Harmony Gold Mining Company Limited
("Harmony" or "Company")
Incorporated in the Republic of South Africa
Registration number 1950/038232/06
JSE Share code: HAR
NYSE Share code: HMY
ISIN: ZAE000015228

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

## KEY FEATURES

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

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

| | | Quarter December 2011 | Quarter September 2011 | Q-on-Q Variance % |
|---|---|---|---|---|
| Gold produced (1) | - kg | 10 718 | 10 207 | 5 |
| | - oz | 344 592 | 328 162 | 5 |
| Cash costs | - R/kg | 249 356 | 265 288 | 6 |
| | - US$/oz | 958 | 1 156 | 17 |
| Gold sold | - kg | 11 000 | 9 948 | 11 |
| | - oz | 353 658 | 319 836 | 11 |
| Gold price received | - R/kg | 438 183 | 396 405 | 11 |
| | - US$/oz | 1 683 | 1 727 | (3) |
| Operating profit | - R million | 2 077 | 1 306 | 59 |
| | - US$ million | 257 | 183 | 40 |
| Basic earnings per share* | - SAc/s | 243 | 111 | 119 |
| | - USc/s | 30 | 16 | 88 |
| Headline profit* | - Rm | 1 041 | 411 | 153 |
| | - US$m | 129 | 58 | 122 |
| Headline earnings per share* | - SAc/s | 242 | 95 | 155 |
| | - USc/s | 30 | 13 | 131 |
| Exchange rate | - R/US$ | 8.10 | 7.14 | 13 |

| | | 6 months December 2011 | 6 months December 2010 | Variance % |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| Gold produced (1) | - kg | 20 925 | 20 526 | 2 |
| | - oz | 672 754 | 659 925 | 2 |
| Cash costs | - R/kg | 257 114 | 222 787 | (15) |
| | - US$/oz | 1 051 | 965 | (9) |
| Gold sold | - kg | 20 948 | 20 915 | - |
| | - oz | 673 494 | 672 433 | - |
| Gold price received | - R/kg | 418 381 | 295 069 | 42 |
| | - US$/oz | 1 711 | 1 294 | 32 |
| Operating profit | - R million | 3 383 | 1 519 | 123 |
| | - US$ million | 443 | 215 | 106 |
| Basic earnings per share* | - SAc/s | 354 | 93 | 281 |
| | - USc/s | 46 | 13 | 254 |
| Headline profit* | - Rm | 1 452 | 435 | 234 |
| | - US$m | 191 | 61 | 213 |
| Headline earnings per share* | - SAc/s | 337 | 101 | 234 |
| | - USc/s | 44 | 14 | 214 |
| Exchange rate | - R/US$ | 7.61 | 7.09 | 7 |

* Reported amounts include continuing operations only.

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

Shareholder information

| | | |
|---|---|---|
| Issued ordinary share capital at 31 December 2011 | | 431 312 677 |
| Issued ordinary share capital at 30 September 2011 | | 430 272 715 |
| Market capitalisation | | |
| At 31 December 2011 | ZARm | 40 975 |
| At 31 December 2011 | US$m | 5 020 |
| Harmony ordinary share and ADR prices | | |
| 12 month high (1 January 2011 - 31 December 2011) for ordinary shares | | R115.75 |
| 12 month low (1 January 2011 - 31 December 2011) | | R74.77 |

| | |
|---|---|
| for ordinary shares | |
| 12 month high (1 January 2011 - 31 December 2011) for ADRs | US$15.57 |
| 12 month low (1 January 2011 - 31 December 2011) for ADRs | US$10.56 |
| Free float | |
| Ordinary shares | 100% |
| ADR ratio | 1:1 |
| JSE Limited | 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 |

Harmony's Annual Report, Notice of Annual General Meeting, its Sustainable Development Report and its Annual Report filed on a form 20F with the United States' Securities and Exchange Commission for the year ended 30 June 2011 are available on our website: www.harmony.co.za

Forward-looking statements

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

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

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

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

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

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

Reserves and resources South Africa:

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

Reserves and resources PNG:

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

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

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

Some key financial highlights for the period are listed below:

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

Safety
Harmony is committed to improving the safety of its workers with an ultimate target of zero harm to all. It is therefore with regret that I report that seven of our colleagues died in work-related incidents during the quarter. Those who died were: Domingos Chivure (team leader, Evander), Petrus Steyn and Willem Momberg (both proto team members, Evander), Sipho Makhoba (engineering assistant, 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:

- Kusasalethu: 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;

- 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 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.

Wafi-Golpu

Pre-feasibility studies are progressing according to schedule. Key strategy milestones were reached in the selection of preferred strategies for mining, underground access, processing, port and power infrastructure. This has allowed work to commence on detailed engineering, cost estimates and schedules for procurement and construction for early works. At the end of the December 2011 quarter, seven drill rigs were operating with six engaged on extension of the Golpu orebody to the north and infill of deeper sections. One drill continued with geotechnical investigation drilling along the access decline route.

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

## Gold market

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

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

## Dividend

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

## Conclusion

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

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

Graham Briggs
Chief Executive Officer

## Safety and health

### Safety

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

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

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

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

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

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

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.

Financial overview

Cash operating profit

Cash 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.

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.

CONDENSED CONSOLIDATED INCOME STATEMENTS (Rand)

| | | | Quarter ended | |
|---|---|---|---|---|
| Figures in million | Note | 31 December 2011 (Unaudited) | 30 September 2011 (Unaudited) | 31 December 2010 (Unaudited) |
| Continuing operations | | | | |
| Revenue | | 4 820 | 3 929 | 2 990 |
| Cost of sales | 2 | (3 337) | (3 192) | (2 506) |
| Production costs | | (2 743) | (2 623) | (2 123) |
| Amortisation and depreciation | | (528) | (475) | (442) |
| Impairment of assets | | - | - | - |
| Employment termination and restructuring costs | | (17) | (34) | (54) |
| Other items | | (49) | (60) | 113 |
| Gross profit | | 1 483 | 737 | 484 |
| Corporate, administration and other expenditure | | (90) | (84) | (96) |
| Social investment expenditure | | (14) | (15) | (23) |
| Exploration expenditure | | (99) | (97) | (76) |
| Profit on sale of property, plant and equipment | | 4 | 26 | 1 |
| Other income/(expenses) - net | | 24 | 18 | 6 |
| Operating profit | | 1 308 | 585 | 296 |

| | | | | |
|---|---|---|---|---|
| Loss from associates | | - | - | (19) |
| Reversal of impairment/(impairment) of investment in associate | 3 | 2 | 48 | - |
| Net gain/(loss) on financial instruments | | 67 | (26) | 78 |
| Gain on farm-in option | | - | - | - |
| Investment income | | 22 | 16 | 38 |
| Finance cost | | (83) | (73) | (69) |
| Profit before taxation | | 1 316 | 550 | 324 |
| Taxation | | (270) | (72) | (28) |
| Normal taxation | | (58) | (40) | - |
| Deferred taxation | 4 | (212) | (32) | (28) |
| Net profit from continuing operations | | 1 046 | 478 | 296 |
| Discontinued operations | | | | |
| Profit from discontinued operations | | - | - | 23 |
| Net profit for the period | | 1 046 | 478 | 319 |
| Attributable to: | | | | |
| Owners of the parent | | 1 046 | 478 | 319 |
| Non-controlling interest | | - | - | - |
| Earnings per ordinary share (cents) | 5 | | | |
| Earnings from continuing operations | | 243 | 111 | 69 |
| Earnings from discontinued operations | | - | - | 5 |
| Total earnings per ordinary share (cents) | | 243 | 111 | 74 |
| Diluted earnings per ordinary share (cents) | 5 | | | |
| Earnings from continuing operations | | 242 | 111 | 69 |
| Earnings from discontinued operations | | - | - | 5 |
| Total diluted earnings per ordinary share (cents) | | 242 | 111 | 74 |

| | Six months ended | | Year ended |
|---|---|---|---|
| | 31 December 2011 | 31 December 2010 | 30 June 2011 |
| Figures in million | | | (Audited) |
| Continuing operations | | | |
| Revenue | 8 749 | 6 073 | 12 445 |
| Cost of sales | (6 529) | (5 501) | (11 615) |
| Production costs | (5 366) | (4 554) | (9 170) |
| Amortisation and depreciation | (1 003) | (868) | (1 776) |
| Impairment of assets | - | - | (264) |
| Employment termination | | | |

| | | | |
|---|---|---|---|
| and restructuring costs | (51) | (132) | (158) |
| Other items | (109) | 53 | (247) |
| Gross profit | 2 220 | 572 | 830 |
| Corporate, administration and other expenditure | (174) | (190) | (354) |
| Social investment expenditure | (29) | (39) | (84) |
| Exploration expenditure | (196) | (175) | (353) |
| Profit on sale of property, plant and equipment | 30 | 17 | 29 |
| Other income/(expenses) - net | 42 | (48) | (24) |
| Operating profit | 1 893 | 137 | 44 |
| Loss from associates | - | (27) | (51) |
| Reversal of impairment/(impairment) of investment in associate | 50 | - | (142) |
| Net gain/(loss) on financial instruments | 41 | 389 | 141 |
| Gain on farm-in option | - | - | 273 |
| Investment income | 38 | 52 | 140 |
| Finance cost | (156) | (128) | (288) |
| Profit before taxation | 1 866 | 423 | 117 |
| Taxation | (342) | (22) | 480 |
| Normal taxation | (98) | (9) | (12) |
| Deferred taxation | (244) | (13) | 492 |
| Net profit from continuing operations | 1 524 | 401 | 597 |
| Discontinued operations | | | |
| Profit from discontinued operations | - | 20 | 20 |
| Net profit for the period | 1 524 | 421 | 617 |
| Attributable to: | | | |
| Owners of the parent | 1 524 | 421 | 617 |
| Non-controlling interest | - | - | - |
| Earnings per ordinary share (cents) | | | |
| Earnings from continuing operations | 354 | 93 | 139 |
| Earnings from discontinued operations | - | 5 | 5 |
| Total earnings per ordinary share (cents) | 354 | 98 | 144 |
| Diluted earnings per ordinary share (cents) | | | |
| Earnings from continuing operations | 353 | 93 | 139 |
| Earnings from discontinued operations | - | 5 | 5 |
| Total diluted earnings per ordinary share (cents) | 353 | 98 | 144 |

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Rand)

| | Quarter ended | | |
|---|---|---|---|
| | 31 December 2011 | 30 September 2011 | 31 December 2010 |
| Figures in million | (Unaudited) | (Unaudited) | (Unaudited) |

| | | | |
|---|---|---|---|
| Net profit for the period | 1 046 | 478 | 319 |
| Other comprehensive income for the period, net of income tax | 179 | 955 | (161) |
| Foreign exchange translation | 212 | 924 | (131) |
| (Loss)/gain on fair value movement of available-for-sale investments | (33) | 31 | (30) |
| Total comprehensive income for the period | 1 225 | 1 433 | 158 |
| Attributable to: | | | |
| Owners of the parent | 1 225 | 1 433 | 158 |
| Non-controlling interest | - | - | - |

| Figures in million | Six months ended 31 December 2011 | 31 December 2010 | Year ended 30 June 2011 (Audited) |
|---|---|---|---|
| Net profit for the period | 1 524 | 421 | 617 |
| Other comprehensive income for the period, net of income tax | 1 134 | (55) | 368 |
| Foreign exchange translation | 1 136 | (25) | 470 |
| (Loss)/gain on fair value movement of available-for-sale investments | (2) | (30) | (102) |
| Total comprehensive income for the period | 2 658 | 366 | 985 |
| Attributable to: | | | |
| Owners of the parent | 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.

CONDENSED CONSOLIDATED BALANCE SHEETS (Rand)

| Figures in million | Note | At 31 December 2011 | At 30 September 2011 (Unaudited) |
|---|---|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 32 830 | 32 278 |
| Intangible assets | | 2 185 | 2 171 |

| | | | |
|---|---|---|---|
| Restricted cash | | 31 | 31 |
| Restricted investments | | 1 929 | 1 860 |
| Investments in associates | | - | - |
| Deferred tax assets | | 1 179 | 1 287 |
| Investments in financial assets | | 183 | 215 |
| Inventories | | 169 | 168 |
| Trade and other receivables | | 28 | 24 |
| Total non-current assets | | 38 534 | 38 034 |
| | | | |
| Current assets | | | |
| Inventories | | 990 | 1 006 |
| Trade and other receivables | | 1 131 | 876 |
| Income and mining taxes | | 194 | 100 |
| Cash and cash equivalents | | 1 205 | 1 325 |
| | | 3 520 | 3 307 |
| Assets of disposal groups classified as held-for-sale | 3 | 315 | 314 |
| Total current assets | | 3 835 | 3 621 |
| | | | |
| Total assets | | 42 369 | 41 655 |
| | | | |
| EQUITY AND LIABILITIES | | | |
| | | | |
| Share capital and reserves | | | |
| Share capital | | 28 326 | 28 314 |
| Other reserves | | 1 945 | 1 741 |
| Retained earnings | | 2 359 | 1 313 |
| Total equity | | 32 630 | 31 368 |
| | | | |
| Non-current liabilities | | | |
| Deferred tax liabilities | | 4 452 | 4 300 |
| Provision for environmental rehabilitation | | 2 092 | 2 046 |
| Retirement benefit obligation and other provisions | | 177 | 174 |
| Borrowings | 6 | 991 | 1 684 |
| Total non-current liabilities | | 7 712 | 8 204 |
| | | | |
| Current liabilities | | | |
| Borrowings | 6 | 323 | 331 |
| Income and mining taxes | | 3 | 3 |
| Trade and other payables | | 1 684 | 1 733 |
| | | 2 010 | 2 067 |
| Liabilities of disposal groups classified as held-for-sale | 3 | 17 | 16 |
| Total current liabilities | | 2 027 | 2 083 |
| | | | |
| Total equity and liabilities | | 42 369 | 41 655 |
| | | At 30 June | At 31 December |

| Figures in million | 2011 (Audited) | 2010 |
|---|---|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 31 221 | 30 218 |
| Intangible assets | 2 170 | 2 199 |
| Restricted cash | 31 | 26 |
| Restricted investments | 1 883 | 1 864 |
| Investments in associates | - | 358 |
| Deferred tax assets | 1 149 | 723 |
| Investments in financial assets | 185 | 264 |
| Inventories | 172 | 232 |
| Trade and other receivables | 23 | 69 |
| Total non-current assets | 36 834 | 35 953 |
| Current assets | | |
| Inventories | 837 | 943 |
| Trade and other receivables | 1 073 | 962 |
| Income and mining taxes | 139 | 102 |
| Cash and cash equivalents | 693 | 837 |
| | 2 742 | 2 844 |
| Assets of disposal groups classified as held-for-sale | 268 | - |
| Total current assets | 3 010 | 2 844 |
| Total assets | 39 844 | 38 797 |
| EQUITY AND LIABILITIES | | |
| Share capital and reserves | | |
| Share capital | 28 305 | 28 277 |
| Other reserves | 762 | 266 |
| Retained earnings | 1 093 | 897 |
| Total equity | 30 160 | 29 440 |
| Non-current liabilities | | |
| Deferred tax liabilities | 4 216 | 4 336 |
| Provision for environmental rehabilitation | 1 971 | 1 752 |
| Retirement benefit obligation and other provisions | 174 | 179 |
| Borrowings | 1 229 | 1 243 |
| Total non-current liabilities | 7 590 | 7 510 |
| Current liabilities | | |
| Borrowings | 330 | 344 |
| Income and mining taxes | 2 | 10 |
| Trade and other payables | 1 746 | 1 493 |
| | 2 078 | 1 847 |
| Liabilities of disposal groups classified as held-for-sale | 16 | - |
| Total current liabilities | 2 094 | 1 847 |

| | | |
|---|---|---|
| Total equity and liabilities | 39 844 | 38 797 |

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Rand)
for the six months ended 31 December 2011

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

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (Rand)

| | | Quarter ended | |
|---|---|---|---|
| Figures in million | 31 December 2011 (Unaudited) | 30 September 2011 (Unaudited) | 31 December 2010 (Unaudited) |
| Cash flow from operating activities | | | |
| Cash generated by operations | 1 566 | 1 092 | 450 |
| Interest and dividends received | 12 | 16 | 38 |
| Interest paid | (36) | (41) | (35) |
| Income and mining taxes paid | (149) | - | (30) |
| Cash generated by operating activities | 1 393 | 1 067 | 423 |
| | | | |
| Cash flow from investing activities | | | |
| Decreased in restricted cash | - | - | 90 |
| Proceeds on disposal of investment in subsidiary | - | - | - |

| | | | |
|---|---|---|---|
| Proceeds on disposal of available-for-sale financial assets | - | - | 2 |
| Pre-payment for Evander 6 and Twistdraai transaction | - | - | - |
| Other investing activities | 3 | - | (6) |
| Net additions to property, plant and equipment | (779) | (668) | (846) |
| Cash utilised by investing activities | (776) | (668) | (760) |
| | | | |
| Cash flow from financing activities | | | |
| Borrowings raised | - | 799 | 525 |
| Borrowings repaid | (718) | (352) | (107) |
| Ordinary shares issued - net of expenses | 11 | 9 | 8 |
| Dividends paid | - | (258) | - |
| Cash (utilised)/generated by financing activities | (707) | 198 | 426 |
| | | | |
| Foreign currency translation adjustments | (30) | 35 | (24) |
| | | | |
| Net (decrease)/increase in cash and cash equivalents | (120) | 632 | 65 |
| Cash and cash equivalents - beginning of period | 1 325 | 693 | 772 |
| Cash and cash equivalents - end of period | 1 205 | 1 325 | 837 |

| Figures in million | Six months ended 31 December 2011 | Six months ended 31 December 2010 | Year ended 30 June 2011 (Audited) |
|---|---|---|---|
| Cash flow from operating activities | | | |
| Cash generated by operations | 2 658 | 1 153 | 2 418 |
| Interest and dividends received | 28 | 52 | 140 |
| Interest paid | (77) | (65) | (134) |
| Income and mining taxes paid | (149) | (34) | (45) |
| Cash generated by operating activities | 2 460 | 1 106 | 2 379 |
| | | | |
| Cash flow from investing activities | | | |
| Decreased in restricted cash | - | 120 | 116 |
| Proceeds on disposal of investment in subsidiary | - | 229 | 229 |
| Proceeds on disposal of available-for-sale financial assets | - | 2 | 16 |
| Pre-payment for Evander 6 and Twistdraai transaction | - | - | 100 |
| Other investing activities | 3 | 4 | (5) |
| Net additions to property, plant and equipment | (1 447) | (1 594) | (3 110) |
| Cash utilised by investing activities | (1 444) | (1 239) | (2 654) |

| | | | |
|---|---|---|---|
| Cash flow from financing activities | | | |
| Borrowings raised | 799 | 525 | 925 |
| Borrowings repaid | (1 070) | (114) | (546) |
| Ordinary shares issued - net of expenses | 20 | 16 | 44 |
| Dividends paid | (258) | (214) | (214) |
| Cash (utilised)/generated by financing activities | (509) | 213 | 209 |
| Foreign currency translation adjustments | 5 | (13) | (11) |
| Net (decrease)/increase in cash and cash equivalents | 512 | 67 | (77) |
| Cash and cash equivalents - beginning of period | 693 | 770 | 770 |
| Cash and cash equivalents - end of period | 1 205 | 837 | 693 |

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

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

### 1. Accounting policies

Basis of accounting
The condensed consolidated financial statements for the six months ended 31 December 2011 have been prepared in accordance with IAS 34, Interim Financial Reporting, JSE Listings Requirements and in the manner required by the Companies Act of South Africa. They should be read in conjunction with the annual financial statements for the year ended 30 June 2011, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS). The accounting policies are consistent with those described in the annual financial statements, except for the adoption of applicable revised and/or new standards issued by the International Accounting Standards Board.

### 2. Cost of sales

| | Quarter ended | | |
|---|---|---|---|
| Figures in million | 31 December 2011 (Unaudited) | 30 September 2011 (Unaudited) | 31 December 2010 (Unaudited) |
| Production costs - excluding royalty | 2 684 | 2 591 | 2 093 |
| Royalty expense | 59 | 32 | 30 |
| Amortisation and depreciation | 528 | 475 | 442 |
| Impairment of assets | - | - | - |
| Rehabilitation expenditure | 1 | 5 | 5 |
| Care and maintenance cost of restructured shafts | 23 | 31 | 28 |

| | | | |
|---|---|---|---|
| Employment termination and restructuring costs (1) | 17 | 34 | 54 |
| Share-based payments | 25 | 24 | 32 |
| Other | - | - | (178) |
| Total cost of sales | 3 337 | 3 192 | 2 506 |

| Figures in million | Six months ended 31 December 2011 | 31 December 2010 | Year ended 30 June 2011 (Audited) |
|---|---|---|---|
| Production costs - excluding royalty | 5 275 | 4 501 | 9 074 |
| Royalty expense | 91 | 53 | 96 |
| Amortisation and depreciation | 1 003 | 868 | 1 776 |
| Impairment of assets | - | - | 264 |
| Rehabilitation expenditure | 6 | 9 | 74 |
| Care and maintenance cost of restructured shafts | 54 | 53 | 124 |
| Employment termination and restructuring costs (1) | 51 | 132 | 158 |
| Share-based payments | 49 | 63 | 136 |
| Other | - | (178) | (87) |
| Total cost of sales | 6 529 | 5 501 | 11 615 |

(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.

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 | |
|---|---|---|---|
| | 31 December 2011 (Unaudited) | 30 September 2011 (Unaudited) | 31 December 2010 (Unaudited) |
| Total earnings per share (cents): | | | |
| Basic earnings | 243 | 111 | 74 |
| Diluted earnings | 242 | 111 | 74 |
| Headline earnings | 242 | 95 | 69 |
| - from continuing operations | 242 | 95 | 69 |
| - from discontinued operations | - | - | - |
| Diluted headline earnings | 241 | 95 | 69 |
| - from continuing operations | 241 | 95 | 69 |
| - from discontinued operations | - | - | - |

Figures in million

| | | | |
|---|---|---|---|
| Reconciliation of headline earnings: | | | |
| Continuing operations | | | |
| Net profit | 1 046 | 478 | 296 |
| Adjusted for: | | | |
| Profit on sale of property, plant and equipment | (4) | (26) | (1) |
| Taxation effect of profit on sale of property, plant and equipment | 1 | 7 | - |
| Net gain on financial instruments | - | - | (1) |
| Taxation effect of net gain on financial instruments | - | - | - |
| (Reversal of impairment)/impairment of investment in associate* | (2) | (48) | - |
| Foreign exchange loss reclassified from other comprehensive income* | - | - | - |
| Impairment of assets | - | - | - |
| Taxation effect of impairment of assets | - | - | - |

| | | | |
|---|---|---|---|
| Headline earnings | 1 041 | 411 | 294 |
| Discontinued operations | | | |
| Net profit | - | - | 23 |
| Adjusted for: | | | |
| Profit on sale of investment in subsidiary | - | - | (23) |
| Taxation effect of profit on sale of investment in subsidiary | - | - | - |
| Headline earnings | - | - | - |
| Total headline earnings | 1 041 | 411 | 294 |

| | Six months ended 31 December 2011 | Six months ended 31 December 2010 | Year ended 30 June 2011 (Audited) |
|---|---|---|---|
| Total earnings per share (cents): | | | |
| Basic earnings | 354 | 98 | 144 |
| Diluted earnings | 353 | 98 | 144 |
| Headline earnings | 337 | 101 | 223 |
| - from continuing operations | 337 | 101 | 223 |
| - from discontinued operations | - | - | - |
| Diluted headline earnings | 336 | 101 | 222 |
| - from continuing operations | 336 | 101 | 222 |
| - from discontinued operations | - | - | - |

Figures in million

| | | | |
|---|---|---|---|
| Reconciliation of headline earnings: | | | |
| Continuing operations | | | |
| Net profit | 1 524 | 401 | 597 |
| Adjusted for: | | | |
| Profit on sale of property, plant and equipment | (30) | (17) | (29) |
| Taxation effect of profit on sale of property, plant and equipment | 8 | 5 | 7 |
| Net gain on financial instruments | - | (1) | (7) |
| Taxation effect of net gain on financial instruments | - | - | 2 |
| (Reversal of impairment)/impairment of investment in associate* | (50) | - | 142 |
| Foreign exchange loss reclassified from other comprehensive income* | - | 47 | 47 |
| Impairment of assets | - | - | 264 |
| Taxation effect of impairment of assets | - | - | (66) |
| Headline earnings | 1 452 | 435 | 957 |
| Discontinued operations | | | |
| Net profit | - | 20 | 20 |
| Adjusted for: | | | |

| | | | |
|---|---|---|---|
| Profit on sale of investment in subsidiary | - | (54) | (54) |
| Taxation effect of profit on sale of investment in subsidiary | - | 34 | 34 |
| Headline earnings | - | - | - |
| Total headline earnings | 1 452 | 435 | 957 |

* There is no taxation effect on these items.

Net asset value per share (cents)

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

6. Borrowings

| Figures in million | At 31 December 2011 | At 30 September 2011 (Unaudited) | At 30 June 2011 (Audited) | At 31 December 2010 |
|---|---|---|---|---|
| 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:

| Figures in million | At 31 December 2011 | At 30 September 2011 (Unaudited) | At 30 June 2011 (Audited) | At 31 December 2010 |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| 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

| Figures in million | At 31 December 2011 | At 30 September 2011 (Unaudited) | At 30 June 2011 (Audited) | At 31 December 2010 |
|---|---|---|---|---|
| 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). 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.

(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 after note 11.

10. Reconciliation of segment information to consolidated income statements

| | Six months ended | |
|---|---|---|
| Figures in million | 31 December 2011 | 31 December 2010 |
| The "Reconciliation of segment information to consolidated income statement" line item in the segment report is broken down in the following elements, to give a better understanding of the differences between the income statement, balance sheet and segment report: | | |
| 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 have been reviewed in accordance with International Standards on Review Engagements 2410 - "Review of interim financial information performed by the Independent Auditors of the entity" by PricewaterhouseCoopers Inc. Their unqualified review report is available for inspection at the company's registered office.

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

| | Revenue 31 December | | Production cost 31 December | | Production profit/(loss) 31 December | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | R million | | R million | | R million | |
| Continuing operations | | | | | | |
| South Africa | | | | | | |
| Underground | | | | | | |
| Bambanani | 322 | 502 | 365 | 421 | (43) | 81 |
| Doornkop | 746 | 360 | 448 | 295 | 298 | 65 |
| Evander | 688 | 315 | 349 | 316 | 339 | (1) |
| Joel | 612 | 169 | 299 | 198 | 313 | (29) |
| Kusasalethu | 1 099 | 772 | 660 | 643 | 439 | 129 |
| Masimong | 715 | 730 | 438 | 397 | 277 | 333 |
| Phakisa | 501 | 267 | 389 | 223 | 112 | 44 |
| Target | 1 047 | 511 | 635 | 358 | 412 | 153 |
| Tshepong | 1 164 | 1 000 | 631 | 581 | 533 | 419 |
| Virginia | 343 | 398 | 251 | 349 | 92 | 49 |
| Surface | | | | | | |
| All other surface operations | 792 | 589 | 485 | 431 | 307 | 158 |
| Total South Africa | 8 029 | 5 613 | 4 950 | 4 212 | 3 079 | 1 401 |
| International | | | | | | |
| Hidden Valley | 720 | 460 | 416 | 342 | 304 | 118 |
| Other | - | - | - | - | - | - |
| Total international | 720 | 460 | 416 | 342 | 304 | 118 |
| Total continuing operations | 8 749 | 6 073 | 5 366 | 4 554 | 3 383 | 1 519 |

| | | | | |
|---|---|---|---|---|
| Reconciliation of the segment information to the consolidated income statement (refer to note 10) | - | - | - | - |
| | 8 749 | 6 073 | 5 366 | 4 554 |

| | Capital expenditure 31 December | | Kilograms produced* 31 December | | Tonnes milled* 31 December | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | R million | | kg | | t'000 | |
| Continuing operations | | | | | | |
| South Africa | | | | | | |
| Underground | | | | | | |
| Bambanani | 143 | 156 | 825 | 1 716 | 132 | 233 |
| Doornkop | 139 | 154 | 1 763 | 1 184 | 509 | 311 |
| Evander | 88 | 116 | 1 695 | 1 069 | 240 | 279 |
| Joel | 28 | 40 | 1 418 | 556 | 297 | 168 |
| Kusasalethu | 211 | 189 | 2 822 | 2 559 | 587 | 497 |
| Masimong | 122 | 89 | 1 690 | 2 414 | 464 | 462 |
| Phakisa | 149 | 194 | 1 184 | 882 | 239 | 193 |
| Target | 164 | 252 | 2 497 | 1 982 | 572 | 401 |
| Tshepong | 135 | 133 | 2 738 | 3 316 | 593 | 683 |
| Virginia | 34 | 49 | 802 | 1 326 | 192 | 366 |
| Surface | | | | | | |
| All other surface operations | 62 | 66 | 1 883 | 2 024 | 4 698 | 5 328 |
| Total South Africa | 1 275 | 1 438 | 19 317 | 19 028 | 8 523 | 8 921 |
| International | | | | | | |
| Hidden Valley | 93 | 144 | 1 608 | 1 498 | 889 | 852 |
| Other | 114 | - | - | - | - | - |
| Total international | 207 | 144 | 1 608 | 1 498 | 889 | 852 |
| Total continuing operations | 1 482 | 1 582 | 20 925 | 20 526 | 9 412 | 9 773 |

* Production statistics are unaudited.

## Harmony's strategy

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

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

* Excludes future acquisitions or disposals.

CONTACT DETAILS

Corporate Office
Randfontein Office Park
PO Box 2, Randfontein, 1760, South Africa
Corner Main Reef Road/Ward Avenue, Randfontein, 1759, South Africa
Telephone: +27 11 411 2000
Website: www.harmony.co.za

Directors
P T Motsepe* Chairman
D Noko*^ Deputy Chairman
G P Briggs Chief Executive Officer
F Abbott Financial Director
H E Mashego Executive Director, H O Meyer Executive Director
F F T De Buck*^ Lead independent director
J A Chissano*1^, K V Dicks*^, Dr D S Lushaba*^, C Markus*^,
M Motloba*^, M Msimang*^, J Wetton*^, A J Wilkens*
* Non-executive
^ Independent
1 Mozambican

Investor relations team
Henrika Basterfield
Investor Relations Officer
Telephone: +27 11 411 2314
Fax: +27 11 692 3879
Mobile: +27 82 759 1775
E-mail: henrika@harmony.co.za

Marian van der Walt
Executive: Corporate and Investor Relations
Telephone: +27 11 411 2037
Fax: +27 86 614 0999
Mobile: +27 82 888 1242
E-mail: marian@harmony.co.za

Company Secretary
iThemba Governance and Statutory Solutions (Pty) Ltd
Riana Bisschoff
Telephone: 011 411 2127
Mobile: +27 83 629 4706
E-mail: riana.bisschoff@harmony.co.za

South African Share Transfer Secretaries
Link Market Services South Africa (Proprietary) Limited
(Registration number 2000/007239/07)

13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001
PO Box 4844, Johannesburg, 2000, South Africa
Telephone: +27 86 154 6572
Fax: +27 86 674 4381

United Kingdom Registrars
Capita Registrars
The Registry, 34 Beckenham Road, Beckenham
Kent BR3 4TU, United Kingdom
Telephone: 0871 664 0300 (UK) (calls cost 10p a minute plus network extras, lines are open 8:30am - 5:30pm, Monday to Friday)
or +44 (0) 20 8639 3399 (calls from overseas)
Fax: +44 (0) 20 8639 2220

ADR Depository
Deutsche Bank Trust Company Americas
c/o American Stock Transfer and Trust Company, Peck Slip Station
PO Box 2050, New York, NY 10272-2050
Email Queries: adr@db.com
Toll Free: +1-866-243-9656
Intl: +1-718-921-8200
Fax: +1-718-921-8334

Sponsor
JP Morgan Equities Limited
1 Fricker Road, corner Hurlingham Road, Illovo, Johannesburg, 2196
Private Bag X9936, Sandton, 2146
Telephone: +27 11 507 0300
Fax: +27 11 507 0503

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

Registration number
1950/038232/06
Incorporated in the Republic of South Africa

ISIN
ZAE000015228