (cents)**

5

Earnings from continuing operations

243 111 69 354 93 139

Earnings from discontinued operations

- - 5 - 5 5

**Total earnings per  
ordinary  
share****(cents)****243 111 74 354 98 144****Diluted earnings per  
ordinary share (cents)**

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.

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## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Rand)

**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)

(Audited)

Net profit for the period

1  
046 478 319 1 524 421 617Other 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)

**Total comprehensive income****for the period****1 225****1 433****158****2 658****366****985***Attributable to:*

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.

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

CONDENSED CONSOLIDATED BALANCE SHEETS (Rand)

At	At	At	At
31 December			
30 September			
30 June			
31 December			
2011	2011	2011	2010

Figures in million

Note

(Unaudited)

(Audited)

**ASSETS****Non-current assets**

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

**Total non-current assets****38 534****38 034****36 834**



**35 953****Current assets**

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

3 520

3 307

2 742

2 844

Assets of disposal groups classified as held-for-sale

3

315            314            268

—

**Total current assets****3 835****3 621****3 010****2 844****Total assets****42 369****41 655****39 844****38 797****EQUITY AND LIABILITIES****Share capital and reserves**

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			
2 010			
2 067			
2 078			
1 847			
Liabilities of disposal groups classified as held-for-sale			
3			
17	16	16	—
<b>Total current liabilities</b>			
<b>2 027</b>			
<b>2 083</b>			
<b>2 094</b>			

**1 847**

**Total equity and liabilities**

**42 369**

**41 655**

**39 844**

**38 797**

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

**19****CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Rand)**

for the six months ended 31 December 2011

Share

Other

Retained

Figures in million

capital

reserves

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)

**Balance – 31 December 2011****28 326****1 945****2 359****32 630**

Balance – 30 June 2010

2 8 261 258 690

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)

**Balance – 31 December 2010**

**28 277**

**266**

**897**

**29 440**

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

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**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	30 September	31 December			
31 December	31 December				
30 June					
2011	2011	2010	2011	2010	2011

Figures in million

(Unaudited)

(Unaudited)

(Unaudited)

(Audited)

**Cash flow from operating activities**

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)

**Cash generated by operating activities****1 393****1 067****423****2 460****1 106****2 379****Cash flow from investing activities**

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)					

**Cash (utilised)/generated  
by financing activities**

**(707)**

**198**

**426**

**(509)**

**213**

**209**

**Foreign currency translation adjustments**

**(30)**

**35**

**(24)**

**5**

**(13)**

**(11)**

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
-----	-----	-----	-----	-----	-----

**Cash and cash equivalents**

**– end of period**

**1 205**

**1 325**

**837**

**1 205**

**837**

**693**

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



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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 31 December 30 June 2011	30 September 31 December 2011	31 December 2010	2011	2010	2011
---	-------------------------------------	---------------------	------	------	------

Figures in million

(Unaudited)

(Unaudited)

(Unaudited)

(Audited)

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				
(1)				
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>				

(1)  
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.

22

**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 31 December 30 June 2011	30 September 31 December 2011	31 December 2010	2011	2010	2011
---	-------------------------------------	---------------------	------	------	------

(Unaudited)

(Unaudited)

(Unaudited)

(Audited)

**Total earnings per share (cents):**

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

–	–	–	–	–	–
---	---	---	---	---	---

Figures in million

**Reconciliation of headline earnings:**

**Continuing operations**

Net profit

1 046	478	296	1 524	401	597
----------	-----	-----	-------	-----	-----

*Adjusted for:*

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

**Headline  
 earnings**

– – – – – –

**Total headline earnings**

**1 041**

**411**

**294**

**1 452**

**435**

**957**

\* There is no taxation effect on these items.

**Net asset value per share (cents)**

At	At	At	At
31 December	30 September		
30 June	31 December		
2011	2011	2011	2010
(Unaudited)	(Audited)		

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

**23****6. Borrowings**

At	At	At	At
31 December	30 September		
30 June	31 December		
2011	2011	2011	2010

Figures in million

(Unaudited)

(Audited)

Total long-term borrowings

991

1 684

1 229

1 243

Total current portion of borrowings

323

331

330

344

**Total borrowings****(1) (2)****1 314****2 015****1 559****1 587**

(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	At	At	At
31 December			
30 September			
30 June			
31 December			
2011	2011	2011	2010

Figures in million

(Unaudited)

(Audited)

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)

**Total future minimum lease payments**

44

52

51

63

7.

**Commitments and contingencies**

At	At	At	At
31 December	30 September		
30 June	31 December		
2011	2011	2011	2010

Figures in million

(Unaudited)

(Audited)

**Capital expenditure commitments:**

Contracts for capital expenditure

291 290 194 166

Authorised by the directors but not contracted for

3 373

3 570

1 504

2 669

**3 664****3 860****1 698****2 835**

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.



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**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**

**Six months ended**

31 December 31 December

Figures in million

2011 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:

**Reconciliation of production profit to gross profit**

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

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

**2 220**

**572**

\* 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.

**25**

## SEGMENT REPORT (Rand)

for the six months ended 31 December 2011

**Production****Production****Capital****Kilograms****Tonnes****Revenue****cost****profit/(loss)****expenditure****produced\*****milled\***

31 December

31 December

31 December

31 December

31 December

31 December

**2011**

2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
------	------	------	------	------	------	------	------	------	------

2010

R million

R million

R million

R million

kg

t'000

**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

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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						
<b>Surface</b>								
All other surface operations								
792								
589								
485								

431							
307							
158							
62							
66							
1 883							
2 024							
4 698							
5 328							
<b>Total South Africa</b>							
<b>8 029</b>							
<b>5 613</b>							
<b>4 950</b>							
<b>4 212</b>							
<b>3 079</b>							
<b>1 401</b>							
<b>1 275</b>							
<b>1 438</b>							
<b>19 317</b>							
<b>19 028</b>							
<b>8 523</b>							
<b>8 921</b>							
<b>International</b>							
Hidden Valley							
720	460	416	342	304	118	93	144
1							
608							
1							
498	889	852					
Other							
-	-	-	-	-	-	-	-
114	-	-	-	-	-	-	-
<b>Total international</b>							
<b>720</b>	<b>460</b>	<b>416</b>	<b>342</b>	<b>304</b>	<b>118</b>	<b>207</b>	<b>144</b>
<b>1</b>							
<b>608</b>							
<b>1</b>							
<b>498</b>	<b>889</b>	<b>852</b>					
<b>Total continuing operations</b>							
<b>8 749</b>							
<b>6 073</b>							
<b>5 366</b>							
<b>4 554</b>							
<b>3 383</b>							
<b>1 519</b>							
<b>1 482</b>							
<b>1 582</b>							
<b>20 925</b>							
<b>20 526</b>							
<b>9 412</b>							

**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.

26

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

27

Operating results (US\$/Imperial)

Underground production – South Africa

Surface production – South Africa

Three

Total

South

South

Inter-

months

Kusasa-

Under-

Total

Africa

Africa

Hidden

national

Harmony

ended

Bambanani

Doornkop

Evander

Joel

lethu

Masimong

Phakisa

Steyn

2

(1)

Target

1

Target

3

Tshepong Unisel ground

Kalgold

Phoenix Dumps

Surface Other

Total

Valley

Other

Total

**Ore milled**

**– t'000**

**Dec-11**

28

256

129

165

282

256

139

17

**229**  
**84**  
**337**  
**110**  
**2 032**  
**365**  
**1 196**  
**892**  
**2 453**  
 -  
**4 485**  
**523**  
 -  
**5 008**  
 Sep-11  
 101            305            136            162            365            256            125  
 -            232            86            316            101  
 2  
 185            401  
 1  
 505            820  
 2  
 726            -  
 4  
 911            458  
 -  
 5  
 369  
**Gold produced**  
 - oz  
**Dec-11**  
**6 880**  
**28 839**  
**27 039**  
**23 374**  
**40 767**  
**28 743**  
**21 155**  
**3 633**  
**32 826**  
**9 517**  
**49 994**  
**14 854**  
**287 621**  
**8 777**  
**6 655**  
**15 304**  
**30 736**  
 -  
**318 357**  
**26 235**



-  
**344 592**  
 Sep-11  
 14 854  
 27 843  
 27 457  
 22 216  
 49 962  
 25 592  
 16 911  
 1 157  
 30 190  
 7 748  
 38 034  
 10 931  
 272 895  
 8 681  
 6 912  
 14 211  
 29 804

-  
 302 699  
 25 463

-  
 328 162

**Yield**

-  
 oz/t      **Dec-11**      **0.246**      **0.113**      **0.210**      **0.142**      **0.145**      **0.112**      **0.152**  
**0.214**      **0.143**      **0.113**      **0.148**      **0.135**      **0.142**      **0.024**      **0.006**      **0.017**      **0.013**  
 -      **0.071**      **0.050**  
 -      **0.069**

Sep-11  
 0.147      0.091      0.202      0.137      0.137      0.100      0.135  
 -      0.130      0.090      0.120      0.108      0.124      0.022      0.005      0.017      0.011  
 -      0.061      0.056  
 -      0.061

**Cash operating**

- \$/oz  
**Dec-11**  
**2 170**  
**910**  
**824**  
**767**  
**1 087**  
**926**  
**1 152**  
**1 297**  
**779**  
**1 348**  
**783**  
**1 061**

<b>955</b>								
<b>1 031</b>								
<b>909</b>								
<b>866</b>								
<b>923</b>								
<b>-</b>								
<b>952</b>								
<b>1 031</b>								
<b>-</b>								
<b>958</b>								
<b>costs</b>								
Sep-11								
1 907								
1 178								
909								
883								
1 043								
1 208								
1 589								
<b>-</b>								
974								
1 935								
1 147								
1 570								
1 180								
1 471								
1 024								
1 013								
1 149								
<b>-</b>								
1 177								
900								
<b>-</b>								
1 156								
<b>Cash</b>								
<b>operating</b>								
<b>-</b>								
<b>\$/t</b>	<b>Dec-11</b>	<b>533</b>	<b>103</b>	<b>173</b>	<b>109</b>	<b>157</b>	<b>104</b>	<b>175</b>
<b>277</b>	<b>112</b>	<b>153</b>	<b>116</b>	<b>143</b>	<b>135</b>	<b>25</b>	<b>5</b>	<b>15</b>
<b>12</b>	<b>-</b>	<b>68</b>	<b>52</b>					
<b>-</b>	<b>66</b>							
<b>costs</b>								
Sep-11								
280	108							
183	121							
143	121							
215	-	127	174					
138	170	147	32	5	18	13	-	72
50	-	70						
<b>Gold sold</b>								
<b>- oz</b>								

**Dec-11**

**7 009**

**29 289**

**26 299**

**24 081**

**38 613**

**29 257**

**21 541**

**3 697**

**33 437**

**9 710**

**50 895**

**15 143**

**288 971**

**8 809**

**6 462**

**15 143**

**30 414**

**-**

**319 385**

**34 273**

**-**

**353 658**

Sep-11

14 693

27 650

27 039

22 827

47 004

25 270

16 718

1 157

29 804

7 652

37 616

10 803

268 233

8 649

7 170

14 404

30 223

**-**

**298 456**

**21 380**

**-**

**319 836**

**Revenue**

**(\$'000)**

**Dec-11**

**11 870**

**49 156**

44 197  
40 626  
64 654  
49 545  
36 492  
6 247  
56 255  
16 320  
86 204  
25 629  
487 195  
14 927  
10 878  
25 371  
51 176  
—  
538 371  
56 907  
—  
595 278  
Sep-11  
24 520  
48 764  
46 214  
39 612  
80 540  
44 011  
28 822  
—  
51 327  
12 983  
65 303  
19 038  
461 134  
15 243  
12 498  
25 162  
52 903  
—  
514 037  
36 281  
—  
550 318  
**Cash operating**  
**(\$'000)**  
**Dec-11**  
14 928  
26 256  
22 267  
17 920  
44 326

**26 608**  
**24 363**  
**4 711**  
**25 574**  
**12 826**  
**39 121**  
**15 754**  
**274 654**  
**9 051**  
**6 047**  
**13 259**  
**28 357**  
 -  
**303 011**  
**27 059**  
 -  
**330 070**  
**costs**  
 28 323  
 32 809  
 24 950  
 19 621  
 52 092  
 30 920  
 26 876  
 -  
 29 404  
 14 990  
 43 623  
 17 163  
 320 771  
 12 768  
 7 079  
 14 389  
 34 236  
 -  
 355 007  
 22 914      -  
 377  
 921  
**Inventory**  
**(\$'000)**  
**Dec-11**  
**704**  
**766**  
**(751)**  
**637**  
**(4 242)**  
**884**  
**542**  
**(71)**

Sep-11

1 009  
 509  
 1 173  
 327  
 1 487  
 751  
 (42)  
 (130)  
 579

—  
 2 066  
 6 622

—  
 8 688

**movement**

Sep-11  
 (204)  
 (656)  
 (438)  
 1 223  
 (5 130)  
 (797)  
 (602)

— (501)

(256)  
 (939)  
 (273)  
 (8 573)  
 (382)

550 655 823 —

(7  
 750)  
 (2 828)

— ( 10 578)

**Operating costs**

**(\$'000)**

**Dec-11**

15 632

27 022

21 516

18 557

40 084

27 492

24 905

4 640

26 583

13 335

40 294

16 081

276 141

9 802

**6 005**

**13 129**

**28 936**

—

**305 077**

**33 681**

—

**338 758**

Sep-11

28 119

32 153

24 512

20 844

46 962

30 123

26 274

—

28 903

14 734

42 684

16 890

312 198

12 386

7 629

15 044

35 059

—

347 257

20 086

—

367

343

**Operating**

**(\$'000)**

**Dec-11**

**(3 762)**

**22 134**

**22 681**

**22 069**

**24 570**

**22 053**

**11 587**

**1 607**

**29 672**

**2 985**

**45 910**

**9 548**

**211 054**

**5 125**

**4 873**

**12 242**

**22 240**

-  
**233 294**  
**23 226**  
 -  
**256 520**  
**profit/(loss)\***  
 Sep-11  
 (3 599)  
 16 611  
 21 702  
 18 768  
 33 578  
 13 888  
 2 548  
 -  
 22 424  
 (1 751)  
 22 619  
 2 148  
 148 936  
 2 857  
 4 869  
 10 118  
 17 844  
 -  
 166 780  
 16 195  
 -  
 182 975  
**Capital**  
**(\$'000)**  
**Dec-11**  
**5 444**  
**9 208**  
**6 255**  
**1 839**  
**13 976**  
**8 848**  
**9 279**  
**2 691**  
**8 082**  
**2 971**  
**9 422**  
**2 215**  
**80 230**  
**2 540**  
**628**  
**111**  
**3 279**  
**1 031**  
**84 540**



**6 567**

**5 519**

**96 626**

**expenditure**

Sep-11

6 133

9 064

5 263

1 853

13 665

7 017

10 356

4 609

8 768

1 667

8 222

2 197

78 814

1 349

9

1 771

3 129

808

82 751

5 594

9 711

98 056

\* 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.

28

**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)

**Continuing operations**

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

**Net profit for the period****129****67****46****200****59****86***Attributable to:*

Owners of the parent

129            67            46            200            59            86

Non-controlling interest

–            –            –            –            –            –

**Earnings per ordinary share (cents)**

Earnings from continuing operations

30            16            10            46            13            19

Earnings from discontinued operations

–            –            1            –            1            1

**Total earnings per ordinary share (cents)****30****16****11****46****14****20****Diluted earnings per ordinary share (cents)**

Earnings from continuing operations

30            16            10            46            13            19

Earnings from discontinued operations

–            –            1            –            1            1

**Total diluted earnings per****ordinary****share****(cents)****30****16****11****46****14****20***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.*

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## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (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)

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)

**Total comprehensive income****for the period****151****201****23****349****51****626***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.*

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

## CONDENSED CONSOLIDATED BALANCE SHEETS (US\$)

(Convenience translation)

At	At	At	At
31 December			
30 September			
30 June			
31 December			
2011	2011	2011	2010

Figures in million

(Unaudited)

(Unaudited)

(Audited)

(Unaudited)

**ASSETS****Non-current assets**

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

**Total non-current assets****4 753****4 710****5 435****5 434****Current assets**

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</b>			
<b>current</b>			
<b>liabilities</b>			
<b>250</b>	<b>257</b>	<b>309</b>	<b>278</b>
<b>Total equity and liabilities</b>			

5 226

5 159

5 880

5 864

*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.*

**31**  
 CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (US\$) (Unaudited)  
 for the six months ended 31 December 2011 (Convenience translation)

Share	Other		
Retained			
Figures in million			
capital			
reserves			
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)

**Balance – 31 December 2010**

**4 275**

**40**

**136**

**4 451**

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

32

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

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

(Convenience translation)

**Quarter ended**

**Six months ended**

**Year ended**

31 December 31 December 30 June 2011	30 September 31 December 2011	31 December 2010	31 December 2011	31 December 2010	31 December 2011
---	-------------------------------------	---------------------	---------------------	---------------------	---------------------

Figures in million

(Unaudited)

(Unaudited)

(Unaudited)

(Unaudited)

(Unaudited)

(Audited)

**Cash flow from operating activities**

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)

**Cash generated by operating activities**

**173**

**149**

**62**

**323**

**156**

**340**

**Cash flow from investing activities**

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>					

4

(19)

15

13

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

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

149

164

127

149

127

102

*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.*

**33**

SEGMENT REPORT (US\$/Imperial) (Unaudited)

for the six months ended 31 December 2011

**Production**

**Production**

**Capital**

**Ounces**

**Tons**

**Revenue**

**cost**

**profit/(loss)**

**expenditure**

**produced**

**milled**

31 December

31 December

31 December

31 December

31 December

31 December

**2011**

2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
------	------	------	------	------	------	------	------	------	------

2010

US\$ million

US\$ million

US\$ million

US\$ million

oz

t'000

**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



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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														
<b>Surface</b>														
All other surface operations														
104														
82														
64														
61														
40														
21														
6														
9														
60 540														
65 073														
5 179														
5 874														
<b>Total South Africa</b>														
<b>1 054</b>														
<b>791</b>														
<b>651</b>														
<b>594</b>														
<b>403</b>														
<b>197</b>														
<b>167</b>														
<b>204</b>														
<b>621 056</b>														
<b>611 763</b>														
<b>9 396</b>														
<b>9 835</b>														
<b>International</b>														
Hidden Valley														
95	65	55	48	40	17	12	20							
51														
698														
48														
162														
981														
940														
Other														
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total international</b>														
<b>95</b>	<b>65</b>	<b>55</b>	<b>48</b>	<b>40</b>	<b>17</b>	<b>27</b>	<b>20</b>							
<b>51</b>														

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

34

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

## DEVELOPMENT RESULTS (Metric)

Quarter ended December 2011

Channel

Channel

Reef

Sampled

width

value

Gold

(metres)

(metres)

(cm's)

(g/t)

(cmg/t)

Tshepong

Basal 467

424

8.98

174.19

1

563

B Reef

133

86

95.02

13.63

1 295

All Reefs 600

510

23.49

64.64

1

518

Phakisa &amp; Nyala

Basaal 483

504

90.90

8.87

806

All Reefs 483

504

90.90

8.87

806

Total Bambanani

(incl. Bambanani, Steyn 2)

Basal 72

72

169.60		
18.77		
3		
184		
All Reefs	72	
<b>72</b>		
<b>169.60</b>		
<b>18.77</b>		
<b>3</b>		
<b>184</b>		
Doornkop		
South Reef		
556		
414		
40.00		
20.14		
806		
All Reefs	556	
<b>414</b>		
<b>40.00</b>		
<b>20.14</b>		
<b>806</b>		
Kusasaletu		
VCR Reef		
672		
656		
57.70		
22.66		
1 308		
All Reefs		
<b>672</b>	<b>656</b>	<b>57.70</b>
<b>22.66</b>		
<b>1</b>		
<b>308</b>		
Total Target		
(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	
All Reefs	<b>726</b>
<b>439</b>	
<b>95.80</b>	
<b>9.76</b>	
<b>935</b>	
Masimong	
Basal	750
532	
51.04	
14.50	
740	
B Reef	
114	
138	
58.63	
14.38	
843	
All Reefs	<b>864</b>
<b>670</b>	
<b>52.60</b>	
<b>14.47</b>	
<b>761</b>	
Evander	
Kimberley	431
423	
63.00	
24.22	
1	
526	
All Reefs	<b>431</b>
<b>423</b>	
<b>63.00</b>	
<b>24.22</b>	
<b>1</b>	
<b>526</b>	
Virginia	
(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	
All Reefs	<b>691</b>
<b>546</b>	
<b>153.39</b>	
<b>7.49</b>	
<b>1</b>	
<b>149</b>	
Joel	
Beatrix	521
528	
159.30	
10.09	
1	
608	
All Reefs	<b>521</b>
<b>528</b>	
<b>159.30</b>	
<b>10.10</b>	
<b>1</b>	
<b>608</b>	
Total Harmony	
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	
All Reefs	
<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	
Channel	
Channel	
Reef	



Sampled  
 width  
 value  
 Gold  
 (feet)  
 (feet)  
 (inches)  
 (oz/t)  
 (in.oz/t)  
 Tshepong  
 Basal 1 532  
 1  
 391  
 4.00  
 4.49  
 18  
 B Reef  
 438  
 282  
 37.00  
 0.40  
 15  
 All Reefs  
**1 970**  
**1 673**  
**9.00**  
**1.94**  
**17**  
 Phakisa & Nyala  
 Basal 1 584  
 1  
 654  
 36.00  
 0.26  
 9  
 All Reefs  
**1 584**  
**1 654**  
**36.00**  
**0.26**  
**9**  
 Total Bambanani  
 (incl. Bambanani. Steyn 2)  
 Basal 235  
 235  
 67.00  
 0.55  
 37  
 All Reefs 235  
**235**  
**67.00**

**0.55**  
**37**  
 Doornkop  
 South Reef  
 1 824  
 1 358  
 16.00  
 0.58  
 9  
 All Reefs  
**1 824**  
**1 358**  
**16.00**  
**0.58**  
**9**  
 Kusasalethu  
 VCR Reef  
 2 203  
 2 152  
 23.00  
 0.65  
 15  
 All Reefs  
**2 203**  
**2 152**  
**23.00**  
**0.65**  
**15**  
 Total Target  
 (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	
All Reefs	
<b>2 383</b>	
<b>1 440</b>	
<b>38.00</b>	
<b>0.28</b>	
<b>11</b>	
Masimong	
Basal	2 459
1	
745	
20.00	
0.43	
9	
B Reef	
375	
453	
23.00	
0.42	
10	
All Reefs	
<b>2 834</b>	
<b>2 198</b>	
<b>21.00</b>	
<b>0.42</b>	
<b>9</b>	
Evander	
Kimberley	1 415
1	
388	
25.00	
0.70	
18	
All Reefs	
<b>1 415</b>	
<b>1 388</b>	
<b>25.00</b>	
<b>0.70</b>	
<b>18</b>	
Virginia	
(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	
All Reefs	
<b>2 266</b>	
<b>1 791</b>	
<b>60.00</b>	
<b>0.22</b>	
<b>13</b>	
Joel	
Beatrix	1 710
1	
732	
63.00	
0.29	
18	
All Reefs	
<b>1 710</b>	
<b>1 732</b>	
<b>63.00</b>	
<b>0.29</b>	
<b>18</b>	
Total Harmony	
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	
All Reefs	
<b>18 426</b>	
<b>15 622</b>	
<b>33.00</b>	
<b>0.41</b>	
<b>14</b>	

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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.

**Harmony's strategy**

\* Excludes future acquisitions or disposals.

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**CONTACT DETAILS**

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*Telephone:* +27 11 411 2000

*Website:* **www.harmony.co.za**

*Directors*

P T Motsepe\* *Chairman*

D Noko\*<sup>^</sup> *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\*<sup>^</sup> *Lead independent director*

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

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

\* Non-executive

<sup>^</sup> Independent

1 Mozambican

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Investor Relations *Of cer*

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*Company Secretary*

iThemba Governance and Statutory Solutions (Pty) Ltd

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Link Market Services South Africa (Proprietary) Limited

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Capita Registrars

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

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

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*ADR Depository*

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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*

ZAE000015228



**SIGNATURES**

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

Dated: February 6, 2012

Harmony Gold Mining Company Limited

By: /s/ Hannes Meyer

Name: Hannes Meyer

Title: Financial Director