HARMONY™

Annual Report 2009

About this report

The Harmony Annual Report 2009 covers the financial year from 1 July 2008 to 30 June 2009 (FY09). Together with this report, the company has also produced:

- A Sustainable Development Report 2009, which covers the economic, social and environmental impacts of Harmony's business, and
- An annual report prepared on a Form 20-F, which has been filed with the US Securities and Exchange Commission (SEC), in compliance with the listings regulations of the NYSE.

The purpose of these reports is that together they provide an instructive description of Harmony's business and its operations to all Harmony's stakeholders, including shareholders, investors, employees, regulatory authorities and governments around the world.

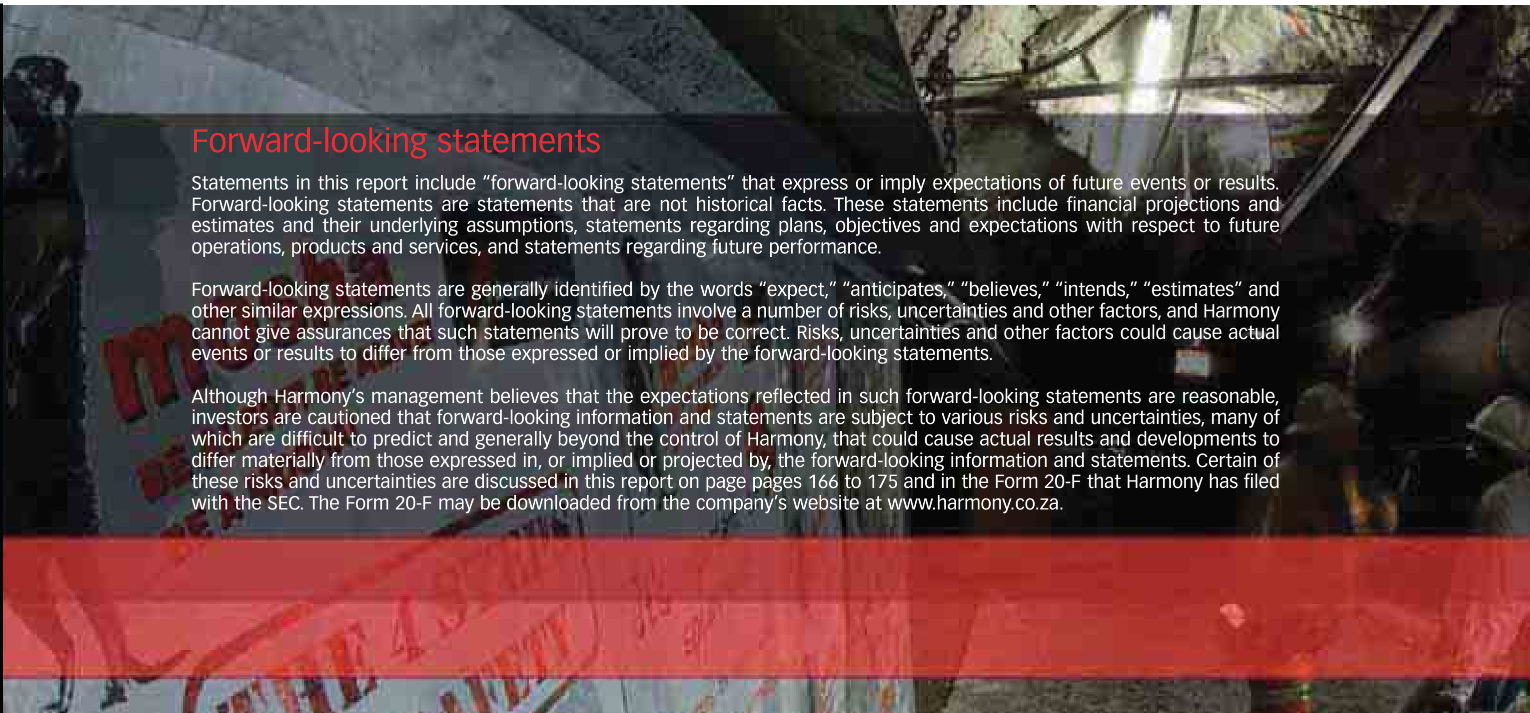
These reports, as well as additional detailed information on Harmony, including its regulatory filings, press releases, stock exchange announcements and quarterly reports, are available on the company's website at www.harmony.co.za.

Operational and financial information in this report covers the period FY09 with comparative annual data also provided for information purposes.

The annual financial statements presented in this report have been prepared in accordance with the International Financial Reporting Standards (IFRS), the South African Companies Act, the listings requirements of the JSE Limited and the guidelines of the King Report on Corporate Governance 2002 (King II).

The mineral resources and ore reserves information provided has been compiled in accordance with the South African Code for Reporting of Mineral Reserves and Ore Resources (SAMREC), the Australian Code for Reporting mineral resources and ore reserves (JORC) and Industry Guide 7 of the United States' Securities Exchange Commission. This information has been gathered, reviewed and confirmed by the relevant Competent Persons as defined by SAMREC. The Sustainable Development Report has been compiled in accordance with the G3 guidelines of the Global Reporting Initiative (GRI).

All use of $ or dollar refers to US dollars, unless otherwise stated. In addition, all production volumes are reported in metric tonnes (t) unless specifically referred to as being imperial tons.



Forward-looking statements

Statements in this report include "forward-looking statements" that express or imply expectations of future events or results. 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.

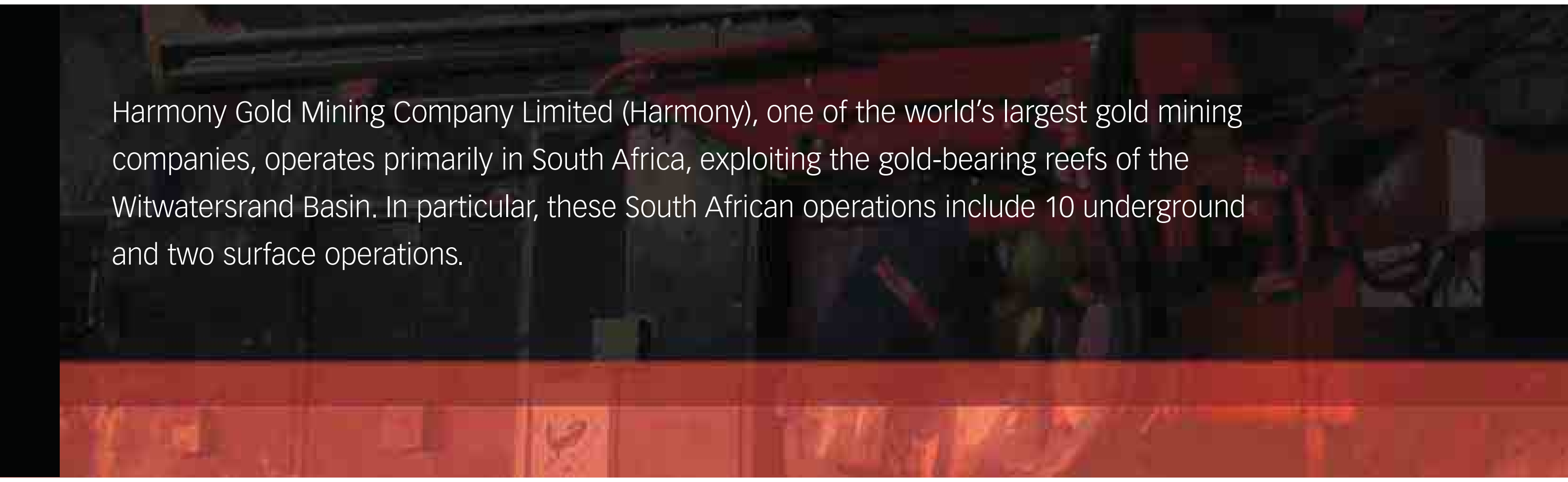
Forward-looking statements are generally identified by the words "expect," "anticipates," "believes," "intends," "estimates" and other similar expressions. All forward-looking statements involve a number of risks, uncertainties and other factors, and Harmony cannot give assurances that such statements 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.

Although Harmony's management believes that the expectations reflected in such forward-looking statements are reasonable, investors are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Harmony, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. Certain of these risks and uncertainties are discussed in this report on page pages 166 to 175 and in the Form 20-F that Harmony has filed with the SEC. The Form 20-F may be downloaded from the company's website at www.harmony.co.za.

Contents

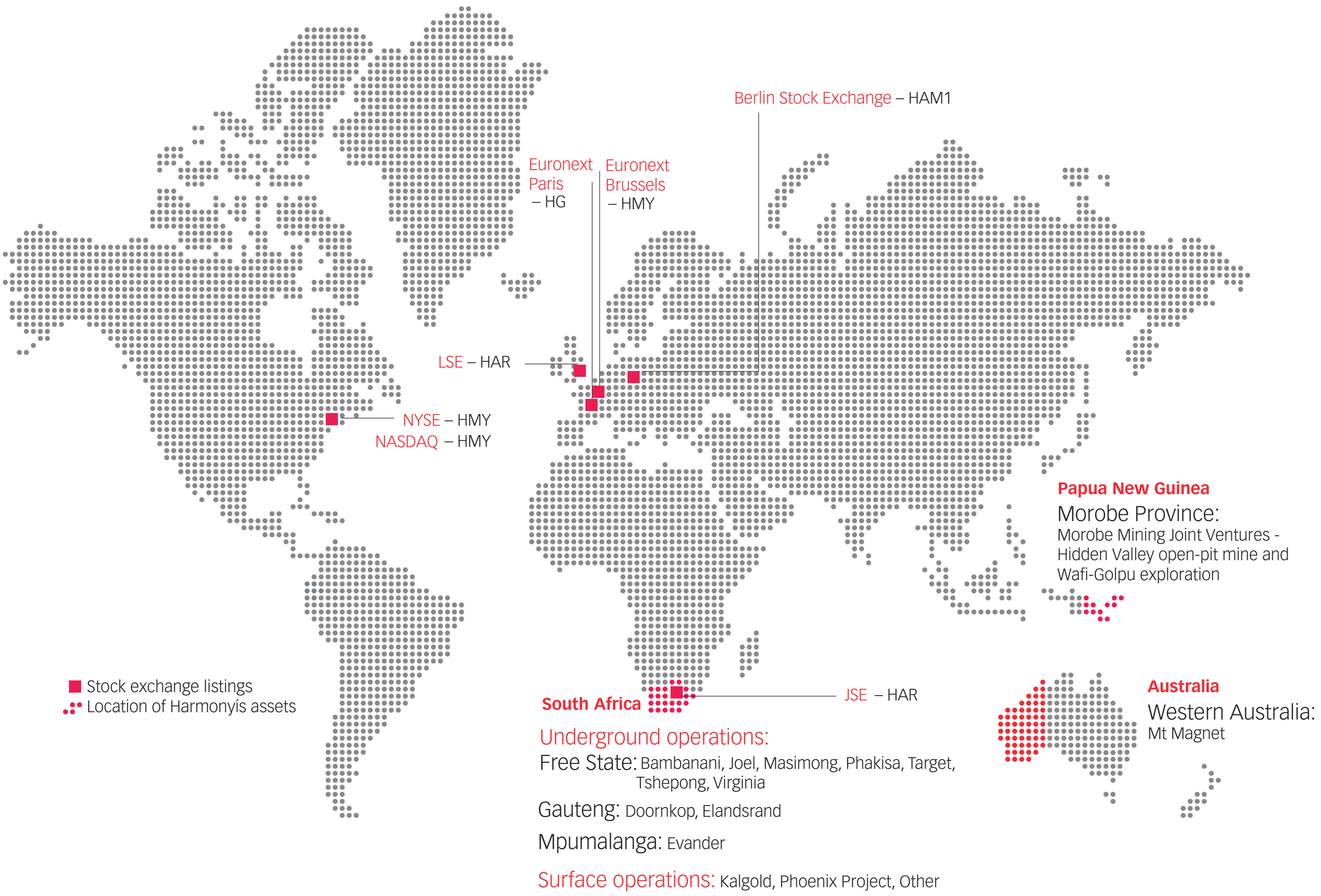
2009

Corporate profile

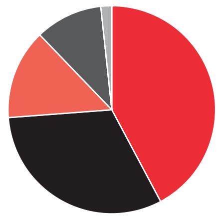


Harmony Gold Mining Company Limited (Harmony), one of the world's largest gold mining companies, operates primarily in South Africa, exploiting the gold-bearing reefs of the Witwatersrand Basin. In particular, these South African operations include 10 underground and two surface operations.

Location of Harmony's assets and stock exchange listings



Geographic distribution of outstanding shares (%)



South Africa	42.2%
United States	31.6%
United Kingdom	14.0%
Europe	10.5%
Rest of the world	1.7%

In Papua New Guinea (PNG), Harmony has a 50% interest in the Morobe Mining Joint Ventures, which includes Hidden Valley, an open-cast gold and silver project which began production in June 2009, the Wafi-Golpu project, and exploration tenements covering an area of more than 3 000km^2. Harmony entered into a joint venture with Newcrest Mining Limited (Newcrest) in FY09 to assist in the development of Harmony's Morobe Province assets. Newcrest brings additional technical support and capacity to the joint ventures, as well as financial contributions.

Harmony's exploration portfolio focuses principally on highly prospective areas in PNG and the Wafi-Golpu project in particular. Exploration activity has been resumed in South Africa and includes the Evander South project where a pre-feasibility study has already been completed and a two-phase drilling programme is now under way.

In FY09, Harmony produced 1.46 million ounces of gold (FY08:1.6 million ounces). At year-end (30 June 2009), the company employed 45 685 people, largely in South Africa, of whom 38 295 were full-time employees and 7 390 contractors (FY08:48 676 people, including contractors).

Significant capital expenditure in recent years has been aimed at accessing the group's extensive resources and to extend the lives of its mines. As at 30 June 2009, Harmony reported ore reserves of 48.2 million ounces and mineral resources of 215.7 million ounces.

Strategy

Harmony's strategy to produce 2.2 million ounces of gold by 2012 remains intact. Accordingly, action has been taken and capital expenditure 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, curb costs and to create and deliver value to shareholders.

Shareholder information

The group's primary listing is on the JSE Limited (share code: HAR) in South Africa. Harmony's ordinary shares are also listed on stock exchanges in London (HRM), Paris (HG) and Berlin (HAM1), and are quoted in the form of American Depositary Receipts on the New York and NASDAQ exchanges (HMY), and as International Depositary Receipts on the Brussels exchange (HMY).

Harmony's shareholders are located around the world, primarily in South Africa (42%), United States (32%) and the United Kingdom (14%).

Key statistics 2009

Financial and operating highlights

Operating performance		FY09	FY08
Ore milled	000t	**17 888**	18 562
– Underground	000t	**9 021**	9 209
– Surface	000t	**8 867**	9 353
Gold produced	kg	**45 437**	49 761
	000oz	**1 461**	1 600
– Underground	kg	**41 871**	44 370
	000oz	**1 346**	1 427
– Surface	kg	**3 566**	5 391
	000oz	**115**	173
Operating cost	R/kg	**168 661**	139 544
	US$/oz	**583**	598
Yield	g/t	**2.54**	2.68
– Underground	g/t	**4.64**	4.82
– Surface	g/t	**0.40**	0.58
Financial performance			
Revenue	R million	**11 496**	9 617
	US$ million	**1 277**	1 325
Production costs	R million	**7 657**	6 973
	US$ million	**850**	959
Cash operating profit	R million	**3 839**	2 644
	US$ million	**427**	366
Operating margin	%	**33.4**	27.5
Net profit/(loss) for the year	R million	**2 927**	(245)
	US$ million	**311**	(30)
Total basic earnings/(loss) per share	SA cents	**707**	(62)
	US cents	**75**	(8)
Total headline earnings per share	SA cents	**262**	126
	US cents	**29**	18
Capital expenditure	R million	**4 382**	3 676
	US$ million	**487**	504
Market performance			
Average gold price received	R/kg	**250 826**	189 981
	US$/oz	**867**	813
R/US$ exchange rate (average for period)	US$/oz	**9.00**	7.26
R/US$ exchange rate – at end of the period	US$/oz	**7.72**	7.80

Note: All statistics are for continuing operations unless otherwise stated.

Key features 2009

Safety

- 22 fatalities compared with 21 the previous year
- Lost-time and reportable injury frequency rates improved to single digits
- Behaviour-based safety programme introduced

Operational

- 1.46 million ounces of gold produced
- First gold poured at Hidden Valley, Papua New Guinea
- Cost increases contained at some operations
- Two-year wage agreement signed in South Africa
- Investment in future growth maintained with capex of R4.4 billion
- Increase in exploration opportunities

Financial

- Record net profit of R2.9 billion
- Healthy balance sheet a result of:
  - Cash on hand of R2 billion
  - Net zero debt
- Headline earnings per share 108% up

Consequently

- Harmony now positioned for growth
- Remains unhedged
- Shareholder returns
  - Dividends
  - Share price appreciation
- Remains bullish on gold price

Operations at a glance

South Africa

Underground operations

Bambanani

Production	3 780 kg	121 530 oz
Cash cost	R176 834/kg	US$611/oz
Operating profit	R273 million	US$31 million
Capital expenditure	R52 million	US$6 million
Mineral resources at year-end	7.2 Moz	
Ore reserves at year-end	1.4 Moz	
Total no of employees (including contractors)	2 709	

Doornkop

Production	1 311 kg	42 150 oz
Cash cost	R232 699/kg	US$804/oz
Operating profit	R62 million	US$7 million
Capital expenditure	R395 million	US$44 million
Mineral resources at year-end	21.0 Moz	
Ore reserves at year-end	0.2 Moz	
Total no of employees (including contractors)	2 532	

Elandsrand

Production	5 422 kg	174 321 oz
Cash cost	R191 097/kg	US$660/oz
Operating profit	R366 million	US$41 million
Capital expenditure	R422 million	US$47 million
Mineral resources at year-end	11.6 Moz	
Ore reserves at year-end	7.5 Moz	
Total no of employees (including contractors)	5 283	

Evander

Production	5 912 kg	190 075 oz
Cash cost	R165 377/kg	US$572/oz
Operating profit	R516 million	US$57 million
Capital expenditure	R210 million	US$24 million
Mineral resources at year-end	46.4 Moz	
Ore reserves at year-end	13.8 Moz	
Total no of employees (including contractors)	4 391	

Joel

Production	2 043 kg	65 684 oz
Cash cost	R183 925/kg	US$636/oz
Operating profit	R137 million	US$15 million
Capital expenditure	R56 million	US$6 million
Mineral resources at year-end	4.3 Moz	
Ore reserves at year-end	0.6 Moz	
Total no of employees (including contractors)	1 543	

Masimong

Production	4 791 kg	154 034 oz
Cash cost	R137 598/kg	US$476/oz
Operating profit	R554 million	US$62 million
Capital expenditure	R130 million	US$14 million
Mineral resources at year-end	28.1 Moz	
Ore reserves at year-end	1.0 Moz	
Total no of employees (including contractors)	3 046	

Phakisa

Production	691 kg	22 216 oz
Cash cost	R160 712/kg	US$555/oz
Operating profit	R64 million	US$7 million
Capital expenditure	R461 million	US$51 million
Mineral resources at year-end	23.4 Moz	
Ore reserves at year-end	5.3 Moz	
Total no of employees (including contractors)	1 844	

Target

Production	2 713 kg	87 225 oz
Cash cost	R186 749/kg	US$645/oz
Operating profit	R152 million	US$16 million
Capital expenditure	R342 million	US$38 million
Mineral resources at year-end	6.4 Moz	
Ore reserves at year-end	2.6 Moz	
Total no of employees (including contractors)	1 986	

Tshepong

Production	7 178 kg	230 778 oz
Cash cost	R139 901/kg	US$483/oz
Operating profit	R802 million	US$89 million
Capital expenditure	R249 million	US$28 million
Mineral resources at year-end	14.1 Moz	
Ore reserves at year-end	4.3 Moz	
Total no of employees (including contractors)	4 856	

Virginia

Production	8 030 kg	258 170 oz
Cash cost	R184 538/kg	US$638/oz
Operating profit	R545 million	US$61 million
Capital expenditure	R199 million	US$22 million
Mineral resources at year-end	32.0 Moz	
Ore reserves at year-end	1.3 Moz	
Total no of employees (including contractors)	7 186	

Surface operations

Kalgold

Production	2 015 kg	64 784 oz
Cash cost	R146 314/kg	US$506/oz
Operating profit	R220 million	US$25 million
Capital expenditure	R10 million	US$1 million
Mineral resources at year-end	3.9 Moz	
Ore reserves at year-end	0.7 Moz	
Total no of employees (including contractors)	468	

Phoenix

Production	695 kg	22 345 oz
Cash cost	R154 426/kg	US$534/oz
Operating profit	R68 million	US$8 million
Capital expenditure	R3 million	
Mineral resources at year-end	1.2 Moz	
Ore reserves at year-end	1.1 Moz	
Total no of employees (including contractors)	613	

Other

Production	856 kg	27 519 oz
Cash cost	R157 287/kg	US$543/oz
Operating profit	R80 million	US$8 million
Capital expenditure	R71 million	US$8 million
Mineral resources at year-end	8.2 Moz	
Ore reserves at year-end	6.2 Moz	

Papua New Guinea

Morobe Mining Joint Ventures (50% attributable)

Hidden Valley

Forecast annual full production – gold	7 931 kg	255 000 oz
Forecast annual full production – silver	124 414 kg	4 Moz
Production began	June 2009	
Full production by	December 2009	
Capital expenditure	R1 782 million	US$198 million
Mineral resources at year-end – gold	5.4 Moz	
Ore reserves at year-end – gold	2.8 Moz	
Total no of employees (including contractors)	1 100	

Wafi/Golpu/Nambonga

Mineral resources as at year-end – gold	5.1 Moz
Ore reserves at year-end – gold	0.7 Moz

Milestones FY09

2009

The following significant events took place in FY09. Additional information may be found on the Harmony website at www.harmony.co.za

July 2008

- Ministerial approval was granted by the PNG government for the arrangements between Harmony and Newcrest regarding the Morobe Mining Joint Ventures in PNG.

August 2008

- The Morobe Mining Joint Ventures in PNG was officially established on 8 August 2008, following the payment of US$229 million to Harmony, and the receipt of all government and regulatory approvals.

November 2008

- The sale of Harmony's Randfontein Cooke assets and the creation of Rand Uranium (Pty) Ltd (Rand Uranium) was effective on 21 November 2008, following the conclusion of all conditions precedent. First tranche of the proceeds from the sale received.

December 2008

- On 22 December 2008, Harmony announced the conclusion of a capital raising with the issuing of shares for cash in the open market, pursuant to the mandate granted for this by shareholders at the annual general meeting. A total of 10 504 795 shares were placed between 25 November 2008 and 19 December 2008, at an average subscription price of R93.20, raising R979 million before costs. The proceeds were used to partially fund the repayment of the Nedbank loan.

January 2009

- Two new general managers were appointed – at the Virginia and the Evander operations – in line with the strategy to strengthen and develop Harmony's management team and controls.

March 2009

- New general manager appointed at Elandsrand, as Harmony continues to strengthen its leadership team.
- In co-ordination with the South African Police Services (SAPS), a significant exercise aimed at the prevention of criminal mining was undertaken at Harmony's Free State operations over a period of 10 days. Additional plans and procedures were also put in place to mitigate the impact of illegal mining.
- A further R938 million was raised, before costs, through the placement of 7 540 646 shares between 10 February 2009 and 6 March 2009 at an average share price of R124.

April 2009

- New general manager appointed at Bambanani.
- Second and final tranche of the proceeds from the sale of the Randfontein Cooke assets received to give a total consideration for this transaction of US$209 million.

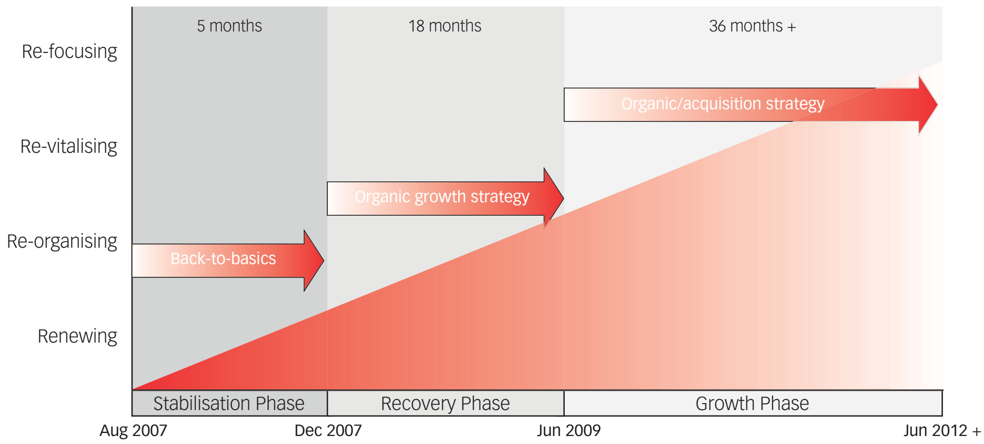
May 2009

- The proceeds from the capital raising and the Rand Uranium transaction used to repay Harmony's convertible bond and its major short-term debt.

Harmony strategy

2009

In August 2007, Harmony embarked upon a three-phase, three-component strategy to 2012 and beyond.



The first Stabilisation Phase of the strategy, as its name implies, aimed to stabilise the company and its operations. It extended over a five-month period, from August 2007 to December 2007, and included the focused implementation of the first component of the strategy, called Back-to-Basics, which continued into the early months of the second 18-month Recovery Phase. The Back-to-Basics component lasted until the end of FY09 and has now become a guiding philosophy for the overall strategy.

As Back-to-Basics was bedded down and began to deliver the desired results, the second component of the strategy, known as Organic Growth, was launched. This continued for the remainder of FY09 and into the early months of the third, 36-month plus Growth Phase that extends to June 2012 and beyond. As the Organic Growth component of the strategy is bedded down and delivers results, the third and final Organic/Acquisition component has been initiated.

Back-to-basics

The initial Back-to-Basics component of Harmony's strategy, designed to stabilise and kick-start recovery, comprised four primary objectives:

- Disciplined mining;
- Cost control;
- Ore reserve management; and
- Efficiency.

Key drivers of these objectives and their primary characteristics were:

- Safety:
  - Commitment to zero harm initiated at top management, filtering to every level through a deliberate and programmed effort.
  - Comprehensive safety auditing.
  - Agreement on key non-negotiable principles, specifically management leading by example; continuous verbal communication with all team members; visible creation of awareness of safety-related issues; recognition of and rewarding for safety achievements; and involving all stakeholders.
  - Management focus on improving underground conditions, in particular in areas deemed to be of the highest potential risk – shaft infrastructure and the underground workplace.
- Empowered management teams:
  - Establishment of small, multi-disciplinary, focused management teams at each mining site, responsible for planning and implementing mining operations.

  - Setting of annual operational goals – including volume, grade and cost targets – by each mining site management team in consultation with the executive committee; development by each management team of an operational plan to attain set goals; and regular review of results by the executive committee.
- Focus on increased productivity:
  - To maximise productivity by structuring of operations so that 60% of the workforce is directly engaged in production mining.
- Commitment to cost control including the benchmarking of costing parameters, internally between operations and externally against other gold producers:
  - In particular, the control of labour costs which average 50% of operating costs at the South African operations.
  - Pro-active maintenance practices.
  - Application of the 'appropriate maintenance' principle, involving capital expenditure commensurate with the life of the operation.
  - Implementation of cost accounting, ore accounting and reserve management systems to track and measure costs and ore reserve depletion accurately.
- Increasing operational consistency:
  - Commitment to increasing operational consistency in respect of both grade and production in order to extract optimal value from orebodies by increasing development expenditure and a focus on comprehensive ore reserve management.
- Review of opportunities to develop certain assets – uranium in particular, underground resources of which are not currently reflected in the balance sheet or reserve statement – independently of the core gold business:
  - Selected acquisitions to diversify the company's operations and complement its competitive strengths.
  - Targeted disposals to upgrade the company's overall portfolio quality.

Organic growth

Harmony's organic growth strategy focuses on:
- Extracting high-quality ounces; and
- Developing and operating the company's long-life mines.

Key drivers of these objectives are:
- The company's extensive experience in and established track record for identification, exploration and development of its own projects;
- Its ongoing exploration programme focused on both on-mine exploration targeting resources within the economic radius of existing mines and new mine exploration targeting early to advanced stage projects around the world;
- Expansion of the production base in South Africa and PNG, with a focus on developing new mines at competitive cash costs and upgrading the overall quality of the company's portfolio;
- A diverse project pipeline comprising five well-advanced projects – Elandsrand new mine, Doornkop South Reef, Tshepong sub-66 and sub-71 declines and Phakisa in South Africa, and Hidden Valley in PNG – which could deliver up to 1.4 million low-cost production ounces by 2012 and a reduction in overall cash costs per ounce;
- A number of additional development projects – including surface sand dumps, rock dumps and tailings dams; the company's uranium deposits; and the Wafi-Golpu copper-gold deposit in PNG – which could increase production ounces; and
- Expansion of the company's exploration skills base.

Delivering on strategy

Key deliveries on Harmony's strategy to the end of FY09 included:
- Improvements in two key safety indicator rates – the frequency rates of lost-time injuries and of reportable injuries – and the receipt of several safety-related industry awards;
- Reversal of five years of accumulated losses;
- Achievement of zero net debt;
- Strong cash flow;
- Establishment of Rand Uranium, a significant step in turning to account its uranium resources;
- Creation of the Morobe Mining Joint Ventures, a 50:50 partnership in the PNG assets with Newcrest of Australia;
- Start of production at all five of the companies major projects – Phakisa, Doornkop South Reef, Elandsrand and Tshepong in South Africa and Hidden Valley in PNG; and
- Stepping up of the company's exploration programme, with a focus on the Wafi-Golpu copper-gold tenements in PNG and the Evander South project, the St Helena tailings project and several underground areas associated with existing operations in South Africa.

Chairman's letter

Harmony share price and volumes traded on the JSE

Source: Bloomberg

Chairman's letter, Patrice Motsepe

The year under review has been challenging and demanding for almost all sectors across the globe. I am therefore pleased to report to shareholders that Harmony has not only weathered the storm, but has been able to deliver on some of the key objectives that management set for itself two years ago.

Weathering the storm

The massive global economic slowdown has, inter alia, had the effect of contracting equity funding and tightening debt markets. So, for us at Harmony the successful conclusion of two significant transactions which enabled us to raise funds and dispose of certain assets was gratifying and resulted in a total capital injection of R1.9 billion ($219 million) on our balance sheet. At year-end, Harmony was debt-free. We enter the new financial year with R2 billion in cash – an enviable position for any company in these troubled financial markets.

Gold as a store of value

As has become customary in tough economic conditions, the gold price in dollar terms held up well during the year, reflecting gold's enduring role as a store of value. The strengthening rand, however, undermined this performance, as illustrated in the accompanying graphs. We anticipate continued rand volatility in the short to medium term. This will have an impact on our margins and earnings.

During the past financial year, gold continued to prove its role as an investment product. We have seen growth in the gold holdings of many exchange traded funds as investors seek to diversify their holdings. The price levels we have seen recently may not be sustainable in the short term but they are pointers to gold's potential price direction in the medium to long term.

Furthermore even, at the current gold price, there is still insufficient incentive for large-scale gold exploration and development or the investment resolve to embark on massive new mining ventures.

Gold price in rands and dollars

Source: Bloomberg

Chairman's letter cont.

Our view is that global gold production will continue to decline and this supports our bullish view on the fundaments for gold in the medium and longer term.

Payment of a dividend

Our dividend to shareholders – the first in five years – reflects our satisfaction with Harmony's sound financial position and our commitment to pay dividends in appropriate circumstances. Harmony today is debt free and it continues to invest in growth projects funded by internal cash flows. The volatility we have seen in the share price performance has not been unusual and mirrors the overall trend in the resources industry.

Mitigating risk and uncertainty

For now though, in order to sustain our business during the downturn, we remain conservative in our forward planning, factoring a gold price of $750/oz or R225 000/kg. The recent price spike post year-end at around $1 000/oz has been largely driven by short-term factors and is unlikely to be sustained in the long run.

At Harmony we are prepared for further contraction:

- With our focused and aggressive cost management we have contained production cost increases to 9.8% during the year;
- Our balance sheet is strong – we have no long-term debt;
- We remain close to our operations – urgent decisions can be taken almost immediately; and
- We have and will continue to keep close contact and to interact with our shareholders.

In South Africa we have not escaped the severity of the global downturn, although our robust fiscal and monetary regime has cushioned us against the excesses of the global economic crisis. Yet access to capital has been constrained and uncertainty has commonly afflicted equity markets, particularly in the perceived higher-risk, developing economies.

In spite of these macro conditions, the South African economy remains relatively buoyant, with development and construction well under way for the 2010 FIFA World Cup. This buoyancy is likely to be sustained well into next year, although the impact of the local recession continues to place a strain on socio-economic delivery.

Legislative and regulatory changes

It is appropriate to briefly discuss the legislative changes which may occur in South Africa and in particular, the Codes of Good Practice for the Minerals Industry and the Mineral and Petroleum Resources Development Act (MPRDA), which are currently under review. In South Africa, we have managed to develop a unique, pragmatic approach to such matters and in this spirit, a constructive and energetic review process is under way that involves government, unions and business.

Harmony takes an active role in these deliberations. We are committed to engaging with all stakeholders to ensure that the South African mining industry remains a globally competitive and attractive destination for foreign and domestic investment.

Delivering on promises

I would like to congratulate Graham Briggs and his team on consistently delivering on the company's medium- to longer-term strategic objectives.

At the end of FY08, this team committed to the following vision:
To create an outstanding company, generating sustainable earnings to fund dividends and growth. This we will pursue through our mission of:

- Managing a sound asset portfolio;
- Creating the necessary platform to generate organic growth; and
- Exploiting appropriate opportunities to conclude strategic partnerships and acquisitions as market conditions allow.

To this end, results have been swift and on target as outlined below:

- Behaviour-based safety programmes have resulted in improved safety performance, although the number of fatalities in FY09 is of great concern to us. The continued focus by management in this regard is crucial. We are, however, pleased to note the improvement in leading safety indicators.
- Stakeholder buy-in has improved. In particular, industrial relations interactions at a group level have been good and the conclusion of wage negotiations in late July 2009 were satisfactory.
- A focused and cohesive management team has been bolstered with certain critical skills and a number of new, experienced and empowered executives and general managers have been appointed.
- Performance has been closely monitored on a shaft-by-shaft basis, with an in-depth knowledge being gained of the orebodies and their operating possibilities,
- The Rand Uranium and Newcrest transactions were successfully concluded.
- We have carefully evaluated a number of potential opportunities. To date only the Pamodzi Free State acquisition has been worth pursuing.

While in some areas the operational turnaround is still ongoing, and in others has been slower than anticipated, the transformation of Harmony's assets into longer-life, higher-grade operations is well under way and beginning to bear fruit. More detail on the progress we have made is provided in Graham Briggs's review on page 17 of this report.

Harmony as a good investment case

It is our view that Harmony continues to present a strong case for investment – as a gold investment and a leading emerging markets investment vehicle, as well as a potential future generator of cash and dividend flows. This view is based on Harmony's:

- Rising throughput and grade from existing assets, allied with productivity improvements;
- Consistent growth from the five new projects that are being developed;
- Potential growth from a number of near-term new projects;
- Strong cash flows and a robust balance sheet that could potentially fund acquisitive growth;
- Position as an unhedged producer, with a large resource base that still has exposure to leveraged assets;
- Strong, cohesive management team; and
- Commitment to delivering shareholder returns, through share price appreciation and dividends.

Thanks

I would like to thank all our directors for their sacrifices and the commitment with which they serve the company. I would also like to thank Frank Abbott who will be replaced as Finance Director on 1 November 2009 by Hannes Meyer. Frank has served Harmony with distinction as Finance Director over many years. I am pleased that he will continue to serve on our board as a non-executive director. We wish him well with his future endeavours. My thanks also go to Graham Briggs, our management team and to our employees for always going the extra mile to reposition Harmony as a competitive world-class company. I am confident and optimistic about our future.

Patrice Motsepe
Chairman
26 October 2009

Chief executive officer's review

Chief executive officer's review, Graham Briggs

It is very rewarding to reflect on another 12 months that demonstrated a focused, energetic pursuit of the strategic objectives we set more than two years ago to stabilise the company, to rediscover the 'Harmony magic' and to restore sustained profitability. A key signal of this has been our decision to pay a dividend to shareholders of 50 SA cents per share for FY09, the first dividend declared by Harmony in five years. This was on the back of a doubling in headline earnings to 262 SA cents (29 US cents) per share.

Key features of our financial and operational performance in FY09 as compared with FY08 were:
- Gold production of 45 437 kilograms (1.461 million ounces), down 8.6%.
- Revenue from continuing operations of R11 496 million (US$1 277 million), up 19.5%.
- Substantial cash generation with a healthy balance sheet – cash at year-end of R2 billion (US$253 million), with the company being net debt-free.
- Cost increases contained despite significant increases in input costs during the year.
- Profit of R2 927 million (US$311 million) (FY08: R245 million (US$30 million) loss), the highest level of profitability ever reported by Harmony.

Reflecting on strategy

Our three-phase, three-component strategy, launched in August 2007 to guide us to June 2012 and beyond, has served us in good stead. This is particularly encouraging, considering the changes beyond our influence that have continued to take place in the South African mining sector and the national and global economies. The year under review saw us start to reap the rewards of the first, 'back-to-basics' component of our strategy, designed to stabilise the company over a period of five months, kick-start an 18-month recovery phase, and lead us – more as a continuing, guiding philosophy – into the second, 'organic growth' and third, organic/acquisition phases. (See the discussion on our strategy on page 10).

The drivers of back-to-basics – key among them non-negotiable safety; operation-specific, target-directed plans, 'owned' by focused management teams; accurate ore reserve management; accelerated development; operational consistency; cost control; increased productivity; proactive maintenance; and internal and external benchmarking – have been bedded down and are starting to deliver on expectations.

In terms of 'organic growth', we moved into higher gear during the year, our focus being continued development and the start or build-up of production at our five major projects – Phakisa, Tshepong, Elandsrand and Doornkop in South Africa, and Hidden Valley in Papua New Guinea. We also stepped up our exploration programme, with a focus on Evander South and the St Helena surface tailings in South Africa, and the Wafi-Golpu copper-gold tenements in PNG.

The gold market

During the 2009 financial year, gold was on a roller-coaster both in rand and US dollar terms, and the prices have not moved in unison. Rand strength saw the rand gold price slide in the last five months of the reporting period, from R320 000/kg to R231 000/kg, both undermining the operational gains we had made and testing our cost control measures.

Observers have commented at length on why the gold price has not continued to rise. I would suggest that the metal – while faring substantially better than other metals during the global economic downturn – has indeed been held back by consumer and investor uncertainty and caution. Jewellery demand has softened and scrap gold is becoming an important component of supply. Exchange traded funds (ETFs) have increasingly been supported as part of investment portfolios, and investors have also taken to different currencies.

Chief executive officer's review cont.

The fundamentals for a continuing imbalance between demand and newly mined supply suggest good prospects for a price of more than US$1 100/oz by December 2009 with some upside thereafter. World gold production is decreasing and exploration has failed to produce significant results.

We remain bullish in the medium and longer term, but will continue to take a conservative view in planning in the year ahead, using a gold price of US$750/oz and R225 000/kg in South Africa.

Safety

Sadly and very disappointingly, we recorded 22 fatalities in work-related incidents in the year under review, compared to 21 the previous year. This despite a top-to-bottom commitment to zero fatalities underpinned by a multi-faceted drive for improved safety and our focus on behaviour-based safety initiatives. Our fatal injury frequency rate (FIFR) for the year was 0.21 per million hours worked, compared with 0.18 in the previous year.

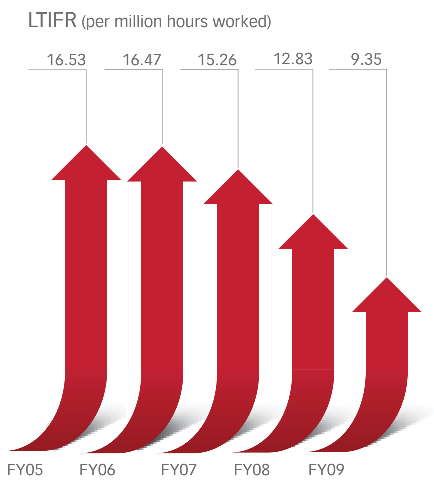
The men who died were:
- Bambanani employee Moeti Mololo;
- Brand 2's Fuzile Ntlebe;
- Central Plant's Frans Majake;
- Elandsrand employees Diago Bila, Mpeo Moeti, Magatsele Mangaliso, Amandio Massingue and Mzi Bondlanim;
- Evander's Ntshumayelo Blayi and Dumisani Magagula;
- Masimong employees Patrick Mabitsoa and Vukile Bhomane;
- Target employees Mokutu Qondile and Legotla Nkhatho;
- Tshepong employees Nokanyo Gcasama, Zinkele Yam, Ntlatlapa Lazaro, Tsibolane Khotso, Teloo Tsoke, Zolani Maboza and Meshack Raletooana; and
- Unisel employee Kali Makase.

I extend my deepest condolences to their families, friends and colleagues and commit our group to ongoing efforts to eliminate all fatalities at work.

More encouragingly, we reported good progress in respect of other key safety parameters in South Africa. Our total injury frequency rate (TIFR) declined from 24.71 per million hours worked to 18.73, our lost-time injury frequency rate (LTIFR) from 12.83 to 9.35, and our reportable injury frequency rate (RIFR) reduced from 6.03 to 4.97.

Internal investigations show that 85% of all safety-related incidents are caused by inappropriate employee behaviour. While we have made progress in reducing such incidents in high-risk stoping and development environments, the same cannot be said for the lower-risk, non-mining working environments. Our focus now is on increasing awareness, effecting the necessary behaviour changes and reducing the number of incidents in these areas.

In PNG, safety is no less important to us and gains in significance as the Hidden Valley project becomes operational. It is vital that as production ramps up here, proven safety systems and a positive safety culture are embedded within operational systems and procedures. To date, safety performance has improved over the past three years with an LTIFR of 0.2 and an all accident injury frequency rate (AIFR) of 33 per million hours worked reported for FY09.



It is pleasing that employees and their representatives support our 'reward and discipline' approach to safety. While we believe that we need to encourage a commitment to safety at all levels, we will not shy away from being prescriptive. The lessons of bonuses earned or lost due to safety targets being achieved or missed, and of the rigorous application of discipline at all levels for safety infringements – including dismissal – have not been lost.

I believe everyone at Harmony and in the mining sector as a whole has taken heed of the greater application of sanctions by the Department of Mineral Resources (DMR) for safety violations and, in particular, the imposition of mine closures and partial closures. I am hopeful that the resultant introspection at our own operations, together with the continued application of our own campaigns, particularly in the area of behavioural change, will deliver further improvements in safety in the year ahead.

Detailed information on safety is presented in our Sustainable Development Report, which is available on the website, www.harmony.co.za.

Operating and financial performance

Our operations have largely delivered a solid performance which is based on three pillars:

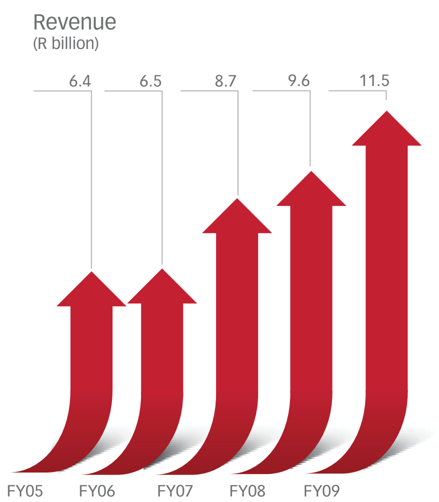
- We have a better understanding of our orebodies, a result of exploration drilling and development, and have reinterpreted our geology and developed credible geological models.
- We have formulated clear development plans that are orebody-driven and based on our knowledge of our operations. Development is being directed in the right areas at the right rates.
- We have achieved excellent rates of development, combined with improved planning and a company-wide drive to improve productivity. Behavioural training and development initiatives have been implemented, as have the notions of disciplined mining, team building, proactive human resource practices, improved logistics and the development of a motivating climate.

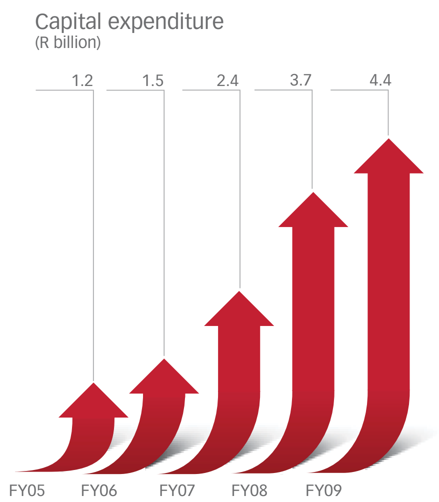
Nonetheless, overall operational underperformance in terms of throughput and grade resulted in Harmony being down marginally from the 1.6 million ounce production target for FY09.

Overall in FY09, costs increased by 9.8%, of which labour (representing 55% of costs) increased by 4.5%; stores, which account for 25% of costs, increased by 16.3%; and electricity (11% of costs), rose by 28%. The recent electricity tariff increase of 34.6%, which came into effect on 1 July 2009, will adversely affect our costs going forward.

Detailed commentary follows in the operating and financial reviews of this Annual Report. In summary:

- Masimong, in virtually every respect, demonstrates the efficacy of back-to-basics. From being on the brink of closure at the end of the 2007 financial year, this operation is now the lowest cost per kilogram producer in the Harmony stable. Restructuring has delivered an increase in tonnes milled, and an improvement in average grade mined and consequent higher gold production, while cash costs per kilogram have declined.
- The Virginia operations, the oldest and most difficult to mine of our operations, nevertheless recorded an increase in tonnes mined and a steady average grade.
- At the Evander operations, good progress was made with infrastructural improvements at Evander 8, while successful restructuring at Evander 7 resulted in higher volume and improved grade. Flooding together with high waste dilution and logistical constraints at Evander 2 hampered production at Evander 2 and 5, which operate as a single unit.
- Our opencast operation, Kalgold, maintained tonnage mined although the average grade declined with the end of mining from the high-grade D Zone pit.





Chief executive officer's review cont.

- Underground fires set back the restructuring of Bambanani into a low-volume, high-grade operation. While tonnage mined was steady, the average grade mined was lower than expected, resulting in reduced gold production and higher costs.
- At Joel, hoisting and underground water challenges experienced for much of the year were largely resolved by year-end and the outlook for the 2010 financial year is better.
- Management restructuring, extensive infrastructural upgrades and a re-evaluation of the entire orebody at Target delivered a good understanding of the geology, perhaps for the first time ever, and are expected to deliver benefits from the next financial year.
- At the Phoenix surface re-treatment operation, lower-than-expected grades were reported; a consequent revision of the mine plan is expected to produce better results in 2010.

At our project operations, fortunes were mixed in the year under review.

- Good progress was made on ventilation, refrigeration and underground transport infrastructure at Phakisa, and the Phase 1 shaft system was commissioned by year-end. Capital constraints delayed the production build-up. Increasing the rate of development will be a primary challenge in the year ahead.
- At Tshepong, poor safety leading to the imposition of Section 54 stoppages by the DMR's inspectorate, together with underground fires and mining of variable grade at the edge of the orebody, resulted in reduced production. A dedicated safety programme to effect behaviour change has been implemented, and looking further ahead to the 2011 financial year, completion of the decline project will see mining moving into higher grade areas, with less grade variance.
- Delays in shaft-related construction held back volume build-up from the Doornkop South Reef project and the late commissioning of the sub-shaft waste rock handling system resulted in recovered grade dilution. With the former now completed and the latter now commissioned, the outlook for the year ahead is much improved.
- Elandsrand benefited enormously from the attentions of Alwyn Pretorius, Harmony's Chief Operating Officer for the North region, who was seconded to the mine for six months during the year to address particularly its safety challenges. Production, which took a back seat while the entire workforce was re-aligned with the notion of safety as a 'non-negotiable', was back on track by year-end. Good progress continued to be made with infrastructure, development and production build-up at the Elandsrand New Mine project.
- At the Hidden Valley project in PNG, excellent progress on construction and development was made throughout the year, with construction being close to 90% complete at year-end. The first gold from Hidden Valley – which was indeed a milestone event – was poured in late June 2009. Exploration is continuing so as to convert prospective targets into additional reserves and resources, and this project is expected to grow in importance in our portfolio in the years ahead.

A year of achievements

Establishing substantial balance sheet strength ranks as the single most notable achievement in the year under review. We were particularly pleased to have closed several significant transactions during the year, amidst the turmoil in the global financial markets.

Conclusion of the Morobe Mining Joint Ventures agreement with Newcrest of Australia (in terms of which Newcrest acquired 50% of Harmony's projects and exploration in PNG's Morobe Province) delivered US$235 million in cash and a US$295 million capital 'farm-in' obligation. Harmony and Newcrest have developed an excellent working relationship.

Two successful capital raisings (in November/December 2008 and February/March 2009), notwithstanding sharply deteriorating market conditions globally, pointed to strong investor support for our strategy, its implementation and progress to date. In total, R1.9 billion (US$192 million), before costs, was raised from the issue of 18 045 441 shares.

In addition, R2.2 billion (US$209 million) was received from the Pamodzi Resources Fund for its 60% interest in Rand Uranium, established to turn to account the uranium potential of our Randfontein Cooke assets. The net result of all the above was that Harmony repaid its R1.7 billion (US$202.9 million) convertible bond in May 2009 and became net debt-free, two months ahead of schedule. Our healthy cash balance at year-end gives us a comfortable level of flexibility to manage capital expenditure in South Africa, exploration costs and possible acquisitions going forward.

Subsequent events

After year-end, we secured a two-year wage settlement with unions representing 88% of our 37 000-strong South African workforce. This provided for a 10.5% wage increase for employees in the lowest semi-skilled category; 10% for those in the other semi-skilled categories; and 9% for the rest in the bargaining unit. Importantly, also agreed was payment of a minimum wage with effect from July 2010 for employees in the lowest semi-skilled category, supplemented by free board, accommodation and medical assistance, as is practice in the South African mining industry. For the second year of the agreement, we agreed a guaranteed wage increase of 7.5% or the Consumer Price Index (CPIX) plus 1%, whichever is the higher.

While the agreed wage increases will raise group costs by 5% in the first year, I believe the settlement struck a reasonable balance between union minimum wage demands and job preservation. It also underpinned the generally stable and constructive relations we enjoyed with employees and their representatives in the year under review.

A number of challenges remain

A challenge we, and the South African gold mining sector as a whole, have sought to address for a long time and which came to a head towards year-end is that of criminal mining. The safety of our employees comes first and we do everything that is reasonably practicable to ensure that there are no threats to their safety, which is primarily why the deaths of 91 criminal miners at our Eland Shaft in the Free State during May 2009 was of enormous concern to us. These men died as a result of a fire allegedly caused by their own unsafe mining practices.

Criminal mining is a national problem that requires the input and assistance of all stakeholders to ensure that incidents such as those we have experienced are not repeated. Harmony has been addressing criminal mining activities proactively at an operational level and continues to do so in co-operation with the South African Police Services (SAPS), the National Prosecuting Authority, the Department of Justice and other mining companies affected. Measures we have taken are aimed mainly at the criminal miners and those of our employees who are found to aid and abet them.

To get to the heart of criminal mining – the large, well-organised syndicates operating multi-nationally – requires resources beyond ours, which is why we are extremely pleased that the Minister of Mineral Resources has intervened and established a multi-stakeholder forum to address the issue. We have committed our whole-hearted support to this initiative.

Chief executive officer's review cont.

2009

South African power utility Eskom has given notice that the relief the country enjoyed during the past year from shortages in supply is drawing to an end as mothballed engines of industry are re-started – the first, early signs of an economic recovery. The return of power shortages, together with the tariff increases discussed above and the prospect of more to come to fund the enormous infrastructural development needed to increase power supply in the long term, will be particularly testing challenges for us in the year ahead.

We anticipate a review of the Mining Charter in the coming year. As a group we have fully embraced transformation and delivery on the targets that were agreed in the Social and Labour Plans (SLPs) developed in support of our mining licences. Good progress has been made in most areas and we report more fully on this in our Sustainable Development Report. We are optimistic that this review will take cognisance of the new and significant processes and systems that have been put in place at an operational level, and which are starting to deliver results.

Growth

We are on track to attain our production target of 2.2 million ounces in 2012. Our five major projects – Phakisa, Tshepong Sub-66 and Sub-71 Declines, the Elandsrand New Mine, the Doornkop South Reef and Hidden Valley – will take us most of the way, together contributing some 560 000 ounces. Expected productivity improvements will add another 100 000 ounces, and projects – such as the St Helena tailings project – will add a further 50 000 ounces.

Post year-end Harmony was appointed the preferred bidder for the Free State assets of Pamodzi Gold Free State (Proprietary) Limited, comprising President Steyn 1 and 2 shafts, Loraine 3 shaft, Freddies 7 and 9 shafts, a metallurgical gold plant and a dormant tailings storage facility. Synergies between these and our own existing Free State assets can contribute a further 110 000 ounces to our 2012 target.

We look towards further operational improvement from our continuing operations, bringing to account new projects such as the Saints gold surface re-treatment and the TPM uranium project (more detail of which is provided in the Exploration and New Projects section of this annual report on page 90). Our project pipeline is substantial and exciting with 17 projects currently on our radar screen in the short to medium term.

We have reported previously that we have looked at a number of potential acquisitions but so far, other than the Pamodzi Free State assets, have found none that meets our criteria. Broadly stated, the assets we seek to acquire should add value, reduce our dollar/ounce costs, improve the quality mix of our assets and have the potential to produce 150 000 ounces a year for a minimum of eight years. Most operations for sale require substantial capital to bring them to an acceptable level of profitability and the few projects available would incur enormous developmental costs. Our search will continue of course but, as an unhedged gold producer, our tolerance for debt is limited, and serves as a constant reminder to us of the need for prudence.

Longer term, we look to exploration – in which we have an excellent track record of success – to deliver further growth, both in South Africa and in PNG. Progress in the year under review and prospects are discussed in full in the Exploration and New Projects section of this annual report.

Sustainable development

As a resources company operating in developing economies, we are acutely aware of our responsibilities to a broad base of stakeholders, whose lives we affect in the course of our business.

Our sustainability priorities, overseen by our Sustainable Development Committee, are detailed in our Sustainable Development Report which is available on our website, www.harmony.co.za.

The report has been developed in accordance with the G3 guidelines of the Global Reporting Initiative (GRI) and, as required by GRI, we have declared a B+ level of reporting, verified by external auditors PricewaterhouseCoopers (PWC). Key performance indicators (KPIs) in the report have been assured by PWC.

It is pleasing to note that during the year under review, we were again admitted to the Socially Responsible Investment (SRI) index of the JSE Limited and responded to the Carbon Disclosure Project (CDP) on our assessment of the risks and opportunities posed by our carbon emissions in respect of climate change.

Key appointments

Several key appointments were made during the year. At our Corporate Office, Khanya Maluleke succeeded Marian van der Walt as Company Secretary when Marian took over as Executive: Corporate and Investor Relations. Post year-end, Leon le Roux was appointed Executive: Risk Management and Engineering; Matthews Dikane as Executive: Legal and Compliance; and Melanie Naidoo-Vermaak, as Executive: Environmental Management.

Five new general managers were appointed: Steven Green at the Virginia Operations; Theo Keyter at Elandsrand; Zweli Ndese at Bambanani; Beyers Nel at Kalgold; and Adrian Sobreira at Target.

Doubtless, management change during the protracted change process in which we have been engaged unsettles and takes its toll on performance but the negative impact has been short-lived. We now have in place a formidable executive and management team – experienced, empowered, motivated, focused and cohesive.

In early September 2009, we announced the appointment of Hannes Meyer to Harmony's executive management team as Financial Director Designate. Hannes brings with him extensive experience of the mining industry and was, until recently, Acting Chief Executive Officer and before that Chief Financial Officer of TEAL Exploration & Mining Inc.

Frank Abbott, Harmony's Interim Financial Director since August 2007, is to retire and will hand over his financial director responsibilities to Hannes on 1 November 2009, when Hannes will be appointed to Harmony's board as Financial Director. We are very pleased that Frank will remain as an executive director responsible for strategic planning to the end of December 2009.

Thanks

I would like to thank the board of directors and members of the executive, employees and their representatives, shareholders and stakeholders as a whole for their support during the year under review. The foregoing commentary has sought to reflect the progress the company has made, no aspect of which would have been possible without this support.

I would like to extend too my personal thanks to Frank Abbott, who returned to Harmony at a time when we needed a steady hand on our financial reins and transformed our balance sheet and revised the capital structure of the company. In no small way, this has contributed to our strength during the current global financial crisis. I am pleased that Frank has agreed to stay on to ensure an effective handover and continuity of financial responsibilities, and wish him well in his next venture. I am especially pleased that he has agreed to remain as a non-executive director of Harmony from January 2010

Delivering tomorrow's gold

We remain on track to deliver 2.2 million ounces by 2012 and expect to produce around 1.7 million ounces in FY10.

Today, we have a better understanding of all aspects of our business, from the orebodies themselves to the best ways in which to exploit them. We have a strategy with clear targets and deadline. Our plans are comprehensive and detailed, and we are confident of being able to deliver on them. We have substantial assets in our portfolio, a promising project pipeline and a highly competent team. We are well-placed to fund both internal and acquisitive growth and envisage capital expenditure of some R3.1 billion (US$0.4 billion) in FY10, R2.8 billion (US$0.4 billion) of that in South Africa.

At a macro level, there seems to be a glimmer of hope for a global economic recovery, although there is still a long, hard road to be travelled. While our product, gold, is set to fare the best amongst metals along the way, the likelihood of continuing rand strength and what this means for us as a largely South African gold producer cautions us against complacency.

A benefit of our being so close to the detail of our operations is that we can be very nimble in responding to market circumstances and can implement incremental cutbacks at marginal operations and readjust capital expenditure accordingly. So, while our production targets represent key objectives, we will only strive for these if they make economic sense. It remains important that we mine safe, profitable ounces.

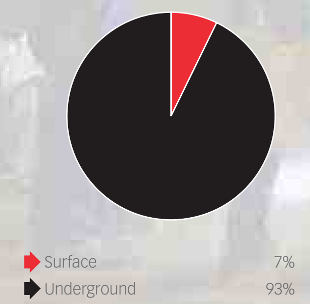
Finally, we are pleased to have been able to reward our shareholders with a dividend payment in FY09, which reflects the current healthy state of the business.

Graham Briggs
Chief executive officer
26 October 2009

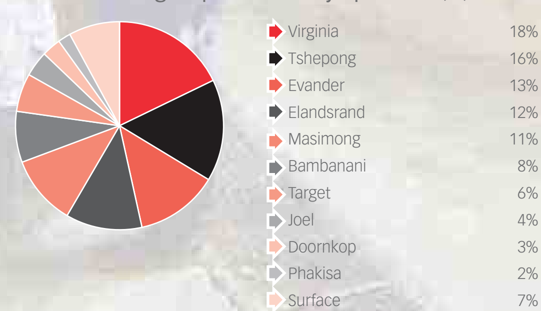
Review of operations and projects

Harmony's operations are located in the world-renowned Witwatersrand Basin, the Kraaipan Greenstone Belt and one of the world's newest, promising gold provinces, Papua New Guinea (PNG). Harmony has, over the past two years, embarked on a process to transform the company from a marginal, highly-leveraged and relatively short-life gold producer, to a sustainable, lower-cost, lower-risk company, with a substantial growth pipeline.

South Africa – Surface versus underground (%) FY09



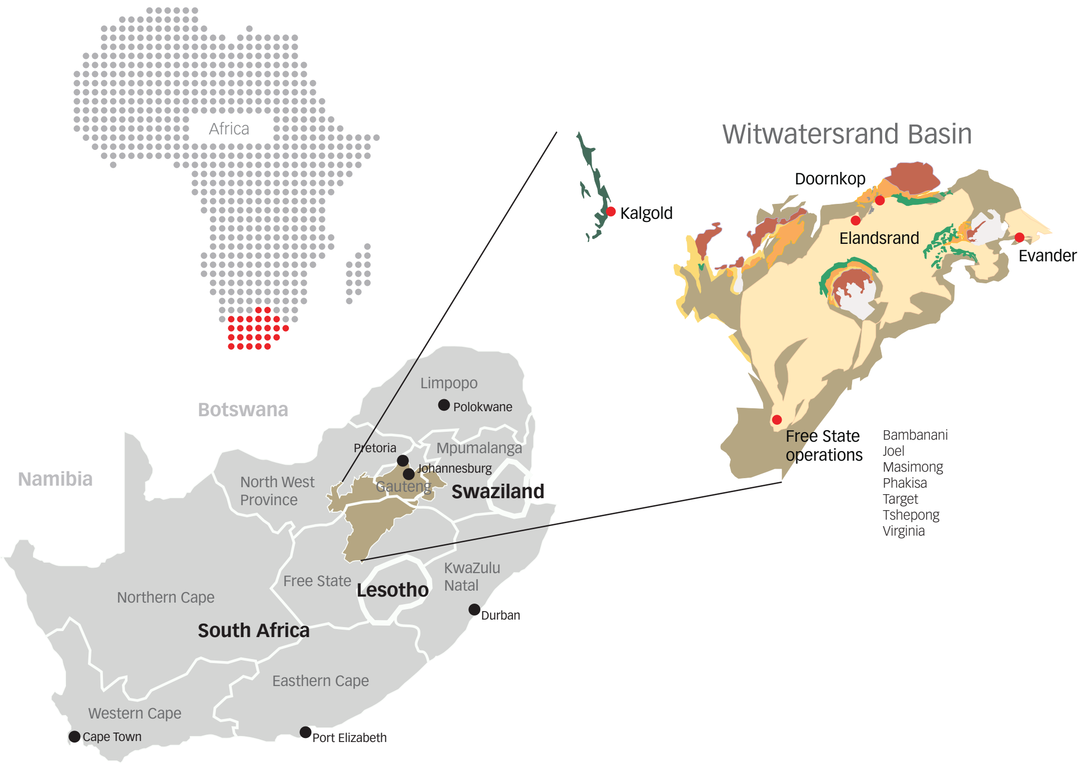
South Africa – gold production by operation (%) FY09



Review of operations and projects, Alwyn Pretorius, Bob Atkinson and Tom Smith

South Africa

Harmony's South African operations comprise mainly underground mines (10), the Kalgold open pit mine, the Phoenix project and other surface operations, as well as eight gold plants. Together these mines produced 1 460 831 ounces of gold (45 437 kilograms) during the year, which is a similar level to last year's production (FY08: 47 419 kilograms; 1 524 557 ounces). This level of production was achieved despite the sale of the Cooke operations, which came into effect in early FY09, and the down-scaling of operations at a number of shafts in response to the South African electricity crisis in FY08.



Underground sources made up 93% of Harmony's FY09 production, with the balance coming from Kalgold, Project Phoenix and other surface sources. Four operational complexes currently dominate production, namely Virginia (18%), Tshepong (16%), Evander (13%) and Elandsrand (12%). This production profile is likely to change going forward as projects ramp up and grow their output.

Review of operations cont.

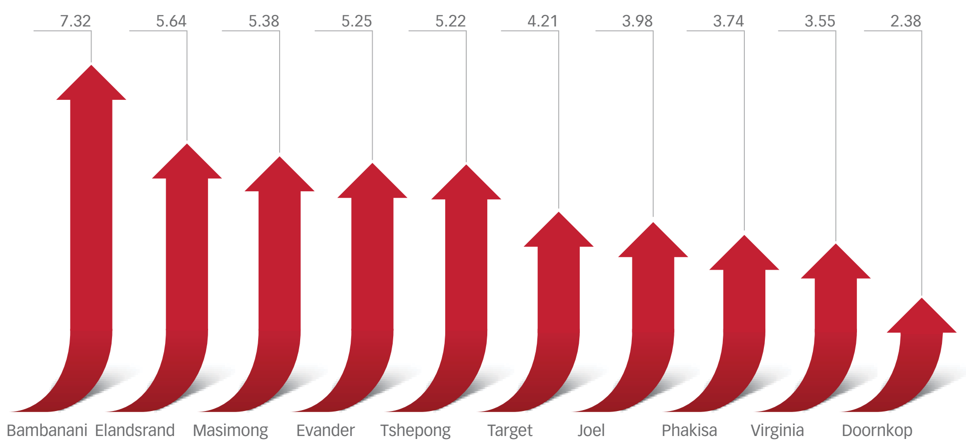
2009

Gold production South Africa – Continuing operations*

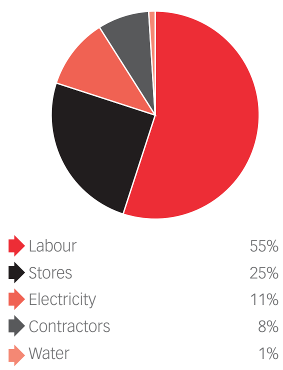
	Kilograms produced		Ounces produced		% change
	FY09	FY08	FY09	FY08	
Underground					
Bambanani	**3 780**	4 817	**121 530**	154 879	**(22)**
Doornkop	**1 311**	1 370	**42 150**	44 038	**(4)**
Elandsrand	**5 422**	5 108	**174 321**	164 215	**6**
Evander	**5 912**	7 210	**190 075**	231 799	**(18)**
Evander 2 & 5	**1 354**	1 814	**43 532**	58 328	**(25)**
Evander 7	**1 016**	1 693	**32 665**	54 413	**(40)**
Evander 8	**3 542**	3 703	**113 878**	119 058	**(4)**
Joel	**2 043**	1 852	**65 684**	59 557	**10**
Masimong	**4 791**	3 621	**154 034**	116 424	**32**
Phakisa	**691**	125	**22 216**	4 024	**>100**
St Helena	**0**	259	**0**	8 305	**(100)**
Target	**2 713**	2 476	**87 225**	79 602	**10**
Tshepong	**7 178**	8 271	**230 778**	265 914	**(13)**
Virginia	**8 030**	7 708	**258 170**	247 820	**4**
Harmony 2	**1 521**	1 484	**48 901**	47 716	**2**
Merriespruit 1	**1 678**	1 446	**53 949**	46 494	**16**
Merriespruit 3	**1 292**	1 246	**41 539**	40 048	**4**
Brand 3	**1 368**	1 450	**43 982**	46 615	**(6)**
Unisel	**2 171**	2 082	**69 799**	66 947	**4**
Surface					
Kalgold	**2 015**	2 869	**64 784**	92 229	**(30)**
Phoenix	**695**	1 002	**22 345**	32 210	**(31)**
Other	**856**	731	**27 519**	23 541	**17**
Total	**45 437**	**47 419**	**1 460 831**	**1 524 557**	**(4)**

*excludes production from Randfontein prior to that operation being sold.

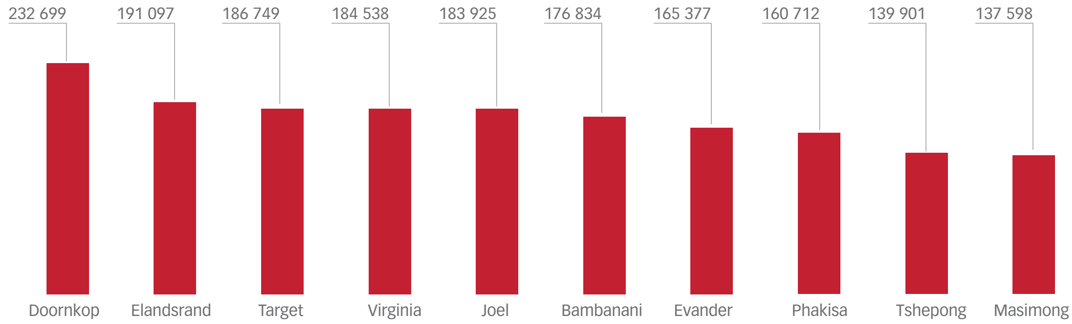
Grade South Africa (g/t)



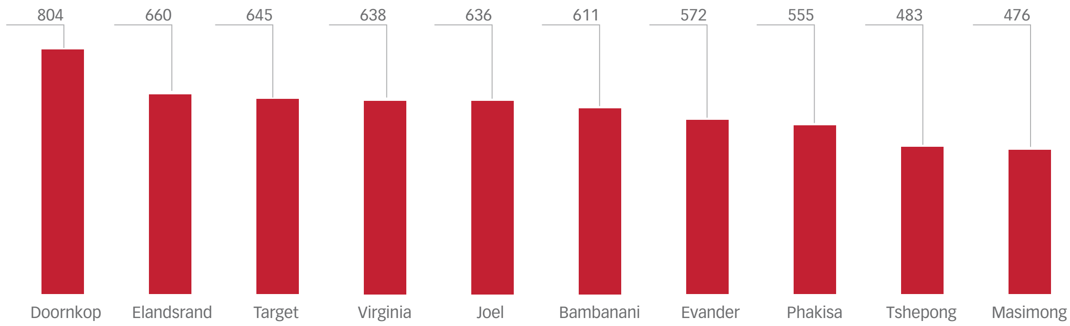
Components of costs (%)
30 June 2009



Cash costs South Africa (R/kg)



Cash costs South Africa (US$/oz)



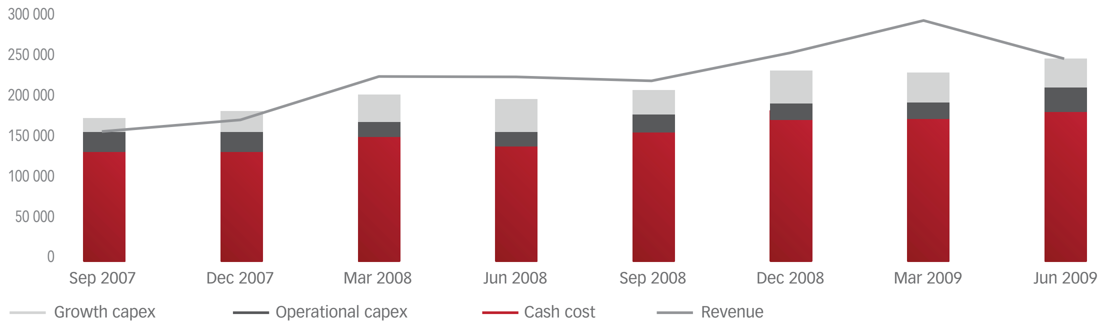
In total, Harmony's operations generated revenue of R11 496 million (US$1 277 million) and a cash operating profit of R3 839 million (US$427 million) for the year.

Review of operations cont.

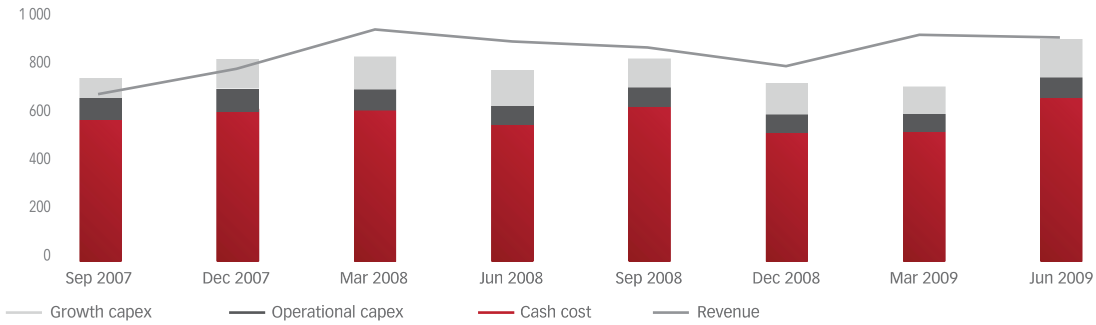
Cash operating costs, at R168 661/kg (US$583/oz), were well-contained despite significant inflationary pressure during the year. Key cost drivers continued to be higher electricity tariffs, labour costs and rising costs related to consumables.

A two-year wage agreement was reached in August 2009. This provides for a wage increase of between 9% and 10.5% across the bargaining units, which will be an effective 9.3% increase in labour costs. In the second year, a guaranteed wage increase of 7.5% or the Consumer Price Index (CPIX) plus 1%, whichever is the higher of the two, has been agreed.

On track to profitability – Cash costs – (R/Kg)



On track to profitability – Cash costs – ($/oz)



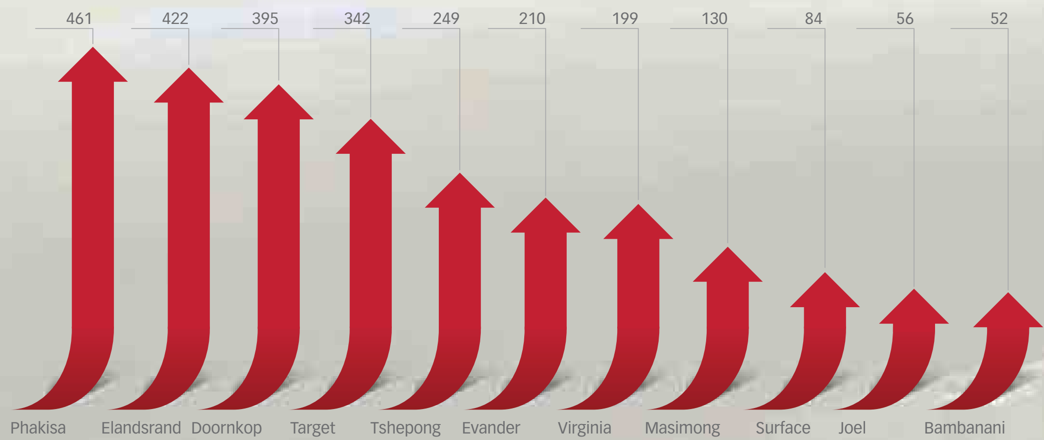
The average underground grade for the year was 4.64 g/t, while the average surface grade was 0.40 g/t. In FY08, these were 4.73 g/t and 0.53 g/t respectively.

Over the past two years, Harmony has placed significant emphasis on ore reserve development with the aim of improving flexibility and therefore also productivity at its operations. For FY09, a total of 123 245 metres were developed, which resulted in the overall planned m²/metre development ratio for the South African underground operations being met.

Capital expenditure of R4.4 billion (US$487 million) – R2.6 billion (US$289 million) in South Africa and R1.8 billion (US$198 million) in PNG – remained high as the group continued to transform its operations into longer-life, higher-value mines and invested more in the development of the orebodies.

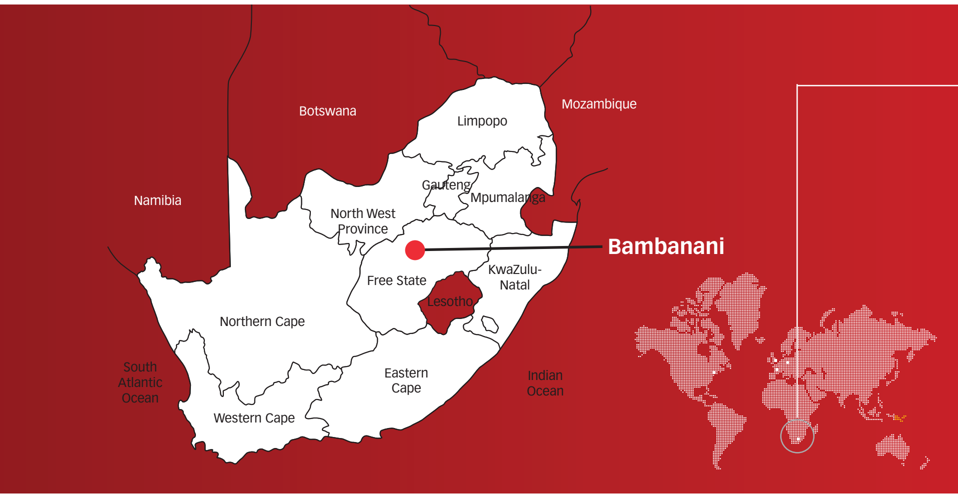
The review that follows provides greater operational detail. Operational information on a quarterly basis is available on our website at www.harmony.co.za. For the first time Harmony has provided an indication of the outlook for its operations in the next financial year. This information is based on current planning and assumes that the current situation (gold price, exchange rate) will prevail. Inflation has not been built into the estimate of costs.

Capital expenditure* – South Africa (Rm)



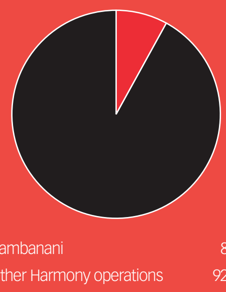
*Includes capital expenditure for plants and surface sources

Review of operations cont.



Bambanani

Bambanani's contribution to production in FY09



Description

Located in the Free State, near Welkom, Bambanani comprises one surface shaft with a sub-shaft that feeds the Harmony 1 Plant, located some 7 kilometres away. Harmony initially acquired Bambanani as part of the acquisition (in a 50:50 joint venture with ARMgold) of the Freegold operations (made up of Bambanani, Phakisa and Tshepong) from AngloGold Ashanti Limited in January 2002. In September 2003, Harmony acquired these operations in their entirety.

This deep-level operation (3 680m below surface) undertakes largely scattered mining on the Basal Reef, with some remnant pillar extraction (around 25%). Development is currently under way for the extraction of the shaft pillar, where stoping operations are due to begin in 2012.

In FY09, Bambanani employed 2 709 people – 2 493 employees and 216 contractors.

Mineral resources and ore reserves

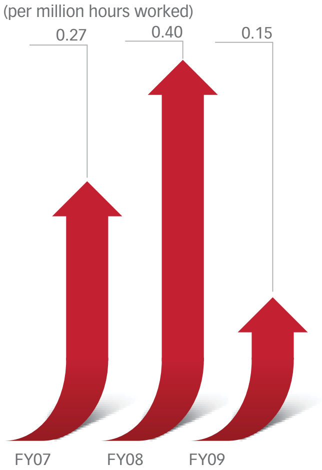
At the end of June 2009, Bambanani reported ore reserves of 1.385 million ounces of gold and mineral resources of 7.181 million ounces. Bambanani currently has an expected life-of-mine of 12 years. See pages 118 to 124 for more details.

Bambanani	Mineral resources				Ore reserves		
	Measured	Indicated	Inferred	Total	Proven	Probable	Total
Oz (000)	4 087	1 993	1 101	7 181	965	420	1 385
Tonnes (Mt)	11.4	6.4	3.8	21.6	3.5	1.2	4.7
Grade (G/t)	11.20	9.67	9.02	10.36	8.48	10.90	9.09

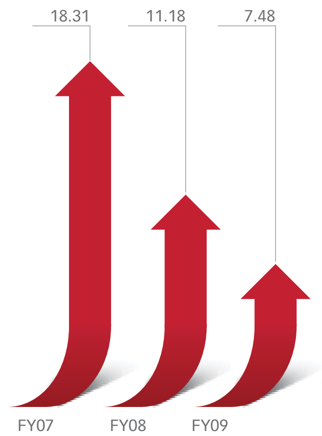
Safety

Safety performance improved dramatically at Bambanani in FY09. Regrettably, one fatality was recorded during the year (three in FY08), resulting in an FIFR of 0.15 per million hours worked (FY08: 0.40). This represents an improvement of 63%. The LTIFR of 7.48 per million hours worked for the year (FY08: 11.18) was also much improved (33%) reflecting the overall improvement in safety performance of this mine. A behaviour-based safety intervention has been initiated at the mine.

Bambanani FIFR
(per million hours worked)



Bambanani LTIFR
(per million hours worked)

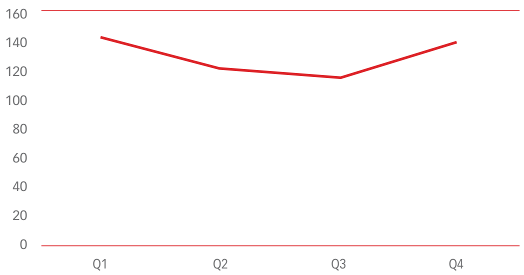


Bambanani key statistics:

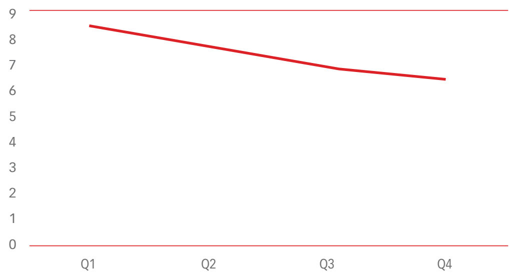
	Unit	FY09	FY08	FY07
Production				
Volumes milled	000 t (metric)	**517**	827	1 164
	000 t (imperial)	**570**	912	1 283
Gold produced	kg	**3 780**	4 817	6 130
	oz	**121 530**	154 879	197 084
Average grade	g/t	**7.32**	5.82	5.27
	oz/t	**0.213**	0.170	0.154
Financial				
Revenue	R million	**924**	932	902
	US$ million	**103**	128	126
Cash costs	R/kg	**176 834**	148 671	138 597
	US$/oz	**611**	639	599
Cash operating profit	R million	**273**	191	71
	US$ million	**31**	26	11
Capital expenditure	R million	**52**	107	125
	US$ million	**6**	15	17

Bambanani key quarterly indicators: FY09

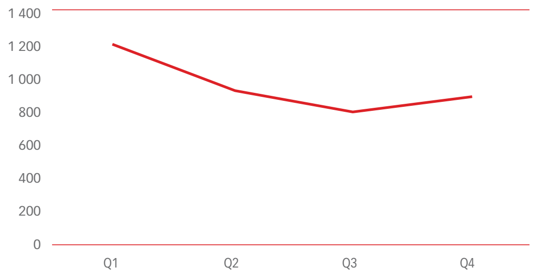
Tonnes (000)



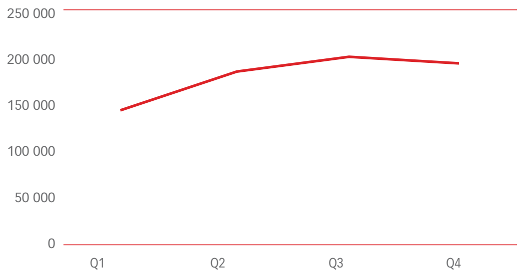
Grade (g/t)



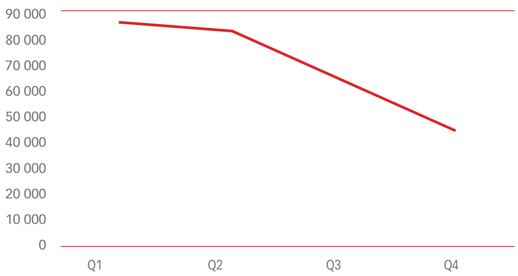
Gold produced (kg)



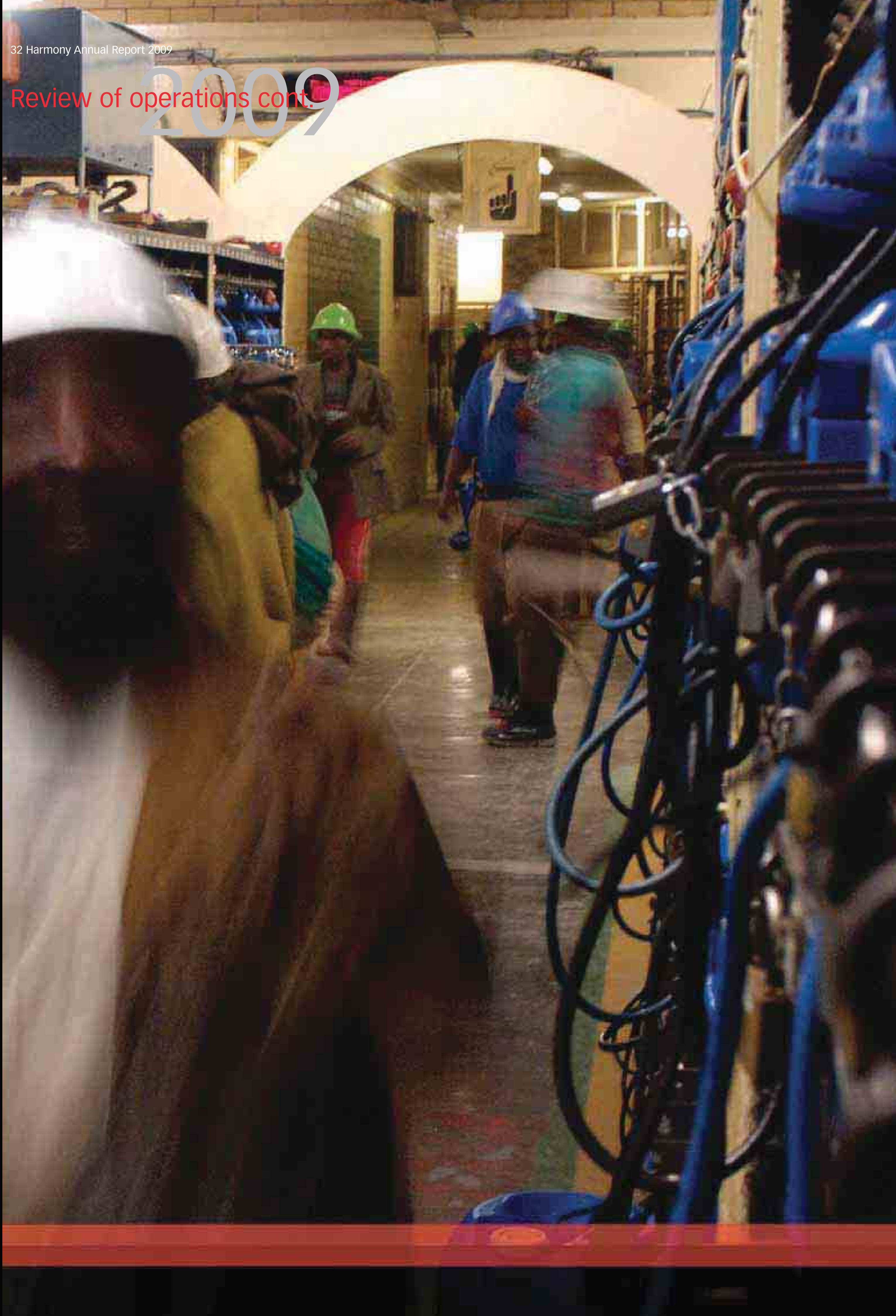
Cash cost (R/kg)



Cash profit (R000)



Review of operations cont.



The year in review

Implementation of the revised mining plan to convert Bambanani to a high-grade, low-volume operation continued, but there were some set-backs.

While tonnes mined were on target, several fires occurred in the second quarter in high-grade areas. The average grade for the year was negatively affected as a result, as crews had to be deployed to lower grade panels. In addition, the mine was affected by troublesome industrial relations activities which were resolved by year-end.The split reef/waste hoisting process put in place to some extent ameliorated this loss in grade. Two of the affected areas are being systematically reopened, and will become available in FY10.

Overall, volumes mined reduced by 37% to 517 000 tonnes. While the grade achieved in the first quarter reached a pleasing 8.37g/t, this was down to 6.30g/t in the final quarter, and was 7.32g/t for the year, an increase of 26% on the prior year. Plans are in place to prepare for mining of the high-grade shaft pillar in such as way as to minimise risk and maximise the opportunity this presents.

The Bambanani Shaft Pillar Project will be accessed from West Shaft (which will be reopened for this purpose) and release an expected 87% of the resource. The cost of the project is expected to be some R309 million (US$40 million) and is expected to reach full production in June 2013.

As a result of substantially declining volumes, gold production for the year fell by 22% to 3 780 kilograms (121 530 ounces). Cash costs rose to R176 834/kg (US$611/oz), a result of higher fuel, steel and electricity costs. Cash operating profit, at R273 million (US$31 million) for the year, was significantly higher than in FY08, bearing out the validity of Harmony's turn-around strategy at this operation.

Capital expenditure of R52 million (US$6 million) for the year was significantly down on that in FY08, and was spent mostly on ongoing development and engineering equipment.

Outlook*

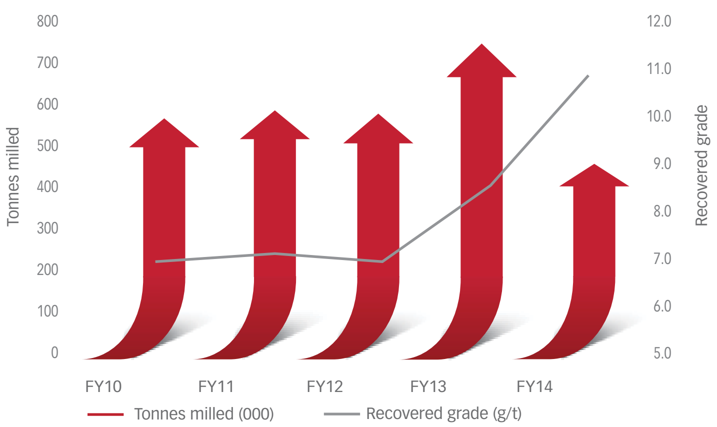
Production is expected to rise to around 572 000 tonnes in FY10, at an average grade of 7.15 g/t. Grade is expected to further improve once the shaft pillar is exploited, rising from FY12 onwards. Gold production is therefore expected to peak in FY13 at 6 000 kilograms (193 000 ounces).

Cash costs** are expected to be stable at around R190 000/kg (US$725/oz), again with a substantial decline in cash costs coinciding with the mining of the shaft pillar from FY13.

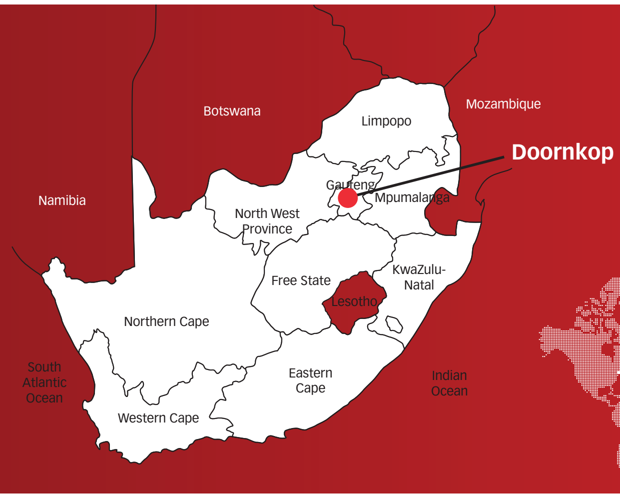
Capital expenditure** of R117 million million (US$15 million) is planned for FY10 – R26 million (US$3 million) on ongoing development, R18 million (US$2 million) on major equipment maintenance and R73 million (US$9 million) on the shaft pillar project.

* Please refer to the forward-looking statement on the inside front cover of this report
** June 2009 money terms. The exchange rate as at 30 June 2009 of R7.72/US$ has been used for all forward-looking conversions.

Bambanani: Five-year production profile

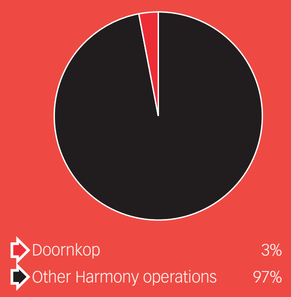


Review of operations cont.



Doornkop

Doornkop's contribution to production in FY09



Description

Doornkop, which is situated 30 kilometres west of Johannesburg in the province of Gauteng, is a joint venture with BEE company African Vanguard Resources (Pty) Ltd, which has a 26% share in the mine.

Doornkop comprises a single shaft system of intermediate depth (maximum depth of 1 973m) and is serviced by the Doornkop carbon-in-pulp (CIP) Gold Plant.

At Doornkop, both the Kimberley and South reefs are mined by means of narrow reef, conventional mining and mechanised bord and pillar mining. Production at the Doornkop South Reef Project, on which development began in FY03 and which enables access to the higher grade South Reef, began in FY08. The project is currently being ramped-up, with full production scheduled for FY15.

In FY09, Doornkop employs 2 532 people – 1 876 employees and 656 contractors.

Mineral resources and ore reserves

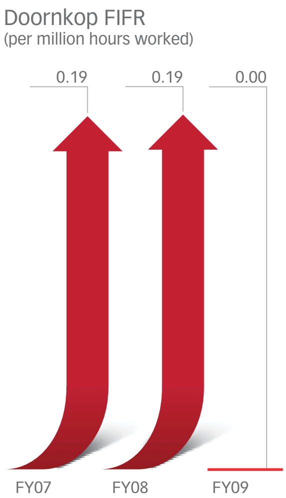
At the end of June 2009, Doornkop reported ore reserves of 0.223 million ounces and mineral resources of 21.044 million ounces. Doornkop currently has an expected life-of-mine of 15 years.

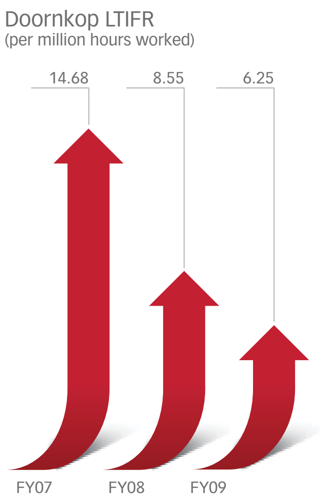
The mine's geological model on the South Reef continued to be improved as new information from delineation drilling and development became available. Additional exploration drilling will be undertaken in FY10 to increase the rate of gaining geological information on the South Reef orebody. Drilling platforms are being developed to enable exploration drilling to take place and to access the South Reef orebody in addition to normal access development. The objective of the additional exploration drilling is to reduce the risk of unknown geology and to improve the confidence levels of resources. See pages 131 to 133 for more detail.

Doornkop	Mineral resources				Ore reserves		
	Measured	Indicated	Inferred	Total	Proven	Probable	Total
Oz (000)	1 073	839	19 132	21 044	70	153	223
Tonnes (Mt)	9.7	8.1	182.2	200.0	0.7	1.2	1.9
Grade (G/t)	3.43	3.23	3.27	3.27	3.55	3.85	3.75

Safety

Doornkop's safety performance continued to improve during the year, with the mine recording 16 months without a fatal accident. There were no fatal accidents at the mine in FY09 (FY08: one), while the LTIFR improved to 6.25 per million hours worked in FY09, from 8.55 in FY08.



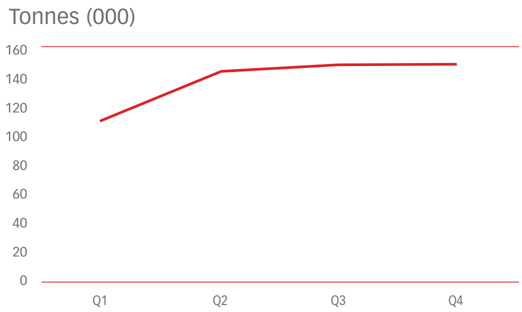


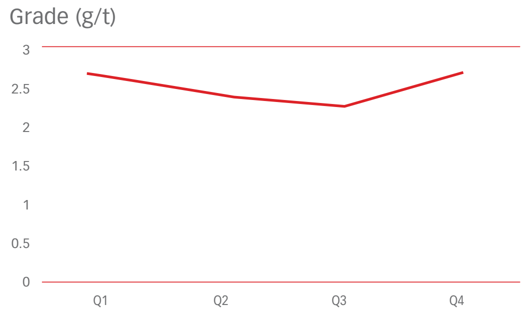
Doornkop key statistics:

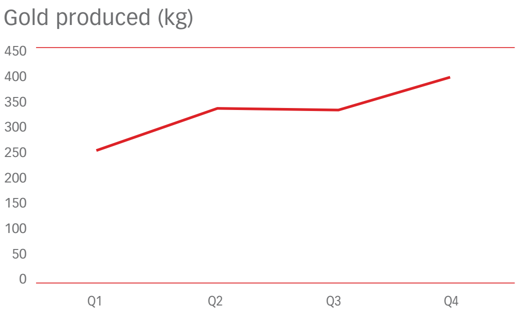
	Unit	FY09	FY08	FY07
Production				
Volumes milled	000 t (metric)	**549**	448	541
	000 t (imperial)	**605**	494	597
Gold produced	kg	**1 311**	1 370	1 767
	oz	**42 150**	44 038	56 810
Average grade	g/t	**2.38**	3.06	3.27
	oz/t	**0.070**	0.089	0.095
Financial				
Revenue	R million	**343**	258	263
	US$ million	**38**	35	37
Cash costs	R/kg	**232 699**	175 178	101 312
	US$/oz	**804**	749	438
Cash operating profit	R million	**62**	33	82
	US$ million	**7**	4	12
Capital expenditure	R million	**395**	349	270
	US$ million	**44**	48	38

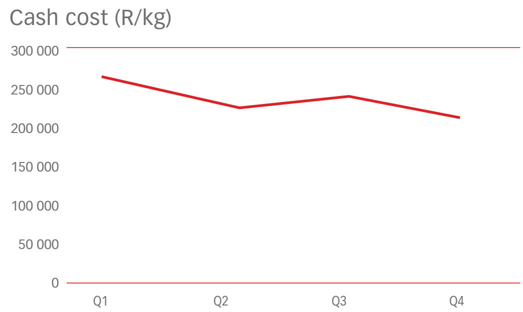
Review of operations cont.

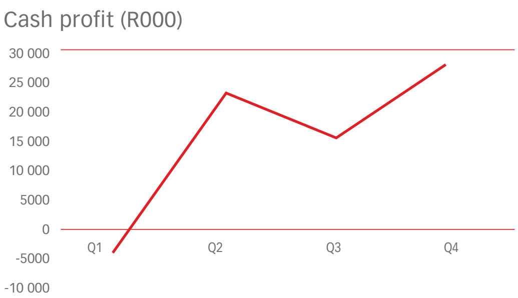
Doornkop key quarterly indicators:FY09











The year in review

Although performance at Doornkop improved year-on-year, FY09 was nonetheless disappointing as the operation reported ongoing under-performance against its plan. Production from the trackless mining sections on the Kimberley reef (76 and 106 levels) continued, but did not achieve the planned grade and volumes due to lower face grades and lower than normal trackless vehicle availability. Geological faulting on 192 level affected production build-up rates on the South Reef, as did the delays in the hoisting and water handling infrastructure capacity development. The latter was the main reason for the under-performance on the South Reef development and stoping objectives. Level 197 of the South Reef Project came into production in the second half of the year, boosting production from the project by more than 50% in the June 2009 quarter.

Despite the disappointing performance, volumes mined rose to 549 000 tonnes as the South Reef Project continued to ramp up.

The stoping plan is being built up to closely follow the development plan, with attention clearly being focussed on this critical factor. Development was much improved during the year with 97 729 metres achieved in FY09, on time and in line with plans.

The overall grade at Doornkop declined to 2.38g/t (FY08: 3.06g/t), mainly as a result of the decline in the grade mined on the Kimberley Reef and dilution of the South Reef ore. The delivered and recovered grade from the South Reef Project was negatively affected by dilution caused by the development waste rock that had to be tipped into the shaft reef system as a result of a delay in the commissioning of the waste rock handling system. The waste rock handling system was brought into operation during May 2009. The South Reef face grade is in line with expectations of 7.9 g/t.

The total amount of gold produced by Doornkop was 1 311 kilograms (42 150 ounces), 4% lower than production in FY08. Cash costs increased by 33% to R232 699/kg (US$804/oz) as a result of electricity tariff increases, higher labour costs and higher consumable store costs. A cash operating profit of R62 million (US$7 million) was reported at year-end.

Capital expenditure of R395 million (US$44 million) for the year was 13% higher than the previous year.

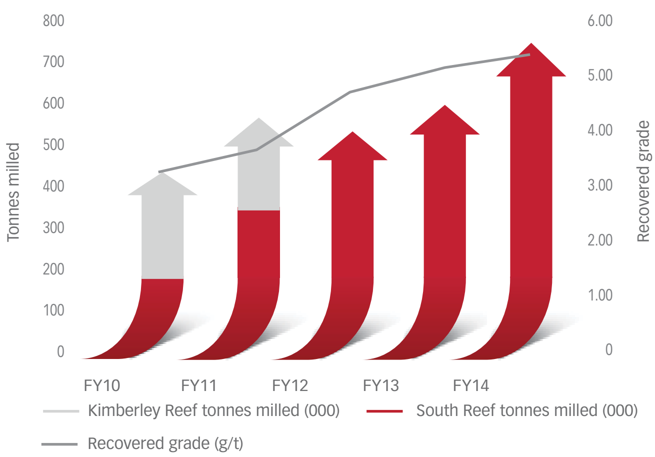
Outlook*

Trackless mining of the Kimberley Reef will continue for another two years while the build-up of production from the South Reef Project continues. Tonnes mined are expected to be in the region of 640 000 tonnes in FY10, at a recovered grade of 3.0 g/t. Cash costs** are anticipated to improve to approximately R172 000/kg (US$693/oz) in FY10.

Planned capital expenditure** for FY10 is R283 million (US$37 million) – R62 million ($8 million) on on-going development, R12 million (US$1.55 million) on other shaft capital and major equipment maintenance and R209 million (US$27 million) on the South Reef project.

* Please refer to the forward-looking statement on the inside front cover of this report
** June 2009 money terms. The exchange rate as at 30 June 2009 of R7.72/US$ has been used for all forward-looking conversions.

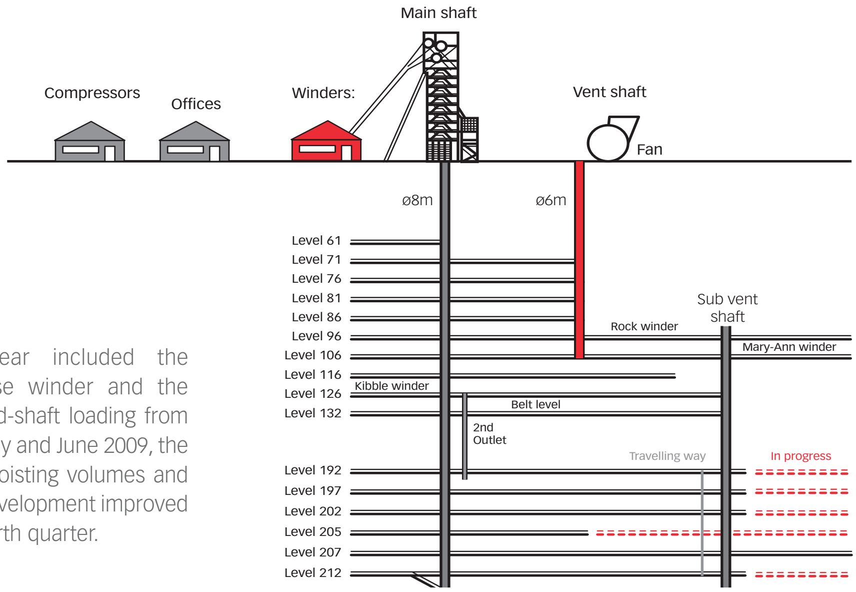
Doornkop: Five-year production profile



Review of operations cont.

Doornkop South Reef Project

Following the start of production on this project in FY08, the build-up in volumes was slower in FY09 than had been planned, largely a result of logistical constraints and delays related to the transport of men and material, as well as the hoisting of ore. Production build-up resulted in increased pressure on available shaft time, which in turn led to delays in shaft construction work.



Major milestones during the year included the commissioning of the dual purpose winder and the dedicated winder to 132 level for mid-shaft loading from the Kimberley Reef section. In both May and June 2009, the operation achieved record monthly hoisting volumes and metres of development. South Reef development improved by 24% and stoping by 33% in the fourth quarter.

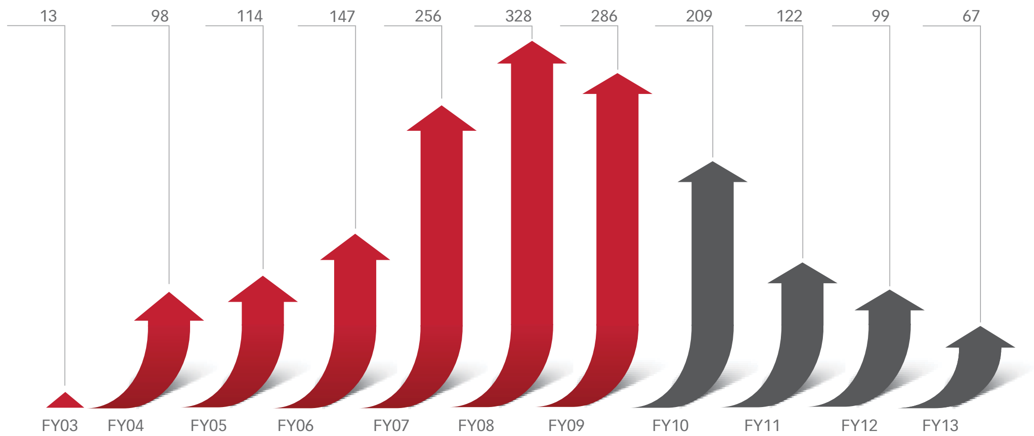
Future milestones include:

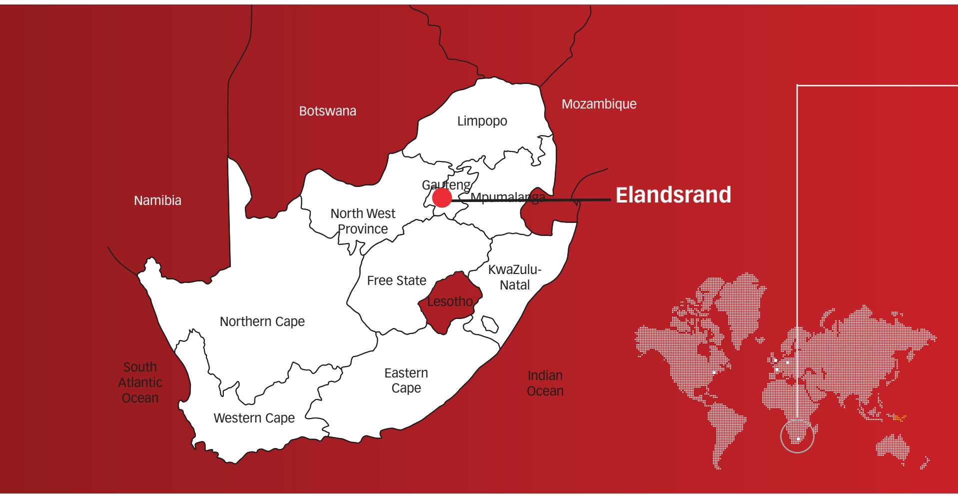
- commissioning of the main pump station in August 2009;
- implementation of ore tracking system in October 2009;
- installation of emergency generating capacity for the sub-shaft winder and completion of 202 level station modifications in January 2010;
- equipping of the rock winder compartment to shaft bottom (212 level) in February 2010; and
- completion of the construction contract in February 2010.

Key statistics

First production	July 2007
Full production	March 2015
Average annual production at full capacity	776 kg; 250 000 oz
Capital expenditure	R1.74 billion (US$186.5 million at R9.33/US$)
	R1.25 billion spent to date
Expected life-of-mine	15 years, to 2024
Average reserve head grade	4.28 g/t
Life-of-mine ounces	2.72 million

Doornkop South Reef Project capex
(R million)





Elandsrand

Elandsrand's contribution to production in FY09

Description

The Elandsrand mine, which is located on the Gauteng-North West Province border, near Carletonville, comprises twin vertical and twin sub-vertical shaft systems. The sub-vertical shafts, which access the deeper parts of the Ventersdorp Contact Reef, have been extended to a depth of 3 600 metres by the Elandsrand deepening project.

Elandsrand, which came into operation in 1978, was purchased from AngloGold Ashanti Limited in FY01.

Mining at Elandsrand is undertaken using conventional mining methods in a sequential grid layout. Work on the project is currently focussed on accessing and opening up areas of the new mine and the development and construction of the necessary support infrastructure. Ore mined at Elandsrand is treated at the Elandsrand Plant.

In FY09, Elandsrand employed 5 283 people – 4 691 employees and 547 contractors.

Mineral resources and ore reserves

At the end of June 2009, Elandsrand reported ore reserves of 7.541 million ounces and mineral resources of 11.556 million ounces. Elandsrand currently has an expected life-of-mine of 28 years. See pages 128 to 130 for more details.

Elandsrand	Mineral resources				Ore reserves		
	Measured	Indicated	Inferred	Total	Proven	Probable	Total
Oz (000)	3 313	7 812	431	11 556	2 395	5 146	7 541
Tonnes (Mt)	11.6	28.2	1.4	41.2	11.5	26.2	37.7
Grade (G/t)	8.87	8.63	9.28	8.72	6.50	6.11	6.23

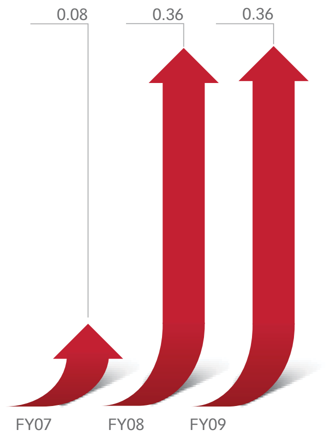
Review of operations cont.

Safety

Safety received particular attention at Elandsrand in FY09. Three fatal accidents in the first quarter of the year prompted a major senior management intervention. Chief Operating Officer Alwyn Pretorius was seconded to the mine in October 2009 for a period of six months to deal specifically with the issue of safety. As part of this process, operations in working places not regarded as being safe or production-worthy were immediately stopped and made safe, resulting in production losses of 300 kilograms (9 645 ounces) of gold. All stoping production crews underwent safety training on the mine's Qaphelangozi programme, a behaviour-based safety initiative. This intervention yielded substantial and immediate results, with a progressive improvement in safety performance, workplace conditions and production build-up having been achieved by year-end.

In total there were five fatal accidents in FY09, as compared to four fatalities in three accidents in FY08. No fatal accidents were experienced in the fourth quarter. While the FIFR for the year was unchanged at 0.36 per million hours worked, the LTIFR continued to improve to 12.67 per million hours worked, and from 20.01 in the first quarter to 5.84 in the fourth quarter.

Elandsrand FIFR
(per million hours worked)



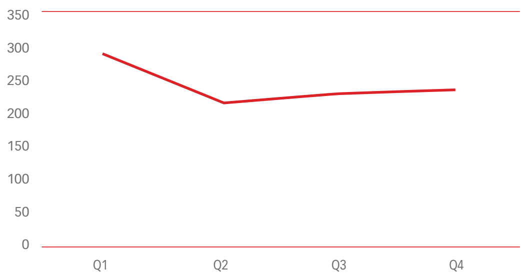
Elandsrand LTIFR
(per million hours worked)

Elandsrand key statistics:

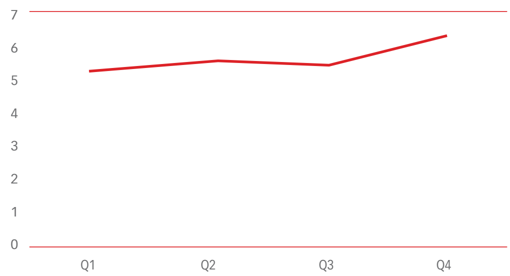
	Unit	FY09	FY08	FY07
Production				
Volumes milled	000 t (metric)	**962**	890	1 013
	000 t (imperial)	**1 061**	981	1 117
Gold produced	kg	**5 422**	5 108	6 078
	oz	**174 321**	164 215	195 412
Average grade	g/t	**5.64**	5.74	6.00
	oz/t	**0.164**	0.167	0.175
Financial				
Revenue	R million	**1 422**	964	895
	US$ million	**158**	133	124
Cash costs	R/kg	**191 097**	152 611	123 705
	US$/oz	**660**	652	535
Cash operating profit	R million	**366**	213	157
	US$ million	**41**	30	21
Capital expenditure	R million	**422**	318	238
	US$ million	**47**	44	33

Elandsrand key quarterly indicators: FY09

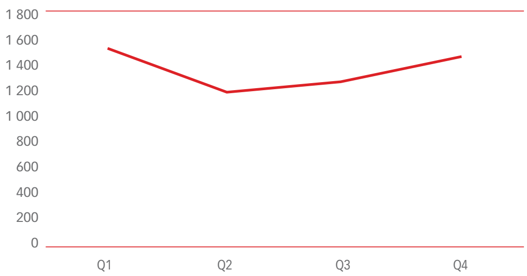
Tonnes (000)



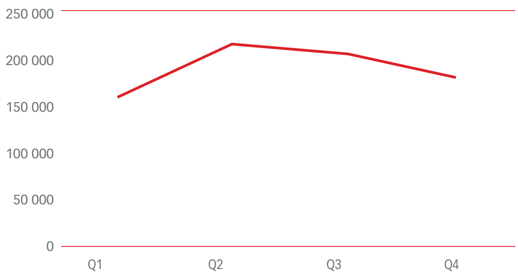
Grade (g/t)



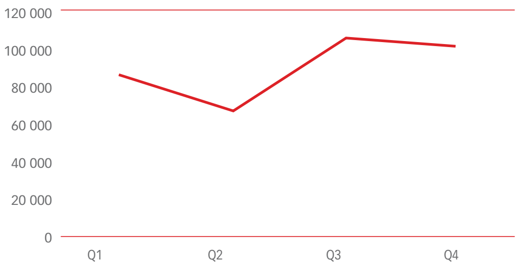
Gold produced (kg)



Cash costs (R/kg)



Cash profit (R000)



The year in review

Elandsrand's poor safety performance in the first half of FY09 (see above) marred the ramp-up profile of the new mine. Although volumes were higher than in FY08 at 962 000 tonnes, they were significantly lower than planned as a result of accidents, section 54 notices issued by the DMR following these accidents and revisions to mine plans undertaken so as to improve safety performance in a sustainable manner (see above). A steady improvement was achieved in the third and fourth quarters in both volumes and grade.

The average grade achieved was marginally lower year-on-year, declining from 5.74 g/t in FY08 to 5.64 g/t in FY09, as a result of the lower face grade mined. The disciplined approach to mining resulted in a much improved Mine Call Factor (MCF) – above 90% in the fourth quarter.

Gold production was higher, up by 6% at 5 422 kilograms (174 321 ounces), than in FY08, but again far lower than planned.

Cash costs too were higher than anticipated as a result of lower-than-planned production, higher electricity tariffs, labour costs and consumables. Cash costs were 191 097/kg, or US$660/oz. Elandsrand's cash operating profit was significantly higher, at R366 million (US$41 million) on the back of a higher revenue of R1 422 million (US$158 million).

Review of operations cont.

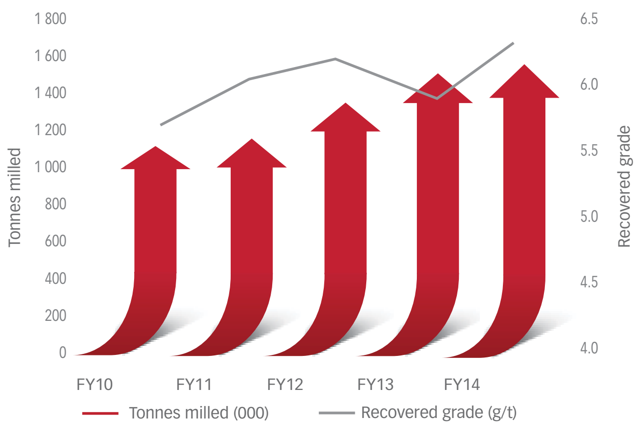
Outlook*

A conservative build-up in production is expected at Elandsrand in line with the life-of-mine plan. Tonnes milled should rise to 1 100 000 tonnes in FY10, at an average grade of 6 g/t. Grade should progressively increase as the mine reaches full production and progressively more mining takes place in the western high-grade facies where the Elsburg Reef sub-outcrops against the Ventersdorp Contact Reef, causing localised enrichment.

Total capital expenditure** planned for FY10 is R513 million (US$66 million) – R263 million (US$34 million) on on-going development, R40 million (US$5 million) on major equipment maintenance and R93 million (US$12 million) on other shaft capital. The balance of R117 million (US$15 million) is planned for the Elandsrand New Mine project.

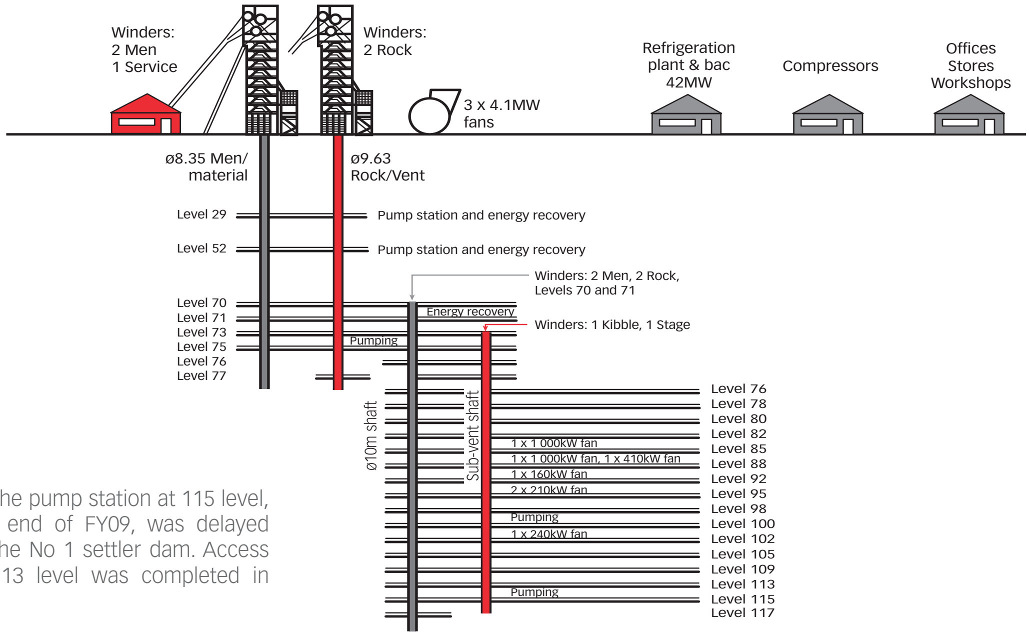
* Please refer to the forward-looking statement on the inside front cover of this report
** June 2009 money terms. The exchange rate as at 30 June 2009 of R7.72/US$ has been used for all forward-looking conversions.

Elandsrand: Five-year production profile



Elandsrand New Mine Project

Good progress continued to be made with the development and the build-up of production on the Elandsrand new mine project. The winder and headgear for the No 3 backfill shaft were installed and commissioned in May 2009 and sinking started. This shaft will supply feed and return chilled water to 109 and 113 levels. By year-end both 22 kV transformers had been installed and commissioned at 100 level, as had two of eight bulk air coolers. Commissioning of the second settler dam will begin once the dam wall and suction piping on 115 level has been completed. Progress was also made with the installation of the refrigeration plant pipes and the ventilation system.



Commissioning of the pump station at 115 level, scheduled for the end of FY09, was delayed owing to leaks in the No 1 settler dam. Access development on 113 level was completed in February 2009.

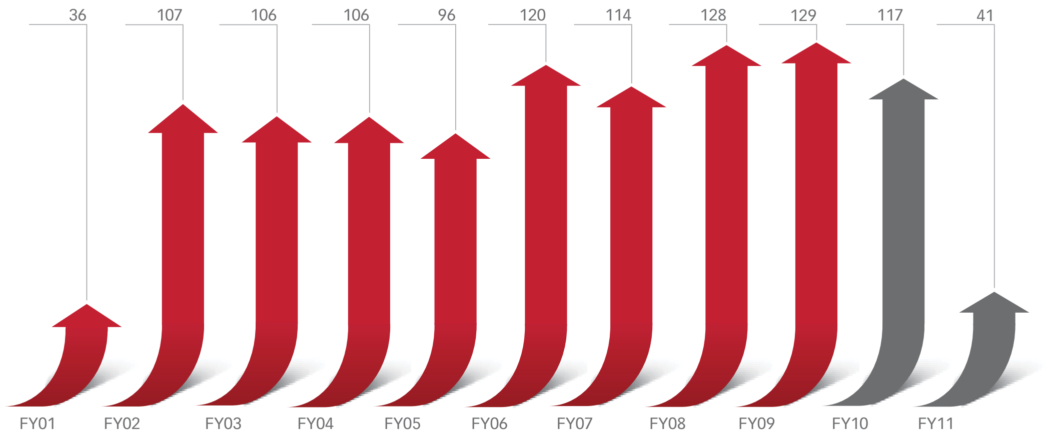
Future milestones include:

- completion of first raise on 109 level in September 2009;
- commencement of ledging on 109 level in October 2009;
- 113 level reaches reef in July 2009;
- first raise on 113 level in March 2011; and
- ledging commences on 113 level in June 2011.

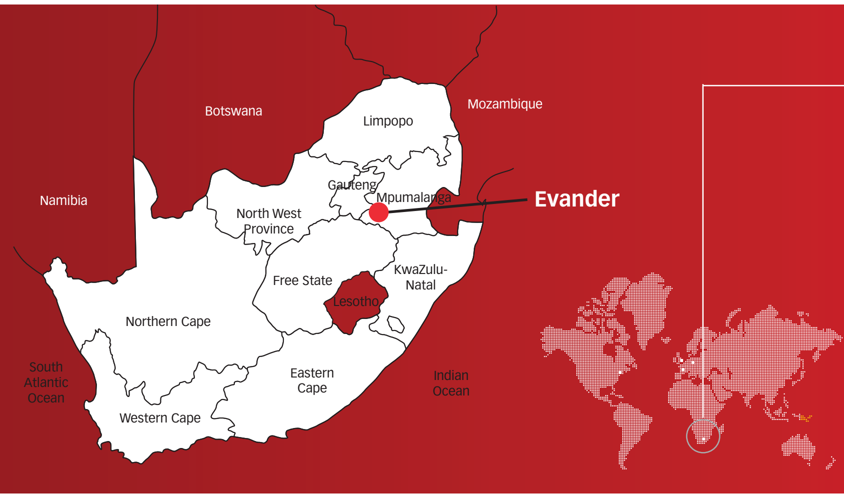
Key statistics

First production	October 2003
Full production	July 2013
Forecast annual peak production (FY13 to FY21)	9 651 kg; 310 000 oz
Capital expenditure	R1 098 million (US$140 million) R940 million spent to date
Expected life-of-mine	28 years to 2037
Average reserve head grade	6.27 g/t
Life-of-mine ounces	7.39 million

Elandsrand New Mine Project capex
(R million)

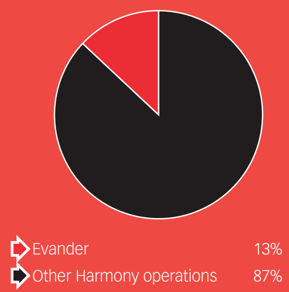


Review of operations cont.



Evander

Evander's contribution to production in FY09



Description

The Evander operations, located near the town of Evander in Mpumalanga, consist of four operating shafts, Evander 2 and Evander 5, which are managed as one unit, and Evander 7 and Evander 8. The shafts collectively mine the Kimberley Reef in the Evander Basin.

Ore mined at Evander 2 and 5 is milled and thickened at the Winkelhaak Plant from where the slurry is pumped to the carbon-in-leach (CIL) circuit at the Kinross plant at Evander 7. Ore from Evander 7 and 8 is milled and processed at the Kinross plant, which has a hybrid CIP/CIL process.

These are among the oldest shafts in the Harmony stable (between 30 and 45 years). The Evander 2, 5 and 7 shafts have limited expected lives (between one and four years), while Evander 8 shaft has an expected life-of-mine of around 18 years. A project to deepen this shaft, with additional declines and extensions to the infrastructure, is currently under way.

In FY09, the Evander operations employed 4 391 people – 3 985 employees and 406 contractors.

Mineral resources and ore reserves

At the end of June 2009, Evander reported ore reserves of 1.956 million ounces of gold and mineral resources of 21.526 million ounces at its current operations. A further 11.849 million ounces of reserves and 24.894 million ounces of resources were reported below infrastructure for the projects (Evander South, Poplar and Rolspruit). Exploration development towards the 2010 mega channel continued during the year. It should be noted that most of the reserves are below infrastructure. See pages 134 to 136 for further details.

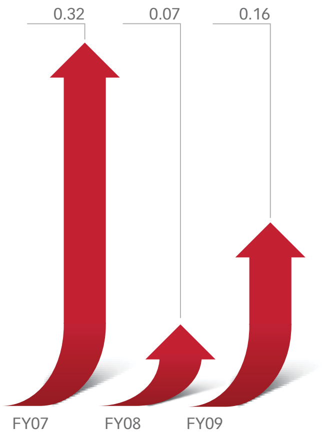
Evander operations	Mineral resources				Ore reserves		
	Measured	Indicated	Inferred	Total	Proven	Probable	Total
Oz (000)	4 776	4 083	12 667	21 526	522	1 434	1 956
Tonnes (Mt)	13.3	11.3	34.7	59.3	2.8	7.2	10.0
Grade (G/t)	11.20	11.18	11.36	11.29	5.79	6.21	6.09

Evander projects	Mineral resources				Ore reserves		
	Measured	Indicated	Inferred	Total	Proven	Probable	Total
Oz (000)	–	19 666	5 228	24 894	–	11 849	11 849
Tonnes (Mt)	–	65.8	38.7	104.5	–	49.4	49.4
Grade (G/t)	–	9.30	4.19	7.41	–	7.45	7.45

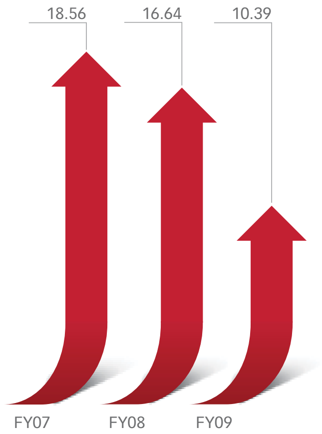
Safety

Evander 2 and 5 shafts won the Safety Achievement Flag presented by the Mine Health and Safety Council for 2008. Evander 8 shaft achieved 1.5 million fatality-free shifts during the year, while both the Winkelhaak Plant and the Evander operations as a whole achieved one million fatality-free shifts. Evander 7 shaft was accident-free for nine months. Regrettably, however, there were two fatalities in one incident at the Evander operations during the year as compared to one in FY08. The FIFR per million hours worked was 0.17, a deterioration on the performance of 0.07 in FY08, while the LTIFR of 10.16 was a substantial improvement on the 16.64 reported in FY08. Behaviour-based safety initiatives have been introduced at Evander to further improve safety performance.

Evander FIFR
(per million hours worked)



Evander LTIFR
(per million hours worked)



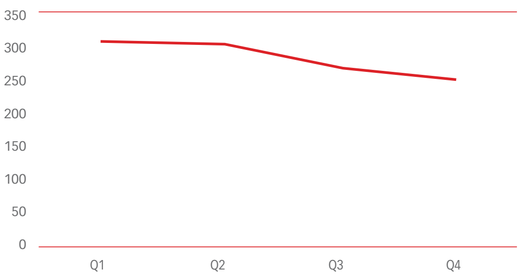
Evander key statistics:

	Unit	FY09	FY08	FY07
Production				
Volumes milled	000 t (metric)	**1 125**	1 312	1 511
	000 t (imperial)	**1 241**	1 447	1 667
Gold produced	kg	**5 912**	7 210	7 336
	oz	**190 075**	231 799	235 857
Average grade	g/t	**5.25**	5.50	4.86
	oz/t	**0.153**	0.160	0.141
Financial				
Revenue	R million	**1 514**	1 402	1 088
	US$ million	**168**	193	151
Cash costs	R/kg	**165 377**	121 641	114 656
	US$/oz	**572**	526	495
Cash operating profit	R million	**516**	486	272
	US$ million	**57**	66	38
Capital expenditure	R million	**210**	242	204
	US$ million	**24**	33	28

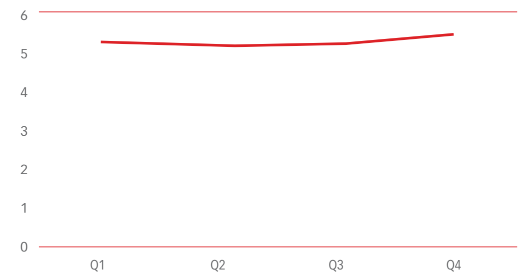
Review of operations cont.

Evander key quarterly indicators: FY09

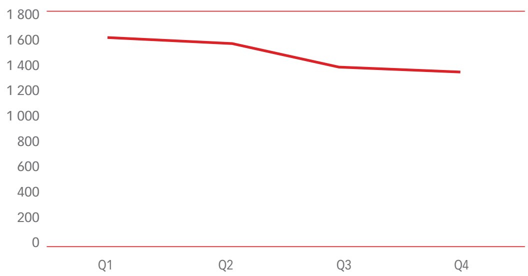
Tonnes (000)



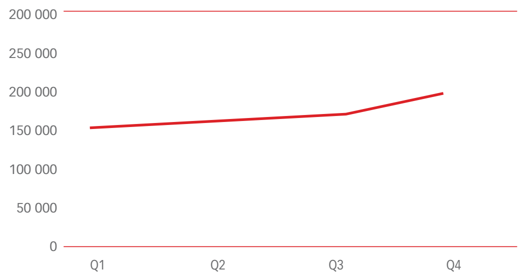
Grade (g/t)



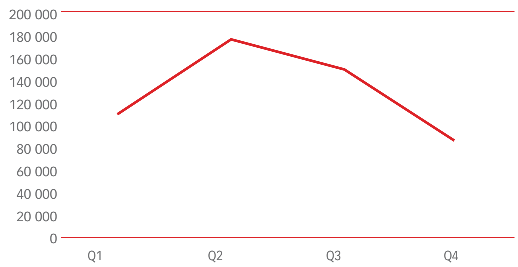
Gold produced (kg)



Cash cost (R/kg)



Cash profit (R000)



Year in review

Production at the Evander operations was disappointing in FY09:

- Production remained constrained by environmental conditions at Evander 8 shaft for most of the year. The raise borehole to supply cool air to 24 level from 17 level (thus improving working conditions), was completed later than planned (in the third quarter) and is expected to result in improved production going forward.
- Flooding of the pump chamber at Evander 2 resulted in a two-week production delay at both Evander 2 and 5. At Evander 2 in particular, high waste dilution, lower grade and logistical constraints further hampered production. While actions have been implemented to improve the underperformance at these shafts, restructuring may be unavoidable.
- Having undergone operational restructuring in FY08, performance at Evander 7 was much improved for most of the year. Volumes and grades increased and the life-of-mine was extended by an additional 12 months. However, lower volumes from the vamping section and a stope panel that could not be mined for safety reasons, resulted in lower production in the fourth quarter.

As a result of these factors, volumes dropped to 1 125 000 tonnes, a decrease of 14%. This, together with poor performance in the higher grade areas of Evander 8 and 2 shafts, as well as under-performance on the MCF at Evander 2 and 5 shafts, resulted in a decrease in gold production of 18%. Overall, the average grade for the year dropped to 5.25 g/t (FY08: 5.50 g/t).

Cash costs of R165 377/kg (US$572/oz) were up by 36% on the back of lower production and higher electricity costs, along with rising labour costs and consumables. Cash operating profit was up, at R516 million (US$57 million), from R486 million in FY08 and revenue increased year-on-year to R1 514 million (US$168 million).

Capital expenditure decreased by 13% to R210 million (US$23 million).

Surface material from the footprint of the old Leslie Plant and from waste rock dumps was also processed during the year. The 69 678 tonnes of material treated, at a grade of 1.84g/t, produced 128.5 kilograms (4 147 ounces) of gold and generated additional revenue of R32 million. Additional production from surface sources is planned for FY10.

Outlook*

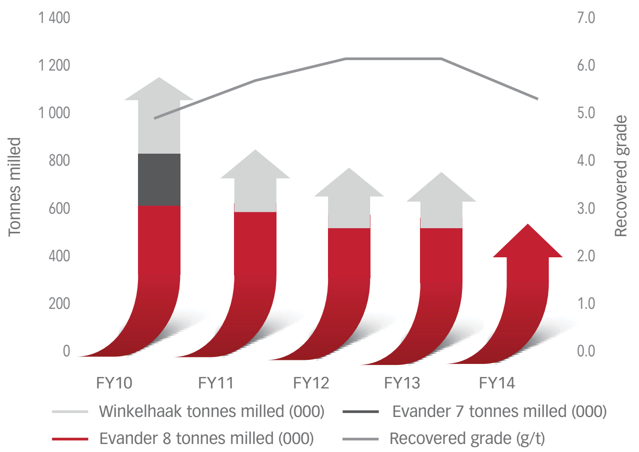
Scattered pillar mining and vamping will continue at Evander 2 and 5 shafts for the expected life-of-mine. The Winkelhaak plant will be closed in October 2009, when clean-up operations will begin and ore will then be transported by road to the Kinross plant for processing. Evander 7 shaft has a one year life-of-mine although further opportunity exists in respect of pillar mining and clean up operations. Exploration development and drilling of the 2010 mega channel has continued. The future of Evander 8 shaft depends on the deepening of the decline shaft to 26 level from 24 level. Ventilation, hoisting and logistics will continue to pose a challenge at Evander 8, although optimisation and improvement projects are in various stages of implementation.

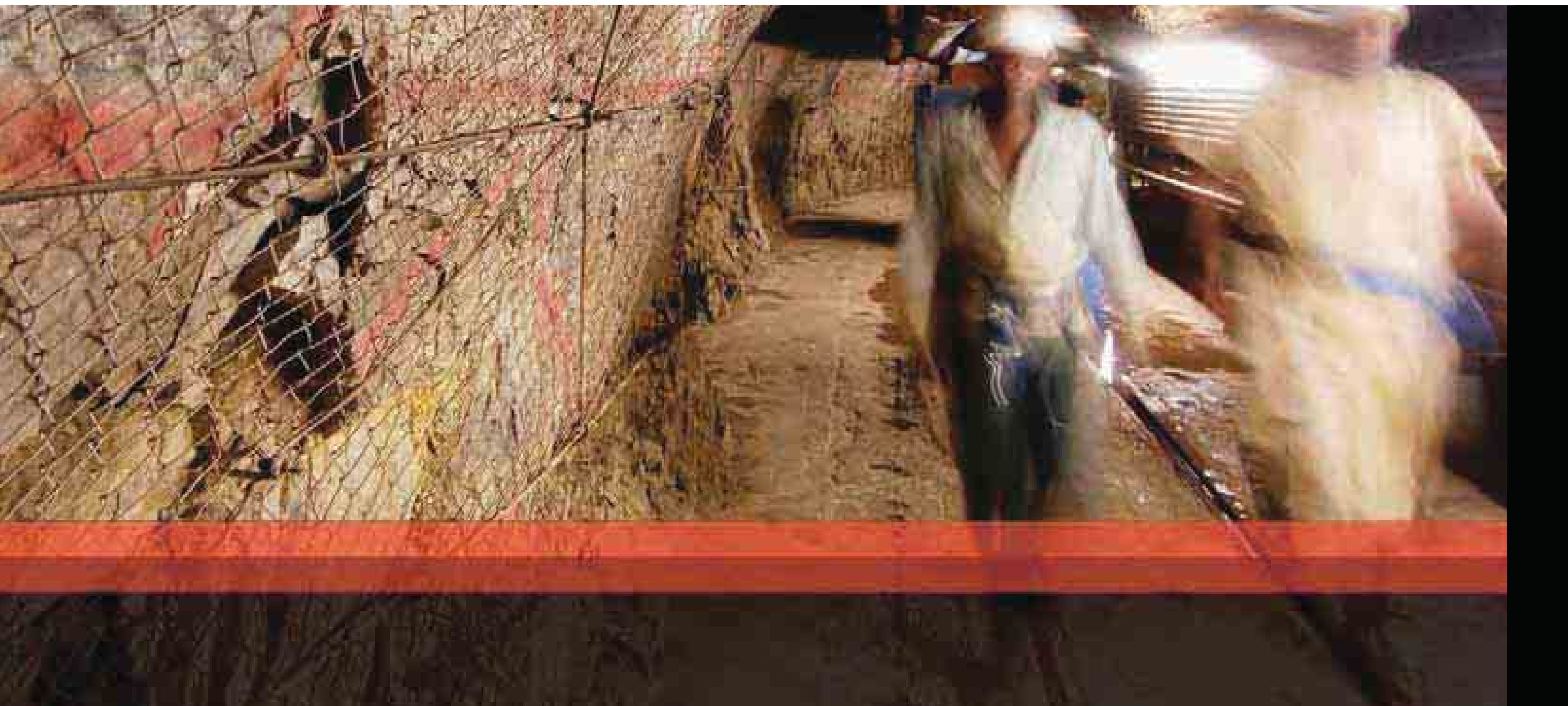
In FY10, volumes milled are likely to be approximately 1 150 000 tonnes. The average recovered grade is expected to drop to 4.9 g/t in FY10 because of the lower grade to be mined at Evander 8. Mining sequencing will result in more mining taking place on the edges of the payshoot, consequently resulting in lower grades.

Capital expenditure** of R181 million (US$23 million) is planned for FY10 – R88 million (US$11 million) on on-going development, R25 million (US$3 million) on major equipment maintenance and R68 million (US$9 million) on other shaft capital.

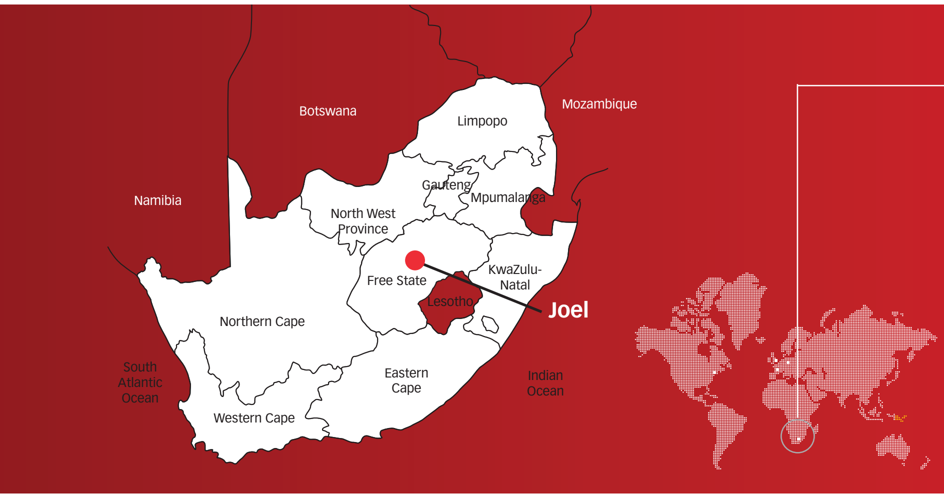
* Please refer to the forward-looking statement on the inside front cover of this report
** June 2009 money terms. The exchange rate as at 30 June 2009 of R7.72/US$ has been used for all forward-looking conversions.

Evander: Five-year production profile





Review of operations cont.



Joel

Joel's contribution to production in FY09

Description

Joel mine, which is located in the Free State, near the town of Theunissen, on the south-western edge of the Witwatersrand Basin, comprises two shafts. Ore mined is transported to Central Plant some 38 kilometres away for processing, although the Joel Plant is in the process of being recommissioned and should come into operation in November 2009.

Harmony acquired Joel from AngloGold Ashanti Limited as part of the Freegold transaction in January 2002.

Scattered mining takes place on the Beatrix Reef, down to a depth of some 1 400 metres. Upgrading of the infrastructure at North Shaft is currently in progress.

In FY09, Joel employed 1 543 people – 1 518 employees and 25 contractors.

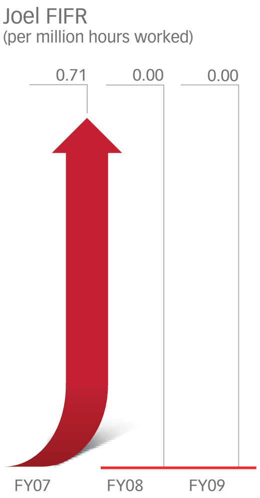
Mineral resources and ore reserves

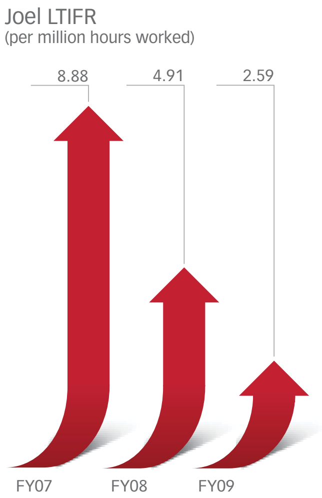
At the end of June 2009, Joel reported ore reserves of 0.565 million ounces and mineral resources of 4.330 million ounces. Joel's expected life-of-mine is in the region of eight years. Drilling of surface boreholes is currently under way in the deeper extension of the orebody towards the North to test the geology and to confirm grades, particularly the extension of the pay shoot. See pages 118 to 126 for further details.

Joel	Mineral resources				Ore reserves		
	Measured	Indicated	Inferred	Total	Proven	Probable	Total
Oz (000)	895	855	2 580	4 330	161	404	565
Tonnes (Mt)	4.3	3.9	12.3	20.5	0.9	2.2	3.1
Grade (G/t)	6.44	6.82	6.50	6.55	5.74	5.52	5.58

Safety

Safety performance at Joel continued to be exemplary. Joel has operated for two years and three months without a fatal accident, and has not had a fall of ground accident in over 18 months. The LTIFR improved by 47% from 4.91 per million hours worked to 2.59.





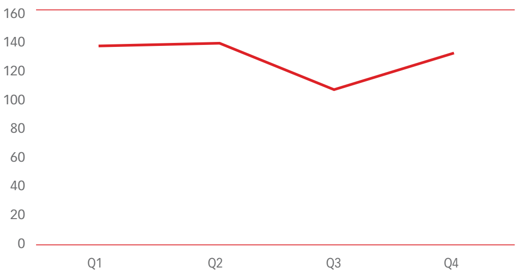
Joel key statistics:

	Unit	FY09	FY08	FY07
Production				
Volumes milled	000 t (metric)	**513**	407	457
	000 t (imperial)	**566**	449	504
Gold produced	kg	**2 043**	1 852	2 485
	oz	**65 684**	59 557	79 894
Average grade	g/t	**3.98**	4.55	5.44
	oz/t	**0.116**	0.133	0.159
Financial				
Revenue	R million	**503**	375	366
	US$ million	**56**	52	51
Cash costs	R/kg	**183 925**	148 035	98 956
	US$/oz	**636**	638	428
Cash operating profit	R million	**137**	91	125
	US$ million	**15**	13	18
Capital expenditure	R million	**56**	39	28
	US$ million	**6**	5	4

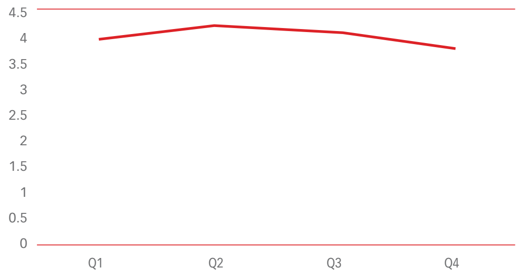
Review of operations cont.

Joel key quarterly indicators: FY09

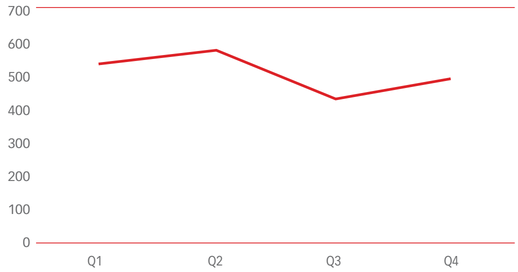
Tonnes (000)



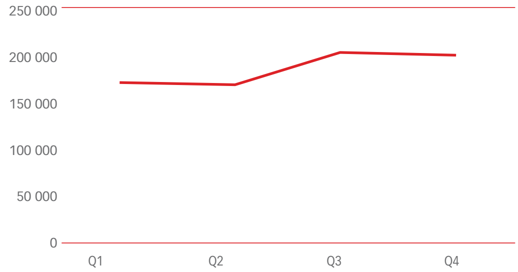
Grade (g/t)



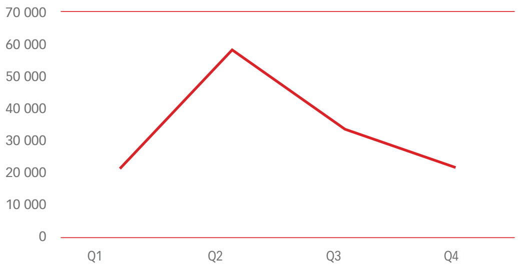
Gold produced (kg)



Cash cost (R/kg)



Cash profit R000



The year in review

Joel was beset by a series of operational problems that were consistently addressed during the year and overall performance improved substantially year-on-year.

The effects of the seismic event in the fourth quarter of FY08, that closed access to the four highest grade panels at the mine, continued into FY09. Access to these panels was re-established in November 2008, and extra vamping was undertaken to compensate for the loss of volumes.

Winder, loading and water problems were experienced during the year, hampering production. The north shaft winder rehabilitation programme was completed in the third quarter of the year, and it is expected that winder stoppages will be reduced in the future. The replacement of shaft guide ropes and the installation of pipes from 137 to 145 level to clean the north shaft bottom further exacerbated these production constraints. Lock-up tonnes, as a result of past winder problems, continued to be cleared.

Water still hampered development at 129 level where a system of dykes had to be negotiated and structures were put in place to ensure cover drilling and sealing operations took place. By year-end, development had advanced through most of the water-bearing structures, which will improve matters in FY10. Although some water may still be encountered in the main haulage, it will be less of a problem. The Klippan wash-out which was encountered to the east of Joel, has moved slightly further east enabling the development of two additional raise lines, which will assist in the build-up of production on 129 level.

Volumes mined increased by 26% year-on-year to 513 000 tonnes and gold production rose by 10% to 2 043 kilograms (65 684 ounces). Production is expected to improve further in FY10.

A concerted effort was made to increase development, particularly on 129 level, as this is critical to Joel's future. In total, 3 554 metres of development were undertaken in FY09, an increase of 66% on the prior year.

Grade control is well in place, but the lower average mining grade for the year resulted in a lower recovered grade of 3.98 g/t.

The Joel Plant will be recommissioned in November 2009. This will reduce transport costs and create the capacity to treat 40 000 tonnes of the waste rock dump material at Joel.

Cash costs, at R183 925/kg (or US$636/oz) continue to rise in response to higher electricity tariffs, higher labour costs and increases in the cost of consumables, although these were relatively well controlled. Cash operating profit was R137 million (US$15 million), a substantial increase on the prior year.

Capital expenditure for the year amounted to R56 million (US$6 million), and was spent mostly on on-going development and engineering equipment.

Outlook*

Production at Joel is expected to increase to 517 000 tonnes in FY10, while grade will rise to around 4.42 g/t. Gold production will consequently rise to some 2 288 kilograms (74 000 ounces). Cash costs are expected to decline.

Total capital expenditure** planned for FY10 is R67 million (US$9 million) – R36 million (US$5 million) on on-going development and R31 million (US$4 million) on major equipment maintenance and other shaft capital.

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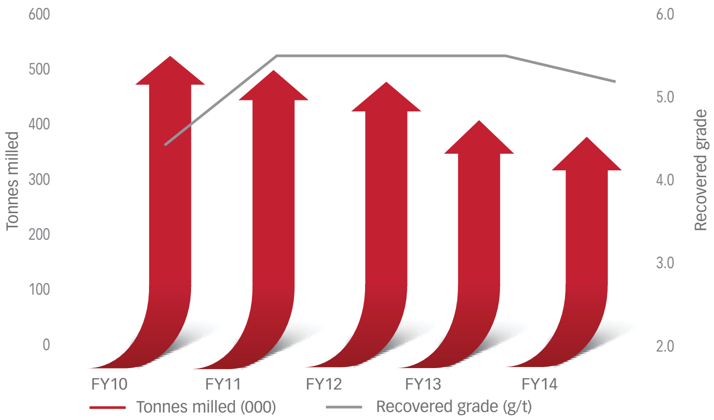
** June 2009 money terms. The exchange rate as at 30 June 2009 of R7.72/US$ has been used for all forward-looking conversions.

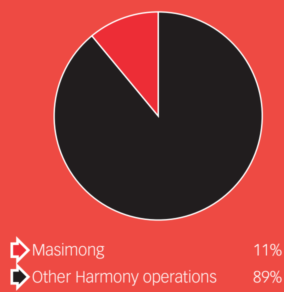
Joel: Five-year production profile



Review of operations cont.

Masimong

Masimong's contribution to production in FY09



Description

Located in the Free State, near Riebeeckstad, Masimong consists of an operating shaft – 5 shaft – and 4 shaft which, although closed, is used for ventilation, pumping and as a second outlet. Ore mined at Masimong is processed at the Harmony 1 Plant some 23 kilometres away. Masimong (formerly Saaiplaas) was purchased in September 1998 from AngloGold Ashanti Limited.

Conventional drill, blast and scraping mining operations are focussed on the Basal and B-Reef at Masimong. The shafts are intermediate in depth, extending to around 2 300m.

In FY09, Masimong employed 3 046 people – 2 949 employees and 117 contractors.

Mineral resources and ore reserves

At the end of June 2009, Masimong reported ore reserves of 0.984 million ounces of gold and mineral resources of 28.105 million ounces. The operation's expected life-of-mine is 12 years. See pages 118 to 125 for further details.

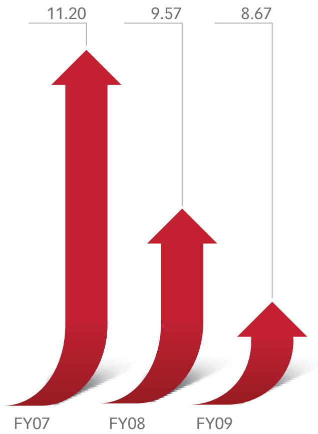
Masimong	Mineral resources				Ore reserves		
	Measured	Indicated	Inferred	Total	Proven	Probable	Total
Oz (000)	3 401	3 128	21 576	28 105	751	233	984
Tonnes (Mt)	14.0	14.9	100.3	129.2	4.5	1.4	5.9
Grade (G/t)	7.55	6.51	6.69	6.76	5.20	5.27	5.22

Safety

Regrettably there were two fatalities at Masimong during the year (FY08: one). The FIFR, at 0.27 per million hours worked, reflected this disappointing performance (FY08: 0.12). The LTIFR, however, declined by 9% to 8.67 per million hours worked (FY08: 9.57).

Masimong FIFR
(per million hours worked)

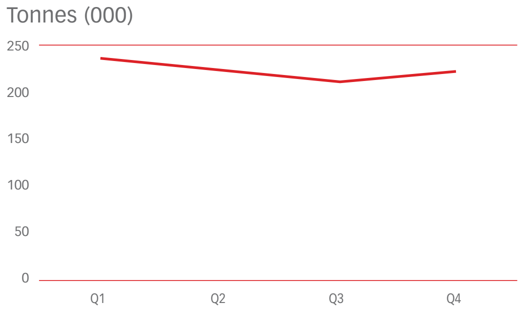
Masimong LTIFR
(per million hours worked)

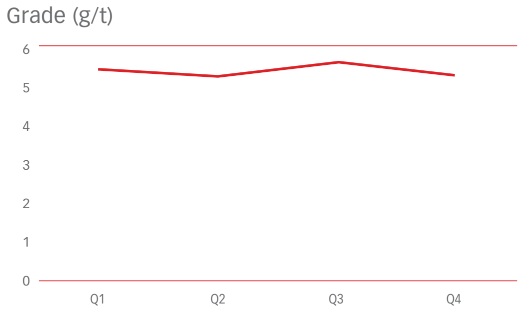


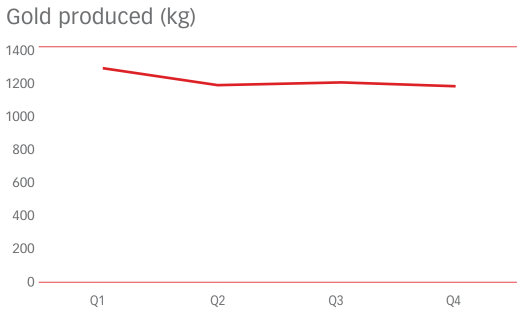
Masimong key statistics:

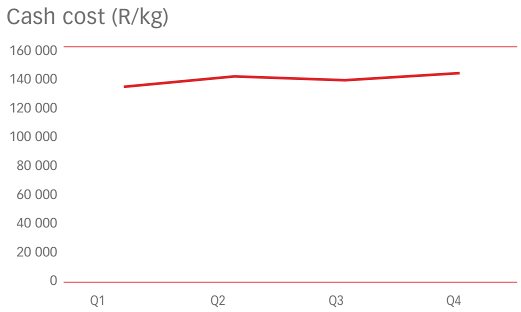
	Unit	FY09	FY08	FY07
Production				
Volumes milled	000 t (metric)	**890**	809	974
	000 t (imperial)	**981**	892	1 074
Gold produced	kg	**4 791**	3 621	4 559
	oz	**154 034**	116 424	146 575
Average grade	g/t	**5.38**	4.48	4.68
	oz/t	**0.157**	0.131	0.136
Financial				
Revenue	R million	**1 215**	698	681
	US$ million	**135**	96	95
Cash costs	R/kg	**137 598**	175 593	125 689
	US$/oz	**476**	756	543
Cash operating profit	R million	**554**	61	85
	US$ million	**62**	8	13
Capital expenditure	R million	**130**	114	109
	US$ million	**14**	16	15

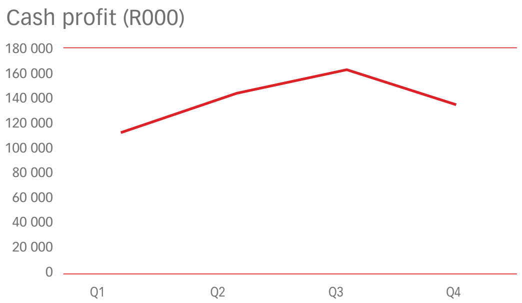
Masimong key quarterly indicators: FY09











Review of operations cont.

The year in review

The restructuring programme which began in FY08 at Masimong has taken this operation from the brink of closure to being among the lowest-cost-per-kilogram-producers in the Harmony stable. This restructuring included management positions, as well as the termination of continuous operations. Masimong is now a steady-state operation, although further improvements in efficiencies are envisaged.

Volumes improved by 10% to 890 000 tonnes in FY09. This was despite a fire in the B reef area and ventilation incidents relating to illegal mining activities. Damaged ventilation seals in the disused 4 shaft area caused major airflow problems at 5 shaft, particularly in the third and fourth quarters, and repairs are likely to be effected by December 2009. A booster fan will be installed between 4 and 5 shafts to partially address this ventilation issue.

A focus on training (People Transformation Project), in which all production crews received training on safety and health, business awareness, productivity improvement and team-building, presented positive results. Productivity improved noticeably, by 24% from 21 t/TEC/month to 26 t/TEC/month, and by 48% from 94 to 139 g/TEC/month.

Supervisory training, specifically aimed at front line supervisors, was also completed during the year.

An infrastructural upgrade involving tracks, locomotives, refrigeration, ventilation and compressors was recently begun and will continue in FY10.

Steps were also taken to improve ore reserve management and quality mining on the Basal Reef stopes. Good grades achieved from the B reef further contributed to the overall improvement in grade from 4.48 g/t to 5.38 g/t.

Cash costs declined by 22% year-on-year to R137 598/kg (US$476/oz). This is a remarkable achievement, given the increases in electricity prices, and labour and consumable costs.

Cash operating profit rose to R554 million from R61 million (US$62 million from US$8 million). Capital expenditure, mainly spent on refrigeration infrastructure, was R130 million (US$14 million).

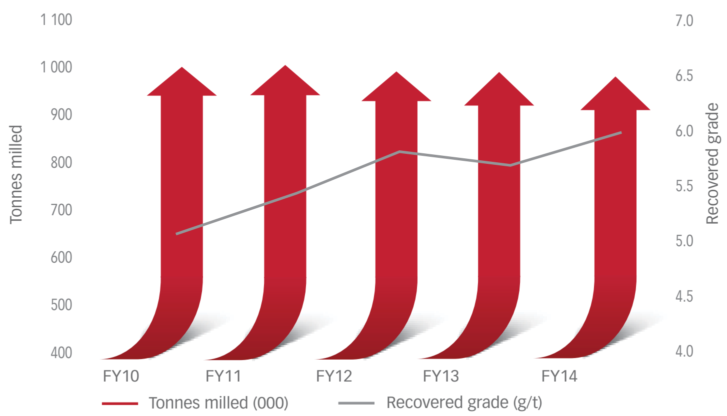
Outlook*

The restructuring currently under way is scheduled to be completed in FY10 and the benefits in terms of further increases in productivity, greater output and improved efficiencies/performance will be seen. Tonnes milled are expected to rise to 1 million tonnes per annum, although the grade is expected to decline to around 5 g/t. Grade will recover in FY11 and FY12. Cash costs** are expected to be in the region of R134 000/kg (US$540/oz). Gold production is expected to be in the order of 4 900 kilograms (158 000 ounces).

Capital expenditure** of R238 million (US$31 million) is planned for FY10 – R110 million (US$14 million) on on-going development, R24 million (US$3 million) on major equipment maintenance and R104 million (US$13 million) on other shaft capital.

* Please refer to the forward-looking statement on the inside front cover of this report
** June 2009 money terms. The exchange rate as at 30 June 2009 of R7.72/US$ has been used for all forward-looking conversions.

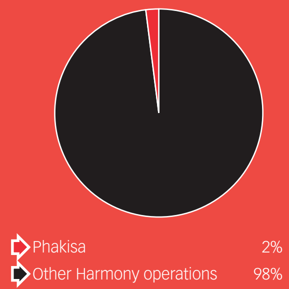
Masimong: Five-year production profile



Review of operations cont.

Phakisa

Phakisa's contribution to production in FY09



Description

Phakisa mine, located near Odendaalsrus in the Free State, will mine the Basal Reef to a depth of some 2 400 metres once the project has been completed. Phakisa came into production in FY08. The Nyala shaft, 5.5 kilometres away, is used to hoist rock and is available as a second escape route. Ore mined at Phakisa is processed at Harmony 1 Plant, located some 20 kilometres away.

Harmony initially acquired Phakisa as part of the Freegold acquisition from AngloGold Ashanti Limited in January 2002. In September 2003, Harmony acquired these operations in their entirety.

The mine employs 1 844 people – 1 735 employees and 109 contractors. This will increase to 2 500 people in FY11.

Mineral resources and ore reserves

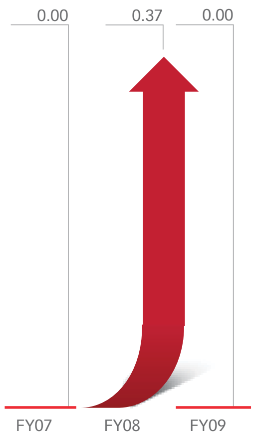
At the end of June 2009, Phakisa reported ore reserves of 5.295 million ounces of gold and mineral resources of 23.423 million ounces. The operation's expected life-of-mine is 21 years. Potential upside from the exploitation of high grade pillars and at the Nyala shaft is being investigated. See pages 118 to 124 for further details.

Phakisa	Mineral resources				Ore reserves		
	Measured	Indicated	Inferred	Total	Proven	Probable	Total
Oz (000)	1 050	9 337	13 036	23 423	56	5 239	5 295
Tonnes (Mt)	4.6	26.0	57.8	88.4	0.4	20.1	20.5
Grade (G/t)	7.03	11.17	7.02	8.24	4.98	8.11	8.05

Safety

Safety performance at Phakisa was excellent once again. Phakisa was also awarded, for the second consecutive year, the trophy for the safest mine in the Harmony group for FY09. There were no fatal accidents in FY09, and there has not been a fall of ground accident for more than 18 months. The LTIFR of 2.48 per million hours worked recorded for FY09, was a significant improvement on the 4.83 reported the previous year.

Phakisa FIFR
(per million hours worked)



Phakisa LTIFR
(per million hours worked)

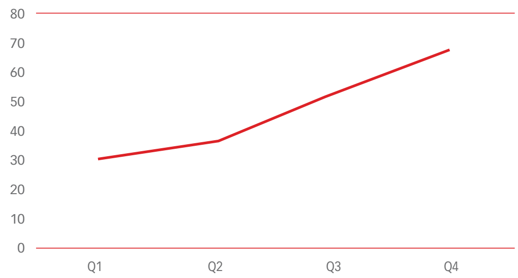
Phakisa key statistics:

	Unit	FY09	FY08	FY07
Production				
Volumes milled	000 t (metric)	**185**	31	–
	000 t (imperial)	**204**	34	
Gold produced	kg	**691**	125	–
	oz	**22 216**	4 024	–
Average grade	g/t	**3.74**	4.04	–
	oz/t	**0.109**	0.118	–
Financial				
Revenue	R million	**171**	28	–
	US$ million	**19**	4	–
Cash costs	R/kg	**160 712**	129 853	–
	US$/oz	**555**	497	–
Cash operating profit	R million	**64**	11	–
	US$ million	**7**	2	–
Capital expenditure	R million	**461**	293	227
	US$ million	**51**	40	32

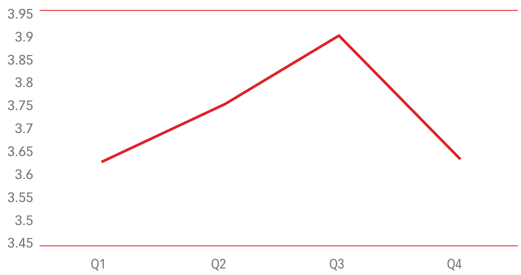
Review of operations cont.

Phakisa key quarterly indicators: FY09

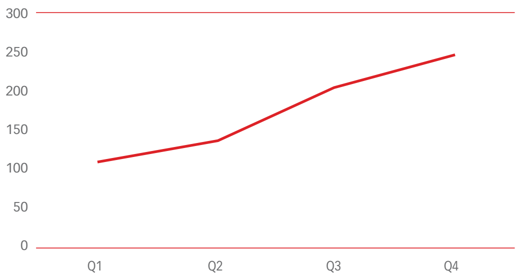
Tonnes (000)



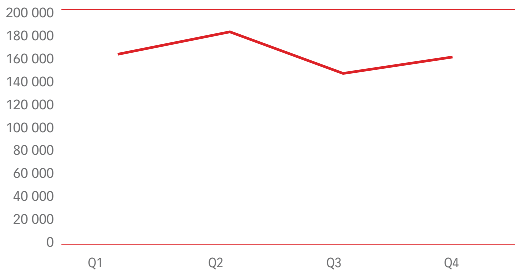
Grade (g/t)



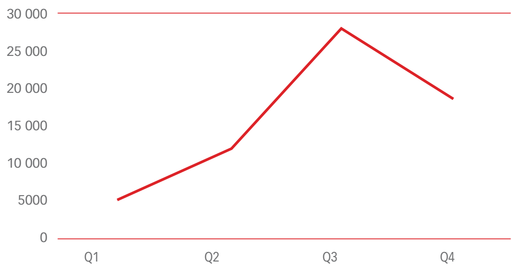
Gold produced (kg)



Cash cost (R/kg)



Cash profit (R000)



The year in review

Monthly production at Phakisa increased to 25 000 tonnes in June 2009 from 6 000 tonnes in June 2008. Following delays caused by internal project constraints, revised plans and designs, the project is now on track. Development is a critical factor to the success of this operation, and good progress was reported with development of over 1 250 metres per month. A challenge encountered in the development of the project was a 40-metre downthrow fault which hampered raise development over three raise lines and necessitated changes to the development plan.

The capacity of the underground transport system has been increased with the commissioning of a second rail-veyor train, thus helping to ease the current bottleneck. Phase 1, which includes the ore handling system, water reticulation, ventilation systems and ice plants, was commissioned post year-end.

Three of the 10 planned ice plants have been installed and commissioned, significantly improving working conditions by lowering the water temperature (used for cooling) from 34°C to below 10°C. Reflecting both the improvement in environmental conditions and improved productivity, the monthly rate of development increased to 1 400 metres in June 2009 from 960 metres in July 2008.

Overall, volumes rose, amounting to 185 000 tonnes for the year. One of the most important targets for Phakisa in FY10 will be to increase the volume and sustain the rate of development and the recently-commissioned ice plants will play a key role in reducing underground temperatures further to support the production ramp-up.

The average grade at Phakisa declined to 3.74 g/t from 4.04 g/t in FY08, as mining was confined to a single raise line in a lower grade area. Flexibility, and hence grade, will improve somewhat in the coming year although the grade is still expected to fluctuate. Confidence in the ore reserve remains intact and an average grade of 7.66 g/t is expected to be achieved by FY12. Cash operating costs rose to R160 712/kg (US$555/oz). Phakisa reported a cash operating profit of R64 million (US$7 million).

Capital expenditure was relatively high at R461 million (US$51 million) as compared to R293 million in FY08.

Outlook*

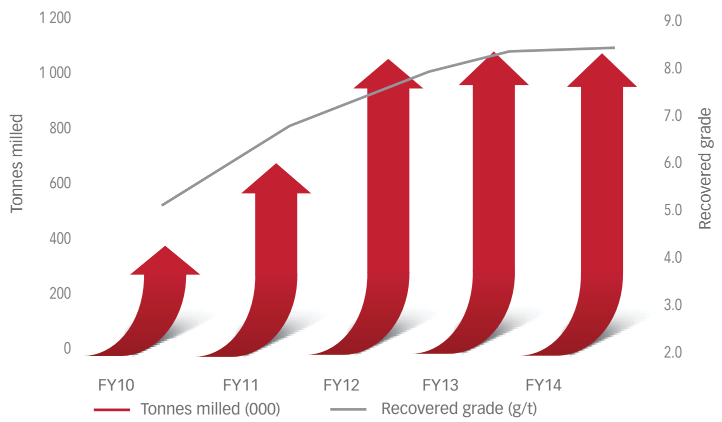
The grade at Phakisa in FY10 will be higher than in FY09 as flexibility improves as a result of greater face length availability. The grade will, however, be lower than the expected life-of-mine grade as mining will take place in the lower-grade south area closer to the shaft. The average grade mined should increase from FY12 onwards when mining is scheduled to move into the higher-grade north areas. Some mining is also to be undertaken at the Nyala shaft where payable pillars are available for mining. For FY10, 32% of the total combined Phakisa/Nyala production will come from Nyala. This will continue for a few years until the extraction of these pillars is complete.

Tonnes milled will continue to increase in FY10, rising to 308 000 tonnes, while the grade is expected to be in the region of 4.6 g/t. Gold production of 1 428 kilograms (46 000 ounces) is expected in FY10. The cash cost** is expected to decline to R110 000/kg (US$443/oz) in FY12, when this operation is scheduled to reach full production.

Planned capital expenditure** for FY10 is R489 million (US$63 million) – R141 million (US$18 million) on on-going development and R52 million (US$7 million) on major equipment maintenance and other shaft capital. Capital planned for the main project is R296 million (US$38 million).

* Please refer to the forward-looking statement on the inside front cover of this report
** June 2009 money terms. The exchange rate as at 30 June 2009 of R7.72/US$ has been used for all forward-looking conversions.

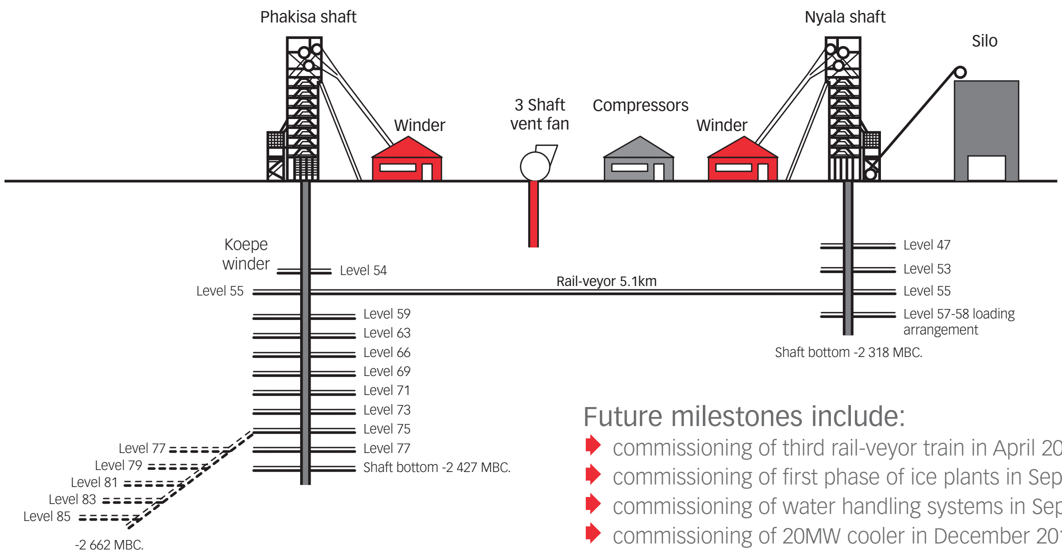
Phakisa: Five-year production profile



Review of operations cont.

Phakisa Project

Good progress continued to be made with the project and the anticipated capacity of some 83 000 tonnes per month is expected to be achieved by FY12.



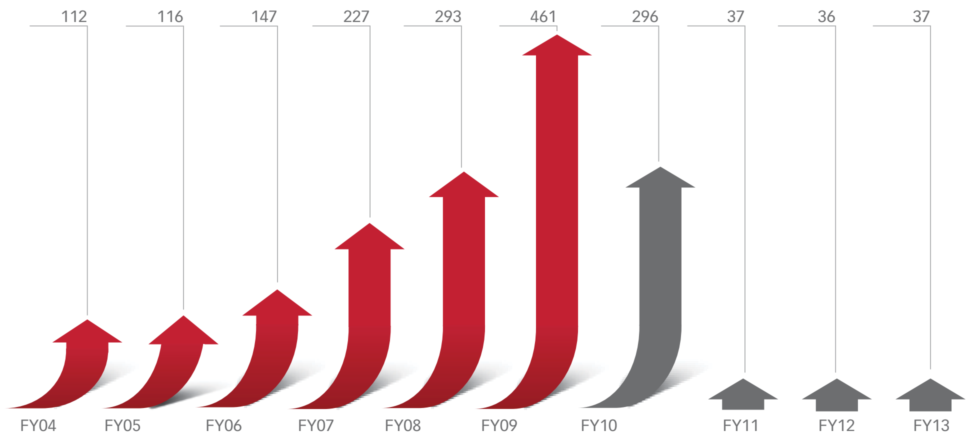
Future milestones include:

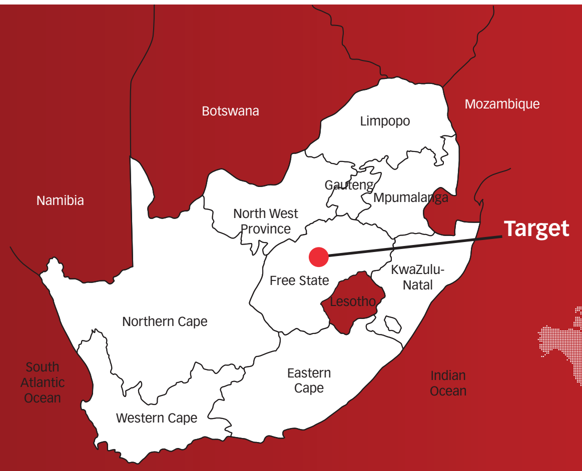
- commissioning of third rail-veyor train in April 2010;
- commissioning of first phase of ice plants in September 2009;
- commissioning of water handling systems in September 2009; and
- commissioning of 20MW cooler in December 2010.

Key statistics

First production	September 2008
Full production (tonnes)	September 2011
Forecast annual production	7 880 kg; 253 360 oz
Capital expenditure	R1.6 billion; US$190 million (R1.2 billion spent to date)
Expected life-of-mine	21 years
Average reserve head grade	7.66 g/t
Life-of-mine ounces	5.0 million

Phakisa project capex profile
(R million)





Target

Target's contribution to production in FY09

Description

Target mine, located near Allanridge in the Free State, consists of a single surface shaft system with a sub-shaft and a decline. Ore is processed at the Target plant situated adjacent to the shaft. Target was acquired in May 2004, when Avgold Limited became a wholly-owned subsidiary of Harmony.

The Target mine officially opened in May 2002. On the closure of the nearby Lorraine mine in August 1998, the Lorraine 1 and 2 shafts were transferred to Target, and have become the Target 1 and 2 shafts.

Both mechanised (86%) and conventional (14%) mining are undertaken at Target on the geologically-complex Elsburg and Dreyerskraal reefs. Mining operations extend to a depth of some 2 350 metres.

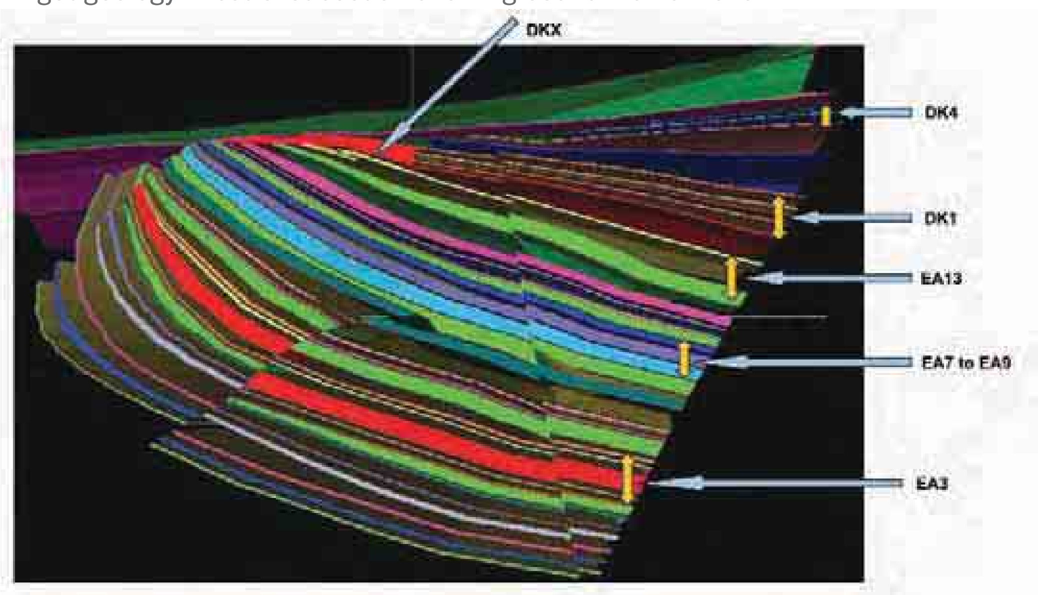
In FY09, Target employed 1 986 people – 1 605 employees and 381 contractors.

Mineral resources and ore reserves

A fundamental review of the Target orebody is currently under way. This orebody is complex (see diagram), with some 67 individual conglomerate (reef) bands, stacked in a fan-shaped sequence of Elsburg and Dreyerskuil sediments some 150 metres thick.

Consolidation of all geological information has been undertaken, including the reassessment of the correlation of stratigraphy across the lease area, to ensure optimum usage of all available information, adding greater confidence to the geological modelling process. Target is also in the process of increasing the skills in its geological function. The whole orebody reassessment process has been reviewed by independent consultants, SRK Consulting (SRK). Good progress has been made in developing a better understanding of this orebody, and a final analysis will be completed

Target geology: west-east section showing economic horizons



Review of operations cont.

in early 2010. Interim production profiles have been developed based on current best-available information, but these are subject to confirmation and change.

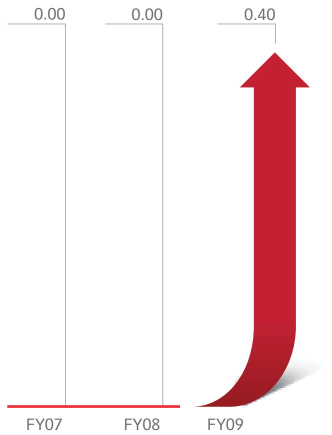
At the end of June 2009, Target reported ore reserves of 2.559 million ounces of gold and mineral resources of 6.446 million ounces. The operation's expected life-of-mine is 17 years. See pages 118 to 127 for further details.

Target	Mineral resources				Ore reserves		
	Measured	Indicated	Inferred	Total	Proven	Probable	Total
Oz (000)	1 991	3 412	1 043	6 446	942	1 617	2 559
Tonnes (Mt)	6.3	13.9	5.2	25.4	4.8	9.0	13.8
Grade (G/t)	9.81	7.65	6.26	7.90	6.10	5.60	5.77

Safety

Safety performance was disappointing, although significant management effort in the second half of the year yielded improvement. Two fatalities during the year undermined the mine's safety track record. No falls of ground were recorded in the second half of the year, which is a considerable achievement as falls of ground had plagued the mine for the prior two years. The LTIFR for the year at 9.66 per million hours worked was an improvement on the 10.76 recorded in FY08.

Target FIFR
(per million hours worked)



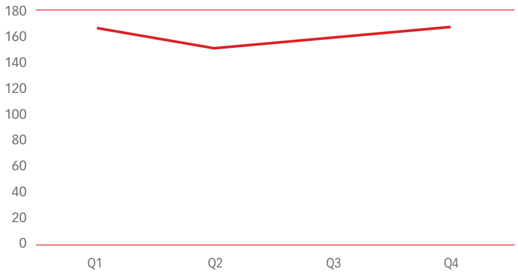
Target LTIFR
(per million hours worked)

Target key statistics:

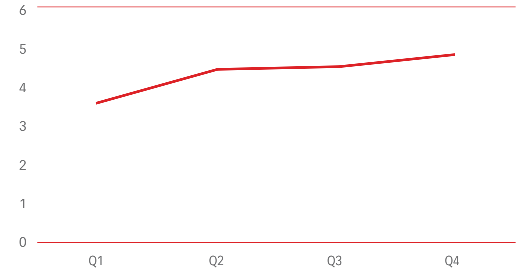
	Unit	FY09	FY08	FY07
Production				
Volumes milled	000 t (metric)	**644**	622	820
	000 t (imperial)	**710**	686	904
Gold produced	kg	**2 713**	2 476	4 437
	oz	**87 225**	79 602	142 653
Average grade	g/t	**4.21**	3.98	5.41
	oz/t	**0.123**	0.116	0.158
Financial				
Revenue	R million	**688**	503	657
	US$ million	**76**	69	91
Cash costs	R/kg	**186 749**	167 990	93 336
	US$/oz	**645**	716	403
Cash operating profit	R million	**152**	129	277
	US$ million	**16**	18	38
Capital expenditure	R million	**342**	256	121
	US$ million	**38**	35	16

Target key quarterly indicators: FY09

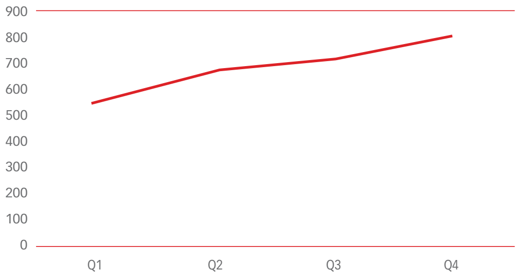
Tonnes (000)



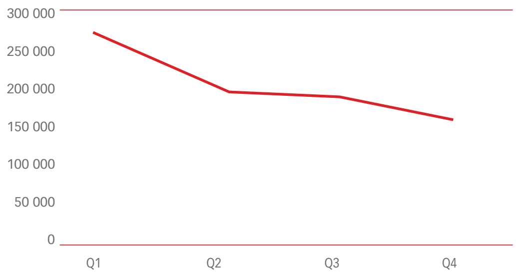
Grade (g/t)



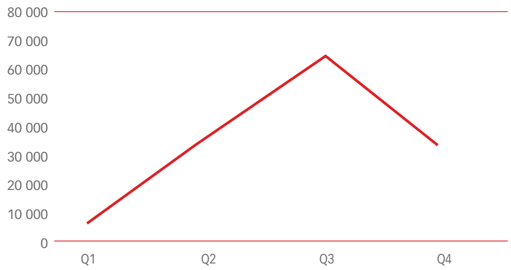
Gold produced (kg)



Cash costs (R/kg)



Cash profit (R000)



The year in review

Volumes and grade were negatively affected in the first quarter following a fall of ground in a massive high-grade stope that claimed the life of a load haul dump (LHD) operator, and put this stope out of production for 18 days.

Volumes were further affected by a lack of massive stope availability. Through better planning, evaluation and dedicated efforts to improve development and blasting, the process of opening up the massive stopes improved during the course of the year. Two new massive stopes were brought into production in December 2008 and another one in March 2009, bringing the total number of massive stopes in production to four. Volumes mined increased as a result, rising by 4% year-on-year, to 644 000 tonnes.

The absence of available worked-out massive stopes in the first quarter also had an impact on waste packing, and waste had to be tipped with reef during that period. But, concerted efforts, including back-analysis of the orebody, resulted in improved planning and the implementation of more effective control systems. Overall grade improved, by 6%, to 4.21 g/t.

Poor ventilation conditions prompted a decision to suspend development on Block 3. The focus was moved to Block 4, which is quicker to access with less development. This change also resulted in reduced capital requirements, and provided additional time to address ventilation needs. Block 3 remains an important future mining area and development will recommence on completion of the orebody re-assessment process in December 2009.

Review of operations cont.

Target also underwent significant management and operational restructuring in FY09. Mine infrastructure, including the trackless fleet, ventilation and ore transport systems and water reticulation, which had been neglected in the past, was upgraded. The trackless fleet upgrade (at a total cost of R138 million (US$15 million)) is a three-year programme which will continue until FY10. The infrastructural upgrade programme enabled the mine to maintain its current levels of production by year-end and the benefits of this upgrade will be more fully felt in FY10.

A 15-point turnaround plan is being implemented at Target. In particular, a great deal of attention is being paid to development and improving flexibility. Some of the improvements effected during the year started to bear results by year end:
- development metres rose to the target level of 400 metres per month;
- tonnages from the massive stopes improved from 23 000 tonnes per month to 38 000 tonnes per month in the last quarter;
- grade showed a steady improvement to 4.78 g/t in the fourth quarter (4.50 g/t in the third quarter); and
- cash costs declined to R153 875/kg (US$568/oz) in the fourth quarter, from R175 418/kg (US$550/oz) in the third quarter.

Overall, cash costs for the year rose by 11%, to R186 749/kg (US$645/oz). Target reported a cash operating profit of R152 million (US$16 million) for the year, again a substantial improvement on the prior year.

Capital expenditure in FY09 was R342 million (US$38 million).

Outlook*

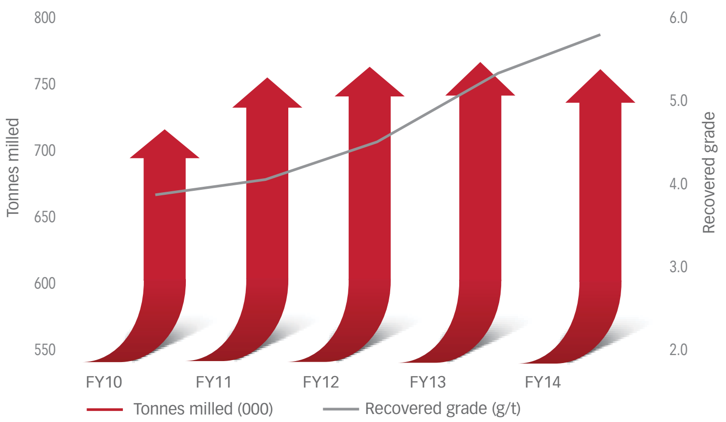
Target's plans will be reviewed and revised where necessary, as a result of the revised geological modelling, and based on a better understanding of the orebody.

An interim plan is in place, however, and will result in an increase in volumes to 716 000 tonnes in FY10, although the grade is expected to decline to 3.9 g/t. From FY11 onwards, Targets grade will rise again to a peak of around 5.8 g/t in FY14. Gold production in FY10 is expected to be in the region of 2 770 kilograms (89 000 ounces), with cash costs** of approximately R197 000/kg (US$794/oz).

Capital expenditure** of R257 million (US$33 million) is planned for FY10 – R135 million (US$17 million) on on-going development, R46 million (US$6 million) on major equipment maintenance and R76 million (US$10 million) on other shaft capital.

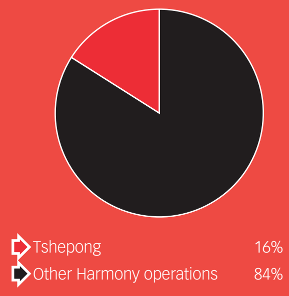
* Please refer to the forward-looking statement on the inside front cover of this report
** June 2009 money terms. The exchange rate as at 30 June 2009 of R7.72/US$ has been used for all forward-looking conversions.

Target: Five-year production profile



Tshepong

Tshepong's contribution to production in FY09



Description

Located in the Free State, near Odendaalsrus, Tshepong comprises a single vertical shaft extending to a depth of 2 154 metres. Ore is transported to the Harmony 1 plant, located some 23 kilometres away. The Tshepong sub-66 decline project which will extend mining to a depth of 2 490 metres, is currently building up production and the Sub-71 decline project is in progress.

Harmony initially acquired Tshepong as part of the acquisition, in a 50:50 joint venture with ARMgold, of the Freegold operations from AngloGold Ashanti Limited in January 2002. In September 2003, Harmony acquired these operations in their entirety.

The mine undertakes conventional undercut mining on the Basal Reef. The B reef is exploited as a high grade secondary reef.

In FY09, Tshephong employed 4 856 people – 4 720 employees and 136 contractors.

Mineral resources and ore reserves

Exploration on the B reef is being undertaken at Tshephong, with three particular target areas having been identified, namely Horizon, Midas and Leeuwbosch. While the B reef is a highly erratic orebody, current indications are that this reef has excellent potential from a grade point of view.

At the end of June 2009, Tshepong reported ore reserves of 4.314 million ounces of gold and mineral resources of 14.082 million ounces. The operation's current expected life-of-mine is 17 years. See pages 118 to 124 for further details.

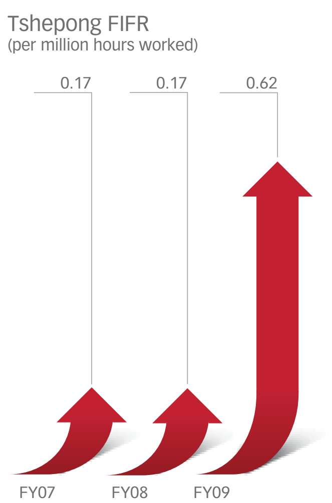
Tshepong	Mineral resources				Ore reserves		
	Measured	Indicated	Inferred	Total	Proven	Probable	Total
Oz (000)	4 949	5 211	3 922	14 082	2 184	2 130	4 314
Tonnes (Mt)	14.0	14.3	13.8	42.1	12.8	11.5	24.3
Grade (G/t)	11.03	11.32	8.85	10.42	5.30	5.78	5.53

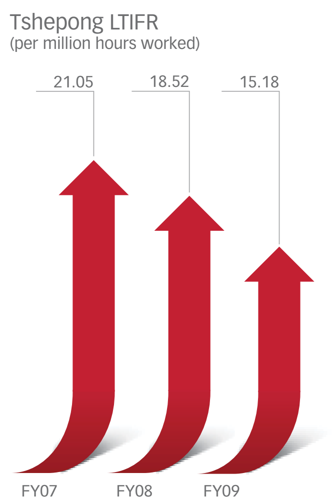
Review of operations cont.

Safety

Safety performance at Tshepong was of grave concern in FY09. Regrettably there were seven fatalities (FY08: 2), five of which were outside the stoping areas and in areas that would generally be considered lower risk. A behaviour-based safety programme has been implemented to promote safety awareness, particularly in the services areas, so as to address this issue.

The FIFR per million hours worked for the year was 0.62 (FY08: 0.17), while the LTIFR improved by 15% to 15.18, the best LTIFR performance reported by the mine (FY08: 18.52).



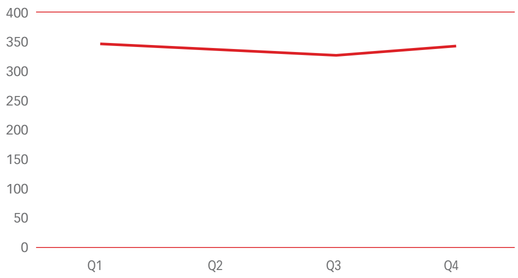


Tshepong key statistics:

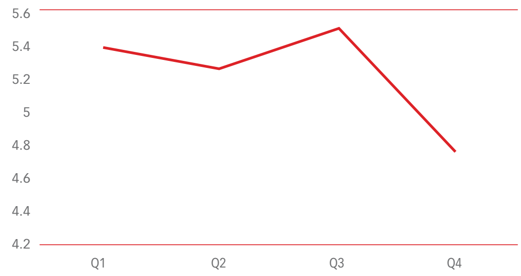
	Unit	FY09	FY08	FY07
Production				
Volumes milled	000 t (metric)	**1 375**	1 495	1 654
	000 t (imperial)	**1 516**	1 649	1 824
Gold produced	kg	**7 178**	8 271	9 928
	oz	**230 778**	265 914	319 192
Average grade	g/t	**5.22**	5.53	6.00
	oz/t	**0.152**	0.161	0.175
Financial				
Revenue	R million	**1 780**	1 621	1 460
	US$ million	**198**	223	203
Cash costs	R/kg	**139 901**	105 800	83 220
	US$/oz	**483**	455	360
Cash operating profit	R million	**802**	715	653
	US$ million	**89**	98	91
Capital expenditure	R million	**249**	195	188
	US$ million	**28**	27	26

Tshepong key quarterly indicators: FY09

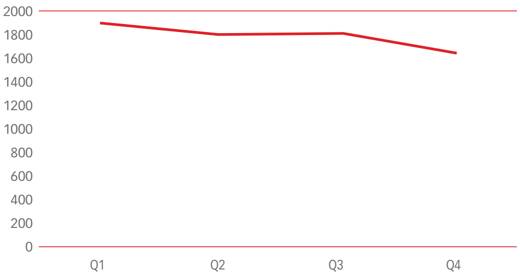
Tonnes (000)



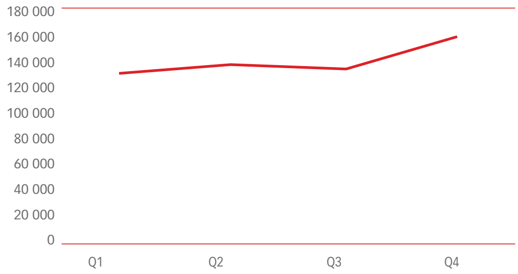
Grade (g/t)



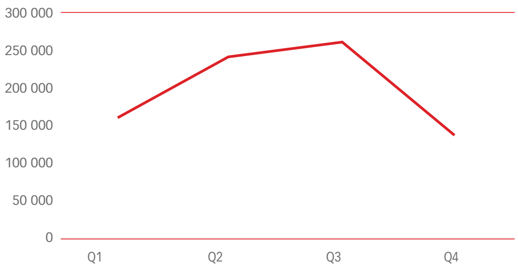
Gold produced (kg)



Cash cost (R/kg)



Cash profit (R000)



The year in review

Tshepong endured a very difficult year, but remained the largest contributor to Harmony's profit despite these business interruptions.

Volumes declined at Tshepong, by 8% to 1 375 000 tonnes as a series of operational, infrastructural and safety-related problems affected the mine. These included a fire in the first quarter that affected 18 panels for a period of a week and constrained flexibility during the year, safety-related stoppages, a power supply failure and a labour go-slow in the second quarter. By the fourth quarter some improvement in volumes were seen.

Management spent much time during the year addressing industrial relations issues; these were largely resolved by year-end. The self-directed work team training that was originally pioneered at Tshepong has been reintroduced.

The average grade declined by 6% to 5.22 g/t. This was primarily as a result of two factors, namely:

- Mining is currently taking place at the edge of the orebody's main pay shoot, where grades are more variable. Once the Sub 66-decline project has been completed, mining will move into higher-grade, less variable grade zones and grades are expected to rise from FY11/FY12.
- Off-reef mining in the lower grade north-west area, particularly in the fourth quarter, was higher than planned.

Review of operations cont.

To mitigate against this grade decline, Tshepong has focussed on quality mining, with attention being paid to improved sweepings, and reduced off-reef mining and stoping widths. By its nature the under-cut mining method employed at Tshepong results in the liberation of gold from finely fragmented ore. Historically, the mine call factor (MCF) at Tshephong has been low. Pleasingly, the MCF improved year-on-year from 62% to 67%. The full commissioning of the belt level in the sub-66 decline will also result in higher grades being achieved.

The lower volumes mined and declining grade resulted in gold production falling by 13% to 7 178 kilograms (230 778 ounces).

To improve flexibility, particular emphasis was placed on development in the second half of the year. Other key issues that are being addressed by this mine to return it to optimal performance are the performance of the refrigeration plant and pumping infrastructure.

Cash costs, at R139 901/kg (US$483/oz) were 32% up in rand terms, but Tshepong remains the second lowest-cost producer in the Harmony stable.

Given the proximity of Tshepong to Phakisa, there are access, ventilation and service synergies that can be exploited to allow access at depth. The sub-66 decline was completed during the year and is currently in a build-up phase. Work on the sub-71 decline, which was temporarily suspended owing to poor ground conditions, has resumed.

Tshepong reported a cash operating profit of R802 million (US$89 million) for the year (FY08: R715 million). Capital expenditure of R249 million (US$28 million) was 28% higher.

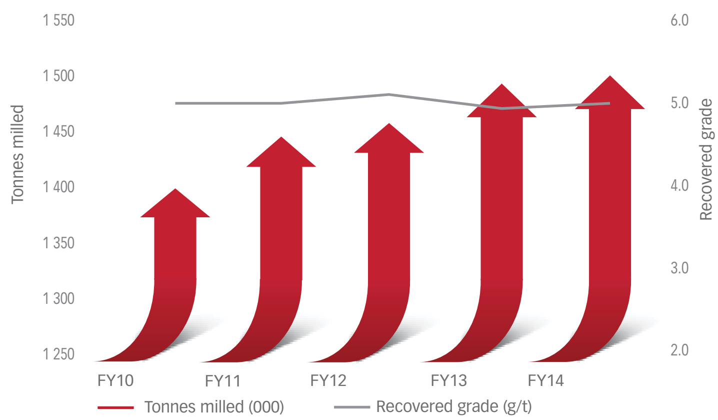
Outlook*

Tshepong will not achieve its reserve grade until the mine is fully able to access the orebody through the declines. Volumes are expected to rise in to 1 402 000 tonnes in FY10, while grade will decline to 5.02 g/t. Gold production of some 7 031 kilograms (226 000 ounces) is planned, with cash costs** of R152 000/kg (US$525/oz) anticipated.

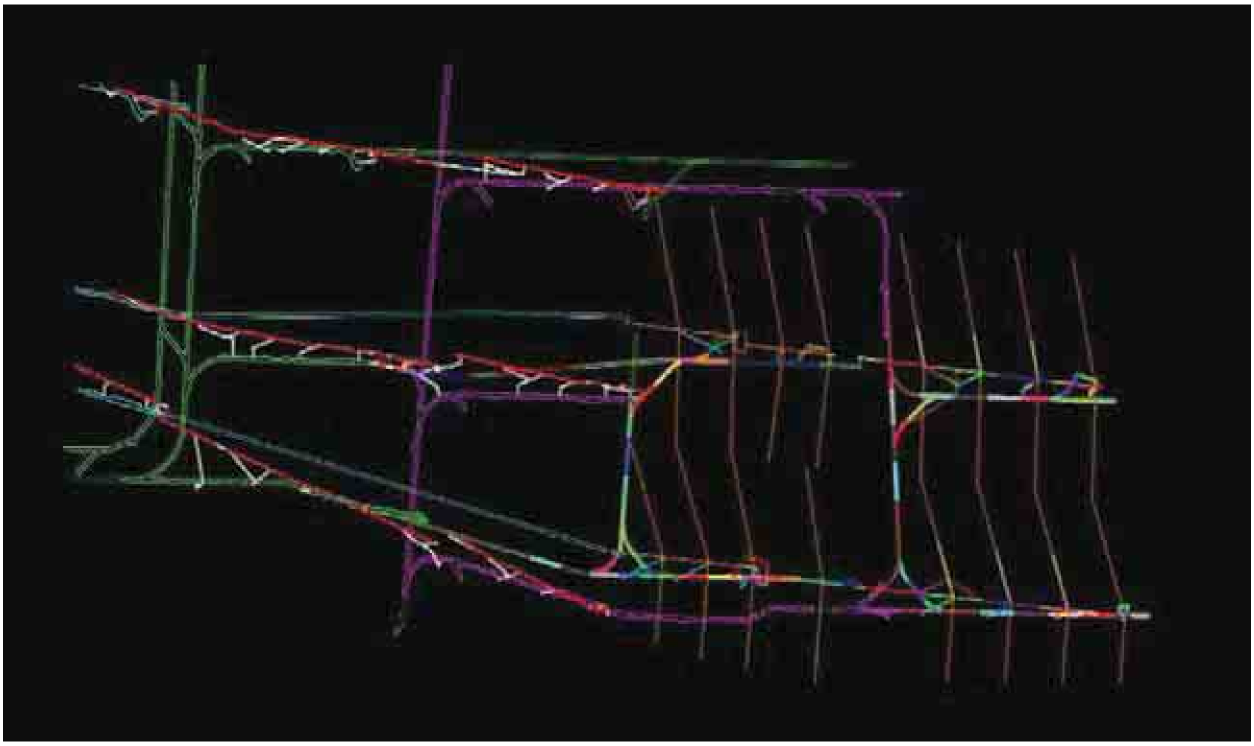
Total capital expenditure** planned for FY10 is R243 million (US$31 million) – R157 million (US$20 million) on on-going development, R16 million (US$2 million) on major equipment maintenance and R25 million (US$3 million) on other shaft capital. The balance of R45 million (US$6 million) is planned for the Sub-71 decline project.

* Please refer to the forward-looking statement on the inside front cover of this report
** June 2009 money terms. The exchange rate as at 30 June 2009 of R7.72/US$ has been used for all forward-looking conversions.

Tshepong: Five-year production profile



The B Reef Project



A four-year, R56 million (US$6.2 million) exploration development programme to investigate the B Reef orebody and prove up this resource in the Leeuwbosch area north-east of Tshepong has begun. This project will include 5.5 kilometres of underground development over two levels, 1 700 metres below surface. In FY09, the first year of this project, initial drilling yielded positive results which were confirmed by preliminary underground drilling results that exceeded expectations. Small-scale mining of the B Reef on the west side of Tshepong indicates viable payshoots. This project is being undertaken at a total cost of R55 million (US$6.4 million). First gold production from the Leeuwbosch and B Reef areas could be achieved by July 2013.

Review of operations cont.

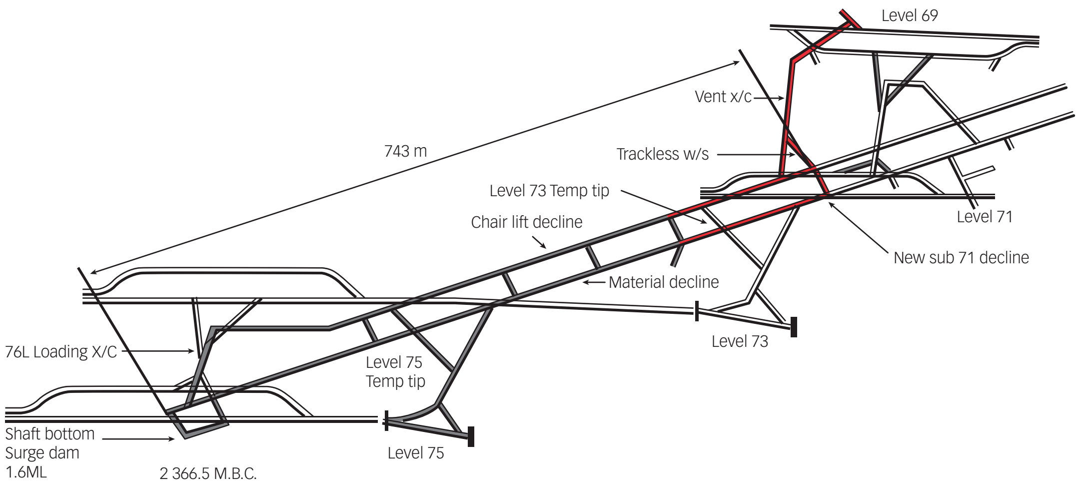
2009

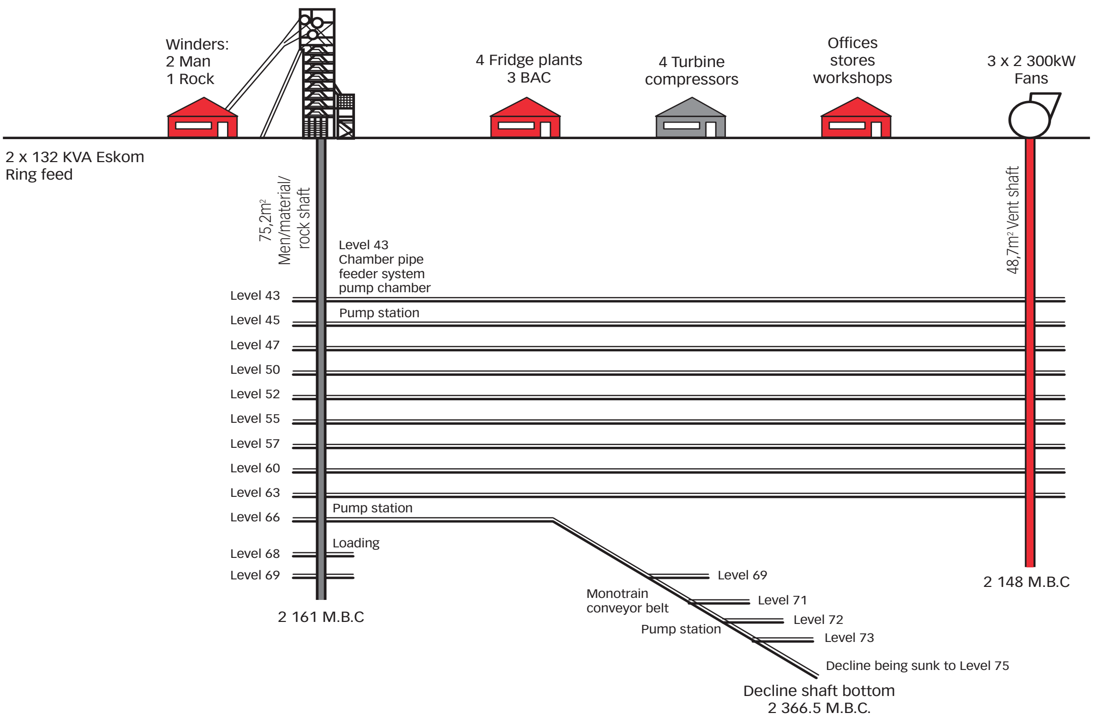
Tshepong Sub-71 Decline

Given the proximity of Tshepong to Phakisa and the access to the orebodies below 66 level at both mines, there are access, ventilation and service synergies that can be exploited. The sub-66 decline was completed during the year and is currently in a build-up phase. The sub-71 project is currently under way. This will connect Tshepong with 75 level at Phakisa, which is the starting level of the Phakisa decline system to 81 level.

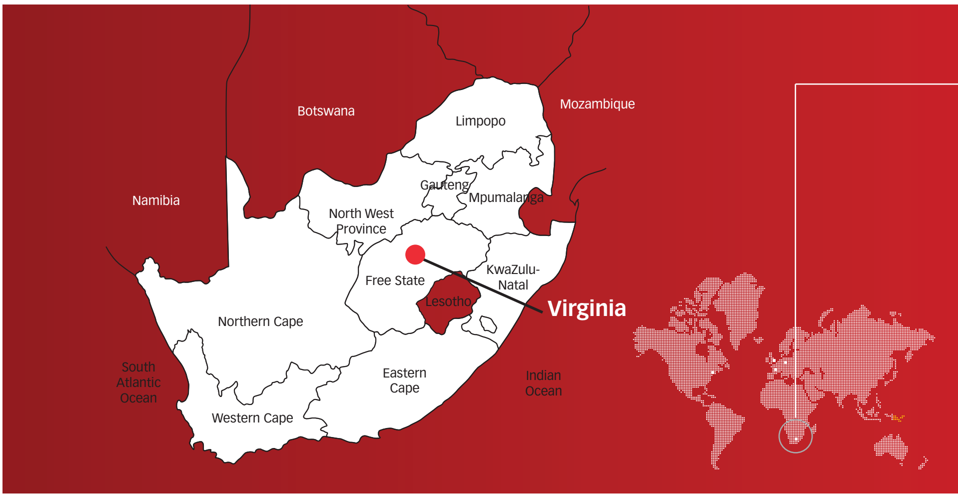
Work on this project was temporarily suspended during the year owing to poor ground conditions. Following the complete resupport of the area, work has now resumed.

The project is being undertaken at a total cost of R174 million (US$20 million), of which R74 million (US$5.5 million) has been spent to date. This project will be completed in October 2011. The diagrams below give an indication of the scope of the project.



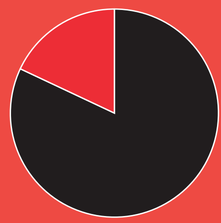


Review of operations cont.



Virginia

Virginia's contribution to production in FY09



Description

The Virginia Operations – the Harmony 2, Merriespruit 1 and 3, Unisel and Brand 3 shafts – are situated in the Free State, near Virginia and Welkom. Ore from Unisel, Brand 3 and Harmony 2 shafts is processed at Harmony 1 plant, while ore from Merriespruit 1 and 3 shafts is processed at Central Plant.

These mature operations are among the oldest shafts in the group, with mining having begun here between 30 and 60 years ago. They are intermediate in depth, ranging from 1 000 to 2 000 metres. Scattered mining and pillar reclamation is being undertaken on the Basal, Leader, Middle and A reefs.

Mineral resources and ore reserves

At the end of June 2009, the Virginia operations reported ore reserves of 1.347 million ounces of gold and mineral resources of 31.993 million ounces. Each Virginia shaft's expected life-of-mine is as follows: two years (Brand 1 and 3 shafts), three years (Merriespruit 3) and two years (Harmony 2 shaft), five years (Merriespruit 1 shaft) and 11 years (Unisel).

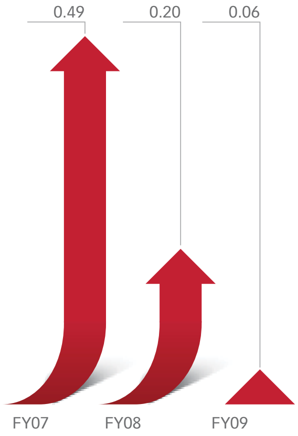
Exploration is being undertaken at Harmony 2 shaft predominantly on the A reef where good results have been reported in last financial year. See pages 118 to 125 for further details.

Virginia	Mineral resources				Ore reserves		
	Measured	Indicated	Inferred	Total	Proven	Probable	Total
Oz (000)	7 352	4 572	20 069	31 993	940	407	1 347
Tonnes (Mt)	42.8	29.8	154.3	226.9	6.6	2.8	9.4
Grade (G/t)	5.35	4.77	4.05	4.39	4.43	4.56	4.47

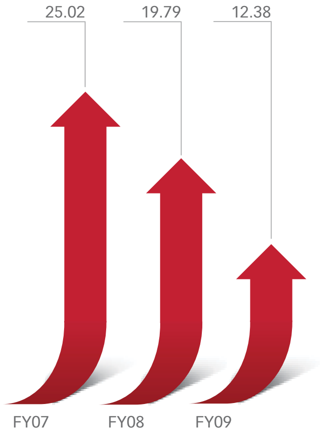
Safety

Safety performance has improved consistently at the Virginia operations over the past three years. There was one fatal accident recorded in FY09 (FY08: 1). The LTIFR improved by 37% to 12.38 per million hours worked (FY08: 19.79). Harmony 2 shaft has been without a fatal accident for three years, while Merriespruit 1 and 3 shafts have both operated without a fatal accident for two years.

Virginia FIFR
(per million hours worked)



Virginia LTIFR
(per million hours worked)

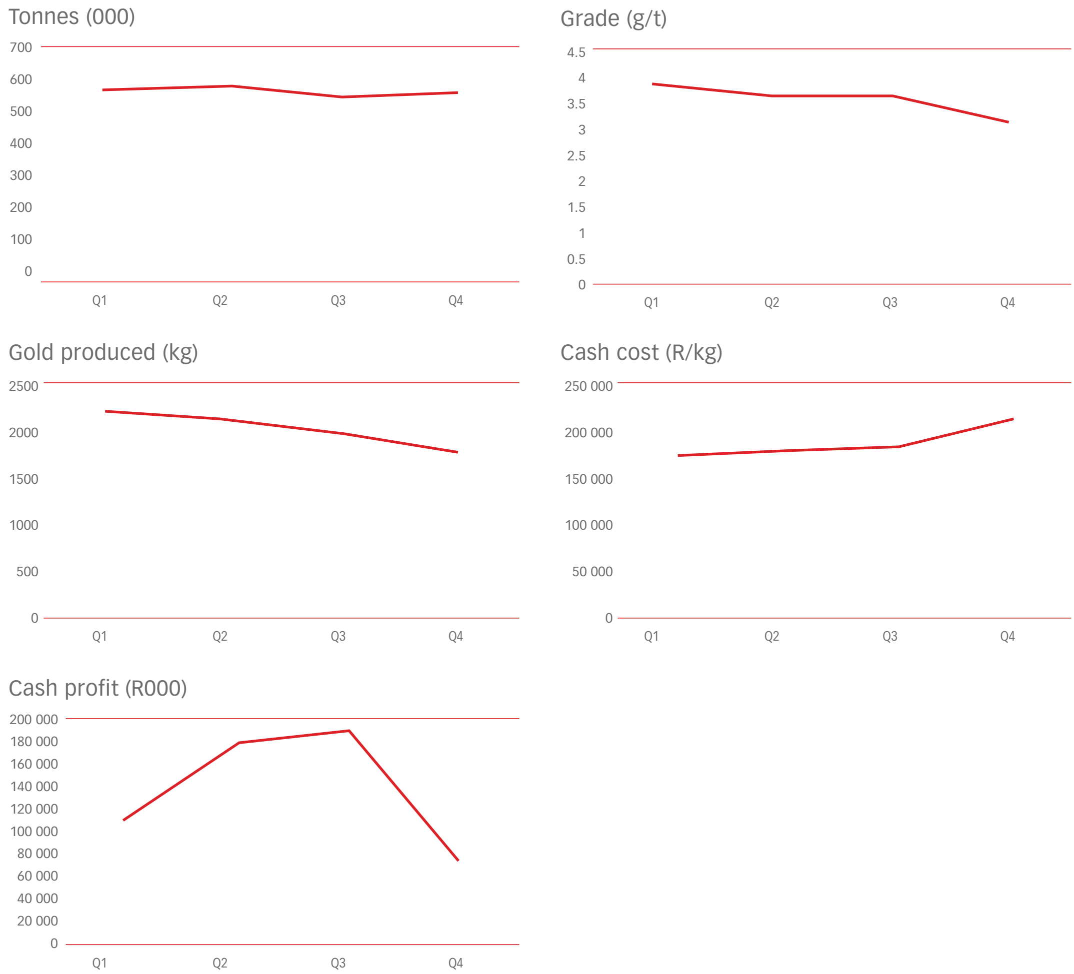


Virginia key statistics:

	Unit	FY09	FY08	FY07
Production				
Volumes milled	000 t (metric)	**2 261**	2 130	2 274
	000 t (imperial)	**2 493**	2 349	2 507
Gold produced	kg	**8 030**	7 708	8 239
	oz	**258 170**	247 820	264 890
Average grade	g/t	**3.55**	3.62	3.62
	oz/t	**0.104**	0.106	0.106
Financial				
Revenue	R million	**2 033**	1 488	1 232
	US$ million	**226**	204	172
Cash costs	R/kg	**184 538**	169 544	122 196
	US$/oz	**638**	726	528
Cash operating profit	R million	**545**	180	183
	US$ million	**61**	24	25
Capital expenditure	R million	**199**	152	135
	US$ million	**22**	20	19

Review of operations cont.

Virginia key quarterly indicators: FY09



The year in review

The five shafts making up this operation will be reviewed on an ongoing basis as to its viability. Development remained constant year-on-year at 23 000 metres. Flexibility is a critical factor at these operations, particularly in respect of pillar mining.

Cash costs were also well-maintained despite inflationary pressures, rising by only 9% to R184 538/kg (US$638/oz). Given the sensitivity of these operations to the gold price, cash operating profit was much improved, at R545 million (US$61 million). Capital expenditure, of R199 million (US$22 million) was 31% higher.

Outlook*

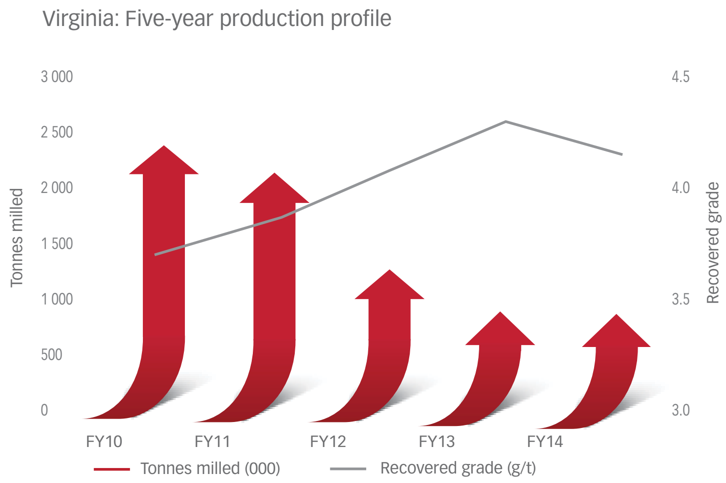
Volumes mined are expected to rise in FY10 to about 2 408 000 tonnes, and grade should improve slightly to 3.70 g/t. Gold production is expected to rise to 8 909 kilograms (286 400 ounces), while cash costs** should be of the order of R186 000/kg (US$643/oz).

The future of these operations clearly lies with the longer-life Unisel. A great deal of development is still required to access the Basal reefs at this operation, and the high-grade shaft pillar will be exploited at the end of the life-of-mine.

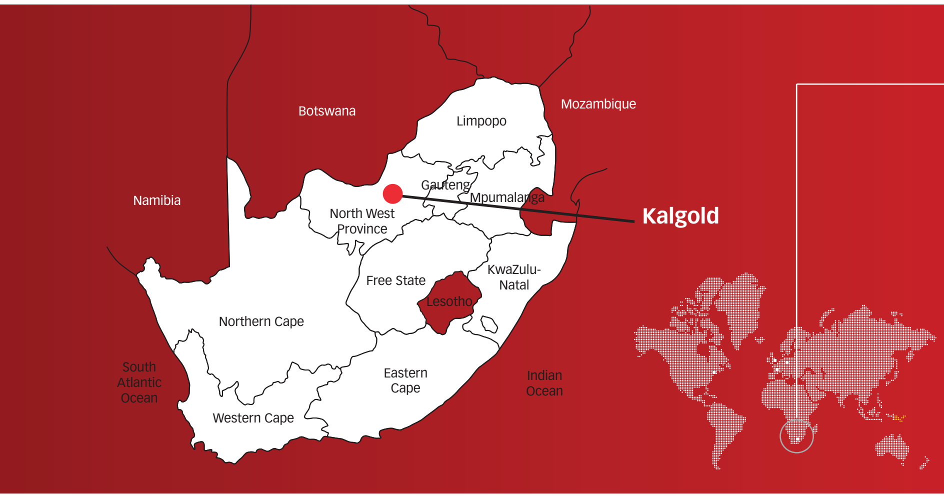
Capital expenditure** of R192 million (US$25 million) is planned for FY10 – R162 million (US$21 million) on on-going development and R30 million (US$4 million) on major equipment maintenance and other shaft capital.

* Please refer to the forward-looking statement on the inside front cover of this report

** June 2009 money terms. The exchange rate as at 30 June 2009 of R7.72/US$ has been used for all forward-looking conversions.

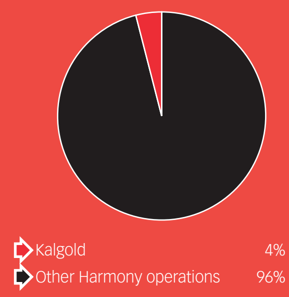

Virginia: Five-year production profile
3 000
2 500
2 000
1 500
1 000
500
0
4.5
4.0
3.5
3.0
Tonnes milled
Recovered grade
FY10
FY11
FY12
FY13
FY14
Tonnes milled (000)
Recovered grade (g/t)

Review of operations cont.



Kalgold

Kalgold's contribution to production in FY09



Description

Kalgold is an open pit mining operation close to Mafekeng in North West Province. The mine, which accesses gold-bearing ore in a banded ironstone formation in a shear zone within the Kraaipan Greenstone Belt, has the Kalgold CIL Plant on site.

In FY09, Kalgold employed 468 people – 233 employees and 235 contractors.

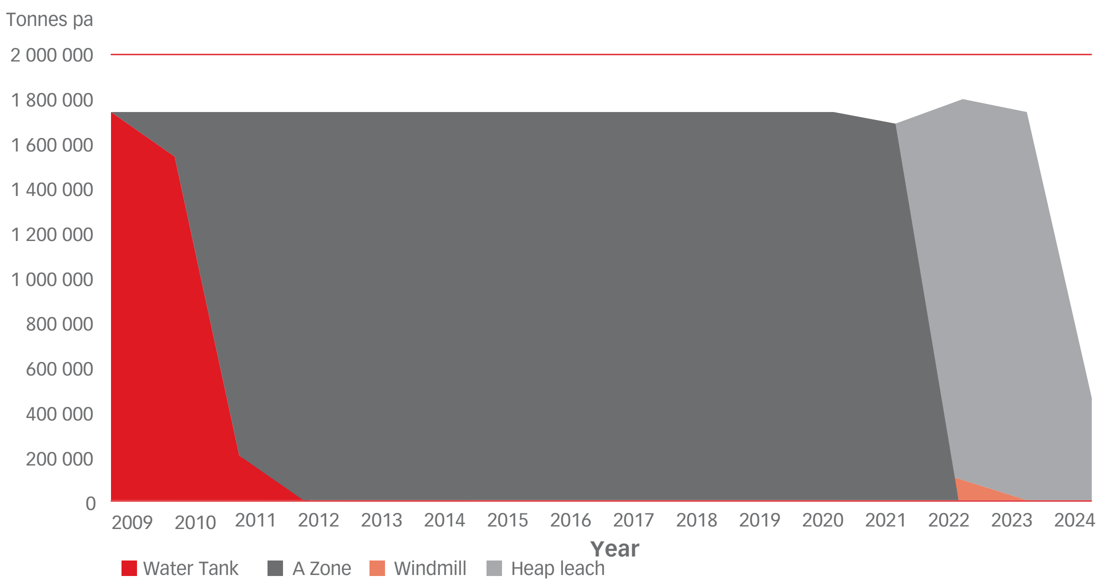
Mineral resources and ore reserves

At the end of June 2009, the Kalgold operation reported ore reserves of 0.732 million ounces of gold and mineral resources of 3.910 million ounces. The operation's expected life-of-mine extends to FY22, whereafter the heap leach material will be processed for a further two years.

Exploration drilling was undertaken during the year, encountering mostly narrow zones (2 to 5 metres) of mineralisation with grades of 1 to 3 g/t and limited strike length (less than 200 metres). Some potential for satellite mill feed was found at the Spanover Border and Spanover North areas, and high-grade mineralisation with uncertain geometry was discovered at the Farmhouse Zone. See pages 137 to 138 for further details.

Kalgold	Mineral resources				Ore reserves		
	Measured	Indicated	Inferred	Total	Proven	Probable	Total
Oz (000)	1 037	2 002	871	3 910	425	307	732
Tonnes (Mt)	34.5	66.0	28.4	128.9	15.5	9.0	24.5
Grade (G/t)	0.93	0.94	0.95	0.94	0.84	1.07	0.93

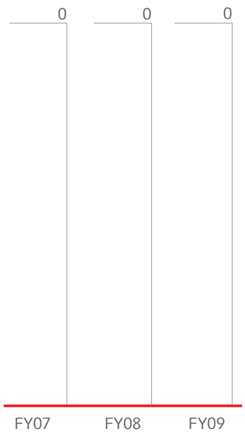
Kalgold life-of-mine



Safety

Kalgold achieved two million fatality-free shifts during the year. This operation has not had a fatal accident since inception. The LTIFR per million hours worked for the year was 2.94 (FY08: 4.97).

Kalgold FIFR
(per million hours worked)



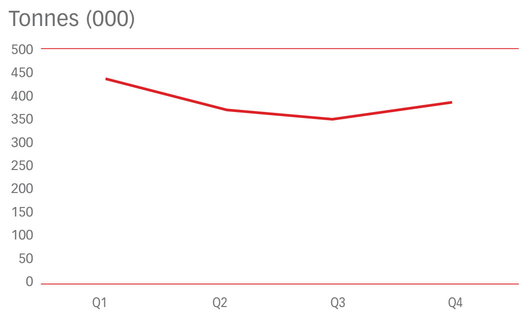
Kalgold LTIFR
(per million hours worked)

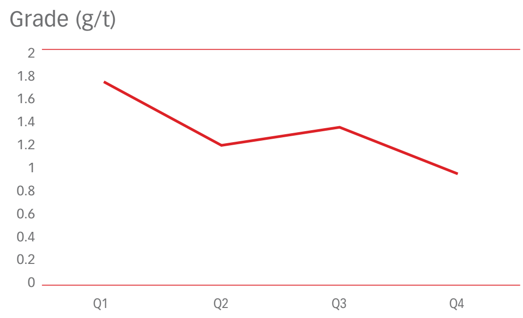
Kalgold key statistics:

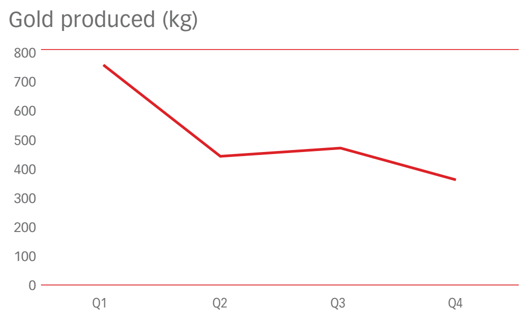
	Unit	FY09	FY08	FY07
Production				
Volumes milled	000 t (metric)	**1 542**	1 530	1 578
	000 t (imperial)	**1 700**	1 687	1 740
Gold produced	kg	**2 015**	2 869	1 764
	oz	**64 784**	92 229	56 714
Average grade	g/t	**1.31**	1.87	1.12
	oz/t	**0.038**	0.055	0.033
Financial				
Revenue	R million	**512**	557	257
	US$ million	**57**	77	36
Cash costs	R/kg	**146 314**	94 312	117 155
	US$/oz	**506**	401	506
Cash operating profit	R million	**220**	279	61
	US$ million	**25**	39	9
Capital expenditure	R million	**10**	10	3
	US$ million	**1**	1	–

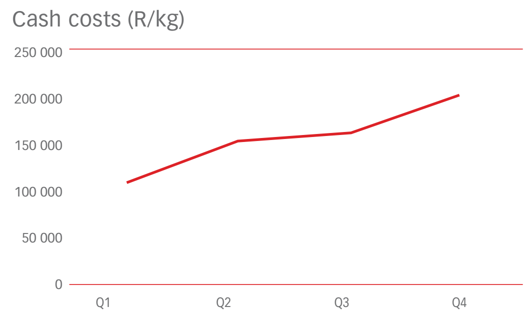
Review of operations cont.

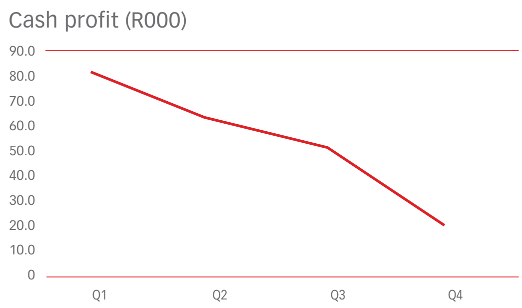
Kalgold key quarterly indicators: FY09











The year in review

Volumes processed at Kalgold, at 1 542 000 tonnes, were similar to FY08, despite technical problems (failure of a bearing on the C-mill), disruption to power supply as a result of excessive thunderstorm activity, excessive rain and delays caused by chokes in the crushers as a result of the high clay content of ore mined from the weathered zone in the Watertank pit.

Gold production declined by 30% to 2 015 kilograms (64 784 ounces), however, owing largely to the 30% decline in grade to 1.31g/t as operations at the high-grade D Zone pit came to an end in March 2009. Nonetheless, this zone was mined for six months longer than scheduled. Mining now takes place at the lower-grade Watertank satellite pit.

Cash costs were negatively affected by lower grade, with average cash costs for the year rising to R146 314/kg (US$506/oz). Kalgold reported an operating profit of R220 million (US$25 million). Capital expenditure for the year was R10 million (US$1 million).

Harmony intends to continue with brownfields exploration in the areas surrounding the Kalgold operation.

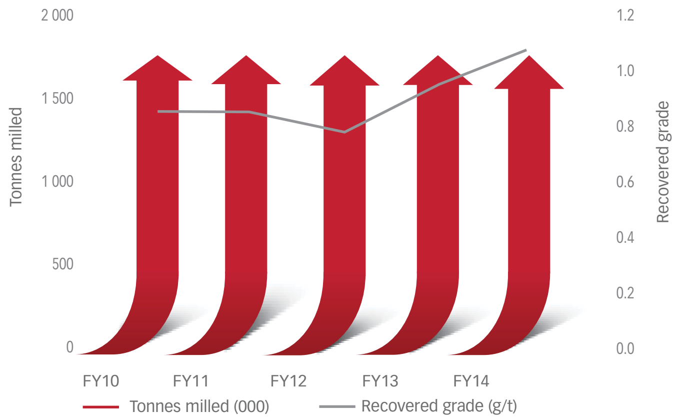
Outlook*

The lower grade Watertank pit will be mined for the next 22 months, while reef in the A zone pit will begin in two years' time. Tonnes milled will remain stable at 1 719 000 tonnes over this period. An average recovered grade of 0.83g/t over the life of mine will not vary significantly. Gold production should therefore be around 1 443 kilograms per annum (46 000 ounces). Cash costs** are expected to be in the region of R188 000/kg in FY10 (US$757/oz).

Total capital expenditure** planned for FY10 is R12 million (US$1.55 million). This will mainly be spent on major equipment maintenance and other project capital.

* Please refer to the forward-looking statement on the inside front cover of this report
** June 2009 money terms. The exchange rate as at 30 June 2009 of R7.72/US$ has been used for all forward-looking conversions.

Kalgold: Five-year production profile



Review of operations cont.

Free State surface operations

Description

This currently comprises the Phoenix operation, which is located adjacent to Harmony's current and historical operations in Virginia in the Free State. Project Phoenix involves the retreatment of tailings to extract any residual gold from tailings storage facilities in the Virginia area.

Mineral resources and ore reserves

At the end of June 2009, Phoenix reported ore reserves of 1.148 million ounces of gold and mineral resources of 1.192 million ounces. The operation's expected life is seven years. See page 118 to 120 for further details. St Helena reported ore reserves of 2.326 million ounces of gold and mineral resources of 2.327 million ounces. Other Free State surface operations reported ore reserves of 3.830 million ounces of gold and mineral resources of 5.928 million ounces.

Free State surface	Mineral resources				Ore reserves		
	Measured	Indicated	Inferred	Total	Proven	Probable	Total
Oz (000)	6 459	1 500	1 488	9 447	6 459	845	7 304
Tonnes (Mt)	842.2	142.0	200.5	1 184.7	842.2	101.7	943.9
Grade (G/t)	0.24	0.33	0.23	0.25	0.24	0.26	0.24

Safety

Safety at the Phoenix operations improved year-on-year. The LTIFR improved by 27% to 3.09 per million hours worked (FY08: 4.23). There were no fatalities.

Free State surface operations key statistics:

	Unit	FY09	FY08	FY07
Production				
Volumes milled	000t (metric)	**5 965**	6 378	2 148
	000t (imperial)	**6 578**	7 033	2 368
Gold produced	kg	**695**	1 002	664
	oz	**22 345**	32 215	21 346
Average grade	g/t	**0.12**	0.19	0.31
	oz/t	**0.003**	0.005	0.009
Financial				
Revenue	R million	**175**	191	94
	US$ million	**19**	26	13
Cash costs	R/kg	**154 426**	75 784	67 854
	US$/oz	**534**	381	293
Cash operating profit	R million	**68**	102	49
	US$ million	**8**	14	7
Capital expenditure	R million	**3**	4	–
	US$ million	**–**	–	–

Year in review

Problems were experienced with lower-than-expected grades at one of the dams being processed on the Phoenix tailings retreatment programme. The mining plan was consequently amended, as a result of which grades are expected to increase in FY10.

Grades of tailings dam material are more variable, however, as the gold content is a function of the technology in use at the time the tailings were being deposited in the dam. The recovered grade in FY09 was 0.12g/t as compared to 0.19 g/t in FY08. Problems were also experienced regarding water availability and contractor labour issues. Tonnes produced therefore declined by 6% to 5 965 000 tonnes.

Costs increased significantly in FY09, to R154 426/kg (US$534/oz), with some reagent costs rising by as much as 40%. A cash operating profit of R68 million (US$8 million) was recorded. Capital expenditure during the year was R3 million.

Rock dumps

Harmony currently has around 12 million tonnes of reserves in the form of rock dumps at its Free State operations and the company has begun a programme, run by metallurgical services, to mill and process these dumps as and when there is spare capacity available. The dumps have an estimated delivered grade of 0.80 g/t and an estimated recovery grade of 0.60g/t/.

Ore recovered on this programme for the year yielded 711 kilograms (22 900 ounces) of gold at a cost of R176 000/kg.

Review of operations cont.

Outlook*

Phoenix is currently running at full production capacity (500 000 tonnes per month). The focus at this operation is on optimising efficiencies, grade and recoveries and thus profitability as well.

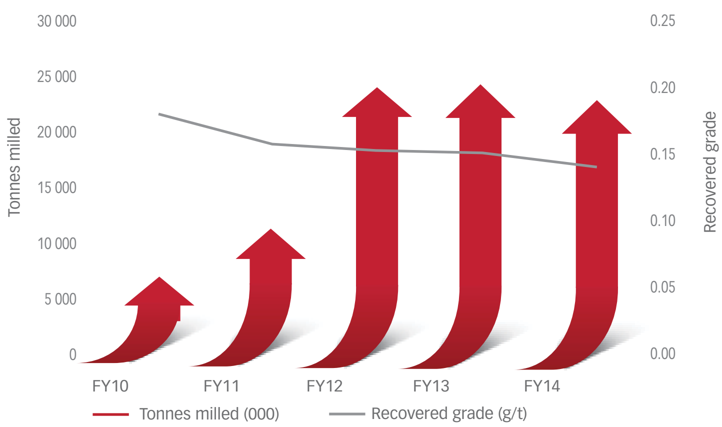
A pre-feasibility study into expanding monthly production capacity for the Phoenix project to 900 000 tonnes is in progress (to be completed by the end of September 2009). The expansion project currently has a life-of-mine of 16 years but, given the tailings dams and other resources available for retreatment, this has the potential to be extended to 20 years. The retreatment of tailings has significant potential and this technology will be applied to tailings dams in the Free State and Evander regions.

Volumes are expected to remain stable in FY10, but rising thereafter from FY11 onwards as the Phoenix Expansion project and the St Helena tailings project come on stream. Grade is expected to decrease in coming years owing to lower rock-dump volumes, and will be around 0.12 g/t in FY10. Cash costs** of R161 000/kilogram (US$556/oz) are expected from Phoenix and the rock-dump operation in FY10.

The planned capital expenditure** for FY10 is R15 million (US$1.94 million). This is mainly planned for major equipment maintenance and other project capital.

* Please refer to the forward-looking statement on the inside front cover of this report
** June 2009 money terms. The exchange rate as at 30 June 2009 of R7.72/US$ has been used for all forward-looking conversions.

Free State surface operations (tailings and rock dumps):
Five-year production profile



Review of operations cont.

2009

Harmony's Australasian base is located in Brisbane, Australia, from where it directs its activities in Papua New Guinea (PNG), including those undertaken in association with its joint venture partner. The latter includes the development of the Hidden Valley mine and the group's exploration activities in Morobe Province, particularly at Wafi-Golpu. Harmony is also undertaking exploration activities independently of the joint venture.

Hidden Valley

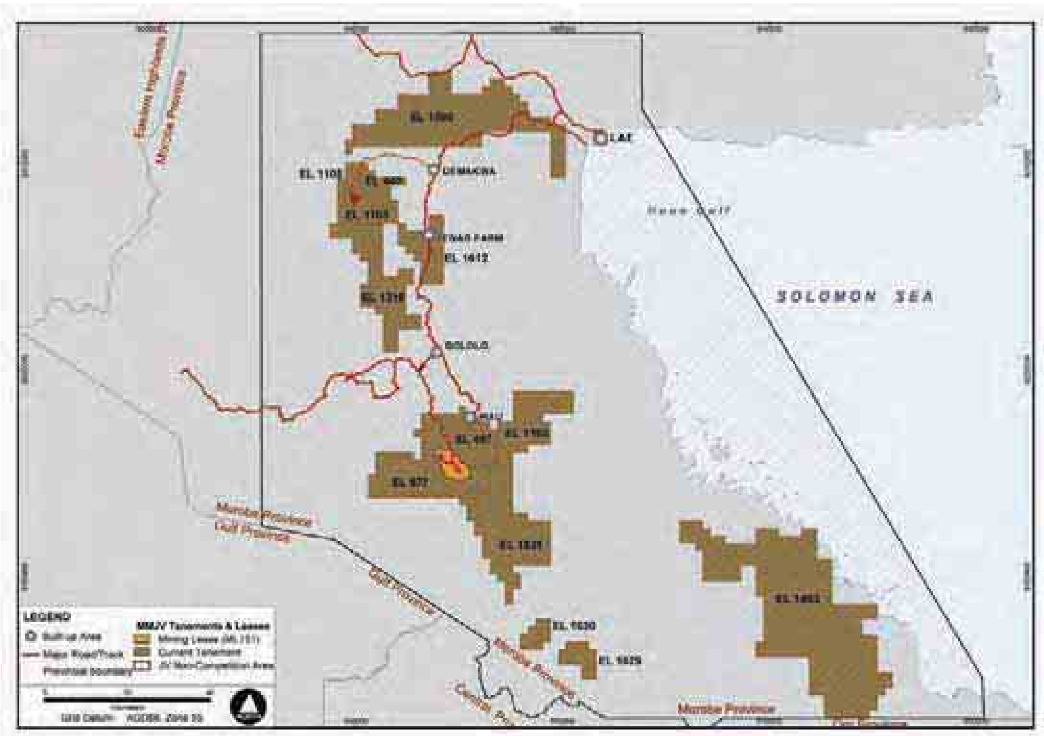
Description

Hidden Valley is an open-pit, gold-silver mine and processing plant located in Morobe Province, PNG. It is, approximately 210 kilometres north-north-west of Port Moresby, the capital of PNG, and 90 kilometres south-south-west of Lae. This project is included in the Morobe Mining Joint Ventures.

The Morobe Mining Joint Ventures is a 50:50 joint venture between Harmony and Newcrest Mining Limited (Newcrest), a major Australian-listed gold and copper mining company, which covers all current and future mining, project and exploration activities by the two companies in Morobe Province, including Hidden Valley. In terms of the joint venture agreement, Newcrest bought an initial 30% stake in Harmony's PNG assets in July 2008 for US$229 million and sole funded exploration, development and construction costs in the joint venture area for around US$300 million in FY09 to earn-in an additional 20%. Newcrest formally reached a 50% stake in the joint venture on 30 June 2009.

In terms of the unincorporated joint venture, each party owns the underlying assets directly and receives product from the operation, with each party responsible for the marketing of its product. The joint venture is jointly managed, with the general managers of the various operations reporting to an operating committee on which both venturers are equally represented.

The joint venture is undertaking extensive exploration activities in Morobe Province, targeting the Hidden Valley mine area, the Wafi-Golpu project and greenfields targets throughout Morobe Province. This is discussed in greater detail on pages 92 to 96



Review of operations cont.

Mineral resources and ore reserves

At the end of June 2009, Harmony's share of the Papua New Guinea joint venture reported an ore reserve of 2.096 million ounces of gold and 22.522 million ounces of silver and a mineral resource of 7.790 million ounces of gold and 41.968 million ounces of silver. Copper ore reserves totalled 882 million pounds and mineral resources 2 034 million pounds

Extensive exploration is being undertaken in PNG in the joint venture area, including work on the Hidden Valley mining lease area, the surrounding exploration tenements and the Wafi-Golpu project area as well as at Morobe coast, to further unlock value in the region which is considered highly prospective. In FY09, an increase in the resource was reported with the discovery of a porphyry copper complex adjacent to the Wafi-Golpu project area (the Nambonga Deposit).

More detailed information on this operation's attributable mineral resources and ore reserves is available in the mineral resources and ore reserves section on pages 139 to 143.

Papua New Guinea

Gold	Mineral resources				Ore reserves		
	Measured	Indicated	Inferred	Total	Proven	Probable	Total
Oz (000)	207	4 604	2 979	7 790	112	1 984	2 096
Tonnes (Mt)	3.0	102.7	92.8	198.5	1.5	54.9	56.4
Grade (g/t)	2.16	1.40	1.00	1.22	2.32	1.12	1.16

Silver	Mineral resources				Ore reserves		
	Measured	Indicated	Inferred	Total	Proven	Probable	Total
Oz (000)	3 668	25 246	13 054	41 968	1 755	20 767	22 522
Tonnes (Mt)	2.8	23.1	14.8	40.7	1.4	17.6	19.0
Grade (g/t)	40.52	33.95	27.38	32.01	39.00	36.70	36.87

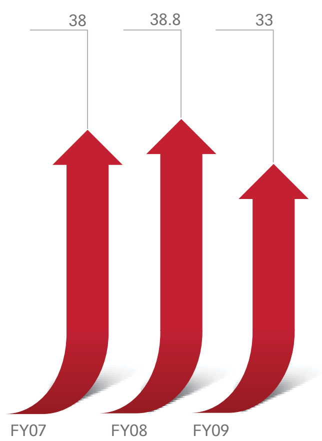
Copper	Mineral resources				Ore reserves		
	Measured	Indicated	Inferred	Total	Proven	Probable	Total
Pounds (million)	–	1 343	691	2 034	–	882	882
Tonnes (Mt)	–	43.8	57.6	101.4	–	35.4	35.4
%	–	1.39	0.54	0.91	–	1.13	1.13

Safety

The Hidden Valley project maintained a very good safety record during the construction and pre-start up mining phase. The performance is particularly creditable given that construction and operation has taken place in remote, difficult terrain with a large number of inexperienced members of the local community recruited, trained and employed on the mine site during the construction and operational start up phases.

LTIFR: PNG
(per million hours worked)

AIFR: PNG
(per million hours worked)



Hidden Valley key statistics:

	Unit	(100% basis, only 50% attributable to Harmony)
Production		
Tonnage to be milled over current life-of-mine	t (metric)	42 million
	t (imperial)	46 million
Estimated annual production	Gold (kg)	7 931
	Gold (oz)	255 000
	Silver (kg)	124 414
	Silver (oz)	4 million ounces
Average grade (or reserve)	Gold g/t	2.03
	oz/t	0.06
Financial		
Expected total cash costs (net silver credits)	US$/oz	500
Expected cash operating cost (net silver credits)	US$/oz	350
Capital expenditure to date*	A$ million	689
Life-of-mine	years	10

* excludes contingency, includes foreign exchange movements

Given current estimates, annual production at Hidden Valley mine is expected to be around 255 000 ounces of gold and 4 million ounces of silver. The operation, which currently has a 10-year life of mine, will process an estimated 4.2 million tonnes of ore annually from two open pits located approximately 5 kilometres apart: the Hamata pit which exploits the Hamata gold orebody, and the larger Hidden Valley pit which exploits the Hidden Valley and Kaveroi gold and silver orebodies. Mining pre-strip excavation of the main Hidden Valley-Kaveroi (HVK) pit started in July 2007, with the first ore production and stockpiling starting in March 2008. By 30 June 2009, some 810 000 tonnes of ore at a grade of 2.1 g/t gold had been stockpiled in preparation for commissioning of the processing plant .

Construction of the Hidden Valley plant facilities has continued apace. The processing facility involves a hybrid of two processing alternatives because of the differences between Hamata, Hidden Valley and Kaveroi ores and specifically the differences in silver grades. The Hamata oxide and primary ores will be processed via a conventional whole-of-ore carbon in leach (CIL) process. The Hidden Valley and Kaveroi transitional and primary ore types will utilise flotation concentration followed by a hybrid leaching, counter current decantation (CCD) and zinc precipitation circuit (Merrill-Crowe process). The grinding circuit and gravity circuit were completed in FY09, while the remaining processing plant construction will be completed by the end of September 2009. The construction of the overland conveyor from HVK and the crushing facilities at HVK will continue until December 2009. The SAG mill was installed and underwent separate commissioning trials in late June, milling a total of 16 000 tonnes of ore, which was then processed through the gravity circuit for a total recovery of some 450 ounces of gold, 50% of which was attributable to Harmony. Mill construction is nearing its final phase, with commissioning having commenced in the September 2009 quarter. Initial production will be limited to Hamata pit sourced ore, with the overland conveyor from Hidden Valley-Kaveroi pit expected to commence commissioning in the December 2009 quarter. It is expected that the mill will ramp-up to nameplate production over a period of six months, with de-bottlenecking activities targeted to increase the throughput commencing during the year. The tailings storage facility (TSF) starter dam walls have been completed. This allows for sufficient storage capacity for the first 18 months of operation, while the next stage of the TSF is constructed.

By year-end, most vacancies (745 employees, plus contractors) required for start-up and operation had been filled. Approximately 40% of the operation’s workforce (excluding construction personnel, but including operations contractors) was made up of local landowners. PNG nationals accounted for 92% of the operation’s workforce in all. Operational readiness programmes are in place and extensive training was undertaken prior to commissioning.

Outlook*

Hidden Valley is located in a highly prospective area. As exploration continues and potential new resources are identified on the mining lease, the life of the process facility could be extended. A resource development drilling programme is currently under way to support potential resource expansion, while potential plant constraints are being reviewed. De-bottlenecking studies to increase the plant capacity to approximately 4.8 million tonnes per annum have begun. This may require the construction of an additional TSF, the availability of which is a constraint currently to extending mine life. Key milestones for this project going forward are:

- completion of construction, commissioning and ramp-up of the mill to nameplate capacity and beyond;
- completion of construction and commissioning of the overland conveyor from HVK pit by December 2009;
- establishment of formal engineered waste dumps; and
- connection to main hydro-power electricity grid in FY11.

The estimated attributable gold production from Hidden Valley in FY10 is between 90 000 and 105 000 ounces, subject to successful commissioning and start up. Life-of-mine cash costs** are planned to be in the region of US$350/oz, net of silver credits. However, this is not expected to be achieved in the commissioning year as costs then will be higher, given the ramp-up in production which is currently under way as well as limited silver production in year one. Attributable capital** for project completion, development and sustaining capital is A$60 million (US$48.6 million) in FY10.

* Please refer to the forward-looking statement on the inside front cover of this report.

** June 2009 money terms. The exchange rate as at 30 June 2009 of A$1.23/US$ has been used for all forward-looking conversions.

Review of operations cont.

Mt Magnet

Description

The Mt Magnet operation, which is located some 600 kilometres north-east of Perth in Western Australia, was acquired by Harmony in 2002 with the acquisition of Hill 50 Gold NL. The operation has been on care-and-maintenance since December 2007.

While it has been Harmony's intention to sell this operation, recent work has indicated the existence of additional potential resources that may be brought to account.

Operational review and outlook*

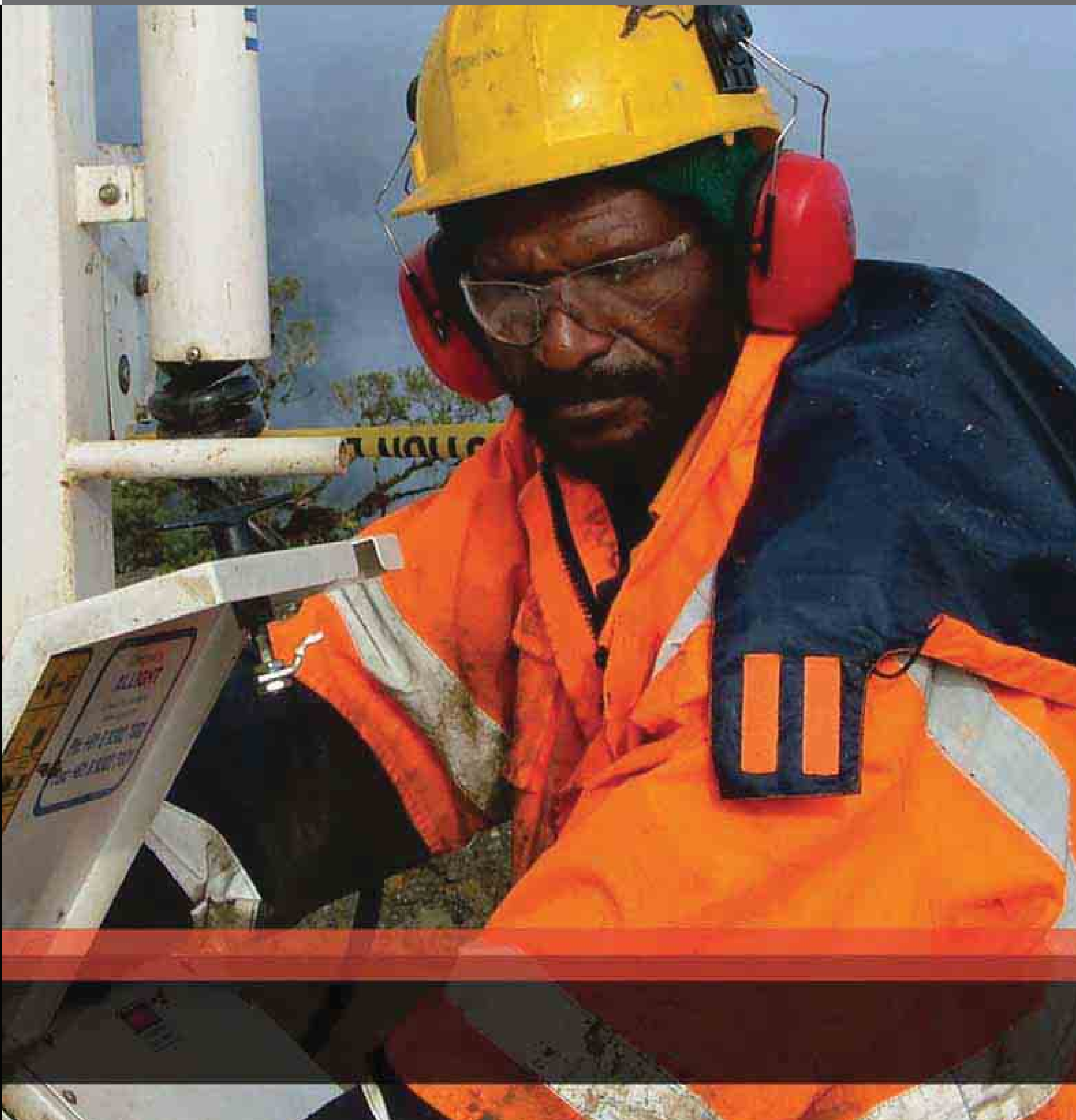
A scoping study is currently being undertaken to re-evaluate this operation. The study is based on a conceptual geological model which has been compiled and entails the consolidation of historic resources into a larger 'super pit' concept around the current mill area. Large, open-pit bulk mining would reduce the cash operating cost per ounce compared to the mine's previous production profile which included production from some old, deep underground mines. A resource definition drilling programme is currently under way to test the assumptions used in the scoping study, with the intent to prove up a five-year mine life and up to 150 000 oz per annum production profile. The study will be completed by the third quarter of FY10.

The site is currently on care-and-maintenance and would require only a short start-up time as all the necessary infrastructure remains in place or is readily available should a decision be made to re-open this mine based on study outcomes.

* Please refer to the forward-looking statement on the inside front cover of this report.

Exploration overview

Harmony is continuing to expand its exploration presence and effort. In FY09, the total spent on exploration and projects in South Africa, Australia and Papua New Guinea (PNG) was R289 million (US$32 million). The Harmony group exploration budget is set at R270 million (US$35 million) for FY10.



Exploration overview

Our exploration strategy is focussed on key prospective geological terrains with the potential for large, long-life gold ore bodies. Harmony's approach is to develop and maintain a balanced pipeline of projects across all stages of the exploration process – i.e. from project generation, advanced projects, resource definition and projects moving into prefeasibility. This includes:

- Brownfields exploration work to maximise value from existing infrastructure around current operations.
- Greenfields exploration in remote areas of PNG including Morobe Coast, Mt Hagen and Amanab.
- Maintaining flexibility in accessing quality projects through joint venture partnerships, acquisition, or by developing these in-house.
- Application of filter criteria based on project- and country-related risk and the ability to meet minimum size requirements (potential size/production profile).

In PNG, significant milestones and successes from the FY09 exploration programme included:

- Initiation of the Morobe Mining Joint Venture (Harmony 50%, Newcrest 50%) for exploration on the Morobe tenement holding encompassing the Wafi-Golpu and Hidden Valley projects
- Completion of initial resource drilling at the Nambonga North Prospect at Wafi-Golpu and the declaration of a new, inferred porphyry copper-gold resource comprising 1.0 million ounces of gold and 80,000 tonnes of copper, 50% attributable to Harmony
- Development of major porphyry and epithermal targets at Miapilli, Kesiago and Pekumbe, located along strike from Golpu on the Wafi Transfer Structure as part of the ongoing grassroots exploration programme
- Expansion of Harmony's PNG exploration portfolio into the Sandaun and Western Highlands provinces as a result of project generation activities.

In South Africa, highlights from the FY09 exploration programme included:

- Good progress at Evander South in Mpumalanga as the drilling programme here nears completion by year-end and suggests the potential for extension into the Poplar area.
- Start of exploration drilling at Joel North to upgrade resources and extend mine life.

Papua New Guinea exploration projects

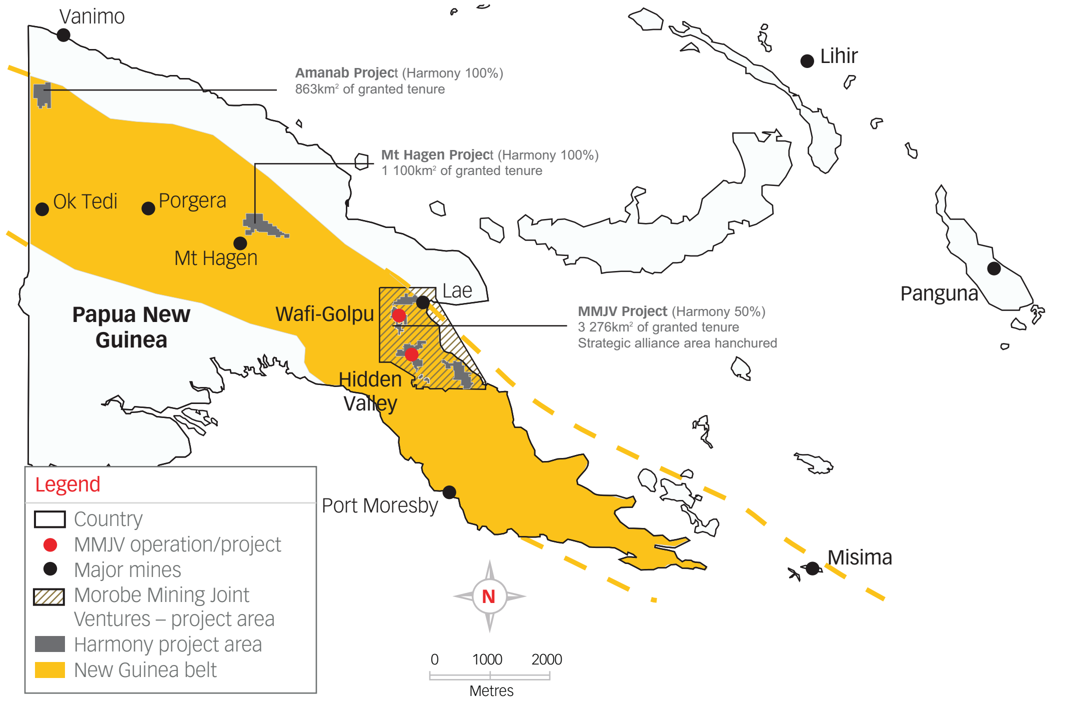
PNG contains one of the world's most prospective geological terranes for porphyry copper-gold and epithermal gold mineralisation. The New Guinea mobile belt spans the core of the Irian Jaya – PNG Mainland and is host to major deposits which include Grasberg-Ertzberg (copper-gold), Porgera (gold), OK Tedi (copper-gold), Hidden Valley (gold-silver), Misima (gold), Frieda River (copper-gold), and Wafi-Golpu (gold and copper-gold). The mobile belt is demonstrably underexplored, and represents the key prospective geological terrane central to Harmony's exploration strategy.

Although the majority of exploration expenditure in FY09 was in Morobe Province on Morobe Mining Joint Venture tenements, work during the year also included developing new projects in this highly prospective region.

Two new projects, Amanab in the Sandaun Province, and Mt Hagen in the Western Highlands Province, were generated and consolidated by Harmony after year-end and will form a significant portion of Harmony's exploration effort in FY10. These 100% Harmony-owned leases complement the exploration activities undertaken by the 50% Harmony-owned Morobe Mining Joint Ventures and underscore Harmony's commitment and belief in the developing minerals industry in PNG.

Exploration overview cont.

Tenement location plan



Morobe Mining Joint Ventures Project (Harmony 50%)

The land holding encompassing the Wafi-Golpu and Hidden Valley projects has now become part of the Morobe Mining Joint Ventures strategic alliance area, where both Harmony and Newcrest have agreed to operate as joint venture partners. This tenement package comprises 3 276 square kilometres of tenure and is centred on the Morobe goldfields.

The Morobe district is a growing gold province. The total known gold endowment is more than 19 million ounces of gold. In addition, the 4.1 billion pounds of copper, 47 million pounds of molybdenum, and 84 million ounces of silver add significant value to the known resources in the district.

Since Harmony began its exploration activities here in 2002, the resource inventory for Morobe Mining Joint Ventures has grown from 7.3 million ounces to 15.6 million ounces of gold. In FY09, exploration was successful in converting the Nambonga North prospect into a resource of over 1.0 million ounces of gold and 86 000 tonnes of copper, of which 50% is attributable to Harmony.

Exploration was undertaken on 19 separate prospects during the year. Initiatives to accelerate prospect turnover and development have been successful. Exploration statistics for FY09 include:

- 39 385 metres of diamond drilling
- 12 059 surface samples (soils, rock chips, trenches)
- Over 12 000 line kilometres of detailed airborne magnetics
- Geophysical IP-EM surveys at Biamena and Kesiago Prospects

The drilling component represents a threefold increase on FY08.

This momentum is set to continue in FY10, backed by the combined skill-sets of both Harmony and Newcrest. A budget of $AUD 22.8 million for the Morobe exploration joint venture – 42% for greenfields, 58% for brownfields activities – has been approved by the venture partners.

Wafi-Golpu brownfields exploration

Brownfield exploration surrounding the Wafi-Golpu deposits in FY09 focused on defining additional mineral resources to impact development of the project. Compilation and interpretation of the historical Wafi-Golpu datasets were undertaken to create a new, integrated 3D geological model. This work highlighted the north and north-eastern margins of the central diatreme intrusive as being underexplored, and prioritised the area for follow-up work in FY10.

Exploration during the first half of FY09 was directed at scoping and delineating the Nambonga North porphyry resource. Subsequent reconnaissance drilling along strike to the north-east of the Golpu resource on the Wafi Transfer identified significant anomalism at the Miapilli Prospect.

Wafi brownfields project

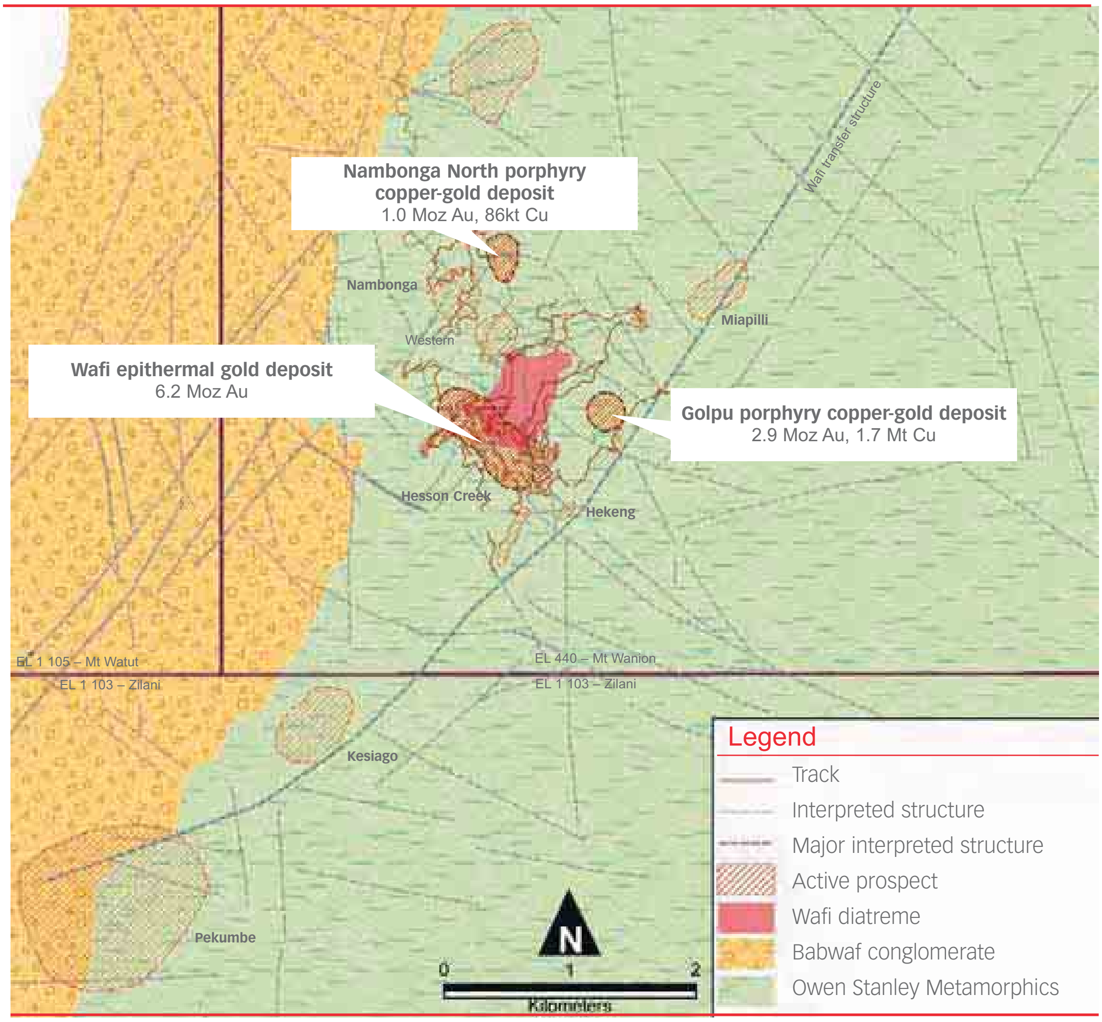
Wafi-Golpu Project

The Wafi gold and Golpu copper-gold project footprint was expanded during FY09 to include the Nambonga porphyry copper-gold resource. The project area now contains 11.1 million ounces of gold, 47 million pounds of molybdenum and 4.1 billion pounds of copper.

Concept studies to investigate development alternatives and unlock the value of this major resource remain a priority for FY10. A new consolidated resource model incorporating Nambonga and several previously un-modelled zones of gold and silver mineralisation is currently being constructed, and will be contemplated as part of this process.

Drilling continues to target additional surface resources and expansion of the known deposits along strike and at depth.

Location of Wafi brownfields prospects



Geology and prospect location plan showing Wafi brownfields prospects within EL440 and regional greenfields exploration prospect locations along the Wafi Transfer structure

Nambonga North

The Nambonga North prospect, which lies approximately 2 kilometres north-west of Golpu, was progressed during the year from an advanced prospect into an inferred copper-gold porphyry resource of 39.8Mt @ 0.8g/t Au and 0.2% Cu for 1.0M oz Au and 86Kt Cu. (50% attributable to Harmony). Importantly, this recent discovery represents the second mineralised copper-gold porphyry in the region that does not outcrop at surface.

Miapilli

The Miapilli prospect is located north-east along strike of the Wafi-Golpu porphyry copper-gold deposit on the Wafi Transfer structure and was recognised based on a circular magnetic anomaly, interpreted to represent an alteration halo associated with intrusion of a porphyry body at depth.

Exploration overview cont.

Three initial drillholes for a total of 2 060m were completed and magnetic bodies modelled from the regional magnetics. While the two northern holes drilled failed to intersect any indications of mineralisation, the southernmost hole, WR307, intersected altered and mineralised metamorphic host rocks, adjacent to an andesitic intrusive. Significant anomalous mineralisation was encountered in this hole, including:

- 35m @ 0.4g/t Au and 0.1% Cu from 224m
- 16m @ 0.4g/t Au from 270m

Follow up drilling of this initial result identified a large stockwork and alteration system, with anomalous gold and copper mineralisation over approximately 350mdh. Hole WR315 returned a best intercept of:

- 52m @ 1.0g/t Au and 0.2% Cu from 409m

This intercept corresponds well with that from WR307, and demonstrates an increase in width and tenor at depth and to the south. The prospect currently remains open in these directions.

Wafi greenfields exploration

Reprocessing of regional magnetics generated a number of targets along the north-east trending Wafi transfer structure, a major regional fault zone controlling the emplacement of numerous intrusives and related mineralisation events. FY09 exploration activity focused on developing prospect areas in unexplored parts of the Wafi transfer structure, including the Pekumbe and Kesiago Prospects in EL1103. Systematic exploration of this fertile structure will continue during FY10.

Regional work to follow-up FY08 results at Biamena prospect was also completed.

Kesiago prospect

The Kesiago anomaly covers an area of approximately 3 square kilometres, located on the Wafi transfer structure approximately 4 kilometre south-west of Golpu. This prospect has the potential for both epithermal gold and porphyry copper-gold deposits similar to those of Wafi-Golpu.

Recent surface work extending the soil geochemical coverage outlined a significant Au-As-Pb-Ag anomaly immediately north-west of the existing drill target. First pass drill testing of this zone is planned for the first half of FY10.

Pekumbe

The Pekumbe target is located approximately 1.5 kilometre south-west of Kesiago, within EL1103. This target is characterised by a 1.6 kilometre long magnetic anomaly with several north-south oriented structural breaks. Field reconnaissance has returned highly encouraging results, with up to 25g/t Au and 64g/t Ag in rock chip samples. Follow-up grid-based soil sampling has commenced, with drill testing of any delineated anomalies planned for early in FY10.

Hidden Valley brownfields exploration

Exploration in the region around Hidden Valley aims to add value through the discovery of major satellite resources, or to provide a high-grade sweetener to supplement the ore feed for the Hidden Valley plant.

Work during FY09 focussed on the integration of geological and geochemical datasets together with detailed helimagnetics in order to provide a new solid geological interpretation and 3D framework. This framework will form the basis for targeting and prioritisation of the mining lease exploration programme for FY10.

Exploration diamond drilling in the mining lease area comprised some 3 910 metres predominately on targets at Yafo and Apu Creek.

Yafo

The Yafo prospect lies on the Hidden Valley mining lease approximately 1 kilometre to the east of the Hamata Pit and processing plant. Drilling at this prospect is being undertaken to target high-grade gold mineralisation to supplement the ore feed stock.

Four holes totalling 1 009 metres were drilled at Yafo during FY09, targeting both extensions to historic drill intersections and new zones of mineralisation identified through surface mapping and trenching. Results to date have been mixed, with the best intersections being:

- YAFDH01: 5m @ 11.9 g/t Au from 95m
- YAFDH02: 11m @ 1.6 g/t Au from 120m
- YAFDH04: 6m @ 1.1 g/t Au from 140m

These intercepts are similar to the nearby Hamata deposit with magnetite, specular hematite and pyrite accompanying mineralisation, and hosted entirely within granodiorite. Several planned holes remain for the prospect and a full review will be undertaken in the first quarter of FY10 once results have been received.

Apu Creek

Drilling at the Apu Creek prospect, located immediately east of the Hidden Valley-Kaveroi orebodies, targeted a fault offset of the ore system.

One hole of 666 metres was drilled during FY09. APDH001 encountered a thick sequence of cover metasediments, overlying granodiorite. The granodiorite exhibit extensive epidote alteration with significant quartz-carbonate veining and base-metal sulphide mineralisation. This geology and style of mineralisation is similar to that of the nearby Kaveroi deposit.

Results indicate wide zones of silver mineralisation, with associated elevated lead (Pb) and zinc (Zn):

- APDH001: 466m @ 2.36g/t Ag from 17m
  59m @ 2.04g/t Ag, 0.16% Pb and 0.3% Zn from 521m

Compilation work and follow-up drilling is currently being planned to understand metal zonation and structural setting in relation to the Hidden Valley-Kaveroi system.

Exploration overview cont.

Morobe regional greenfields exploration

In all, 12 000 line kilometres of detailed airborne magnetics were undertaken to complete the magnetic coverage over the core tenement area of the Morobe Mining Joint Venture. The base dataset highlighted several previously unknown anomalies for prioritisation and follow-up in FY10. These include intrusive complexes at Bakau located approximately 10 kilometre south-east of Biamena on EL1316, and at Garaina on EL1629.

Reconnaissance mapping stream sediment sampling and soil sampling resulted in 3 460 samples being collected. Results highlighted the Wiwo prospect on the Morobe coast with the potential for major porphyry copper-gold and epithermal gold mineralisation. Follow up work will be carried out in FY10.

Morobe Coast EL1403

The Morobe Coast exploration licence EL1403 encompasses 1 041 square kilometres of tenure. While the area presents excellent grassroots exploration potential for porphyry copper-gold and high-grade low sulphidation epithermal mineralisation, there has been no drill testing as yet.

A helimagnetic survey is planned for the prospect area during FY10. This base dataset will provide context in order to assess and prioritise surface soil anomalies for follow-up.

Wiwo Prospect

Wiwo prospect is located approximately 15 kilometres south-south-west of the Morobe townsite on the east coast of PNG. Results from reconnaissance sampling have been highly encouraging with visible gold evident in a large number of pan concentrate samples.

Rock chip sample assays undertaken in conjunction with the stream sediment sampling exercise returned assays to 18.2 g/t Au, 5.25 % Cu, 0.35 % Pb, and 1% Zn. Mineralisation was observed in veins and shears, and together with the base metal association suggests potential for a buried porphyry copper system.

Ridge and spur soil sampling is currently in progress. A detailed helicopter-borne magnetic survey to provide additional data for prospect development is planned for FY10.

New PNG exploration projects FY10 (Harmony 100%)

Mt Hagen Project

The Mt Hagen project comprises two contiguous tenements encompassing approximately 1 100 square kilometres of tenure. The tenements are located around 20 kilometres north-north-east of Mt Hagen and are readily accessible via the Highlands Highway between Lae and Porgera.

Geology of the project area comprises a sequence of Triassic to Jurassic volcanics and calcareous metasediments, together with younger (Mid-Miocene) intrusives. In terms of structural settings, the region is transacted by a number of major regional structures considered favourable for hosting porphyry-related gold and copper-gold mineralisation.

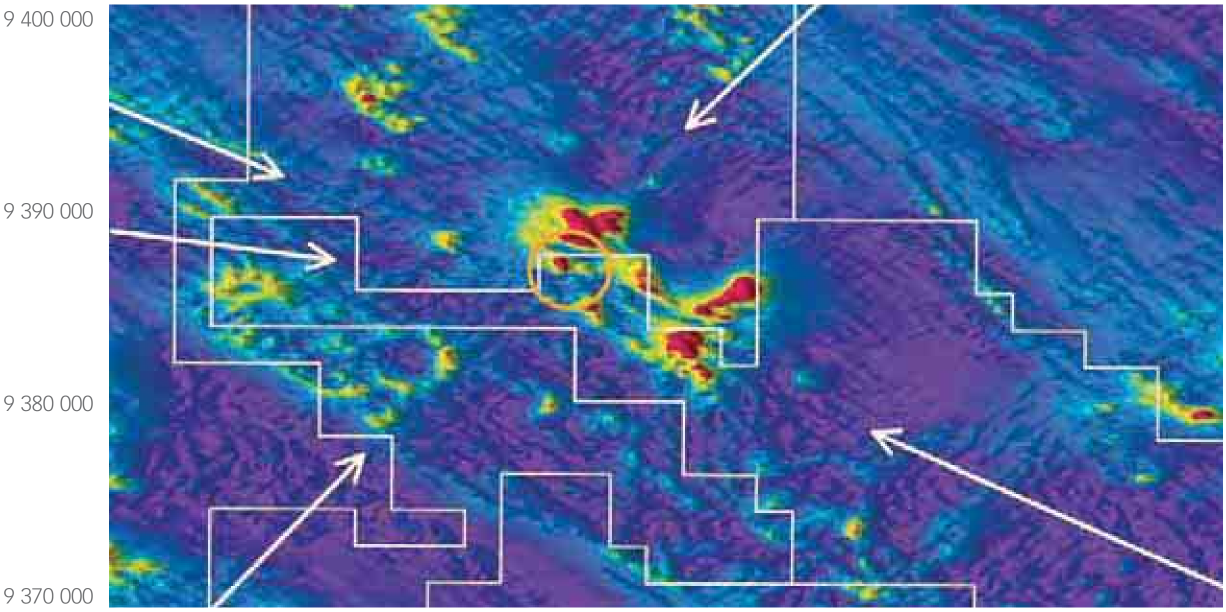
Mineralisation styles known from the project include porphyry copper-gold mineralisation, quartz sulphide vein stockwork mineralisation, and copper-gold skarn mineralisation.

Due diligence of the area commenced in April 2009 and the tenement package was consolidated subsequently in two separate agreements:

- EL1611 option agreement: Harmony has the right to explore over a four-year period on condition that the exploration work undertaken meets minimum annual statutory expenditure commitment. At any time during this four-year period, Harmony may exercise an option to purchase 100% of the tenement for the total cash consideration of US$2.25 million.
- EL1596 sale/purchase agreement: Harmony acquired 100% of the mineral rights of the adjacent tenement, EL1596, from Frontier Resources for a cash consideration of US$250,000.

The initial planned work programme comprises systematic surface trenching, mapping and drilling of the exposed gossan at Kurunga. Drilling is scheduled for the second quarter of FY10. Ridge and spur soil sampling over the broader area of the magnetic intrusive complex will follow with the work programme adjusted accordingly, depending on results.

Regional magnetics of area surrounding the Kurunga Prospect on EL 1596



This image presentation (analytic signal) shifts the magnetic anomalies above the bodies producing them. The arrows highlight major structural features all of which intersect at Kurunga. The magnetic skarn mineralisation at Kurunga (below) correlates directly with the anomaly circled yellow (above)

Artisanal workings at Kurunga where locals have exposed approximately 300m of strike of auriferous gossan. The gossan represents the surface expression of copper-gold skarn mineralisation.

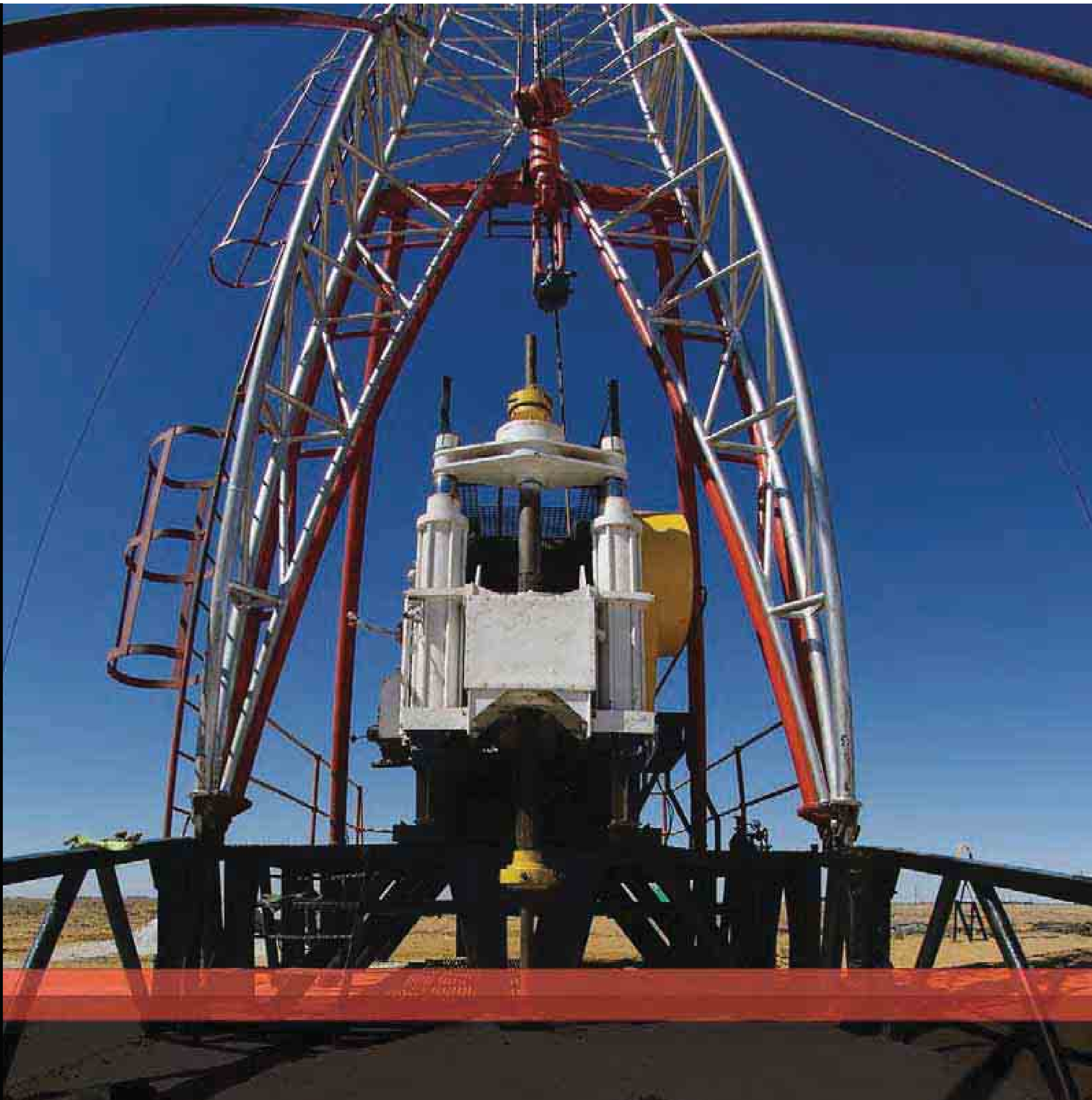
Exploration overview cont.

Amanab Project (Harmony 100%)

The Amanab project – exploration licence application ELA1708 – was lodged on 6 January 2009 in the name of Harmony Gold (PNG) Exploration Limited, a wholly-owned subsidiary of Harmony Gold Mining Company.

The tenement is located approximately 160 kilometres north of the OK Tedi copper-gold mine in Sandaun Province and was pegged to target the bedrock source of the alluvial goldfield centred on the Yup River. Major PNG deposits at Porgera, Bougainville, and Morobe (includes Hidden Valley, Wau, and Edie Creek) all had similar alluvial gold occurrences established prior to discovery.

The tenement was granted on 6 July 2009. A low-level grassroots exploration programme will be undertaken in stages over the next 18 months.



South African brownfields exploration and retreatment projects

Mpumalanga exploration

Evander South

Good progress was made at Evander South and the drilling programme there, two thirds of which had been done by year-end. The drilling programme is expected to be completed by December 2009 and the data to have been collated by the end of the third quarter of 2010. To date, five drill rigs have been used to drill 15 789 metres. In all, 24 000 metres of drilling from 43 holes is planned. Once this drilling programme has been concluded, and the geological resource revised, the existing pre-feasibility study will be updated.

It is anticipated that the drilling programme being undertaken here will lead ultimately to the establishment of a new, shallow, stand-alone mine, to be accessed initially via a decline shaft to a depth of approximately 500 metres and subsequently by a vertical shaft from surface to a depth of 1 060 metres below surface. Current estimates are that such a mine would have a recovered grade of approximately 4.5g/t with annual production of 1.2Mt over a 17-year life of mine which equates to 15 000 ounces/month and 180 000 ounces annually at peak production.

A decision on this project is expected in around two to three years time, and should the go-ahead be given, will take another three years from the start of decline development to first gold production. Initial estimates of capital expenditure are around R3 billion.

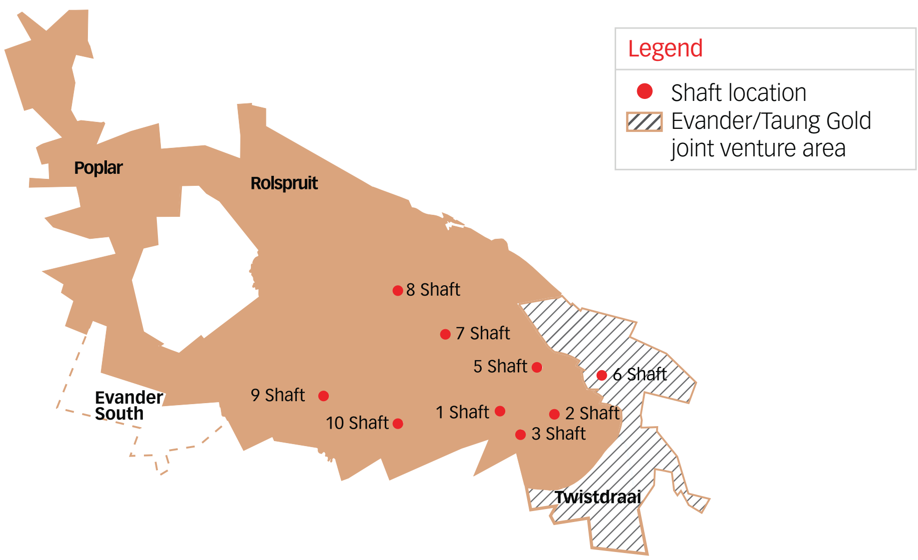
Poplar

Once the drilling programme at Evander South has been completed, a drilling programme will begin at Poplar, which is located 6 kilometres to the north of Evander South. Poplar also has the potential to be a stand-alone mine, with a mining depth of between 600 metres and 1 300 metres below surface and therefore also potentially accessible from surface. The envisaged drilling programme will be a continuation of the programme that began here in 2007 and stopped early in the 2008 financial year. Results from the drilling programme will allow the resource model to be updated and will almost certainly require a review of the feasibility study that was completed in 2003. The pre-feasibility study raised certain questions concerning the orebody, resulting in the planned drilling programme and, as at Evander South, once drilling has been completed, the study will be revised and updated.

Evander 6 shaft and Twistdraai

This orebody lies at the south-eastern end of the Evander gold field, adjacent to the current Evander 2 shaft orebody. Harmony entered into a joint venture agreement with Taung Gold Holdings (Pty) Ltd early in 2008 enabling Taung to earn into the projects to develop both these orebodies by fully funding and completing a bankable feasibility study. In terms of this agreement, Taung could earn-in an economic interest of up to 52%. To date, Taung has completed a competent person's report and is in the process of completing a scoping study incorporating a detailed mining plan and schedule. Permission is also currently being obtained to drill a number of surface exploration holes of up to 2 kilometres deep.

Evander region – exploration areas



Exploration overview cont.

Free State exploration

Joel North exploration

The surface exploration drilling programme, which started in May 2009, involves the drilling of six holes to a depth of 1 350 metres over a 12-month period and is aimed at upgrading the resource below the 129 level. A successful programme will require the existing shaft infrastructure to be extended below the current bottom working level and will prolong the life of mine for between five and six years.

Tshepong – B Reef Project

A four-year, R56 million exploration development programme to investigate the B Reef orebody and prove up this resource in the Leeuwbosch area north-east of Tshepong has begun. Small-scale mining of the B Reef on the west side of Tshepong indicated viable payshoots. This project will include 5.5 kilometres of underground development over two levels to a depth of 1 700 metres. In FY09, the first year of this project, initial surface drilling yielded positive results that were confirmed by preliminary underground drilling results which exceeded expectations.

St Helena – 10 Shaft

A feasibility study investigating the re-opening of this shaft is being completed. The shaft last operated in 2001, when it was owned by Gold Fields Limited, and has been under care and maintenance since its acquisition by Harmony in October 2002. It is likely that, should this shaft be re-opened, production from here will be used to replace tonnage from Harmony's more marginal operations as they close at the end of their economic lives.

Retreatment projects

With the success of Project Phoenix (see the Review of Operations), Harmony has undertaken to extend the retreatment side of its business to include both more gold retreatment facilities and the retreatment of tailings for the extraction of uranium.

Project Saints

Project Saints will be located in the Free State province, and will be similar to the Phoenix retreatment project. Project Saints involves demothballing and upgrading the St Helena gold plant to enable the retreatment of 1 million tonnes of tailings per month. The focus of this project will be the eight tailings dams located in the Virginia and Welkom area which together make up about a third of the total resource available for retreatment.

The feasibility study for this project, which included drilling of the dams to determine the grade of gold contained, was completed and outstanding environmental issues are currently being addressed with final sign-off on these being imminent. Various funding models are being investigated and development is due to begin in FY10. The first phase of the project has an estimated capital expenditure budget of R622 million (the R345 million capital budget for the second and last phase of this project will only be spent in year 8 and will be funded by the project itself). Project Saints is expected to yield a monthly average of 6 000 ounces of gold over a projected life of 20 years. Production should begin 15 months from the start of construction.

This project has furthermore the added advantage of certain environmental benefits. Following the reprocessing of the material from the eight old tailings dams, the resultant waste material will be disposed of in two larger new tailings dams, built using up-to-date, improved technology that incorporates stricter design and construction specifications and is more environmentally friendly. As material from these old dams is re-treated, the resultant tailings will be deposited onto the new larger tailings dams, the first of which will be full after eight years (hence the need for further capital in year 8) and the second of which will have enough capacity to see the project through to completion. This project is expected to create approximately 200 permanent jobs in the Free State.

Project Libra

Similar to that of Project Saints is Project Libra which involves the treatment of old tailings dam material for gold in the Evander area. It is planned that this project will treat one million tonnes of tailings material per month, however, a plant would have to be constructed as there is no suitable mothballed plant available for refurbishment. A pre-feasibility study has been successfully completed and this project will be taken to the feasibility stage once the design work for Project Saints has been completed.

TPM Project

Ore from Harmony's Free State mines contains uranium as a by-product of gold processing and the TPM Project envisages treating current arisings from the Tshepong, Phakisa, Masimong mines primarily for uranium. The initial concept is to reroute the milled ore from these mines, which is treated at the Harmony 1 gold plant, to a uranium plant initially, from where once the uranium has been extracted, the arisings will be returned to the gold plant for gold extraction. This has the added advantage of improving subsequent gold recovery rates.

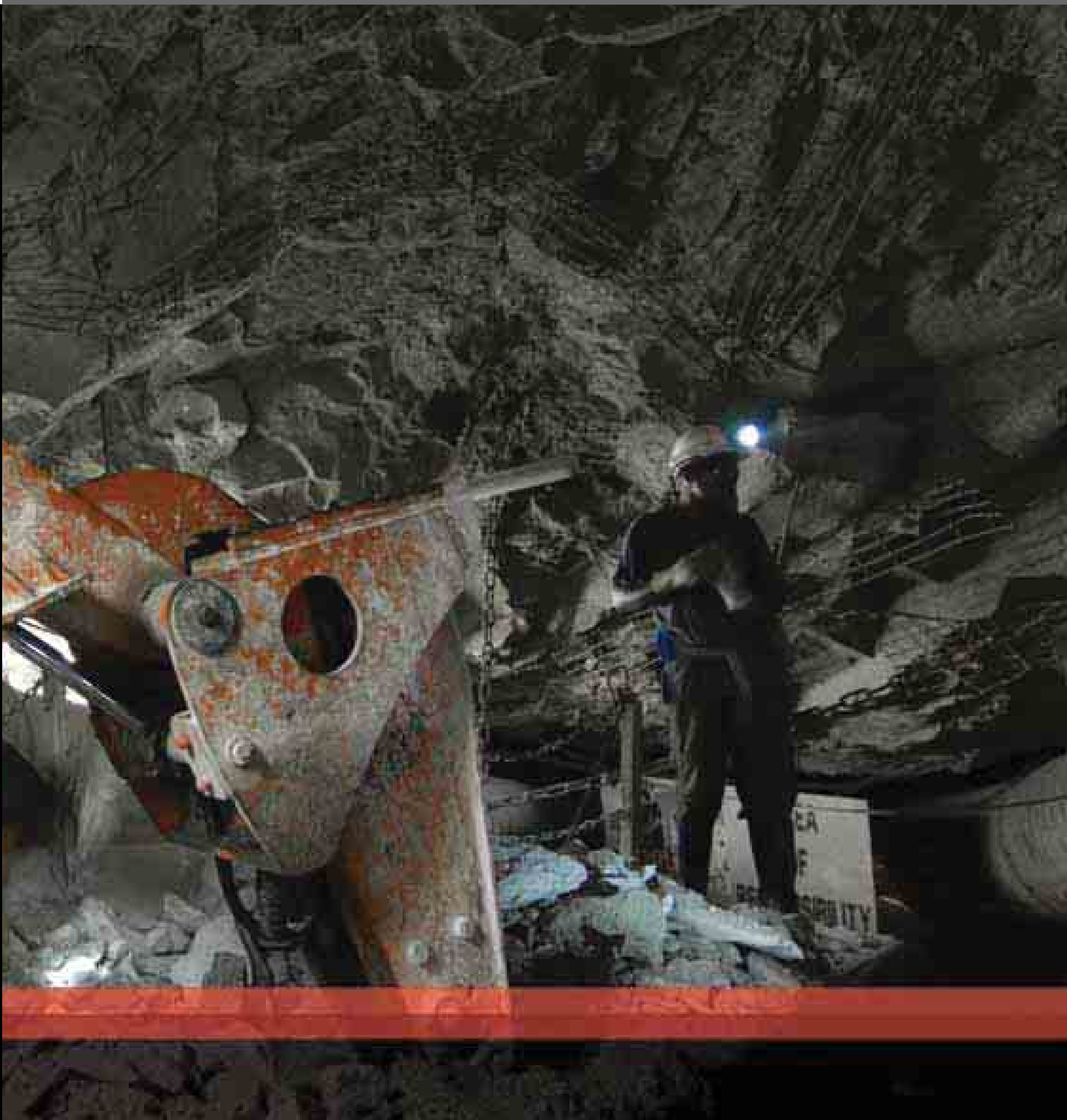
A pre-feasibility study into the establishment of a uranium plant is currently under way and scheduled for completion by November 2009 following which a nine-month full feasibility study is planned. The project is expected to involve the construction of a R1.4 billion uranium treatment plant with deposition sites and water usage being the same as those for treating gold.

The feasibility study will include plans to build a pilot plant, followed by the construction and testing of a larger demonstration plant. Thereafter, and upon final project approval, the actual plant is scheduled to take two years to build after which first production will begin.

In addition, studies to investigate the viability of extracting uranium from tailings facilities at Harmony's Free State operations are under way. The most likely source of tailings for such a venture would be directly from the current gold tailings retreatment operation of Project Phoenix (Saaiplaas plant) and the envisaged Project Saints (St Helena).

Mineral resources and ore reserves

2009



Mineral resources and ore reserves

As of 30 June 2009, Harmony reported ore reserves of 48.2 million ounces and mineral resources of 215.7 million ounces. The Measured and Indicated mineral resources are inclusive of those resources modified to produce the ore Reserves. Ore reserves are reported as mill delivered tonnes at the grade delivered to the mill. Of the company's 48.2 million ounces of ore reserves, 11.8 million ounces are classified as being below infrastructure, i.e. capital expenditure for the development of these has yet to be approved.

We use certain terms in this report such as 'measured', 'indicated' and 'inferred' resources, which the SEC guidelines strictly prohibit US-registered companies from including in their filings with the SEC. US investors are urged to consider closely the disclosure in our Form 20-F.

Commodity prices

A gold price of US$750/oz was used for the conversion of mineral resources to ore reserves at our South African and Papua New Guinea operations. An exchange rate of R9.33/U$ for South Africa and A$/US$0.75 for Papua New Guinea has been used, resulting in a gold price of R225 000/kg and A$1000/oz respectively.

Auditing

The Harmony mineral resources and ore reserves have been comprehensively audited by a team of internal competent persons that operates independently of the operating units. The internal audit team verifies compliance with the Harmony Code of Resource blocking, valuation, classification, cut-off calculations, development of life-of-mine plans and SAMREC sheets which support Harmony's Annual Mineral Resource and Ore Reserve statement. This audit process is specifically designed to comply with the requirements for internationally recognised procedures and standards such as:

- South African Code for Reporting Mineral Resources and Mineral Reserves – SAMREC Code
- Australian Code for Reporting Mineral Resources and Ore Reserves – JORC Code
- Industry Guide 7 of the United States Securities Exchange Commission
- Sarbanes-Oxley requirements

In addition to the internal audits, Harmony made use of SRK Consulting to review the gold mineral resources and reserves at all its South African operations.

Competent person's declaration

Harmony employs an ore reserve manager at each of its operations who takes responsibility for the reporting of the mineral resources and ore reserves of the mines for which they are responsible. The competent person responsible for the overall preparation and reporting of the company's mineral resources and ore reserves in South Africa is Jaco Boshoff (BSc (Hons), MSc (Geology), MBA. Pri.Sci.Nat), who has 14 years' relevant experience, and is registered with the South African Council for Natural Scientific Professions (SACNASP).

The competent person responsible for Papua New Guinea and Australia is Greg Job (BSc, MSc (Min Econ), MAusIMM). Greg has 21 years' experience in mine and resource geology, and is a member of the Australian Institute of Mining and Metallurgy.

Jaco Boshoff

Greg Job

Mineral resources and ore reserves cont.

2009

Reconciliation FY08/FY09

Mineral resources

Year-on-year, the mineral resources had a negative variance of 40.6 million ounces. This was mainly as a result of the equity adjustment for Papua New Guinea (69.9% down to 50% attributable to Harmony) as well as stating the mineral resources for the South African underground operations at a gold price of R350 000/kg and not at a resource cut-off of 250cmg/t.

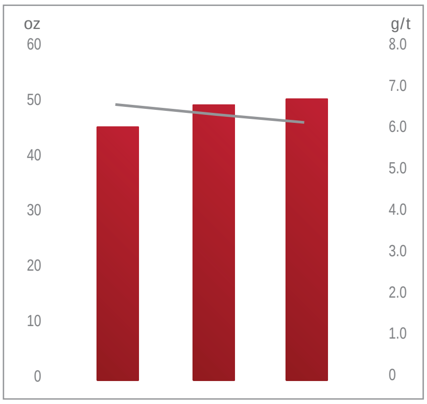
Ore reserves

There was a year-on-year negative variance of 2.3 million ounces with respect to the ore reserves. As indicated in the table below, Harmony's ore reserves as at 30 June 2009 reflected a year-on-year depletion of 1.6 million ounces. The equity adjustment at Papua New Guinea from 69.9% to 50% attributable to Harmony resulted in a further decrease of 0.9 million ounces. The net effect of positive changes at the South African operations accounted for an addition of 0.2 million ounces.

Ore reserve reconciliation: FY08 to FY09

	Gold (tonnes)	Gold (Moz)
Balance as at June 2008	**1 570**	**50.5**
Reductions		
Mined during FY2009	(50)	(1.6)
Equity adjustment (PNG)	(28)	(0.9)
Geology and scope changes	(78)	(2.5)
Additions		
Surface sources	34	1.1
Other adjustments	50	1.6
Balance as at June 2009	**1 499**	**48.2**

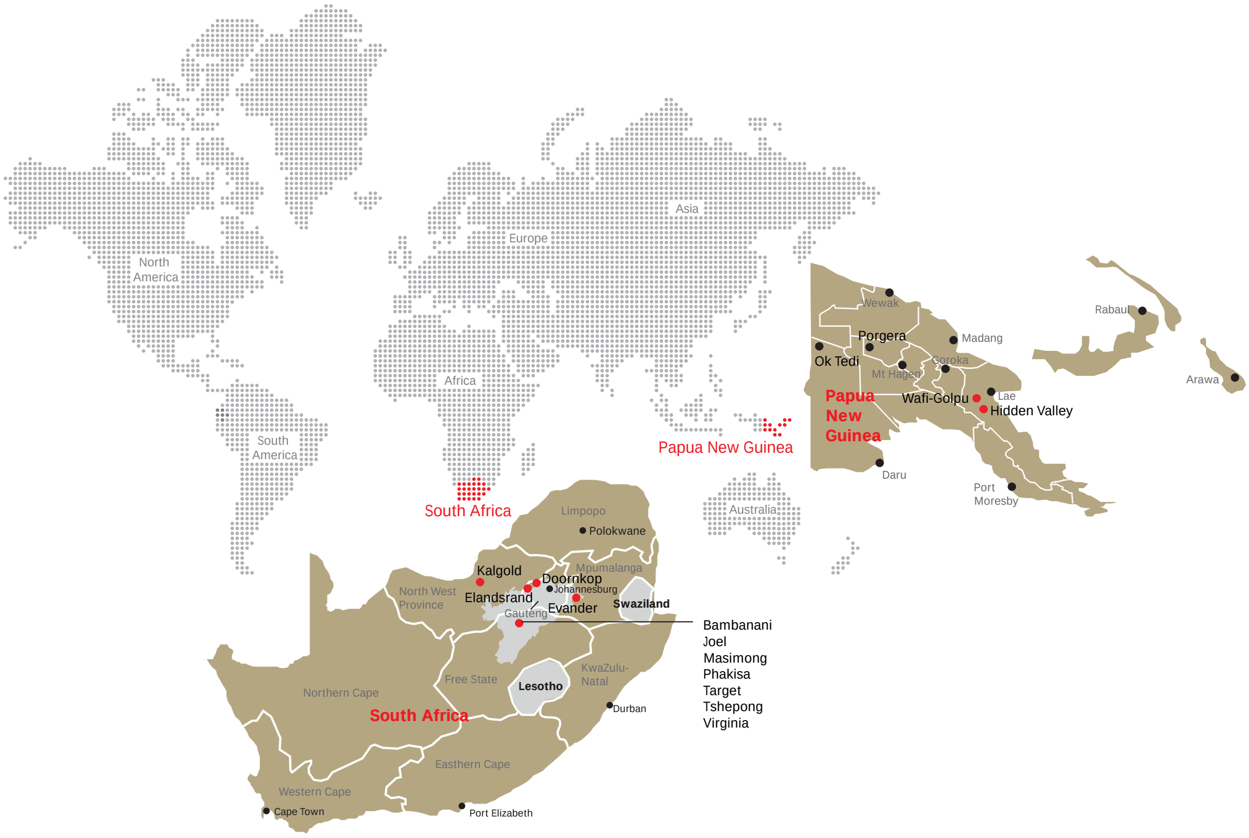
Ore reserve sensitivities



	R195,000	R225,000	R255,000
Gold oz (million)	44.60	48.15	49.04
g/t SA underground excluding below infrastructure	6.44	6.21	6.04

The graph above illustrates ore reserve sensitivities, inclusive of projects below infrastructure and surface sources, to a changing gold price below and above R225 000/kg. Note that these sensitivities are approximations only and based on the orebodies in the current life of mine plans and pre-feasibility studies. Accordingly, at different gold prices, alternative mining strategies may be pursued, including the addition of more secondary reef horizons into reserves.

Location of Harmony's South African and PNG assets



Summary tables: Harmony's mineral resources and ore reserves

South Africa underground (excluding below infrastructure)

Increasing level of geoscientific knowledge and confidence

Mineral resources (total)

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
854.6	6.18	5 278	169 686

Reported as in situ mineralisation estimates

Ore reserves (total)

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
131.3	6.21	814	26 169

Reported as mineable production estimates

Inferred

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
565.8	5.25	2 972	95 557

Indicated

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
156.8	8.18	1 283	41 242

Probable

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
82.8	6.46	534	17 183

Measured

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
132.0	7.75	1 023	32 887

Proven

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
48.5	5.78	280	8 986

Consideration of mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors).

Mineral resources and ore reserves cont.

2009

Summary tables: Harmony's mineral resources and ore reserves cont.

South Africa projects (below infrastructure)

Increasing level of geoscientific knowledge and confidence

Mineral resources (total)

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
104.5	7.41	774	24 894

Reported as in situ mineralisation estimates

Ore reserves (total)

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
49.4	7.45	369	11 849

Reported as mineable production estimates

Inferred

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
38.7	4.19	163	5 228

Indicated

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
65.8	9.30	611	19 666

Probable

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
49.4	7.45	369	11 849

Measured

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
–	–	–	–

Proven

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
–	–	–	–

Consideration of mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors).

South Africa surface (including Kalgold)

Increasing level of geoscientific knowledge and confidence

Mineral resources (total)

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
1 313.6	0.32	415	13 357

Reported as in situ mineralisation estimates

Ore reserves (total)

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
968.4	0.26	250	8 036

Reported as mineable production estimates

Inferred

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
228.9	0.32	73	2 359

Indicated

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
208.0	0.52	109	3 502

Probable

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
110.7	0.32	36	1 152

Measured

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
876.7	0.27	233	7 496

Proven

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
857.7	0.25	214	6 884

Consideration of mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors).

Papua New Guinea*

Increasing level of geoscientific knowledge and confidence

Mineral resources (total)

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
198.5	1.22	243	7 790

Reported as in situ mineralisation estimates

Ore reserves (total)

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
56.4	1.16	65	2 096

Reported as mineable production estimates

Inferred

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
92.8	1.00	93	2 979

Indicated

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
102.7	1.40	144	4 604

Probable

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
54.9	1.12	62	1 984

Measured

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
3.0	2.16	6	207

Proven

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
1.5	2.32	3	112

Consideration of mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors).

** Represents Harmony's equity portion of 50%*

Total underground and surface (including below infrastructure)

Increasing level of geoscientific knowledge and confidence

Mineral resources (total)

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
2 471.2	2.72	6 710	215 727

Reported as in situ mineralisation estimates

Ore reserves (total)

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
1 205.5	1.24	1 498	48 150

Reported as mineable production estimates

Inferred

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
926.2	3.56	3 301	106 123

Indicated

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
533.3	4.03	2 147	69 014

Probable

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
297.8	3.36	1 001	32 168

Measured

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
1 011.7	1.25	1 262	40 590

Proven

Tonnes (Mt)	Grade g/t	Gold (000kg)	Gold (000oz)
907.7	0.55	497	15 982

Consideration of mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors).

Mineral resources and ore reserves cont.

2009

Gold – Mineral resources statement (Metric)

	Measured			Indicated			Inferred			Total		
SA Underground	Tonnes (Mt)	Grade g/t	Gold (000kg)	Tonnes (Mt)	Grade g/t	Gold (000kg)	Tonnes (Mt)	Grade g/t	Gold (000kg)	Tonnes (Mt)	Grade g/t	Gold (000kg)
Bambanani	11.4	11.20	127	6.4	9.67	62	3.8	9.02	34	21.6	10.36	223
Joel	4.3	6.44	28	3.9	6.82	27	12.3	6.50	80	20.5	6.55	135
Masimong	14.0	7.55	106	14.9	6.51	97	100.3	6.69	671	129.2	6.76	874
Phakisa												
Phakisa	0.2	9.72	2	22.1	12.29	272	57.8	7.02	405	80.1	8.48	679
Nyala	4.4	6.91	31	3.9	4.76	18	–	–	–	8.3	5.91	49
Total	**4.6**	**7.03**	**33**	**26.0**	**11.17**	**290**	**57.8**	**7.02**	**405**	**88.4**	**8.24**	**728**
Target	6.3	9.81	62	13.9	7.65	106	5.2	6.26	32	25.4	7.90	200
Tshepong	14.0	11.03	154	14.3	11.32	162	13.8	8.85	122	42.1	10.42	438
Virginia												
Harmony 2	10.2	4.75	48	7.1	3.30	24	77.1	3.67	282	94.4	3.76	354
Merriespruit 1	8.5	5.20	45	3.8	5.25	20	39.6	4.19	166	51.9	4.43	231
Merriespruit 3	8.8	5.25	46	2.8	4.91	14	7.0	4.08	29	18.6	4.76	89
Unisel	11.2	5.56	62	12.0	4.73	56	20.6	4.65	97	43.8	4.90	215
Brand 3	4.1	6.78	28	4.1	6.91	29	10.0	5.15	51	18.2	5.91	108
Total	**42.8**	**5.35**	**229**	**29.8**	**4.77**	**143**	**154.3**	**4.05**	**625**	**226.9**	**4.39**	**997**
Doornkop												
Doornkop Kimberley Reef	9.1	3.27	30	6.8	2.64	18	159.7	2.51	401	175.6	2.56	449
Doornkop South Reef	0.6	5.99	3	1.3	6.23	8	22.5	8.63	194	24.4	8.44	205
Total	**9.7**	**3.43**	**33**	**8.1**	**3.23**	**26**	**182.2**	**3.27**	**595**	**200.0**	**3.27**	**654**
Elandsrand	**11.6**	**8.87**	**103**	**28.2**	**8.63**	**243**	**1.4**	**9.28**	**13**	**41.2**	**8.72**	**359**
Evander												
Evander operations												
Evander 2/5	7.7	10.62	81	2.0	10.47	21	6.5	11.36	75	16.2	10.90	177
Evander 7	1.9	12.08	23	0.1	9.28	1	13.9	10.91	151	15.9	11.04	175
Evander 8	3.7	11.96	44	9.2	11.37	105	14.3	11.79	169	27.2	11.67	318
Sub-total	**13.3**	**11.20**	**148**	**11.3**	**11.8**	**127**	**34.7**	**11.36**	**395**	**59.3**	**11.29**	**670**
Evander (below infrastructure)												
Evander South	–	–	–	21.1	5.46	115	33.8	3.98	135	54.9	4.55	250
Rolspruit	–	–	–	29.1	11.59	337	4.9	5.69	28	34.0	10.74	365
Poplar	–	–	–	15.6	10.21	159	–	–	–	15.6	10.21	159
Sub-total	**–**	**–**	**–**	**65.8**	**9.30**	**611**	**38.7**	**4.19**	**163**	**104.5**	**7.41**	**774**
Total	**13.3**	**11.20**	**148**	**77.1**	**9.58**	**738**	**73.4**	**7.58**	**558**	**163.8**	**8.81**	**1 444**
Total SA Underground	**132.0**	**7.75**	**1 023**	**222.6**	**8.51**	**1 894**	**604.5**	**5.19**	**3 135**	**959.1**	**6.31**	**6 052**
SA Surface												
Kalgold	34.5	0.93	32	66.0	0.94	62	28.4	0.95	27	128.9	0.94	121
Free State Surface												
Phoenix	130.8	0.27	36	–	–	–	5.3	0.26	1	136.1	0.27	37
St Helena	289.6	0.25	72	–	–	–	–	–	–	289.6	0.25	72
Other	421.8	0.22	93	142.0	0.33	47	195.2	0.23	45	759.0	0.24	185
Total	**842.2**	**0.24**	**201**	**142.0**	**0.33**	**47**	**200.5**	**0.23**	**46**	**1 184.7**	**0.25**	**294**
Total SA Surface	**876.7**	**0.27**	**233**	**208.0**	**0.52**	**109**	**228.9**	**0.32**	**73**	**1 313.6**	**0.32**	**415**
Total SA	**1 008.7**		**1 256**	**430.6**		**2 003**	**833.4**		**3 208**	**2 272.7**		**6 467**
Papua New Guinea [1]												
Hidden Valley and Kaveroi	2.8	2.16	6	23.1	1.89	44	14.8	1.53	23	40.7	1.78	73
Hamata	0.2	2.20	–	3.9	2.34	9	0.6	2.58	2	4.7	2.37	11
Wafi	–	–	–	31.9	1.97	63	19.8	1.73	34	51.7	1.88	97
Golpu	–	–	–	43.8	0.63	28	37.7	0.49	18	81.5	0.57	46
Nambonga	–	–	–	–	–	–	19.9	0.79	16	19.9	0.79	16
Total Papua New Guinea	**3.0**	**2.16**	**6**	**102.7**	**1.40**	**144**	**92.8**	**1.00**	**93**	**198.5**	**1.22**	**243**
GRAND TOTAL	**1 011.7**		**1 262**	**533.3**		**2 147**	**926.2**		**3 301**	**2 471.2**		**6 710**

Uranium – Mineral resources statement (Metric)

	Measured			Indicated			Inferred			Total		
Operations	Tonnes (million)	Grade (kg/t)	U_3O_8 kg (million)	Tonnes (million)	Grade (kg/t)	U_3O_8 kg (million)	Tonnes (million)	Grade (kg/t)	U_3O_8 kg (million)	Tonnes (million)	Grade (kg/t)	U_3O_8 kg (million)
Free State Surface												
Free State	358.8	0.09	33	36.5	0.10	4	68.4	0.07	5	463.7	0.09	42
Total SA Surface	**358.8**	**0.09**	**33**	**36.5**	**0.10**	**4**	**68.4**	**0.07**	**5**	**463.7**	**0.09**	**42**

Silver – Mineral resources statement (Metric)

	Measured			Indicated			Inferred			Total		
Operations	Tonnes (million)	Grade (g/t)	Silver kg (000)	Tonnes (million)	Grade (g/t)	Silver kg (000)	Tonnes (million)	Grade (g/t)	Silver kg (000)	Tonnes (million)	Grade (g/t)	Silver kg (000)
Papua New Guinea [1]												
Hidden Valley and Kaveroi	2.8	40.52	114	23.1	33.95	785	14.8	27.38	406	40.7	32.01	1 305

Copper – Mineral resources statement (Metric)

	Measured			Indicated			Inferred			Total		
Operations	Tonnes (million)	Grade (%)	Cu kg (million)	Tonnes (million)	Grade (%)	Cu kg (million)	Tonnes (million)	Grade (%)	Cu kg (million)	Tonnes (million)	Grade (%)	Cu kg (million)
Papua New Guinea [1]												
Golpu	–	–	–	43.8	1.39	609	37.7	0.72	272	81.5	1.08	881
Nambonga	–	–	–	–	–	–	19.9	0.21	42	19.9	0.21	42
Total	**–**	**–**	**–**	**43.8**	**1.39**	**609**	**57.6**	**0.54**	**314**	**101.5**	**0.91**	**923**

Molybdenum – Mineral resources statement (Metric)

	Measured			Indicated			Inferred			Total		
Operations	Tonnes (million)	Grade (ppm)	Mo kg (million)	Tonnes (million)	Grade (ppm)	Mo kg (million)	Tonnes (million)	Grade (ppm)	Mo kg (million)	Tonnes (million)	Grade (ppm)	Mo kg (million)
Papua New Guinea [1]												
Golpu	–	–	–	43.8	110.00	5	37.7	157.00	6	81.5	131.75	11

[1] Represents Harmony's equity portion of 50%

Note: 1 tonne = 1 000 kg = 2 204 lbs

Mineral resources and ore reserves cont.

Gold – Mineral resources statement (Imperial)

	Measured			Indicated			Inferred			Total		
SA Underground	Tons (million)	Grade (oz/ton)	Gold oz (000)	Tons (million)	Grade (oz/ton)	Gold oz (000)	Tons (million)	Grade (oz/ton)	Gold oz (000)	Tons (million)	Grade (oz/ton)	Gold oz (000)
Bambanani	12.5	0.327	4 087	7.1	0.282	1 993	4.2	0.263	1 101	23.8	0.302	7 181
Joel	4.8	0.188	895	4.3	0.199	855	13.6	0.190	2 580	22.7	0.191	4 330
Masimong	15.4	0.220	3 401	16.5	0.190	3 128	110.6	0.195	21 576	142.5	0.197	28 105
Phakisa												
Phakisa	0.2	0.285	65	24.4	0.358	8 745	63.7	0.205	13 036	88.3	0.247	21 846
Nyala	4.9	0.201	985	4.3	0.139	592	–	–	–	9.2	0.172	1 577
Total	**5.1**	**0.205**	**1 050**	**28.7**	**0.326**	**9 337**	**63.7**	**0.205**	**13 036**	**97.5**	**0.240**	**23 423**
Target	7.0	0.286	1 991	15.3	0.223	3 412	5.7	0.182	1 043	28.0	0.230	6 446
Tshepong	15.4	0.322	4 949	15.8	0.330	5 211	15.2	0.258	3 922	46.4	0.304	14 082
Virginia												
Harmony 2	11.2	0.139	1 559	7.9	0.096	757	84.9	0.107	9 082	104.0	0.110	11 398
Merriespruit 1	9.4	0.152	1 421	4.1	0.153	635	43.7	0.122	5 334	57.2	0.129	7 390
Merriespruit 3	9.7	0.153	1 491	3.1	0.143	436	7.7	0.119	917	20.5	0.139	2 844
Unisel	12.3	0.162	1 989	13.3	0.138	1 828	22.7	0.136	3 086	48.3	0.143	6 903
Brand 3	4.6	0.198	892	4.5	0.201	916	11.0	0.150	1 650	20.1	0.172	3 458
Total	**47.2**	**0.156**	**7 352**	**32.9**	**0.139**	**4 572**	**170.0**	**0.118**	**20 069**	**250.1**	**0.128**	**31 993**
Doornkop												
Doornkop Kimberley Reef	10.1	0.095	960	7.4	0.077	574	176.0	0.073	12 893	193.5	0.075	14 427
Doornkop South Reef	0.6	0.175	113	1.5	0.181	265	24.8	0.252	6 239	26.9	0.246	6 617
Total	**10.7**	**0.100**	**1 073**	**8.9**	**0.094**	**839**	**200.8**	**0.095**	**19 132**	**220.4**	**0.095**	**21 044**
Elandsrand	**12.8**	**0.259**	**3 313**	**31.0**	**0.252**	**7 812**	**1.6**	**0.270**	**431**	**45.4**	**0.254**	**11 556**
Evander												
Evander operations												
Evander 2/5	8.5	0.310	2 618	2.2	0.305	678	7.2	0.331	2 386	17.9	0.318	5 682
Evander 7	2.1	0.353	754	0.2	0.268	44	15.3	0.318	4 857	17.6	0.322	5 655
Evander 8	4.0	0.349	1 404	10.1	0.332	3 361	15.8	0.344	5 424	29.9	0.340	10 189
Sub-total	**14.6**	**0.327**	**4 776**	**12.5**	**0.326**	**4 083**	**38.3**	**0.331**	**12 667**	**65.4**	**0.329**	**21 526**
Evander (below infrastructure)												
Evander South	–	–	–	23.2	0.159	3 696	37.3	0.116	4 326	60.5	0.133	8 022
Rolspruit	–	–	–	32.1	0.338	10 847	5.4	0.166	902	37.5	0.313	11 749
Poplar	–	–	–	17.2	0.298	5 123	–	–	–	17.2	0.298	5 123
Sub-total	**–**	**–**	**–**	**72.5**	**0.271**	**19 666**	**42.7**	**0.122**	**5 228**	**115.2**	**0.216**	**24 894**
Total	**14.6**	**0.327**	**4 776**	**85.0**	**0.279**	**23 749**	**81.0**	**0.221**	**17 895**	**180.6**	**0.257**	**46 420**
Total SA Underground	**145.5**	**0.226**	**32 887**	**245.5**	**0.248**	**60 908**	**666.4**	**0.151**	**100 785**	**1 057.4**	**0.184**	**194 580**
SA Surface												
Kalgold	38.1	0.027	1 037	72.7	0.028	2 002	31.3	0.028	871	142.1	0.028	3 910
Free State Surface												
Phoenix	144.1	0.008	1 148	–	–	–	5.9	0.008	44	150.0	0.008	1 192
St Helena	319.2	0.007	2 327	–	–	–	–	–	–	319.2	0.007	2 327
Other	465.0	0.006	2 984	156.5	0.010	1 500	215.1	0.007	1 444	836.6	0.007	5 928
Total	**928.3**	**0.007**	**6 459**	**156.5**	**0.010**	**1 500**	**221.0**	**0.007**	**1 488**	**1 305.8**	**0.007**	**9 447**
Total SA Surface	**966.4**	**0.008**	**7 496**	**229.2**	**0.015**	**3 502**	**252.3**	**0.009**	**2 359**	**1 447.9**	**0.009**	**13 357**
Total SA	**1 111.9**		**40 383**	**474.7**		**64 410**	**918.7**		**103 144**	**2 505.3**		**207 937**
Papua New Guinea [1]												
Hidden Valley and Kaveroi	3.1	0.063	195	25.5	0.055	1 409	16.3	0.045	730	44.9	0.052	2 334
Hamata	0.2	0.064	12	4.2	0.068	291	0.7	0.075	50	5.1	0.069	353
Wafi	–	–	–	35.1	0.057	2 017	21.8	0.050	1 099	56.9	0.055	3 116
Golpu	–	–	–	48.3	0.018	887	41.6	0.014	595	89.9	0.016	1 482
Nambonga	–	–	–	–	–	–	21.9	0.023	505	21.9	0.023	505
Total Papua New Guinea	**3.3**	**0.063**	**207**	**113.1**	**0.041**	**4 604**	**102.3**	**0.029**	**2 979**	**218.7**	**0.036**	**7 790**
GRAND TOTAL	**1 115.2**		**40 590**	**587.8**		**69 014**	**1 021.0**		**106 123**	**2 724.0**		**215 727**

Uranium – Mineral resources statement (Imperial)

	Measured			Indicated			Inferred			Total		
Operations	Tons (million)	Grade (lbs/ton)	U_3O_8 lbs (million)	Tons (million)	Grade (lbs/ton)	U_3O_8 lbs (million)	Tons (million)	Grade (lbs/ton)	U_3O_8 lbs (million)	Tons (million)	Grade (lbs/ton)	U_3O_8 lbs (million)
Free State surface												
Free State	395.5	0.182	72	40.3	0.195	8	75.4	0.140	11	511.2	0.177	91
Total SA Surface	**395.5**	**0.182**	**72**	**40.3**	**0.195**	**8**	**75.4**	**0.140**	**11**	**511.2**	**0.177**	**91**

Silver – Mineral resources statement (Imperial)

	Measured			Indicated			Inferred			Total		
Operations	Tons (million)	Grade (oz/ton)	Silver oz (000)	Tons (million)	Grade (oz/ton)	Silver oz (000)	Tons (million)	Grade (oz/ton)	Silver oz (000)	Tons (million)	Grade (oz/ton)	Silver oz (000)
Papua New Guinea[1]												
Hidden Valley and Kaveroi	3.1	1.182	3 668	25.5	0.990	25 246	16.3	0.799	13 054	44.9	0.934	41 968

Copper – Mineral resources statement (Imperial)

	Measured			Indicated			Inferred			Total		
Operations	Tons (million)	Grade (%)	Cu lbs (million)	Tons (million)	Grade (%)	Cu lbs (million)	Tons (million)	Grade (%)	Cu lbs (million)	Tons (million)	Grade (%)	Cu lbs (million)
Papua New Guinea[1]												
Golpu	–	–	–	48.3	1.261	1 343	41.6	0.653	599	89.9	0.980	1 942
Nambonga	–	–	–	–	–	–	21.9	0.191	92	21.9	0.191	92
Total	**–**	**–**	**–**	**48.3**	**1.261**	**1 343**	**63.5**	**0.493**	**691**	**111.8**	**0.825**	**2 034**

Molybdenum – Mineral resources statement (Imperial)

	Measured			Indicated			Inferred			Total		
Operations	Tons (million)	Grade (lbs/ton)	Mo lbs (million)	Tons (million)	Grade (lbs/ton)	Mo lbs (million)	Tons (million)	Grade (lbs/ton)	Mo lbs (million)	Tons (million)	Grade (lbs/ton)	Mo lbs (million)
Papua New Guinea[1]												
Golpu	–	–	–	48.3	0.220	11	41.6	0.314	13	89.9	0.263	24

[1] Represents Harmony's equity portion of 50%

Note: 1 ton = 907 kg = 2 000 lbs

Mineral resources and ore reserves cont.

2009

Gold – Ore reserves statement (Metric)

	Proven Reserves			Probable Reserves			Total Reserves		
SA Underground	Tonnes (million)	Grade (g/t)	Gold[1] (000kg)	Tonnes (million)	Grade (g/t)	Gold[1] (000kg)	Tonnes (million)	Grade (g/t)	Gold[1] (000kg)
Bambanani	3.5	8.48	30	1.2	10.90	13	4.7	9.09	43
Joel	0.9	5.74	5	2.2	5.52	13	3.1	5.58	18
Masimong	4.5	5.20	24	1.4	5.27	7	5.9	5.22	31
Phakisa									
Phakisa	0.3	5.38	1	20.1	8.12	163	20.4	8.08	164
Nyala	0.1	4.01	1	0.0	3.37	–	0.1	3.82	1
Total	**0.4**	**4.98**	**2**	**20.1**	**8.11**	**163**	**20.5**	**8.05**	**165**
Target	4.8	6.10	29	9.0	5.60	50	13.8	5.77	79
Tshepong	12.8	5.30	68	11.5	5.78	66	24.3	5.53	134
Virginia									
Harmony 2	0.9	3.56	3	0.1	3.28	–	1.0	3.53	3
Merriespruit 1	1.2	4.55	6	0.6	4.45	2	1.8	4.52	8
Merriespruit 3	0.9	3.69	3	0.2	2.80	1	1.1	3.54	4
Unisel	3.0	4.95	15	1.8	4.85	9	4.8	4.91	24
Brand 3	0.6	3.92	2	0.1	4.42	1	0.7	4.02	3
Total	**6.6**	**4.43**	**29**	**2.8**	**4.56**	**13**	**9.4**	**4.47**	**42**
Doornkop									
Doornkop Kimberley Reef	0.3	2.48	1	0.3	2.57	1	0.6	2.53	2
Doornkop South Reef	0.4	4.30	2	0.9	4.27	4	1.3	4.28	6
Total	**0.7**	**3.55**	**3**	**1.2**	**3.85**	**5**	**1.9**	**3.75**	**8**
Elandsrand	**11.5**	**6.50**	**74**	**26.2**	**6.11**	**160**	**37.7**	**6.23**	**234**
Evander									
Evander operations									
Evander 2/5	0.8	6.35	5	0.2	6.17	1	1.0	6.32	6
Evander 7	0.2	4.64	1	0.0	8.48	–	0.2	4.81	1
Evander 8	1.8	5.66	10	7.0	6.21	43	8.8	6.09	53
Sub-total	**2.8**	**5.79**	**16**	**7.2**	**6.21**	**44**	**10.0**	**6.09**	**60**
Evander (below infrastructure)									
Evander South	–	–	–	11.5	4.80	55	11.5	4.80	55
Rolspruit	–	–	–	24.4	8.71	213	24.4	8.71	213
Poplar	–	–	–	13.5	7.45	101	13.5	7.45	101
Sub-total	**–**	**–**	**–**	**49.4**	**7.45**	**369**	**49.4**	**7.45**	**369**
Total	**2.8**	**5.79**	**16**	**56.6**	**7.30**	**413**	**59.4**	**7.22**	**429**
Total SA Underground	**48.5**	**5.78**	**280**	**132.2**	**6.83**	**903**	**180.7**	**6.55**	**1 183**
SA Surface									
Kalgold	15.5	0.84	13	9.0	1.07	10	24.5	0.93	23
Free State Surface									
Phoenix	130.8	0.27	36	–	–	–	130.8	0.27	36
St Helena	289.6	0.25	72	–	–	–	289.6	0.25	72
Other	421.8	0.22	93	101.7	0.26	26	523.5	0.23	119
Total	**842.2**	**0.24**	**201**	**101.7**	**0.26**	**26**	**943.9**	**0.24**	**227**
Total SA Surface	**857.7**	**0.25**	**214**	**110.7**	**0.32**	**36**	**968.4**	**0.26**	**250**
Total SA	**906.2**		**494**	**242.9**		**939**	**1 149.1**		**1 433**
Papua New Guinea[2]									
Hidden Valley and Kaveroi	1.4	2.34	3	17.6	1.99	35	19.0	2.02	38
Hamata	0.1	2.05	–	1.9	2.69	5	2.0	2.66	5
Golpu	–	–	–	35.4	0.61	22	35.4	0.61	22
Total Papua New Guinea	**1.5**	**2.32**	**3**	**54.9**	**1.12**	**62**	**56.4**	**1.16**	65
GRAND TOTAL	**907.7**		**497**	**297.8**		**1 001**	**1 205.5**		**1 498**

Silver – Ore reserves statement (Metric)

	Proven Reserves			Probable Reserves			Total Reserves		
Operations	Tonnes (million)	Grade (g/t)	Silver[1] (000kg)	Tonnes (million)	Grade (g/t)	Silver[1] (000kg)	Tonnes (million)	Grade (g/t)	Silver[1] (000Kg)
Papua New Guinea[2]									
Hidden Valley and Kaveroi	1.4	39.00	55	17.6	36.70	646	19.0	36.87	701

Copper – Ore reserves statement (Metric)

	Proven Reserves			Probable Reserves			Total Reserves		
Operations	Tonnes (million)	Grade (%)	Cu kg[1] (million)	Tonnes (million)	Grade (%)	Cu kg[1] (million)	Tonnes (million)	Grade (%)	Cu kg[1] (million)
Papua New Guinea[2]									
Golpu	–	–	–	35.4	1.13	400	35.4	1.13	400

Molybdenum – Ore reserves statement (Metric)

	Proven Reserves			Probable Reserves			Total Reserves		
Operations	Tonnes (million)	Grade (ppm)	Mo kg[1] (million)	Tonnes (million)	Grade (ppm)	Mo kg[1] (million)	Tonnes (million)	Grade (ppm)	Mo kg[1] (million)
Papua New Guinea[2]									
Golpu	–	–	–	35.4	121.00	4	35.4	121.00	4

1. Metal figures are fully inclusive of all mining dilutions and gold losses, and are reported as mill delivered tonnes and head grades. Metallurgical recovery factors have not been applied to the reserve figures.
2. Represents Harmony's equity portion of 50%

Note: 1 tonne = 1 000 kg = 2 204 lbs

Mineral resources and ore reserves cont.

2009

Gold – Ore reserves statement (Imperial)

	Proven Reserves			Probable Reserves			Total Reserves		
SA Underground	Tons (million)	Grade (oz/t)	Gold[1] (000oz)	Tons (million)	Grade (oz/t)	Gold[1] (000oz)	Tons (million)	Grade (oz/t)	Gold[1] (000oz)
Bambanani	3.9	0.247	965	1.3	0.318	420	5.2	0.265	1 385
Joel	1.0	0.168	161	2.5	0.161	404	3.5	0.163	565
Masimong	4.9	0.152	751	1.5	0.154	233	6.4	0.152	984
Phakisa									
Phakisa	0.3	0.158	43	22.1	0.237	5 234	22.4	0.236	5 277
Nyala	0.1	0.114	13	0.1	0.101	5	0.2	0.110	18
Total	**0.4**	**0.145**	**56**	**22.2**	**0.236**	**5 239**	**22.6**	**0.235**	**5 295**
Target	5.3	0.178	942	9.9	0.163	1 617	15.2	0.168	2 559
Tshepong	14.1	0.154	2 184	12.6	0.169	2 130	26.7	0.161	4 314
Virginia									
Harmony 2	1.0	0.104	103	0.1	0.091	9	1.1	0.103	112
Merriespruit 1	1.4	0.133	183	0.7	0.130	86	2.1	0.132	269
Merriespruit 3	1.0	0.107	102	0.2	0.080	16	1.2	0.103	118
Unisel	3.3	0.144	482	1.9	0.142	276	5.2	0.143	758
Brand 3	0.6	0.114	70	0.2	0.131	20	0.8	0.117	90
Total	**7.3**	**0.129**	**940**	**3.1**	**0.133**	**407**	**10.4**	**0.130**	**1 347**
Doornkop									
Doornkop Kimberley Reef	0.3	0.072	20	0.3	0.076	25	0.6	0.074	45
Doornkop South Reef	0.4	0.126	50	1.0	0.125	128	1.4	0.125	178
Total	**0.7**	**0.104**	**70**	**1.3**	**0.113**	**153**	**2.0**	**0.110**	**223**
Elandsrand	**12.6**	**0.190**	**2 395**	**28.9**	**0.178**	**5 146**	**41.5**	**0.182**	**7 541**
Evander									
Evander operations									
Evander 2/5	0.9	0.185	163	0.2	0.179	38	1.1	0.184	201
Evander 7	0.2	0.133	27	0.0	0.203	2	0.2	0.137	29
Evander 8	2.0	0.165	332	7.7	0.181	1 394	9.7	0.178	1 726
Sub-total	**3.1**	**0.169**	**522**	**7.9**	**0.181**	**1 434**	**11.0**	**0.177**	**1 956**
Evander (below infrastructure)									
Evander South	–	–	–	12.7	0.140	1 773	12.7	0.140	1 773
Rolspruit	–	–	–	26.9	0.254	6 842	26.9	0.254	6 842
Poplar	–	–	–	14.9	0.217	3 234	14.9	0.217	3 234
Sub-total	**–**	**–**	**–**	**54.5**	**0.217**	**11 849**	**54.5**	**0.217**	**11 849**
Total	**3.1**	**0.169**	**522**	**62.4**	**0.213**	**13 283**	**65.5**	**0.211**	**13 805**
Total SA Underground	**53.3**	**0.169**	**8 986**	**145.7**	**0.199**	**29 032**	**199.0**	**0.191**	**38 018**
SA Surface									
Kalgold	17.3	0.025	425	9.8	0.031	307	27.1	0.027	732
Free State Surface									
Phoenix	144.1	0.008	1 148	–	–	–	144.1	0.008	1 148
St Helena	319.2	0.007	2 326	–	–	–	319.2	0.007	2 326
Other	465.0	0.006	2 985	112.2	0.008	845	577.2	0.007	3 830
Total	**928.3**	**0.007**	**6 459**	**112.2**	**0.008**	**845**	**1 040.5**	**0.007**	**7 304**
Total SA Surface	**945.6**	**0.007**	**6 884**	**122.0**	**0.009**	**1 152**	**1 067.6**	**0.008**	**8 036**
Total SA	**998.9**		**15 870**	**267.7**		**30 184**	**1 266.6**		**46 054**
Papua New Guinea [2]									
Hidden Valley and Kaveroi	1.5	0.068	105	19.4	0.058	1 126	20.9	0.059	1 231
Hamata	0.2	0.064	7	2.1	0.078	164	2.3	0.078	171
Golpu	–	–	–	39.0	0.018	694	39.0	0.018	694
Total Papua New Guinea	**1.7**	**0.068**	**112**	**60.5**	**0.033**	**1 984**	**62.2**	**0.034**	**2 096**
GRAND TOTAL	**1 000.6**		**15 982**	**328.2**		**32 168**	**1 328.8**		**48 150**

Silver – Ore reserves statement (Imperial)

	Proven Reserves			Probable Reserves			Total Reserves		
Operations	Tons (million)	Grade (oz/t)	Silver oz[1] (million)	Tons (million)	Grade (oz/t)	Silver oz[1] (million)	Tons (million)	Grade (oz/t)	Silver oz[1] (million)
Papua New Guinea[2]									
Hidden Valley and Kaveroi	1.5	1.137	1 755	19.4	1.070	20 767	20.9	1.075	22 522

Copper – Ore reserves statement (Imperial)

	Proven Reserves			Probable Reserves			Total Reserves		
Operations	Tons (million)	Grade (%)	Cu lbs[1] (million)	Tons (million)	Grade (%)	Cu lbs[1] (million)	Tons (million)	Grade (%)	Cu lbs[1] (million)
Papua New Guinea[2]									
Golpu	–	–	–	39.0	1.025	882	39.0	1.025	882

Molybdenum – Ore reserves statement (Imperial)

	Proven Reserves			Probable Reserves			Total Reserves		
Operations	Tons (million)	Grade (lbs/t)	Mo lbs[1] (million)	Tons (million)	Grade (lbs/t)	Mo lbs[1] (million)	Tons (million)	Grade (lbs/t)	Mo lbs[1] (million)
Papua New Guinea[2]									
Golpu	–	–	–	39.0	0.231	9	39.0	0.231	9

1. Metal figures are fully inclusive of all mining dilutions and gold losses, and are reported as mill delivered tonnes and head grades. Metallurgical recovery factors have not been applied to the reserve figures.
2. Represents Harmony's equity portion of 50%

Note: 1 ton = 907 kg = 2 000 lbs

Mineral resources and ore reserves cont.

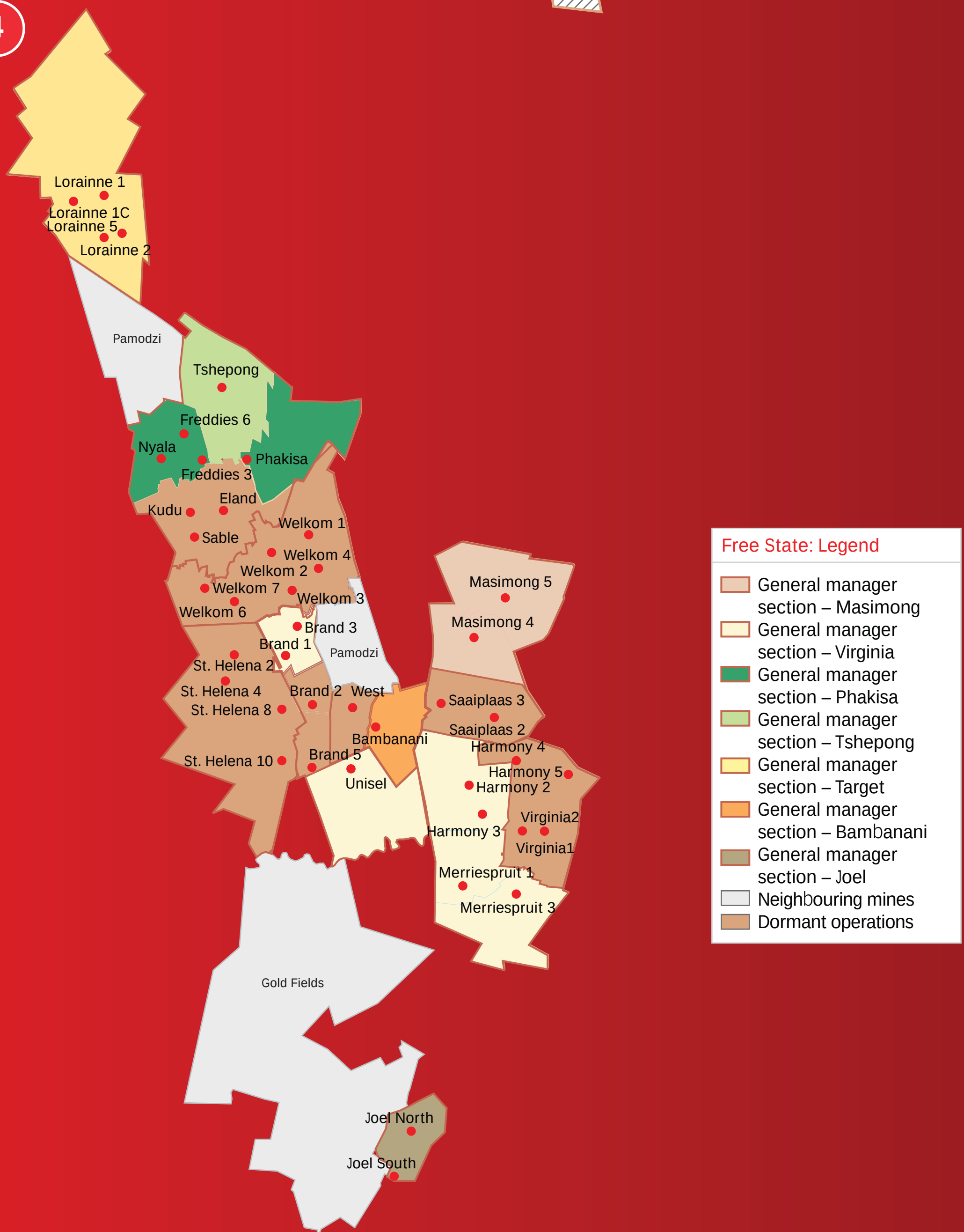
2009

South Africa – Mineral resources and ore reserves

3


Poplar
Rolspruit
Area
8 Shaft
7 Shaft
5 Shaft
6 Shaft
Evander
South
9 Shaft
10 Shaft
1 Shaft
2 Shaft
3 Shaft
Evander: Legend
Evander Gold Mining Company (Pty) Ltd
Evander Gold Mining Company (Pty) Ltd and Taung Gold JV
Evander South prospecting right
Excluded area

4


Lorainne 1
Lorainne 1C
Lorainne 5
Lorainne 2
Pamodzi
Tshepong
Freddies 6
Nyala
Phakisa
Freddies 3
Eland
Kudu
Welkom 1
Sable
Welkom 4
Welkom 2
Welkom 7
Welkom 3
Welkom 6
Brand 3
Brand 1
Pamodzi
St. Helena 2
St. Helena 4
Brand 2
West
St. Helena 8
Bambanani
St. Helena 10
Brand 5
Unisel
Masimong 5
Masimong 4
Saaiplaas 3
Saaiplaas 2
Harmony 4
Harmony 5
Harmony 2
Harmony 3
Virginia2
Virginia1
Merriespruit 1
Merriespruit 3
Gold Fields
Joel North
Joel South
Free State: Legend
General manager section – Masimong
General manager section – Virginia
General manager section – Phakisa
General manager section – Tshepong
General manager section – Target
General manager section – Bambanani
General manager section – Joel
Neighbouring mines
Dormant operations

Mineral resources and ore reserves cont.

2009

Free State

Geology: The Harmony Free State Operations are located on the south-western corner of the Witwatersrand Basin, between the towns of Allanridge, Welkom, Theunissen and Virginia. The basin, situated on the Kaapvaal Craton, has been filled by a 6-kilometre thick succession of sedimentary rocks, which extends laterally for hundreds of kilometres.

The Free State goldfield is divided into two sections, cut by the north-south striking De Bron Fault. This major structure has a vertical displacement of about 1 500m in the region of Bambanani, as well as a lateral shift of 4km. This lateral shift can allow a reconstruction of the orebodies of Unisel to the west of the De Bron and Merriespruit to the east. A number of other major faults (Stuirmanspan, Dagbreek, Arrarat and Eureka) lie parallel to the De Bron Fault.

To the west of the De Bron, the currently operating mines are Target, Tshepong, Phakisa, Nyala, Unisel, Brand, Bambanani and Joel operations. Dips are mostly towards the east, averaging 30 degrees but become steeper approaching the De Bron Fault. To the east of the fault lie Merriespruit 1 and 3, Harmony 2 and Masimong mines. These mostly dip towards the west at 20 degrees, although Masimong is structurally complex and dips of up to 40 degrees have been measured. Between these two blocks lies the uplifted horst block of West Rand Group sediments with no reef preserved.

The western margin area is bound by synclines and reverse thrusts faults and is structurally complex. Towards the south and east, reefs sub-crop against overlying strata, eventually cutting out against the Karoo to the east of the lease area

Most of the Ore Resource tends to be concentrated in reef bands located on one or two distinct unconformities. A minority of the Mineral Resource is located on other unconformities. Mining that has taken place is mostly deep-level underground mining, exploiting the narrow, generally shallow dipping tabular reefs.

The Basal Reef is the most common reef horizon and is mined at all shafts except Target and Joel. It varies from a single pebble lag to channels on more than 2m thick. It is commonly overlain by shale, which thickens northwards. Tshepong has resorted to undercutting of its mining panels to reduce the effect of shale dilution.

The second major reef is the Leader Reef, located 15-20m above the Basal Reef. This is mostly mined at the shafts to the south – Unisel, Harmony 2, Merriespruit 1 and Merriespruit 3. Further north, it becomes poorly developed with erratic grades. The reef consists of multiple conglomerate units, separated by thin quartzitic zones, often totalling up to 4 metres thick. A selected mining cut on the most economic horizon is often undertaken.

The B Reef is a highly channelised orebody located 140m stratigraphically above the Basal Reef. Because of its erratic nature, it has only been mined at Masimong and Tshepong. Within the channels, grades are excellent, but this falls away to nothing outside of the channels. Consequently, both shafts have undertaken extensive exploration to locate these pay channels.

The A Reef is also a highly channelised reef, located some 40m above the B Reef. This is currently only mined at Harmony 2 and Brand, although an extensive channel lies along the western margin from Nyala to Lorraine. It consists of multiple conglomerate bands of up to 4m thick and a selected mining cut is usually required to optimise the orebody.

Joel Mine, located 30km south of Welkom, is the only Harmony Free State operation to mine the Beatrix Reef. This varies from a single-pebble lag to a multiple conglomerate, often showing mixing of the reef with some of the overlying lower grade VS5 (mixed pebble conglomerate) material. None of the other reefs are present this far south, having sub-cropped against the Beatrix Reef.

The Target operations are located at the northern extent of the Free State Goldfields, some 20km north of Welkom. The reefs currently exploited are the Elsburg-Dreyerskuil conglomerates, which form a wedge-shaped stacked package, comprising 35 separate reef horizons, often separated by quartzite beds. The Elsburg Reefs are truncated by an unconformity surface at the base of the overlying Dreyerskuil Member. Below the sub-crop, the Elsburg dips steeply to the east, with dips becoming progressively shallower down dip. Close to the sub-outcrop, the thickness of the intervening quartzites reduces, resulting in the Elsburg Reefs coalescing to form composite reef packages that are exploited by massive mining techniques at the Target mine. The Dreyerskuil also consists of stacked reefs dipping shallowly to the east. These reefs tend to be less numerous, but more laterally extensive than the underlying Elsburg Reefs.

Free State – Gold mineral resources

Operations	Measured Tonnes (Mt)	Measured g/t	Measured Gold (000kg)	Measured Gold (000oz)	Indicated Tonnes (Mt)	Indicated g/t	Indicated Gold (000kg)	Indicated Gold (000oz)	Inferred Tonnes (Mt)	Inferred g/t	Inferred Gold (000kg)	Inferred Gold (000oz)	Total Tonnes (Mt)	Total g/t	Total Gold (000kg)	Total Gold (000oz)
Underground																
Bambanani	11.4	11.20	127	4 087	6.4	9.67	62	1 993	3.8	9.02	34	1 101	21.6	10.36	223	7 181
Joel	4.3	6.44	28	895	3.9	6.82	27	855	12.3	6.50	80	2 580	20.5	6.55	135	4 330
Masimong	14.0	7.55	106	3 401	14.9	6.51	97	3 128	100.3	6.69	671	21 576	129.2	6.76	874	28 105
Phakisa																
Phakisa	0.2	9.72	2	65	22.1	12.29	272	8 745	57.8	7.02	405	13 036	80.1	8.48	679	21 846
Nyala	4.4	6.91	31	985	3.9	4.76	18	592	–	–	–	–	8.3	5.91	49	1 577
Total	**4.6**	**7.03**	**33**	**1 050**	**26.0**	**11.17**	**290**	**9 337**	**57.8**	**7.02**	**405**	**13 036**	**88.4**	**8.24**	**728**	**23 423**
Target*	6.3	9.81	62	1 991	13.9	7.65	106	3 412	5.2	6.26	32	1 043	25.4	7.90	200	6 446
Tshepong	14.0	11.03	154	4 949	14.3	11.32	162	5 211	13.8	8.85	122	3 922	42.1	10.42	438	14 082
Virginia																
Harmony 2	10.2	4.75	48	1 559	7.1	3.30	24	757	77.1	3.67	282	9 082	94.4	3.76	354	11 398
Merriespruit 1	8.5	5.20	45	1 421	3.8	5.25	20	635	39.6	4.19	166	5 334	51.9	4.43	231	7 390
Merriespruit 3	8.8	5.25	46	1 491	2.8	4.91	14	436	7.0	4.08	29	917	18.6	4.76	89	2 844
Unisel	11.2	5.56	62	1 989	12.0	4.73	56	1 828	20.6	4.65	97	3 086	43.8	4.90	215	6 903
Brand 3	4.1	6.78	28	892	4.1	6.91	29	916	10.0	5.15	51	1 650	18.2	5.91	108	3 458
Total	**42.8**	**5.35**	**229**	**7 352**	**29.8**	**4.77**	**143**	**4 572**	**154.3**	**4.05**	**625**	**20 069**	**226.9**	**4.39**	**997**	**31 993**
Total Underground	**97.4**	**7.58**	**739**	**23 725**	**109.2**	**8.12**	**887**	**28 508**	**347.5**	**5.67**	**1 969**	**63 327**	**554.1**	**6.49**	**3 595**	**115 560**
Surface																
Phoenix	130.8	0.27	36	1 148	–	–	–	–	5.3	0.26	1	44	136.1	0.27	37	1 192
St Helena	289.6	0.25	72	2 327	–	–	–	–	–	–	–	–	289.6	0.25	72	2 327
Other	421.8	0.22	93	2 984	142.0	0.33	47	1 500	195.2	0.23	45	1 444	759.0	0.24	185	5 928
Total surface	**842.2**	**0.24**	**201**	**6 459**	**142.0**	**0.33**	**47**	**1 500**	**200.5**	**0.23**	**46**	**1 488**	**1 184.7**	**0.25**	**294**	**9 447**
GRAND TOTAL	**939.6**		**940**	**30 184**	**251.2**		**933**	**30 008**	**548.0**		**2 015**	**64 815**	**1 738.8**		**3 889**	**125 007**

* Target's mineral resources are stated as work in progress – the process has been independently reviewed by SRK.

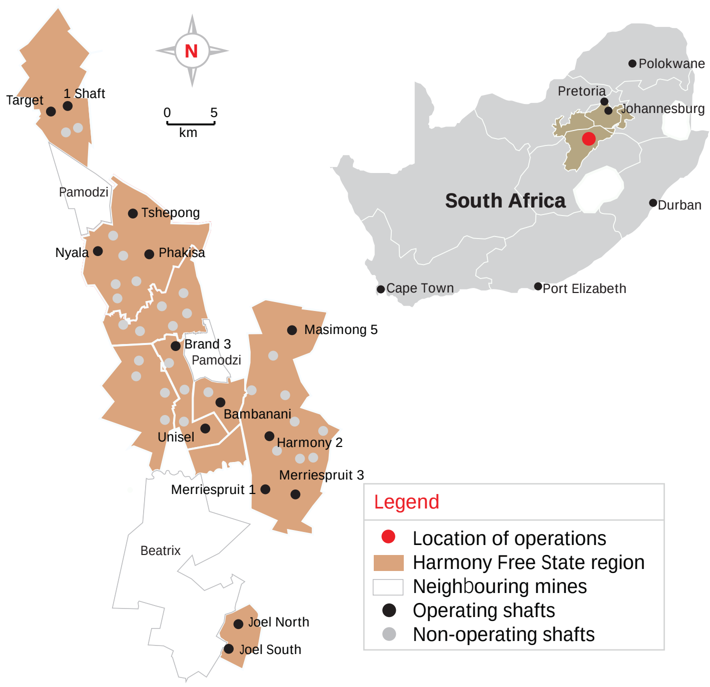
Modifying factors

Operations	MCF (%)	SW (cm)	MW (cm)	PRF (%)
Bambanani	78	200	218	96
Joel	93	150	198	96
Masimong	67	130	154	95
Phakisa	81	100	129	95
Nyala	87	150	191	94
Tshepong	65	105	142	97
Harmony 2	69	154	178	95
Merriespruit 1	75	162	205	95
Merriespruit 3	67	218	246	95
Unisel	80	175	193	95
Brand 3	94	193	229	96

MCF = Mine call factor MW = Milling width SW = Stoping width
PRF = Plant recovery factor

Operations	MCF (%)	Dilution (%)	PRF (%)
Target	95	5	96
Phoenix	100	–	47
St Helena	100	–	47
Other	100	–	47

MCF = Mine call factor PRF = Plant recovery factor



Mineral resources and ore reserves cont. 2009

Free State – Gold ore reserves

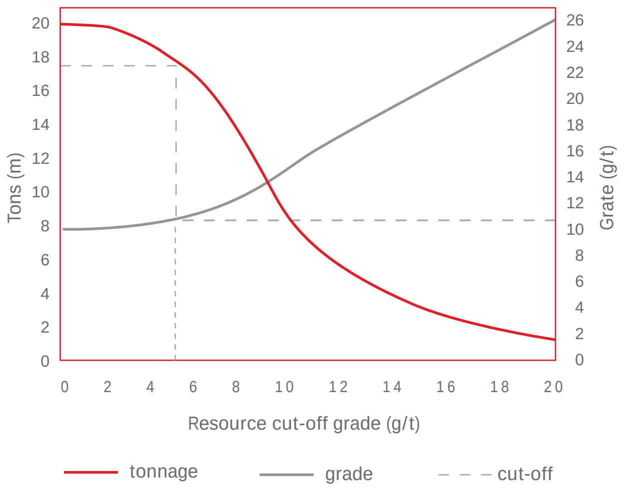
Operations	Proven Tonnes (Mt)	Proven g/t	Proven Gold (000kg)	Proven Gold (000oz)	Probable Tonnes (Mt)	Probable g/t	Probable Gold (000kg)	Probable Gold (000oz)	Total Tonnes (Mt)	Total g/t	Total Gold (000kg)	Total Gold (000oz)
Underground												
Bambanani	3.5	8.48	30	965	1.2	10.90	13	420	4.7	9.09	43	1 385
Joel	0.9	5.74	5	161	2.2	5.52	13	404	3.1	5.58	18	565
Masimong	4.5	5.20	24	751	1.4	5.27	7	233	5.9	5.22	31	984
Phakisa												
Phakisa	0.3	5.38	1	43	20.1	8.12	163	5 234	20.4	8.08	164	5 277
Nyala	0.1	4.01	1	13	0.0	3.37	0	5	0.1	3.82	1	18
Total	**0.4**	**4.98**	**2**	**56**	**20.1**	**8.11**	**163**	**5 239**	**20.5**	**8.05**	**165**	**5 295**
Target*	4.8	6.10	29	942	9.0	5.60	50	1,617	13.8	5.77	79	2 559
Tshepong	12.8	5.30	68	2 184	11.5	5.78	66	2 130	24.3	5.53	134	4 314
Virginia												
Harmony 2	0.9	3.56	3	103	0.1	3.28	0	9	1.0	3.53	3	112
Merriespruit 1	1.2	4.55	6	183	0.6	4.45	2	86	1.8	4.52	8	269
Merriespruit 3	0.9	3.69	3	102	0.2	2.80	1	16	1.1	3.54	4	118
Unisel	3.0	4.95	15	482	1.8	4.85	9	276	4.8	4.91	24	758
Brand 3	0.6	3.92	2	70	0.1	4.42	1	20	0.7	4.02	3	90
Total	**6.6**	**4.43**	**29**	**940**	**2.8**	**4.56**	**13**	**407**	**9.4**	**4.47**	**42**	**1 347**
Total Underground	**33.5**	**5.57**	**187**	**5 999**	**48.2**	**6.75**	**325**	**10 450**	**81.7**	**6.27**	**512**	**16 449**
Surface												
Phoenix	130.8	0.27	36	1 148	–	–	–	–	130.8	0.27	36	1 148
St Helena	289.6	0.25	72	2 326	–	–	–	–	289.6	0.25	72	2 326
Other	421.8	0.22	93	2 985	101.7	0.26	26	845	523.5	0.23	119	3 830
Total Surface	**842.2**	**0.24**	**201**	**6 459**	**101.7**	**0.26**	**26**	**845**	**943.9**	**0.24**	**227**	**7 304**
GRAND TOTAL	**875.7**		**388**	**12 458**	**149.9**		**351**	**11 295**	**1 025.6**		**739**	**23 753**

* Target's ore reserves are stated as work in progress – the process has been independently reviewed by SRK.

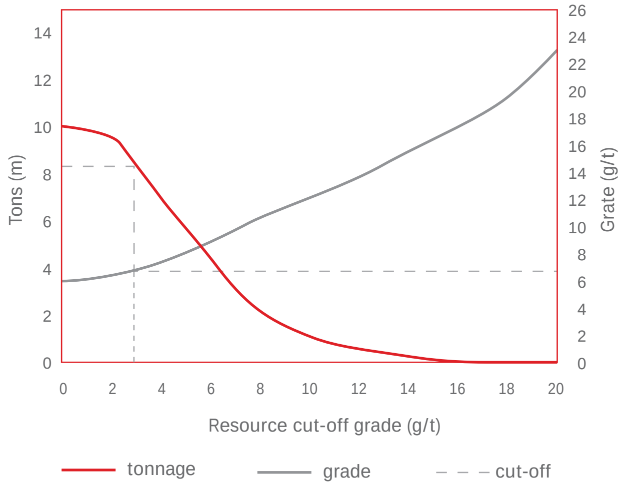
Free State – Uranium mineral resources

Operations	Measured Tonnes (Mt)	Measured Kg/t	Measured U_3O_8 (M kg)	Measured U_3O_8 (M lbs)	Indicated Tonnes (Mt)	Indicated kg/t	Indicated U_3O_8 (M kg)	Indicated U_3O_8 (M lbs)	Inferred Tonnes (Mt)	Inferred kg/t	Inferred U_3O_8 (M kg)	Inferred U_3O_8 (M lbs)	Total Tonnes (Mt)	Total kg/t	Total U_3O_8 (M kg)	Total U_3O_8 (M lbs)
Surface	**358.8**	**0.09**	**33**	**72**	**36.5**	**0.10**	**4**	**8**	**68.4**	**0.07**	**5**	**11**	**463.7**	**0.09**	**42**	**91**

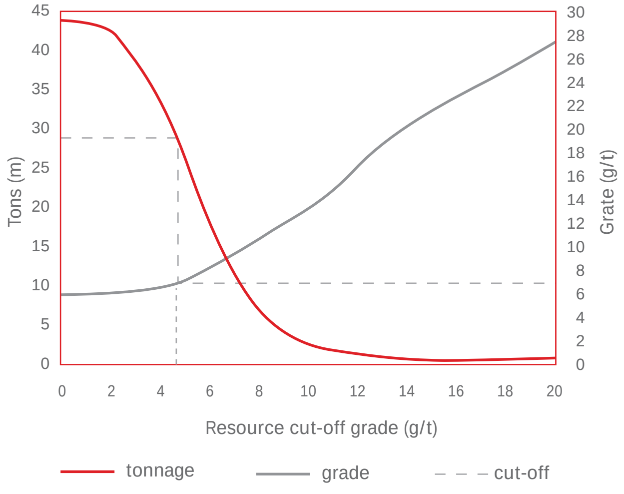
Bambanani: grade tonnage curve
(measured and indicated resources)



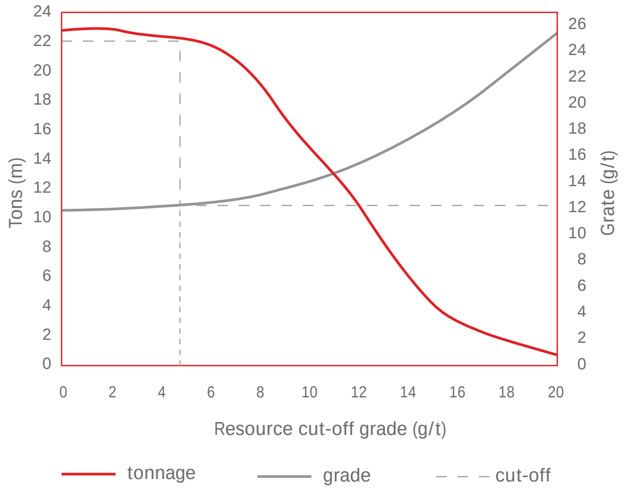
Joel: grade tonnage curve
(measured and indicated resources)



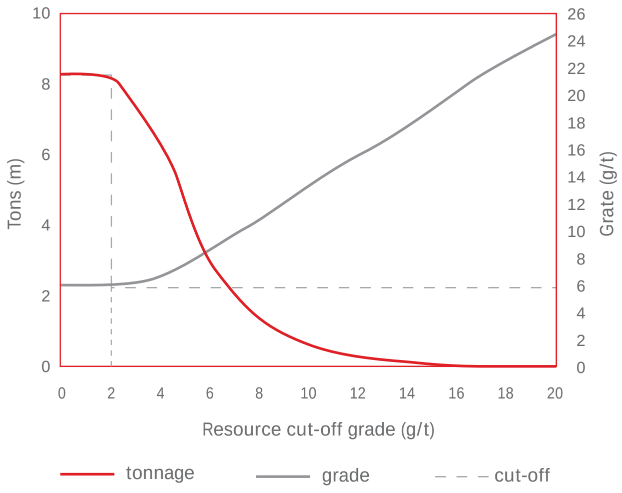
Masimong: grade tonnage curve
(measured and indicated resources)



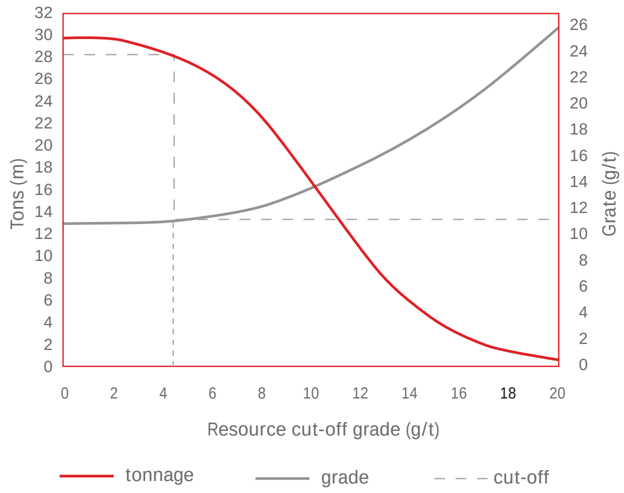
Phakisa: grade tonnage curve
(measured and indicated resources)



Nyala: grade tonnage curve
(measured and indicated resources)



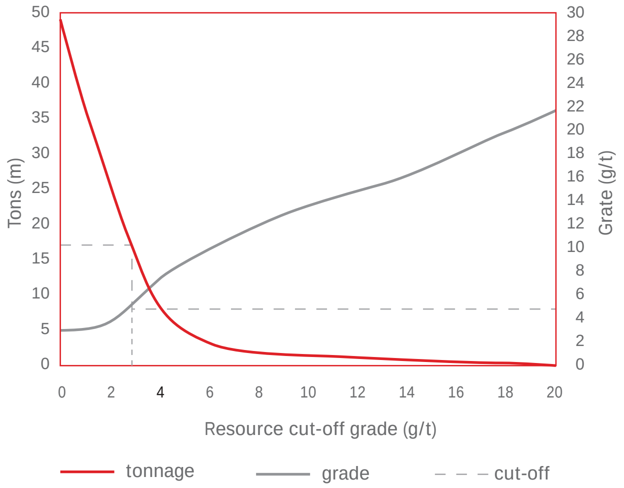
Tshepong: grade tonnage curve
(measured and indicated resources)



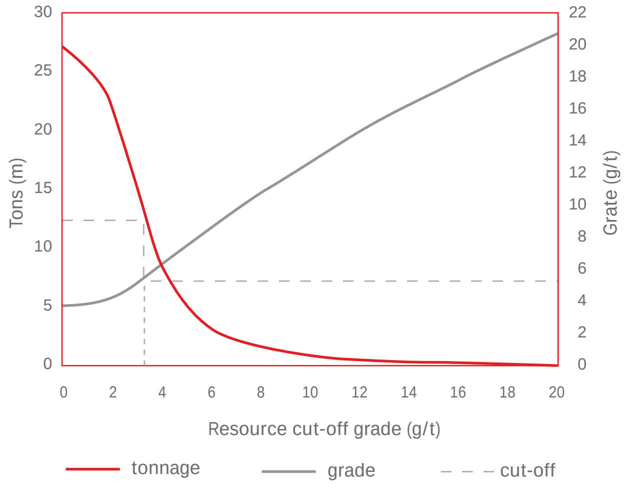
Mineral resources and ore reserves cont.

2009

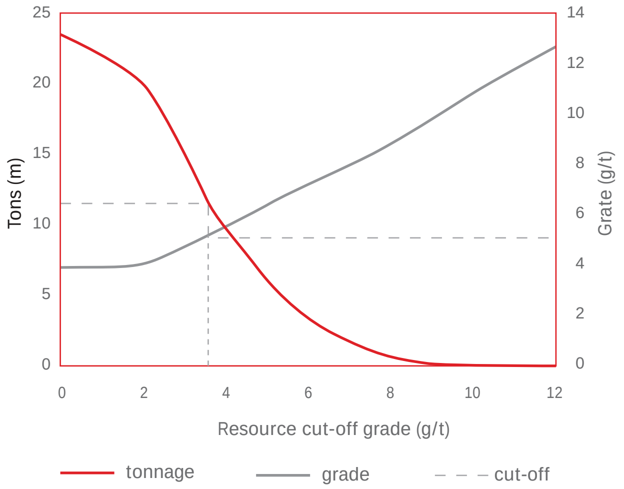
Harmony 2: grade tonnage curve
(measured and indicated resources)



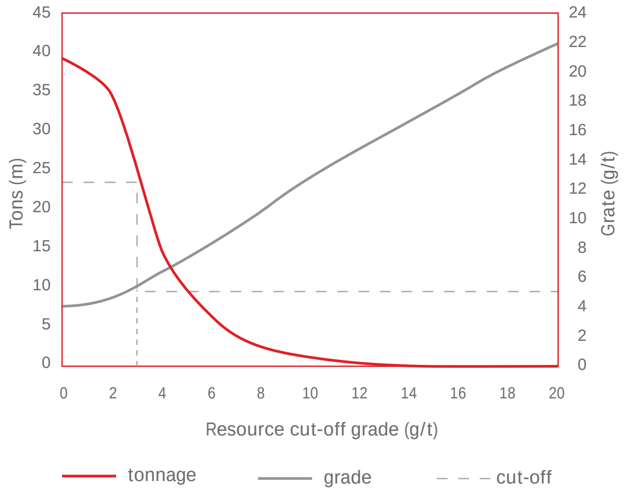
Merriespruit 1: grade tonnage curve
(measured and indicated resources)



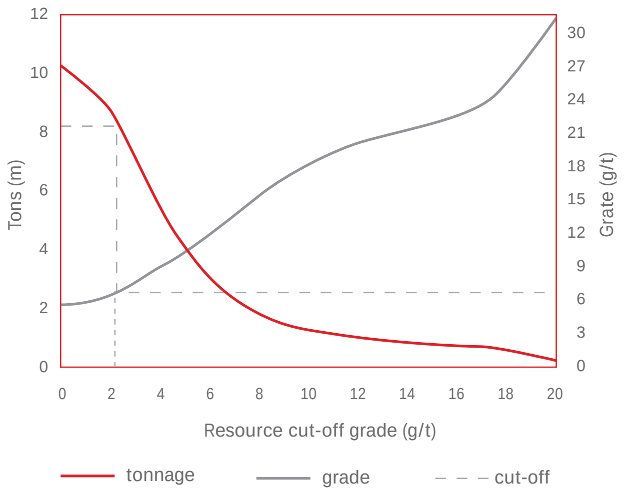
Merriespruit 3: grade tonnage curve
(measured and indicated resources)



Unisel: grade tonnage curve
(measured and indicated resources)

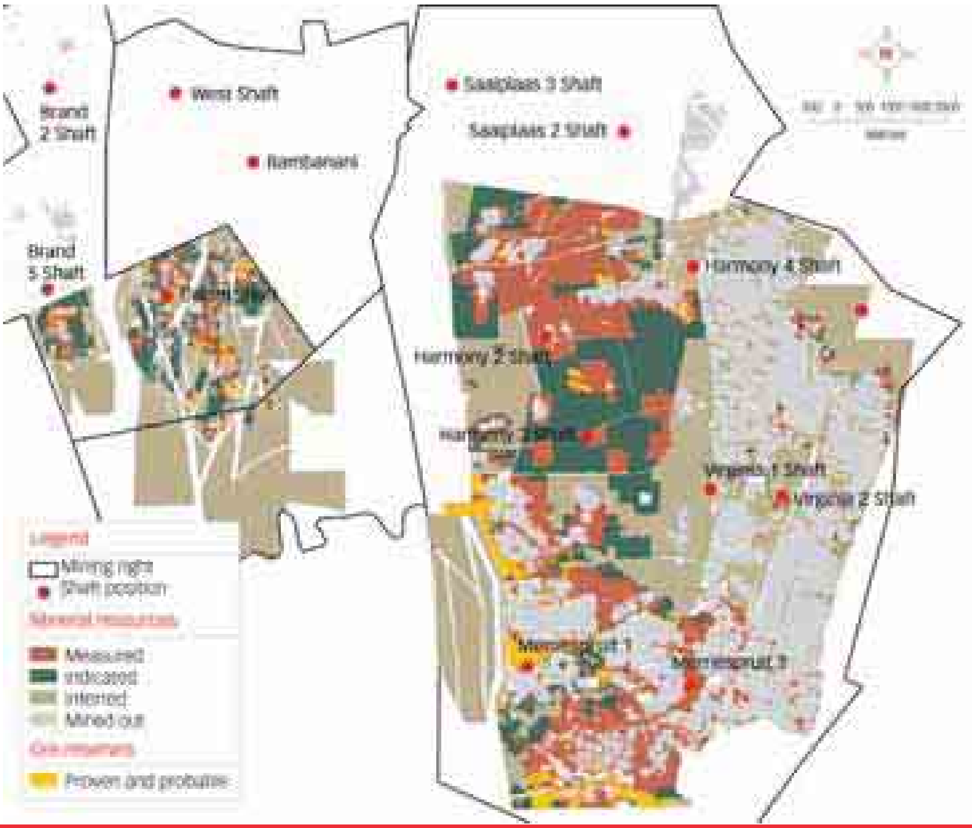


Brand 3: grade tonnage curve
(measured and indicated resources)



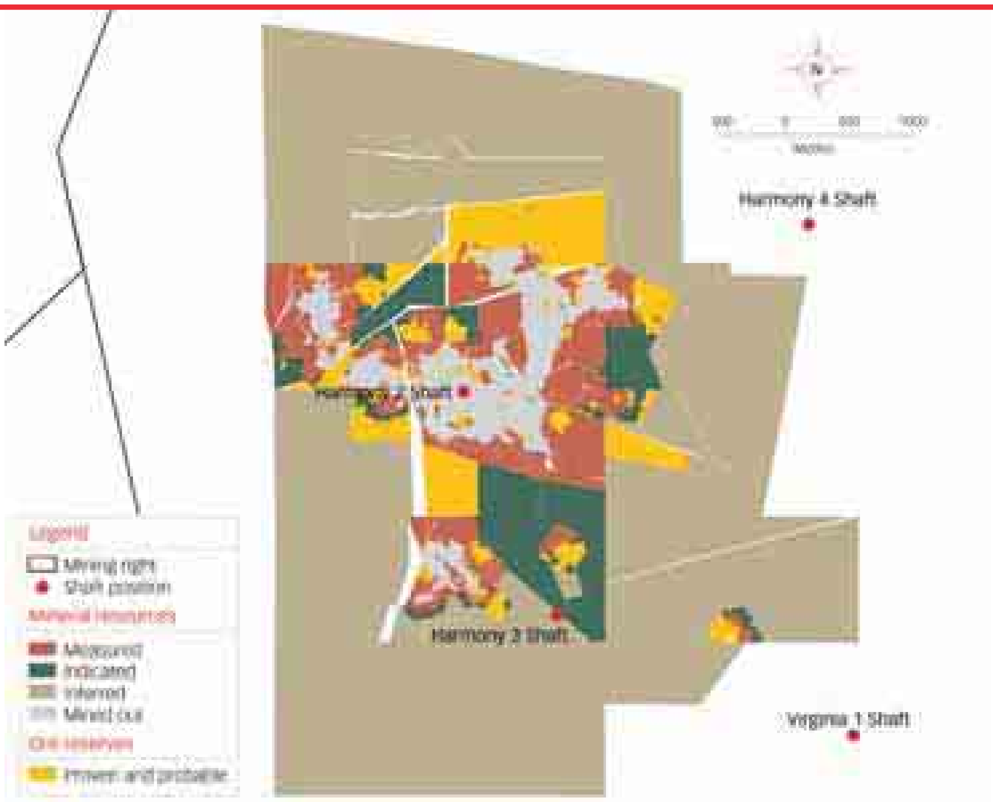
Virginia operations: Harmony 2, Merriespruit 1, Merriespruit 3 and Unisel shafts

Leader Reef



Virginia operations: Harmony 2 shaft

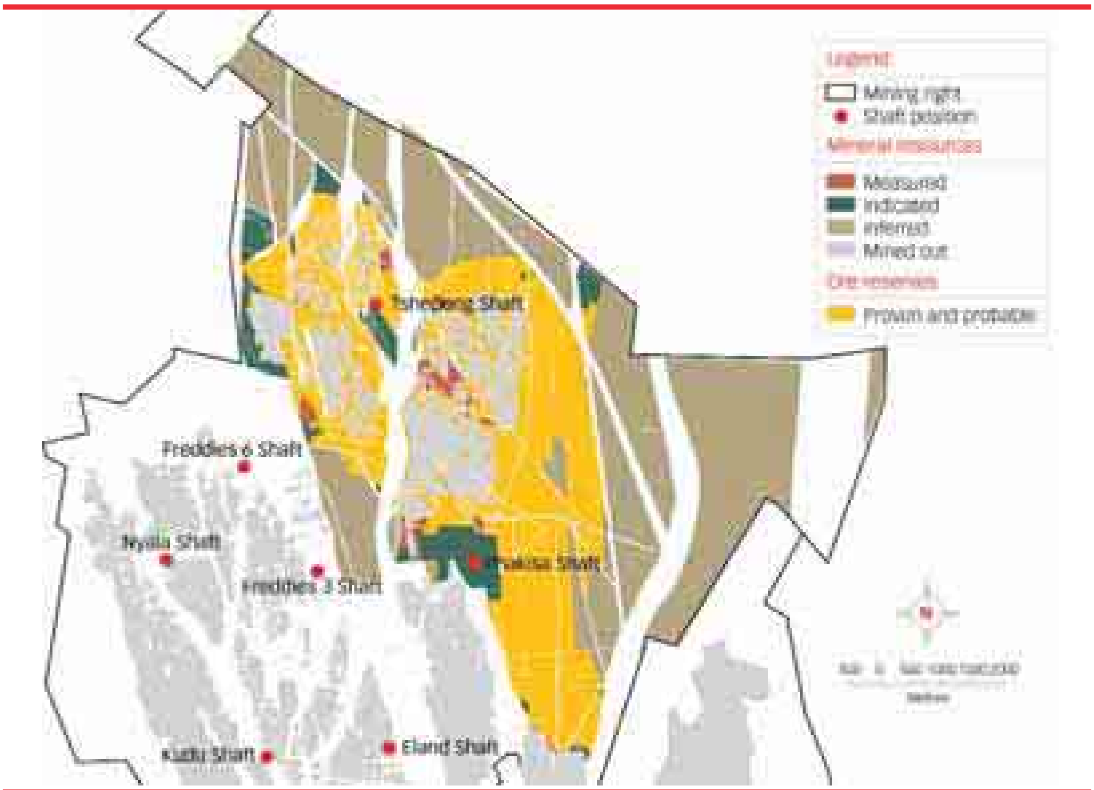
A Reef



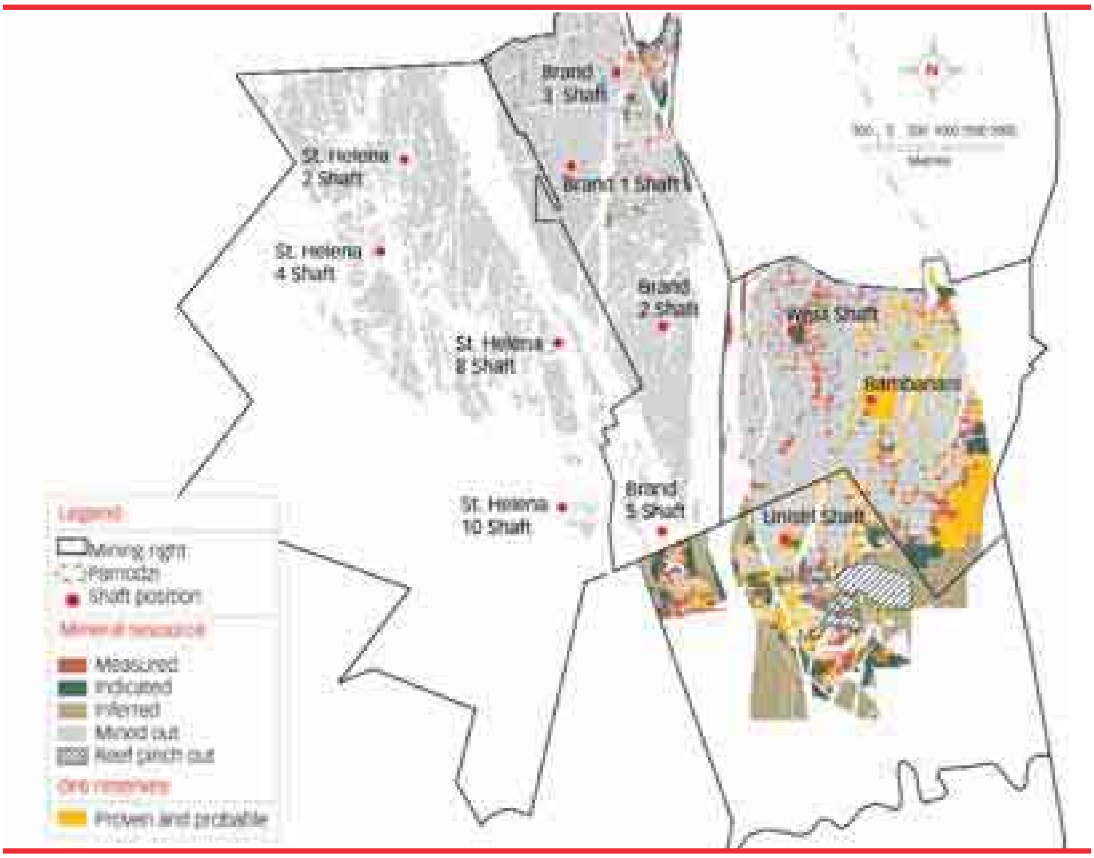
Mineral resources and ore reserves cont.

2009

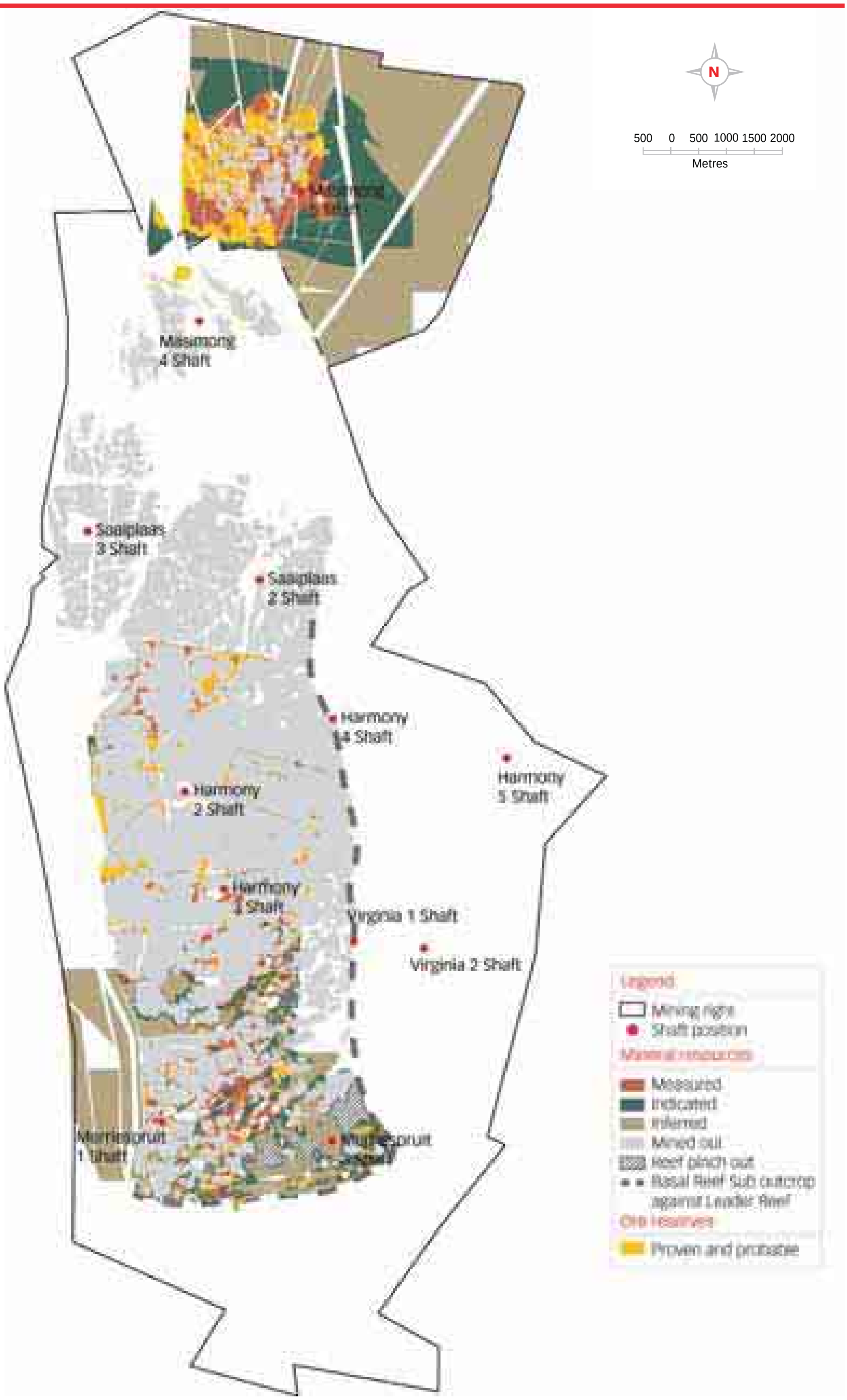
Tshepong shaft, Phakisa shaft
Basal Reef



Brand 1 and 3 shafts, Bambanani and Unisel shafts
Basal Reef



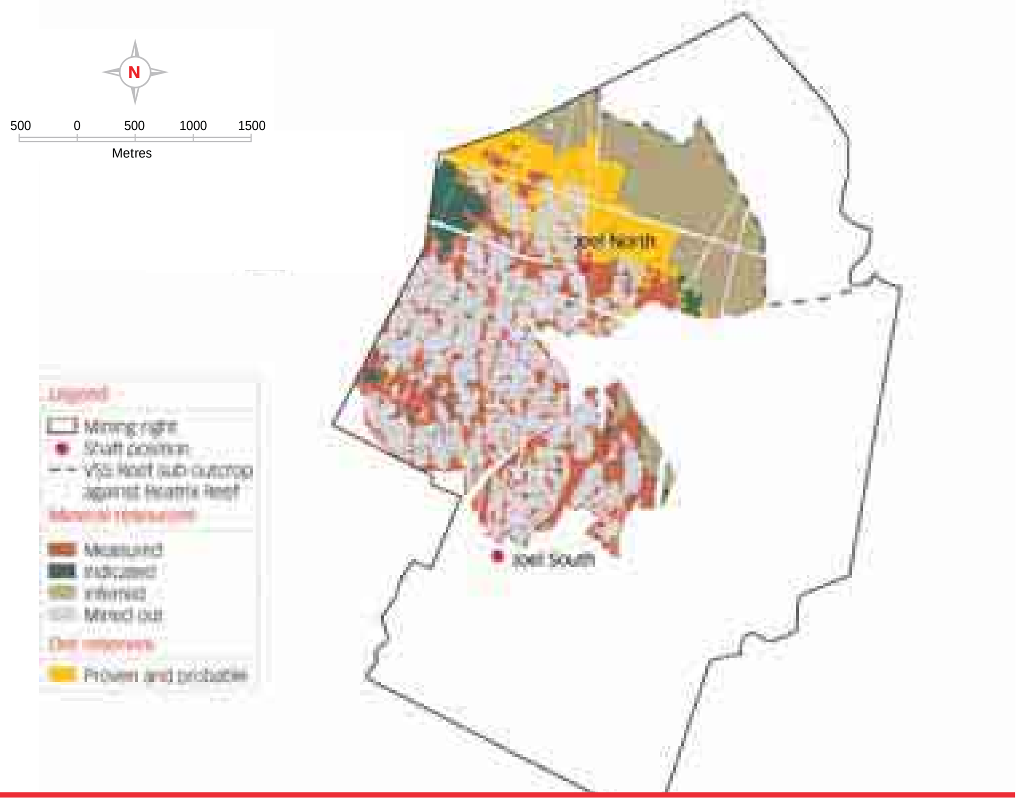
Merriespruit 1 and 3, Harmony 2 and Masimong 4 and 5 shafts
Basal Reef



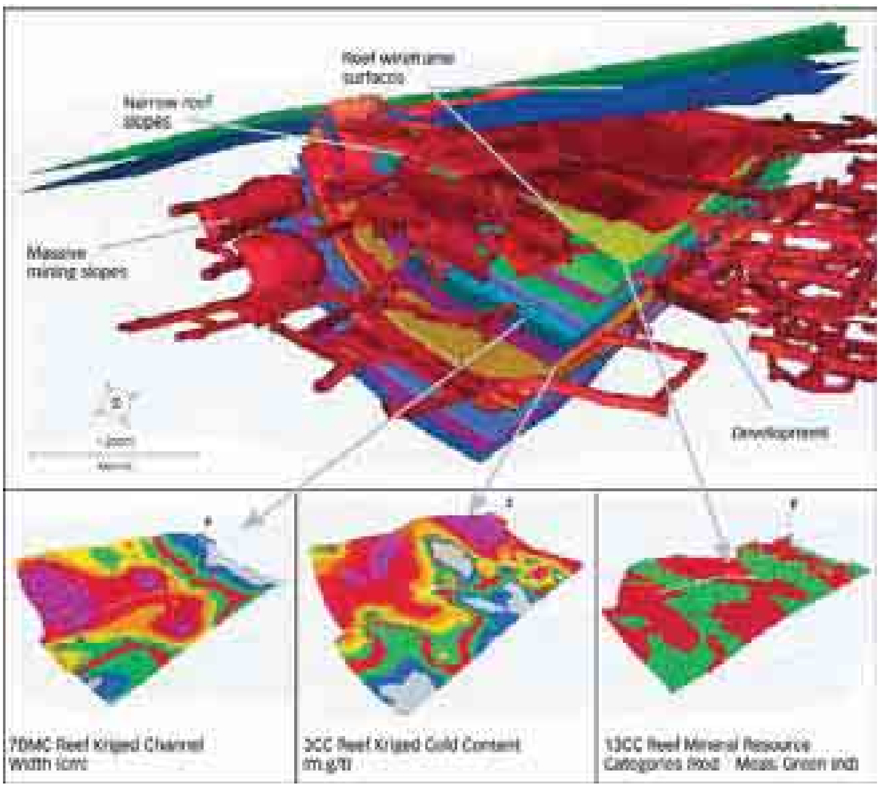
Mineral resources and ore reserves cont.

2009

Joel
Beatrix Reef

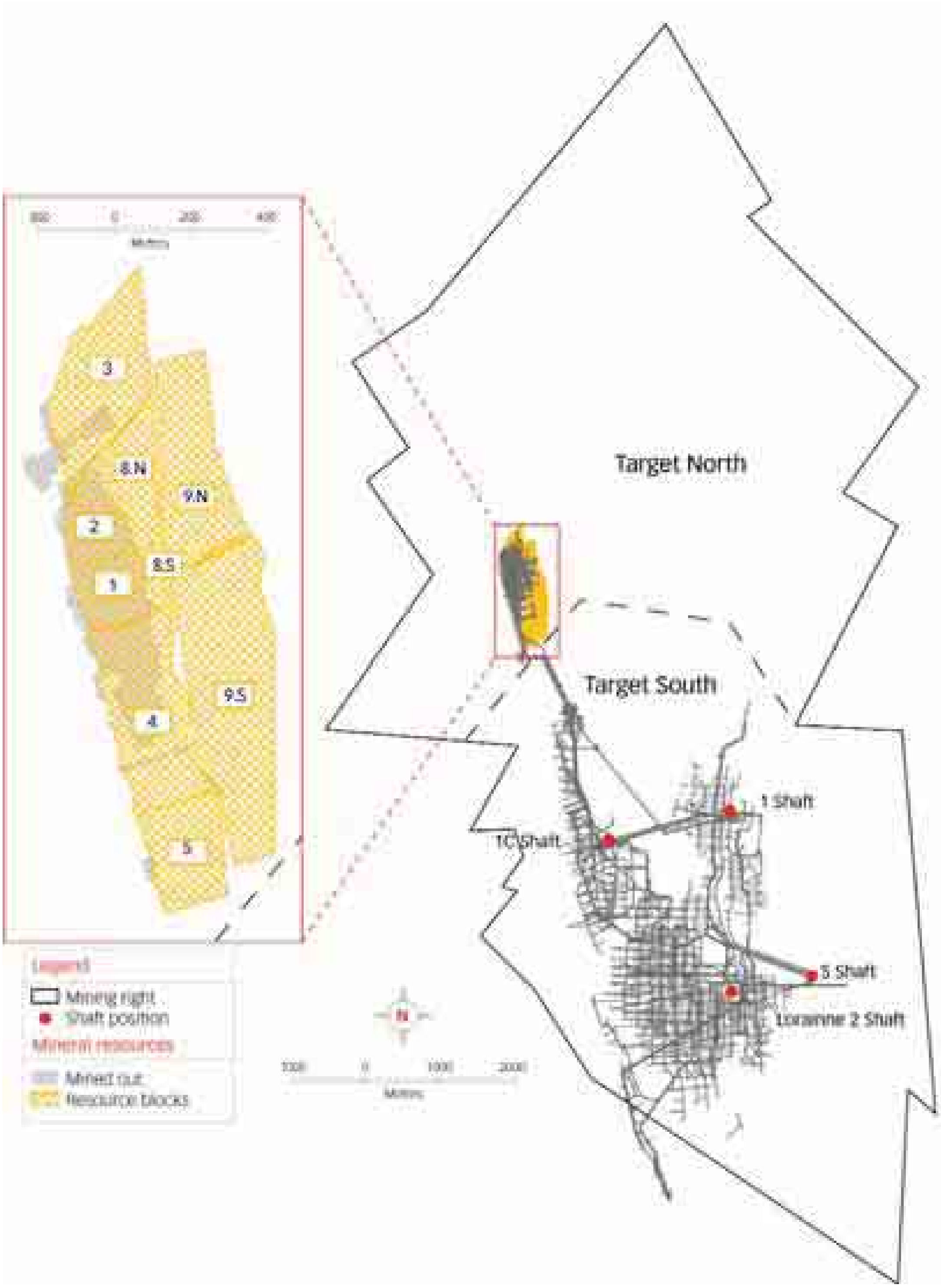


Target mine
Elsburg and Dreyerskuil Reefs



Target mine resource blocks

Elsburg and Dreyerskuil Reefs



Mineral resources and ore reserves cont.

2009

Elandsrand

Geology: The structure of the orebody on the Far West Rand is dominated by a series of east-trending normal faults with throws of up to 40m, as well as a series of north-north-east striking normal faults with generally smaller displacements in the north-west. Faulting is generally less prevalent than in other Witwatersrand Basin goldfields. The primary reefs exploited are the Ventersdorp Contact Reef (VCR) and the Carbon Leader, separated by 900 to 1 300 metres, increasing from east to west. Secondary targets are the Middelvlei Reef (50 to 75 metres above the Carbon Leader) and the Mondeor Conglomerate Reef Zone, which sub-crops beneath the VCR at Deelkraal and on the western side of Elandsrand.

Mineral Resource

	Measured				Indicated				Inferred				Total			
Operations	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground																
Elandsrand	11.6	8.87	103	3 313	28.2	8.63	243	7 812	1.4	9.28	13	431	41.2	8.72	359	11 556
GRAND TOTAL	**11.6**	**8.87**	**103**	**3 313**	**28.2**	**8.63**	**243**	**7 812**	**1.4**	**9.28**	**13**	**431**	**41.2**	**8.72**	**359**	**11 556**

Modifying factors

Operations	MCF (%)	SW (cm)	MW (cm)	PRF (%)
Elandsrand	87	129	160	96

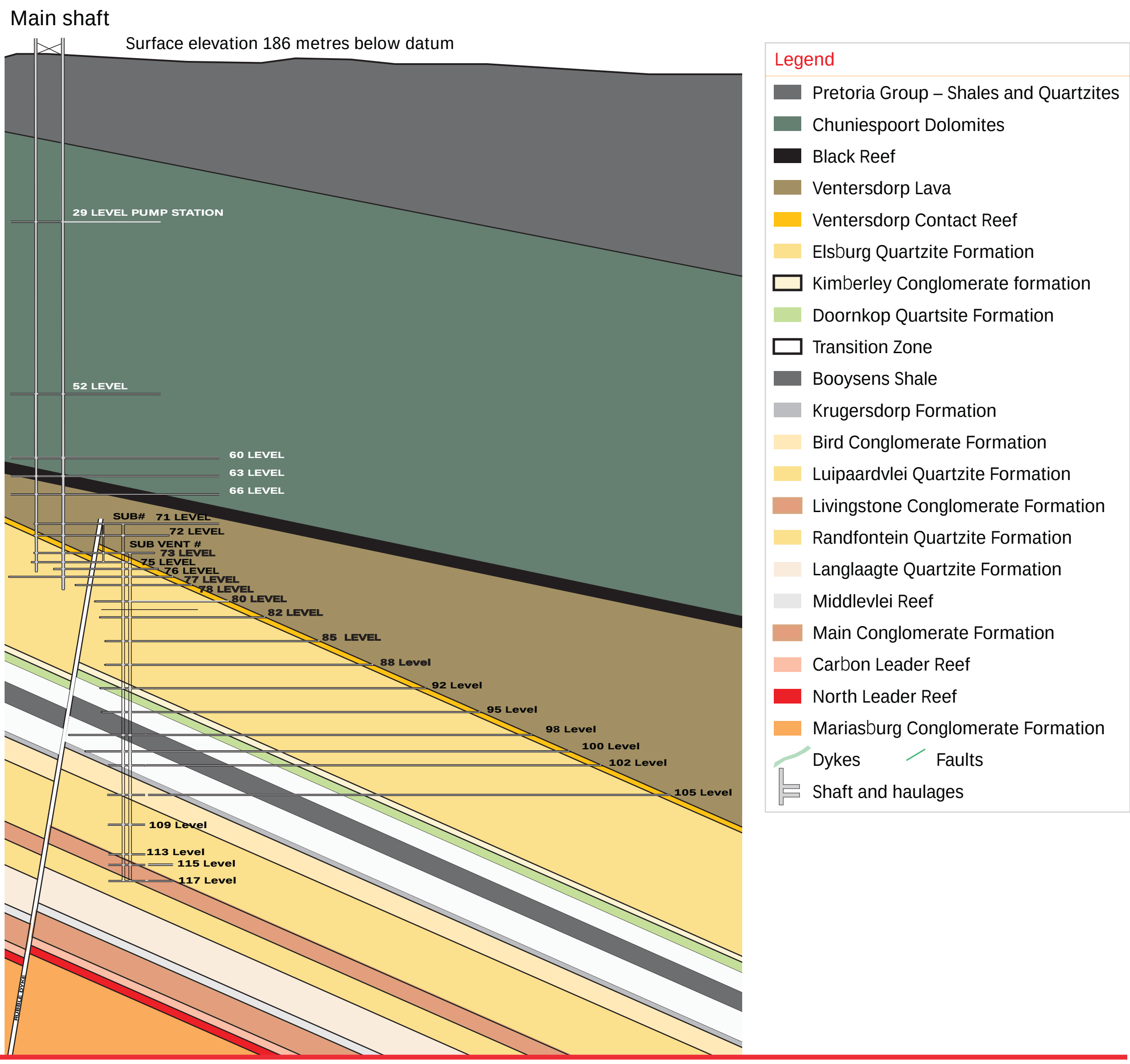
MCF = Mine call factor MW = Milling width SW = Stoping width
PRF = Plant recovery factor

Ore reserves

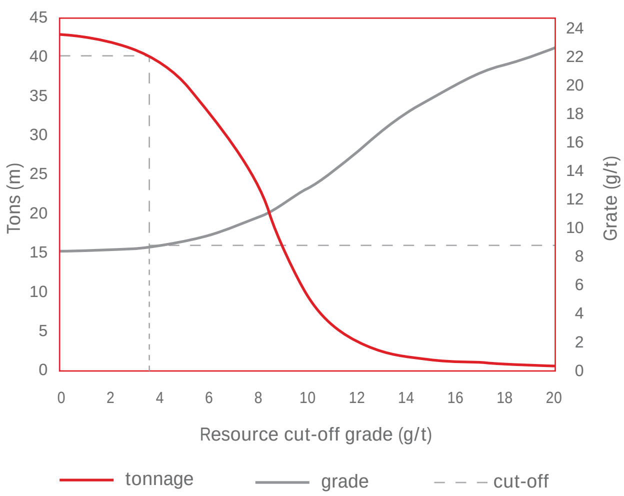
	Proven				Probable				Total			
Operations	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground												
Elandsrand	11.5	6.50	74	2 395	26.2	6.11	160	5 146	37.7	6.23	234	7 541
GRAND TOTAL	**11.5**	**6.50**	**74**	**2 395**	**26.2**	**6.11**	**160**	**5 146**	**37.7**	**6.23**	**234**	**7 541**

Elandsrand – Section through main shaft and sub-shaft looking east

Not to scale



Elandsrand: grade tonnage curve
(measured and indicated resources)



Mineral resources and ore reserves cont.

2009

Elandsrand shaft

Ventersdorp Contact Reef (VCR)

Doornkop

Geology: The structure of the West Rand goldfield is dominated by the Witpoortjie and Panvlakte Horst blocks, which are superimposed over broad folding associated with the south-east plunging West Rand syncline. At the Doornkop mine, both the Kimberley Reef and the South Reef are exploited.

The Doornkop shaft lease area is bounded by and lies to the south-east of the major north-easterly striking Roodepoort Fault, which dips to the south and constitutes the southern edge of the Witpoortjie Horst Block or Gap. This Horst Block is comprised of the stratigraphically older sediments of the West Rand Group, the overlying Central Rand Group sediments having been removed by erosion. A number of other faults, forming part of and lying southeast of the Roodepoort Fault, including the Saxon Fault, also constitute conspicuous structural breaks. A second major fault, the Doornkop Fault, which trends in an east west direction occurs towards the southern portion of the lease area. This fault dips to the south and has an up-throw to the north.

Nearly the entire upper Witwatersrand section is present in the lease area and therefore all the major zones are present, though due to the distance of the area from the fan head, the number of economic bands and their payability is limited. Eight of the well-known reefs are present in the area, but only the Kimberley Reef and South Reef are considered viable at this stage.

The resource is concentrated in the Kimberley and South Reefs. The Kimberley Reef is contained in the Vlakfontein Member of the Westonaria Formation. This reef, also known as the K9 Reef horizon, rests on an unconformity and is a complex multi-pulse conglomerate, which can be separated into four facies or cycles. All four cycles consist on average of an upper conglomerate and a lower quartzite. The characteristics of every cycle are area-dependent and the grades are variable within each cycle.

The South Reef is approximately 900 metres below the current Kimberley Reef mining, and between 7.5 and 60 metres above the Main Reef horizon. The hanging wall to the South Reef consists of siliceous quartzites with non-persistent bands of “blue-shot” grit and thin argillite partings. The footwall to the South Reef is a light coloured and fairly siliceous quartzite. Secondary conglomerate bands and stringers in the hanging wall and footwall of the South Reef may contain sporadic gold values.

The general strike of the reef is east-west, with a dip from 10 to 20 degrees. The orebody at Doornkop has a strike length of 4km and a width of 4 km from west to east.

Mineral resources

	Measured				Indicated				Inferred				Total			
Operations	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground																
Doornkop																
Kimberley Reef	9.1	3.27	30	960	6.8	2.64	18	574	159.7	2.51	401	12 893	175.6	2.56	449	14 427
South Reef	0.6	5.99	3	113	1.3	6.23	8	265	22.5	8.63	194	6 239	24.4	8.44	205	6 617
GRAND TOTAL	**9.7**	**3.43**	**33**	**1 073**	**8.1**	**3.23**	**26**	**839**	**182.2**	**3.27**	**595**	**19 132**	**200.0**	**3.27**	**654**	**21 044**

Modifying factors

Operations	MCF (%)	SW (cm)	MW (cm)	PRF (%)
Doornkop				
Kimberley Reef	95	405	450	95
South Reef	75	124	140	95

MCF = Mine call factor MW = Milling width SW = Stoping width

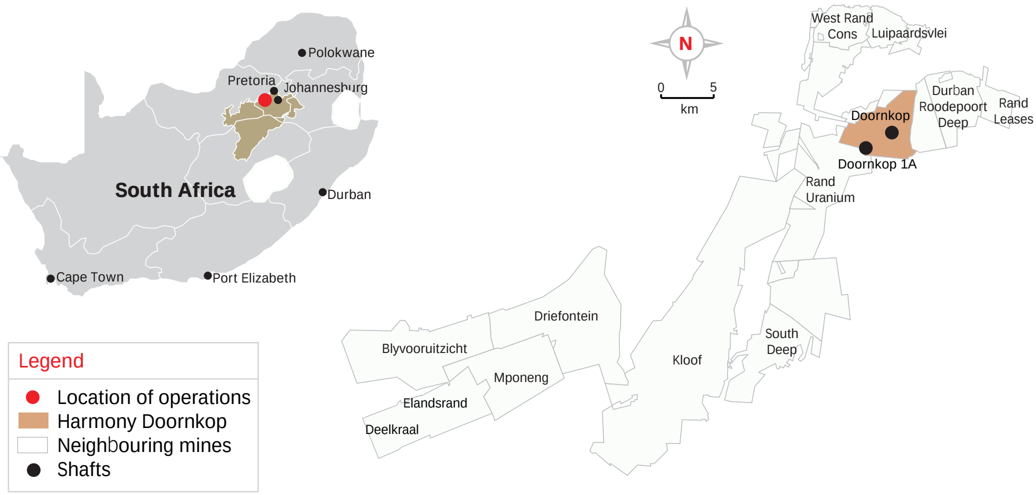
PRF = Plant recovery factor

Ore reserves

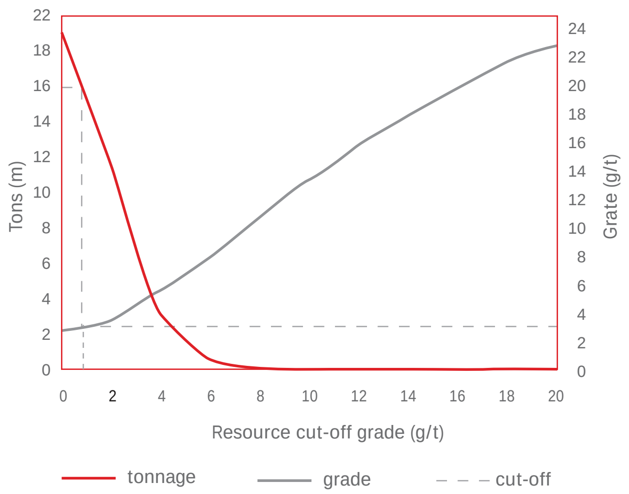
	Proven				Probable				Total			
Operations	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground												
Doornkop												
Kimberley Reef	0.3	2.48	1	20	0.3	2.57	1	25	0.6	2.53	2	45
South Reef	0.4	4.30	2	50	0.9	4.27	4	128	1.3	4.28	6	178
GRAND TOTAL	**0.7**	**3.55**	**3**	**70**	**1.2**	**3.85**	**5**	**153**	**1.9**	**3.75**	**8**	**223**

Mineral resources and ore reserves cont.

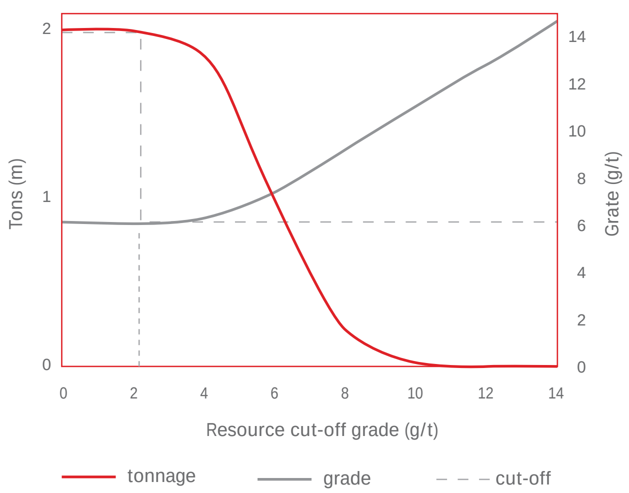
2009



Doornkop Kimberley Reef: grade tonnage curve (measured and indicated resources)

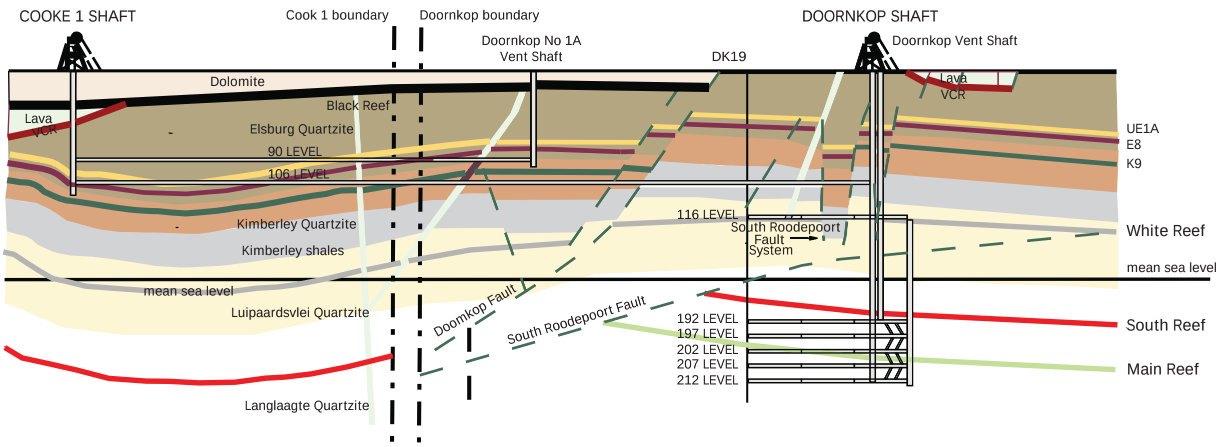


Doornkop South Reef: grade tonnage curve (measured and indicated resources)

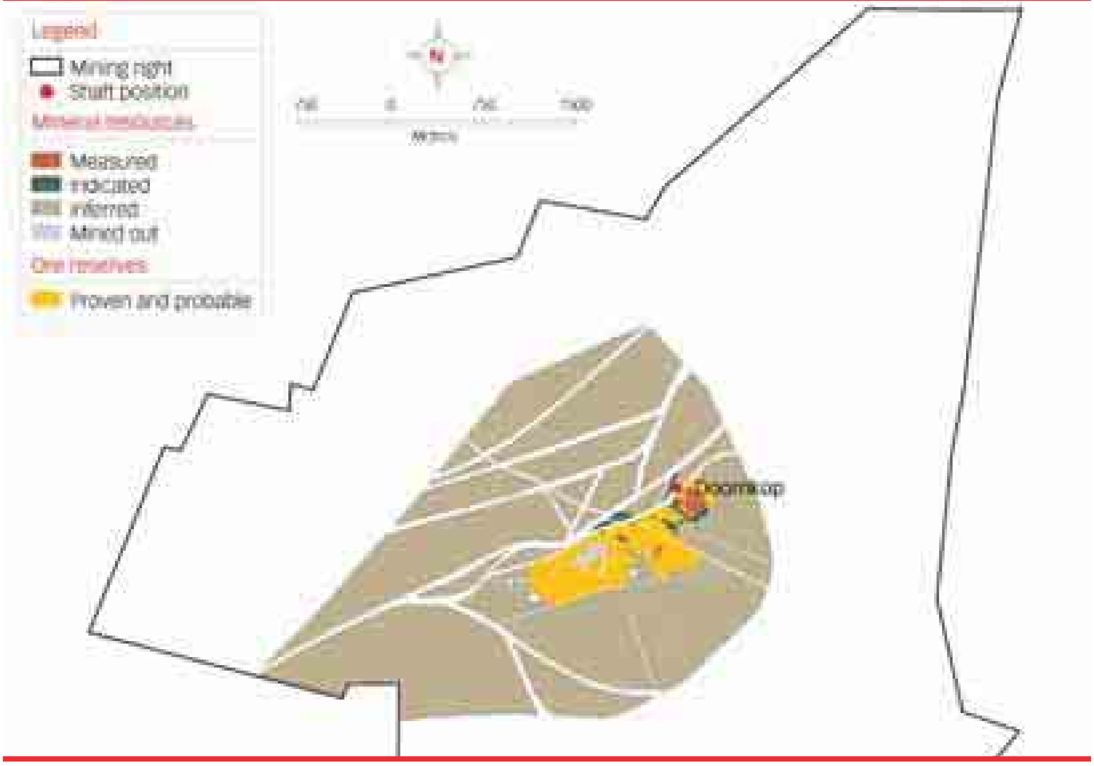


Cooke 1/Doornkop geological section looking west

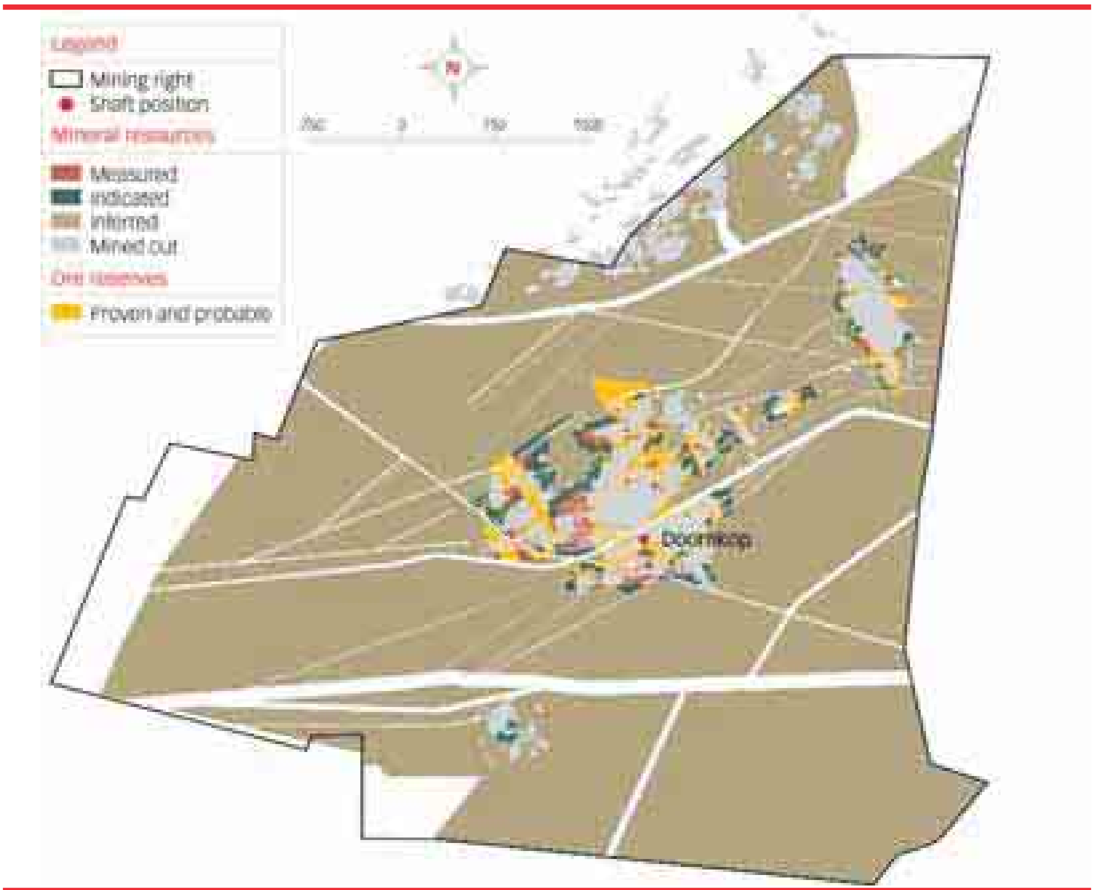
Not to scale



Doornkop shaft
South Reef



Doornkop shaft
Kimberley Reef



Mineral resources and ore reserves cont.

Evander operations

Geology: The Evander Basin is a tectonically preserved sub-basin outside the main Witwatersrand Basin and forms an asymmetric syncline, plunging to the north-east. It is structurally complex with a series of east-north-east striking normal faults. At the south-east margin of the basin, vertically to locally overturned reef is present. The only economic reef horizon exploited in the Evander Basin is the Kimberley Reef. The Intermediate Reef is generally poorly mineralised, except where it erodes the sub-cropping Kimberley Reef in the south and west of the basin.

Mineral resources

	Measured				Indicated				Inferred				Total			
Operations	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz
Underground																
Evander 2/5	7.7	10.62	81	2 618	2.0	10.47	21	678	6.5	11.36	75	2 386	16.2	10.90	177	5 682
Evander 7	1.9	12.08	23	754	0.1	9.28	1	44	13.9	10.91	151	4 857	15.9	11.04	175	5 655
Evander 8	3.7	11.96	44	1 404	9.2	11.37	105	3 361	14.3	11.79	169	5 424	27.2	11.67	318	10 189
Total	**13.3**	**11.20**	**148**	**4 776**	**11.3**	**11.18**	**127**	**4 083**	**34.7**	**11.36**	**395**	**12 667**	**59.3**	**11.29**	**670**	**21 526**
Projects – Below Infrastructure																
Evander South	–	–	–	–	21.1	5.46	115	3 696	33.8	3.98	135	4 326	54.9	4.55	250	8 022
Rolspruit	–	–	–	–	29.1	11.59	337	10 847	4.9	5.69	28	902	34.0	10.74	365	11 749
Poplar	–	–	–	–	15.6	10.21	159	5 123	–	–	–	–	15.6	10.21	159	5 123
Total	**–**	**–**	**–**	**–**	**65.8**	**9.30**	**611**	**19 666**	**38.7**	**4.19**	**163**	**5 228**	**104.5**	**7.41**	**774**	**24 894**
GRAND TOTAL	**13.3**	**11.20**	**148**	**4 776**	**77.1**	**9.58**	**738**	**23 749**	**73.4**	**7.58**	**558**	**17 895**	**163.8**	**8.81**	**1 444**	**46 420**

Modifying factors

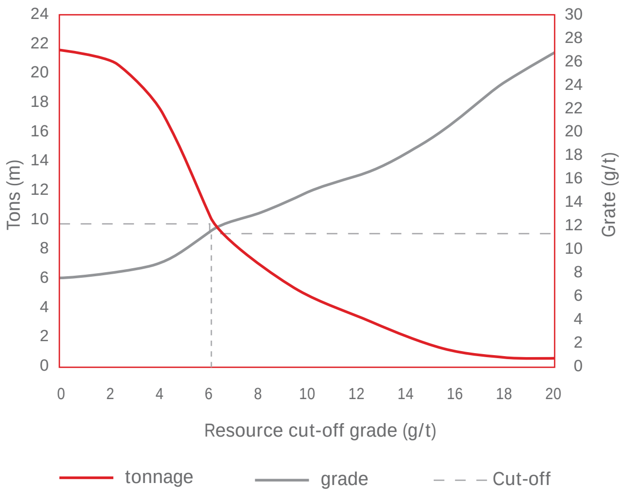
Operations	MCF (%)	SW (cm)	MW (cm)	PRF (%)
Evander 2/5	67	143	190	98
Evander 7	85	159	368	97
Evander 8	70	120	181	97
Evander South	88	100	131	97
Rolspruit	80	110	129	97
Poplar	80	100	116	97

MCF = Mine call factor MW = Milling width SW = Stoping width
PRF = Plant recovery factor

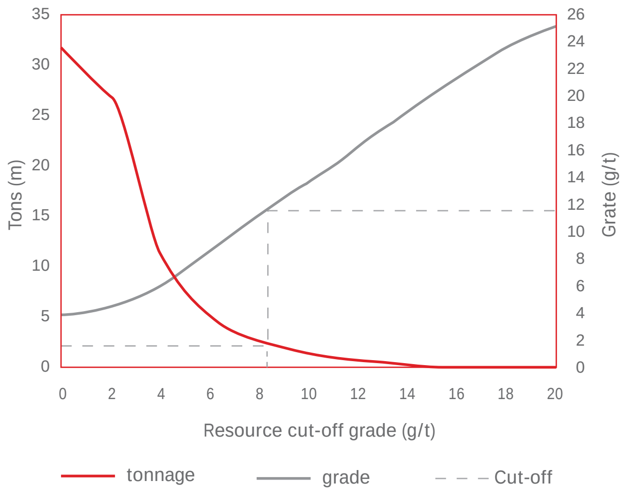
Ore reserves

	Proven				Probable				Total			
Operations	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground												
Evander 2/5	0.8	6.35	5	163	0.2	6.17	1	38	1.0	6.32	6	201
Evander 7	0.2	4.64	1	27	0.0	8.48	0	2	0.2	4.81	1	29
Evander 8	1.8	5.66	10	332	7.0	6.21	43	1 394	8.8	6.09	53	1 726
Total	**2.8**	**5.79**	**16**	**522**	**7.2**	**6.21**	**44**	**1 434**	**10.0**	**6.09**	**60**	**1 956**
Projects – Below Infrastructure												
Evander South	–	–	–	–	11.5	4.80	55	1 773	11.5	4.80	55	1 773
Rolspruit	–	–	–	–	24.4	8.71	213	6 842	24.4	8.71	213	6 842
Poplar	–	–	–	–	13.5	7.45	101	3 234	13.5	7.45	101	3 234
Total	**–**	**–**	**–**	**–**	**49.4**	**7.45**	**369**	**11 849**	**49.4**	**7.45**	**369**	**11 849**
GRAND TOTAL	**2.8**	**5.79**	**16**	**522**	**56.6**	**7.30**	**413**	**13 283**	**59.4**	**7.22**	**429**	**13 805**

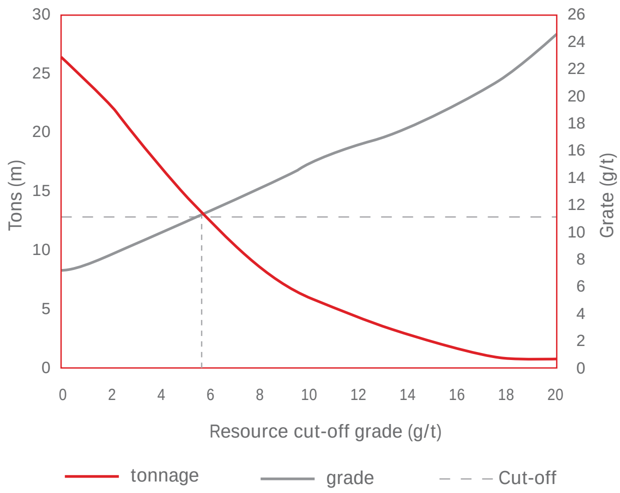
Evander 2 and 5: grade tonnage curve
(measured and indicated resources)



Evander 7: grade tonnage curve
(measured and indicated resources)



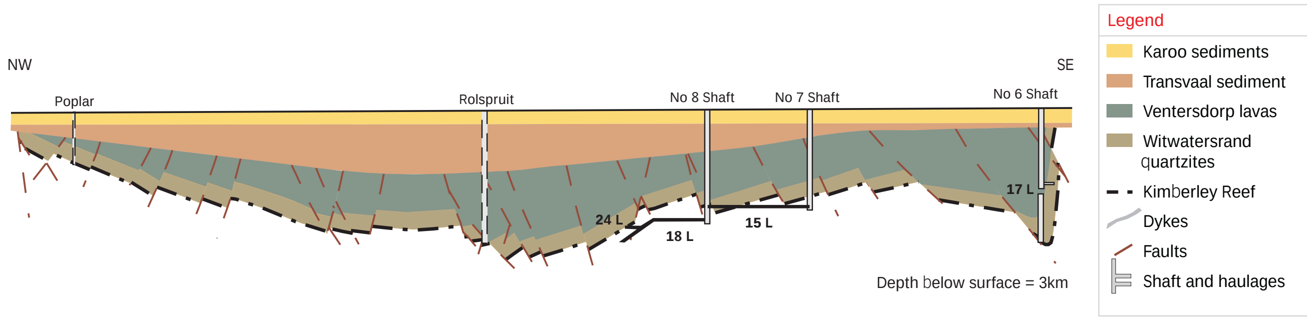
Evander 8: grade tonnage curve
(measured and indicated resources)



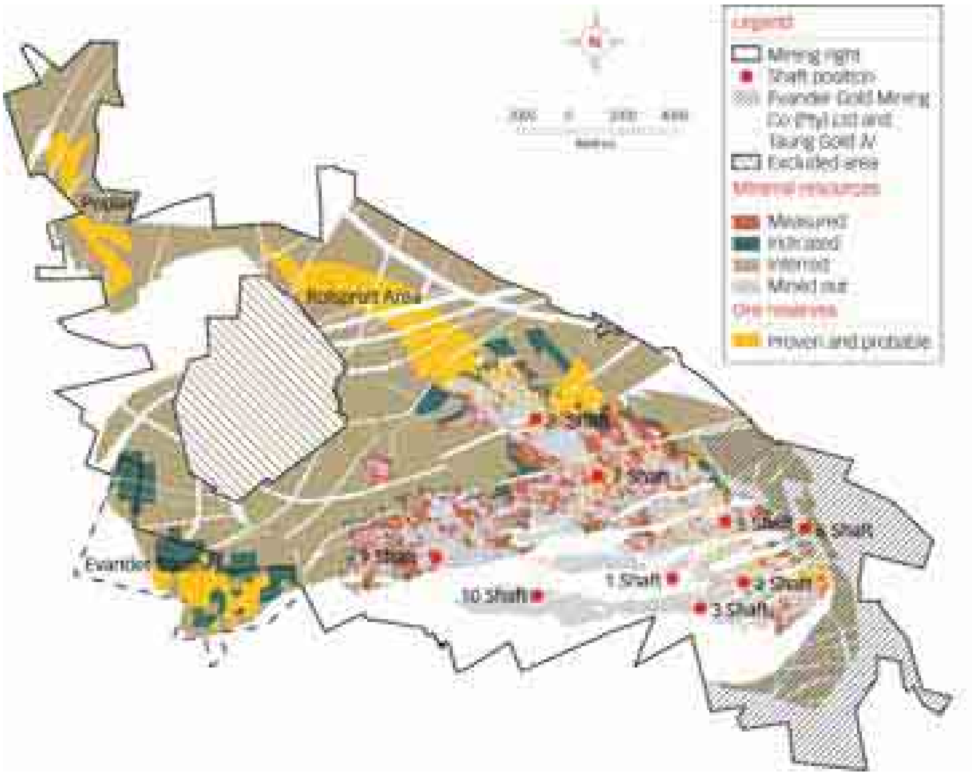
Mineral resources and ore reserves cont.

2009

Section across Evander Basin
Not to scale



Evander, 2, 5, 6, 8 and 9 Shafts. Poplar and Rolspruit areas
Kimberley Reef



Kalgold

Geology: The Kalgold operation is located within the Kraaipan Greenstone Belt, 60km south of Mafikeng. This is part of the larger Amalia-Kraaipan Greenstone terrain, consisting of north trending linear belts of Archaean meta-volcanic and metasedimentary rocks, separated by granitoid units. Mineralisation occurs in shallow dipping quartz veins, which occur in clusters or swarms, within the steeply dipping magnetitechert banded iron formation. Disseminated sulphide mineralisation, dominated mostly by pyrite, occurs around and between the shallow dipping quartz vein swarms. The D Zone is the largest orebody encountered and has been extensively mined within a single open-pit operation, along a strike length of 1 300m. Mineralisation has also been found in the Mielie Field Zone (adjacent to the D Zone), the A Zone and A Zone West (along strike to the north of the D Zone), and the Watertank and Windmill areas to the north of the A Zone.

Mineral resources

	Measured				Indicated				Inferred				Total			
Operations	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz
Kalgold	34.5	0.93	32	1 037	66.0	0.94	62	2 002	28.4	0.95	27	871	128.9	0.94	121	3 910
GRAND TOTAL	**34.5**	**0.93**	**32**	**1 037**	**66.0**	**0.94**	**62**	**2 002**	**28.4**	**0.95**	**27**	**871**	**128.9**	**0.94**	**121**	**3 910**

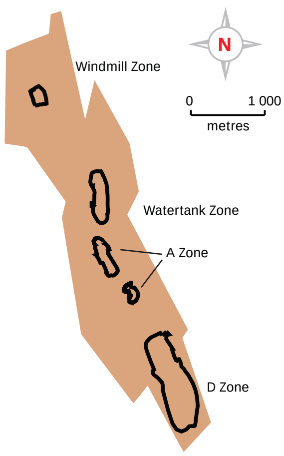
Modifying factors

	MCF (%)	Dilution (%)	PRF (%)
Kalgold	100	2	90

MCF = Mine call factor PRF = Plant recovery factor

Ore reserves

	Proven				Probable				Total			
Operations	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground												
Kalgold	15.5	0.84	13	425	9.0	1.07	10	307	24.5	0.93	23	732
GRAND TOTAL	**15.5**	**0.84**	**13**	**425**	**9.0**	**1.07**	**10**	**307**	**24.5**	**0.93**	**23**	**732**



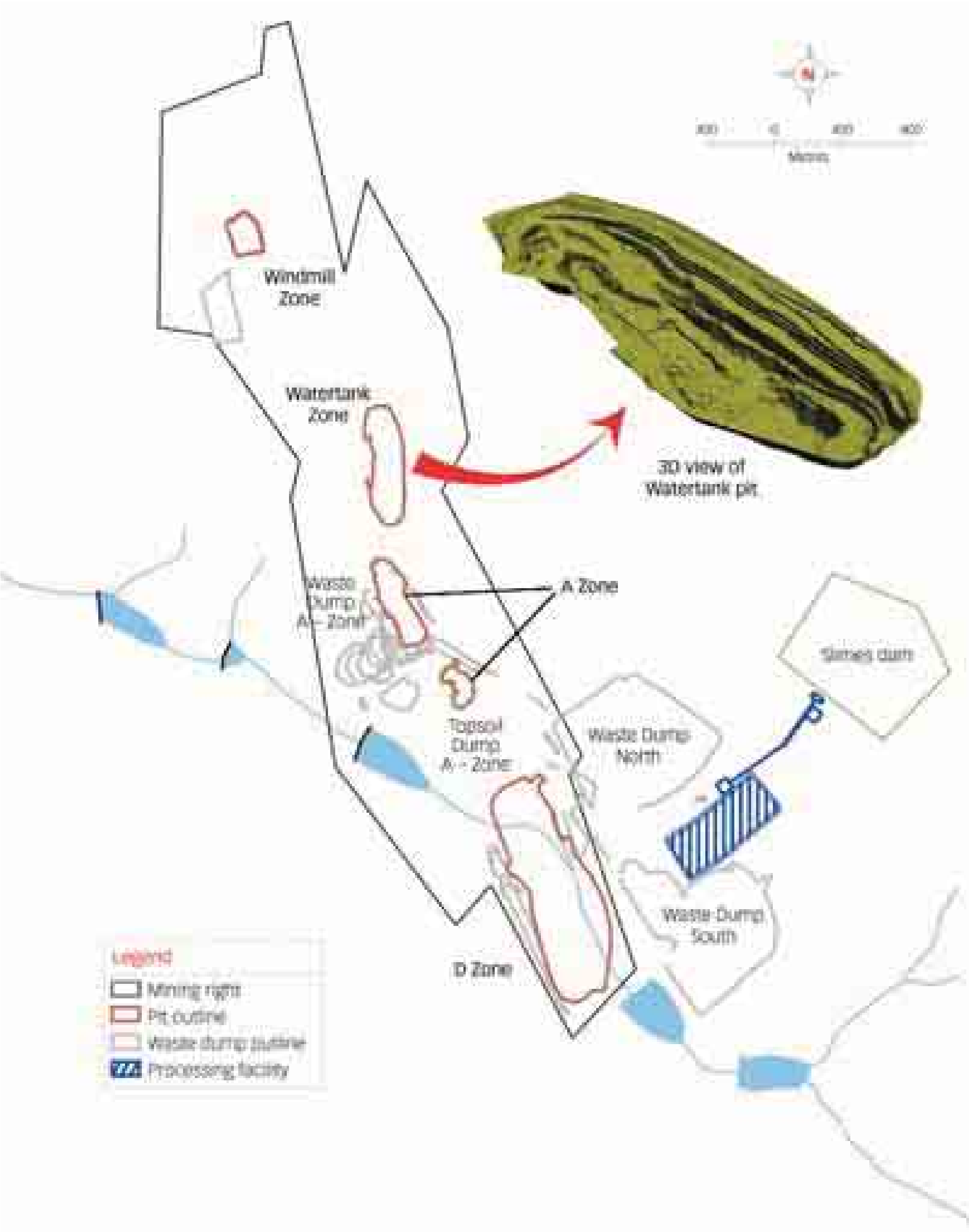
Legend
- Kalgold operation
- Kalgold pit outlines
- Location of operations

Mineral resources and ore reserves cont.

2009

Kalgold mining operations

Kimberley Reef



Papua New Guinea – Mineral resources and ore reserves

Geology: Papua New Guinea (PNG) lies at the northern end of the Australian Plate and has three major components: a continental cratonic platform, an arc of volcanic islands and a central collisional fold belt, consisting of Mesozoic sediments, ophiolite sequences, tertiary sediments and diorite intrusions. During collision, the Wau Graben, the host of major gold and silver deposits, was formed in the fold belt. It coincided with a phase of volcanic activity, resulting in precious and base metals deposits being formed. These include epithermal gold deposits at Hidden Valley, Hamata, Kerimenge and Wafi and porphyry-style copper deposits such as Golpu. Numerous other gold and copper-gold prospects, which are at various stages of exploration and evaluation, occur on Harmony's lease areas.

Note: The mineral resources and ore reserves detailed in the following tables represent Harmony's 50% equity portion of the Morobe Mining Joint Ventures.

Gold – Mineral resources

Gold	Measured				Indicated				Inferred				Total			
Operations	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Hidden Valley & Kaveroi	2.8	2.16	6	195	23.1	1.89	44	1 409	14.8	1.53	23	730	40.7	1.78	73	2 334
Hamata	0.2	2.20	–	12	3.9	2.34	9	291	0.6	2.58	2	50	4.7	2.37	11	353
Wafi	–	–	–	–	31.9	1.97	63	2 017	19.8	1.73	34	1 099	51.7	1.88	97	3 116
Golpu	–	–	–	–	43.8	0.63	28	887	37.7	0.49	18	595	81.5	0.57	46	1 482
Nambonga	–	–	–	–	–	–	–	–	19.9	0.79	16	505	19.9	0.79	16	505
GRAND TOTAL	**3.0**	**2.16**	**6**	**207**	**102.7**	**1.40**	**144**	**4 604**	**92.8**	**1.00**	**93**	**2 979**	**198.5**	**1.22**	**243**	**7 790**

Modifying factors

Operations	MCF (%)	PRF (%)
Hidden Valley & Kaveroi	95	93
Hamata	95	93
Golpu	100	56

MCF = Mine call factor PRF = Plant recovery factor

Gold – Ore reserves

	Proven				Probable				Total			
Operations	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Hidden Valley & Kaveroi	1.4	2.34	3	105	17.6	1.99	35	1 126	19.0	2.02	38	1 231
Hamata	0.1	2.05	0	7	1.9	2.69	5	164	2.0	2.66	5	171
Golpu	–	–	–	–	35.4	0.61	22	694	35.4	0.61	22	694
GRAND TOTAL	**1.5**	**2.32**	**3**	**112**	**54.9**	**1.12**	**62**	**1 984**	**56.4**	**1.16**	**65**	**2 096**

Silver – Mineral resources

Silver	Measured				Indicated				Inferred				Total			
Operations	Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)	Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)	Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)	Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)
Hidden Valley & Kaveroi	2.8	40.52	114	3 668	23.1	33.95	785	25 246	14.8	27.38	406	13 054	40.7	32.01	1 305	41 968
GRAND TOTAL	**2.8**	**40.52**	**114**	**3 668**	**23.1**	**33.95**	**785**	**25 246**	**14.8**	**27.38**	**406**	**13 054**	**40.7**	**32.01**	**1 305**	**41 968**

Modifying factors

Operations	MCF (%)	PRF (%)
Hidden Valley & Kaveroi	95	81

MCF = Mine call factor PRF = Plant recovery factor

Mineral resources and ore reserves cont.

2009

Silver – Ore reserves

	Proven				Probable				Total			
Operations	Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)	Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)	Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)
Hidden Valley & Kaveroi	1.4	39.00	55	1 755	17.6	36.70	646	20 767	19.0	36.87	701	22 522
Grand Total	**1.4**	**39.00**	**55**	**1 755**	**17.6**	**36.70**	**646**	**20 767**	**19.0**	**36.87**	**701**	**22 522**

Copper – Mineral resources

	Measured				Indicated				Inferred				Total			
Operations	Tonnes (Mt)	%	Cu (M kg)	Cu (M lbs)	Tonnes (Mt)	%	Cu (M kg)	Cu (M lbs)	Tonnes (Mt)	%	Cu (M kg)	Cu (M lbs)	Tonnes (Mt)	%	Cu (M kg)	Cu (M lbs)
Golpu	–	–	–	–	43.8	1.39	609	1 343	37.7	0.72	272	599	81.5	1.08	881	1 942
Nambonga	–	–	–	–	–	–	–	–	19.9	0.21	42	92	19.9	0.21	42	92
Grand Total	**–**	**–**	**–**	**–**	**43.8**	**1.39**	**609**	**1 343**	**57.6**	**0.54**	**314**	**691**	**101.4**	**0.91**	**923**	**2 034**

Modifying factors

Operations	MCF (%)	PRF (%)
Golpu	100	88

MCF = Mine call factor PRF = Plant recovery factor

Copper – Ore reserves

	Proven				Probable				Total			
Operations	Tonnes (Mt)	%	Cu (M kg)	Cu (M lbs)	Tonnes (Mt)	%	Cu (M kg)	Cu (M lbs)	Tonnes (Mt)	%	Cu (M kg)	Cu (M lbs)
Golpu	–	–	–	–	35.4	1.13	400	882	35.4	1.13	400	882
Grand Total	**–**	**–**	**–**	**–**	**35.4**	**1.13**	**400**	**882**	**35.4**	**1.13**	**400**	**882**

Molybdenum – Mineral resources

	Measured				Indicated				Inferred				Total			
Operations	Tonnes (Mt)	ppm	Mo (M kg)	Mo (M lbs)	Tonnes (Mt)	ppm	Mo (M kg)	Mo (M lbs)	Tonnes (Mt)	ppm	Mo (M kg)	Mo (M lbs)	Tonnes (Mt)	ppm	Mo (M kg)	Mo (M lbs)
Golpu	–	–	–	–	43.8	110.00	5	11	37.7	157.00	6	13	81.5	131.75	11	24
Grand Total	**–**	**–**	**–**	**–**	**43.8**	**110.00**	**5**	**11**	**37.7**	**157.00**	**6**	**13**	**81.5**	**131.75**	**11**	**24**

Modifying factors

Operations	MCF (%)	PRF (%)
Golpu	100	36

MCF = Mine call factor PRF = Plant recovery factor

Molybdenum – Ore reserves

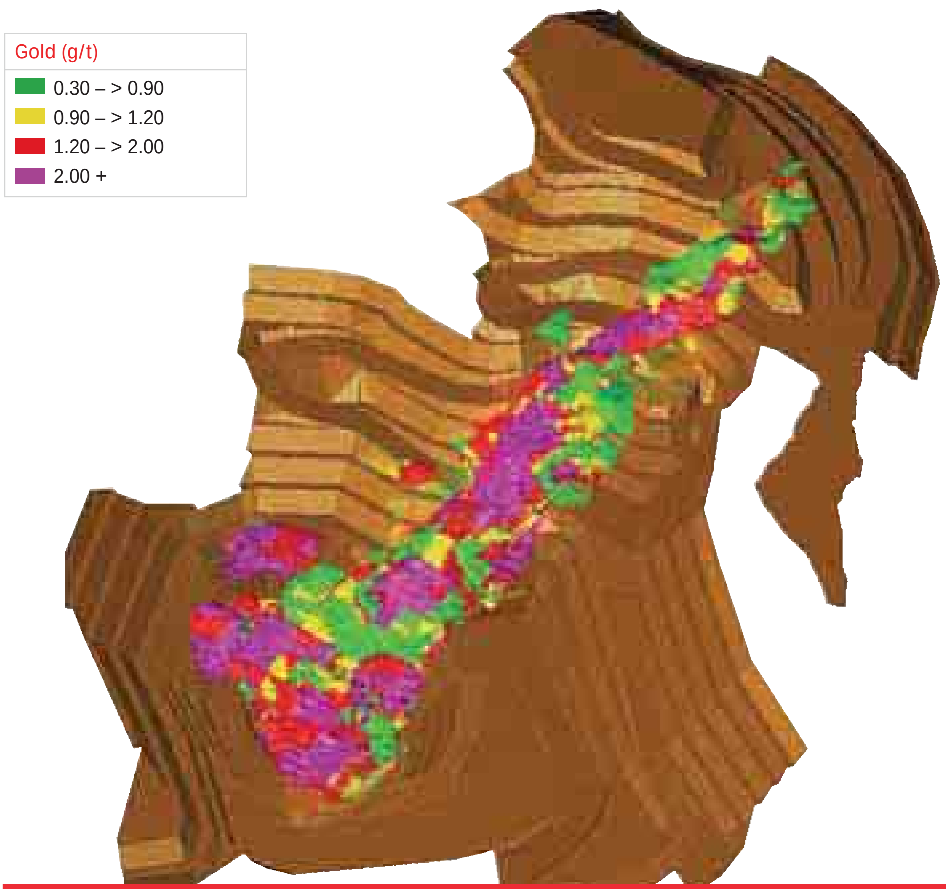
	Proven				Probable				Total			
Operations	Tonnes (Mt)	ppm	Mo (M kg)	Mo (M lbs)	Tonnes (Mt)	ppm	Mo (M kg)	Mo (M lbs)	Tonnes (Mt)	ppm	Mo (M kg)	Mo (M lbs)
Golpu	–	–	–	–	35.4	121.00	4	9	35.4	121.00	4	9
Grand Total	**–**	**–**	**–**	**–**	**35.4**	**121.00**	**4**	**9**	**35.4**	**121.00**	**4**	**9**

Mineral resources and ore reserves cont.

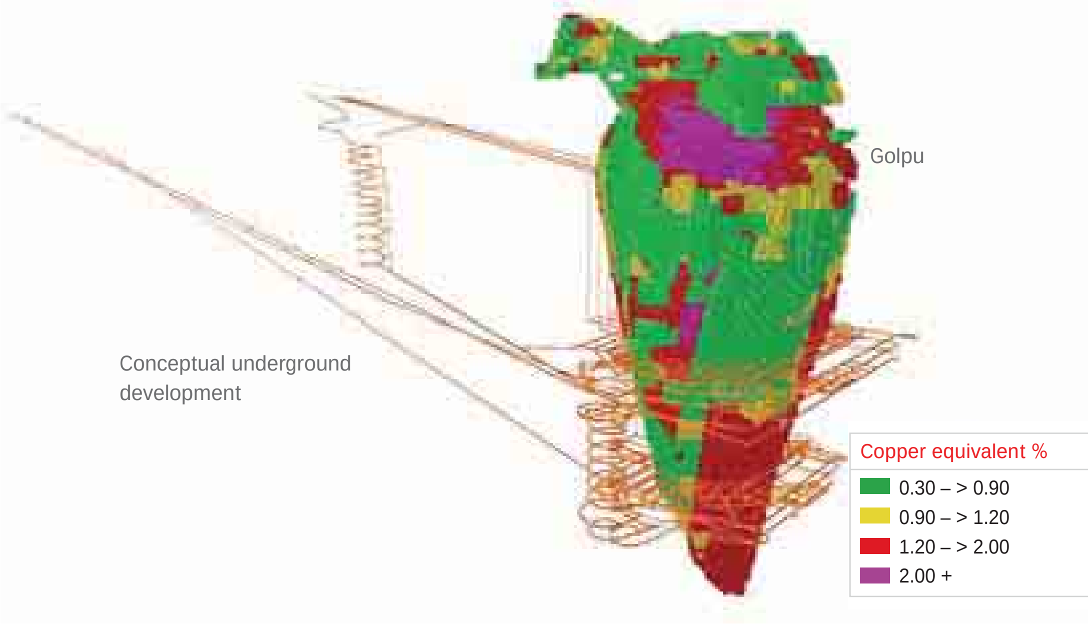
2009

Hamata open pit

Hidden Valley



Wafi-Golpu project
Golpu block cave, Wafi Project



Mineral resources and ore reserves cont.

2009

Appendix

Reporting Code

Harmony uses the South African Code for the Reporting of Exploration Results, mineral resources and ore reserves (SAMREC Code), which sets out the internationally recognised procedures and standards for reporting of mineral resources and ore reserves in South Africa. This code was developed by the South African Institute of Mining and Metallurgy and is the recommended guideline for reserve and resource reporting for companies listed on the JSE Limited. Harmony's reporting of its Australian and PNG mineral resources and ore reserves also complies with the Australian Code for the Reporting of mineral resources and ore reserves (JORC code) of the Australian Institute of Mining and Metallurgy. This code is materially the same as the SAMREC code. In reporting reserves, distinct cognisance has also been taken of Industry Guide 7 of the United States Securities Exchange Commission. Harmony uses the term 'ore reserves,' which has the same meaning as 'mineral reserves', as defined in the SAMREC code.

Definitions as per the SAMREC code

Mineral resources

A mineral resource is a concentration (or occurrence) of material of economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a mineral resource are known, estimated from specific geological evidence and knowledge, or are interpreted from a well constrained and portrayed geological model.

Mineral resources are sub-divided in order of increasing confidence in respect of geoscientific evidence into inferred, indicated and measured categories. An **inferred mineral resource** is that part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and sampling, and assumed but not verified geologically and/or through analysis of grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited or of uncertain quality and reliability.

An **indicated mineral resource** is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and the testing of information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

A **measured mineral resource** is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

Ore reserves

An ore reserve is the economically mineable material derived from a measured and/or indicated mineral resource. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a pre-feasibility study for a project, or a life of mine plan for an operation, must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors). Such modifying factors must be disclosed.

A **probable ore reserve** is the economically mineable material derived from a measured and/or indicated mineral resource. It is estimated with a lower level of confidence than a proved ore reserve. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a pre-feasibility study for a project, or a life of mine plan for an operation, must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed.

A **proven ore reserve** is the economically mineable material derived from a measured mineral resource. It is estimated with a high level of confidence. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a pre-feasibility study for a project, or a life of mine plan for an operation, must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed.

Harmony reporting in compliance with SAMREC

In order to meet the requirements of the SAMREC code that the material reported as a mineral resource should have "reasonable and realistic prospects for eventual economic extraction", Harmony has determined an appropriate cut-off grade which has been applied to the quantified mineralised body according to a process incorporating a long-term view on future economic modifying factors. In applying this process, Harmony uses a gold price of R350 000/kg at a derived cut-off grade to determine the mineral resources at each of its South African underground operations. Mineral resources have been estimated on the basis of geoscientific knowledge with input from the company's ore reserve managers, geologists and geostatistical staff. Each mine's mineral resources are categorised blocked-out and ascribed an estimated value. At most mines computerised geostatistical estimation processes are used.

In order to define that portion of a measured and indicated mineral resource that can be converted to a proven and probable ore reserve, Harmony applies the concept of a cut-off grade. At our underground South African mines, this is done by defining the optimal cut-off as the lowest grade at which an orebody can be mined such that the total profits, under a specified set of mining parameters, are maximised. The cut-off grade is determined using the company's Optimiser computer programme which requires the following as input: the database of measured and indicated resource blocks (per shaft section); an assumed gold price which, for this ore reserve statement, was taken as R225 000/kg; planned production rates; the mine recovery factor (MRF) which is equivalent to the mine call factor (MCF) multiplied by the plant recovery factor (PRF); and planned cash operating costs (rand per tonne). Rand per tonne cash operating costs are historically based but take cognisance of distinct changes in the cost environment such as restructuring, right-sizing, and other cost reduction initiatives, and for below infrastructure ounces, an estimate of capital expenditure.

The block cave reserve at Golpu in PNG uses the PCBC computer programme to define the optimal mine plan and sequencing. The open-pit reserve at Hidden Valley in PNG is constrained by the capacity of the tailings storage facility with the Whittle optimisation programme guiding the most efficient mine design given this constraint.

The ore reserves represent that portion of the measured and indicated resources above cutoff in the life-of-mine plan and have been estimated after consideration of the factors affecting extraction, including mining, metallurgical, economic, marketing, legal, environmental, social, and governmental factors.

A range of disciplines which includes geology, survey, planning, mining engineering, rock engineering, metallurgy, financial management, human resources management and environmental management have been involved at each mine in the life-of-mine planning process and the conversion of resources into reserves.

The modifying factors related to the oreflow used to convert the mineral resources to ore reserves through the life-of-mine planning process are stated for each individual shaft. For these factors, historical information is used, except if there is a valid reason to do otherwise. As a result of the depth at which mining occurs and the resulting rock engineering requirements at our South African underground mines, some shafts design stope support pillars into their mining layouts which accounts for discounts of 7% to 10%. A further 15% discount is applied as a life-of-mine factor to provide for unpay and off-reef mining. In general, life-of-mine plan extraction factors do not exceed 85% and are reflected in the ore reserves.

Glossary of geological terms

Below infrastructure: That part of a company's ore reserve that can only be accessed following certain capital expenditure which has yet to be approved.

Craton: A part of the earth's crust that has attained stability and has been little deformed for a long period of geological time.

Diorite: A group of plutonic rocks intermediate in composition between acidic and basic.

Felsic: An igneous rock having abundant light coloured minerals.

Graben: A block of rock that lies between two faults, and has moved downward to form a depression between two adjacent fault blocks.

Greenstone: A field term for any compact dark green altered or metamorphosed basic igneous rock that owes its colour to chlorite.

Horst: A block of rock that lies between two faults and has moved upward relative to the two adjacent fault blocks.

Kaapvaal Craton: The ancient protocontinental basement of South Africa.

Lacustrine: Pertaining to sediments formed in lakes.

Mafic: An igneous rock composed chiefly of dark, ferromagnesium minerals.

Ophiolite: A group of mafic and ultramafic igneous rocks derived by metamorphism, whose origin is associated with an early phase of the development of a geosyncline.

Plunge: The inclination of a fold axis or other linear feature, measured in the vertical plane.

Sub-outcrop: A rock stratum that unconformably underlies another rock stratum.

Syncline: Concave fold in stratified rock, in which strata dip down to meet in a trough.

Witwatersrand Basin: A sedimentary basin in South Africa.

Board of directors

Non-executive chairman

Patrice Motsepe (47) BA (Legal), LLB

Appointed to the board in 2003. Patrice was a partner in one of the largest law firms in South Africa, Bowman Gilfillan Inc. He was a visiting attorney in the USA with the law firm, McGuire Woods Battle and Boothe. In 1994 he founded Future Mining, which grew rapidly to become a successful contract mining company. He then formed ARMgold in 1997, which listed on the JSE in 2002. ARMgold merged with Harmony in 2003 and this ultimately led to the takeover of Anglovaal Mining (Avmin). In 2002 he was voted South Africa's Business Leader of the Year by the CEOs of the top 100 companies in South Africa. In the same year, he was winner of the Ernst & Young Best Entrepreneur of the Year Award.

He is also the Executive Chairman of ARM Limited and the Deputy Chairman of Sanlam. His various business responsibilities included being President of Business Unity South Africa (BUSA) from January 2004 to May 2008. BUSA is the representative voice of organised business in South Africa. Patrice is also President of Mamelodi Sundowns Football Club.

Executive directors

Graham Briggs (56), BSc (Hons) (Geology), PrSciNat
Chief Executive Officer

Graham was appointed as chief executive officer in January 2008, after his appointment to the board in 2007. Having joined Harmony as new business manager in 1995, Graham's previous positions include that of chief executive of Harmony Australia and regional manager for Australasia. A geologist by training, Graham has more than 35 years' experience in the field and in an operational capacity at a number of South African gold mines, including a stint as ore reserve manager at Beatrix.

Graham serves as a director on Harmony's subsidiary companies and was recently appointed to the board of the VM Group in the United Kingdom.

Frank Abbott (54), BCom, CA (SA), MBL
Interim Financial Director

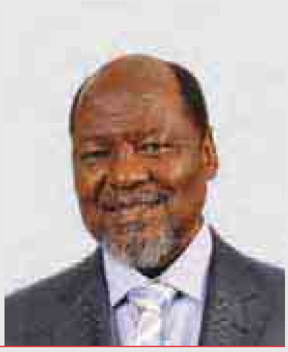
Frank was appointed an executive director in August 2007. Frank joined the Harmony board as a non-executive director in 1994, after which he was appointed as financial director of the company in 1997. Following the ARM Limited/ARMI transaction, it was agreed by the board that Frank be appointed financial director of ARM while remaining on Harmony's board as a non-executive director. In August 2007, Frank was seconded to Harmony as interim financial director.

Frank serves as a director of Harmony's subsidiaries and is a non-executive director of ARM. Frank is going on early retirement at the end of December 2009. Post-retirement, Frank will remain on the Harmony board as a non-executive director.

Non-executive directors

Joaquim Chissano (69)
Independent Non-Executive Director

Joaquim was appointed to the board in April 2005. Formerly President of Mozambique (1986 – 2004), Joaquim also served as chairman of the African Union for 2003/2004. On leaving the presidency, he established the Joaquim Chissano Foundation for Peace Development and Culture, and has led various international peace initiatives on behalf of the United Nations, African Union and the Southern African Development Community to Guinea Bissau, the Democratic Republic of the Congo, Uganda and Madagascar. In 2006, he was awarded the annual Chatham House Prize for significant contributions to improving international relations and was the recipient of the inaugural Mo Ibrahim Prize for Achievement in African Leadership in 2007. He is also a non-executive director of ARM Limited and TEAL.

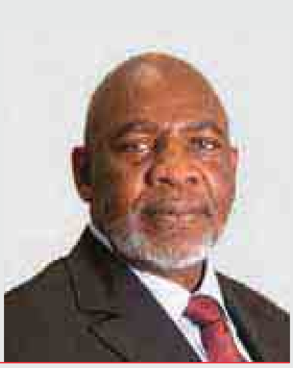


Fikile De Buck (48), BA (Economics), FCCA (UK),
Independent Non-Executive Director

Fikile joined the board on 1 April 2006. A certified chartered accountant, she is a fellow of the Association of Chartered Certified Accountants (ACCA) (UK) and a member. From 2000 to 2008, Fikile worked in various capacities at the Council for Medical Schemes in South Africa, including that of chief financial officer and chief operations officer. Prior to that she was treasurer at the Botswana Development Corporation. Fikile is also a non-executive director and chairman of the Audit Committee of Rand Uranium (Pty) Ltd and of Anooraq Resources Corporation.

Dr Cheick Diarra (57), PhD (Mechanical and Aerospace Engineering),
Independent Non-Executive Director

Dr Cheick Diarra joined the board in March 2008. He is also the chairman for Africa at Microsoft. Dr Diarra graduated from the Pierre and Marie Curie University in Paris, France, and obtained his PhD in mechanical and aerospace engineering from Howard University,Washington DC, USA. After six years as an Assistant Professor at Howard, he joined the National Aeronautic and Space Association (NASA) Jet Propulsion Laboratory. Dr Diarra has served as a UNESCO goodwill ambassador and, in 2002 and 2003, he was chief executive officer of the African Virtual University based in Kenya. He is a member of several international and African scientific organisations, and was awarded an African Lifetime Achievement Award for Outstanding Contributions to Science.

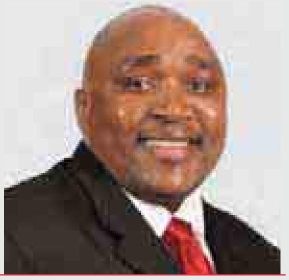


Ken Dicks (70), Mine Managers Certificates (Metalliferous and Fiery Coal Mines); Management Development Diploma and Management Diploma;
Independent Non-Executive Director

Ken joined the board in February 2008. He has 39 years' experience in the mining industry mainly in the Anglo American group. He has served on the boards of mining companies such as Freegold, Western Deep Levels and Elandsrand. He is also a non-executive director of Gold One International, following a reverse takeover by Aflease Gold Limited.

Board of directors cont.

Dr Simo Lushaba (43), BSc (Hon), MBA and DBA;
Independent Non-Executive Director
Simo joined the Harmony board in October 2002. An entrepreneur and an executive business coach, he previously held senior management positions at Spoornet and Lonmin plc and was chief executive of Rand Water. Simo is a member of the board of the Nepad Business Foundation (SA), chairman of Spescom Limited and a board member of Gidani, Numsa Investment Services and Doves Funeral Services.



Cathie Markus (52), BA LLB
Independent Non-Executive Director
Cathie joined the board in May 2007. Cathie spent 16 years at Impala Platinum Holdings Limited (Implats), initially as legal advisor and latterly, from 1998 to 2007, as executive director with responsibility for legal compliance and public affairs. Having graduated from the University of the Witwatersrand, Cathie served articles at Bell Dewar & Hall. On qualifying as an attorney, notary and conveyancer, she joined the legal department of Dorbyl Limited. She is currently a trustee of the Impala Bafokeng Trust.

Modise Motloba (43), BSc, Diploma in Strategic Management,
Independent Non-executive Director
Modise joined the board in July 2004. Currently the chief executive of Quartile Capital (Pty) Ltd, Modise is also a director of Rand Merchant Bank Structured Insurance, Deutsche Bank Securities SA (Pty) Ltd, the Land Bank and the Small Enterprise Foundation. Modise's 17 years' experience in investment banking, treasury and fund management includes appointments at Rand Merchant Bank, African Harvest Fund Managers and Goldman Sachs. Modise is a former President of the Association of Black Securities and Investment Professionals (ABSIP) where he was instrumental in formulating and negotiating the historic Financial Services Charter in October 2003.

Cedric Savage (70), BSc (Eng), MBA, ISMP (Harvard), Independent Non-executive Director
Cedric joined the board in September 2003. He retired as the chairman of the Tongaat Hulett Group in May 2009 but remains a trustee of the Tongaat Hulett Group Pension Fund. He started his career in the United Kingdom in 1960 as a graduate engineer with Fairey Aviation. He returned to South Africa in 1963 and worked in the oil (Mobil), textile (Felt & Textiles) and chicken (Rainbow Chickens Limited) industries. He was president of the South African Chamber of Business from 1993 to 1994. He also served as chairman of the Board of Governors of the University of KwaZulu-Natal's Development Foundation and as a member of council of that university. He joined the Tongaat-Hulett Group Ltd in 1977 as managing director of Tongaat Foods and progressed to executive chairman of the Building Materials Division; he became chief executive officer of the group in 1991. In May 2000, he assumed the dual roles of chief executive officer and executive chairman. He currently serves on the board of Denel (Pty) Limited. He also served on the Nedbank board from 2002 until May 2008, when he retired as non-executive director, and on the board of Datatec Limited from 2001 and Datatec International from 2004, retiring from both boards in August 2009.

André Wilkens (60), Mine Manager's Certificate of Competency, MDPA, RMIIA, Non-Executive Director
André joined the board in August 2007. He is currently the chief executive officer of ARM Limited and previously held the same position at ARM Platinum. Prior to this, he was the chief operating officer at Harmony, following the merger of the company with ARMgold in 2003. Andre has a wealth of experience in the mining industry, having joined Anglo American in 1969 and moved up the ranks to mine manager of Vaal Reefs' south mine.

Executive management

Bob Atkinson (57) NHD (Metalliferous Mining)
Executive: New Business and Projects

Bob joined Harmony as a Section Manager in 1986 and served as Operations Director on the Executive Committee from June 2001 to May 2003. He was appointed Chief Operating Officer at Harmony Gold Australia and then Executive: Sustainable Development (Safety and Occupational Health) at Harmony in South Africa in July 2004. He has more than 32 years' experience in the mining industry.

Jaco Boshoff (40), BSc (Hons), MSc (Geology), MBA, PrSciNat
Executive: Reserves and Resources

Jaco joined Harmony in April 1996. He has served as the Executive: Reserves and Resources and Competent Person since March 2004. Prior to this, he was an Ore Reserve Manager from 1998 to 2004 and before that a geologist at Harmony and at Gengold. Jaco is registered as a professional geological scientist with the South African Council for Natural Scientific Professions and has worked in the mining industry for more than 12 years.

Matthews Dikane (43), LLB, LLM (Labour Law), Postgraduate Diploma In Management Practice; Executive: Legal and Compliance

Matthews joined Harmony in 2009. He has 20 years' experience in the mining industry, working his way up through the ranks from learner official to production mine overseer at AngloGold Ashanti Ltd. During this time, he studied for his law degree and served his articles at Perrott Van Niekerk Woodhouse Incorporated. He also completed his Master's degree in Labour Law and a Postgraduate Diploma in Management Practice. He returned to AngloGold Ashanti's corporate office as a Legal Counsel, later joining Brink Cohen Le Roux as a senior associate where he was made a director.

Leon le Roux (53), NHD (Mechanical and Electrical Engineering)
Executive: Risk Management and Engineering.

Leon joined Harmony on its merger with ARMgold in 2003. Having begun his mining career as a learner official in 1979 and obtaining his GCC (Mines and Works), he worked as an engineer on several AngloGold operations. He joined ARMgold on its formation in 1999 where he held a number of positions in the management team and was later seconded to ARMplatinum. He was appointed to the executive team in June 2009.

Mashego Mashego (45), BA Ed, BA (Hons), GEDP, JMDP
Executive: Human Resources

Mashego joined Harmony in July 2005 as Group Human Resources Development Manager. Mashego, who has more than 20 years' experience in human resources, began his career as Human Resources Manager at Eskom. He then progressed in the field at JCI, Atlantis Diesel Engines and Foskor Ltd. He was promoted to General Manager at Harmony's Evander Operations in November 2005 and was appointed Executive: Human Resources in August 2007.

Executive management cont.

Jackie Mathebula (39), B Admin (Hons), MBA, Master of Management (MM, HR)
Executive: Corporate Affairs

Jackie joined Harmony in September 2002 as Employee and Industrial Relations Executive. In 2005, his portfolio became Training, Human Resource Development and Occupational Health, and in 2005 he was appointed Executive: Corporate Affairs. Prior to joining Harmony, he worked at Gensec Bank, Gold Fields Ltd and the then Iscor group (now ArcelorMittal South Africa) in the field of human resources. He also worked for the South African government in the Gazankulu Public Service Commission.

Hannes Meyer (39), CA(SA), BCom (Hons)
Financial Director Designate

Hannes joined Harmony in August 2009. During his 13-year career in the mining industry, he gained extensive mining and financial experience at Randgold and Exploration Ltd, Randgold Resources Ltd, Anglogold Ashanti Ltd and TEAL Exploration & Mining Inc (TEAL). His exposure extended to gaining knowledge of mines in Africa, corporate finance and business development. Before joining Harmony Hannes served as chief financial officer of TEAL and served as acting chief executive officer of TEAL since May 2008.

Melanie Naidoo-Vermaak (35), MSc
Executive: Environment

Melanie joined Harmony in 2009. She is an experienced environmental specialist who has worked for both the private sector in the mining industry, as well as the public sector in the Departments of Water Affairs and Forestry and Minerals and Energy. She has spent 10 years in this discipline and has international environmental management exposure gained in Australia, Papua New Guinea, Fiji as well as Africa. She has held various positions at some of the world's leading mining companies, including BHP Billiton, Anglo American plc and De Beers Consolidated Mines Limited.

Alwyn Pretorius (38), BSc Mining Engineering, BSc Industrial Engineering
Chief Operating Officer: North Region

Alwyn joined Harmony on its merger with ARMgold in 2003. He began his career at Vaal Reefs mine as a mining graduate in training in 1993 and was appointed shift boss in 1995, gaining experience in remnant mining. Alwyn obtained his BSc in Industrial Engineering in 1998 and joined ARMgold in 1999 at its Orkney operations, progressing to become mine manager in 2003. Alwyn was appointed Executive, South African Operations at Harmony in March 2007, and is the Chief Operating Officer: North Region.

Tom Smith (53), NHD (Mine Surveying and Metalliferous Mining),
Chief Operating Officer: South Region

Tom joined Harmony in 2002. He began his career in the industry in 1975 as a sampler at Vaal Reefs mine, becoming chief surveyor in 1988. He changed his career to mining in 1991, working as a section manager on the Great Noligwa, Elandsrand and Mponeng mines. He was also involved in projects at Tau Lekoa and Moab Khotsong, acquiring experience in conventional, trackless, pillar and deep-level mining. He was promoted to production manager at AngloGold's Mponeng in 1998. Tom was appointed General Manager of Tshepong in 2000. Following the merger with ARMgold, he was involved in the restructuring of the Free State operations. He joined the executive team in September 2007 and is the Chief Operating Officer: South Region.

Marian van der Walt (36), BCom (Law), LLB, Higher Diploma in Tax, Diploma in Corporate Governance, Diploma in Insolvency Law, Certificate in Business Leadership; Executive: Corporate and Investor Relations

Marian, who has 12 years' legal experience, was appointed Company Secretary in 2003. She completed her articles at Routledge Modise Attorneys and was admitted as an attorney and conveyancer in 1998. She then joined Deloitte and Touche as an insolvency practitioner/administrator and held management and legal positions at the Standard Bank of South Africa Ltd in the Commercial Properties Division. Marian was appointed to Harmony's Executive Committee in October 2005 with responsibility for legal, compliance and risk management. Internal audit and Sarbanes-Oxley compliance were added to her portfolio in September 2007. In October 2008, she resigned as company secretary enabling her to accept the position of Executive: Corporate and Investor Relations.

Johannes van Heerden (37), BCompt (Hons), CA(SA)
Chief Executive Officer: South East Asia

Johannes joined Harmony in 1998 as Financial Manager of the Free State operations. Here he obtained broad financial management experience at an operational level. He was subsequently appointed Group Financial Manager in 2001, before being relocated to Harmony Australasia as Chief Financial Officer in 2003. Johannes presently holds the position of Chief Executive Officer: South East Asia.

Abre van Vuuren (49), BComm, MDP, DPLR
Executive: Services

Abre joined Harmony in 1997 when the company acquired Grootvlei Gold Mine (Grootvlei). Abre started his career in the mining industry in 1982 when he joined the finance department of Blyvooruitzicht Gold Mine. He gained experience in human resources and progressed through the ranks on various gold mines and collieries in the Rand Mines Group, including Grootvlei. On Harmony's acquisition of Grootvlei, Abre was included in the management team and has since held various positions in services and human resources management. He was promoted to the Executive Committee in 2000 when he became the Industrial Relations Executive. In 2007, Abre assumed responsibility for the services portfolio and currently holds the position of Executive: Services.

Corporate governance 2009

Harmony is committed to applying and upholding the highest standards of corporate governance practice. As Harmony's primary listing is on the JSE Limited (JSE) in South Africa, its disclosure practices and policies are guided in the first instance by the South African Companies Act and the regulations of the JSE and, in particular, the King Report on Corporate Governance 2002 (King II). The group also acts in compliance with the other exchanges on which it is listed, as well as the United States Securities and Exchange Commission (SEC) and the Public Company Accounting Reform and Investor Protection Act of 2002 (more commonly known as the Sarbanes-Oxley Act of 2002 (SOx)) as applicable to foreign companies listed in the United States.

Corporate governance

Board of directors

Harmony is governed by a unitary board which, as at 30 June 2009, was made up of 12 members, eight of whom were independent (determined in line with both King II and SOx) and two of whom were executive directors. Given that the group is a South African company, Harmony is highly cognisant of the need for transformation at the highest levels within the company. Two non-executive directors are women, and four are drawn from groups considered to be historically disadvantaged South Africans (HDSAs).

As at 30 June 2009, members of Harmony's board of directors were as follows:

Non-independent, non-executive chairman
Patrice Motsepe

Executive directors
Graham Briggs (Chief Executive Officer)
Frank Abbott (Interim Financial Director)

Independent non-executive directors
Joaquim Chissano
Fikile De Buck
Dr Cheick Diarra
Ken Dicks
Simo Lushaba
Cathie Markus
Modise Motloba
Cedric Savage

Non-independent, non-executive director
André Wilkens

Post year-end in July 2009, Harmony announced that Frank Abbott, currently Harmony's Interim Financial Director, would retire at the end of December 2009. He will hand over his current responsibilities to Financial Director designate, Hannes Meyer on 1 November 2009. Hannes was formerly both the chief financial officer and chief executive officer of TEAL Exploration and Mining Incorporated. For the period 1 November 2009 to end December 2009, Frank will remain on the Harmony board as an executive director responsible for strategic planning. Frank has also agreed to remain on the Harmony board as a non-executive director from 1 January 2010.

In addition to upholding sound principles of corporate governance, the board recognises the interests of the communities in which its operations are located and which the company's activities affect, and ensures that the company acts as a responsible corporate citizen, creating value for all shareholders.

Board purpose and function

The board is guided in its actions by the board charter (www.harmony.co.za) which is reviewed annually. The charter requires that directors exercise leadership, enterprise, integrity and good judgement, accountability, responsibility and transparency. The charter serves as a guide to board members regarding:

- the purpose and role of the board;
- board responsibilities and authority;
- board composition;
- board meetings; and
- board self-assessment.

Corporate governance cont.

The board provides strategic direction to the company through the quarterly board meetings and the delegation of authority to the board committees. It reviews and directs the company's strategic objectives, annual budget and plans. The board also guides and reviews the non-financial performance of the company, that is, those issues relating to the 'triple bottom line'.

A number of duties, responsibilities and personal liabilities are imposed on Harmony's directors under both common and statutory law, not only in South Africa, but also in the United States, Australia and the United Kingdom.

Board appointments

In considering new appointments to the board, Harmony takes cognisance of its gender and racial composition and believes that it has achieved an acceptable balance of such members. The company believes that the non-executive and independent directors are of sufficient calibre, experience and number for their views to carry significant weight in the board's decisions. While the Nominations Committee advises on appointments to the board, consideration of new appointments to the board is undertaken by the board as a whole.

Board meetings

Four board meetings were held in FY09. The board charter requires that at least one meeting is held every quarter. Attendance at these board meetings is reflected in the table below. Resolutions requiring urgent decisions were passed by means of round-robin resolutions.

Name	Board	% attendance
PT Motsepe	4	100%
GP Briggs	4	100%
F Abbott	4	100%
JA Chissano	3	75%
FFT De Buck	4	100%
CM Diarra	2	50%
KV Dicks	4	100%
DS Lushaba	4	100%
CE Markus	4	100%
JM Motloba	4	100%
CML Savage	4	100%
AJ Wilkens	4	100%

Chairman and chief executive officer are distinct

The roles of the chairman and chief executive officer are separate and distinct as required by King II. Although the chairman is not considered to be independent, the board is of the view that the value added to the company by Patrice Motsepe as chairman is significant, and that the board as a whole is predominantly independent in nature.

Board induction and training

On appointment and as part of the company's board induction programme, new directors are briefed by the company secretary and are provided with comprehensive company information packs containing, among other documentation, committee charters, Articles of Association, corporate governance guidelines, the Toolkit for Directors (provided by internal auditors KPMG) and a summary of the JSE Listings Requirements.

No new directors were appointed to the board in FY09 and therefore no board induction was undertaken. There were no resignations from the board during the year.

In August 2009, board members received training on the provisions of the new Companies Act as well as the forthcoming King III report. Articles of interest and updates on corporate governance are frequently sent to the board to keep directors informed.

Access to management and the operations and independent advice

Each director has unrestricted access to the advice and services of senior management. All non-executive directors are able to visit Harmony's operations at any time and attend management meetings at their discretion. Specific training sessions are arranged as and when these are requested by directors. Board members have unrestricted access to group information, records, documents and property. If necessary, a board member may take independent professional advice at the group's expense.

Delegation of authority

The board delegates authority for certain matters to specified board committees. These matters continue to be monitored and evaluated by the board at each meeting.

Board self-assessment

In terms of its charter, the board is required to conduct an annual self-assessment as follows:

- the chairman is required to assess the performance of individual board members; and
- the board is required to evaluate the chairman.

These assessments are based on several factors, including expertise, inquiring attitude, objectivity and independence, judgement, understanding of Harmony's business, understanding and commitment to the board's duties and responsibilities, willingness to devote the time needed to prepare for and participate in committee deliberations, timely responses and attendance at meetings.

In 2009, the company engaged the services of KPMG to conduct a board self-assessment exercise. Interviews with chairmen of committees were held and questionnaires were completed by each board member. A full report was generated and circulated to the board.

Executive directors

Executive directors have standard employee service agreements and all include a notice period of at least one month. The executive directors have waived their rights to directors' fees.

Executive directors participate in Harmony's share scheme and also benefit from pension contributions (or provident fund), life insurance and medical aid. Their employment letters do not make provision for pre-determined compensation on termination. The number of share options held by executive directors during the financial year is detailed in the Directors' Report on pages 176 to 188.

Non-executive directors

None of the non-executive directors has a service contract with Harmony. Non-executive directors are entitled to fees as agreed at Harmony's annual general meeting (AGM) and to reimbursement for out-of-pocket expenses incurred on the company's behalf, as well as remuneration for other services, such as serving on committees. Details may be found in the Directors' report on page 185.

The company is not aware of any director, or of the families of any directors, having any interest, direct or indirect, in any transaction during the last financial year or in any proposed transaction with any company in the Harmony group which has affected or will materially affect Harmony or its investment interest or subsidiaries.

Significant issues faced by the board in FY09

Significant issues dealt with by the board in FY09 were:

- Sale of Randfontein assets to create Rand Uranium.
- Purchase of royalty deed from Rio Tinto.
- Capital raising exercises in December 2008 and February/March 2009.

Annual general meeting

The notice of the annual general meeting (AGM) in 2008 was posted timeously to all shareholders, with clear instructions on the responsibility of shareholders and the resolutions being voted on. The notice for the AGM for FY09 has been posted to shareholders with this annual report and is available on the company's website at www.harmony.co.za.

Full details of the directors to be nominated/re-nominated are provided in this Notice of Meeting.

Directors are encouraged to attend the AGM, particularly the chairmen of the various board committees.

Rotation of directors

The rotation of directors is staggered. In terms of the company's Articles of Association, one-third of the longest standing directors on the board must retire from office at the AGM. Retiring directors usually make themselves available for re-election and are re-elected at the AGM at which they retire. There are provisions in place within the Articles of Association for the exemption from retirement for executive directors in terms of their employment contracts although currently, no directors are exempted from retirement under these provisions.

Corporate governance cont.

At the AGM to be held on 23 November 2009, the following directors will retire and make themselves available for re-election:

- Fikile De Buck
- Dr Simo Lushaba
- Modise Motloba

In addition, Hannes Meyer, the newly appointed Financial Director Designate, will offer himself for election at this AGM. The curriculum vitae of these directors may be found on pages 146 to 148 of this report.

Board committees

To enable the board to properly discharge its responsibilities and duties, certain responsibilities of the board have been delegated to board sub-committees. These committees are:

- Audit Committee
- Empowerment Committee
- Investment Committee
- Nomination Committee
- Remuneration Committee
- Sustainable Development Committee
- Technical Committee

Each board committee is guided by that committee's charter (www.harmony.co.za). Each committee has adopted an agenda plan that is approved by the board on an annual basis, and against which the committee reports to the board. All board committees are chaired by an independent non-executive director, except for the Nomination Committee and the Technical Committee. It is for this reason that the resolutions recommended by the Nomination Committee are referred to the board for final approval.

The creation of these committees does not reduce the directors' overall responsibilities and the chairmen of all committees report and make recommendations to the board by means of designated reporting slots at each board meeting. The minutes of all committee meetings are made available to all board members in their board information packs prior to the board meeting.

Audit Committee

The role of the Audit Committee is to: assist the board in discharging its duties relating to the safeguarding of assets; the operation of an adequate system and internal controls and control processes; the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements, corporate governance and accounting standards. It also provides support to the board on the risk profile and risk management of the group.

The Audit Committee reports and makes recommendations to the board, and the board retains responsibility for implementing such recommendations.

At 30 June 2009, the members of this committee were:

Cedric Savage (Chairman)	Appointed to the committee on 26 January 2004 and chairman on 5 August 2005
Fikile De Buck	Appointed to the committee on 30 March 2006
Dr Simo Lushaba	Appointed to the committee on 24 January 2003
Modise Motloba	Appointed to the committee on 30 July 2004

All members of the Audit Committee are independent, non-executive directors.

The internal auditors, the external auditors, the chief executive officer, the financial director and executive managers are invited to the meeting.

Harmony does not have an individual financial expert as defined by the rules of the SEC on its Audit Committee. The company is of the view that the Audit Committee members, through their collective experience, meet the majority of the definitions of the SEC for an audit committee financial expert in both the public and private sectors. The members have served as directors and officers of numerous public companies and have over the years developed a good knowledge and understanding of International Financial Reporting Standards (IFRS), overseeing the preparation, audit and evaluation of financial statements. Harmony believes that the combined knowledge, skills and experience of the Audit Committee, and their authority to engage outside experts to provide them with advice on matters relating to their responsibilities as they deem appropriate, enables them as a group to act effectively in the fulfilment of tasks and responsibilities required under SOx.

In terms of its charter, the Audit Committee is required to meet at least four times a year, or more frequently as circumstances dictate. During FY09, the committee met on five occasions.

Name	No of meetings attended	% attendance
Fikile De Buck	5	100%
Dr Simo Lushaba	5	100%
Modise Motloba	3	60%
Cedric Savage	5	100%

Empowerment Committee

The Empowerment Committee ensures that the company meets not only regulations stipulated in the Employment Equity Act, the Labour Relations Act and the Mineral and Petroleum Resources Development Act's (MPRDA) Mining Charter Scorecard, but also the fulfilment of Harmony's own empowerment imperatives.

The responsibilities of the Empowerment Committee include ensuring that a sustainable organisational culture, structures and processes are in place to support the development of empowerment in the company; to monitor the development and progress of empowerment within the company; to address inequalities that may exist in staff profiles and organisational practices; and to review and monitor whether appropriate support is given to historically disadvantaged employees in order to equip them for successful careers in the company.

At 30 June 2009, the members of this committee were as follows:

- Joaquim Chissano (chairman) — Appointed as member and chairman on 3 May 2006
- Cathie Markus — Appointed to the committee on 29 October 2007
- Modise Motloba — Appointed to the committee on 3 May 2006

The committee is chaired by an independent non-executive director and comprises independent non-executive directors.

The chief executive officer and several executive managers are invited to attend meetings.

The Empowerment Committee met on four occasions during FY09.

Name	No of meetings attended	% attendance
Joaquim Chissano	2	50%
Cathie Markus	4	100%
Modise Motloba	4	100%

The Empowerment Committee charter requires that at least two members are present to constitute a quorum. Cathie Markus acted as chairman of the meetings when Joaquim Chissano was unable to attend.

Investment Committee

The primary purpose of the Investment Committee is to consider projects, acquisitions and the disposal of assets in line with the group's overall strategy. This includes performing such other investment-related functions as may be designated by the board from time-to-time, considering the viability of capital projects and/or acquisitions and/or disposals and the effect these may have on the group's cash flow, as well as whether these fit into the group's overall strategy. This committee's remit includes ensuring that due diligence procedures are followed when acquiring or disposing of assets.

The Investment Committee consists of six non-executive members, of which five are independent. The chairman is an independent, non-executive director.

At 30 June 2009, the members of the investment committee were:

- Dr Simo Lushaba (chairman) — Appointed to the committee on 26 January 2004 and as chairman on 5 August 2005
- Fikile De Buck — Appointed to the committee on 3 May 2006
- Cedric Savage — Appointed to the committee on 26 January 2004
- André Wilkens — Appointed to the committee on 7 August 2007
- Cathie Markus — Appointed to the committee on 29 October 2007
- Ken Dicks — Appointed to the committee on 13 February 2008

The chief executive officer, the financial director and members of the Executive Management Committee attend all Investment Committee meetings.

The committee should meet at least four times a year, but may at its discretion meet more often depending on the circumstances. The committee met on six occasions in FY09.

Corporate governance cont.

Name	No of meetings attended	% attendance
Fikile De Buck*	5	83%
Ken Dicks	6	100%
Dr Simo Lushaba	5	83%
Cathie Markus	5	83%
Cedric Savage	6	100%
André Wilkens	5	83%

* Fikile de Buck acted as chairman of the committee in the absence of Dr Simo Lushaba.

Nomination Committee

The primary purpose of the Nomination Committee is to ensure that procedures governing appointments to the board are formal and transparent, by making recommendations to the board on all new board appointments and reviewing succession planning for directors. The duties and responsibilities of this committee are set out in the Nomination Committee charter.

At 30 June 2009, the members of this committee were:

- Patrice Motsepe: Appointed to the committee as member on 24 October 2003
- Joaquim Chissano: Appointed to the committee on 3 May 2006
- Frank Abbott: Appointed to the committee on 5 August 2005

The chairman of the Nomination Committee is non-executive, but not independent. Given that only one member of the committee is an independent non-executive director, any decisions made by the Nomination Committee are approved by the board, either through a round-robin resolution or at a board meeting.

Members of this committee are required to meet annually or more often at the committee's discretion, depending on prevailing circumstances. The committee did not meet in FY09 as there were no new appointments to or resignations from the board during FY09.

Remuneration Committee

The primary purpose of the Remuneration Committee is to ensure that the group's directors and senior executives are fairly rewarded for their individual contributions to Harmony's overall performance and to demonstrate to all stakeholders that the remuneration of senior executive members of Harmony is set by a committee of board members who have no personal interest in the outcome of their decisions, and who will give due regard to the interests of the shareholders and to the financial and commercial health of the company.

The committee's primary objectives are to monitor and strengthen the objectivity and credibility of the remuneration system of Harmony's directors and senior executives and to make recommendations to the board on remuneration packages and policies applicable to directors. A formal reward philosophy was adopted by the Remuneration Committee in March 2006 and is reviewed annually by the committee.

At 30 June 2009, the members of this committee were:

- Cedric Savage (chairman): Appointed to the committee on 24 January 2004 and as chairman from 3 May 2006
- Dr Simo Lushaba: Appointed to the committee on 5 August 2005
- Patrice Motsepe: Appointed to the committee on 26 January 2004 (ex officio member as chairman of the board)
- André Wilkens: Appointed to the committee on 7 August 2007

The chief executive officer, the financial director and the human resources executive are invited to attend all meetings.

The committee comprises three non-executive directors, two of whom are independent. The structure of this committee is therefore not compliant with King II, which requires that the committee comprise independent directors only. The chairman of the Remuneration Committee is, however, an independent non-executive director and ensures that decisions are fair and not biased. The chairman, an independent executive, was elected on the basis of his vast business knowledge and experience, and his familiarity with the challenges facing directors and senior executives.

The Remuneration Committee is expected to meet at least quarterly or, alternatively, to pass resolutions by round robin, if and when a formal meeting cannot be held. In FY09, the committee met six times, including two special meetings held in November 2008 and December 2008 (for approval of the share allocation and incentive schemes).

Name	No of meetings attended	% attendance
Dr Simo Lushaba	6	100%
Cedric Savage	6	100%
André Wilkens	6	100%

Sustainable Development Committee

The role of the Sustainable Development Committee is to supplement, support, advise and provide guidance on the effectiveness or otherwise of management's efforts in respect of sustainable development. The committee considers the following sustainable development issues: occupational health, safety, HIV and AIDS, social investment and environmental management.

At 30 June 2009, the following were members of this committee:

- Modise Motloba (chairman) — Appointed as member and chairman on 5 August 2005
- Joaquim Chissano — Appointed to the committee on 3 May 2006
- Fikile De Buck — Appointed to the committee on 3 May 2006

Members of the committee are all independent, non-executive directors.

The chief executive officer and certain executive managers are invited to attend all meetings.

The Sustainable Development Committee, as per its charter, should meet at least four times a year, or more frequently as circumstances dictate. In FY09, four meetings of this committee were held.

Name	No of meetings attended	% attendance
Joaquim Chissano	1	25%
Fikile De Buck	4	100%
Modise Motloba	4	100%

The Sustainable Development Committee charter requires that at least two members are present to constitute a quorum.

Technical Committee

The Technical Committee was formed in January 2008 to provide a platform for the chief executive officer to discuss the company's strategy, performance against targets, as well as operational results and projects. The Technical Committee apprises the board of key developments, progress against objectives and challenges facing the company's operations. The company's strategic plans are considered by the Technical Committee and recommended for approval to the Investment Committee and the board. The Technical Committee also provides guidance and support to management to ensure that the company remains sustainable and successful.

At 30 June 2009, the following were members of this committee:

- André Wilkens (chairman): — Appointed as a member and chairman on 22 January 2008
- Fikile De Buck: — Appointed to the committee on 14 July 2008
- Ken Dicks: — Appointed to the committee on 13 February 2008
- Modise Motloba: — Appointed to the committee on 22 January 2008
- Cedric Savage: — Appointed to the committee on 22 January 2008

The committee comprises four independent, non-executive directors. The chairman is not independent. However, the board agrees that he was best suited to be appointed as chairman, due to his vast knowledge of the company's assets and his years' of mining experience. The chief executive officer is invited to attend Technical Committee meetings, as are other members of senior management.

The chief executive officer and certain executive managers are invited to attend meetings.

As per its charter, the committee should meet at least six times a year. In FY09, the committee met on six occasions.

Name	Attendance	% attendance
Fikile De Buck	4	67%
Ken Dicks	6	100%
Modise Motloba	5	83%
Cedric Savage	6	100%
André Wilkens*	5	83%

*Cedric Savage acted as chairman of the committee in the absence of André Wilkens.

Corporate governance cont.

Company secretary

Harmony's Company Secretary plays an active role in the achievement of good corporate governance. The company secretary supports the chairman and the board in:

- ensuring the effective functioning of the board.
- providing guidance to the chairman, the board and the directors of Harmony's subsidiaries on their responsibilities and duties within the prevailing regulatory and statutory environment.
- providing the board with guidance on how to discharge these responsibilities and duties in the best interests of Harmony.
- Raising matters that may warrant the attention of the board.

The company secretary assists in ensuring that the board's decisions and instructions are clearly communicated to the relevant people, and is available to provide a central source of guidance and advice within Harmony on matters of ethics and good governance. Khanya Maluleke was appointed company secretary with effect from 1 October 2008, following the appointment of Marian van der Walt (formerly company secretary) as Executive: Corporate and Investor Relations.

Other committees

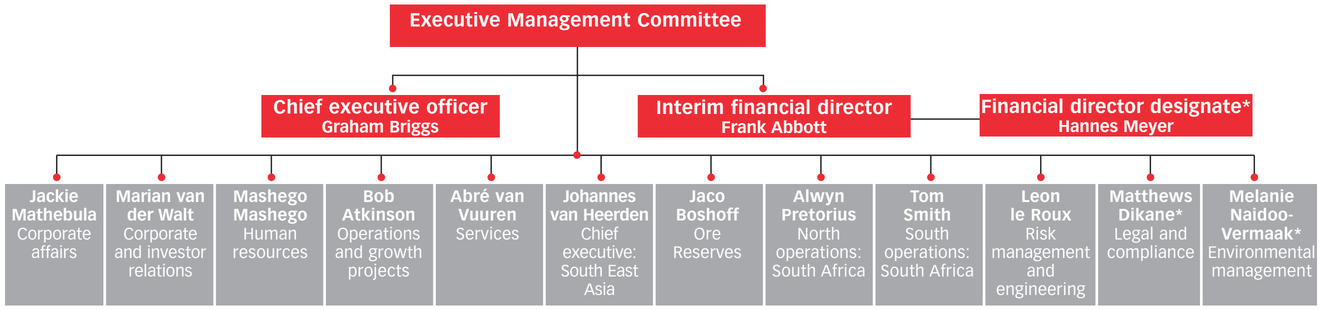
Executive management committee

Members of the Executive Management Committee meet on a weekly basis. Standard items on the agenda include operational results, cash flow, people issues and matters arising.

These committees are considered to be vital to the functioning of the company and ensuring the appropriate control and provision of information to the board. Certain members of the Executive Management Committee belong to the following committees, which meet regularly.

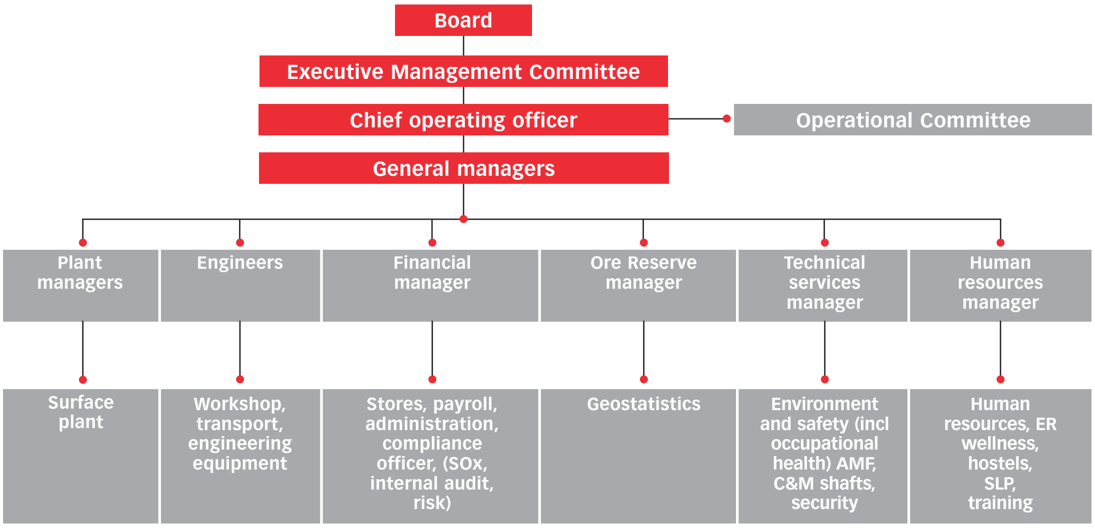
Committee name	Members	Purpose and function	Frequency of meetings
Corporate Social Responsibility Committee	Chief executive officer, executive management and the company secretary	Considers and approved local economic development projects funded by the company	Ad hoc (as and when there are project proposals)
Ethics Committee	Company secretary, human resources executive, corporate affairs executive, services executive, and corporate and investor relations executive	Monitors the ethical culture and levels of integrity.	Quarterly
Group Operational Committee	Chief operating officers and group operations teams	Reviews operations, safety performance, environmental issues and human resources	Weekly
IT Steering Committee	Chief executive officer, interim financial director, chief operating officers and chief information officer	Oversees IT within the company	Quarterly
Operations Committee	Chief operating officers, group operations teams and general managers	Oversees the execution of detailed shaft plans, employee relations, procurement, costs, cash flows	Monthly
Risk Steering Committee	Interim financial director, chief operating officers, engineering and risk management executive, company secretary and head: internal control and governance	Oversight of risk management	Quarterly
Shaft Review Committee	Chief operating officers, shaft teams and members of the executive	Reviews shaft specific operational performance, major capital expenditure and forecasts	Monthly at each shaft
SOx Steering Committee	Head: Internal Control and Governance, financial managers, chief Information officer, payroll and supply chain managers.	Reviews of SOx compliance	Monthly
Tender Committee	General managers procurement, group technical managers	Monitors all procurement procedures and reviews increases on contract items	Monthly
White Collar Crime Committee	Heads of services departments	Considers confidential reports received on code of ethics violations, fraud and inappropriate behaviour	Monthly

The Executive Management Committee is structured as follows:



* Appointed post year-end

Harmony's existing operational reporting structure is as follows:



Code of ethics

Harmony places a great deal of emphasis on instilling and maintaining the highest levels of integrity in the conduct of its business. Harmony has, through a process of constructive employee engagements enshrined the following values as those which the company and its employees subscribe to. These are: transparency, trust, accountability and equality.

Harmony's code of ethics (www.harmony.co.za) was adopted to respond to the challenge of ethical conduct in a business environment. All employees and contractors are expected to comply with its contents.

All employees are provided with a copy of the code of ethics and compliance with the code is a condition of service. The code of ethics is applicable to all the company's suppliers, contractors and directors.

An Ethics Committee meeting (made up of the Company Secretary and executive management) is held every quarter. Their duties and responsibilities include the following:

- monitoring the ethical behaviour within Harmony's business environment.
- taking measures to ensure that the Code of Ethics is distributed to and signed by all employees of Harmony, and all contracting parties concluding any agreements with Harmony.
- monitoring disciplinary action taken against employees who do not act in accordance with the code.
- reviewing the gift register.
- reviewing the reports received from the White Collar Crime Committee.
- reviewing the code of ethics on an annual basis.

Corporate governance cont.

Harmony's code of ethics is reviewed annually. To enhance awareness of the code of ethics, an ethics alert is sent to employees who have access to e-mails, from the chief executive officer's desk on a quarterly basis. The ethics alert provides information on fraudulent activity within the company and how employees can assist in preventing fraud. Non-compliance with the code of ethics results in disciplinary action.

A dedicated crime line is manned 24 hours a day and managed by an external security contractor. Alleged irregularities can be reported by anonymous telephone calls and faxes, as well as by e-mail. All cases are logged and examined by the White Collar Crime Committee.

Harmony protects the identities of employees who report non-compliance with the code of ethics and encourages employees to make use of the company's whistle-blowing line. Most of the employees reporting instances of alleged non-compliance were comfortable making their identities known to the internal investigation team.

Restrictions on share dealings

Harmony employees and directors are prohibited from dealing in Harmony shares during price sensitive periods. The company secretary regularly distributes written notices, via e-mail, to advise employees and directors of restricted periods. Employees are obliged, in terms of regulatory and governance requirements, to disclose any dealings in Harmony shares by them or their concert parties to the company secretary. There is a formal clearance procedure in place with respect to directors dealing in Harmony shares.

Risk management

It is Harmony's policy to manage all categories of risk associated with its business operations through the development and maintenance of a formal risk policy framework. A comprehensive report on risk factors and their management may be found on pages 166 to 175.

Group structure and internal control

Ensuring that the appropriate levels of authority and responsibility are in place for all eventualities remains a key area of focus, with a great deal of attention being focused on internal control during the year.

These controls have been integrated with the group's risk management processes to ensure that control measures for the effective mitigation of risks identified are in place, and to ensure compliance with legislation and securities exchange listing requirements.

Compliance testing, enterprise risk management and legal compliance are the responsibility of an integrated compliance team, eliminating duplication of compliance assurance. An Integrated Compliance Assurance Plan has been developed to provide the Executive Management and Audit Committees respectively with confirmation that internal controls and risk mitigations are appropriately designed and implemented. A compliance-based assurance plan follows the outputs of the exposure identification, assessment and control evaluation processes while encouraging the allocation of assurance resources based on compliance priorities.

The implementation of this combined approach requires that Harmony's business units have different assurance providers for each risk or compliance element. Internal audit provides support to this process by addressing the gaps in the control effort rather than replicating management activity or that of the other assurance providers. At the same time, however, the internal audit function provides objective and robust challenges with regard to the effectiveness of management reporting and monitoring processes.

Operational compliance registers are updated by the general managers and their teams on a monthly basis and included in their monthly review packs. A corporate compliance risk register is updated on a quarterly basis. The information from the operational compliance registers and the corporate compliance register is used to indicate compliance levels in the quarterly Audit Committee report.

Internal audit

Internal Audit is an independent appraisal function established by the board to evaluate the adequacy and effectiveness of controls, disciplines, systems and procedures within Harmony, to reduce business risks to an acceptable level and in a cost-effective manner. The internal audit function reports to the Audit Committee.

Harmony's internal audit function is internally managed by the Head: Internal Control and Governance and is sourced through an arrangement with KPMG Services (Pty) Limited.

The procedures and systems, which act as checks and balances in respect of the provision/gathering of information, are reviewed by the board from time to time. This process has been supplemented by the Integrated Compliance Assurance Plan (see above).

Internal audits are conducted in accordance with the Code of Ethics and Standards of the Professional Practice of Internal Auditing, as laid down by the Institute of Internal Auditors, Inc. Although the role of internal audit is to review internal controls, systems, procedures, risks, among others, management and, ultimately, the board retains full responsibility for ensuring that Harmony maintains an appropriate framework of controls to reduce business risks to an acceptable level.

External audit

The appointment of external auditors is undertaken under the auspices of the Audit Committee, which also has oversight of and responsibility for the appointment of external auditors for functions other than the financial audit. The Audit Committee is satisfied that the external auditors are independent of the company. The company's external auditors PricewaterhouseCoopers Inc, were engaged to undertake the following non-financial activities during the year:

- Effectiveness evaluation of Clidet No. 726 (Pty) Ltd, the subsidiary in which the Rand Uranium assets are held;
- Corporate tax compliance services;
- Quality assurance review on SOx 404 documentation;
- Sustainable Development Report 2008 review;
- Preparation of the 2007 Annual Corporate income tax return in the Netherlands; and
- Tax advice regarding the joint operations of Hidden Valley, Wafi-Golpu and Morobe explorations.

SOx

Section 302

In terms of Section 302 of SOx, the chief executive officer and chief financial officer are required to certify that:

- they have reviewed the Annual Report;
- based on their knowledge, the report contains no material misstatements or omissions;
- based on their knowledge, financial statements and other financial information included in the Annual Report fairly present in all material respects the financial condition, results of operations and cash flows of the issuer (being Harmony) for the periods presented in this report;
- they are responsible for establishing and maintaining internal controls and procedures, and have properly designed and evaluated them;
- they have advised the auditors and Audit Committee of all significant deficiencies and material weaknesses; and
- they have identified any significant changes in internal controls in the report.

Section 404

Section 404 of SOx requires management to develop and monitor procedures and controls to ensure its required assertion about the effectiveness of internal control over financial reporting, as well as the required attestation by an external auditor of management's assertion. To comply with Section 404 of SOx, Harmony management implemented an effective and efficient assessment process to manage its reporting obligations.

The assessment process followed entails:

- scoping to identify significant accounts, key risks and locations which have an impact on the financial statements.
- updating of documentation and sign off by process owners.
- testing of key controls for operating effectiveness and remediation of deficiencies identified.
- deficiencies are evaluated and classified into the following categories:
  - internal control deficiency
  - significant deficiency
  - material weakness

Corporate governance cont.

All significant deficiencies and potential material weaknesses are reported to the SOx Steering Committee and Audit Committee. This process is supported through the implementation of the Integrated Compliance Assurance Plan.

Full details of SOx processes and compliance are reported in the Form 20F for the financial year 2008 under Item 15. Refer to Harmony's website to download the Form 20F (www.harmony.co.za). The Form 20F for the financial year 2009 will be filed and made available on our website towards the end of October 2009.

Employee and stakeholder participation

Harmony is committed to maintaining a positive relationship with the unions and associations represented at its operations, with employees directly and with the communities within which it operates. In respect of employee participation and relations with employee representatives, Harmony has both formal and informal employee participation structures in place to deal with a broad range of issues. The company actively encourages open communication, consultation, and the identification and resolution of conflicts through workplace forums.

The group plays an active role in the communities in which it operates. Social and Labour Plans (SLPs), including Local Economic Development (LED) plans have been developed in line with the company's compliance with the MPRDA and the Mining Charter. Further information on these elements is provided in the separate Sustainability Report which may be found at www.harmony.co.za.

Relations with shareholders

Effective and ongoing communication with shareholders is seen as a function of the group's fundamental responsibility to create shareholder value. Harmony communicates regularly with shareholders and other stakeholders regarding its financial and operational performance and strategy. Results presentations are held on a quarterly basis, to coincide with the release of the operational results. Shareholders are able to access these around the world through a webcast on the website. Harmony meets with interested institutional and private investors on a regular basis, and participates in conferences and roadshows around the world to do so. Shareholders are encouraged to attend the AGM where interaction is welcomed.

All presentations, webcasts and announcements are available on the website, along with selected coverage of the company by the media and interviews with the chief executive officer. In addition, copies of all presentations made by executive management to the investment community are posted on the website.

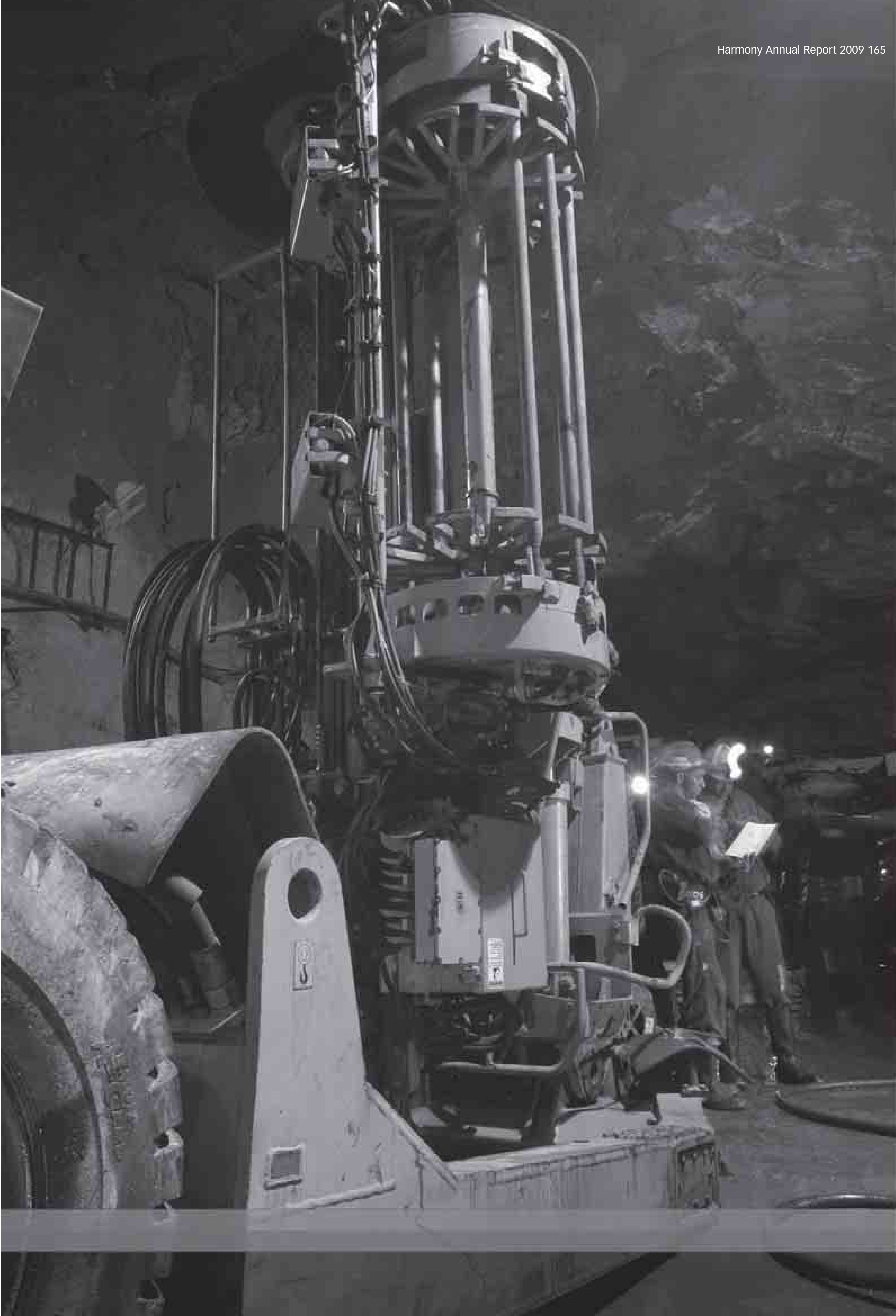
Information management and access to information

Records are maintained to meet Harmony's legal and financial obligations and to manage the affairs of the company. Harmony complies with the Promotion of Access to Information Act of 2002. All Harmony's shareholders and stakeholders have access to the website-based information manual at www.harmony.co.za.

Sustainable development reporting

Harmony recognises that financial reporting is only one facet of its responsibility to its stakeholders and that reporting on the economic, social and environmental impacts of the company, the so-called 'triple bottom line' is an important part of its responsibility to its shareholders and other stakeholders and to society as a whole. Harmony has for the fourth consecutive year, produced a separate Sustainability Report. As is recommended by King Report II and in line with best practice, Harmony has adopted the Global Reporting Initiative's (GRI) G3 guidelines as the basis for its sustainable development reporting.

The company is committed to incremental levels of reporting in line with GRI. In FY09, an independent assurance of key sustainability indicators was again undertaken by external auditors PricewaterhouseCoopers. In FY09, the company self-declared a B+ level of reporting, which was confirmed by the external auditors and will be submitted to GRI for an independent review.



Corporate governance cont.

In FY09, the group submitted a response to the Carbon Disclosure Project's CDP7 questionnaire. The Carbon Disclosure Project (CDP) is an independent not-for-profit organisation which holds the largest database of corporate climate change information in the world. The data is obtained from responses to CDP's annual Information Requests, issued on behalf of institutional investors, purchasing organisations and government bodies. Since its formation in 2000, CDP has become the gold standard for carbon disclosure methodology and process, providing primary climate change data to the global market place. Harmony's response is available at www.cdproject.net.

Reporting in compliance with the Mining Charter

As a South African company, Harmony takes the reporting of its compliance with the MPRDA and the Mining Charter seriously and provides an annual report of its compliance to the Department of Mineral Resources. A summary report dealing with the status of the various issues required by the Charter is provided in the company's Sustainability Report at www.harmony/sustainability.co.za.

Awards and recognition

Harmony again qualified for the JSE's Socially Responsible Index – see www.JSE.co.za. Harmony was recognised by SAMREC for Best Reporting of Mineral Resources and Ore Reserves in FY09.

Sponsor

As required by the listing requirements of the JSE Limited, JP Morgan is Harmony's appointed sponsor.

Significant ways in which Harmony's corporate governance practices differ from the practices followed by companies listed on the NYSE under Section 303A.11 of the New York Stock Exchange Listed Company Manual (the NYSE Listing Standards)

Harmony's NYSE 303A.11 disclosure may be found on the company's website at www.harmony.co.za under the heading Corporate Governance.

Risk management

Harmony has a formal risk policy framework in place, the maintenance and development of which is undertaken on an ongoing basis so as to help management address systematic categories of risk associated with its business operations. Harmony's business, financial, technological, legal and operational risk categories are identified, assessed and managed. The overall aim of Harmony's risk management policy is to reduce the risk it is exposed to as much as reasonably and commercially possible. Equally it ensures compliance with the relevant legislation and fulfils the expectations of employees, communities, shareholders and other stakeholders in terms of corporate governance.

The realisation of the company's business strategy depends on it being able to take calculated risks in a way that does not jeopardise the direct interests of shareholders. Harmony's enterprise risk management system enables the company to anticipate and respond to changes in its business environment and to make informed decisions in conditions of uncertainty.

There may be risks in addition to the ones reported that Harmony does not currently know of or that Harmony currently deems immaterial based on information currently available to it. Any of these risks could have a materially adverse effect on Harmony's business, financial condition or operational results, leading to a decline in the trading prices of Harmony's ordinary shares or its ADSs. The risks described below may, in retrospect, turn out to be incomplete and therefore may not be the only risks to which we are exposed to. Additional risks and uncertainties not presently known to us or that we now believe are immaterial (which have not been included), could also adversely affect our businesses, results of operations or financial condition. The order of presentation of the risk factors below does not indicate the likelihood of their occurrence or the magnitude or the significance of the individual risks. The risks described below could occur individually or cumulatively and intensify in case of a cumulative occurrence.

Risks relating to Harmony and the gold mining industry

The profitability of our operations, and the cash flows generated by those operations, are affected by changes in the rand price of gold, such that a fall in the gold price below our cash cost of production for any sustained period may lead us to experience losses and to curtail or suspend certain operations.

Substantially all of Harmony's revenues come from the sale of gold. Historically, the market price for gold has fluctuated widely and has been affected by numerous factors over which Harmony has no control, including:

- the demand for gold for industrial uses and for use in jewellery;
- international or regional political and economic trends;
- the strength or weakness of the US dollar (the currency in which gold prices generally are quoted) and of other currencies;
- financial market expectations regarding the rate of inflation;
- interest rates;
- speculative activities;
- actual or expected purchases and sales of gold bullion held by central banks or other large gold bullion holders or dealers;
- forward sales by other gold producers; and
- the production and cost levels for gold in major gold-producing nations, such as South Africa, China, the United States and Australia.

In addition, the current demand for and supply of gold affects the price of gold, but not necessarily in the same manner as current demand and supply affect the prices of other commodities. Historically, gold has retained its value in relative terms against basic goods in times of inflation and monetary crisis. As a result, central banks, financial institutions and individuals hold large amounts of gold as a store of value and production in any given year constitutes a very small portion of the total potential supply of gold. Since the potential supply of gold is large relative to mine production in any given year, normal variations in current production will not necessarily have a significant effect on the supply of gold or its price.

The volatility of gold prices is illustrated in the following table, which shows the annual high, low and average of the afternoon London Bullion Market fixing price of gold in US dollars for the past ten calendar years:

Annual gold price: 1998 – 2009

	Price per ounce (US$)		
Calendar year	High	Low	Average
1998	313	273	294
1999	326	253	279
2000	313	264	282
2001	293	256	271
2002	332	278	309
2003	412	322	361
2004	427	343	389
2005	476	411	434
2006	725	525	604
2007	841	608	695
2008	1 011	713	872
2009 (year to 8 October)	1 045	810	933

On 8 October 2009, the afternoon fixing price of gold on the London bullion market was US$1 045/oz.

While the aggregate effect of these factors is impossible to predict, if gold prices should fall below Harmony's cash cost of production and remain at such levels for any sustained period, Harmony may experience losses and be forced to curtail or suspend some or all of its operations. In addition, Harmony would also have to assess the economic impact of low gold prices on its ability to recover any losses that may be incurred during that period and on its ability to maintain adequate reserves. Harmony's average cash cost per ounce of gold produced from continuing operations was US$583 in FY09 and US$591 in FY08.

As the majority of its production costs are incurred in South African rand and gold is sold in US dollars, Harmony's financial condition could be materially harmed by an appreciation in the value of the rand against the US dollar.

Gold is priced throughout the world in US dollars, but most of Harmony's operating costs are incurred in rand. As a result, any significant and sustained appreciation of the rand against the dollar will serve to materially reduce Harmony's rand revenues and overall net income.

Corporate governance cont.

As Harmony currently does not enter into forward sales, commodity, derivatives or hedging arrangements with respect to its future gold production, it is exposed to the impact of any significant decreases in the gold price.

As a general rule, Harmony sells its gold at the prevailing market price. Currently, the company does not generally enter into forward sales, commodity, derivative or hedging arrangements to establish a price in advance for the sale of future gold production, although Harmony may do so in the future. As a result, Harmony may realise the benefit of any short-term increase in the gold price, but is not protected against decreases in the gold price, and if the gold price should decrease significantly, Harmony's revenues may be materially adversely affected.

Estimations of Harmony's gold reserves are based on a number of assumptions, including assumptions as to mining and recovery factors, future cash costs of production and the price of gold. As a result, quantities of gold produced may differ from current estimates.

The ore reserve estimates contained in this annual report are estimates of the mill delivered quantity and grade of gold in Harmony's deposits and stockpiles. They represent the amount of gold which Harmony believes can be mined, processed and sold at prices sufficient to recover its estimated future cash costs of production, remaining investment and anticipated additional capital expenditures. Harmony's ore reserves are estimated based upon a number of factors, which have been stated in accordance with SEC Industry Guide 7. Calculations of Harmony's ore reserves are based on estimates of:

- future cash costs (which in some cases are assumed to decrease significantly);
- future gold prices; and
- the rand/US dollar exchange.

These factors, which significantly impact ore reserve estimates, are beyond Harmony's control. As a result, the reserve estimates contained in this annual report should not be interpreted as assurances of the economic life of Harmony's gold and other precious metal deposits or the future profitability of operations.

Since these ore reserves are estimates based on assumptions related to the factors detailed above, should there be changes to these, we may in the future need to revise these estimates. In particular, if Harmony's cash operating and production costs increase or do not decrease as assumed (whether in dollar or rand terms, or in relative terms due to the appreciation of the rand against the US dollar) or the gold price decreases, the recovery of a portion of Harmony's ore reserves may become uneconomical. This will lead, in turn, to a reduction in estimated reserves.

In order to maintain gold production beyond the expected lives of Harmony's existing mines or to increase production materially above projected levels, Harmony will need to access additional reserves through exploration or discovery.

Harmony's operations have limited proven and probable reserves, and exploration and discovery are necessary to maintain current gold production levels at these operations. Exploration for gold and other precious metals is speculative in nature, is frequently unsuccessful and involves many risks, including those related to:

- locating orebodies;
- identifying the metallurgical properties of orebodies;
- estimating the economic feasibility of mining orebodies;
- developing appropriate metallurgical processes;
- obtaining necessary governmental permits; and
- constructing mining and processing facilities at any site chosen for mining.

Harmony's exploration efforts might not result in the discovery of mineralisation, and any mineralisation discovered might not result in an increase in proven and probable reserves. To access additional reserves, Harmony will need to successfully complete development projects, including extensions to existing mines and, possibly, that of new mines. Development projects would also be necessary to access any new mineralisation discovered as a result of exploration activities around the world. Harmony typically uses feasibility studies to determine whether or not to undertake significant development projects. Feasibility studies include estimates of expected or anticipated economic returns, which are based on assumptions about:

- which are based on assumptions about:
- future gold and other metal prices;
- anticipated tonnage, grades and metallurgical characteristics of ore to be mined and processed;
- anticipated recovery rates of gold and other metals from the ore, and
- anticipated total costs of the project, including capital expenditure and cash costs.

Actual cash costs of production, production and economic returns may differ significantly from those anticipated by feasibility studies for new development projects.

It can take a number of years from the initial feasibility study until development is completed and, during that time, the economic feasibility of production may change. In addition, there are a number of uncertainties inherent in the development and construction of an extension to an existing mine or any new mine, including:

- the availability and timing of necessary environmental and governmental permits;
- the timing and cost of constructing mining and processing facilities, which can be considerable;
- the availability and cost of skilled labour, power, water and other materials;
- the accessibility of transportation and other infrastructure, particularly in remote locations;
- the availability and cost of smelting and refining arrangements; and
- the availability of funds to finance construction and development activities.

Harmony currently maintains a range of focused exploration programmes, concentrating on areas not too distant from its operational mines, as well as a number of prospective known gold mineralised regions around the world. During FY09, the bulk of exploration expenditure was allocated to activities in PNG and South Africa. However, there is no assurance that any future development projects will extend the life of our existing mining operations or result in any new commercial mining operations.

The costs associated with the pumping of water inflows from closed mines adjacent to our operations could adversely affect Harmony's operational results.

Certain of Harmony's mining operations are located adjacent to the mining operations of other mining companies. A mine closure may have an adverse effect on the continued operations at an adjacent mine if appropriate preventative steps are not taken. In particular, this could include the ingress of underground water when pumping operations at the closed mine are suspended. Such ingress can result in damage to property, operational disruptions and additional pumping costs, which would adversely affect any one of our adjacent mining operations.

The supply of electricity and increases in the cost of power may adversely affect Harmony's operational results and financial condition.

Each of our mining operations is dependent on electrical power generated by the state utility Eskom, which holds a monopoly on the South African market. As a result of an increase in demand exceeding available generating capacity, South Africa has been subject to disruptions in electrical power supply. During FY08, the electricity supply was interrupted by Eskom thereby halting production at certain of our mines. This led to management restructuring operating processes to control and reduce our consumption of electricity at all our operations. There have been no further disruptions and we have been able to continue production at 90% electricity allocation as required by the Energy Conservation Scheme (ECS) and interim rules imposed by Eskom. All operations were allocated an ECS allocation in line with the Eskom allocation and equipment and management structures were put in place to monitor and manage real-time consumption. Applications submitted to Eskom for additional energy allocation to the four future growth projects were approved, enabling us to proceed with the projects and to ramp-up to full capacity utilising Eskom power. We also submitted applications for additional power allocation for four metallurgical projects in the Free State, which were also approved by Eskom. Nevertheless, an insufficient supply of electricity may adversely affect our results of operations and financial condition.

As a result of Eskom's planned capital expansion program to deal with the current power constraints, several increases in rates charged to consumers costs have been approved by the National Energy Regulator South Africa (NERSA) in the past 18 months. More increases are anticipated in the future, which will also be driven by increases in input costs, primarily coal. These increases will have a negative impact on our results of operations going forward.

Certain factors may affect Harmony's ability to support the carrying value of its property, plant and equipment, goodwill and other assets on its balance sheet.

Harmony's reviews and tests the carrying value of its assets on an annual basis when events or changes in circumstances suggest that the carrying amount may not be recoverable.

If there are indications that impairment may have occurred, estimates of expected future cash flows for each group of assets are prepared. These estimates of future cash flows are prepared at the lowest level at which identifiable cash flows are identified as being independent of the cash flows of other mining assets and liabilities. Expected future cash flows are inherently uncertain, and could materially change over time. Such cash flows are significantly affected by reserve and production estimates, together with economic factors such as spot and forward gold prices, discount rates, currency exchange rates, estimates of costs to produce reserves and future capital expenditures.

Corporate governance cont.

As of 30 June 2009, Harmony had substantial amounts of property, plant and equipment, goodwill and other assets on its consolidated balance sheets. Impairment charges relating to these assets were recorded and if any one or a combination of the uncertainties described above should occur, management may be required to recognise further impairment charges, which could adversely affect Harmony's financial results and condition.

Given the nature of mining and the type of gold mines operated by Harmony, it faces a material risk of liability, delays and increased cash costs of production from environmental and industrial accidents and pollution.

The business of gold mining by its nature involves significant risks and hazards, including environmental hazards and industrial accidents. In particular, hazards associated with underground mining include:
- rock bursts;
- seismic events;
- underground fires;
- cave-ins or falls of ground;
- discharges of gases and toxic chemicals;
- release of radioactive hazards;
- flooding;
- pillar mining;
- accidents; and
- other conditions resulting from drilling, blasting and the removal and processing of material from a deep-level mine.

Hazards associated with open-cast mining (also known as open-pit mining) include:
- flooding of the open-pit;
- collapse of the open-pit walls;
- accidents associated with the operation of large open-pits and rock transportation equipment; and
- accidents associated with the preparation and ignition of large-scale open-pit blasting operations.

Hazards associated with waste-rock mining include:
- accidents associated with operating a waste dump and rock transportation;
- pillar mining; and
- production disruptions caused by weather.

Harmony is at risk of experiencing any or all of these environmental or other industrial hazards. The occurrence of any of these hazards could delay production, increase cash costs and result in financial liability to Harmony.

The nature of Harmony's mining operations presents safety risks.

The environmental and industrial risks identified above also present safety risks for Harmony's operations and its employees and could lead to the suspension and potential closure of operations for indeterminate periods. Safety risks, even in situations where no injuries occur, can have a material adverse effect on Harmony's operations and production.

Harmony's insurance coverage may prove inadequate to satisfy future claims against it.

Harmony has third-party liability coverage for most potential liabilities, including environmental liabilities. While it believes that its current insurance coverage for the hazards described above is adequate and consistent with industry practice, Harmony may be subject to liability for pollution (excluding sudden and accidental pollution) or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities. Further, Harmony maintains and intends to continue to maintain, property and liability insurance consistent with industry practice, but such insurance contains exclusions and limitations on coverage. In addition, there can be no assurance that insurance will continue to be available at economically acceptable premiums. As a result, in the future, Harmony's insurance coverage may not cover the extent of claims against it for environmental or industrial accidents or pollution.

Harmony's operations may be negatively impacted by inflation.

The company's operations have been materially affected by inflation. Inflation in South Africa has fluctuated widely in recent years,reaching 11.6% at the end of FY08 before decreasing significantly to 6.9% at the end of FY09. However, working costs and wages especially, have increased considerably over the past three years resulting in significant cost pressures for the mining industry. Harmony's profits and financial condition could be adversely affected when cost inflation is not offset by devaluation in operating currencies and/or an increase in the price of gold.

The socio-economic framework in the regions in which Harmony operates may have an adverse effect on its operations and profits.

Harmony has operations in South Africa and PNG. As a result, changes or instability to the economic or political environment in any of these countries or in neighbouring countries could affect an investment in Harmony. It is difficult to predict the future political, social and economic direction in these countries, or any other country in which Harmony operates, and the impact government decisions may have on its business.

Actual and potential shortages of production inputs may have an adverse effect on Harmony's operations and profits.

Harmony's operational results may be affected by the availability and pricing of raw materials and other essential production inputs. The price of raw materials may be substantially affected by changes in global supply and demand, along with weather conditions, governmental controls and other factors. A sustained interruption to the supply of any of these materials would require Harmony to find acceptable substitute suppliers and could require it to pay higher prices for such materials. Any significant increase in the prices of these materials would increase operating costs and affect production considerations.

Harmony's financial flexibility could be materially constrained by exchange control regulations as imposed by the SARB.

In terms of South Africa's exchange control regulations, the export of capital from South Africa is restricted. As a result, Harmony's ability to raise and deploy capital outside South Africa is limited. In particular, Harmony is:

- generally not permitted to export capital from South Africa, to hold foreign currency or incur indebtedness denominated in foreign currencies without the approval of the South African exchange control authorities;
- generally not permitted to acquire an interest in a foreign venture without the approval of the South African exchange control authorities and first having complied with the investment criteria of the South African exchange control authorities;
- generally required to repatriate profits of foreign operations to South Africa; and
- limited in its ability to utilise the profits of one foreign business to finance operations of a different foreign business.

These restrictions could hinder Harmony's normal corporate functioning, including its ability to make foreign investments and procure foreign currency denominated financings in the future.

Since 1995, certain exchange controls in South Africa have been relaxed. The extent to which the South African government may further relax such exchange controls cannot be predicted with certainty, although the government has committed itself to a gradual approach to the relaxation of exchange control.

Harmony competes with mining and other companies for key human resources.

Harmony competes with mining and other companies on a global basis to attract and retain key human resources at all levels with the appropriate technical skills and operating and managerial experience necessary to continue to operate its business. The need to recruit, develop and retain skilled employees is particularly critical with respect to historically disadvantaged South Africans (HDSAs), women in mining in South Africa and the recruitment and training of local landowners in PNG. The global shortage of key mining industry human resource skills, including geologists, mining engineers, metallurgists and skilled artisans has been exacerbated in the current environment of increased mining activity across the globe. There can be no assurance that we will attract and retain skilled and experienced employees and, should Harmony lose any of its key personnel, its business may be harmed and its operational results and financial condition could be adversely affected.

For the past two years, there have been no resignations for the Board of Directors and the Executive Committee. Three new appointments at an executive level have been made recently to further bolster the Executive Committee. In South Africa, we have various programmes in place to attract and develop university and young school leavers through learnerships, bridging programmes and bursaries, as well as extensive in-house and external training programmes. In PNG, we have made good progress in recruiting and training local landowner communities, particularly women, and equipping them with skills and expertise.

Corporate governance cont.

Since the South African labour force has substantial trade union participation, Harmony faces the risk of disruption from labour disputes and new South African labour laws.

Despite a history of positive and constructive engagement with labour unions, there are periods during which the various stakeholders are unable to agree on dispute resolution processes. Disruptive activities on the part of labour, which normally differ in intensity, then become unavoidable. Given the high level of union membership among our employees, Harmony is at risk of having production stoppages for indefinite periods due to strikes and other disputes. Significant labour disruptions have affected operations and Harmony's financial condition before and Harmony cannot predict whether or not it will experience significant labour disputes in the future.

South African employment law sets out minimum terms and conditions of employment for employees. Though these minimum terms and conditions may be improved by agreements between Harmony and the trade unions, the prescribed minimum terms and conditions set the benchmark for all employment contracts.

Subsequent to 30 June 2009, we secured a two-year wage settlement with unions representing x of our 46 000-strong South African workforce. This provided for increases between 9% and 10.5%, depending on the category, as well as the payment of a minimum wage with effect from July 2010 for employees on the lowest semi-skilled category, supplemented by free board, accommodation and medical assistance, as is the practice in the South African mining industry. For the second year of the agreement, we have agreed a guaranteed wage increase of 7.5% or the Consumer Price Index plus 1%, whichever is the higher of the two.

Harmony is required to submit a report in terms of South African employment law detailing the progress made towards achieving employment equity in the workplace. In the event this report is not submitted, Harmony could incur substantial penalties. We have submitted our report for fiscal 2009.

Developments in South African employment law may increase the cash costs of production or alter Harmony's relationship with its employees and trade unions, which may have an adverse effect on its business, operating results and financial condition.

HIV & AIDS poses risks to Harmony in terms of productivity and costs.

The incidence of HIV & AIDS in South Africa and PNG, poses risks in terms of potentially reduced productivity, and increased medical and other costs. If a significant increase in the incidence of HIV & AIDS infection and HIV & AIDS-related diseases among the workforce over the next several years occurs, then this may have an adverse impact on Harmony's operations, projects and financial status.

We have developed a new strategy to address Tuberculosis (TB) and HIV & AIDS in South Africa. This strategy will be implemented in FY10. This strategy will build on the Group's current structures of Voluntary Counselling and Testing (VCT), anti-retroviral therapy (ART) and community-based interventions.

The cost of occupational healthcare services may increase in the future.

Harmony's operations in South Africa are subject to health and safety regulations which could impose significant costs and burdens. The present Mine Health and Safety Act 29 of 1996, or the Mine Health and Safety Act, imposes various duties on mines and grants the authorities broad powers to, among other things, close unsafe mines and order corrective action relating to health and safety matters.

The Occupational Diseases in Mines and Works Act 78 of 1973, or the Occupational Diseases Act, governs the payment of compensation and medical costs related to certain illnesses contracted by persons employed in mines or at sites where activities ancillary to mining are conducted.

Occupational healthcare services are available to Harmony employees at its existing healthcare facilities in South Africa. There is a risk that the cost of providing such services could increase in future depending on changes in the nature of underlying legislation and the profile of its employees. This increased cost, should it transpire, is currently indeterminate. Harmony has embarked on a number of initiatives focused on improving the quality of life of its workforce, although there can be no guarantee that such initiatives will not be adversely affected by increased costs.

Laws governing mineral rights affect Harmony's business.

Harmony is governed by the South African Mineral and Petroleum Resources Development Act 2002 (MPRDA).

Under the MPRDA, tenure over established mining operations is secured for up to 30 years (and renewable for periods not exceeding 30 years each thereafter), provided that mining companies apply for new order mining rights over existing operations within five years of 1 May 2004 or before the existing right expires, whichever is the earlier date and fulfils requirements specified in the MPRDA and the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (Mining Charter).

The Mining Charter was signed by government and stakeholders in October 2002, and contains principles relating to the transfer, over a 10-year period, of 26% of South Africa's mining assets (as equity or attributable units of production) to HDSAs, as defined in the Mining Charter. An interim target of 15% HDSA participation over five years has also been set and to this end, the South African mining industry has committed to securing financing to fund participation by HDSAs in an amount of R100 billion within the first five years of the Mining Charter's tenure. The Mining Charter provides for the review of the participation process after five years to determine what further steps, if any, are needed to achieve target participation of 26%. In order to measure progress in meeting the requirements of the Mining Charter, companies are required to complete a Scorecard, in which the levels of compliance with the objectives of the Mining Charter can be 'ticked off' after five and ten years, respectively. The Mining Charter and Scorecard require programmes for black economic empowerment and the promotion of value-added production, such as jewellery-making and other gold fabrication, in South Africa. In particular, targets are set out for broad-based black economic empowerment in the areas of human resources and skills development; employment equity; procurement and benefication. In addition, the Mining Charter addresses socio-economic issues, such as migrant labour, mine community and rural development and housing and living conditions.

Harmony actively carries out mining and exploration activities in all of its material mineral rights areas. All of its 13 South African operations have been granted their mining licences. In PNG, the mining license for Hidden Valley has been approved. Harmony will be eligible to apply for new licences over existing operations, provided that it complies with the Mining Charter. Harmony has taken steps to comply with the expected provisions of the Mining Charter, such as promoting value-added production, exploring black empowerment initiatives and increasing worker participation. Failure to comply with the conditions of the mining licences could have a material adverse effect on operations and Harmony's financial condition.

The MPRDA also makes reference to royalties payable to the South African state in terms of the Mineral and Petroleum Resources Royalty Act (Act 28 of 2008). The Act provides for the payment of a royalty according to a formula based on earnings before interest, tax and depreciation, after the deduction of capital expenditure. This rate is then applied to revenue to calculate the royalty amount due, with a minimum of 0.5% and a maximum of 5% for gold mining companies. It is estimated that the formula could translate to a royalty rate of more than 2% of gross sales in terms of current pricing assumptions. The royalty is to become effective on 1 March 2010. The introduction of the Mining and Petroleum Royalty Act will have an adverse impact on the profits generated by our operations in South Africa.

Once production in PNG begins, our PNG mining operations will be subject to royalty payments to the government of PNG. Should we desire to expand any of our initiatives in PNG operations into additional areas under exploration, these operations would need to convert the existing exploration licenses prior to the start of mining and that process could require landowner title approval. There can be no assurance that any approval would be received.

Harmony is subject to extensive environmental regulations.

As a gold mining company, Harmony is subject to extensive environmental regulation, and has experienced and expects to continue to experience increased cash costs of production arising from compliance with South African and PNG environmental laws and regulations. The MPRDA, certain other environmental legislation and the administrative policies of the South African government regulate the impact of the company's prospecting and mining operations on the environment.

Pursuant to these regulations, upon the suspension, cancellation, termination or lapsing of a prospecting permit or mining authorisation, Harmony will remain liable for compliance with the provisions of various relevant regulations, including any rehabilitation obligations. This liability will continue until such time as the appropriate authorities have certified that the company has complied with such provisions.

Corporate governance cont.

In the future, Harmony may incur significant costs regarding compliance with the increasingly stringent requirements being imposed under new legislation and regulations. This may include the need to increase and accelerate expenditure on environmental rehabilitation and to alter provisions for this expenditure, which could have a material adverse effect on its results and financial condition. Harmony may also face increased environmental costs should other mines in the vicinity of its mines fail to meet their obligations with regard to the pumping or treatment of water.

The South African government has reviewed requirements imposed upon mining companies to ensure environmental restitution. For example, following the introduction of an environmental rights clause in South Africa's constitution, a number of environmental legislative reform processes have been initiated. Legislation passed as a result of these initiatives has tended to be materially more onerous than laws previously applied in South Africa. Examples of such legislation include the MPRDA, the South African National Nuclear Regulator Act 1999, the South African National Water Act of 1998 and the South African National Environmental Management Act 1998, which include stringent 'polluter pays' provisions. The adoption of these or additional or more comprehensive and stringent requirements, in particular with regard to the management of hazardous waste, the pollution of ground and ground-water systems and the duty to rehabilitate closed mines, may result in additional costs and liabilities.

Harmony's PNG operations are also subject to various laws and regulations relating to the protection of the environment, which are similar in scope to those of South Africa.

Investors in the United States may have difficulty bringing actions, and enforcing judgements, against Harmony, its directors and executive officers based on the civil liabilities provisions of the federal securities laws or other laws of the United States or any state thereof.

Investors in the United States may have difficulty bringing actions, and enforcing judgements, against Harmony, its directors and executive officers based on the civil liabilities provisions of the federal securities laws or other laws of the United States or any state thereof.

Harmony is incorporated in South Africa. Each of its directors and executive officers (and certain experts named herein) reside outside of the United States. Substantially all of the assets of these persons and substantially all of Harmony's assets are located outside the United States. As a result, it may not be possible for investors to enforce a judgement against these persons or the company obtained in a court of the United States predicated upon the civil liability provisions of the federal securities or other laws of the United States or any state thereof. A foreign judgement is not directly enforceable in South Africa, but constitutes a course of action which will be enforced by South African courts provided that:

- the court that pronounced the judgement had jurisdiction to entertain the case according to the principles recognised by South African law with reference to the jurisdiction of foreign courts;
- the judgement is final and conclusive;
- the judgement has not lapsed;
- the recognition and enforcement of the judgement by South African courts would not be contrary to public policy, including observance of the rules on the defendant and that the defendant was given the right to be heard and represented by counsel in a free and fair trial before an impartial tribunal;
- the judgement does not involve the enforcement of a penal or revenue law; and
- the enforcement of the judgement is not otherwise precluded by the provisions of the Protection of Business Act 99 of 1978, as amended, of the Republic of South Africa.

Compliance with new and changing corporate governance and public disclosure requirements adds uncertainty to Harmony's compliance policies and increases its costs of compliance.

Laws, regulations and standards relating to accounting, corporate governance and public disclosure, new SEC regulations and other listing regulations applicable to Harmony are subject to change and can create uncertainty for companies such as Harmony. New or changed laws, regulations and standards could lack specificity or be subject to varying interpretations. Their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs of compliance as a result of ongoing revisions to such governance standards.

Pursuant to Section 404 of SOx, Harmony is required to furnish an annual management report on internal controls over financial reporting. The annual report contains, among other matters, an assessment of the effectiveness of Harmony's internal control over financial reporting as of the end of the fiscal year, including a statement as to whether or not its internal controls over financial reporting are effective. If we fail to maintain the adequacy of our internal controls, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with SOx. The requirement to evaluate and report on our internal controls also applies to companies that we may acquire and therefore, this assessment may be complicated by any future acquisitions we may complete. While we continue to dedicate resources and management time to ensuring that we have effective controls over financial reporting, failure to achieve and maintain an effective internal control environment could have a material adverse effect on the market's perception of our business and our stock price. Harmony is required to have its independent auditors publicly disclose their conclusions regarding the evaluation.

Harmony is committed to maintaining high standards of corporate governance and public disclosure, and its efforts to comply with evolving laws, regulations and standards in this regard have resulted in, and are likely to continue to result in, increased general and administrative expenses.

Sales of large quantities of our ordinary shares and ADSs, or the perception that these sales may occur, could adversely affect the prevailing market price of such securities.

The market price of our ordinary shares or ADSs could fall if large quantities of ordinary shares or ADSs are sold in the public market, or there is the perception in the marketplace that such sales could occur. Subject to applicable securities laws, holders of our ordinary shares or ADSs may decide to sell them at any time. The market price of our ordinary shares or ADSs could also fall as a result of any future offerings it makes of ordinary shares, ADSs, or securities exchangeable or exercisable for its ordinary shares or ADSs, or the perception in the marketplace that these sales might occur. We may make such offerings of additional ADS rights, letters of allocation or similar securities at any time or from time to time in the future.

Because Harmony has a significant number of outstanding share options, its ordinary shares are subject to dilution.

Harmony has employee share option schemes as well as other share schemes. The employee share option schemes came into effect in 1994, 2001 and 2003 respectively, and a new share scheme was introduced in 2006. The Harmony Board has authorised up to 14% of the issued share capital to be used for these plans. As a result, shareholders' equity interests in Harmony are subject to dilution to the extent of the future exercises of the options, through share schemes.

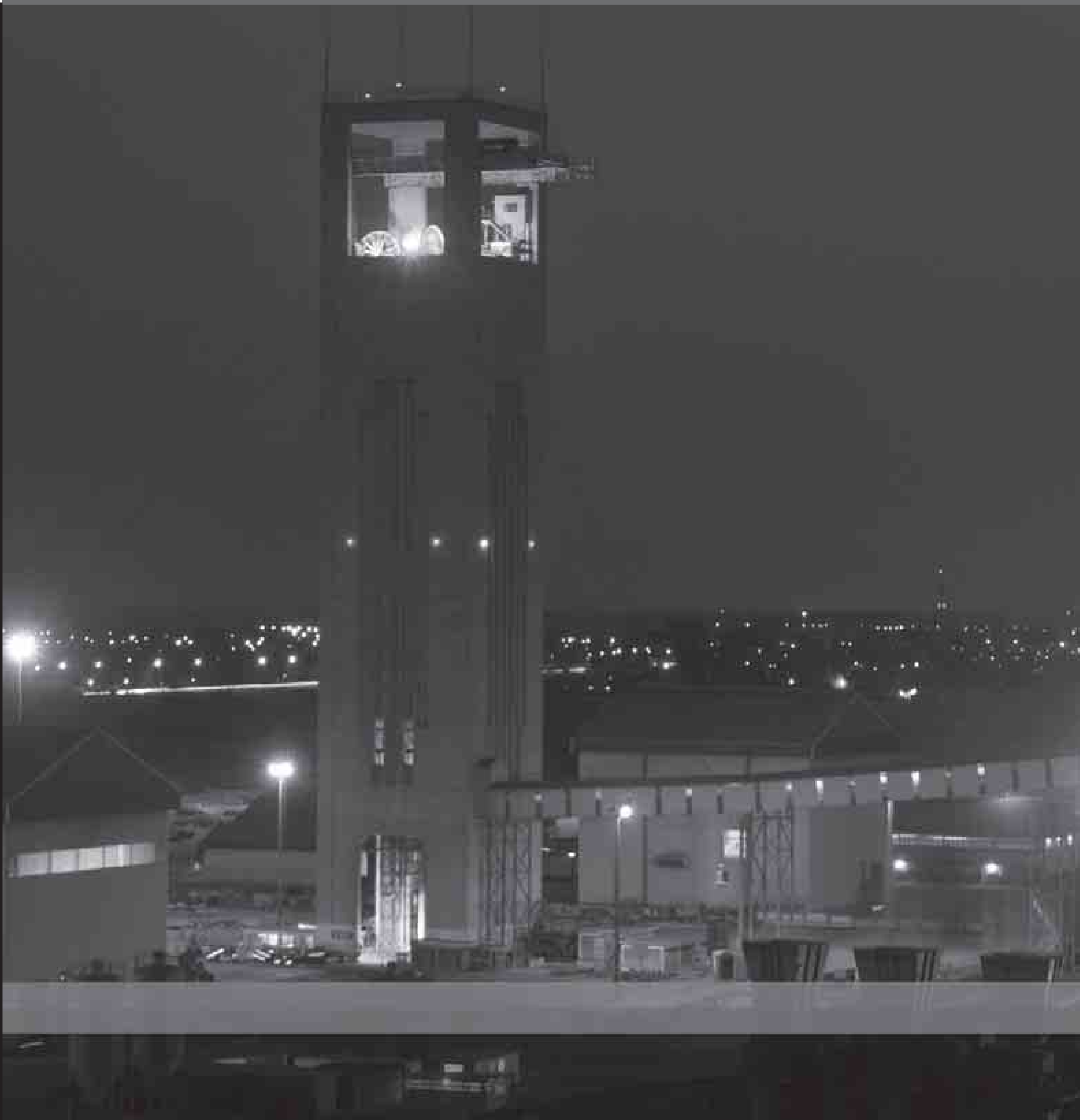
We may not pay dividends or make similar payments to our shareholders in the future.

While it is Harmony's intention to declare and pay cash dividends, it is policy to only do so if profits and funds are available for that purpose. Whether or not funds are available depends on a variety of factors, including the amount of cash available and on capital expenditures and other cash requirements existing at that time. Under South African law, dividends may only be paid out if the company meets solvency and liquidity tests as set out in the Companies Act and Harmony's Articles of Association. Cash dividends or other similar payments may not be paid in the future.

In February 2007, the South African Government announced a proposal to replace Secondary Tax on Companies with a 10% withholding tax on dividends and other distributions payable to shareholders. This proposal is expected to be implemented in phases to be completed by the end of the 2009 calendar year. Although this may reduce the tax payable by our South African operations, thereby increasing distributable earnings, the withholding tax will generally reduce the amount of dividends or other distributions received by shareholders.

Directors' report

2009



Directors' report

Directors' approval

The Harmony group has underground and surface operations and conducts mainly gold mining and exploration in South Africa and Papua New Guinea.

The company does not have a major controlling shareholder and is managed by its directors for and on behalf of its stakeholders.

The directors of the company are responsible for the preparation, integrity and fair presentation of the financial statements of Harmony and its subsidiaries.

The directors have pleasure in submitting the financial statements of the company, together with those of the group for the year ended 30 June 2009. The financial statements presented on pages 191 to 314 have been prepared in accordance with International Financial Reporting Standards (IFRS).

In addition, the accounts include amounts based on judgements and estimates made by management. The directors consider that in preparing the financial statements, they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all aspects of IFRS have been complied with.

The directors are satisfied that the information contained in the financial statements fairly represents the results of operations for the year and the financial position for the Harmony group at year-end. The directors have also prepared the additional information included in the annual report and are responsible for both its accuracy and consistency with the financial statements.

The directors are responsible for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the company to enable the directors to ensure that the financial statements comply with the relevant legislation.

Harmony and its subsidiaries operate in a well-established financial environment, which is well-documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable but not absolute, assurance that assets are safeguarded and the risks facing the group are being controlled. The Sarbanes-Oxley compliance process assisted in identifying potential deficiencies in controls.

The going-concern criterion has been adopted in preparing the financial statements. Based on current plans and various initiatives to improve cash flow, the Harmony group will be able to continue as a going concern.

Based on current forecasts and available cash resources, barring any unforeseeable event or sharp decrease in the gold price, the directors have no reason to believe that the Harmony group or any company within the group will not be a going concern in the foreseeable future. These financial statements support the viability of the company and the group.

The code of ethics has been adhered to. Please refer to the Corporate Governance Report on page 152 for more information.

The Harmony group's external auditors, PricewaterhouseCoopers Incorporated, have audited the financial statements and their report is presented on page 189. The financial statements were approved by the Board of Directors on 9 October 2009 and signed on its behalf by:

Mr GP Briggs
Chief Executive Officer
Randfontein,
South Africa
9 October 2009

Mr F Abbott
Interim Financial Director
Randfontein,
South Africa
9 October 2009

Directors' report cont.

Board of directors

Name	Date of appointment
Patrice Motsepe *(Chairman)	23 September 2003
Graham Briggs (Chief Executive Officer)†	6 August 2007
Frank Abbott (Interim Financial Director)††	1 October 1994
Joaquim Chissano*#	20 April 2005
Fikile De Buck*#	30 March 2006
Dr Cheick Diarra*#	5 March 2008
Ken Dicks*#	13 February 2008
Dr Simo Lushaba*#	18 October 2002
Cathie Markus*#	31 May 2007
Modise Motloba*#	30 July 2004
Cedric Savage*#	23 September 2003
André Wilkens*	7 August 2007

* Non-executive directors

\# Independent

† Appointed as acting chief executive officer. Appointed chief executive officer on 1 January 2008.

†† Frank Abbott has held both non-executive and executive director appointments since 1994. He was appointed interim financial director in August 2007.

The directors listed above served on the Harmony board during FY09. Abridged CVs of all directors appear on pages 146 to 148 of this report. In terms of the company's Articles of Association, Dr DS Lushaba, Mr M Motloba and Ms FFT De Buck qualify for retirement by rotation at the forthcoming annual general meeting. The retiring directors are eligible and have made themselves available for re-election to the board.

Directors' interests

The board of directors indicated that, at the date of this report, other than Mr André Wilkens, neither they, nor any of their immediate families and associates, held any direct shareholding in the company's issued share capital. No executive director held or acquired any shares in the company, other than through share incentive schemes for the year under review. Regarding André Wilkens, as at 30 June 2009, he held 101 303 shares in Harmony

The company and its subsidiaries

Harmony and its subsidiaries conduct underground and surface gold mining and related activities, including exploration, processing and smelting. Harmony's principal mining operations are located in South Africa and Papua New Guinea. Exploration and evaluation programmes are undertaken in both countries. The company does not have a major controlling shareholder and is managed by its directors for and on behalf of its stakeholders.

Financial statements and results

The directors have pleasure in submitting the group's financial statements, together with those of the company, for the year ended 30 June 2009. These appear on pages 191 to 281 and 283 to 314 of this report. These financial statements have been prepared using appropriate accounting policies, conforming to IFRS, supported by reasonable and prudent judgements and estimates where required.

Financial overview

Harmony set itself several objectives to achieve financial stability as part of its back-to-basics strategy. One of those objectives was to be net debt-free, which we achieved in FY09 after concluding two major asset disposal transactions and paying our major debt. We still retained a cash balance of R2 billion by year-end. As a result, we have a healthy balance sheet and are geared to make further investments in our organic growth projects as well as any suitable acquisitions.

We also recorded the largest net profit in the group's history. Following these results, the board declared a dividend, the first in five years, of 50 SA cents.

During the year, we concluded two major transactions. The first of these was the disposal of 50% of our Papua New Guinean gold and copper assets to Newcrest Mining Limited. We also sold our Cooke assets to Rand Uranium in a transaction that left us a shareholding of 40% in the company, with Pamodzi Resources Fund 1, LLP (PRF) owning the remaining 60%.

We also undertook two issues of shares for cash, which raised R1.9 billion. The cash generated from these various transactions was used to pay our convertible bond of R1.7 billion and the Nedbank loan of R2 billion.

Results for the year

The total net profit for FY09 was R2 927 million (US$311 million), compared with a net loss of R245 million (US$30 million) in FY08. Earnings per share for FY09 was 707 SA cents (75 US cents), compared to a loss per share of 62 SA cents (8 US cents) in FY08.

The contributing factors to these results are discussed below. Unless stated otherwise, the discussions are for our continuing operations.

Commodity price

During FY09, we received an average gold price of R250 826/kg, an increase of 32% from R189 981/kg in FY08. In US dollar terms, we received an average of US$867/oz, an increase of 7% from US$813/oz in FY08. This was mainly due to the higher average gold spot price during the year of US$874/oz, compared with US$821/oz in FY08. Our average sales price differs from the average gold price due to the timing of our sales of gold within each year. During FY09, the gold price traded between a low of US$712.50/oz and a high of US$989/oz.

Exchange rates

The average exchange rate for the year ended 30 June 2009 was R9.00/US$1, compared to R7.26/US$1 in 2008. The closing rate at 30 June 2009 was R7.72/US$1, compared to R7.80/US$1 at 30 June 2008. The average value of the rand versus the Australian dollar for FY09 was R6.66/A$1, compared with R6.51/A$1 in FY08.

Gold is sold throughout the world in US dollars, but most of our operating costs are incurred in rands, Australian dollars and the kina in PNG. As a result, any significant and sustained appreciation of these currencies against the dollar will serve to reduce our revenues and overall net income.

Production

Kilograms produced decreased by 4 324kg to 45 437kg during 2009. This was mainly due to Mt Magnet being placed on care and maintenance during December 2007. The average grade produced at the underground operations decreased from 4.7g/t to 4.6g/t in FY09. Gold production from surface operations in South Africa decreased by 23% to 3 566kg in FY09 from 4 632 kg in FY08. This was mainly due to a decrease in grade of 25% to 0.4g/t.

Revenue

Gold sales increased by 19.5% in the 2009 financial year, from R9 617 million in FY08 to R11 496 million resulting from the increase in the rand gold price received. In US dollar terms, gold revenue decreased from US$1 325 million in FY08 to US$1 277 million in 2009, mainly due to fewer ounces having been sold during FY09.

Cost of sales

Cost of sales increased by R1 364 million from R8 472 million in 2008 to R9 836 million in 2009. In US dollar terms, cost of sales decreased from US$1 162 million in FY08 to US$1 104 million in FY09. The main changes in the cost of sales are analysed as follows:

- Production costs rose by R684 million (US$111 million) in 2009, from R6 973 million (US$959 million) to R7 657 million (US$850 million). This equates to an increase in cash costs of R15 054/kg. In dollar terms, owing to the exchange rate effect, this resulted in a reduction of US$15/oz year-on-year. This was largely due to the escalating price of electricity rates as well as labour costs and the cost of consumable stores.
- Amortisation and depreciation increased by R621 million (US$50 million) from R846 million (US$117 million) to R1 467 million (US$167 million) in FY09. Included in this amount is the charge for Mt Magnet when it ceased to be classified as held-for-sale and depreciation of R219 million (US$28 million) for the period from April 2007 to June 2009 was recorded. The balance of the increase is due to projects reaching production stage and the general increase in capital cost.

Directors' report cont.

2009

- Impairment of assets amounted to R484 million (US$61 million) for FY09, an increase of R204 million (US$26 million) when compared with R280 million (US$35 million) in FY08. The impairments in FY09 resulted primarily from a decrease in the expected life of mine of these operations, as well as an increase in the costs to operate the shafts. This was offset by a reversal of the impairment at Mt Magnet when this operation was no longer classified as held for sale and the carrying amount was re-measured in terms of IFRS.
- Share-based compensation for FY09 was R113 million (US$13 million) compared to R42 million (US$6 million) in FY08. This increase is attributable to the granting of share options to eligible employees in December 2008. Also included in the charge for 2009 is the acceleration of the cost relating to unvested shares attributable to the employees at the Cooke operations who were transferred to Rand Uranium.

Operating profit

The group reported an operating profit of R1 873 million (US$214 million) in FY09, an increase of R1 148 million (US$111 million) when compared to an operating profit of R725 million (US$103 million) in 2008. This was due to the following:

- The profit on the sale of 50% of the PNG assets to Newcrest of R931 million (US$112 million);
- The higher and more favourable gold price.
- These increases were countered by the increase in production cost, depreciation and impairments.

Other income and expenses

- Profit/(loss) from associates changed from a loss of R78 million (US$11 million) to a profit of R12 million (US$1 million) due to the inclusion of profits for Rand Uranium since acquisition on 21 November 2008.
- Impairment of investment in associates for FY09 was R112 million (US$14 million), compared with R95 million (US$12 million) in FY08. The impairment relates primarily to the impairment of the investment in Pamodzi Gold Limited.
- Included in the fair value movement of financial instruments is an amount of R115 million (US$12 million) reclassified from other reserves to the income statement when the investment in Dioro was considered to be permanently impaired at 31 December 2008. This was offset by the subsequent gains recognised in the income statement on the disposal of the investment in April 2009.
- Investment income increased from R284 million (US$39 million) to R444 million (US$49 million). This was primarily due to the increase in interest received on cash balances, which were higher throughout the year, as well as on held-to-maturity investments, being our environmental trust funds.
- Finance costs decreased from R524 million (US$71 million) in 2008 to R212 million (US$24 million) in 2009. This was due primarily to the decrease in interest rates as well as the decrease in the balance of the outstanding debt. Also contributing was the increase in interest capitalised to qualifying assets, from R158 million (US$22 million) in FY08 to R282 million (US$31 million) in FY09.
- A profit from discontinued operations of R1 218 million (US$118 million) was recorded, compared to R359 million (US$48 million) in FY08. This was primarily due to the profit on sale of the Cooke operations.

Headline earnings

Headline earnings from continuing operations increased by 201 SA cents (20 US cents) per share in 2009, from earnings of 38 SA cents (6 US cents) per share to 239 SA cents (26 US cents) per share.

Total headline earnings including discontinued operations increased by 136 SA cents (11 US cents) per share in 2009, from earnings of 126 SA cents (18 US cents) per share to 262 SA cents (29 US cents) per share.

Cash flows

The discussion on cash flows is the aggregate of continuing and discontinued operations.

Operating activities

Net cash generated from operating activities was R2 286 million (US$254 million) in FY09, an increase of R548 million (US$18 million) when compared to the corresponding amount of R1 738 million (US$236 million) in FY08. This improvement is attributable primarily to the higher gold price received during the year as well as the increase in interest received of R182 million (US$13 million) to R455 million (US$51 million). Also contributing to the improvement is the decrease of interest paid of R137 million (US$26 million) to R280 million (US$31 million) as a result of a decrease in the outstanding debt balances. Negating the effect of the improvement was the increase in taxation paid of R704 million (US$85 million). An increase in the production costs of R684 million (US$76 million) due to inflationary pressures relating to labour, materials and energy supplies also negatively affected the increase.

Investing activities

Cash generated from investing activities was R817 million (US$94 million) in FY09, compared with cash utilised of R2 373 million (US$329 million) in FY08. Total capital expenditure for FY09 was R3 050 million (US$339 million), a decrease of R905 million (US$213 million) from FY08. Proceeds received on the disposal of property, plant and equipment totalled R4 029 million (US$450 million), primarily from the disposal of the Cooke assets and 50% of the PNG assets.

Financing activities

Financing activities utilised R1 785 million (US$233 million) in FY09, compared with cash generated of R495 million (US$78 million). The Nedbank loan of R2 billion (US$256 million) raised during FY08 was repaid during FY09. The convertible bond of R1.7 billion (US$218 million) was repaid in May 2009. Harmony issued shares into the market for cash and raised R1.9 billion (US$192 million) in two capital raising transactions.

The net result of Harmony's operating, investing and financing activities was an inflow of R1 318 million (US$115 million), which combined with the opening balance of R415 million (US$53 million) and a positive translation of R217 million (US$85 million), resulted in a closing cash and cash equivalents balance of R1 950 million (US$253 million).

Capital

Capital expenditure for FY10 is estimated at R3 162 million (US$410 million), 29% less than in FY09.

Going concern

The directors believe that Harmony has sufficient resources and expected cash flows to continue operating as a going concern.

Share capital

Full details of the authorised, issued and unissued share capital of the company as at 30 June 2009 are set out in the statements of changes in shareholders' equity on page 194 of this report.

Shareholders

Information on shareholder spread, the range of shareholdings and public shareholders, as well as major shareholders, is presented on pages 316 to 318 of this report.

Investments

A schedule of investments in subsidiaries and associates appears on pages 311 to 314 of this report.

Contingencies

None of Harmony's properties is the subject of pending material legal proceedings. We have received a number of claims and are involved in legal and arbitration proceedings that are incidental to the normal conduct of our business, such as those described below. The directors do not, however, believe that liabilities related to such claims and proceedings are likely to be, individually or in the aggregate, material to the company's consolidated financial condition.

Borrowings

Movements in borrowings

See note 29 to the group financial statements.

Borrowing powers

The level of the company's borrowing powers, as determined by its Articles of Association, shall not, except with the consent of the company's shareholders, exceed the aggregate from time to time of the issued and paid-up share

Directors' report cont.

capital of the company, together with the aggregate of the amounts standing to the credit of all distributable and non-distributable reserves (including interests in subsidiary companies and provisions for deferred taxation) and any share premium account of the group. At year-end, total borrowings amounted to R362 million (US$47 million) (FY08: R4 099 million (US$525 million)).

Acquisitions

During FY09, the group acquired the royalty deed interest over the Wafi property from Rio Tinto Limited. On meeting conditions precedent on 1 December 2008, the royalty was transferred to and extinguished by the group. The consideration for the acquisition was R242 million (US$24 million) in Harmony shares.

An additional US$10 million will be payable once the decision to mine has been made. Of this amount, Harmony will be responsible for paying US$6 million, with the balance of US$4 million being borne equally by the Morobe Mining Joint Venture partners. The effect of this transaction will be to reduce the cost of any gold produced at Wafi.

On 17 April 2009, Harmony exchanged its interest in Dioro for shares in Avoca Resources Limited (Avoca). In terms of the offer by Avoca, Harmony received one Avoca share for every three Dioro shares held. The market value of the Avoca shares on that date was R37 million (US$4.2 million or A$1.50 per share).

Disposals

Sale of Cooke assets to Rand Uranium

During November 2008, Harmony signed formal agreements with the Pamodzi Resources Fund for the sale to all rights, title and interest of the Cooke and old Randfontein assets, located in Randfontein, to Rand Uranium. The purchase consideration was as follows:

In exchange for 60% of the issued share capital of Rand Uranium, Harmony received a non-refundable amount of US$40 million on the effective date of the transaction, and a further US$169 million plus interest thereon on 22 April 2009. As a result, Harmony holds an interest of 40% in Rand Uranium, which is regarded as an associate of the group for accounting purposes (refer to note 22).

The effective date of the Rand Uranium transaction was 21 November 2008, on which date Rand Uranium took full control of the Cooke assets.

Harmony provided goods and services to Rand Uranium at cost plus an applicable margin as set out in a service agreement entered into between Harmony and Rand Uranium. The balance of the unsecured loan at 30 June 2009 was R37 million (US$4.8 million). Rand Uranium also owes Harmony a further amount of R66 million (US$8.5 million). This loan has been subordinated.

Sale of interest in PNG to Newcrest

During the year, the group sold 50% of its interest in its PNG assets in Morobe Province to Newcrest. This took place in three stages, with the disposal of 30.01% for US$229 million (stage one) being completed on 31 July 2008. Stages two and three were completed by the end of quarters three and four of the financial year respectively with Newcrest having earned in a further 10% and 9.99% respectively in each of these stages.

Class action

There is a pending class action in the United States whereby certain ADR holders are seeking damages against us pertaining to our business practices. We have filed with the court a Motion to Dismiss all claims asserted in the class action case, the plaintiffs have filed an opposing response, and we have subsequently replied to that response. At this point the matter is in the hands of the U.S. court and we are awaiting a ruling. It is not possible to predict with certainty when the court will rule on the Motion to Dismiss as the timing of the ruling is entirely within the discretion of the Court, but we would estimate that such a decision will be made by the end of the calendar year, although it may be later than that.

Related party transactions

None of the directors or major shareholders of Harmony or, to the knowledge of Harmony, their families, had interest, direct or indirectly, in any transaction or in any proposed transaction that has affected or will materially affect Harmony or its subsidiaries, since 1 July 2008, other than as stated below.

African Rainbow Minerals Limited (ARM) currently holds 15% of Harmony's shares. Patrice Motsepe, Andre Wilkens and Frank Abbott are directors of ARM.

Harmony owns a 40% interest in Rand Uranium. Graham Briggs, Frank Abbott and Fikile De Buck are directors of Rand Uranium.

Material transactions with associates and joint ventures

All transactions with related parties are conducted at arms-length.

Two material transactions during the year were the sale of the Randfontein Cooke assets to Rand Uranium who became an associate, and the sale of an interest in the PNG asset to Newcrest with whom a joint venture was formed. See details on page 182.

Property

Harmony holds freehold and leasehold properties in a number of jurisdictions. No single property is considered to be the principal establishment of Harmony or the group. Full details of the property, mineral and participation rights of the company and the group are available on request.

Dividends

A dividend of 50 SA cents per share was declared by the board on 13 August 2009. The dividend was paid on 21 September 2009.

Special resolutions

No special resolutions were passed during FY09.

Shareholdings exceeding 5%

As at 30 June 2009, those shareholders with holdings of more than 5% were as follows:

Name	Number of shares	% holding
African Rainbow Minerals Limited	63 632 922	14.94%
Allan Gray Investment Counsel	54 797 344	12.87%
Blackrock Inc	38 438 988	9.02%
Blackrock Investment Management Limited	23 742 867	5.57%

Remuneration

Annual incentive scheme

Harmony's Remuneration Committee ensures that Harmony's directors and senior executives are fairly rewarded for their individual contributions to Harmony's overall performance. In September 2006, the Remuneration Committee approved an annual incentive scheme as part of Harmony's Reward Philosophy to benefit executive directors and members of management.

Long-term incentives

In addition to employees' annual salaries, Harmony has implemented various share option schemes including the Harmony 2006 Share Plan. In all, 14% of Harmony's share capital is reserved for long-term incentive schemes, which were approved by shareholders at the annual general meeting held in November 2005.

Directors' report cont.

The Harmony 2001 and 2003 Share Schemes

Harmony has two share option schemes, namely the 2001 share option scheme and the 2003 share option scheme (collectively, the existing schemes), which both have similar rules. Since the implementation of the 2006 Share Plan, no options have been nor will be issued in terms of the existing schemes. Options granted before the implementation of the 2006 Share Plan remain open for acceptance for 10 years after the date of grant, subject to the terms of the relevant option scheme.

A share purchase trust was established in 2002 which is controlled by Harmony. Recourse loans were provided by the trust to employees to enable them to acquire shares or exercise their options under the share option schemes. Since 27 March 2003, share option scheme participants are no longer allowed to place their shares in the share purchase trust.

The share purchase trust is funded by a loan from Harmony, which it repays once it receives repayment of the recourse loans granted to employees. Members of the Remuneration Committee serve as trustees. The trustees are not eligible to receive loans from the trust. Participants are not allowed to use structures to lock-in profits as the options are meant to align employees with the company's shareholders.

Broad-Based Employee Share Scheme

The company intends to implement a broad-based employee share scheme and intends to structure the scheme so as to maximise the recognition of black participation therein, both from the perspective of the MPRDA and the Broad-Based Black Economic Empowerment Act. Discussions relating to option benefits for non-managerial employees are ongoing with unions representing these employees.

The Harmony 2006 Share Plan

The Harmony 2006 Share Plan (the Plan) was adopted by shareholders at the annual general meeting held on 10 November 2006. The plan incorporates the following elements: equity-settled share appreciation rights, performance shares and performance allocated restricted shares. The Plan serves to align shareholder interest and long-term, sustained performance.

In terms of the Plan, executive directors and senior employees of Harmony and its subsidiaries are awarded rights to receive shares in Harmony. This is based on the value of these awards when time and performance conditions have been met, the awards have vested and, in the case of Share Appreciation Rights (SARs), the restricted shares, have been exercised.

The primary intent of the Plan is to reward executives and senior management for long-term, sustained performance achievements which are aligned to shareholder value, and at the same time to ensure optimal positioning in terms of the accounting and regulatory environment. It is envisaged that rewards will be settled in shares.

Annual allocations of SARs awards and performance shares are governed by Harmony's reward philosophy, in which inter alia the 'expected value' of long-term incentive rewards is set for defined categories of executives and senior management. The expected value is defined as the present value of the future reward outcome of an allocation/award/grant, given the targeted future performance of Harmony and its share price. See table on pages 186 and 187 for details of executive directors and management long-term incentives.

Directors' emoluments

Harmony's Remuneration Committee (see pages 158 amd 159 for details) ensures that Harmony's directors and senior executives are fairly rewarded for their individual contributions to Harmony's overall performance. See table below.

The board has agreed to an increase in non-executive directors' fees, effective from 1 July 2009. The increase granted is to ensure that non-executive directors' fees remain competitive. Shareholders will be required to approve the increase in fees, as set out in the Notice of Meeting, at the annual general meeting to be held on 23 November 2009.

Directors' remuneration

Name	Directors' fees (R000) FY09	Salaries (R000) FY09	Retirement contri-butions (R000) FY09	Bonuses paid during the year (R000) FY09	Total remune-ration (R000) FY09	Total remune-ration (R000) FY08
Non-executive						
Patrice Motsepe	745	–	–	–	**745**	631
Joaquim Chissano	365	–	–	–	**365**	259
Fikile De Buck	389	–	–	–	**389**	243
Dr Cheick Diarra	140	–	–	–	**140**	20
Ken Dicks	282	–	–	–	**282**	80
Dr Simo Lushaba	345	–	–	–	**345**	264
Cathie Markus	233	–	–	–	**233**	186
Modise Motloba	455	–	–	–	**455**	316
Cedric Savage	498	–	–	–	**498**	333
Andre Wilkens	370	–	–	–	**370**	228
Executive						
Frank Abbott	–	2 433	261	518	**3 212**	1 665
Graham Briggs	–	4 233	–	2 441	**6 674**	4 167
Total	**3 822**	**6 666**	**261**	**2 959**	**13 708**	**8 392**

Directors' report cont.

Share allocation
As at 30 June 2009

	GP Briggs	
	Number of shares	Average price (Rands)
Closing balance as at 30 June 2008	367 212	
Share options	91 938	48.55
Share appreciations rights	209 111	78.18
Performance shares	66 163	n/a
Options granted	176 430	
Share options	–	–
Share appreciations rights	28 377	77.81
Performance shares	148 053	n/a
Options exercised	–	–
Share options [(1)]	–	–
Share appreciations rights	–	–
Performance shares	–	n/a
Options forfeited and lapsed	–	–
Share options	–	–
Share appreciations rights	–	–
Performance shares	–	n/a
Closing balance as at 30 June 2009	543 642	
Share options	91 938	48.55
Share appreciations rights	237 488	68.84
Performance shares	214 216	n/a
Grant date		
Share options	91 938	
24 April 2001	–	36.50
20 November 2001	–	49.50
23 September 2001	–	66.00
27 March 2003	–	91.60
10 August 2004	32 340	66.15
26 April 2005	59 598	39.00
Share appreciation rights	237 488	
15 November 2006	3 473	112.64
15 November 2007	159 484	70.54
7 March 2008	46 154	102.00
5 December 2008	28 377	77.81
Performance shares	214 216	
15 November 2006	11 326	n/a
15 November 2007	42 529	n/a
7 March 2008	12 308	n/a
5 December 2008	148 053	n/a
Closing balance as at 30 June 2009	**543 642**	

(1) The following are the average selling prices received (in rands):

Executive management	102.54
Other management	101.13

Excos members		Other management		Total	
Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)
1 366 262		7 031 703		8 765 177	
604 703	53.47	3 831 598	48.46	4 528 239	49.14
542 013	72.33	2 144 370	83.52	2 895 494	81.04
219 546	n/a	1 055 735	n/a	1 341 444	n/a
437 037		3 712 442		4 325 909	
–	–	–	–	–	–
102 569	77.81	1 988 936	77.81	2 119 882	77.81
334 468	n/a	1 723 506	n/a	2 206 027	n/a
(239 687)		(1 081 616)		(1 321 303)	
(239 687)	56.49	(1 081 616)	50.29	(1 321 303)	51.42
–	–	–	–	–	–
–	n/a	–	n/a	–	n/a
–		(1 064 475)		(1 064 475)	
–	–	(356 378)	53.12	(356 378)	53.12
–	–	(462 790)	82.54	(462 790)	82.54
–	n/a	(245 307)	n/a	(245 307)	n/a
1 563 612		8 598 054		10 705 308	
365 016	53.47	2 393 604	48.46	2 850 558	49.14
644 582	73.20	3 670 516	46.49	4 552 586	81.04
554 014	n/a	2 533 934	n/a	3 302 164	n/a
365 016		2 393 604		2 850 558	
–	36.50	17 000	36.50	17 000	36.50
–	49.60	177 701	49.60	177 701	49.60
–	66.00	13 647	66.00	13 647	66.00
20 300	91.60	105 000	91.60	125 300	91.60
128 589	66.15	415 629	66.15	576 558	66.15
216 127	39.00	1 664 627	39.00	1 940 352	39.00
644 582		3 670 516		4 552 586	
23 074	112.64	536 160	112.64	562 707	112.64
518 939	70.54	1 185 238	70.54	1 863 661	70.54
–	102.00	–	102.00	46 154	102.00
102 569	77.81	1 949 118	77.81	2 080 064	77.81
554 014		2 533 934		3 302 164	
64 411	n/a	240 283	n/a	316 020	n/a
155 135	n/a	617 746	n/a	815 410	n/a
–	n/a	–	n/a	12 308	n/a
334 468	n/a	1 675 905	n/a	2 158 426	n/a
1 563 612		**8 598 054**		**10 705 308**	

Directors' report cont.

Recent developments

PNG exploration acquisition

On 27 August 2009, we advised that we had acquired two new exploration projects, the Amanab and the Mt. Hagen projects, in PNG.

These exploration licenses (EL) complement the exploration activities undertaken by Harmony and underscore our commitment and belief in the developing minerals industry in PNG.

Amanab project EL1708 was granted on July 6, 2009 and comprises of about 863 square kilometres of tenure. The tenement is located approximately 160 kilometres north of the OK Tedi copper-gold mine in the Sandaun Province and was pegged to target the bedrock source of the alluvial goldfield centred on the Yup River.

The Mt. Hagen project comprises two contiguous tenements, EL1611 & EL1596, encompassing approximately 1100 square kilometres of tenure. The tenements are located approximately 20 kilometres north-northeast of Mt. Hagen and are readily accessible via the Highlands Highway connecting Lae and Porgera.

Harmony acquired 100% of the mineral rights for EL1596 from Frontier Resources for the cash consideration of A$300,000 (US$251 782).

We also acquired the rights to explore the adjacent tenement EL1611 over a four year period, with the condition that our exploration program meets the minimum annual expenditure commitment. At any time during this period we may exercise an option to purchase 100% of the tenement for a total cash consideration of 6 million Kina (US$2.4 million).

Pamodzi Gold Free State (Proprietary) Limited (in provisional liquidation)

During June 2009, Harmony Group reported that the provisional liquidators for Pamodzi Gold Free State (Proprietary) Limited (In Provisional Liquidation) (Pamodzi Free State) had chosen Harmony Group as the preferred bidder of Pamodzi Free State's assets. These assets consisted of President Steyn 1 and 2 Shafts, Loraine 3 Shaft, Freddie 7 Shaft and Freddie 9 Shaft, a metallurgical gold plant, a waste rock dump and a dormant tailings storage facility.

Harmony's offer was accepted during July 2009, following approval by the Industrial Development Corporation of South Africa and the relevant trade unions.

Further to the above, Harmony announced during September 2009 that it had entered into four separate agreements to purchase Pamodzi Free State's assets. The Pamodzi Free State assets will be purchased free from all liabilities, save for all associated rehabilitation and environmental liabilities. The purchase consideration for these assets is R405 million. The purchase was approved by the South African High Court on 15 September 2009.

The major conditions precedent that have to be fulfilled in order for the agreements to become unconditional are the conversion of the Pamodzi Free State mining rights and the consent for the cession thereof to Harmony by the Minister of Mineral Resources.

Dividend

On 13 August 2009, the board of directors approved a final dividend for FY09 of 50 SA cents per share. The total dividend amounts to R213 million. As this dividend was declared after the reporting date, it has not been reflected in the financial statements for the period ended 30 June 2009.

Company secretary

Khanya Maluleke was appointed as secretary of the company on 1 October 2008. Khanya's business and postal addresses appear on the inside back cover of this report. The secretary has, in terms of section 268G(d) of the Companies Act, 1973, certified that: "All such returns as are required of a public company in terms of the Act have been made and are true, correct and up to date".

Independent auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 270(2) of the Companies Act of South Africa.

Their address is:
2 Eglin Road
Sunninghill 2157
South Africa

Report of the independent auditors

To the members of Harmony Gold Mining Company Limited

We have audited the annual financial statements and group annual financial statements of Harmony Gold Mining Company Limited, which comprise the directors' report, the balance sheet and the consolidated balance sheet as at 30 June 2009, the income statement and the consolidated income statement, the statement of other comprehensive income and consolidated statement of other comprehensive income, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 176 to 188 and pages 191 to 281 and 283 to 314.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company and of the Group as of 30 June 2009 and their financial performance and their cash flows for the year then ended, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

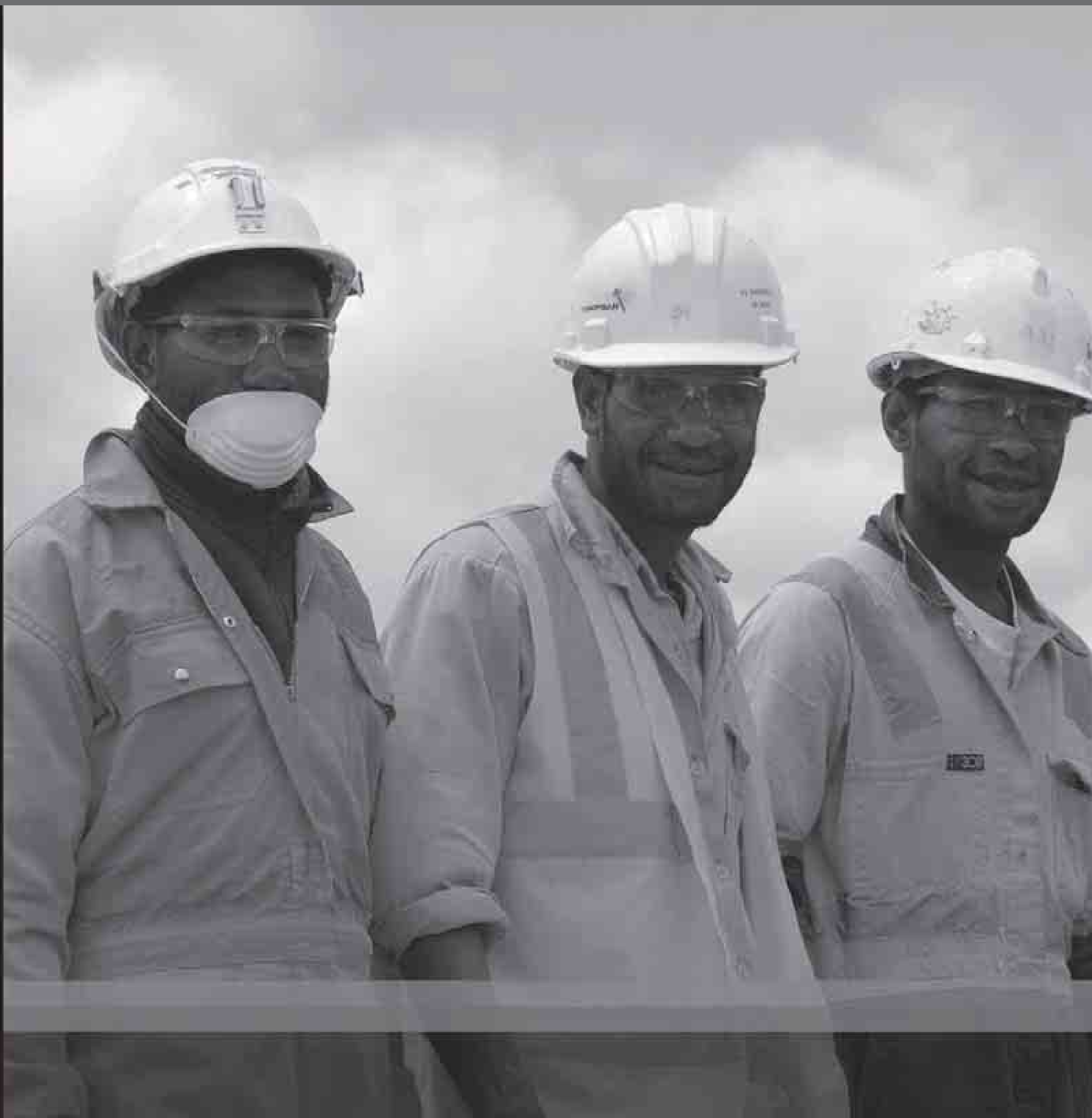
PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: HP Odendaal
Registered Auditor

Johannesburg
26 October 2009

Group financial statements

2009



Group income statements

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	Note	US dollar 2009	US dollar 2008
		Continuing operations			
9 617	**11 496**	Revenue		**1 277**	1 325
(8 472)	**(9 836)**	Cost of sales	5	**(1 104)**	(1 162)
(6 973)	**(7 657)**	Production costs		**(850)**	(959)
(846)	**(1 467)**	Amortisation and depreciation		**(167)**	(117)
(280)	**(484)**	Impairment of assets		**(61)**	(35)
(236)	**(39)**	Employment termination and restructuring costs		**(4)**	(32)
(137)	**(189)**	Other items		**(22)**	(19)
1 145	**1 660**	**Gross profit**		**173**	163
(228)	**(362)**	Corporate, administration and other expenditure		**(40)**	(33)
(224)	**(289)**	Exploration expenditure		**(32)**	(32)
129	**965**	Profit on sale of property, plant and equipment	6	**116**	18
(97)	**(101)**	Other expenses – net	7	**(3)**	(13)
725	**1 873**	**Operating profit**	8	**214**	103
(78)	**12**	Profit/(loss) from associates	22	**1**	(11)
–	**1**	Profit on sale of investment in associate	9	**–**	–
(95)	**(112)**	Impairment of investment in associate	22	**(14)**	(12)
(2)	**–**	Loss on sale of investment in joint venture	23	**–**	–
33	**(101)**	Fair value (loss)/gain on financial instruments	10	**(10)**	5
(459)	**–**	Loss on sale of listed investments	11	**–**	(63)
(1)	**–**	Impairment of investments		**–**	–
284	**444**	Investment income	12	**49**	39
(524)	**(212)**	Finance cost	13	**(24)**	(71)
(117)	**1 905**	**Profit/(loss) before taxation**		**216**	(10)
(487)	**(196)**	Taxation	14	**(23)**	(68)
(604)	**1 709**	**Net profit/(loss) from continuing operations**		**193**	(78)
		Discontinued operations			
359	**1 218**	Profit from discontinued operations	15	**118**	48
(245)	**2 927**	**Net profit/(loss)**		**311**	(30)
		Earnings/(loss) per ordinary share (cents):	16		
(151)	**413**	Earnings/(loss) from continuing operations		**47**	(20)
89	**294**	Earnings from discontinued operations		**28**	12
(62)	**707**	Total earnings/(loss) for the period		**75**	(8)
		Diluted earnings/(loss) per ordinary share (cents):	16		
(151)	**411**	Earnings/(loss) from continuing operations		**46**	(20)
89	**293**	Earnings from discontinued operations		**28**	12
(62)	**704**	Total diluted earnings/(loss) for the period		**74**	(8)

* The comparative periods have been re-presented for a change in discontinued operations. Refer to note 15.

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

Group statements of other comprehensive income

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	Note	US dollar 2009	US dollar 2008
(245)	**2 927**	**Net profit/(loss) for the period**		**311**	(30)
		Attributable to:			
(245)	**2 927**	Owners of the parent		**311**	(30)
–	**–**	Non-controlling interest		**–**	–
982	**(450)**	Other comprehensive (loss)/income for the period, net of income tax		**111**	(204)
686	**(497)**	Foreign exchange translation		**105**	(246)
296	**47**	Mark-to-market of available-for-sale investments	28	**6**	42
737	**2 477**	**Total comprehensive income/(loss) for the period**		**422**	(234)
		Attributable to:			
737	**2 477**	Owners of the parent		**422**	(234)
–	**–**	Non-controlling interest		**–**	–

Group balance sheets

As at 30 June

SA rand 2008	SA rand 2009	Figures in million	Note	US dollar 2009	US dollar 2008
		Assets			
		Non-current assets			
27 556	**27 912**	Property, plant and equipment	17	**3 614**	3 531
2 209	**2 224**	Intangible assets	18	**288**	283
78	**161**	Restricted cash	19	**21**	10
1 465	**1 640**	Restricted investments	20	**212**	188
67	**57**	Investment in financial assets	21	**7**	9
145	**329**	Investment in associates	22	**43**	19
1 485	**1 712**	Deferred tax asset	14	**222**	190
137	**75**	Trade and other receivables	24	**10**	18
33 142	**34 110**	**Total non-current assets**		**4 417**	4 248
		Current assets			
693	**1 035**	Inventories	25	**134**	89
875	**885**	Trade and other receivables	24	**115**	112
82	**45**	Income and mining taxes		**6**	11
413	**1 950**	Cash and cash equivalents	26	**253**	53
2 063	**3 915**			**508**	265
1 537	**–**	Assets of disposal groups classified as held-for-sale	15	**–**	197
3 600	**3 915**	**Total current assets**		**508**	462
36 742	**38 025**	**Total assets**		**4 925**	4 710
		Equity and liabilities			
		Share capital and reserves			
25 895	**28 091**	Share capital	27	**4 004**	3 787
676	**339**	Other reserves	28	**(72)**	(196)
(1 832)	**1 095**	Retained earnings/(accumulated loss)		**(108)**	(419)
24 739	**29 525**	**Total equity**		**3 824**	3 172
		Non-current liabilities			
242	**110**	Borrowings	29	**14**	31
4 475	**4 963**	Deferred tax	14	**643**	573
1 129	**1 530**	Provision for environmental rehabilitation	30	**198**	145
144	**166**	Retirement benefit obligation and other provisions	31	**22**	18
5 990	**6 769**	**Total non-current liabilities**		**877**	767
		Current liabilities			
1 563	**1 460**	Trade and other payables	32	**189**	201
96	**19**	Income and mining taxes		**2**	12
3 857	**252**	Borrowings	29	**33**	494
5 516	**1 731**			**224**	707
497	**–**	Liabilities of disposal groups classified as held-for-sale	15	**–**	64
6 013	**1 731**	**Total current liabilities**		**224**	771
36 742	**38 025**	**Total equity and liabilities**		**4 925**	4 710

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

Group statements of changes in shareholders' equity

For the years ended 30 June

Figures in million (SA rand)	Number of ordinary shares issued	Share capital	Share premium	Retained earnings/ (accumulated loss)	Other reserves	Total
Note		*27*			*28*	
Balance – 30 June 2007	**399 608 384**	**200**	**25 436**	**(1 581)**	**(349)**	**23 706**
Dividends declared	**–**	–	–	(6)	–	(6)
Issue of shares						
– Exercise of employee share options	**1 786 213**	1	86	–	–	87
– Exchange for PNG Royalty	**1 859 159**	1	148	–	–	149
Share-based payments	**–**	–	23	–	43	66
Total comprehensive income for the year	**–**	–	–	(245)	982	737
Balance – 30 June 2008	**403 253 756**	**202**	**25 693**	**(1 832)**	**676**	**24 739**
Issue of shares						
– Exercise of employee share options	**1 322 964**	1	66	–	–	67
– Exchange for PNG Royalty	**3 364 675**	2	240	–	–	242
– Capital raising	**18 045 441**	8	1 879	–	–	1 887
Share-based payments	**–**	–	–	–	113	113
Total comprehensive income for the year	**–**	–	–	2 927	(450)	2 477
Balance – 30 June 2009	**425 986 836**	**213**	**27 878**	**1 095**	**339**	**29 525**

Figures in million (US dollar)	Number of ordinary shares issued	Share capital	Share premium	Retained earnings/ (accumulated loss)	Other reserves	Total
Note		*27*			*28*	
Balance – 30 June 2007	**399 608 384**	**32**	**3 720**	**(388)**	**2**	**3 366**
Dividends declared	**–**	–	–	(1)	–	(1)
Issue of shares						
– Exercise of employee share options	**1 786 213**	–	12	–	–	12
– Exchange for PNG Royalty	**1 859 159**	–	20	–	–	20
Share-based payments	**–**	–	3	–	6	9
Total comprehensive loss for the year	**–**	–	–	(30)	(204)	(234)
Balance – 30 June 2008	**403 253 756**	**32**	**3 755**	**(419)**	**(196)**	**3 172**
Issue of shares						
– Exercise of employee share options	**1 322 964**	–	7	–	–	7
– Exchange for PNG Royalty	**3 364 675**	–	23	–	–	23
– Capital raising	**18 045 441**	1	186	–	–	187
Share-based payments	**–**	–	–	–	13	13
Total comprehensive income for the year	**–**	–	–	311	111	422
Balance – 30 June 2009	**425 986 836**	**33**	**3 971**	**(108)**	**(72)**	**3 824**

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

Group cash flow statements

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	Note	US dollar 2009	US dollar 2008
		Cash flow from operating activities			
1 978	**2 813**	Cash generated by operations	33	**319**	268
273	**455**	Interest received		**51**	38
33	**2**	Dividends received		**–**	5
(417)	**(280)**	Interest paid		**(31)**	(57)
(129)	**(704)**	Income and mining taxes paid		**(85)**	(18)
1 738	**2 286**	**Cash generated by operating activities**		**254**	236
		Cash flow from investing activities			
(89)	**–**	Net increase in amounts invested in environmental trusts		**–**	(11)
205	**(83)**	(Increase)/decrease in restricted cash		**(9)**	28
127	**–**	Proceeds on disposal of South Kal Mine assets	33	**–**	18
–	**1 839**	Proceeds on disposals of Papua New Guinea joint venture	33	**235**	–
–	**2 135**	Proceeds on disposals of Randfontein Cooke assets	33	**209**	–
1 310	**–**	Proceeds on disposal of available-for-sale financial assets		**–**	184
(21)	**(38)**	Acquisition of intangible assets		**(4)**	(3)
(81)	**(41)**	Acquisition of other non-current investments		**(4)**	(11)
131	**55**	Proceeds on disposal of property, plant and equipment		**6**	18
(3 955)	**(3 050)**	Additions to property, plant and equipment		**(339)**	(552)
(2 373)	**817**	**Cash generated/(utilised) by investing activities**		**94**	(329)
		Cash flow from financing activities			
2 234	**–**	Long-term borrowings raised		**–**	323
(1 820)	**(3 738)**	Long-term borrowings paid		**(427)**	(256)
87	**1 953**	Ordinary shares issued		**194**	12
(6)	**–**	Dividends paid		**–**	(1)
495	**(1 785)**	**Cash (utilised)/generated by financing activities**		**(233)**	78
61	**217**	**Foreign currency translation adjustments**		**85**	(2)
(79)	**1 535**	Net increase/(decrease) in cash and equivalents		**200**	(17)
494	**415**	Cash and equivalents – beginning of period		**53**	70
415	**1 950**	**Cash and equivalents – end of period**		**253**	53

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

Notes to the group financial statements

For the years ended 30 June

1 General information

Harmony Gold Mining Company Limited (the company) and its subsidiaries (collectively Harmony or the group) are engaged in gold mining and related activities, including exploration, extraction and processing. Gold bullion, the group's principal product, is currently produced at its operations in South Africa. Harmony has operations in Papua New Guinea, where the construction of the Hidden Valley mine is being completed, as well as in Western Australia.

The company is a public company, incorporated and domiciled in South Africa. The address of the registered office is Randfontein Office Park, corner Main Reef Road and Ward Avenue, Randfontein, 1759.

These consolidated and company financial statements (on page 283 to 314 in the annual report) were authorised for issue by the board of directors on 9 October 2009.

2 Accounting policies

The principal accounting policies applied in the preparation of the consolidated and company financial statements are set out below. These policies have been consistently applied in all years presented.

2.1 Basis of preparation

The annual financial statements are prepared on the historical cost basis, as modified by available-for-sale financial assets, and financial assets and liabilities, which have been brought to account at fair value. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies Act of South Africa.

New accounting standards and IFRIC interpretations

(a) *Standards and interpretations effective in 2009 but not relevant:*
The following standards and interpretations to published standards are mandatory for accounting periods beginning on or after 1 July 2008 but are not relevant to the group's operations:

Amendments to IAS 39 and IFRS 7, IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets;
IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction;
IFRIC 12, Service concession arrangements; and
IFRIC 13, Customer Loyalty Programmes.

(b) *Standards and amendments early adopted by the group in the 2008 year:*
IAS 1 (Revised) – Presentation of Financial Statements;
IAS 23 (Revised) – Borrowing Costs; and
IFRS 8 – Operating Segments.

(c) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group:*
At the date of authorisation of these financial statements, the standards, amendments and interpretations listed below were in issue but not yet effective. These new standards and interpretations have not been early adopted by the group and a reliable estimate of the impact of the adoption thereof for the group cannot yet be determined for all of them, as management is still in the process of determining the impact of these standards and interpretations on future financial statements. The group plans on adopting these standards, amendments and interpretations on the dates when they become effective.

Amendments and revised standards

IAS 27 (Revised) – Consolidated and Separate Financial Statements (effective from periods beginning 1 July 2009).
The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. The effect of the amended IAS 27 will be recorded in future periods when such transactions are entered into.

For the years ended 30 June

2 Accounting policies (continued)

2.1 Basis of preparation (continued)

IFRS 3 (Revised) – Business Combinations (effective from periods beginning 1 July 2009).

The new standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed. The effect of the revised IFRS 3 will be recorded in future periods when such transactions are entered into.

IFRS 2 (Amendment) – Share-Based Payment: Vesting Conditions and Cancellations (effective from periods beginning 1 January 2009).

The amendment deals with two matters. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The effect of the amended IFRS 2 will be recorded in future periods when such transactions affecting vesting conditions and cancellations on share based payment occurs.

IAS 32 and IAS 1 (Amendment) – IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of financial statements: Puttable Financial Instruments and Obligations Arising on Liquidation (effective from periods beginning 1 January 2009).

The amendments require entities to classify the following types of financial instruments as equity, provided they have particular features and meet specific conditions: a) puttable financial instruments (for example, some shares issued by co-operative entities); b) instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation (for example, some partnership interests and some shares issued by limited life entities). Additional disclosures are required about the instruments affected by the amendments. The group does not expect the adoption of these amendments to have an impact on the consolidated financial statements.

IFRS 1 and IAS 27 (Amendment) – IFRS 1 First-Time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective from periods beginning 1 January 2009).

The amendment allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removed the definition of the cost method from IAS 27 and replaced it with a requirement to present dividends as income in the separate financial statements of the investor. The group is not a first time adopter of IFRS. The effect of the amended IAS 27 will be recorded in future periods when such transactions are entered into.

IAS 39 (Amendment) – IAS 39 Financial Instruments: Recognition and Measurement Exposures Qualifying for Hedge Accounting (effective from periods beginning 1 January 2009).

The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The group currently does not anticipate the change to affect the financial statements as the group does not have hedges.

IFRS 7 (Amendment) – Financial Instruments disclosures: Improving Disclosures about Financial Instruments (effective from periods beginning 1 January 2009).

The amendment increases the disclosure requirements about fair value measurement and reinforces existing principles for disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosure and requires some specific quantitative disclosures for financial instruments in the lowest level in the hierarchy. In addition, the amendment clarifies and enhances existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. The standard will affect the disclosure of financial instruments in the financial statements.

Annual improvements to IFRS issued August 2008 (effective on or after 1 January 2009 unless otherwise specified).

This is a collection of amendments to IFRSs. These amendments are the result of conclusions the IASB reached on proposals made in its annual improvements project. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to IFRSs. Some amendments involve consequential amendments to other IFRSs. The group is assessing the impact that these improvements will have on the financial statements.

Notes to the group financial statements cont.

For the years ended 30 June

2 Accounting policies (continued)

2.1 Basis of preparation (continued)

Annual improvements to IFRS issued April 2009 (effective on or after 1 January 2010 unless otherwise specified).
This is a collection of amendments to IFRSs. These amendments are the result of conclusions the IASB reached on proposals made in its annual improvements project. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to IFRSs. Some amendments involve consequential amendments to other IFRSs. The group will assess the impact that these improvements will have on the financial statements.

New interpretations
IFRIC 15 – Agreements for the Construction of Real Estate (effective from periods beginning 1 January 2009)
IFRIC 15 addresses diversity in accounting for real estate sales. IFRIC 15 clarifies how to determine whether an agreement is within the scope of IAS 11 – Construction contracts or IAS 18 – Revenue and when revenue from construction should be recognised. The guidance replaces example 9 in the appendix to IAS 18. The group does not expect this interpretation to have an impact on the financial statements.

IFRIC 16 – Hedges of a Net Investment in a Foreign Operation (effective from periods beginning 1 October 2008)
IFRIC 16 provides guidance on identifying the foreign currency risks that qualify as a hedged risk (in the hedge of a net investment in a foreign operation). It secondly provides guidance on where, within a group, hedging instruments that are hedges of a net investment in a foreign operation can be held to qualify for hedge accounting. Thirdly, it provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. The group currently does not anticipate the change affecting our financial statements as the group does not have hedges on its net investments in foreign operations.

IFRIC 17 – Distributions of Non-cash Assets to Owners (effective from periods beginning 1 July 2009)
IFRIC 17 applies to the accounting for distributions of non-cash assets (commonly referred to as dividends in specie) to the owners of the entity. The interpretation clarifies that: a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; an entity should measure the dividend payable at the fair value of the net assets to be distributed; and an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss. The effect of the interpretation will be recorded in future periods when such transactions are entered into.

IFRIC 18 – Transfers of assets from customers (effective from periods beginning 1 July 2009)
The interpretation clarifies the accounting treatment for transfers of property, plant and equipment received from customers. This Interpretation applies to agreements with customers in which the entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment and the entity must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods and services, or to do both. The group currently does not expect this interpretation to have any effect on the financial statements.

2.2 Consolidation

The consolidated financial information includes the financial statements of the company, its subsidiaries, its proportionate interest in joint ventures, special purpose entities (SPEs) and its interests in associates.

(i) **Subsidiaries**, which are those entities in which the group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated. Subsidiaries are consolidated from the date on which control is acquired and are no longer consolidated when control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities assumed at the date of acquisition plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests. Non-controlling interests are carried at a proportion of the net identifiable assets acquired.

The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill (refer to 2.7).

For the years ended 30 June

2 Accounting policies (continued)

2.2 Consolidation (continued)

In situations of successive share purchases when control already existed at the date of further acquisition, no fair value adjustment is made to the identifiable net assets acquired and any excess/deficit purchase price over the carrying value of non-controlling interests acquired is accounted for in equity.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated and may provide evidence of an impairment that should be recognised. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the group.

Investments in subsidiaries are accounted for at cost and are adjusted for impairments where appropriate in the company's separate financial statements.

(ii) **Associates** are those entities, other than a subsidiary, in which the group has a material interest and in respect of which the group exercises significant influence over operational and financial policies, normally owning between 20% and 50% of the voting equity, but which it does not control.

Investments in associates are accounted for by using the equity method of accounting, and are initially recognised at cost. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities assumed at the date of acquisition plus costs directly attributable to the acquisition.

The group's share of the associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movement in reserves is recognised in other reserves. Cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's shares of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The group's investment in associates includes goodwill identified on acquisition.

The carrying value of an associate is reviewed on a regular basis and, if an impairment in the carrying value has occurred, it is written off in the period in which such impairment is identified.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated and may provide evidence of an impairment that should be recognised.

Accounting policies of associates have been reviewed to ensure consistency with the policies adopted by the group.

Investments in associates are accounted for at cost and are adjusted for impairments where appropriate in the company's separate financial statements.

(iii) **Joint ventures** are those entities in which the group holds a interest and which is jointly controlled by the group and one or more ventures under a contractual arrangement. The group's interest in jointly controlled entities is accounted for by proportionate consolidation. Under this method, the group includes its share of the joint venture's individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the group's financial statements.

The group recognises the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other ventures. The group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

Investments in joint ventures are accounted for at cost and are adjusted for impairments where appropriate in the company's separate financial statements.

(iv) **Special purpose entities (SPEs)** are those undertakings that are created to satisfy specific business needs of the group, These are consolidated where the group has the right to the majority of the benefits of the SPE and/or is exposed to the majority of the risk thereof. SPEs are consolidated in the same manner as subsidiaries when the substance of the relationship indicates that the SPE is controlled by the group.

Notes to the group financial statements cont.

For the years ended 30 June

2 Accounting policies (continued)

2.2 Consolidation (continued)

(v) **Transactions with non-controlling interests.** The group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.3 Foreign currency transactions

(i) **Functional and presentation currency:** Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in the South African rand and US dollars for the benefit of local and international users. The company's financial statements are presented in its functional currency, being South African rand.

For translation of the rand financial statement items to US dollar, an average of R9.00 (2008: R7.26) per US$1 was used for income statement items (unless this average was not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case these items were translated at the rate prevailing on the date of the transaction) and the closing rate of R7.72 (2008: R7.80) per US$1 for asset and liability items. Equity items were translated at historic rates.

References to “A$” refers to Australian currency, “R” to South African currency, “$” or “US$” to United States currency and "K" or "Kina" to Papua New Guinean currency.

(ii) **Transactions and balances:** Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation to year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. These transactions are included in the determination of other expenses – net.

Changes in the fair value of monetary securities denominated in a foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences are recognised in profit or loss, and other changes in carrying amount are recognised in other reserves.

Translation differences on non-monetary financial assets and liabilities are reported as part of fair value gains or losses. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in other comprehensive income.

(iii) **Group companies:** The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the date of the transactions);
c) all resulting exchange differences are recognised as a separate component of other reserves.
d) equity items are translated at historic rates.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other reserves. When a foreign operation is sold or the loans included in the net investment in foreign operations are repaid or partially repaid, exchange differences that were recorded in equity are recognised in profit or loss in the period in which the sale or repayment takes place.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the years ended 30 June

2 Accounting policies (continued)

2.4 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the executive committee. The accounting policies of the segments are the same as those described in the accounting policy notes to the financial statements.

2.5 Property, plant and equipment

(i) **Mining assets** including mine development costs and mine plant facilities are initially recorded at cost, whereafter it is measured at cost less accumulated amortisation and impairment.

At the group's surface mines, when it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, costs incurred to develop the property are capitalised as incurred until the mine is considered to have moved into the production phase. These costs include costs to further delineate the ore body and remove overburden to initially expose the ore body. Stripping costs incurred during the production phase to remove waste ore are deferred and charged to production costs on the basis of the average life-of-mine stripping ratio. The average stripping ratio is calculated as the number of tonnes of waste material removed per tonne of ore mined. The average life-of-mine ratio is revised annually in the light of additional knowledge and change in estimates. The cost of "excess stripping" is capitalised as mine development costs when the actual stripping ratio exceeds the average life of mine stripping ratio. Where the average life of mine stripping ratio exceeds the actual stripping ratio, the cost is charged to the income statement.

At the group's underground mines, all costs incurred to develop the property, including costs to access specific ore blocks or other areas of the underground mine, are capitalised to the extent that such costs will provide future economic benefits as a result of establishing proven and probable reserves associated with specific ore blocks or areas of operations. These costs include the cost of shaft sinking and access, the costs of building access ways, lateral development, drift development, ramps, box cuts and other infrastructure development.

During the development stage, the group may enter into arrangements whereby it agrees to transfer a part of its mineral interest in consideration for an agreement by another party (the farmee) to meet certain expenditure which would otherwise have to be undertaken by the group. Such arrangements, referred to as farm-in transactions, are accounted for as executory contracts – particularly when the expenditures to be incurred by the farmee are discretionary in nature, and the mineral interest to be transferred may vary depending upon such discretionary spend. At the date of completion of each party's obligations under the farm-in arrangement, the group derecognises the proportion of the mining assets and liabilities associated with the joint venture that it has sold to the farmee, and recognises its interest in the capital expenditure (consideration received) at fair value within operating assets. The difference between the net disposal proceeds and the carrying amount of the asset disposed of is recognised in profit or loss.

Borrowing costs are capitalised to the extent that they are directly attributable to the acquisition and construction of qualifying assets. Qualifying assets are assets that take a substantial time to get ready for their intended use. These costs are capitalised until the asset moves into the production phase. Other borrowing costs are expensed.

The net assets of operations placed on care and maintenance are impaired to their recoverable amount. Expenditure on the care and maintenance of these operations is charged against income, as incurred.

Where a depreciable asset is used in the construction or extension of a mine, the depreciation is capitalised against the mines cost.

(ii) **Non-mining assets:** Land is shown at cost and not depreciated. Other non-mining fixed assets are shown at cost less accumulated depreciation and accumulated impairment losses.

(iii) **Undeveloped properties** are initially valued at the fair value of resources obtained through acquisitions. The carrying value of these properties are annually tested for impairment. Once development commences, these properties are transferred to mining properties and accounted for in accordance with the related accounting policy.

Notes to the group financial statements cont.

For the years ended 30 June

2 Accounting policies (continued)

2.5 Property, plant and equipment (continued)

(iv) **Mineral and surface use rights** represent mineral and surface use rights for parcels of land both owned and not owned by the group. Mineral and surface rights include acquired mineral use rights in production, development and exploration phase properties. The amount capitalised related to a mineral and surface right represents its fair value at the time it was acquired, either as an individual asset purchase or as part of a business combination, and is recorded at cost of acquisition.

Production phase mineral interests represent interests in operating properties that contain proven and probable reserves. Development phase mineral interests represent interests in properties under development that contain proven and probable reserves. Exploration phase mineral interests represent interests in properties that are believed to potentially contain (i) other mineralised material such as inferred material within pits; measured, indicated and inferred material with insufficient drill spacing to qualify as proven and probable reserves; (ii) around-mine exploration potential such as inferred material not immediately adjacent to existing reserves and mineralisation but located within the immediate mine infrastructure; (iii) other mine-related exploration potential that is not part of measured, indicated or inferred material and is comprised mainly of material outside of the immediate mine area; or (iv) greenfield exploration potential that is not associated with any production, development or exploration phase property as described above.

The group's mineral use rights are enforceable regardless of whether proven or probable reserves have been established. In certain limited situations, the nature of a use changes from an exploration right to a mining right upon the establishment of proven and probable reserves. The group has the ability and intent to renew mineral use rights where the existing term is not sufficient to recover all identified and valued proven and probable reserves and/or undeveloped mineral interests.

(v) **Leased assets:** The group leases certain property, plant and equipment. Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. The assets are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Finance lease payments are allocated using the rate implicit in the lease, which is included in finance costs, and the capital repayment, which reduces the liability to the lessor. The corresponding rental obligations, net of finance charges, are included in borrowings, with the current portion included under current liabilities.

Capitalised lease assets are depreciated over the shorter of their estimated useful lives and the lease terms.

(vi) **Depreciation and amortisation of mining assets:** Depreciation and amortisation of mineral property interests, mineral and surface rights, mine development costs and mine plant facilities are computed principally by the units of production method based on estimated proved and probable reserves. Changes in management's estimates of the quantities of economically recoverable reserves impact amortisation and depreciation on a prospective basis.

Costs incurred and capitalised to enable access to specific ore blocks or areas of the mine, and which only provide an economic benefit over the period of mining that ore block or area, are amortised using the units-of-production method where the denominator is the proven and probable reserves within that ore block or area.

If capitalised underground development costs provide an economic benefit over the entire life-of-mine, the costs are amortised using the unit-of-production method, where the denominator is the total accessible proven and probable reserves.

Proved and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits. Amortisation is first charged on mining ventures from the date on which the mining ventures are considered to have moved into the production phase.

For the years ended 30 June

2 Accounting policies (continued)

2.5 Property, plant and equipment (continued)

(vii) **Depreciation and amortisation of non-mining fixed assets:** Other non-mining fixed assets are depreciated on a straight line basis over their estimated useful lives as follows:

- Vehicles at 20% per year;
- Computer equipment at 33.3% per year; and
- Furniture and equipment at 16.67% per year.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(viii) **Depreciation and amortisation of mineral and surface use rights:** Mineral rights associated with production phase mineral interests are amortised over the life of mine using the units-of-production method in order to match the amortisation with the expected underlying future cash flows. Mineral interests associated with development and exploration phase mineral interests are not amortised until such time as the underlying property is converted to the production stage.

For details on the group's accounting policy on impairments, refer to note 2.8.

2.6 Exploration costs

The group expenses all exploration and evaluation expenditures until the directors conclude that a future economic benefit is more likely to be realised than not, i.e. 'probable'. The information that the directors use to make that determination depends on the level of exploration as well as the degree of confidence in the ore body.

Exploration and evaluation expenditure on greenfield sites, being those where the group does not have any mineral deposits which are already being mined or developed, is expensed as incurred until a final feasibility study has been completed, after which the expenditure is capitalised within development costs if the final feasibility study demonstrates that future economic benefits are probable.

Exploration and evaluation expenditure on brownfield sites, being those adjacent to mineral deposits which are already being mined or developed, is expensed as incurred until the directors are able to demonstrate that future economic benefits are probable through the completion of a prefeasibility study, after which the expenditure is capitalised as a mine development cost. A 'prefeasibility study' consists of a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating economic factors and the evaluation of other relevant factors. The prefeasibility study, when combined with existing knowledge of the mineral property that is adjacent to mineral deposits that are already being mined or developed, allows the directors to conclude that it is more likely than not that the group will obtain future economic benefit from the expenditures.

Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised as a mine development cost following the completion of an economic evaluation equivalent to a feasibility study. This economic evaluation is distinguished from a feasibility study in that some of the information that would normally be determined in a feasibility study is instead obtained from the existing mine or development. This information when combined with existing knowledge of the mineral property already being mined or developed allow the directors to conclude that more likely than not the group will obtain future economic benefit from the expenditures.

Costs relating to property acquisitions are also capitalised. These costs are capitalised within development costs.

Notes to the group financial statements cont.

For the years ended 30 June

2 Accounting policies (continued)

2.7 Intangible assets

Intangible assets consist of all identifiable non-monetary assets without physical substance. They are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The following are the main categories of intangible assets:

(i) Intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life are not amortised but tested for impairment on an annual basis. Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net assets of the acquired subsidiary, associate, joint venture or business at the date of acquisition. Goodwill on acquisition of subsidiaries, joint ventures and businesses are included in intangible assets. Goodwill on acquisition of associates is included in investments in associates and tested for impairment as part of the overall balance.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. The impairment testing is performed on 30 June.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. If the composition of one or more cash-generating units to which goodwill has been allocated changes due to a re-organisation, the goodwill is re-allocated to the units affected.

The gain or loss on disposal of an entity includes the carrying amount of goodwill relating to the entity sold.

(ii) Intangible assets with a finite useful life

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Intangible assets with a finite useful life are amortised on a straight line basis of over their estimated useful lives, which are reviewed annually, as follows:

- Computer software at 20% per year.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Each operating shaft, along with allocated common assets such as plants and administrative offices, is considered to be a cash generating unit as each shaft is largely independent from the cash flows of other shafts and assets belonging to the group.

The assets' recoverable amount is generally determined using discounted estimated future cash flows. Future cash flows are estimated based on quantities of recoverable minerals, expected gold prices (considering current and historical prices, price trends and related factors), production levels and cash costs of production, all based on life-of-mine plans.

The term "recoverable minerals" refers to the estimated amount of gold that will be obtained from proven and probable reserves and all related exploration stage mineral interests (except for other mine-related exploration potential and greenfields exploration potential discussed separately below) after taking into account losses during ore processing and treatment. Estimates of recoverable minerals from such related exploration stage mineral interests will be risk adjusted based on management's relative confidence in such materials. In estimating future cash flows, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of cash flows from other asset groups. With the exception of other mine-related exploration potential and greenfields exploration potential, estimates of future undiscounted cash flows are included on an area of interest basis, which generally represents an individual operating mine, even if the mines are included in a larger mine complex.

For the years ended 30 June

2 Accounting policies (continued)

2.8 Impairment of non-financial assets (continued)

In the case of mineral interests associated with other mine-related exploration potential and greenfields exploration potential, cash flows and fair values are individually evaluated based primarily on recent exploration results and recent transactions involving sales of similar properties, if any. Assumptions underlying future cash flow estimates are subject to significant risks and uncertainties.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversal of impairments is also considered when there is objective evidence to indicate that the asset is no longer impaired.

2.9 Financial instruments

Financial instruments are initially measured at fair value when the group becomes a party to their contractual arrangements. Transaction costs are included in the initial measurement of financial instruments, with the exception of financial instruments classified as at fair value through profit or loss. The subsequent measurement of financial instruments is discussed below.

A financial asset is derecognised when the right to receive cash flows from the asset has expired or the group has transferred its rights to receive cash and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss recognised in equity is recognised in profit and loss.

On derecognition of a financial liability, the difference between the carrying amount of the liability extinguished or transferred to another party and the amount paid is recognised in profit or loss.

Financial assets

The group classifies its financial assets in the following categories: loans and receivables, available-for-sale, held-to-maturity and at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset.

(i) **Loans and receivables**, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are subsequently measured at amortised cost using the effective interest method. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables include trade and other receivables (excluding VAT and prepayments), restricted cash and cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, deposits held at call with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents exclude restricted cash (discussed below).

Restricted cash

Restricted cash consists of cash held for guarantees and performance bonds related to environmental rehabilitation, and as security deposits on mining tenements.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of a provision for impairment (allowance account) and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

Notes to the group financial statements cont.

For the years ended 30 June

2 Accounting policies (continued)

2.9 Financial instruments (continued)

(ii) **Available-for-sale financial assets**, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in other reserves. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other reserves.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are reclassified in the income statement as profit or loss on sale of listed investments. Dividends on available-for-sale equity instruments are recognised in the income statement as part of investment income when the group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the value for a financial instrument cannot be obtained from an active market, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. The valuation techniques make maximum use of market inputs and rely as little as possible on entity-specific inputs.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If, in the opinion of the directors, permanent diminution in value exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from other reserves and recognised in the income statement. Subsequent increases in the fair value are recognised in equity – impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(iii) **Held-to-maturity investments** are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. The group's held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

The restricted investments held by the trust funds (refer note 20) are classified as held-to-maturity investments.

(iv) **Financial assets at fair value through profit** or loss have two sub-categories: financial assets held-for-trading, and those designated at fair value through profit and loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management in terms of specified criteria. Derivatives are also categorised as held-for-trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held-for-trading or are expected to be realised within 12 months of the balance sheet date. These assets are subsequently measured at fair value with gains or losses arising from changes in fair value recognised in the income statement in the period in which they arise.

Financial liabilities

Borrowings

Borrowings are initially recognised at fair value net of transaction costs incurred and subsequently measured at amortised cost, comprising original debt less principal payments and amortisation, using the effective yield method.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds are allocated to the conversion option. This is recognised and included in equity, net of income tax effects.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

For the years ended 30 June

2 Accounting policies (continued)

2.9 Financial instruments (continued)

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.10 Inventories

Inventories which include bullion on hand, gold in process, ore stockpiles and stores and materials, are measured at the lower of cost and net realisable value after appropriate allowances for redundant and slow moving items. Cost of bullion and gold in process is determined by reference to production cost, including amortisation and depreciation at the relevant stage of production. Ore stockpiles are valued at average production cost. Stockpiles are classified as a non-current asset where the stockpile exceeds current processing capacity.

Stores and materials consist of consumable stores and are valued at weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to perform the sale.

Gold in process inventories represent materials that are currently in the process of being converted to a saleable product. Conversion processes vary depending on the nature of the ore and the specific mining operation, but include mill in-circuit, leach in-circuit, flotation and column cells, and carbon in-pulp inventories. In-process material is measured based on assays of the material fed to process and the projected recoveries at the respective plants. In-process inventories are valued at the average cost of the material fed to process attributable to the source material coming from the mine, stockpile or leach pad plus the in-process conversion costs, including the applicable depreciation relating to the process facility, incurred to that point in the process. Bullion on hand and gold in process at certain of the underground operations include gold-in-lockup which can be reliably measured, and generally this is from the smelter onwards. Where mechanised mining is used in underground operations, in-progress material is accounted for at the earliest stage of production when reliable estimates of quantities and costs are capable of being made, normally from when ore is broken underground. Given the varying nature of the group's open-pit operations, gold in process represents either production in broken ore form or production from the time of placement on heap-leach pads.

2.11 Non-current assets or disposal group held-for-sale and discontinued operations

A non-current asset or disposal group (a business grouping of assets and their related liabilities) is designated as held-for-sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The classification as held-for-sale of a non-current asset or disposal group occurs when it is available for immediate sale in its present condition and the sale is highly probable. A sale is considered highly probable if management is committed to a plan to sell the non-current asset or disposal group, an active divestiture programme has been initiated, the non-current assets or disposal group is marketed at a price reasonable to its fair value and the disposal will be completed within one year from classification.

Upon classification of a non-current asset or disposal group as held-for-sale, it is reviewed for impairment. The impairment charged to the income statement is the excess of the carrying value of the non-current asset or disposal group over its expected net selling price (fair value less costs to sell). At each subsequent reporting date, the carrying values are remeasured for possible impairment. A gain is recognised for any subsequent increase in net selling price but not in excess of the cumulative impairment loss already recognised.

No depreciation is provided on non-current assets from the date they are classified as held-for-sale.

When a disposal group is classified as held-for-sale it is also necessary to assess whether or not the criteria for discontinued operations are met. If the criteria are met, the results of the disposal group are classified as discontinued operations in the income statement and the comparative amounts restated for all periods presented.

If a non-current asset or disposal group is classified as held-for-sale but the criteria for classification as held-for-sale are no longer met, the disclosure of such non-current asset or disposal group as held-for-sale is ceased.

Notes to the group financial statements cont.

For the years ended 30 June

2 Accounting policies (continued)

2.11 Non-current assets or disposal group held-for-sale and discontinued operations (continued)

On ceasing such classification, the non-current assets are reflected at the lower of:

- the carrying amount before classification as held-for-sale adjusted for any depreciation or amortisation that would have been recognised had the assets not been classified as held-for-sale; or
- the recoverable amount at the date the classification as held-for-sale ceases. The recoverable amount is the amount at which the asset would have been recognised after the allocation of any impairment loss arising on the cash generating unit as determined in accordance with the group's policy on impairment of non-financial assets.

Any adjustment required to be made on reclassification is charged to the income statement on reclassification, and included in income from continuing operations.

Where the disposal group was also classified as a discontinued operation, the subsequent classification from held-for-sale also requires that the discontinued operation be included in continuing operations. Comparative information in the income statement and cash flow note disclosures relating to the classification as a discontinued operation is re-presented accordingly. Comparative information in the balance sheet is not re-presented for this change.

2.12 Environmental obligations

Estimated long-term environmental obligations, comprising pollution control, rehabilitation and mine closure, are based on the group's environmental management plans in compliance with current technological, environmental and regulatory requirements.

Based on disturbances to date, the net present value of expected rehabilitation cost estimates are recognised and provided for in full in the financial statements. The estimates are reviewed annually and are discounted using a pre-tax risk-free rate that is adjusted to reflect the current market assessments of the time value of money and the risks specific to the obligation.

Annual changes in the provision consist of finance costs relating to the change in the present value of the provision and inflationary increases in the provision estimate, as well as changes in estimates. The present value of environmental disturbances created are capitalised to mining assets against an increase in the rehabilitation provision. Rehabilitation projects undertaken, included in the estimates are charged to the provision as incurred. The cost of ongoing current programmes to prevent and control pollution is charged against income as incurred. Over time, the liability is increased to reflect an interest element, and the capitalised cost is depreciated over the life of the related asset.

2.13 Environmental trust funds

Contributions are made to the group's trust funds, created in accordance with statutory requirements, to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the life of the group's mines. Contributions are determined on the basis of the estimated environmental obligation over the life of the mine. The trusts are consolidated into the group. Income earned on monies paid to environmental trust funds is accounted for as investment income. The funds contributed to the trusts, plus growth in the trust funds, are included under restricted investments on the balance sheet.

2.14 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the present value of the best estimate of the expenditure required to settle the present obligation at balance sheet date. This estimate takes into account the associated risks and uncertainties. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed.

For the years ended 30 June

2 Accounting policies (continued)

2.15 Current and deferred taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The group follows the comprehensive liability method of accounting for deferred tax using the balance sheet approach. Under this method deferred income taxes are recognised for the tax consequences of temporary differences by applying expected tax rates to the differences between the tax base of all assets or liabilities and its balance sheet carrying amount. Deferred tax is charged to the income statement, except to the extent that deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and does not affect the accounting or taxable profit or loss at the time of the transaction. The effect on deferred tax of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

The principal temporary unutilised differences arise from amortisation and depreciation on property, plant and equipment, provisions, post retirement benefits, unutilised tax losses and unutilised capital allowances carried forward. Deferred tax assets relating to the carry forward of unutilised tax losses and unutilised capital allowances are recognised to the extent that it is probable that future taxable profit will be available against which the unutilised tax losses and unutilised capital allowances can be utilised.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.16 Employee benefits

(i) **Pension and provident plans** are funded through annual contributions. The group's contributions to the defined contribution pension and provident plans are charged to the income statement in the year to which they relate. The group's liability is limited to its annually determined contributions.

(ii) **Medical plans:** The group provides medical cover to current employees and certain retirees through certain funds. The medical accounting costs for the defined benefit plan are assessed using the projected unit credit method. The health care obligation is measured as the present value of the estimated future cash outflows using market yields consistent with the term and risks of the obligation. Actuarial gains and losses as a result of these valuations are recognised in the income statement at revaluation date. The future liability for current and retired employees and their dependents is accrued in full based on actuarial valuations obtained annually.

(iii) **Equity compensation benefits:** The group operates an equity-settled, share-based payments plan, where the group grants share options to certain employees. Equity share-based payments are measured at fair value of the equity instruments at the date of the grant. The share-based payments are expensed over the vesting period, based on the group's estimate of the shares that are expected to eventually vest. The group used an appropriate option pricing model in determining the fair value of the options granted. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the estimates of the number of options that are expected to become exercisable are revised. The impact of the revision of original estimates, if any, are recognised in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(iv) **Termination benefits** are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(v) **Leave pay:** The group accrues for the cost of the leave days granted to employees during the period in which the leave days accumulate.

Notes to the group financial statements cont.

For the years ended 30 June

2 Accounting policies (continued)

2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.18 Leases

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

For the group's policy on finance leases, refer to note 2.5 (v).

2.19 Revenue recognition

(i) **Revenue** arising from gold sales is recognised when the price is determinable, the product has been delivered in accordance with the terms of the contract, the significant risks and rewards of ownership have been transferred to the customer and collection of the sales price is reasonably assured. These criteria are typically met when the gold arrives at the refinery.

Revenue further excludes value-added tax. Revenues from silver and other by-products sales are credited to production costs as a by-product credit.

(ii) **Interest income:** Interest is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the group.

(iii) **Dividend income** is recognised when the shareholder's right to receive payment is established. This is recognised at the last date of registration.

2.20 Dividends declared

Dividends declared are recognised in the period in which they are approved by the shareholders. Dividends are payable in South African rands.

3 Critical accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates may differ from actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

3.1 Impairment of mining assets

The recoverable amount of mining assets is generally determined utilising discounted future cash flows. Management also considers such factors as the quality of the individual orebody and country risk in determining the fair value.

Key assumptions for the calculations of the mining assets' recoverable amounts are the forward gold price and the annual life-of-mine plans. In determining the gold price to be used, management assesses the long-term views of several reputable institutions on the gold price and based on this, derives the forward gold price. The life-of-mine plans are based on proven and probable reserves as included in the Reserve Declaration, which are determined in terms of SAMREC and JORC.

During the year under review, the group calculated the recoverable amounts (generally fair value less costs to sell) based on updated life of mine plans, a gold price of R225 000 per kilogram and a discount rate of 9.34% (2008: R180 000 per kilogram and a 11.36% discount rate). Cash flows used in the impairment calculations are based on life of mine plans which exceed five years for the majority of the mines. Refer to note 5 for details of impairments recorded.

For the years ended 30 June

3 Critical accounting estimates and judgements (continued)

3.1 Impairment of mining assets (continued)

Should management's estimate of the future not reflect actual events, further impairments may be identified. Factors affecting the estimates include:

- changes to proven and probable ore reserves;
- the grade of the ore reserves may vary significantly from time to time;
- review of strategy;
- differences between actual commodity prices and commodity price assumptions;
- unforeseen operational issues at the mines;
- changes in capital, operating mining, processing and reclamation costs.

It is impracticable to disclose the extent of the possible effects of the changes in assumptions for the forward gold price and life of mine plans at 30 June 2009, as these assumptions are inextricably linked.

3.2 Impairment of investment in associate

The investments in associates are evaluated for impairment by comparing the entire carrying value of the investment to the recoverable amount, which is the higher of value in use or fair value less costs to sell. In calculating fair value less cost to sell, the cash flows from disposal are looked at with reference to the closing share price at year-end.

3.3 Valuation of available-for-sale financial assets

If the value of financial instruments cannot be obtained from an active market, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models refined to reflect the issuer's specific circumstances. When considering indications of an impairment, management considers a prolonged decline to be longer than 12 months. The significance of the decline is assessed for each security individually.

3.4 Estimate of exposure and liabilities with regard to rehabilitation costs

Estimated long term environmental obligations, comprising pollution control, rehabilitation and mine closure, are based on the group's environmental management plans in compliance with current technological, environmental and regulatory requirements.

Management used an inflation rate of 6% (2008: short-term (two years): 9% and long-term: 6%) and the expected life of the mines according to the life-of-mine plans in the calculation of the estimated net present value of the rehabilitation liability. The discount rates used for the calculation are dependant on the shaft's life of mine and are as follows: for 12 months – 6.75% (2008: 12.25%); for 1 – 5 years – 8.25% (2008: 11.75%); for 5 – 9 years – 8.25% (2008: 10.5%) and for 10 years or more – 8.75% (2008: 10.25%). These estimates were based on recent yields determined on government bonds.

3.5 Estimate of employee benefit liabilities

An updated actuarial valuation is carried out at the end of each financial year. Assumptions used to determine the liability included a discount rate of 10%, no increases in employer subsidies (in terms of the agreement) and mortality rates according to the SA 1956/62 mortality table (SA "a mf" tables) (60 years) and a medical inflation rate of 7.8% (2008: discount rate of 12%, 60 years and 9.8% inflation rate).

Management determined the discount rate by assessing financial instruments with similar terms to the liability. The decreases to the discount rate and medical inflation rate are similar to changes in interest and inflation rates in South Africa.

3.6 Estimate of taxation

The group is subject to income tax in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Management has to exercise judgement with regards to deferred tax assets. Where the possibility exists that no future taxable income may flow against which these assets can be offset, the deferred tax assets are not raised.

Notes to the group financial statements cont.

For the years ended 30 June

3 Critical accounting estimates and judgements (continued)

3.7 Fair value of share-based payments

The fair value of options granted are being determined using either a binomial, Black-Scholes or a Monte Carlo valuation model. The significant inputs into the model are: vesting period, risk free interest rate, volatility, price on date of grant and dividend yield. (Refer to note 36 for detail on each of the share option schemes.)

3.8 Impairment of goodwill

Due to the wasting nature of mining assets and the finite life of a mine's reserves, the allocation of goodwill to a shaft will eventually result in an impairment charge for the goodwill. The group tests annually whether separately identifiable goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.8. These calculations require the use of estimates as stated in note 3.1.

3.9 Gold in lock-up

Gold in lock-up in certain plants is estimated based on the calculated plant call factor. Plant call factor is the efficiency measurement of the percentage of gold extracted from the ore.

3.10 Assessment of contingencies

Contingencies will only realise when one or more future events occur or fail to occur. The exercise of significant judgement and estimates of the outcome of future events are required during the assessment of the impact of such contingencies.

3.11 Gold mineral reserves

Gold mineral reserves are estimates of the amount of ounces that can be economically and legally extracted from the group's properties. In order to calculate the gold mineral reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, commodity prices and exchange rates.

Estimating the quantities and/or grade of the reserves requires the size, shape and depth of the orebodies to be determined by analysing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

Because the economic assumptions used to estimate the gold mineral reserves change from year to year, and because additional geological data is generated during the course of operations, estimates of the mineral reserves may change from year to year. Changes in the proven and probable reserves may affect the group's financial results and financial position in a number of ways, including:

- asset carrying values may be affected due to changes in estimated cash flows;
- depreciation and amortisation charged in the income statement may change as they are calculated on the units-of-production method; and
- environmental provisions may change as the timing and/or cost of these activities may be affected by the change in mineral reserves.

At the end of each financial year, the estimate of proven and probable gold mineral reserve is updated. Depreciation of mining assets is prospectively adjusted, based on these changes.

3.12 Production start date

Various relevant criteria are considered in order to assess when the mine is substantially complete and ready for its intended use and moves into the production phase. Some of the criteria would include but are not limited to the following:

- the level of capital expenditure compared to the total project cost estimates;
- the ability to produce gold in a saleable form (where more than an insignificant amount of gold has been produced); and
- the ability to sustain the ongoing production of gold.

For the years ended 30 June

4 Financial risk management

The group's financial instruments expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and other price risk), credit risk and liquidity risk. The group may use derivative financial instruments to hedge certain risk exposures.

The group's financial instruments are set out below:

Figures in rand million	Loans and receivables	Available-for-sale financial assets	Held-to-maturity investments	Financial liabilities at amortised cost
At 30 June 2009:				
Restricted cash	**161**	–	–	–
Restricted investments	–	–	**1 640**	–
Investments in financial assets	–	**57**	–	–
Trade and other receivables	**693**	–	–	–
Cash and cash equivalents	**1 950**	–	–	–
Borrowings	–	–	–	**362**
Trade and other payables	–	–	–	**553**
At 30 June 2008:				
Restricted cash	78	–	–	–
Restricted investments	–	–	1 465	–
Investments in financial assets	–	67	–	–
Trade and other receivables	681	–	–	–
Cash and cash equivalents	413	–	–	–
Borrowings	–	–	–	4 099
Trade and other payables	–	–	–	736

Figures in US dollar million	Loans and receivables	Available-for-sale financial assets	Held-to-maturity investments	Financial liabilities at amortised cost
At 30 June 2009:				
Restricted cash	**21**	–	–	–
Restricted investments	–	–	**212**	–
Investments in financial assets	–	**7**	–	–
Trade and other receivables	**90**	–	–	–
Cash and cash equivalents	**253**	–	–	–
Borrowings	–	–	–	**47**
Trade and other payables	–	–	–	**71**
At 30 June 2008:				
Restricted cash	10	–	–	–
Restricted investments	–	–	188	–
Investments in financial assets	–	9	–	–
Trade and other receivables	87	–	–	–
Cash and cash equivalents	53	–	–	–
Borrowings	–	–	–	525
Trade and other payables	–	–	–	94

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges certain selected financial risks in close co-operation with the group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity.

Notes to the group financial statements cont.

For the years ended 30 June

4 Financial risk management (continued)

(a) Market risk

(i) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar (US$). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. Harmony's revenues are sensitive to the ZAR/US$ exchange rate as all revenues are generated by gold sales denominated in US$. Harmony generally does not enter into forward sales, derivatives or other hedging arrangements to establish a ZAR/US$ exchange rate in advance for the sale of its future gold production.

The group is exposed to foreign exchange risk arising from inter-company loans denominated in a currency other than the functional currency of that entity (A$ and Kina). Harmony generally does not enter into forward sales, derivatives or other hedging arrangements to manage this risk.

Sensitivity analysis

The group has reviewed its foreign currency exposure on financial assets and financial liabilities and has identified the following sensitivities for a 10% change in the exchange rate.

SA rand			US dollar	
2008	2009	Figures in million	2009	2008
		A$ against US$		
26	11	Increase by ten percent	1	3
(26)	(11)	Decrease by ten percent	(1)	(3)
0.96	0.81	Closing rate	0.81	0.96
		A$ against Rand		
235	–	Increase by ten percent	–	30
235	–	Decrease by ten percent	–	(30)
7.51	7.72	Closing rate	7.72	7.51
		Kina against A$		
268	130	Increase by ten percent	17	35
(268)	(130)	Decrease by ten percent	(17)	(35)
2.42	2.71	Closing rate	2.71	2.42

(ii) Other price risk

The group is exposed to the risk of fluctuations in the fair value of the available-for-sale financial assets as a result of changes in market prices (other than changes in interest rates and foreign currencies). Harmony generally does not use any derivative instruments to manage this risk.

Sensitivity analysis

The equity investments are listed on the Australia Securities Exchange. A one percent increase in the share price at the reporting date, with all other variables held constant, would have increased other comprehensive income by R0.57 million (US$0.07 million) (2008: R1 million; US$0.1 million); an equal change in the opposite direction would have decreased other comprehensive income by R0.57 million (US$0.07 million) (2008: R1 million; US$0.1 million). The analysis is performed on the same basis for 2008.

Commodity price sensitivity

The profitability of the group's operations, and the cash flows generated by those operations, are affected by changes in the market price of gold. Harmony generally does not enter into forward sales, derivatives or other hedging arrangements to establish a price in advance for the sale of future gold production.

For the years ended 30 June

4 Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value Interest rate risk

The group's interest rate risk arises mainly from long-term borrowings. The group has both fixed and variable interest rate borrowings. Fixed rate borrowings expose the group to fair value interest rate risk. Variable rate borrowings expose the group to cash flow interest rate risk. The group has not entered into interest rate swap agreements.

Sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2008.

SA rand			US dollar	
2008	2009	Figures in million	2009	2008
25	**4**	Increase by 100 basis points	**–**	3
(25)	**(4)**	Decrease by 100 basis points	**–**	(3)

The above table excludes the fixed rate convertible bond. As it is accounted for at amortised cost, interest rate changes do not affect reported profit or loss.

(b) Credit risk

Credit risk is the risk that a counterparty may default or not meet its obligations timeously. Financial instruments, which subject the group to concentrations of credit risk, consist predominantly of restricted cash, restricted investments, trade and other receivables (excluding non-financial instruments) and cash and cash equivalents.

Exposure to credit risk on trade and other receivables is monitored on a regular basis. The credit risk arising from restricted cash, cash and cash equivalents and restricted investments is managed by ensuring amounts are only invested with financial institutions of good credit quality. The group has policies that limit the amount of credit exposure to any one financial institution.

It is the policy of the group to renegotiate credit terms with long-standing customers who have a good credit history with the group. These customers are monitored on an ongoing basis to ensure that the customer remains within the renegotiated terms.

The group's maximum exposure to credit risk is represented by the carrying amount of all financial assets determined to be exposed to credit risk, amounting to R4 445 million (US$610.8 million) as at 30 June 2009 (2008: R2 811 million (US$361.2 million).

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

In the ordinary course of business, the group receives cash from its operations and is required to fund working capital and capital expenditure requirements. The cash is managed to ensure that surplus funds are invested in a manner to achieve market-related returns and to provide sufficient liquidity at the minimum risk. The group is able to actively source financing at competitive rates.

Notes to the group financial statements cont.

For the years ended 30 June

4 Financial risk management (continued)

(c) Liquidity risk (continued)

The following are the contractual maturities of financial liabilities (including principal and interest payments):

SA rand			US dollar	
More than 1 year	Current	Figures in million	Current	More than 1 year
		2009		
112	254	Borrowings[(1)(2)]	33	15
–	553	Trade and other payables (excluding non-financial liabilities)	71	–
112	807		104	15
		2008		
228	4 038	Borrowings[(1)(2)]	518	29
–	736	Trade and other payables (excluding non-financial liabilities)	94	–
–	52	Trade and other payables (Discontinued operations, Note 15)	8	–
228	**4 826**		**620**	**29**

[(1)] R254 million (US$32.9 million) is due between 6 to 12 months (2008: R1 769 million (US$226.8 million)).
[(2)] R36 million (US$4.6 million) is due between 1 to 2 years (2008: R58 million (US$7.4 million)).

(d) Capital risk management

The primary objective of managing the group's capital is to ensure that there is sufficient capital available to support the funding requirements of the group, in a way that optimises the cost of capital and matches the current strategic business plan.

The group manages and makes adjustments to the capital structure which consists of debt and equity as and when borrowings mature or when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof. The group may also adjust the amount of dividends paid, sell assets to reduce debt or schedule projects to manage the capital structure.

There were no changes to the group's approach to capital management during the year.

(e) Fair value determination

The carrying values (less any impairment allowance) of short-term financial instruments are assumed to approximate their fair values.

The fair value of available-for-sale financial assets are determined by reference to quoted market prices. The fair value of other non-current financial instruments are determined using a discounted cash flow model with market observable inputs, such as market interest rates.

The carrying values of financial assets and liabilities are assumed to approximate their fair value. The exception is the unsecured convertible fixed rate bond which had a fair value of R1 632 million (US$209.2 million) being 96% of the nominal value of R1 700 million for the year ended 30 June 2008.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		5 Cost of sales		
6 973	**7 657**	Production costs (a)	**850**	959
779	**1 390**	Amortisation and depreciation of mining properties, mine development costs and mine plant facilities (b)	**158**	107
67	**77**	Amortisation and depreciation of assets other than mining properties, mine development costs and mine plant facilities (c)	**9**	10
12	**21**	Provision for rehabilitation costs (d)	**3**	2
74	**53**	Care and maintenance cost of restructured shafts	**6**	10
236	**39**	Employment termination and restructuring costs (e)	**4**	32
42	**113**	Share-based payments (f)	**13**	6
280	**484**	Impairment of assets (g)	**61**	35
9	**2**	Provision for post retirement benefits	**–**	1
8 472	**9 836**	**Total cost of sales**	**1 104**	1 162

(a) Production costs include mine production, transport and refinery costs, applicable general and administrative costs, movement in inventories and ore stockpiles and ongoing environmental rehabilitation costs as well as transfers to and from deferred stripping. Ongoing employee termination costs are included, however employee termination costs associated with major restructuring and shaft closures are excluded. Production costs, analysed by nature, consist of the following:

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
4 591	**4 857**	Labour costs, including contractors	**540**	632
1 666	**1 937**	Stores and materials	**215**	229
656	**840**	Water and electricity	**93**	90
136	**222**	Insurance	**25**	19
66	**136**	Transportation	**15**	9
69	**(14)**	Changes in inventory	**(2)**	9
(793)	**(953)**	Capitalisation of mine development costs	**(106)**	(109)
(26)	**(25)**	By-products sales	**(3)**	(4)
608	**657**	Other	**73**	84
6 973	**7 657**	**Total production cost**	**850**	959

(b) While Mt Magnet was classified as held-for-sale, no depreciation was recorded as per the requirements of IFRS 5, *Non-current assets held-for-sale and discontinued operations*. When Mt Magnet ceased being classified as held-for-sale, depreciation was calculated for the period from April 2007 to June 2009 and R219 million (US$28 million) recorded in the 2009 year.

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		5 Cost of sales (continued)		
		(c) Amortisation and depreciation of assets other than mining properties, mine development costs and mine plant facilities consist of the following:		
30	**8**	Other non-mining assets	**1**	4
11	**24**	Intangible assets	**3**	2
26	**45**	Amortisation of issue costs	**5**	4
67	**77**	**Total amortisation and depreciation**	**9**	10
		(d) For the assumptions used to calculate the rehabilitation costs, refer to note 3.4.		
		(e) Employment termination and restructuring costs consist of the following:		
73	**10**	Free State	**1**	10
38	**9**	Randfontein and Elandskraal	**1**	5
23	**8**	Evander	**1**	3
73	**12**	Freegold	**1**	10
5	**–**	Avgold	**–**	1
24	**–**	Australia	**–**	3
236	**39**	**Total employment termination and restructuring cost**	**4**	32
		During the December 2007 quarter, a voluntary retrenchment process was begun, following the group's decision to decentralise central services, as well as the restructuring of shafts due to the cessation of continuous operations (Conops).		
		(f) Refer to note 36 for details on the share-based payments schemes operated by the group.		
		(g) Impairment consist of the following:		
–	**52**	Virginia [1]	**7**	–
–	**236**	Target [1]	**31**	–
125	**258**	Evander [1]	**33**	16
65	**–**	Kalgold [1]	**–**	8
(36)	**(62)**	Mount Magnet [2]	**(10)**	(5)
21	**–**	Other underground – assets [1]	**–**	3
105	**–**	Other underground – goodwill [3]	**–**	13
280	**484**	**Total impairment**	**61**	35

[1] During 2009 and 2008, impairments were recognised, which resulted primarily from the revised business (life-of-mine) plans that were completed during the June quarter of each year. Included in the revised plans were increases in labour and electricity costs. Also included in the revised plans for 2009 for Evander and Target was additional capital expenditure that is needed to access reserve ounces in areas where geological anomalies have been discovered. These adjustments impacted negatively on the recoverable amount and contributed to the recognition of the impairments at the shafts. Impairment tests were performed as required by IAS 36, *Impairment of Assets*, and as a result these impairments were recorded. For assumptions used to calculate the recoverable amount, refer to note 3.1.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		5 Cost of sales (continued)		
		(2) In 2009, the impairment recorded for Mt Magnet since being classified as held-for-sale was reversed when the requirement for IFRS 5 were no longer met and the carrying value was adjusted for depreciation as per IFRS 5. See note 5(b) in this regard.		
		During the 2008 year, the disposal group was tested for impairment and as the recoverable amount exceeded the carrying value, a portion of the impairment previously recognised was reversed.		
		(3) During 2008, goodwill relating to certain underground operations (classified under Other-underground) was also impaired. For further details on the allocation of goodwill, refer to note 18.		
		6 Profit on sale of property, plant and equipment		
129	**965**	Profit on sale of property, plant and equipment	**116**	18

Included in the total for 2009 is R931 million (US$111.9 million) profit on sale of 50% of Harmony's gold and copper assets in Morobe Province, Papua New Guinea, to Newcrest Mining Limited (Newcrest) in terms of the Master Purchase and Farm-in agreement. The sale was concluded in three stages.

On 31 July 2008, stage 1, being the sale of an initial 30.1% participating interest in the assets, was concluded at a profit of R416 million (US$57.9 million). The remaining 19.99% interest was sold in two further stages, resulting in a profit of R439 million (US$44.6 million) for the 10% interest of stage 2 and a profit of R76 million (US$9.9 million) for the 9.99% interest of stage 3. These stages were completed on 27 February 2009 and 30 June 2009 respectively. Refer to note 23.

The amount in 2008 included the sale of tenements by Mt Magnet to BHP Nickel for a profit of R88 million (US$10.8 million).

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		7 Other expenses – net		
(99)	**(56)**	Foreign exchange gain – net (a)	**(14)**	(14)
6	**–**	Loss on financial instruments	**–**	1
97	**100**	Bad debts provision expense (b)	**11**	13
–	**31**	Bad debts written off (b)	**3**	–
93	**26**	Other expenses – net	**3**	13
97	**101**	**Total other expenses – net**	**3**	13

(a) (i) During the 2008 year, two inter-company loans, previously designated as forming part of the net investment of the group's international operations, were de-designated, mainly as a result of the expected repayment of these loans from the proceeds from the PNG Partnership Agreement (refer to note 23).

In accordance with the group's accounting policies, accumulated exchange gains that arose while the loans were considered to form part of the group's net investment in its international operations remain in equity and are only reclassified to the consolidated income statements as and when the loans are repaid. Therefore, following partial repayment of the loans in 2009 an accumulated exchange gain of R418 million (US$53.1 million) that arose while the loans were considered to form part of the group's net investment in its international operations has been reclassified from other reserves to the consolidated income statements.

On 30 June 2009, the group converted the remainder of the loan between the company and Harmony Gold (Australia) (Proprietary) Limited (Harmony Australia) to ordinary shares, and the portion of the accumulated exchange gain that arose while the loan to Harmony Australia formed part of the group's net investment, continues to be deferred in equity until the investment in Harmony Australia is sold.

Foreign exchange gains/(losses) arising after de-designation of the loans in 2008, have been included in the consolidated income statements and in 2009 amounted to a loss of R201 million (US$22.3 million) (2008: gain of R111 million (US$15.3 million).

(ii) During the 2009 year, foreign exchange losses of R292 million (US$30.0 million) were recognised relating to the exchange movements on the US$ denominated Pamodzi Resources Fund 1 LLP (PRF) loan for the Cooke transaction. Refer to note 22 for further detail.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		7 Other expenses – net (continued)		
		In anticipation of the receipt of the purchase consideration for the Cooke assets, the group arranged a forward exchange contract, allowing the group to sell the proceeds at R10.27 per US$1 on 21 April 2009. The gain on this arrangement was R205 million (US$21.1 million).		
		(b) The amount in 2008 includes a provision for an outstanding balance of R50 million (US$6.4 million) on the sale of Deelkraal to Ogoerion Construction CC.		
		During the 2009 year, trade debt and loans of R31 million (US$3.4 million) was written off as the group considered the debt irrecoverable. A net provision of R100 million (US$11.2 million) was made, where the group considered the recoverability of the debt to be doubtful. Refer to note 24.		
		8 Operating profit		
		The following have been included in operating profit:		
32	**25**	Auditors' remuneration	**3**	4
		External		
16	**15**	Fees – current year	**2**	2
1	**1**	Fees – prior year under provision	**–**	–
7	**2**	Fees – other services	**–**	1
		Internal		
8	**7**	Fees – current year	**1**	1
		9 Profit on sale of investments in associate		
–	**1**	Profit on sale of Village Reef Gold Mining Company Limited	**–**	–
–	**1**	**Total profit on sale of investment in associate**	**–**	–
		10 Fair value (loss)/gain on financial instruments		
		Fair value through profit or loss		
33	**–**	Mark-to-market adjustment (a)	**–**	5
33	**–**		**–**	5

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		10 Fair value (loss)/gain on financial instruments (continued)		
		Available-for-sale		
–	**(115)**	Impairment recognised in profit or loss (b)	**(12)**	–
–	**14**	Realised portion of mark-to-market movement (c)	**2**	–
–	**(101)**		**(10)**	–
33	**(101)**	**Total fair value (loss)/gain on financial instruments**	**(10)**	5

(a) The sale agreement of African Rainbow Minerals Limited (ARM) shares gave rise to a non-derivative financial instrument that is designated as at "fair value through profit or loss". The fair value movement recognised is equivalent to the interest paid on the Nedbank loans, which were guaranteed by the group. These guarantees were cancelled in September 2007.

(b) This amount relates to the portion of the mark-to-market losses reclassified from other reserves to the income statement when the investments were considered to be permanently impaired. Refer to note 21(b) and 28 in this regard.

(c) This portion relates to the realised portion of the mark-to-market gains reclassified from other reserves to the income statement on the disposal of the Dioro investment. Refer to note 21(b) and 28 for further detail.

11 Loss on sale of listed investments

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
459	**–**	Loss on sale of investment in Gold Fields Limited	**–**	63

The group acquired its investment in Gold Fields Limited (Gold Fields) in December 2006, in exchange for its interest in Western Areas Limited. The group disposed of 2 650 000 shares during 2007 and the remaining 7 348 079 shares in 2008, resulting in realised losses of R35 million (US$5 million) and R459 million (US$63 million), respectively.

12 Investment income

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
251	**442**	*Interest received*	**49**	34
35	**94**	Loans and receivables	**10**	5
134	**169**	Held-to-maturity investments	**19**	18
82	**179**	Cash and cash equivalents	**20**	11
33	**2**	*Dividend income on available for sale*	**–**	5
284	**444**	**Total investment income**	**49**	39

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		13 Finance costs		
		Financial liabilities		
37	**17**	Bank and short-term facilities	**2**	5
159	**135**	Convertible unsecured fixed rate bonds	**15**	22
277	**208**	Nedbank Limited	**23**	38
–	**5**	Westpac Bank	**–**	–
17	**–**	Rand Merchant Bank	**–**	2
6	**–**	Other creditors	**–**	1
496	**365**	Total finance costs from financial liabilities	**40**	68
		Non-financial liabilities		
10	**15**	Post-retirement benefits	**2**	1
117	**98**	Time value of money and inflation component of rehabilitation costs	**11**	16
59	**16**	South African Revenue Services (SARS)	**2**	8
186	**129**	Total finance costs from non-financial liabilities	**15**	25
682	**494**	**Total finance cost before interest capitalised**	**55**	93
(158)	**(282)**	Interest capitalised	**(31)**	(22)
524	**212**	**Total finance costs**	**24**	71

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation during the year is 12.3% (2008: 11.7%).

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		14 Taxation		
		SA normal taxation		
		Mining tax (a)		
35	**130**	– current year	**14**	5
112	**41**	– prior year	**5**	15
		Non-mining tax (b)		
7	**159**	– current year	**18**	1
6	**5**	– prior year	**1**	1
		Deferred tax (c)		
394	**358**	– deferred tax	**40**	55
		Foreign normal taxation		
(67)	**(497)**	– deferred tax (d)	**(55)**	(9)
487	**196**	**Total normal taxation**	**23**	68

(a) Mining tax on gold mining income in South Africa is determined according to a formula, based on the taxable income from mining operations. Gold mining companies within the group that have elected to be exempt from Secondary Tax on Companies (STC) are taxed at higher rates than those that have not made the election.

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008

14 Taxation (continued)

(a) (continued)

All qualifying mining capital expenditure is deducted from taxable mining income to the extent that it does not result in an assessed loss and accounting depreciation is eliminated when calculating the South African mining tax income. Excess capital expenditure is carried forward as unredeemed capital to be claimed from future mining taxable income. The group has several tax paying entities in South Africa. In terms of the mining ring-fencing application, each ring-fenced mine is treated separately and deductions can normally only be utilised against mining income generated from the relevant ring-fenced mine.

The formulas for determining the South African gold mining tax rates are:

Y = 43 – 215/X (elect not to pay STC) (2009 and 2008)

Y = 34 – 170/X (no election made) (2009 and 2008)

Where Y is the percentage rate of tax payable and X is the ratio of taxable income, net of any qualifying capital expenditure that bears to mining income so derived, expressed as a percentage.

(b) Non-mining income is taxed at 35% (exempt from STC) (2008: 35%) and 28% (no election made) (2008: 28%). Non-mining companies are taxed at the statutory corporate rate of 28% (2008: 28%).

(c) The tax rate used to calculate deferred tax is based on the current estimate of future profitability when temporary differences will reverse, based on tax rates (and tax laws) that have been enacted at balance sheet date. Depending on the profitability of the operations, the tax rate can consequently be significantly different from year to year.

For the years ended 30 June

14 Taxation (continued)

(d) Mining and non-mining income of Australian and PNG operations is taxed at a standard tax rate of 30% (2008: 30%). Deferred tax is provided at the estimated expected future mining tax rate for temporary differences, based on tax rates (and tax laws) that have been enacted at balance sheet date.

Income and mining tax rates
The South African taxation rates were changed in the 2008 year after an announcement of a reduction in the applicable rates by the Finance Minister in his annual budget speech in February 2008. There was no change in the 2009 year.

Major items causing the group's income tax provision to differ from the maximum mining statutory tax rate of 43% (2008: 43%) were:

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
51	**(819)**	Tax on net income/(loss) from continuing operations at the maximum mining statutory tax rate	**(93)**	4
(652)	**(389)**	Non-allowable deductions	**(42)**	(88)
30	**126**	Difference between effective mining tax rate and statutory mining rate on mining income	**14**	4
2	**100**	Difference between non-mining tax rate and statutory mining rate on non-mining income	**11**	–
(74)	**479**	Effect on temporary differences due to changes in effective tax rates	**53**	(10)
(118)	**(45)**	Prior year adjustment – mining and non-mining tax	**(5)**	(16)
274	**352**	Capital allowances	**39**	38
(487)	**(196)**	**Income and mining taxation**	**(23)**	(68)
416%	**-10%**	**Effective income and mining tax rate**	**-10%**	680%

Deferred tax liabilities and assets on the balance sheet as of 30 June 2009 and 30 June 2008, relate to the following:

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		Deferred tax		
4 525	**4 963**	Gross deferred tax liability	**643**	579
4 219	**4 786**	Amortisation and depreciation	**620**	540
99	**92**	Product inventory not taxed	**12**	13
8	**–**	Convertible bonds	**–**	1
199	**85**	Other	**11**	25

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		14 Taxation (continued)		
(1 485)	**(1 712)**	Gross deferred tax asset	**(222)**	(190)
–	**–**	Deferred financial liability	**–**	–
(817)	**(1 409)**	Unredeemed capital expenditure	**(183)**	(105)
(212)	**(231)**	Provisions, including non-current provisions	**(30)**	(27)
(456)	**(72)**	Tax losses	**(9)**	(58)
(50)	**–**	Disposal groups classified as held-for-sale	**–**	(6)
2 990	**3 251**	**Net deferred tax liability**	**421**	383
		Movement in the net deferred tax liability recognised in the balance sheet is as follows:		
2 719	**2 990**	Balance at beginning of year	**383**	386
341	**258**	Total charge per income statement (a)	**29**	47
(6)	**1**	Translation	**9**	(41)
(28)	**2**	Tax directly charged to equity (b)	**–**	(4)
(36)	**–**	Disposal groups classified as held-for-sale	**–**	(5)
2 990	**3 251**	**Balance at end of year**	**421**	383
		The following amounts that will realise or be recovered in the next 12 months have been included in the deferred tax liabilities and assets:		
297	**113**	Deferred tax liabilities	**15**	38
(167)	**(94)**	Deferred tax assets	**(12)**	(21)
130	**19**	**Net deferred tax liability**	**3**	17
		(a) The charge includes the amounts for both continuing and discontinued operations.		
		(b) The charge relates to deferred tax asset on the downward mark-to-market adjustment during the year on available-for-sale financial assets by Australian operations. Refer to note 21 and 28 in this regard.		
		As at 30 June, certain subsidiaries in the group had the following tax credits:		
9 323	**12 245**	• Unredeemed capital expenditure available for utilisation against future mining taxable income	**1 586**	1 195
2 636	**190**	• Tax losses carried forward utilisable against taxable income	**25**	338
571	**571**	• Capital Gains Tax (CGT) losses available to be utilised against future CGT gains.	**74**	73
2 575	**2 927**	As at 30 June, the group had not recognised the following deferred tax asset amounts	**379**	330

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		14 Taxation (continued)		
		The unrecognised temporary differences are:		
6 206	**7 155**	• Unredeemed capital expenditure	**926**	795
1 037	**207**	• Tax losses	**27**	133
571	**571**	• CGT losses	**74**	73
–	**1 190**	• Temporary differences relating to investments in associates	**154**	–

Secondary Taxation on Companies

STC is a tax levied on South African companies at a rate of 10% with effect from 1 October 2007 (previously 12.5%) on dividends distributed.

Current and deferred tax are measured at the tax rate applicable to undistributed income and therefore only take STC into account to the extent that dividends have been received or paid.

On declaration of a dividend, the company includes the STC in this dividend in its computation of the income tax expense in the period of such declaration.

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
273	**273**	Available STC credits at end of year	**35**	35

On 13 August 2009, the Board of Directors approved a final dividend for the 2009 financial year of 50 SA cents per share. The total dividend, paid on 21 September 2009, amounted to R213 million (US$28.6 million). As the STC credit exceeded the dividend, no STC was payable on this declaration.

15 Disposal groups classified as held-for-sale and discontinued operations

The assets and liabilities related to Mt Magnet and South Kal (operations in Australia), Orkney operations (operations in North West Province) have been presented as held-for-sale following approval of the group's management and board of directors on 20 April 2007. These operations also met the criteria to be classified as discontinued operations and were reported in the "Discontinued Operations – other" segment in the segment report.

On 6 December 2007, the sale relating to the South Kal operation (operation in Australia) was concluded at a loss, net of tax, of R51 million (US$7.6 million) and the assets were derecognised.

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008

15 Disposal groups classified as held-for-sale and discontinued operations (continued)

On 27 February 2008, the sale relating to the Orkney operations (operations in the North West Province) was concluded at a profit of R66 million (US$8.9 million) and the assets were derecognised.

The Mt Magnet operations were first classified as held-for-sale in 2007, when Harmony signed a letter of intent for the sale of its Mt Magnet operations with Monarch. However, in July 2008, Harmony was advised that Monarch placed itself in voluntary administration, and in August 2008, the Administrator indicated that Monarch would not proceed with the purchase and consequently the purchase agreement was terminated.

Harmony resumed management of the operation and re-commenced the sale process early in 2009. However, during the fourth quarter 2009, it was decided that further drilling at the Mt Magnet operation would enhance the selling potential of the operation and, as a result, the operation no longer met the requirements to be classified as held-for-sale in terms of IFRS 5. Consequently, the consolidated income statements, earnings per share and related notes for comparative periods have been re-presented to include income and expenses relating to the Mt Magnet operations in continuing operations. The Mt Magnet operations continue to be under care and maintenance.

On ceasing to be classified as held-for-sale, the carrying value was re-measured as per IFRS 5 (refer to note 2.11) and depreciation amounting to R219 million (US$28 million) was recorded. This also lead to the recording of a reversal of impairment of R216 million (US$28 million). Refer to note 5(b) and (g) respectively.

The assets and liabilities relating to the Cooke 1, Cooke 2, Cooke 3, Cooke plant and related surface operations (operations in Gauteng province) have been presented as held-for-sale following the approval of the group's management on 16 October 2007. These operations were also deemed to be discontinued operation.

The sale of assets to Rand Uranium (Proprietary) Limited (Rand Uranium) had two tranches, the first being the sale of the Randfontein Cooke assets. The second tranche related to the sale of the old Randfontein assets, situated near the Cooke operations and containing gold and uranium. Both tranches were subject to conditions, including the approval of the Ministerial Consent of the cession of the mining right (Section 11). In exchange for 60% of the issued share capital of Rand Uranium, PRF agreed to pay Harmony a purchase consideration of US$209 million.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008

15 Disposal groups classified as held-for-sale and discontinued operations (continued)

The conditions precedent for the sale of Randfontein's Cooke assets to Rand Uranium were fulfilled and the transaction became effective on 21 November 2008. US$40 million of the consideration was received on the effective date, with the balance and the interest on the outstanding amount, together amounting to US$172 million, being received on 20 April 2009. The conditions for the second sale were fulfilled on 22 April 2009.

Total profit for the transaction was R1 786 million (US$171 million) before tax.

The assets and liabilities for the operations classified as held-for-sale at the reporting dates presented follow below:

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		Balance sheet		
		Assets of disposal groups classified as held-for-sale		
1 183	–	Property, plant and equipment	–	152
175	–	Restricted investments	–	22
2	–	Investment in financial assets	–	–
171	–	Inventories	–	22
4	–	Trade and other receivables	–	1
2	–	Cash and cash equivalents	–	–
1 537	–	**Total assets of disposal groups classified as held-for-sale**	–	197
		Balance sheet		
		Liabilities of disposal groups classified as held-for-sale		
1	–	Borrowings	–	–
50	–	Deferred income tax	–	6
394	–	Provisions for other liabilities and charges	–	50
52	–	Trade and other payables	–	8
497	–	**Total liabilities of disposal groups classified as held-for-sale**	–	64

The results and cash flows relating to these operations are disclosed in the tables below:

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		Income statement		
		Analysis of the results of discontinued operations, and the results recognised on the re-measurement of assets for disposal by the group		
1 856	**614**	Revenue	**69**	253
(1 464)	**(454)**	Expenses – net	**(51)**	(199)
67	**1 786**	Profit on sale of shares	**171**	9
(86)	**–**	Loss on sale of property, plant and equipment	**–**	(13)
373	**1 946**	Profit from discontinued operations before tax	**189**	50
(14)	**(728)**	Taxation	**(71)**	(2)
359	**1 218**	**Profit for the year from discontinued operations**	**118**	48

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		15 Disposal groups classified as held-for-sale and discontinued operations (continued)		
		Cash flows		
482	181	Operating cash flows	20	67
(150)	2 048	Investing cash flows	199	(19)
38	–	Foreign exchange translation adjustment	69	(6)
370	2 229	**Total cash flows**	288	42

16 Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the net income attributable to shareholders by the weighted number of ordinary shares in issue during the year.

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
400 750	414 121	Weighted average number of ordinary shares in issue ('000)	414 121	400 750
(604)	1 709	Net profit/(loss) from continuing operations	193	(78)
359	1 218	Net profit from discontinued operations	118	48
(245)	2 927	**Total net profit/(loss) attributable to shareholders**	311	(30)
(151)	413	Basic earnings/(loss) per share from continuing operations (cents)	47	(20)
89	294	Basic earnings per share from discontinued operations (cents)	28	12
(62)	707	**Total basic earnings/(loss) per share (cents)**	75	(8)

Fully diluted earnings/(loss) per share

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares as a result of share options granted to employees under the share option schemes in issue. A calculation is performed to determine the number of shares that could have been acquired at fair value, determined as the average annual market share price of the company's shares, based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
400 750	414 121	Weighted average number of ordinary shares in issue ('000)	414 121	400 750
2 144	1 842	Potential ordinary shares ('000)	1 842	2 144
402 894	415 963	**Weighted average number of ordinary shares for fully diluted earnings per share ('000)**	415 963	402 894

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		16 Earnings/(loss) per share (continued)		
(151)	**411**	Fully diluted earnings/(loss) per share from continuing operations (cents)	**46**	(20)
89	**293**	Fully diluted earnings per share from discontinued operations (cents)	**28**	12
(62)	**704**	**Total fully diluted earnings/(loss) per share (cents)**	**74**	(8)
		The inclusion of share options issued to employees as at 30 June 2009, as potential ordinary shares, had a dilutive effect on the diluted earnings per share. Additionally for the 2008 year, the potential ordinary shares to be issued upon the conversion of the convertible unsecured fixed-rate bond (refer to note 29) had an anti-dilutive effect on the diluted earnings per share. Accordingly, such additional shares were not taken into account in the determination of the diluted loss per share.		
		Headline earnings per share		
		The calculation of headline earnings, net of tax, per share is based on the basic earnings per share calculation adjusted for the following items:		
		Continuing operations		
(604)	**1 709**	Net profit/(loss)	**193**	(78)
		Adjusted for (net of tax):		
(90)	**(975)**	Profit on sale of property, plant and equipment	**(117)**	(12)
459	**–**	Loss on sale of listed investment	**–**	63
–	**71**	Fair value loss on financial instruments reclassified to profit or loss	**7**	–
–	**(384)**	Foreign exchange gain on loan repayment	**(43)**	–
–	**(1)**	Profit on sale of investment in associate	**–**	–
134	**457**	Impairment of assets	**58**	19
105	**–**	Impairment of intangible assets	**–**	15
95	**112**	Impairment of investment in associate	**13**	13
52	**–**	Disposal loss	**–**	7
2	**–**	Loss on sale of investment in joint venture	**–**	–
153	**989**	**Headline profit from continuing operations**	**111**	27
		Discontinued operations		
359	**1 218**	Net profit	**118**	48
		Adjusted for (net of tax):		
(7)	**(1 121)**	Profit on sale of property, plant and equipment	**(107)**	(1)
352	**97**	**Headline profit from discontinued operations**	**11**	47
505	**1 086**	**Total headline profit**	**122**	74
38	**239**	Basic headline earnings per share from continuing operations (cents)	**26**	6
88	**23**	Basic headline earnings per share from discontinued operations (cents)	**3**	12
126	**262**	**Total basic headline earnings per share (cents)**	**29**	18

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		16 Earnings/(loss) per share (continued)		
38	238	Fully diluted headline earnings per share from continuing operations (cents)	26	6
87	23	Fully diluted headline earnings per share from discontinued operations (cents)	3	12
125	261	**Total fully diluted headline earnings per share (cents)**	29	18
		17 Property, plant and equipment		
11 955	12 574	Mining properties, mine development costs and mine plant facilities	1 628	1 532
4 378	5 602	Mining assets under construction	725	561
11 192	9 678	Undeveloped properties	1 253	1 434
31	58	Other non-mining assets	8	4
27 556	27 912	**Total property, plant and equipment**	3 614	3 531
		Mining properties, mine development costs and mine plant facilities		
		Cost		
19 338	19 674	Balance at beginning of year	2 521	2 745
2 294	1 971	Additions	219	316
(1 227)	(3 127)	Disposals	(324)	(174)
100	205	Adjustment to rehabilitation asset	27	13
1 208	1 232	Transfers and other movements	160	166
839	(727)	Translation	(113)	(176)
(2 878)	5 763	Net reclassification from/(to) held-for-sale	746	(369)
19 674	24 991	Balance at end of year	3 236	2 521
		Accumulated depreciation and impairments		
9 207	7 719	Balance at beginning of year	989	1 307
104	546	Impairment of fixed assets (a)	71	13
(725)	(1 471)	Disposals	(141)	(104)
850	1 390	Depreciation for the year (a)	153	118
47	46	Depreciation for the year capitalised to mining assets under construction	5	6
(2)	–	Transfers and other movements	–	–
714	(602)	Translation	(89)	(34)
(2 476)	4 789	Net reclassification from/(to) held-for-sale	620	(317)
7 719	12 417	Balance at end of year	1 608	989
11 955	12 574	**Net book value**	1 628	1 532

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		17 Property, plant and equipment (continued)		
		Mining assets under construction		
		Cost		
2 846	**4 378**	Balance at beginning of year	**561**	404
1 692	**2 699**	Additions (b)	**300**	233
158	**282**	Finance costs capitalised	**31**	22
(26)	**(1 512)**	Disposals	**(186)**	(4)
(609)	**104**	Transfers and other movements	**13**	(84)
293	**(349)**	Translation	**6**	(13)
24	**–**	Net reclassification from held-for-sale	**–**	3
4 378	**5 602**	**Book value**	**725**	561
		Undeveloped property		
		Cost		
11 479	**11 206**	Balance at beginning of year	**1 436**	1 630
–	**208**	Additions	**23**	–
(167)	**(311)**	Disposals	**(39)**	(24)
(535)	**(1 336)**	Transfers and other movements	**(173)**	(74)
557	**(449)**	Translation	**(40)**	(80)
(128)	**876**	Net reclassification from/(to) held-for-sale	**113**	(16)
11 206	**10 194**	Balance at end of year	**1 320**	1 436
		Accumulated depreciation and impairments		
63	**14**	Balance at beginning of year	**2**	9
(37)	**(62)**	Reversal on impairment of fixed assets (a)	**(10)**	(6)
68	**–**	Transfers and other movements	**–**	9
121	**(108)**	Translation	**(12)**	16
(201)	**672**	Net reclassification from/(to) held-for-sale	**87**	(26)
14	**516**	Balance at end of year	**67**	2
11 192	**9 678**	**Net book value**	**1 253**	1 434
		Deferred stripping		
		Cost		
87	**65**	Balance at beginning of year	**8**	12
–	**–**	Translation	**–**	(1)
(22)	**–**	Reversal of deferred costs	**–**	(3)
65	**65**	Balance at end of year	**8**	8
		Accumulated depreciation		
–	**65**	Balance at beginning of year	**8**	–
65	**–**	Impairment of fixed assets	**–**	8
65	**65**	Balance at end of year	**8**	8
–	**–**	**Net book value**	**–**	–

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		17 Property, plant and equipment (continued)		
		Other non-mining assets		
		Cost		
321	**347**	Balance at beginning of year	**44**	46
11	**32**	Additions	**4**	2
(40)	**(1)**	Disposals	**–**	(5)
32	**–**	Transfers and other movements	**–**	4
1	**(1)**	Translation	**–**	(6)
22	**5**	Net reclassification from held-for-sale	**1**	3
347	**382**	Balance at end of year	**49**	44
		Accumulated depreciation		
263	**316**	Balance at beginning of year	**40**	37
(30)	**–**	Disposals	**–**	(4)
30	**8**	Depreciation for the year	**1**	4
30	**–**	Transfers and other movements	**–**	4
–	**–**	Translation	**–**	(4)
23	**–**	Net reclassification from held-for-sale	**–**	3
316	**324**	Balance at end of year	**41**	40
31	**58**	**Net book value**	**8**	4
27 556	**27 912**	**Total net book value**	**3 614**	3 531

(a) For the 2008 figures these amounts include both continuing and discontinued operations.

(b) Included in this amount is the balance pertaining to the undivided 26% share of the mining titles in the Doornkop South Reef Project owned by African Vanguard Resources (Doornkop) (Proprietary) Limited (AVRD). The company is required to consolidate AVRD – refer to note 29 (c).

In terms of a revised agreement signed on 13 March 2009, Harmony will purchase this share back from AVRD in exchange for Harmony ordinary shares. The conditions precedent to this transaction are expected to be completed by end of February 2010.

(c) The additions include amounts relating to the purchase of the royalty agreements that Rio Tinto had over the Hidden Valley and Kerimenge deposits in PNG. During March 2008, Harmony concluded the buy back of these royalty rights for US$22 million through the issue of R149 million (US$20 million) Harmony shares and R18 million (US$2 million) in cash.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		17 Property, plant and equipment (continued)		
		On 1 December 2008, Harmony issued a further 3.4 million Harmony shares to Rio Tinto to cancel the Rio Tinto royalty rights over Wafi-Golpu in PNG. The value of the issued shares was R242 million (US$23 million).		
		(d) Additional disclosures		
		Leased assets		
266	**131**	Carrying value of capitalised leased assets (included in mining assets under construction)	**17**	35
291	**162**	Cost	**21**	38
(25)	**(31)**	Accumulated depreciation	**(4)**	(3)
253	**7**	Finance lease additions	**1**	28
		18 Intangible assets		
		Goodwill		
		Cost		
2 375	**2 372**	Balance at beginning of year (a)	**304**	337
–	**1**	Acquired through purchase of subsidiaries	**–**	–
(3)	**–**	Disposal (b)	**–**	–
–	**–**	Translation	**3**	(33)
2 372	**2 373**	Balance at end of year	**307**	304
		Accumulated depreciation		
105	**210**	Balance at beginning of year (a)	**27**	15
105	**–**	Impairment loss (c)	**–**	13
–	**–**	Translation	**–**	(1)
210	**210**	Balance at end of year	**27**	27
2 162	**2 163**	**Net book value**	**280**	277

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		18 Intangible assets (continued)		
		Computer software		
		Cost (d)		
42	**63**	Balance at beginning of year	**8**	6
21	**38**	Acquired during the year	**4**	3
–	**–**	Translation	**1**	(1)
63	**101**	Balance at end of year	**13**	8
		Accumulated depreciation		
5	**16**	Balance at beginning of year	**2**	1
11	**24**	Amortisation charge for the year	**3**	2
–	**–**	Translation	**–**	(1)
16	**40**	Balance at end of year	**5**	2
47	**61**	**Net book value**	**8**	6
2 209	**2 224**	**Total net book value**	**288**	283
		(a) The opening carrying value of goodwill amounting R2 162 million relates to the acquisition of ARMgold on 22 September 2003 and the balance related to the acquisition MP Britz Pharmacy and H Taute Pharmacy by Healthshare Health Solutions (Proprietary) Limited (Healthshare).		
		The net book value of goodwill has been allocated to the cash generating units:		
224	**224**	Bambanani	**29**	29
558	**558**	Tshepong	**72**	72
1 330	**1 330**	Phakisa	**172**	170
50	**51**	Other – underground	**7**	6
2 162	**2 163**		**280**	277

(b) On 1 January 2008, Harmony Gold Mining Company Limited sold its investment in Healthshare and the related goodwill was derecognised.

(c) The impairment of goodwill in 2008 relates to goodwill allocated to other underground segments. The related mining assets have also been impaired. Refer to note 5(g).

(d) The amount relates to the acquisition of the Oracle ERP software implemented in December 2006, as well as additional acquisition and implementation costs for the Oracle ERP software during the year.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		19 Restricted cash		
–	**112**	Environmental guarantees call account (a)	**15**	–
–	**2**	Security deposits (b)	**–**	–
78	**47**	Cash Management Account (c)	**6**	10
78	**161**	**Total restricted cash**	**21**	10

(a) The amount relates to funds set aside for guarantees made to the Department of Mineral Resources in South Africa for environmental and rehabilitation obligations.

(b) The amount was held in respect of security deposits on mining tenements.

(c) The amount relates to funds set aside by the international operations for performance bonds related to guarantees in Australia for environmental obligations.

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		20 Restricted investments		
		Held-to-maturity financial assets		
1 603	**1 597**	Investments held by Environmental Trust Funds (a)	**207**	206
36	**43**	Investments held by Social Trust Fund (b)	**5**	5
1 639	**1 640**		**212**	211
(174)	**–**	Disposal groups classified as held-for-sale	**–**	(23)
1 465	**1 640**	**Total restricted investments**	**212**	188

(a) The environmental trust funds are irrevocable trusts under the group's control. Contributions to the trust are invested in interest-bearing short-term investments. The costs of these investments approximate their fair value. These investments provide for the estimated cost of rehabilitation during and at the end of the life of the group's mines. Income earned on the investments are restricted in use and may only be used to fund the group's approved rehabilitation costs.

Reconciliation of the movement in the Environmental Trust Funds:

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
1 391	**1 603**	Balance at beginning of year	**206**	198
152	**178**	Interest income	**21**	21
(29)	**(184)**	Disposal of business	**(20)**	(4)
89	**–**	Contributions made	**–**	11
–	**–**	Translation	**–**	(20)
1 603	**1 597**		**207**	206
(174)	**–**	Disposal groups classified as held-for-sale	**–**	(23)
1 429	**1 597**	**Balance at end of year**	**207**	183

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		20 Restricted investments		
		(b) The social trust fund is an irrevocable trust under the group's control. The group has undertaken to donate over a period of 10 years to The Harmony Gold Mining Group Social Plan Trust in terms of an agreement signed on 3 November 2003. An initial donation of R19 million (US$2.7 million) was made during the 2004 year. The balance will be donated in instalments of R 3.5 million (US$0.45 million) per annum with the final instalment to be made in 2013. The purpose of the Trust is to fund the social plan to reduce the negative effects of restructuring on the group's workforce, to put measures in place to ensure that the technical and life skills of the group's workforce are developed and to develop the group's workforce in such a manner to avoid or minimise the effect of job losses and a decline in employment through turnaround or redeployment strategies.		
		Reconciliation of the movement in the Social Trust Fund:		
37	**36**	Balance at beginning of year	**5**	5
4	**4**	Contributions made*	**–**	1
3	**4**	Interest accrued*	**–**	–
(8)	**(1)**	Claims paid*	**–**	(1)
36	**43**	**Balance at end of year**	**5**	5
		* Please note that for 2009 when these amounts were translated into US dollars, the amounts were less than US$0.5 million and were rounded down, resulting in no movement being shown for the year.		
		21 Investment in financial assets		
2 544	**69**	Balance at beginning of year	**9**	361
135	**64**	Additions	**8**	20
(2 567)	**(37)**	Disposals	**(4)**	(362)
(60)	**(30)**	Mark-to-market of available-for-sale investments	**(3)**	(8)
33	**–**	Fair value movement of ARM investment (refer to note 10(a))	**–**	5
(16)	**(9)**	Translation	**(3)**	(7)
69	**57**		**7**	9
(2)	**–**	Disposal groups classified as held-for-sale	**–**	–
67	**57**	**Balance at end of year**	**7**	9
		The carrying amount consists of the following:		
		Available-for-sale financial assets		
2	**1**	Investment in Alloy Resources (a)	**–**	–
62	**–**	Investment in Dioro Exploration NL (b)	**–**	8
–	**41**	Investment in Avoca Resource Limited (c)	**5**	–
5	**15**	Investment in unlisted shares (d)	**2**	1
69	**57**		**7**	9
(2)	**–**	Disposal groups classified as held-for-sale	**–**	–
67	**57**	**Total available-for-sale financial assets**	**7**	9

For the years ended 30 June

SA rand			US dollar	
2008	2009	Figures in million	2009	2008

21 Investment in financial assets (continued)

(a) On 3 April 2006, Big Bell Gold Operations (Proprietary) Limited, a subsidiary of Harmony Australia, received 5 000 000 shares, valued at A$0.20 per share, in Alloy Resources, as partial consideration for the sale of Comet tenements.

The market value of the listed investments was R0.8 million (US$0.1 million) (A$0.025 per share) on 30 June 2009 (2008: R2 million (US$0.3 million) (A$0.05 per share). On 30 March 2009, the investment was considered to be permanently impaired, resulting in a cumulative loss amounting to R4 million (US$0.4 million) net of tax recognised in other reserves being reclassified from equity to profit or loss.

Subsequent to the impairment, a gain of R0.35 million (US$0.04 million) was recognised in other comprehensive income. Tax on this revaluation amounted to R0.1 million (US$0.01 million), which has been charged directly to equity.

(b) On 5 December 2007, the group concluded an agreement with Dioro Exploration NL (Dioro) to sell its South Kal operation (Australia) in exchange for 11 428 571 shares in Dioro, constituting an investment of 17.6% in Dioro's issued share capital. At that date, the shares were valued at R135 million (US$18.9 million) being A$1.75 (R11.80) per share. The shares are listed on the Australian Securities Exchange. At 30 June 2008, the shares were valued at A$0.74 (R5.77), resulting in a R58 million (US$8.1 million) loss being recognised in other comprehensive income, net of tax.

At 31 December 2008, as a result of a significant and prolonged decline in market value, an impairment in value was recognised, resulting in a cumulative loss of R76 million (US$7.7 million) net of tax, previously recognised in other reserves, being recognised in the income statement.

Subsequent to this impairment, gains relating to the increase in the fair value of the investment amounting to R14 million (US$1.5 million) were recognised in other comprehensive income. Tax of R1 million (US$0.1 million) relating to these gains were charged directly to equity. These gains and the related tax were recognised in the income statement on disposal of the investment (see below).

On 17 April 2009, the group disposed of its investment in exchange for shares in Avoca Resources Limited (Avoca). This was in terms of an offer made by Avoca to exchange every 3 Dioro shares held for 1 Avoca share. The market value on that day was R37 million (US$4.2 million).

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		21 Investment in financial assets (continued)		

(c) On 17 April 2009, the group received 3 809 524 shares, valued at A$1.50 per share, or R37 million (US$4.2 million), in Avoca as consideration for its Dioro shares. The market value of the investment was R42 million (US$5.4 million) (A$1.75 per share) on 30 June 2009, with an increase of R4.5 million (US$0.5 million), net of tax, since acquisition being reflected as other comprehensive income. A portion of these shares were sold during September and October 2009. Refer to note 39.

(d) These investments have been valued by the directors by performing independent valuations on an annual basis to ensure that no permanent impairment in the value of the investments has occurred. The directors' valuation is consistent with the value stated above. During the financial year under review, the group did not receive any income from these investments (2008: Nil).

22 Investment in associates

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
7	145	Balance at beginning of year	19	1
345	–	Shares acquired at cost (a)	–	46
–	284	Subsidiary becoming associate (b)	25	–
(34)	–	Elimination of unrealised profits	–	(5)
(78)	12	Share of profit/(loss) after tax	1	(11)
(95)	(112)	Impairment of share in associate	(14)	(12)
–	–	Translation	12	–
145	329	**Balance at end of year**	43	19
		The carrying amount consists of the following:		
145	–	Pamodzi Gold Limited (a)	–	19
–	329	Rand Uranium (Proprietary) Limited (b)	43	–
145	329	**Total investment in associates**	43	19

(a) On 27 February 2008, Pamodzi Gold Limited (Pamodzi) bought the Orkney operations from the group for a consideration of 30 000 000 Pamodzi shares. This resulted in Harmony owning 32.4% of Pamodzi. On the purchase date the value of the investment was R345 million (US$46.5 million) being R11.50 per share (US$1.54 per share). Pamodzi was listed on the JSE and has interests in operating gold mines in South Africa.

An impairment of the investment in associate of R95 million (US$12.3 million) was recognised at 30 June 2008, as the market value of the share had decreased to R4.85 per share (US$0.62 per share) The fair value of the investment was R145 million (US$18.6 million). For the four months to 30 June 2008, the group recognised R77 million (US$10.6 million) as its share of losses from associates.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008

22 Investment in associates (continued)

On 30 September 2008, an impairment test was performed and an impairment of R112 million (US$13.5 million) was recorded. After taking into account the group's share of losses of R33 million (US$3.7 million), the carrying value at 31 December 2008 was R0. Subsequently, the group has not recognised its share of any further losses. During March 2009, Pamodzi was placed in liquidation and the trading of its shares on the JSE was suspended.

The audited financial statements for the year ended 31 December 2008 and the financial information for the six months ended 30 June 2009 were not available at the time of this report being finalised. As a result, the unaudited summarised information for the nine months ended 31 March 2009 has been included. This information is not comparable with the four month period ended 30 June 2008, disclosed in prior years.

100%	100%		100%	100%
414	**623**	Revenue	**69**	57
(536)	**(801)**	Production costs	**(89)**	(74)
(122)	**(178)**	Operating loss	**(20)**	(17)
(246)	**(361)**	**Net loss**	**(40)**	(34)

The financial position as at 31 March 2009 and 30 June 2008 is disclosed below:

1 671	**2 005**	Non-current assets	**260**	214
166	**145**	Current assets	**18**	21
1 837	**2 150**	**Total assets**	**278**	235
1 327	**1 863**	Current liabilities	**241**	170
239	**478**	Non-current liabilities	**62**	31
1 566	**2 341**	**Total liabilities**	**303**	201

(b) The group owns a 40% share of Rand Uranium, which is an unlisted company registered in South Africa, with gold mining operations in Gauteng, South Africa.

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008

22 Investment in associates (continued)

The group's interest was obtained by the completion of two transactions, discussed below.

On 21 November 2008, the company's wholly-owned subsidiary Randfontein Estates Limited disposed of its Randfontein Cooke assets to a newly formed wholly-owned subsidiary Rand Uranium, for a consideration of US$328 million (R3 484 million), settled with Rand Uranium shares. In a related transaction on the same date, 60% of these shares were sold to PRF for US$197 million (R2 093 million). US$40 million was paid on the effective date and the balance of US$157 million was paid on 20 April 2009. Interest was charged on the outstanding balance at 5% per annum, resulting in R32 million (US$3.3 million) being recognised in the income statement. The interest was also received on 20 April 2009.

The conditions precedent for the second part of the Rand Uranium transaction relating to the sale of the Old Randfontein assets to Rand Uranium were fulfilled on 22 April 2009. These assets were valued at US$20 million (R212 million). Additional shares were issued in settlement and 60% of these shares were sold to PRF in terms of the agreement. PRF paid its portion of the purchase price, US$12 million (R109 million), in cash on 20 April 2009.

The shareholders' agreement includes certain restrictions on the group's ability to dispose of its shares in Rand Uranium for a period of up to four years from the effective date, being 21 November 2008. In addition, PRF has the right, for a period of up to four years after the effective date, to have first claim on the proceeds, up to a specified amount, in the event of a disposal of the operations. Harmony has first right of refusal in such an event. However due to the contingent nature of the provision, the group has made no adjustments to the associate's carrying amount.

The group recognised a profit of R1 786 million (US$171 million) (before tax) on these transactions. This profit was included in the profit from discontinued operations. Refer to note 15.

During the seven months to June 2009, the group recognised its share of the post acquisition profits of R46 million (US$5.1 million). The carrying value of the investment at 30 June 2009 is R329 million (US$42.6 million).

Rand Uranium has a year-end of 30 June. At the time of finalisation of this report, the audited financial statements for Rand Uranium were not available. The unaudited financial information of Rand Uranium for the period since acquisition of the investment to June 2009 and as at 30 June 2009 are as follows:

SA rand 2008	SA rand 2009 (100%)	Figures in million	US dollar 2009 (100%)	US dollar 2008
	913	Revenue	101	
	(639)	Production costs	(71)	
	274	Operating profit	30	
	115	**Net profit**	13	

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		22 Investment in associates (continued)		
	4 456	Non-current assets	577	
	222	Current assets	29	
	4 678	**Total assets**	**606**	
	177	Current liabilities	23	
	702	Non-current liabilities	91	
	879	**Total liabilities**	**114**	

(c) On 21 June 2006, Harmony acquired 37.8%, or 2 295 563 ordinary shares, of the issued share capital of Village Reef Gold Mining Company (1934) Limited at a total cost of R 0.5 million (US$ 0.07 million). The equity stake was purchased from African Rainbow Minerals Limited at a price of 20 cents per share (US$ 3 cents per share). Village is listed on the JSE Limited in the gold sector and has been dormant for some time without any operating mines.

At 30 June 2008, the fair value of the investment was R0.7 million (US$0.09 million), calculated on a share price of 30 cents (US$4 cents)

During the twelve months to June 2008, the group did not recognise its share of losses from the associate. This unrecognised share amounted to R0.6 million (US$ 0.08 million).

On 10 July 2008, the group disposed of its interest in Village Reef Gold Mining Company to To The Point Growth Specialists Investments 2 (Pty) Ltd, for a consideration of R1.1 million (US$0.1 million).

(d) On 18 June 2007, the group disposed of 17% of its share in Orpheo by Harmony (Pty) Limited (Orpheo), which had been accounted for as a joint venture. After the transaction, the group held a 34% interest in Orpheo.

At 30 June 2008, the fair value of the investment was evaluated by management. It was determined that the carrying value exceeded the fair value and an impairment of R0.5 million (US$0.06 million) was recognised. During the 12 months ended 30 June 2008, the group's share of post-acquisition profit was R0.3 million (US$0.04 million).

On 1 September 2008, the group disposed of its shares held in Orpheo to the remaining shareholders, in exchange for a consideration of R1 (US$0.13).

Notes to the group financial statements cont.

2009

For the years ended 30 June

SA rand		Figures in million	US dollar	
2008	2009		2009	2008

23 Investment in joint venture

(a) Papua New Guinea (PNG) Partnership agreement (50%)

On 22 April 2008, Morobe Consolidated Goldfields Limited and Wafi Mining Limited, subsidiaries of Harmony Australia, entered into a Master Purchase and Farm-in Agreement with Newcrest. This agreement provided for Newcrest to purchase a 30.01% participating interest (stage 1) and a further farm-in of an additional 19.99% participating interest in Harmony's PNG gold and copper assets, giving them a 50% interest. The total value of the transaction was estimated at US$530 million.

On 16 July 2008, the conditions to the Master Purchase and Farm-in agreement were finalised, which included regulatory and statutory approvals by the PNG Government. Stage 1 completion took place on 31 July 2008, and a total consideration of R1 792 million (US$229.8 million) was received on 7 August 2008, of which R390 million (US$50 million) was placed in a jointly controlled escrow account. This amount was subsequently released to Harmony following confirmation of approval of an exploration licence during September 2008 by the PNG mining authorities.

Harmony recognised a profit of R416 million (US$58 million) on the completion of stage 1, which represented a sale of a 30.01% undivided interest of Harmony's PNG gold and copper assets and liabilities comprising the joint venture.

During the farm-in period, Harmony agreed to transfer a further 19.99% interest to Newcrest in consideration for an agreement by Newcrest to meet certain expenditure which would otherwise have to be undertaken by Harmony. The interest to be transferred were conditional on the level of capital expenditures funded by Newcrest at certain milestones, and by the end of February 2009, Newcrest acquired another 10% through the farm-in arrangement. The final 9.99% was acquired by 30 June 2009.

At the date of completion of each party's obligations under the farm-in arrangement, Harmony derecognised the proportion of the mining assets and liabilities in the joint venture that it had sold to Newcrest, and recognised its interest in the capital expenditure at fair value. The difference between the net disposal proceeds and the carrying amounts of the asset disposed of during the farm-in arrangement amounted to a gain of R515 million (US$54 million), which has been included in the consolidated income statements for 2009.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008

23 Investment in joint venture (continued)

The following are the group's effective share of income, expenses, assets and liabilities, which are included in the 2009 consolidated financial statements:

SA rand 2009		US dollar 2009
50%		50%
–	Revenue	–
–	Production costs	–
–	Gross profit	–
(108)	Other costs	(12)
(108)	**Net loss**	**(12)**
1 427	Non-current assets	185
343	Current assets	44
1 770	**Total assets**	**229**
1 241	Non-current liabilities	161
281	Current liabilities	36
1 522	**Total liabilities**	**197**

(b) Healthshare Health Solutions (Proprietary) Limited

The group held a joint venture interest in Healthshare Health Solutions (Proprietary) Limited (Healthshare) (45%). On 1 January 2008, the group disposed of its interest to the remaining shareholders of Healthshare at a loss of R2 million (US$0.3 million) and derecognised its share in assets and liabilities.

For the six months ending 31 December 2007, the group's share of the joint venture profit or losses amounted to a profit of R3 million (US$0.4 million).

24 Trade and other receivables

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		Current		
		Financial assets:		
235	251	Trade receivables (gold)	33	30
340	259	Other trade receivables (a)	34	44
(132)	(112)	Provision for impairment	(15)	(17)
443	398	Trade receivables – net	52	57
–	112	Loans to associates and joint ventures (b)	15	–
75	85	Interest and other receivables	11	9
24	20	Employee receivables	2	3
2	3	Insurance claims receivable	–	–
		Non-financial assets:		
36	74	Prepayments	10	5
295	193	Value added tax	25	38
875	885	**Total current trade and other receivables**	115	112

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		24 Trade and other receivables (continued)		
		Non-current		
		Financial assets:		
103	**182**	Loans to associates (c)	**24**	13
49	**18**	Other loans receivable (d)	**2**	7
(15)	**(125)**	Provision for impairment (e)	**(16)**	(2)
137	**75**	**Total non-current trade and other receivables**	**10**	18

(a) Included in other trade receivables is an amount of R70 million (US$9.1 million) owed by Rand Uranium.

(b) Included in this balance is an amount of R37 million (US$4.8 million) due from Rand Uranium for services and goods supplied in terms of the service level agreements entered into between the group and Rand Uranium. Also included is an amount of R75 million (US$9.7 million) due to Harmony's Australian operations, being the Newcrest's portion of the group's loan to the PNG joint venture companies.

(c) Included in this balance is a loan of R66 million (US$8.5 million) to Rand Uranium. The loan bears interest at a rate equal to the 91 Day JIBAR plus 250 basis points and is repayable within seven years. The loan has been subordinated. Also included in this balance is a loan of R116 million (US$15.0 million) (2008: R103 million (US$13.2 million)) owed by Pamodzi. The loan bore interest at prime rate until March 2009 when Pamodzi was placed into liquidation. Harmony is a concurrent creditor in the Pamodzi Orkney liquidation.

(d) Loans comprise various loans, which have been valued by the directors. These loans are unsecured and bear interest at rates set out in the individual loan agreements. The repayment terms are also stipulated in the contracts and may vary from each other. Included in this balance is a loan of R9 million (US$1.1 million) (2008: R8 million (US$1.0 million)) due from Ubuntu Small Scale Mining (Proprietary) Limited (Ubuntu). The loan bears interest at prime less 3% with no fixed repayment terms.

(e) Included in this balance is the amount of R116 million (US$15.0 million) (2008: R0) relating to the loan owed by Pamodzi and an amount of R9 million (US$1.1 million) (2008: R8 million (US$1.0 million)) relating to the loan owed by Ubuntu. Interest of R13 million (US$1.5 million) was charged on impaired loans in 2009 (2008: R1 million (US$0 million)).

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		24 Trade and other receivables (continued)		
		The movement in the provision for impairment of trade receivables during the year was as follows:		
24	**132**	Balance at beginning of year	**17**	3
108	**36**	Provision for impairment of receivables	**4**	14
–	**(53)**	Unused amounts reversed	**(6)**	–
–	**(3)**	Receivables written off during the year	**–**	–
132	**112**	**Balance at end of year**	**15**	17
		The movement in the provision for impairment of loans receivables during the year was as follows:		
13	**15**	Balance at beginning of year	**2**	2
4	**117**	Provision for impairments of loans	**13**	1
(2)	**(7)**	Loans written off during the year	**(1)**	(1)
–	**–**	Translation	**2**	–
15	**125**	**Balance at end of year**	**16**	2

The ageing of trade receivables at the reporting date was:

Impairment	Gross		Gross	Impairment
		30 June 2009		
–	**268**	Fully performing	**35**	–
–	**106**	Past due by 1 to 30 days	**14**	–
–	**8**	Past due by 31 to 60 days	**1**	–
–	**6**	Past due by 61 to 90 days	**1**	–
39	**49**	Past due by more than 90 days	**7**	6
73	**73**	Past due by more than 361 days	**9**	9
112	**510**		**67**	15

Impairment	Gross		Gross	Impairment
		30 June 2008		
–	**395**	Fully performing	**51**	–
–	**26**	Past due by 1 to 30 days	**3**	–
–	**2**	Past due by 31 to 60 days	**–**	–
–	**4**	Past due by 61 to 90 days	**1**	–
89	**105**	Past due by more than 90 days	**13**	11
43	**43**	Past due by more than 361 days	**6**	6
132	**575**		**74**	17

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008

24 Trade and other receivables (continued)

The ageing of loans receivable at the reporting date was:

Impairment	Gross		Gross	Impairment
		30 June 2009		
–	**75**	Fully performing	**10**	–
–	**–**	Past due by 1 to 30 days	**–**	–
–	**–**	Past due by 31 to 60 days	**–**	–
–	**–**	Past due by 61 to 90 days	**–**	–
14	**14**	Past due by more than 90 days	**2**	2
111	**111**	Past due by more than 361 days	**14**	14
125	**200**		**26**	16

Impairment	Gross		Gross	Impairment
		30 June 2008		
–	**137**	Fully performing	**18**	–
–	**–**	Past due by 1 to 30 days	**–**	–
–	**–**	Past due by 31 to 60 days	**–**	–
–	**–**	Past due by 61 to 90 days	**–**	–
11	**11**	Past due by more than 90 days	**2**	2
4	**4**	Past due by more than 361 days	**–**	–
15	**152**		**20**	2

Based on past experience, the group believes that no impairment allowance is necessary in respect of fully performing receivables as the amount relates to customers that have a good track record with the group. Similarly, the loans and receivables noted above, other than those provided for, are fully performing and considered to be a low credit risk.

During the 2008 financial year, the balance of R50 million (US$6 million) due from Ogoerion Construction CC for the purchase of the Deelkraal surface assets was impaired. In the 2009 financial year, the deal was renegotiated and the Deelkraal plant was excluded from the transaction.

During the year 2009 and 2008, there was no renegotiation of the terms of any receivable, other than as discussed above.

As at 30 June 2009, there was no collateral pledged or held for any of the receivables. At 30 June 2008, the group held the Deelkraal surface assets as collateral for the amount owed by Ogoerion Construction CC.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		25 Inventories		
203	**283**	Gold in lock-up	**37**	26
131	**332**	Gold-in-process, bullion-on-hand and ore stockpiles	**43**	17
359	**420**	Stores and materials at weighted average cost	**54**	46
693	**1 035**	**Total inventories**	**134**	89
		Gold in-process at the following operations is valued at net realisable value:		
–	**231**	Doornkop	**30**	–

During the year, R5 million (US$0.6 million) (2008:R10 million (US$1.4 million)) was provided for slow moving stock. The total provision at 30 June 2009 was R28 million (US$3.6 million) (2008: R23 million (US$3.3 million)).

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		26 Cash and cash equivalents		
415	**1 950**	Cash at bank and short-term deposits	**253**	53
(2)	**–**	Disposal groups classified as held-for-sale	**–**	–
413	**1 950**	**Total cash and cash equivalents**	**253**	53

27 Share capital

Authorised

1 200 000 000 (2008: 1 200 000 000) ordinary shares of SA 50 cents each

10 958 904 (2008: 10 958 904) redeemable convertible preference shares of SA 50 cents each

Issued

425 986 836 (2008: 403 253 756) ordinary shares of SA 50 cents each. All issued shares are fully paid.

Included in the total of issued shares is an amount of 2 314 shares held by Lydenburg Exploration Limited, a wholly owned subsidiary of the company.

On 1 December 2008, Harmony issued 3 364 675 shares to Rio Tinto Limited. The Harmony shares were issued to cancel the Rio Tinto royalty rights over Wafi-Golpu in Papua New Guinea. The value of issued shares was R242 million (US$23 million) at R71.98 per share.

Harmony engaged in capital raising by issuing two tranches of shares following the resolution passed by shareholders at the Annual General Meeting held on 24 November 2008. The first tranche was issued into the open market between 25 November 2008 and 19 December 2008. In this tranche, 10 504 795 Harmony shares were issued at an average subscription price of R93.20, resulting in R979 million (US$97.9 million) before costs being raised. The cost of the issue was R15 million (US$1.9 million), or 1.5%, of the value of shares issued.

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008

27 Share capital (continued)

A second tranche of shares was issued for cash into the open market between 10 February 2009 and 6 March 2009. This tranche consisted of 7 540 646 Harmony shares at an average subscription price of R124.45, resulting in R938 million (US$93.5 million) before costs being raised. The cost of the issue was R15 million (US$1.6 million) or 1.6% of the value of shares issued. The combined share issue amounts to R1.9 billion (US$192 million), or 4.5%, of the issued share capital as at 30 September 2008.

The unissued shares are under the control of the directors until the forthcoming annual general meeting. The Directors' Report and note 36 set out details in respect of the share option scheme and shares held in trust for employees of the group.

The company has a general authority to purchase its shares up to a maximum of 10% of the issued share capital in any one financial year. This is in terms of the annual general meeting of shareholders on 24 November 2008. The general authority is subject to the Listings Requirements of the JSE Limited and the Companies Act No 61 of 1973 of South Africa, as amended.

28 Other reserves

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
575	**78**	Foreign exchange translation reserve (a)	**(111)**	(216)
(39)	**8**	Mark-to-market of available-for-sale financial assets (b)	**4**	(2)
277	**277**	Equity component of convertible bond (c)	**41**	41
(381)	**(381)**	Acquisition of non-controlling interest in subsidiary (d)	**(57)**	(57)
275	**388**	Share-based payments (e)	**55**	42
(31)	**(31)**	Other	**(4)**	(4)
676	**339**	**Total other reserves**	**(72)**	(196)

The different categories of other reserves are made up as follows:

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		Foreign exchange translation reserve		
(111)	**575**	Balance at beginning of year	**(216)**	30
–	**(418)**	Realised portion reclassified through profit or loss	**(53)**	–
686	**(79)**	Current year's foreign exchange movement	**158**	(246)
575	**78**	**Balance at end of year**	**(111)**	(216)

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		28 Other reserves (continued)		
		Mark-to-market of available-for-sale financial assets		
(335)	**(39)**	Balance at beginning of year	**(2)**	(44)
–	**115**	Impairment recognised in profit or loss	**12**	–
–	**(35)**	Tax on impairment	**(3)**	–
335	**(14)**	Realised portion reclassified through profit or loss	**(2)**	47
–	**1**	Tax on realised portion	**–**	–
(67)	**(30)**	Mark-to-market – unrealised	**(3)**	(9)
28	**7**	Tax on mark-to-market	**1**	4
–	**3**	Translation	**1**	–
(39)	**8**	**Balance at end of year**	**4**	(2)
		Equity component of convertible bond		
277	**277**	Balance at beginning/end of year	**41**	41
		Acquisition of non-controlling interest in subsidiary		
(381)	**(381)**	Balance at beginning/end of year	**(57)**	(57)
		Share-based payments		
232	**275**	Balance at beginning of year	**42**	36
43	**113**	Share-based payments expensed	**13**	6
275	**388**	**Balance at end of year**	**55**	42
		Other reserves		
(31)	**(31)**	Balance at beginning/end of year	**(4)**	(4)

(a) The balance of the foreign exchange translation reserve movement represents the cumulative translation effect of the company's off-shore operations. The US dollar amount includes the translation effect from rands to US dollar.

The realised portion reclassified through profit or loss relates to the repayment of the loans from Harmony Australia and PNG. Refer to note 7(a) for further detail.

(b) The balance of the mark-to-market reserve represents the movement in the fair value of the available-for-sale financial assets. For details on the movement, refer to note 21.

(c) On 24 May 2004, the group issued a convertible bond. The amount representing the value of the equity conversion component is included in other reserves, net of deferred income taxes. The equity conversion component is determined on the issue of the bonds and is not changed in subsequent periods. Refer to note 29 (a) for more detail.

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008

28 Other reserves (continued)

(d) On 15 March 2004, Harmony announced that it had made an off market cash offer to acquire all the ordinary shares, listed and unlisted options of Abelle, held by non-controlling interests. The excess of the purchase price of R579 million (US $86.5 million) (A$123 million) over the carrying amount of the non-controlling interest acquired, amounting to R381 million (US$55 million), has been accounted for under other reserves.

(e) The group issues equity-settled instruments to certain qualifying employees under an Employee Share Option Scheme to purchase shares in the company's authorised but unissued ordinary shares. Equity share-based payments are measured at the fair value of the equity instruments at the date of the grant. Share-based payments are expensed over the vesting period. During 2009, a share-based payment expense of R113 million (US$12.6 million) (2008: R43 million (US$5.9 million) was charged to the income statement. (Refer to note 36 for more detail).

29 Borrowings

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		Unsecured borrowings		
–	–	Convertible unsecured fixed rate bonds (a)	–	–
1 700	–	Principal amount	–	218
(277)	–	Equity conversion component, net of deferred tax liability	–	(41)
(60)	–	Deferred tax liability on initial recognition	–	(9)
1 363	–	Liability component on initial recognition	–	168
271	–	Unwinding of time value of money portion	–	40
(8)	–	Less: amortised bond issue costs	–	(1)
–	–	Translation	–	1
1 626	–		–	208
(1 626)	–	Less: current portion	–	(208)
32	32	Africa Vanguard Resources (Proprietary) Limited (b)	4	4
32	32	**Total unsecured long-term borrowings**	4	4
		Secured borrowings		
–	–	Nedbank Limited (c)	–	–
194	224	Liability amount	29	25
(194)	(224)	Less: current portion	(29)	(25)
210	78	Westpac Bank (d)	10	27
258	106	Liability amount	14	33
(48)	(28)	Less: current portion	(4)	(6)

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		29 Borrowings (continued)		
–	–	Nedbank Limited (e)		
2 000	–	Principal amount	–	256
(11)	–	Less: amortised issue costs	–	(1)
1 989	–		–	255
(1 989)	–	Less: current portion	–	(255)
210	**78**	**Total secured long-term borrowings**	**10**	27
242	**110**	Total long-term borrowings	**14**	31
3 857	**252**	Total current portion of borrowings	**33**	494
4 099	**362**	**Total borrowings**	**47**	525

(a) On 21 May 2004, Harmony issued an international unsecured fixed rate convertible bond in an aggregate principal amount of R1 700 million (US $251.9 million). The bonds mature five years from the issue date at their nominal value of R1 700 million unless converted into the company's ordinary shares. The bonds are convertible at the option of the bondholders at any time on or after 1 July 2004 and up to and including 15 May 2009, unless previously redeemed, converted or purchased and cancelled, into fully paid ordinary shares, at nominal value Rand 0.50 per share. The number of ordinary shares to be issued at such a conversion shall be determined by dividing the principal amount of each bond by the conversion price in effect on the relevant conversion date. The initial conversion price is R121 per ordinary share subject to certain standard anti-dilutive provisions such as a rights offering, that are designed to maintain the value of the conversion option. No bond holders elected to convert their bonds into ordinary shares by 15 May 2009, and as a result all the fixed rate convertible bonds were redeemed on 20 May 2009.

Notes to the group financial statements cont.

For the years ended 30 June

SA rand		Figures in million	US dollar	
2008	2009		2009	2008

29 Borrowings (continued)

Interest at a rate of 4.875% per annum is payable semi-annually in arrears on 21 May and 21 November of each year, commencing 21 November 2004. The fair values of the liability component and the equity conversion component were determined on the issue of the bond. The fair value of the liability component, included in borrowings, was calculated using a market interest rate for an equivalent non-convertible bond (10%). The residual amount, representing the value of the equity conversion component, is included in accumulated other comprehensive income net of deferred income taxes. In subsequent periods, the liability component continues to be presented on the amortised cost basis, until extinguished on conversion or maturity of the bonds. The equity conversion component is determined on the issue of the bonds and is not changed in subsequent periods. The bonds were listed on the London Stock Exchange for Bonds. The terms and conditions of the bonds prohibit Harmony and its material subsidiaries from creating any encumbrance or security interest over any of its assets to secure any relevant debt (or any guarantee or indemnity in respect of any relevant debt) without according the same security to the bondholders or without obtaining the prior approval of the bondholders. Included in the amortisation charge as per the income statement is R8 million (US$0.9 million) (2008: R9 million (US$1.2 million) for amortisation of the bond issue costs.

(b) The loan to Africa Vanguard Resources (Doornkop) (Proprietary) Limited (AVRD) from its holding company African Vanguard Resources (Proprietary) Limited remained unchanged from the previous year. In 2005 AVRD borrowed an additional R18 million (US$2.3 million) to service working capital commitments. This increased the initial loan of R14 million (US$1.8 million) to R32 million (US$4.1 million). The loan is unsecured and interest free, with no fixed terms of repayment over the short term. Refer to note 29(c).

For the years ended 30 June

29 Borrowings (continued)

(c) On 30 July 2003, AVRD entered into a term loan facility of R140 million (US$19.1 million) with Nedbank Limited for the purpose of partially funding AVRD's purchase of an undivided 26% share of the Mining titles, to be contributed to the Doornkop South Reef project. Interest at a variable rate equal to JIBAR plus 2% shall be repayable to the extent that the AVRD received a portion of profit from the project. Unpaid interest shall be capitalised and repaid with the loan amount. Initially, the loan amount and any interest accrued was repayable on 30 July 2008, but the repayment date has been extended and negotiations are under way to further extend it to the date that conditions precedent on the sale of the 26% interest back to the group are fulfilled. Refer to note 17(b). Interest accrued and capitalised during the year ended 30 June 2009 amounted to R30 million (US$3.3 million) (2008: R30 million (US$4.1 million).

The facility from Nedbank to AVRD is guaranteed by Harmony and certain of its subsidiaries. As a result of this guarantee and other factors, the company is required to consolidate AVRD and has therefore included the loans from Nedbank and Africa Vanguard Resources (Proprietary) Limited in its consolidated borrowings.

(d) In July 2007, Morobe Consolidated Goldfields (MCG) entered into a finance lease agreement with Westpac Bank for the purchase of mining fleet to be used on the Hidden Valley project.

During the current year, MCG sold 50% of the finance lease liability to Newcrest in terms of the Master Purchase and Farm-In agreement.

Interest is charged at US – LIBOR plus 1.25% per annum. Interest is accrued monthly and lease installments are repayable quarterly terminating 30 June 2013. The mining fleet financed is used as security for these loans.

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		The future minimum lease payments are as follows:		
57	**30**	Due within one year	**4**	7
58	**36**	Due between one and two years	**5**	7
170	**44**	Due between two and five years	**6**	23
285	**110**		**15**	37
(27)	**(4)**	Future finance charges	**(1)**	(4)
258	**106**		**14**	33

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008

29 Borrowings (continued)

(e) On 28 September 2007, the company entered into a term loan facility of R2 billion (US$283.9 million) with Nedbank Limited, for the purpose of partially funding capital expenditure in respect of projects, as well as to repay the short term bridging loan amounting to R500 million (US$68.6 million). Interest accrues on a day to day basis over the term of the loan at a variable interest rate, which is fixed for three month periods, equal to the JIBAR plus 2.75% plus banking costs. Amortisation bond cost for the year amounted to R11 million (US$1.2 million) (2008: R11 million (US$1.5 million).

Interest was repayable quarterly commencing on 28 September 2007. The loan was repaid in several tranches during the 2009 year with the final payment on 21 April 2009.

The exposure of the group's borrowings to changes in interest rates and contractual repricing is as follows:

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
210	**78**	Variable	**10**	27
3 857	**252**	Current	**33**	494
–	**–**	Between 1 to 2 years	**–**	–
–	**–**	Between 2 to 5 years	**–**	–
32	**32**	Over 5 years	**4**	4
4 099	**362**	**Total borrowings**	**47**	525

SA rand 2008	SA rand 2009		US dollar 2009	US dollar 2008
100.0%	100.0%		100.0%	100.0%
5.1%	**21.6%**	Variable	**21.6%**	5.1%
94.1%	**69.6%**	Current	**69.6%**	94.1%
0.0%	**0.0%**	Between 1 to 2 years	**0.0%**	0.0%
0.0%	**0.0%**	Between 2 to 5 years	**0.0%**	0.0%
0.8%	**8.8%**	Over 5 years	**8.8%**	0.8%
100.0%	**100.0%**	**Total borrowings**	**100.0%**	100.0%

2008	2009		2009	2008
		The maturity of borrowings is as follows:		
3 857	**252**	Current	**33**	494
50	**35**	Between 1 to 2 years	**4**	6
160	**43**	Between 2 to 5 years	**6**	21
32	**32**	Over 5 years	**4**	4
4 099	**362**	**Total borrowings**	**47**	525

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		29 Borrowings (continued)		
		The effective interest rates at the balance sheet date were as follows:		
		Convertible unsecured fixed rate bonds (a) *	**0.0%**	10.0%
		Africa Vanguard Resources (Proprietary) Limited (b)	**0.0%**	0.0%
		Nedbank Limited (c)	**11.9%**	13.4%
		Westpac Bank (d)	**2.0%**	4.1%
		Nedbank Limited (e) *	**0.0%**	14.5%

* Loan repaid in full

Other borrowings

The level of the Harmony's borrowing powers, as determined by its Articles of Association, shall not, except with the consent of the Harmony's general meeting, exceed the greater of R40 million or the aggregate from time to time of the issued and paid-up share capital of the company, together with the aggregate of the amounts standing to the credit of all distributable and non-distributable reserves (including minority interests in subsidiary companies and provisions for deferred taxation) and any share premium accounts of the group. At year-end, total borrowings amounted to R362 million (US $47 million) (2008: R4 099 million (US $525 million).

30 Provision for environmental rehabilitation

The group's mining and exploration activities are subject to extensive environmental laws and regulations. These laws and regulations are continually changing and are generally becoming more restrictive. The group has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements. The following is a reconciliation of the total liability for environmental rehabilitation:

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		Provision raised for future rehabilitation		
1 349	**1 523**	Balance at beginning of year	**196**	192
(115)	**(294)**	Disposal of assets	**(32)**	(16)
91	**207**	Change in estimate – Balance sheet	**27**	12
11	**3**	Change in estimate – Income statement	**–**	1
154	**120**	Inflation present value adjustment and time value of money component	**13**	22
33	**(29)**	Translation	**(6)**	(15)
1 523	**1 530**	Balance at end of year	**198**	196
(394)	**–**	Disposal groups classified as held-for-sale	**–**	(51)
1 129	**1 530**	**Total provision for environmental rehabilitation**	**198**	145

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		30 Provision for environmental rehabilitation (continued)		
		While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, the group has estimated that, based on current environmental and regulatory requirements, the total cost for the mines, in current monetary terms, is approximately R2 203 million (US$285 million) (2008: R2 102 million (US$269 million)). Refer to note 3.4 for the estimations and judgements used in the calculations.		
		Included in the charge to the income statement is an amount R33 million (US$4 million) (2008: R40 million (US$6 million)) relating to the time value of money.		
		Future net obligations		
2 102	**2 203**	Ultimate estimated rehabilitation cost	**285**	269
(1 603)	**(1 597)**	Amounts invested in environmental trust funds (Refer to note 20)	**(207)**	(206)
499	**606**	**Total future net obligations**	**78**	63
		The group intends to finance the ultimate rehabilitation costs from the money invested in environmental trust funds, ongoing contributions, as well as the proceeds on sale of assets and gold from plant clean-up at the time of mine closure.		
		31 Retirement benefit obligation and other provisions		
		Non-current		
130	**152**	Retirement benefit obligation (Refer to note 34)	**20**	17
14	**14**	Other	**2**	1
144	**166**	**Total non-current provisions**	**22**	18
		32 Trade and other payables		
		Financial liabilities		
675	**486**	Trade payables	**63**	86
61	**67**	Other liabilities	**8**	8
		Non-financial liabilities		
282	**298**	Payroll accruals	**39**	37
214	**236**	Leave liabilities	**31**	27
128	**156**	Shaft related accruals	**20**	16
159	**206**	Other accruals	**27**	21
44	**11**	Value added tax	**1**	6
1 563	**1 460**	**Total trade and other payables**	**189**	201

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		32 Trade and other payables (continued)		
		Leave liability		
		Employee entitlements to annual leave are recognised on an ongoing basis. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. The movement in the liability recognised in the balance sheet is as follows:		
258	**232**	Balance at beginning of year	**29**	36
(271)	**(252)**	Benefits paid	**(27)**	(36)
(15)	**(20)**	Movement due to sale of business	**(2)**	(2)
5	**(9)**	Translation	**(1)**	(1)
255	**285**	Total expense per income statement	**32**	32
232	**236**		**31**	29
(18)	**–**	Disposal groups classified as held-for-sale	**–**	(2)
214	**236**	**Balance at end of year**	**31**	27

33 Cash generated by operations

All amounts disclosed include discontinued operations.

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		Reconciliation of profit/(loss) before taxation to cash generated by operations:		
256	**3 851**	Profit before taxation	**405**	33
		Adjustments for:		
896	**1 467**	Amortisation and depreciation	**167**	123
280	**484**	Impairment of assets	**61**	36
6	**–**	Loss on financial instruments	**–**	1
(110)	**(2 751)**	Profit on sale of mining assets	**(287)**	(15)
9	**6**	Net increase in provision for post retirement benefits	**1**	1
16	**3**	Net increase in provision for environmental rehabilitation	**–**	2
78	**(12)**	(Profit)/loss from associates	**(1)**	11
95	**112**	Impairment of investment in associate	**14**	12
43	**113**	Share-based payments	**13**	6
(33)	**101**	Fair value movement of financial instrument	**10**	(4)
459	**–**	Loss on sale of listed investments	**–**	63
–	**(1)**	Profit on sale of investment in associate	**–**	–
(33)	**(2)**	Dividends received	**–**	(5)
(273)	**(455)**	Interest received	**(51)**	(38)
557	**232**	Interest paid	**26**	76
97	**100**	Provision for doubtful debts	**11**	13
–	**31**	Bad debts written off	**3**	–
(95)	**5**	Other non cash transactions	**–**	(13)
		Effect of changes in operating working capital items:		
(76)	**(132)**	Receivables	**(15)**	4
(41)	**(177)**	Inventories	**(20)**	7
(153)	**(162)**	Accounts payable and accrued liabilities	**(18)**	(45)
1 978	**2 813**	**Cash generated by operations**	**319**	268

Notes to the group financial statements cont.

For the years ended 30 June

SA rand			US dollar	
2008	2009	Figures in million	2009	2008

33 Cash generated by operations (continued)

Additional cash flow information

The income and mining taxes paid in the statement of cash flow represents actual cash paid less refunds received.

Acquisitions and disposals of subsidiaries/businesses:

For the year ended June 2009

(a) Disposal of Village

On 10 July 2008, the group disposed of its 37.8% interest in Village to To The Point Growth Specialists Investments 2 (Proprietary) Limited, for a consideration of R1.1 million (US$0.1 million). The investment in Village as at 30 June 2009 had a fair value of R0.7 million (US$0.09 million).

(b) Disposal of Orpheo (Proprietary) Limited (Orpheo)

On 1 September 2008, the group disposed of its 34% interest in Orpheo for a consideration of R1 (US$0.13). The investment had been fully impaired on the date of sale.

(c) Disposal of Randfontein Cooke Assets

During the year, the group disposed of its Cooke and Old Randfontein assets to Rand Uranium, a wholly-owned subsidiary. In a related transaction, 60% of Rand Uranium shares were disposed of to PRF in two tranches. For detail, refer to note 22(b).

The aggregate fair value of the assets and liabilities sold were:

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		Transaction one		
–	449	Property, plant and equipment	42	–
–	35	Environmental trust fund	3	–
–	(41)	Rehabilitation liability	(4)	–
–	(19)	Other costs	(2)	–
–	(25)	Foreign exchange movements	5	–
–	1 627	Profit on disposal	153	–
–	**2 026**	**Proceeds received in cash**	**197**	–
		Transaction two		
–	12	Property, plant and equipment	1	–
–	73	Environmental trust fund	8	–
–	(116)	Rehabilitation liability	(13)	–
	(19)	Foreign exchange movements	(2)	–
–	159	Profit on disposal	18	–
–	**109**	**Proceeds received in cash**	**12**	–

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		33 Cash generated by operations (continued)		
		(d) PNG joint venture		
		During the year, Harmony and Newcrest entered into a joint venture agreement, which provided that Newcrest would purchase a 30.01 participating interest and a further buy-out of an additional 19.99% participating interest in Harmony's PNG gold and copper assets.		
		The aggregate fair value of the assets and liabilities sold were:		
		Stage 1: 30.01% participating interest		
–	1 404	Property, plant and equipment	185	–
–	42	Trade and other receivables	6	–
–	7	Inventory	1	–
–	(74)	Long-term loans	(10)	–
–	(3)	Rehabilitation liability	–	–
–	–	Foreign exchange movements	(11)	–
–	416	Profit on disposal	58	–
–	1 792	**Proceeds received in cash**	229	–
		Stage 2: 10% participating interest		
–	512	Property, plant and equipment	52	–
–	7	Trade and other receivables	1	–
–	8	Inventory	1	–
–	(30)	Long-term loans	(3)	–
–	(50)	Trade and other payables	(5)	–
–	(1)	Rehabilitation liability	–	–
–	439	Profit on disposal	44	–
–	885	Disposal proceeds	90	–
–	–	Proceeds received in cash	–	–
–	855	**Proceeds received by way of the farm-in agreement**	90	–
		Stage 3: 9.99% Participating interest		
–	556	Property, plant and equipment	72	–
–	13	Trade and other receivables	2	–
–	24	Inventory	3	–
–	(21)	Long-term loans	(3)	–
–	(45)	Trade and other payables	(6)	–
–	(22)	Rehabilitation liability	(3)	–
–	76	Profit on disposal	10	–
–	581	Disposal proceeds	75	–
–	(47)	Proceeds received in cash	(6)	–
–	534	**Proceeds received by way of the farm-in agreement**	69	–

The principal non-cash transactions for the year were the acquisition of PNG royalty agreement (refer to note 17(c)), share-based payments (refer to note 36) and share exchange of Dioro for Avoca (refer to note 21(b) and(c)).

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		33 Cash generated by operations (continued)		
		For the year ended June 2008		
		(a) On 6 December 2007, the group disposed of its assets and liabilities in South Kal Mine to Dioro. The aggregate fair value of the assets and liabilities sold were:		
337	–	Property, plant and equipment	–	50
23	–	Consumables	–	3
21	–	Shares	–	3
(55)	–	Rehabilitation liability	–	(8)
(81)	–	Loss on disposal	–	(12)
245	–	Disposal proceeds	–	36
(118)	–	Proceeds received by way of shares	–	(18)
127	–	**Proceeds received in cash**	–	18
		(b) On 27 February 2008, the group disposed of its assets and liabilities in its Orkney operations to Pamodzi Gold Limited. The aggregate fair value of assets and liabilities sold were:		
291	–	Property, plant and equipment	–	38
28	–	Environmental trust fund	–	4
(13)	–	Leave liability	–	(2)
(60)	–	Rehabilitation liability	–	(7)
99	–	Profit on disposal	–	13
345	–	Disposal proceeds	–	46
(345)	–	Proceeds received by way of shares	–	(46)
–	–	**Cash and cash equivalent at disposal**	–	–

The principal non-cash transactions for the year were the acquisition of the PNG royalty agreement (refer to note 17(c), share-based payments (refer to note 36) and the purchase of assets under finance lease (refer to note 29).

For the years ended 30 June

SA rand		Figures in million	US dollar	
2008	2009		2009	2008

34 Retirement benefit obligations

(a) **Pension and provident funds:** The group contributes to several pension and provident funds governed by the Pension Funds Act, 1956 for the employees of its South African subsidiaries. The pension funds are multi-employer industry plans. The group's liability is limited to its annually determined contributions.

The provident funds are funded on the "money accumulative basis" with the member's and employer's contributions having been fixed in the constitution of the funds.

The Australian group companies make contributions to each employee's Superannuation (pension) funds in accordance with the Superannuation Guarantee Scheme (SGS). The SGS is a Federal Government initiative enforced by law which compels employers to make regular payments to regulated funds providing for each employee on their retirement. The SGS were set at a minimum of 9% of gross salary and wages for the 2009 year (2008: 9%). The fund is a defined contribution plan.

Substantially all the group's employees are covered by the above mentioned retirement benefit plans. Funds contributed by the group for the 2009 financial year amounted to R358 million (US$39.8 million) (2008: R338 million (US$46.5 million)).

(b) **Post-retirement benefits other than pensions:** Most of the supervisory and managerial workers in South Africa participate in the Minemed medical scheme, as well as other medical schemes. The group contributes to these schemes on behalf of current employees and retired employees who retired prior to 31 December 1996 (Minemed scheme). The annual contributions for these retired employees are fixed. The group's contributions to these schemes on behalf of current employees amounted to R78 million (US$8.6 million) for 2009 and R71 million (US$9.8 million) for 2008.

With the exception of some Freegold employees included from date of acquisition, no post-retirement benefits are available to other current workers. No liability exists for employees who were members of these schemes who retired after the date noted above. The medical schemes pay certain medical expenses for both current and retired employees and their dependents. Current and retired employees pay an annual fixed contribution to these schemes.

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		34 Retirement benefit obligations (continued)		
		Assumptions used to determine the liability relating to the Minemed medical scheme included, a discount rate of 10%, no increases in employer subsidies (in terms of the agreement) and mortality rates according to the SA "a mf" tables and a medical inflation rate of 7.8%. It is also assumed that all members will retire at the age of 60 and will remain on the current benefit option.		
		The liability is based on an actuarial valuation conducted during the year ended 30 June 2009, using the projected unit credit method. The next actuarial valuation will be performed on 30 June 2010.		
130	**152**	Present value of unfunded obligations	**20**	17
		Movement in the liability recognised in the balance sheet		
107	**130**	Balance at beginning of year	**17**	15
(3)	**(3)**	Contributions paid	**–**	–
4	**10**	Other expenses included in staff costs/current service cost	**1**	1
10	**15**	Interest cost	**2**	1
12	**–**	Net actuarial loss recognised during the year	**–**	2
–	**–**	Translation	**–**	(2)
130	**152**	**Balance at end of year**	**20**	17
		The principal actuarial assumptions used for accounting purposes were:		
12.0%	**10.0%**	Discount rate	**10.0%**	12.0%
9.8%	**7.8%**	Healthcare inflation rate	**7.8%**	9.8%
60	**60**	Normal retirement age	**60**	60
		The net liability of the defined benefit plan is as follows:		
130	**152**	Present value of defined benefit obligation	**20**	17
–	**–**	Fair value of plan assets	**–**	–
130	**152**	**Net liability**	**20**	17
		The present value of the defined benefit obligation was R107 million (US$15.2 million) in 2007, R107 million (US$14.9 million) in 2006 and R89 million (US$13.3 million) in 2005.		
		The effect of a one percentage point increase and decrease in the assumed medical cost trend rates is as follows:		

1% Increase	1% Increase		1% Increase	1% Increase
		Effect on:		
3	**3**	Aggregate of service cost and interest cost	**–**	–
23	**26**	Defined benefit obligation	**3**	3

For the years ended 30 June

SA rand 2008 1% Decrease	SA rand 2009 1% Decrease	Figures in million	US dollar 2009 1% Decrease	US dollar 2008 1% Decrease
		34 Retirement benefit obligations (continued)		
		Effect on:		
2	**3**	Aggregate of service cost and interest cost	**–**	–
18	**21**	Defined benefit obligation	**3**	2

The group expects to contribute approximately R4 million (US$0.5 million) to its benefit plan in 2010.

35 Employee benefits

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		Aggregated earnings		
		The aggregate earnings of employees including directors were:		
4 296	**4 585**	Salaries and wages and other benefits	**509**	591
338	**363**	Retirement benefit costs	**40**	47
71	**78**	Medical aid contributions	**9**	10
4 705	**5 026**	**Total aggregated earnings**	**558**	648

	2009	2008
Number of permanent employees as at 30 June:		
South African operations*	**37 028**	36 839
International operations**	**48**	873
Total number of permanent employees	**37 076**	37 712

Directors' remuneration is fully disclosed in the Directors' report.

* No employees were attributable to the discontinued operations at 30 June 2009 (2008: 3 618).

** The total number of employees at Australian operations at 30 June 2009 was 48 (2008: 873). Of this total, no employees (2008: 0) were attributable to the discontinued operations. The employee numbers reduced primarily due to the disposal of 50% of the PNG assets to Newcrest. Our attributable portion of the joint venture's employees is 425.

During the 2009 year, R14 million (US$2 million) (2008: R5 million (US$0.7 million)) was included in the payroll cost for termination costs. This excludes the cost for voluntary retrenchment process (refer to note 5).

Notes to the group financial statements cont.

For the years ended 30 June

36 Share option scheme

The group currently has the 2001, 2003 schemes and the 2006 share plan that are active. The objective of these schemes is to recognise the contributions of senior staff to the group's financial position and performance and to retain key employees.

The options granted under the 2001 and 2003 schemes
A fifth of the options granted under the 2001 and 2003 schemes are exercisable annually from the grant date with an expiry date of 10 years from the grant date. The offer price of these options equalled the closing market price of the underlying shares on the trading date immediately preceding the granting of the options.

On resignation and retirement, share options which have not yet vested will lapse and share options which have vested may be taken up at the employee's election before the last day of service. Payment of shares forfeited will therefore not be required. On death, all options vest immediately and the deceased estate has a period of twelve months to exercise these options.

Following the introduction of the 2006 share plan, no further options are expected to be allocated under these two schemes.

Number of share options relating to the 2001 and 2003 option schemes	2009	2008
Share options granted	**28 442 420**	28 442 420
Exercised	**18 570 971**	17 249 668
Vested but not exercised	**1 791 215**	1 792 796
Unvested	**1 059 343**	2 735 443
Forfeited and lapsed	**7 020 891**	6 664 513
Vesting periods of unvested shares		
Within one year	**1 059 343**	1 367 722
One to two years	**–**	1 367 721
Total number of shares unvested	**1 059 343**	2 735 443

No options were granted in the 2008 and 2009 years for the 2001 and 2003 option schemes.

Activity on share options granted but not yet exercised	Shares	Weighted average option price (SA rand)
For the year ended 30 June 2009		
Balance at beginning of year	**4 528 239**	49.14
Options exercised	**(1 321 303)**	51.42
Options forfeited and lapsed	**(356 378)**	53.12
Balance at end of year	**2 850 558**	47.58
For the year ended 30 June 2008		
Balance at beginning of year	**8 129 669**	48.38
Options exercised	**(1 764 132)**	49.16
Options forfeited and lapsed	**(1 837 298)**	45.77
Balance at end of year	**4 528 239**	49.14

The details pertaining to share options issued and exercised by directors during the year are disclosed in the directors' report.

For the years ended 30 June

36 Share option scheme (continued)

List of options granted but not yet exercised (listed by grant date)	At 30 June 2009	Option price (SA rand)	Remaining life (years)
24 April 2001	**17 000**	36.50	1.8
20 November 2001	**177 701**	49.60	2.4
23 September 2002	**13 647**	66.00	3.2
27 March 2003	**125 300**	91.60	3.7
10 August 2004	**576 558**	66.15	5.1
26 April 2005	**1 940 352**	39.00	5.8
Total option granted but not yet exercised	**2 850 558**		

The number of shares held by the Harmony Share Trust at year end amounted to 63 500 (2008: 107 400). This trust is considered to be an SPE and is therefore consolidated in accordance with the group's accounting policies.

List of options granted but not yet vested (listed by grant date)	2009	2008
10 August 2004	**316 498**	817 660
26 April 2005	**742 845**	1 917 783
Total options granted but not yet vested	**1 059 343**	2 735 443

SA rand			US dollar	
2008	2009	Figures in million	2009	2008
163	**102**	Average market price options traded during the year	**11**	22
297	**128**	Average fair value of share options vested during the year	**14**	41
3	**6**	Share based cost recognised	**1**	1

	Option allocation 10 August 2004	Option allocation 26 April 2005
The share based cost is calculated using the binomial valuation model based on the following assumptions at grant date:		
Price at date of grant (SA rand per share)	66.15	39
Risk-free interest rate:	9.9%	8.4%
Expected volatility:	40.0%	35.0%
Expected dividend yield:	0.0%	0.0%
Vesting period:	5 years	5 years

Share-based payments are measured at the fair value of the equity instruments at the date of the grant. The cost is expensed over the vesting period, based on the group's estimate of the options that are expected to eventually vest.

The only vesting conditions for the 2001 and 2003 schemes is that the employees should be in the employment of the group.

The volatility measured at the standard deviation of expected share price returns were based on statistical analysis of daily share prices over the last three years before grant date.

Notes to the group financial statements cont.

For the years ended 30 June

36 Share option scheme (continued)

The shares granted under the 2006 share plan

The 2006 share plan consist of both performance shares (PS) and share appreciation rights (SARs). The PS will vest after three years from the grant date, if and to the extent that the performance conditions have been satisfied. The SARs will vest in equal thirds in year 3, 4 and 5 after grant date, subject to the performance conditions having been satisfied. The SARs have an expiry date of 6 years from the grant date and the offer price equals the closing market price of the underlying shares on the trading date immediately preceding the grant.

The aggregate number of shares which may be allocated to the share plan on any day, when added to the total number of unexercised SARs, unvested performance shares, and restricted shares which have been allocated for SARs and PS, and any other employee share scheme operating by the company, shall not exceed 14% of the number of issued ordinary shares of the company from time to time. On 30 June 2009, 3 718 127 PS and 5 284 500 SARs had been allocated to participating employees.

Termination of employees participation in the share plan is based on "No Fault" and "Fault" definitions.

In the case of SARs, if employment is terminated for No Fault reasons, then the value of the appreciation in all unvested and un-exercised SARs is settled in shares or cash at the option of the employer as at the date of termination of employment, after the deduction of any tax payable. The employer has no past practice of settling in cash.

In the case of PS, if employment is terminated for No Fault reasons, then

- First the maximum number conditionally awarded is pro-rated for the time period until the termination date;
- Then this adjusted number is reduced to a third on the assumption that Harmony's performance was a median one with one third vesting;
- And then settled in cash or shares after the deduction of any tax payable.

In either case, if employment is terminated for Fault reasons, all unvested and un-exercised SARs and all PS not yet vested are lapsed and cancelled.

Number of shares relating to the 2006 share plan at 30 June	2009	2008
Shares granted	**9 002 627**	4 676 720
Unvested	**7 854 749**	4 236 938
Performance shares	**3 302 163**	1 341 444
Share appreciation rights	**4 552 586**	2 895 494
Shares forfeited	**1 147 878**	439 782
Performance shares	**415 964**	170 658
Share appreciation rights	**731 914**	269 124
Vesting periods of unvested shares:		
Within one year	**503 589**	–
One to two years	**1 651 892**	603 399
Two to three years	**3 675 954**	1 932 502
Three to four years	**1 329 960**	965 165
Four to five years	**693 354**	735 872
Total number of unvested shares	**7 854 749**	4 236 938

For the years ended 30 June

36 Share option scheme (continued)

Activity on PS and SARs granted but not yet exercised	2009 Shares	2009 Weighted average option price (SA rand)	2008 Shares	2008 Weighted average option price (SA rand)
For the year ended 30 June 2009				
Balance at beginning of year	**4 236 938**		1 468 510	
Performance shares	**1 341 444**	**n/a**	538 516	n/a
Share appreciation rights	**2 895 494**	**81.04**	929 994	112.64
Options granted	**4 325 907**		3 195 613	
Performance shares	**2 206 026**	**n/a**	973 586	n/a
Share appreciation rights	**2 119 881**	**77.81**	2 222 027	71.19
Options lapsed	**(708 096)**		(427 185)	
Performance shares	**(245 306)**	**n/a**	(170 658)	n/a
Share appreciation rights	**(462 790)**	**92.79**	(256 527)	110.27
Balance at end of year	**7 854 749**		4 236 938	
Performance shares	**3 302 164**	**n/a**	1 341 444	n/a
Share appreciation rights	**4 552 585**	**79.38**	2 895 494	81.04

List of shares granted but not yet exercised (listed by grant date)	At 30 June 2009	Strike price (SA rand)	Remaining life (years)
Performance shares			
15 November 2006	**316 020**	n/a	0.38
15 November 2007	**815 410**	n/a	1.38
7 March 2008	**12 308**	n/a	1.68
5 December 2008	**2 158 425**	n/a	2.43
Share appreciation rights			
15 November 2006	**562 707**	112.64	3.38
15 November 2007	**1 863 662**	70.54	4.38
7 March 2008	**46 154**	102.00	4.69
5 December 2008	**2 080 063**	77.81	5.44
Total options granted but not yet exercised	**7 854 749**		

None of the allocations for the 2006 share plan have vested yet.

Notes to the group financial statements cont.

For the years ended 30 June

36 Share option scheme (continued)

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
39	107	Share-based cost recognised	**12**	5

The share-based cost is calculated using Monte Carlo simulation on the PS and Black-Scholes on the SARs, based on the following assumptions at grant date.

	Performance shares	SARs
Price at date of grant (SA rand per share)		
– 15 November 2006 share allocation	n/a	112.64
– 15 November 2007 share allocation (valuation date 21 December 2007)	n/a	68.44
– 15 November 2007 share allocation (valuation date 21 April 2008)	n/a	92.25
– 7 March 2008 share allocation	n/a	102.00
– 5 December 2008 share allocation (valuation date 5 December 2008)	n/a	77.81
– 5 December 2008 share allocation (valuation date 16 February 2009)	n/a	116.90
Risk-free interest rate:		
– 15 November 2006 share allocation	9.58%	8.79%
– 15 November 2007 share allocation (valuation date 21 December 2007)	10.81%	9.84%
– 15 November 2007 share allocation (valuation date 21 April 2008)	11.71%	10.68%
– 7 March 2008 share allocation	11.04%	10.44%
– 5 December 2008 share allocation (valuation date 5 December 2008)	8.55%	8.43%
– 5 December 2008 share allocation (valuation date 16 February 2009)	8.18%	8.30%
Expected volatility*:		
– 15 November 2006 share allocation	34.71%	26.37%
– 15 November 2007 share allocation (valuation date 21 December 2007)	46.32%	35.10%
– 15 November 2007 share allocation (valuation date 21 April 2008)	49.52%	41.72%
– 7 March 2008 share allocation	50.49%	54.50%
– 5 December 2008 share allocation (valuation date 5 December 2008)	56.62%	48.61%
– 5 December 2008 share allocation (valuation date 16 February 2009)	70.86%	49.03%
Expected dividend yield:		
– for all allocations	0.00%	0.00%
Vesting period (from grant date):		
– for all allocations	3 years	5 years

Share-based costs are measured at the fair value of the equity instruments at the date of the grant as defined in IFRS 2. The grant date is the date of which the entity and counterparty have a shared understanding of the terms and conditions of the share-based payment arrangement. The cost is expensed over the vesting period, based on the group's estimate of the options that are expected to eventually vest.

For 15 November 2006, 15 November 2007 and 7 March 2008 issue:
The performance criteria imposed by the board and which must be satisfied before settlement of any PS under these awards are linked to the company's TSR in comparison to the Philadelphia XAU index of international gold and precious metal mining companies (50%) and the JSE Gold Mining index (50%).

The following performance criteria was imposed per the Harmony (2006) Share Plan which must be satisfied before the settlement of any SARs:

- that the company's headline earnings per share have grown since the allocation date by a minimum of CPI plus 3%;
- that the company's performance has since the allocation date been a satisfactory achievement in terms of the company's sustainability index.

For the years ended 30 June

36 Share option scheme (continued)

For 5 December 2008 issue:
The performance criteria imposed by the board and which must be satisfied before the Settlement of any PS under this award are linked to the company's TSR (total shareholder return) in comparison to the SA Gold Index (50%) and the SA Resource Index (50%);

The following performance criteria was imposed per the Harmony (2006) Share Plan which must be satisfied before the settlement of any SARs:

- that the company's headline earnings per share have grown since the allocation date by more than the CPI.

For options granted during the year, the following fair values were used as a basis to recognise share-based payment cost:

- For options measured on 5 December 2008, the value is R50.47 and R48.12 per share for PS and SARs respectively.
- For options measured on 16 February 2009, the value is R69.17 and R73.67 per share for PS and SARs respectively.

* The volatility is measured as an annualised standard deviation of historical share price returns, using an exponentially weighted moving average (EWMA) model, with a lambda of 0.99. The volatility is calculated on the grant date, and takes into account the previous three years of historical data.

37 Related parties

None of the directors or major shareholders of Harmony or, to the knowledge of Harmony, their families, had interest, direct or indirectly, in any transaction or in any proposed transaction that has affected or will materially affect Harmony or its subsidiaries, since 1 July 2008 other than as stated below.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, being any director (whether executive or otherwise) of the group.

Directors' remuneration is fully disclosed in the Directors' report.

African Rainbow Minerals Limited (ARM) currently holds 15% of Harmony's shares. Patrice Motsepe, André Wilkens and Frank Abbott are directors of ARM.

Harmony owns a 40% interest in Rand Uranium. Graham Briggs, Frank Abbott and Fikile de Buck are directors of Rand Uranium.

A list of the major shareholders can be found on page 317.

A list of the group's subsidiaries, associates and joint ventures has been included in Annexure A.

Material transactions with associates and joint ventures:
All transactions with related parties are conducted at arms-length.

Rand Uranium disposal
On 21 November 2008, the group disposed of its Randfontein Cooke assets to Rand Uranium in exchange for a 100% interest in the company. On the same date the group disposed of 60% of the interest held in Rand Uranium to PRF which resulted in a 40% interest held and Rand Uranium became an associate.

The conditions precedent for the second part of the Rand Uranium transaction relating to the sale of the Old Randfontein assets were fulfilled on 22 April 2009. Additional shares were issued in settlement and 60% of these shares were sold to PRF in terms of the agreement. PRF paid its portion of the purchase in cash on 20 April 2009. The total value of these transactions was R3 697 million (US$348 million). (Refer to note 22(b) for detail).

PNG disposal
On 22 April 2008, Morobe Consolidated Goldfields Limited and Wafi Mining Limited, subsidiaries of Harmony Gold (Australia) (Proprietary) Limited entered into a Master Purchase and Farm-in Agreement with Newcrest. This agreement provided for Newcrest to purchase a 30.01% participating interest (stage 1) and a further buy-out of an additional 19.99% participating interest in Harmony's PNG Gold and copper assets, giving them a 50% interest. The total value of the transaction was R 3 562 million (US$530 million). (Refer to note 23(a) for detail).

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		37 Related parties (continued)		
		Sales and services rendered to related parties		
46	**218**	Associates	**24**	6
–	**2**	Joint Venture	**–**	–
46	**220**		**24**	6
		Purchases and services acquired from related parties		
–	**6**	Associates	**1**	–
		Outstanding balances due by related parties		
103	**173**	Associates	**22**	13
–	**75**	Joint Ventures	**10**	–
103	**248**		**32**	13

Refer to note 24 (a), (b) and (c) for detail on the items relating to the loans to associates and joint ventures. Refer to note 24(e) for details on the provisions raised against these loans.

38 Commitments and contingencies

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		Capital expenditure commitments		
1 164	**248**	Contracts for capital expenditure	**32**	149
–	**230**	Share of Joint Venture's contract for capital expenditure	**30**	–
1 720	**734**	Authorised by the directors but not contracted for	**95**	221
2 884	**1 212**	**Total capital commitments**	**157**	370

This expenditure will be financed from existing resources and where appropriate, borrowings.

The group is contractually obliged to make the following payments in respect of operating leases, including for land and buildings, and for mineral tenement leases:

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
60	**40**	Within one year	**5**	8
–	**10**	Between one year and five years	**1**	–
60	**50**		**6**	8

This includes R6.7 million (US$0.9 million) for the PNG Joint Venture. For details on the group's finance leases, refer to note 29.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		38 Commitments and contingencies (continued)		
		Contingent liabilities		
18	**25**	Guarantees and suretyships	**3**	2
171	**301**	Environmental guarantees (i)	**39**	22
189	**326**		**42**	24

(i) Included in the balance for 2009 is an amount of R130 million (US$16.8 million) relating to guarantees provided for the Rand Uranium transaction. These guarantees will be cancelled once Rand Uranium puts its own guarantees in place. Also included is an amount of R112 million (US$14.5 million) for which funds have been set aside. Refer to note 19.

Contingent liability

(a) *Class Action.* On 18 April 2008, Harmony Gold Mining Company Limited was made aware that it has been named or may be named as a defendant in a lawsuit filed in the U.S. District Court in the Southern District of New York on behalf of certain purchasers and sellers of Harmony's American Depositary Receipts (ADRs) with regard to certain of its business practices. Harmony has retained legal counsel, who advise Harmony on further developments in the U.S.

During January 2009, the plaintiff filed an Amended Complaint with the Court. Subsequently, the company filed a Motion to Dismiss all claims asserted in the Class Action Case with the Court. The plaintiffs have filed an opposing response and the company has since replied to that response. It is not possible to predict with certainty when the Court will rule on the Motion to Dismiss as the timing of the ruling is entirely within the discretion of the Court. It is currently not possible to estimate if there will be a financial effect, or what that effect might be.

(b) The group may have a potential exposure to rehabilitate groundwater and radiation that may exist where the group has and/or continues to operate. In addition the group may have an exposure in relation to obtaining a full closure certificate for the rehabilitation of these areas.

The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements. It is further not certain that the company would be held liable for any or all of these exposures.

Should the group determine that any part of these contingencies require them being recorded and accounted for as liabilities, i.e. where they become quantifiable and probable, it could have a material impact on the financial status of the group.

Notes to the group financial statements cont.

For the years ended 30 June

39 Subsequent events

Pamodzi Gold Free State (Proprietary) Limited (In Provisional Liquidation)

During June 2009, Harmony Group reported that the provisional liquidators for Pamodzi Gold Free State (Proprietary) Limited (In Provisional Liquidation) (Pamodzi Free State) had chosen Harmony as the preferred bidder of Pamodzi Free State's assets. These assets consist of President Steyn 1 and 2 Shafts, Loraine 3 Shaft, Freddie 7 Shaft and Freddie 9 Shaft, a metallurgical gold plant, a waste rock dump and a dormant tailings storage facility.

Harmony's offer was accepted during July 2009, following the approval from the Industrial Development Corporation of South Africa and the relevant trade unions.

Further to the above Harmony announced during September 2009, that Harmony has entered into four separate agreements to purchase Pamodzi Free State's assets. The Pamodzi Free State assets will be purchased free from all liabilities, save for all associated rehabilitation and environmental liabilities. The purchase consideration for these assets is R405 million (US$52.4 million).

The major conditions precedent that have to be fulfilled in order for the agreements to become unconditional are the conversion of the Pamodzi Free State mining rights and the consent for the cession thereof to Harmony by the Minister of Minerals.

Dividends

On 13 August 2009, the board of directors approved a final dividend for the 2009 financial year of 50 SA cents per share. The total dividend, amounting to R213 million (US$28.6 million) was paid on 21 September 2009. As this dividend was declared after the reporting date, it has not been reflected in the financial statements for the periods ended 30 June 2009.

PNG exploration acquisition

On 27 August 2009, Harmony acquired two new exploration projects, the Amanab and the Mt. Hagen Projects, in PNG.

Amanab project EL1708 was granted on 6 July 2009 and comprises of about 863 square kilometres of tenure. The tenement is located approximately 160km north of the OK Tedi copper-gold mine in the Sandaun Province and was pegged to target the bedrock source of the alluvial goldfield centred on the Yup River.

The Mt Hagen project comprises two contiguous tenements encompassing approximately 1 100 square kilometres of tenure. The tenements are located approximately 20km north-northeast of Mt Hagen and are readily accessible via the Highlands Highway connecting Lae and Porgera.

Harmony acquired 100% of the mineral rights for EL1596 from Frontier Resources for the cash consideration of A$0.3 million (US$0.25 million).

Harmony also acquired the rights to explore the adjacent tenement EL1611 over a four year period, with the condition that Harmony's exploration program meets the minimum annual expenditure commitment. At any time during this period Harmony may exercise an option to purchase 100% of the tenement for a total cash consideration of R19 million (US$2.4 million).

Avoca Resources Limited

During September 2009 and the first part of October 2009, the group disposed of 56% of its Avoca Resources Limited shares, or 2.1 million shares, for A$3.6 million (US$3.0 million).

The group intends disposing of the remaining shares by the end of October 2009.

Big Bell Operations (Proprietary) Limited

During the September 2009 quarter, the board approved the sale of Big Bell Operations (Proprietary) Limited (BBGO), operations in Western Australia. A tender process was completed and a preferred bidder was identified. The share sale agreement is expected to be completed and executed during the December 2009 quarter. BBGO has been classified as held-for-sale.

For the years ended 30 June

40 Segment report

The group has only one product, gold. In order to determine operating and reportable segments, management reviewed various factors, including geographical location as well as managerial structure. It was determined that an operating segment consists of a shaft or a group of shafts managed by a single general manager and management team.

After applying the quantitative thresholds from IFRS8, the reportable segments were determined as:

Tshepong, Phakisa, Bambanani, Masimong, Target, Doornkop, Elandskraal, Evander, Virginia, Cooke (held-for-sale and discontinued) and Papua New Guinea. All other operating segments have been grouped together under other – underground or other – surface, under their classification as either continuing or discontinued.

When assessing profitability, the chief operating decision maker (CODM) considers the revenue and cash production costs of each segment. The net of these amounts is the cash operating profit or loss. Therefore, cash operating profit has been disclosed in the segment report as the measure of profit or loss.

The CODM does not consider depreciation or impairment and therefore these amounts have not been disclosed in the segment report.

Segment assets consist of mining assets which can be attributed to the shaft or group of shafts. Items such as trade and other receivables and investments in financial assets are not allocated at a shaft level and therefore form part of the reconciliation to total assets.

The comparative segment reports have been restated to reflect Mt Magnet being classified as a continuing operation.

A reconciliation of the segment totals to the group financial statements has been included in note 41.

Notes to the group financial statements cont.

For the years ended 30 June

Segment report – 2009 (Rand)

	Revenue Rm	Cash production cost Rm	Cash operating profit Rm	Mining assets Rm	Capital expenditure Rm	Kilograms produced* kg	Tonnes milled* t'000
Continuing operations							
South Africa							
Underground							
Tshepong	1,780	978	802	3 634	249	7 178	1 375
Phakisa	171	107	64	3 658	461	691	185
Bambanani	924	651	273	705	52	3 780	517
Doornkop	343	281	62	2 544	395	1 311	549
Elandsrand	1 422	1 056	366	2 715	422	5 422	962
Target	688	536	152	2 218	342	2 713	644
Masimong	1 215	661	554	665	130	4 791	890
Evander	1 514	998	516	940	210	5 912	1 125
Virginia	2 033	1 488	545	898	199	8 030	2 261
Other	503	366	137	240	56	2 043	513
Surface							
Other	903	535	368	142	84	3 566	8 867
Total South Africa	**11 496**	**7 657**	**3 839**	**18 359**	**2 600**	**45 437**	**17 888**
International							
Papua New Guinea	–	–	–	3 540	1 782	–	–
Other operations	–	–	–	259	–	–	–
Total international	**–**	**–**	**–**	**3 799**	**1 782**	**–**	**–**
Total continuing operations	**11 496**	**7 657**	**3 839**	**22 158**	**4 382**	**45 437**	**17 888**
Discontinued operations							
Cooke operations	614	447	167	–	87	2 500	1 287
Total discontinued operations	**614**	**447**	**167**	**–**	**87**	**2 500**	**1 287**
Total operations	**12 110**	**8 104**	**4 006**	**22 158**	**4 469**	**47 937**	**19 175**
Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 41).	(614)	(447)		15 867			
	11 496	**7 657**		**38 025**			

* Production statistics are unaudited.

For the years ended 30 June

Segment report – 2009 (US dollar)

	Revenue US$m	Cash production cost US$m	Cash operating profit US$m	Mining assets US$m	Capital expenditure US$m	Ounces produced* oz	Tons milled* t'000
Continuing operations							
South Africa							
Underground							
Tshepong	198	109	89	471	28	230 778	1 516
Phakisa	19	12	7	474	51	22 216	204
Bambanani	103	72	31	91	6	121 530	570
Doornkop	38	31	7	330	44	42 150	605
Elandsrand	158	117	41	352	47	174 321	1 061
Target	76	60	16	287	38	87 225	710
Masimong	135	73	62	86	14	154 034	981
Evander	168	111	57	122	24	190 075	1 241
Virginia	226	165	61	116	22	258 170	2 493
Other	56	41	15	31	6	65 684	566
Surface							
Other	100	59	41	18	9	114 648	9 778
Total South Africa	**1 277**	**850**	**427**	**2 378**	**289**	**1 460 831**	**19 725**
International							
Papua New Guinea	–	–	–	458	198	–	–
Other operations	–	–	–	34	–	–	–
Total international	–	–	–	492	198	–	–
Total continuing operations	**1 277**	**850**	**427**	**2 870**	**487**	**1 460 831**	**19 725**
Discontinued operations							
Cooke operations	69	50	19	–	10	80 377	1 419
Total discontinued operations	**69**	**50**	**19**	**–**	**10**	**80 377**	**1 419**
Total operations	**1 346**	**900**	**446**	**2 870**	**497**	**1 541 208**	**21 144**
Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 41)	(69)	(50)		2 055			
	1 277	**850**		**4 925**			

* Production statistics are unaudited.

Notes to the group financial statements cont.

For the years ended 30 June

Segment report – 2008 (Rand)

	Revenue Rm	Cash production cost Rm	Cash operating profit/(loss) Rm	Mining assets Rm	Capital expenditure Rm	Kilograms produced* kg	Tonnes milled* t'000
Continuing operations							
South Africa							
Underground							
Tshepong	1 621	906	715	3 157	195	8 271	1 495
Phakisa	28	17	11	2 444	293	125	31
Bambanani	932	741	191	762	107	4 817	827
Doornkop	258	225	33	2 128	349	1 370	448
Elandsrand	964	751	213	2 370	318	5 108	890
Target	503	374	129	2 147	256	2 476	622
Masimong	698	637	61	733	114	3 621	809
Evander	1 402	916	486	1 023	242	7 210	1 312
Virginia	1 488	1 308	180	831	152	7 708	2 130
Other	416	376	40	230	43	2 111	485
Surface							
Other	900	422	478	153	150	4 603	8 637
Total South Africa	**9 210**	**6 673**	**2 537**	**15 978**	**2 219**	**47 420**	**17 686**
International							
Papua New Guinea	–	–	–	4 521	1 428	–	–
Other operations	407	300	107	515	29	2 342	876
Total international	**407**	**300**	**107**	**5 036**	**1 457**	**2 342**	**876**
Total continuing operations	**9 617**	**6 973**	**2 644**	**21 014**	**3 676**	**49 762**	**18 562**
Discontinued operations							
Cooke operations	1 406	887	519	667	162	7 346	3 541
Other operations	450	481	(31)	–	117	2 315	951
Total discontinued operations	**1 856**	**1 368**	**488**	**667**	**279**	**9 661**	**4 492**
Total operations	**11 473**	**8 341**	**3 132**	**21 681**	**3 955**	**59 423**	**23 054**
Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 41)	(1 856)	(1 368)		15 061			
	9 617	**6 973**		**36 742**			

* Production statistics are unaudited.

For the years ended 30 June

Segment report – 2008 (US dollar)

	Revenue US$m	Cash production cost US$m	Cash operating profit/ (loss) US$m	Mining assets US$m	Capital expenditure US$m	Ounces produced* oz	Tons milled* t'000
Continuing operations							
South Africa							
Underground							
Tshepong	223	125	98	404	27	265 914	1 649
Phakisa	4	2	2	312	40	4 024	34
Bambanani	128	102	26	98	15	154 879	912
Doornkop	35	31	4	273	48	44 038	494
Elandsrand	133	103	30	304	44	164 215	981
Target	69	51	18	275	35	79 602	686
Masimong	96	88	8	94	16	116 424	892
Evander	193	127	66	131	33	231 799	1 447
Virginia	204	180	24	107	20	247 820	2 349
Other	58	52	6	29	6	67 862	535
Surface							
Other	126	57	69	19	19	147 980	9 524
Total South Africa	**1 269**	**918**	**351**	**2 046**	**303**	**1 524 557**	**19 503**
International							
Papua New Guinea	–	–	–	580	197	–	–
Other operations	56	41	15	66	4	75 297	966
Total international	**56**	**41**	**15**	**646**	**201**	**75 297**	**966**
Total continuing operations	**1 325**	**959**	**366**	**2 692**	**504**	**1 599 854**	**20 469**
Discontinued operations							
Cooke operations	194	123	71	86	22	236 170	3 906
Other operations	59	66	(7)	–	16	74 433	1 048
Total discontinued operations	**253**	**189**	**64**	**86**	**38**	**310 603**	**4 954**
Total operations	**1 578**	**1 148**	**430**	**2 778**	**542**	**1 910 457**	**25 423**
Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 41)	(253)	(189)		1 932			
	1 325	**959**		**4 710**			

* Production statistics are unaudited.

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		41 Reconciliation of segment information to consolidated income statements and balance sheet:		
		The "reconciliation of segment data to consolidated financials" line item in the segment reports is broken down into the following elements, to give a better understanding of the differences between the income statement, balance sheet and the segment report.		
		Revenue from:		
1 856	**614**	Discontinued operations	**69**	253
		Production costs from:		
1 368	**447**	Discontinued operations	**50**	189
		Reconciliation of cash operating profit to consolidated profit/(loss) before taxation and discontinued operations:		
11 473	**12 110**	Total segment revenue	**1 346**	1 578
(8 341)	**(8 104)**	Total segment production costs	**(900)**	(1 148)
3 132	**4 006**	Cash operating profit	**446**	430
(488)	**(167)**	Less discontinued operations	**(19)**	(64)
2 644	**3 839**		**427**	366
(1 499)	**(2 179)**	Cost of sales items other than production costs	**(254)**	(203)
(779)	**(1 390)**	Amortisation and depreciation of mining properties, mine development cost and mine plant facilities	**(158)**	(107)
(67)	**(77)**	Amortisation and depreciation of other than mining properties, mine development cost and mine plant facilities (b)	**(9)**	(10)
(12)	**(21)**	Provision/(reversal of provision) for rehabilitation costs	**(3)**	(2)
(74)	**(53)**	Care and maintenance cost of restructured shafts	**(6)**	(10)
(236)	**(39)**	Employment termination and restructuring costs	**(4)**	(32)
(42)	**(113)**	Share-based payments	**(13)**	(6)
(280)	**(484)**	Impairment of assets	**(61)**	(35)
(9)	**(2)**	Provision for post retirement benefits	**–**	(1)
1 145	**1 660**	**Gross profit**	**173**	163
(228)	**(362)**	Corporate,administration and other expenditure	**(40)**	(33)
(224)	**(289)**	Exploration expenditure	**(32)**	(32)
129	**965**	Profit on sale of property, plant and equipment	**116**	18
(97)	**(101)**	Other expenses – net	**(3)**	(13)
725	**1 873**	**Operating profit**	**214**	103
(78)	**12**	Profit/(loss) from associates	**1**	(11)
–	**1**	Profit on sale of investment in associate	**–**	–
(95)	**(112)**	Impairment of investment in associate	**(14)**	(12)
(2)	**–**	Loss on sale of investment in joint venture	**–**	–
33	**(101)**	Fair value (loss)/gain on financial instruments	**(10)**	5
(459)	**–**	Loss on sale of listed investments	**–**	(63)
(1)	**–**	Impairment of investments	**–**	–
284	**444**	Investment income	**49**	39
(524)	**(212)**	Finance cost	**(24)**	(71)
(117)	**1 905**	**Profit/(loss) before taxation and discontinued operations**	**216**	(10)

For the years ended 30 June

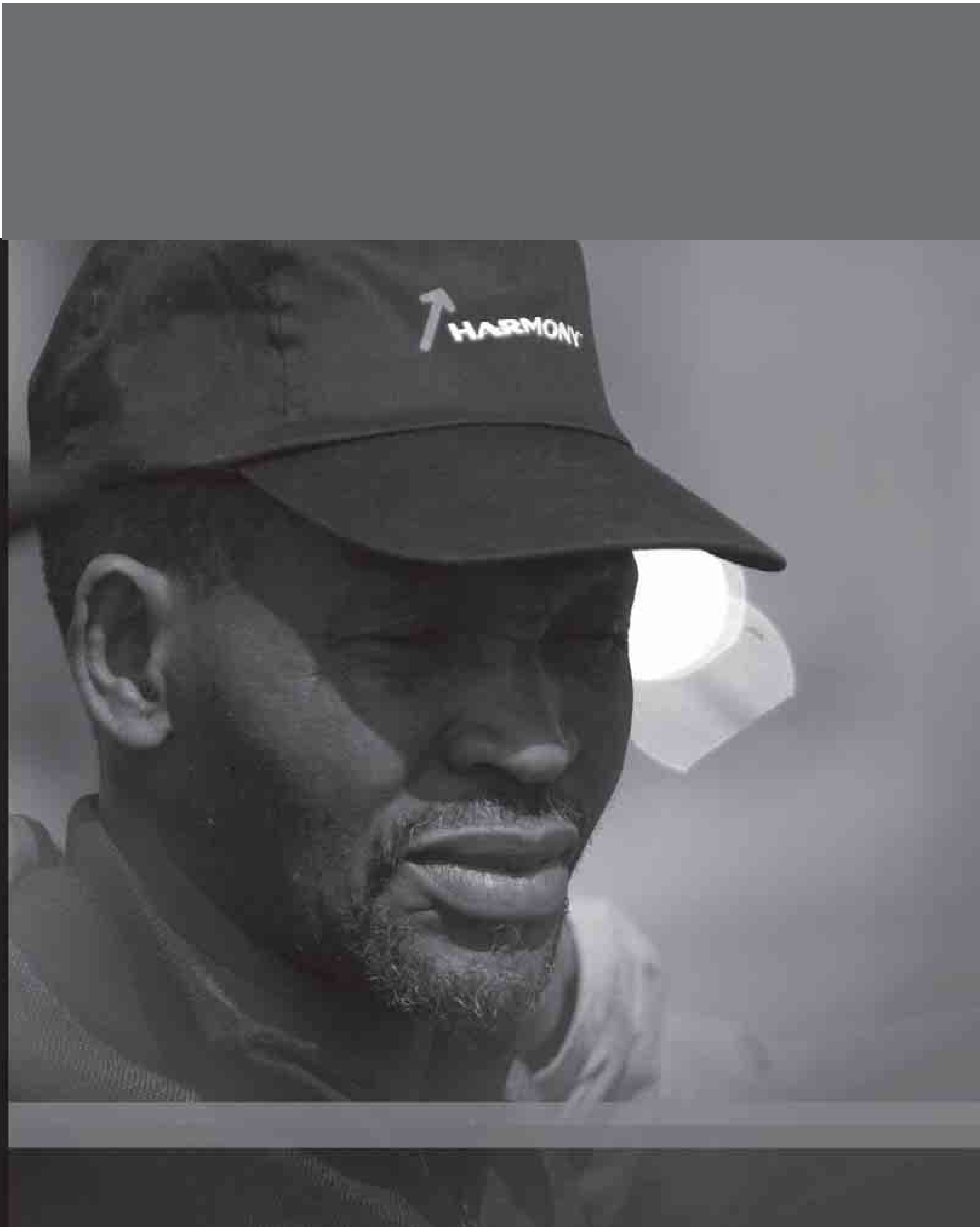
41 Reconciliation of segment information to consolidated income statements and balance sheet: (continued)

Reconciliation of total segment assets to consolidated assets includes the following:

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		Non-current assets		
7 057	**5 754**	Property, plant and equipment not allocated to specific segments	**744**	906
2 209	**2 224**	Intangible assets	**288**	283
78	**161**	Restricted cash	**21**	10
1 465	**1 640**	Restricted investments	**212**	188
67	**57**	Investment in financial assets	**7**	9
145	**329**	Investments in associates	**43**	19
1 485	**1 712**	Deferred tax asset	**222**	190
137	**75**	Trade and other receivables	**10**	18
		Current assets		
693	**1 035**	Inventories	**134**	89
–	**–**	Investment in financial assets	**–**	–
875	**885**	Trade and other receivables	**115**	112
82	**45**	Income and mining taxes	**6**	11
–	**–**	Restricted cash	**–**	–
413	**1 950**	Cash and cash equivalents	**253**	53
355	**–**	Assets of disposal groups classified as held-for-sale excluding mining assets	**–**	44
15 061	**15 867**	**Total assets**	**2 055**	1 932

Company financial statements

2009



Company income statements

For the years ended 30 June

Figures in million	Note	SA rand 2009	2008
Revenue		**3 538**	2 423
Cost of sales	1	**(2 756)**	(2 403)
Production costs		**(2 334)**	(2 041)
Amortisation and depreciation		**(363)**	(272)
Impairment of assets		**(52)**	–
Employment termination and restructured shafts		**(10)**	(73)
Other items		**3**	(17)
Gross profit		**782**	20
Corporate, administration and other expenditure		**(76)**	(52)
Exploration expenditure		**(9)**	–
Other expenses – net	2	**(125)**	(39)
Operating profit/(loss)	3	**572**	(71)
Impairment of investments in subsidiaries		**(7)**	–
Profit on sale of investment in associate		**1**	–
Impairment of investment in associate	12	**(145)**	(200)
Investment income	4	**211**	465
Finance costs	5	**(355)**	(471)
Profit/(loss) before taxation		**277**	(277)
Taxation	6	**(313)**	(52)
Net loss for the year		**(36)**	(329)

Company statements of comprehensive income

For the years ended 30 June

Figures in million	SA rand 2009	2008
Net loss for the year	**(36)**	(329)
Other comprehensive loss for the period, net of income tax	**–**	–
Total comprehensive loss for the year	**(36)**	(329)
Attributable to:		
Owners of the parent	**(36)**	(329)
Non-controlling interest	**–**	–

These are the separate financial statements of Harmony Gold Mining Company Limited. For the group financial statements, refer to pages 191 to 281.

Company balance sheets

As at 30 June

Figures in million	Note	SA rand 2009	2008
Assets			
Non-current assets			
Property, plant and equipment	7	**1 769**	1 772
Intangible assets	8	**61**	47
Restricted cash	9	**112**	–
Restricted investments	10	**255**	226
Investments in financial assets	11	**8**	2
Investments in associates	12	**–**	146
Investments in subsidiaries	13	**21 764**	20 400
Loans to subsidiaries	13	**4 362**	7 897
Trade and other receivables	15	**64**	134
Total non-current assets		**28 395**	30 624
Current assets			
Inventories	16	**164**	216
Trade and other receivables	15	**323**	299
Income and mining taxes		**10**	29
Cash and cash equivalents	17	**1 513**	200
Total current assets		**2 010**	744
Total assets		**30 405**	31 368
Equity and liabilities			
Share capital and reserves			
Share capital	18	**28 091**	25 899
Other reserves	19	**425**	403
(Accumulated loss)/retained earnings		**(26)**	10
Total equity		**28 490**	26 312
Non-current liabilities			
Deferred income tax	6	**207**	98
Provision for environmental rehabilitation	20	**314**	351
Retirement benefit obligations and other provisions	21	**19**	17
Total non-current liabilities		**540**	466
Current liabilities			
Trade and other payables	22	**447**	382
Loans from subsidiaries	13	**928**	593
Borrowings	23		3 615
Total current liabilities		**1 375**	4 590
Total equity and liabilities		**30 405**	31 368

Company statements of changes in shareholders' equity

For the years ended 30 June

Figures in million (SA rand)	Number of ordinary shares issued	Share capital Rm	Share premium Rm	(Accumulated loss)/ retained earnings Rm	Other reserves Rm	Total Rm
Note		18			19	
Balance – 30 June 2007	**399 608 384**	200	25 463	339	392	26 394
Issue of shares			–			
– Exercise of employee share options	**1 786 213**	1	86	–	–	87
– Exchange for PNG Royalty [(1)]	**1 859 159**	1	148	–	–	149
Share-based payments	**–**	–	–	–	11	11
Total comprehensive loss for the year		–	–	(329)	–	(329)
Balance – 30 June 2008	**403 253 756**	202	25 697	10	403	26 312
Issue of shares						
– Exercise of employee share options	**1 322 964**	1	62	–	–	63
– Exchange for PNG Royalty [(1)]	**3 364 675**	2	240	–	–	242
– Capital raising [(2)]	**18 045 441**	8	1 879	–	–	1 887
Share-based payments		–	–	–	22	22
Total comprehensive loss for the year	**–**	–	–	(36)	–	(36)
Balance – 30 June 2009	**425 986 836**	213	27 878	(26)	425	28 490

[(1)] Refer to note 17 of the group financial statements for detail.

[(2)] Refer to note 18 for detail.

Company cash flow statements

For the years ended 30 June

Figures in million	Note	SA rand 2009	SA rand 2008
Cash flow from operating activities			
Cash generated by operations	24	**1 248**	284
Interest received		**211**	96
Dividends received		**–**	24
Interest paid		**(266)**	(359)
Income and mining taxes paid		**(188)**	(44)
Cash generated by operating activities		**1 005**	1
Cash flow from investing activities			
Net increase in amounts invested in environmental trusts		**–**	(26)
Increase in restricted cash		**(112)**	–
Acquisition of intangible assets		**(38)**	(21)
Decrease/(increase) in loans to subsidiaries		**2 649**	(1 299)
Acquisition of other non-current investments		**(87)**	(67)
Proceeds on disposal of property, plant and equipment		**2**	2
Additions to property, plant and equipment		**(357)**	(279)
Cash generated/(utilised) by investing activities		**2 057**	(1 690)
Cash flow from financing activities			
Long-term borrowings raised		**–**	2 000
Long-term borrowings paid		**(3 700)**	(500)
Ordinary shares issued		**1 951**	87
Cash (utilised)/generated by financing activities		**(1 749)**	1 587
Net increase/(decrease) in cash and equivalents		**1 313**	(102)
Cash and equivalents – beginning of period		**200**	302
Cash and equivalents – end of period	17	**1 513**	200

Notes to the company financial statements

For the years ended 30 June

Figures in million	SA rand 2009	2008
1 Cost of sales		
Production costs (a)	**2 334**	2 041
Amortisation and depreciation of mining properties, mine development costs and mine plant facilities	**294**	234
Amortisation and depreciation of assets other than mining properties, mine development costs and mine plant facilities (b)	**69**	37
Reversal of provision for rehabilitation costs (c)	**(46)**	(1)
Care and maintenance cost of restructured shafts	**19**	9
Employment termination and restructuring costs (d)	**10**	73
Share-based payments (e)	**22**	11
Impairment of assets (f)	**52**	–
Provision for post retirement benefits	**2**	(1)
Total cost of sales	**2 756**	2 403

(a) Production costs include mine production, transport and refinery costs, applicable general and administrative costs, movement in inventories and ore stockpiles and ongoing environmental rehabilitation costs as well as transfers to and from deferred stripping. Ongoing employee termination costs are included, however employee termination costs associated with major restructuring and shaft closures are excluded. Production costs, analysed by nature, consist of the following:

	2009	2008
Labour costs, including contractors	**1 410**	1 366
Stores and materials	**549**	527
Water and electricity	**210**	160
Insurance	**55**	39
Transportation	**68**	26
Changes in inventory	**8**	3
Capitalisation of mine development costs	**(234)**	(218)
By-products sales	**(1)**	(4)
Other	**269**	142
Total production cost	**2 334**	2 041

(b) Amortisation and depreciation of assets other than mining properties, mine development costs and mine plant facilities consist of the following:

	2009	2008
Intangible assets	**24**	11
Amortisation of issue costs	**45**	26
Total amortisation and depreciation	**69**	37

(c) For the assumptions used to calculate the rehabilitation costs, refer to note 3.4 of the group financial statements.

(d) During the December 2007 quarter, a voluntary retrenchment process was initiated due to the company's decision to decentralise central services and restructuring due to the cessation of Conops.

(e) Refer to note 27 for details on the share-based payments schemes operated by the company.

(f) During 2009, impairments were recognised, which resulted primarily from the revised business (life-of-mine) plans that were completed during the June quarter of each year. Included in the revised plans were increases in labour and electricity costs, which impacted negatively on the recoverable amount. The impaired shafts are also nearing the end of their lives. Impairment tests were performed as required by IAS 36, *Impairment of Assets*, and as a result these impairments were recorded. For assumptions used to calculate the recoverable amount, refer to note 3.1 of the group financial statements.

Notes to the company financial statements cont.

For the years ended 30 June

Figures in million	SA rand 2009	2008
2 Other expenses – net		
Foreign exchange gain/(loss) – net (a)	**(139)**	4
Profit on sale of property, plant and equipment (b)	**(1)**	(2)
Bad debts provision expense (c)	**217**	19
Unrecoverable claims (d)	**–**	10
Bad debts written off (e)	**7**	–
Other expenses – net	**41**	8
Total other expenses – net	**125**	39

(a) Included in 2009 is R205 million exchange gains on the forward contract arranged by Harmony for the receipt of the proceeds for the Randfontein Cooke transaction. Refer to note 7(a)(ii) in the group financial statements.

Foreign exchange losses amounting to R66 million relates to the repayment of the intercompany loan by Harmony Gold (Australia) (Proprietary) Limited.

(b) Profit on sale of property, plan and equipment relates to scrap sales.

(c) The bad debts provision expense mainly relates to the provision for loans to associates and subsidiaries. Included in the total are provisions for the following loans:

Pamodzi Gold Limited: R116 million
Harmony Gold (Marketing) (Proprietary) Limited: R57 million
Harmony HIV/Aids Company (Proprietary) Limited: R10 million
Musuku Benefication Systems (Proprietary) Limited: R25 million

Refer to note 13 and 15.

(d) Unrecoverable claims relates to stale claims for Rand Mutual Assurance.

(e) During the 2009 year, trade debt and loans of R7 million were written off as the company considered the debt irrecoverable.

3 Operating profit/(loss)

The following have been included in operating profit/(loss):

Figures in million	2009	2008
Auditors' remuneration	**6**	8
External		
Fees – current year	**3**	2
Fees – prior year under provision	**1**	2
Fees – other services	**1**	2
Internal		
Fees – other services	**1**	2

4 Investment income

Figures in million	2009	2008
Interest received	**211**	96
Loans and receivables	**21**	11
Held-to-maturity investments	**26**	19
Cash and cash equivalents	**164**	66
Dividend income on available for sale (a)	**–**	369
Total investment income	**211**	465

(a) Included in the amount for 2008 is the dividend in species declared by ARMGold, a wholly owned subsidiary of Harmony, of the shares held in Pamodzi Gold Limited, which ARMGold received as a consideration for its Orkney assets.

For the years ended 30 June

Figures in million	SA rand 2009	2008
5 Finance costs		
Financial liabilities		
Bank and short-term facilities	**22**	20
Convertible unsecured fixed rate bonds	**135**	159
Nedbank Limited	**175**	215
Rand Merchant Bank	**–**	17
Other creditors	**–**	6
Total finance costs from financial liabilities	**332**	417
Non-financial liabilities		
South African Revenue Services (SARS)	**–**	19
Time value of money and inflation component of rehabilitation costs	**23**	35
Total finance costs from non-financial liabilities	**23**	54
Total finance costs	**355**	471
6 Taxation		
SA normal taxation		
Mining tax (a)		
– current year	**57**	–
– prior year	**–**	44
Non-mining tax (b)		
– current year	**143**	–
– prior year	**4**	–
Deferred tax (c)		
– deferred tax	**109**	8
Total normal taxation	**313**	52

(a) Mining tax on gold mining income in South Africa is determined according to a formula, based on the taxable income from mining operations. The company had made no election to be exempt from Secondary Tax on Companies (STC) and therefore taxed at a lower rate.

All qualifying mining capital expenditure is deducted from taxable mining income to the extent that it does not result in an assessed loss and accounting depreciation is eliminated when calculating the company's mining taxable income. Excess capital expenditure is carried forward as unredeemed capital to be claimed from future mining taxable income.

The formula for determining the South African gold mining tax rate for the 2008 and 2009 years is:

$Y = 34 - 170/X$

Where Y is the percentage rate of tax payable and X is the ratio of taxable income, net of any qualifying capital expenditure bears to mining income so derived, expressed as a percentage.

(b) Non-mining income is taxed at 28% (2008: 28%).

Notes to the company financial statements cont.

For the years ended 30 June

Figures in million	SA rand 2009	SA rand 2008

6 Taxation (continued)

(c) The tax rate used to calculate deferred tax is based on the current estimate of future profitability when temporary differences will reverse. Depending on the profitability of the operations, the tax rate can consequently be significantly different from year to year.

Income and mining tax rates

The taxation rates were changed in the 2008 year after an announcement of a reduction in the applicable rates by the Finance Minister in his annual budget speech in February 2008. There was no change to the rates in the 2009 year.

Major items causing the income tax provision to differ from the maximum mining statutory tax rate of 34% (2008: 34%) were:

Figures in million	2009	2008
Tax on net income at the maximum mining statutory tax rate	**(128)**	101
Non-taxable income/non-allowable deductions	**(411)**	(178)
Effect on temporary differences due to changes in effective tax rate	**230**	69
Prior year adjustment – mining and non-mining tax	**(4)**	(44)
Income and mining taxation	**(313)**	(52)
Effective income and mining tax rate	**(113%)**	17%

Deferred tax liabilities and assets on the balance sheet as of 30 June 2009 and 30 June 2008, relate to the following:

Figures in million	2009	2008
Deferred tax		
Gross deferred tax liability	**243**	178
Amortisation and depreciation	**237**	166
Product inventory not taxed	**3**	3
Convertible bonds	**–**	8
Other	**3**	1
Gross deferred tax assets	**(36)**	(80)
Unredeemed capital expenditure	**(1)**	(38)
Provisions, including non-current provisions	**(35)**	(29)
Tax losses	**–**	(13)
Net deferred tax liability	**207**	98
Movement in the net deferred tax liability recognised in the balance sheet is as follows:		
Balance at beginning of year	**98**	90
Total charge per income statement	**109**	8
Balance at end of year	**207**	98

For the years ended 30 June

Figures in million	SA rand 2009	2008

6 Taxation (continued)

The following amounts that will realise or be recovered in the next 12 months have been included in the deferred tax liabilities and assets:

	2009	2008
Deferred tax liabilities	**6**	4
Deferred tax assets	**(17)**	(10)
Net deferred tax asset	**(11)**	(6)

At 30 June 2009, the company has unredeemed capital expenditure of R6 million (2008: R312 million) and a nil tax loss (2008: R108 million) available for deduction against future mining taxable income. These future deductions are utilisable against mining taxable income generated only from the company's current mining operations and does not expire unless the company ceases to trade for a period longer than one year.

As at 30 June 2008 and 2009, the company had recognised all deferred tax assets in the determination of the net deferred tax liability.

During the years ended 30 June 2009 and 2008, there was no tax charged directly to equity.

Secondary Taxation on Companies

STC is a tax levied on South African companies at a rate of 10% with effect from 1 October 2007 (previously 12.5%) on dividends distributed.

Current and deferred tax are measured at the tax rate applicable to undistributed income and therefore only take STC into account to the extent that dividends have been received or paid.

On declaration of a dividend, the company includes the STC on this dividend in its computation of the income tax expense in the period of such declaration.

	2009	2008
Available STC credits at end of year	**273**	273

On 13 August 2009, the board of directors approved a final dividend for the 2009 financial year of 50 SA cents per share. The total dividend, paid on 21 September 2009, amounted to R213 million. As the STC credit exceeded the dividend no STC was payable on this declaration.

Notes to the company financial statements cont.

For the years ended 30 June

Figures in million	SA rand 2009	2008
7 Property, plant and equipment		
Mining properties, mine development costs and mine plant facilities	**1 355**	1 362
Undeveloped properties	**410**	410
Other non-mining assets	**4**	–
Total property, plant and equipment	**1 769**	1 772
Mining properties, mine development costs and mine plant facilities		
Cost		
Balance at beginning of year	**3 570**	3 214
Additions	**353**	279
Adjustment to rehabilitation asset	**(14)**	32
Transfers and other movements	**–**	45
Balance at end of year	**3 909**	3 570
Accumulated depreciation		
Balance at beginning of year	**2 208**	1 956
Impairment of fixed assets	**52**	–
Depreciation for the year	**294**	234
Transfers and other movements	**–**	18
Balance at end of year	**2 554**	2 208
Net book value	**1 355**	1 362
Undeveloped property		
Cost		
Balance at beginning of year	**410**	467
Transfers and other movements	**–**	(57)
Balance at end of year	**410**	410
Accumulated depreciation		
Balance at beginning of year	**–**	30
Transfers and other movements	**–**	(30)
Balance at end of year	**–**	–
Net book value	**410**	410
Other non-mining assets		
Cost		
Balance at beginning of year	**40**	28
Additions	**4**	–
Transfers and other movements	**–**	12
Balance at end of year	**44**	40
Accumulated depreciation		
Balance at beginning of year	**40**	28
Transfers and other movements	**–**	12
Balance at end of year	**40**	40
Net book value	**4**	–
Total net book value	**1 769**	1 772

For the years ended 30 June

Figures in million	SA rand 2009	2008
8 Intangible assets		
Computer software		
Cost (a)		
Balance at the beginning of year	**63**	42
Additions during the year	**38**	21
Balance at end of year	**101**	63
Accumulated depreciation		
Balance at the beginning of year	**16**	5
Amortisation charge for the year	**24**	11
Balance at end of year	**40**	16
Total net book value	**61**	47

(a) The amount relates to the acquisition of the Oracle ERP software implemented in December 2006, as well as additional acquisition and implementation costs for Oracle ERP software during the year.

9 Restricted cash

	2009	2008
Environmental guarantees call account	**112**	–

The amount relates to funds set aside for guarantees made to the Department of Mineral Resources for environmental and rehabilitation obligations for certain subsidiaries.

10 Restricted investments

	2009	2008
Held-to-maturity financial assets:		
Investments held by Environmental Trust Fund (a)	**212**	190
Investments held by Social Trust Fund (b)	**43**	36
Total restricted investments	**255**	226

(a) The environmental trust fund is an irrevocable trust under the company's control. Contributions to the trust are invested primarily in interest-bearing short-term investments. The costs of these investments approximate their fair value. These investments provide for the estimated cost of rehabilitation during and at the end of the life of the company's mines. Income earned on the investments are restricted in use and may only be used to fund the company's approved rehabilitation costs.

Reconciliation of the movement in the Environmental Trust Fund:

	2009	2008
Balance at beginning of year	**190**	147
Interest accrued	**22**	17
Contributions made	**–**	26
Balance at end of year	**212**	190

Notes to the company financial statements cont.

For the years ended 30 June

Figures in million	SA rand 2009	2008

10 Restricted investments (continued)

(b) The social trust fund is an irrevocable trust under the company's control. The Company has undertaken to donate over a period of 10 years to The Harmony Gold Mining Company Social Plan Trust in terms of an agreement signed on 3 November 2003. An initial donation of R 18.5 million was made during the 2004 year. The balance will be donated in installments of R 3.5 million per annum with the final installment to be made in 2013. The purpose of the Trust is to fund the social plan to reduce the negative effects of restructuring on the company's workforce, to put measures in place to ensure that the technical and life skills of the company's workforce are developed and to develop the company's workforce in such a manner to avoid or minimise the effect of job losses and a decline in employment through turnaround or redeployment strategies.

	2009	2008
Reconciliation of the movement in the Social Trust Fund:		
Balance at beginning of year	**36**	37
Contributions made	**4**	4
Interest accrued	**4**	2
Claims paid	**(1)**	(7)
Balance at end of year	**43**	36

11 Investment in financial assets

	2009	2008
Available-for-sale financial assets		
Balance at beginning of year	**2**	52
Additions	**6**	–
Disposals	**–**	(50)
Balance at end of year	**8**	2
The carrying amount consists of the following:		
Investment in unlisted shares	**8**	2

These investments have been valued by the directors by performing independent valuations on an annual basis to ensure that no permanent impairment in the value of the investments has occurred. The directors' valuation is consistent with the value stated above. During the financial year under review, the company did not receive any income from these investments (2008: Nil).

12 Investments in associates

	2009	2008
Balance at beginning of year	**146**	1
Disposal of share in associate	**(1)**	–
Shares acquired at cost	**–**	345
Impairment of share in associate	**(145)**	(200)
Balance at end of year	**–**	146
The carrying amount consists of the following:		
Pamodzi Gold Limited (a)	**–**	145
Village Main Reef Gold Mining Company Ltd (b)	**–**	1
Total investments in associates	**–**	146

For the years ended 30 June

Figures in million	SA rand 2009	2008

12 Investments in associates (continued)

(a) On 27 February 2008, Pamodzi Gold Limited (Pamodzi) bought the Orkney operations from ARMgold for a consideration of 30 000 000 Pamodzi shares. ARMgold declared these shares to Harmony as a dividend in species. This resulted in Harmony Gold Mining Company owning 32.4% of Pamodzi. On the purchase date the value of the investment was R11.50 per share resulting in R345 million investment. Pamodzi was listed on the JSE and has interests in operating gold mines in South Africa.

We recognised an impairment of R200 million at 30 June 2008, as a result of the decrease in the share price. On 30 September 2008, the carrying value exceeded the fair value and as a result, a further impairment of R145 million was recognised. On 30 June 2009, the fair value of the investment was calculated at R0 (2008: R145 million (R4.85 per share)).

Refer to note 22 of the group financial statements for further details.

(b) On 21 June 2006, Harmony acquired 37.8% of the issued share capital of Village Reef Gold Mining Company (1934) Limited (Village) at a total cost of R0.5 million. The equity stake was purchased from African Rainbow Minerals Limited at a price of 20 cents per share. Village is listed on the JSE Limited in the gold sector and has been dormant for some time without any operating mines.

On 10 July 2008, the company disposed of its interest in Village to To The Point Growth Specialists Investments 2 (Pty) Ltd for a consideration of R1.1 million.

Refer to note 22 of the group financial statements for further details.

13 Investments in subsidiaries

	2009	2008
Shares at cost (a)(b)	**21 764**	20 400
Loans to subsidiary companies (b)(c)	**4 362**	7 897
Loans from subsidiary companies	**(928)**	(593)
Total investments in subsidiaries	**25 198**	27 704

Refer to Annexure A on page 311 for a detailed listing of the company's investments in subsidiaries and the loans to and from these companies.

(a) As at 30 June 2009 the investments in Harmony Gold (Peru) and Harmony Gold (Isle of Man) were written off due to these companies being in liquidation. The investments had a carrying value of R6 million and R0.02 million respectively.

(b) Included in the balance of the investments as at 30 June 2009 is an amount related to the loan of R1 370 million from the company to Harmony Gold (Australia) (Proprietary) Limited (Harmony Australia) . The loan was capitalised as part of the company's net investment in Harmony Australia and 435.2 million ordinary shares were issued. The balance of this loan at 30 June 2008 was R3 887 million. During 2009, R1 019 million was repaid from the proceeds of the sale of PNG assets to Newcrest.

(c) During the 2009 year R94 million was provided as irrecoverable for loans to subsidiaries. These subsidiaries are dormant and will be liquidated in due course. Included in the balance are provisions raised for the following loans:

	2009	2008
Harmony Gold (Marketing) (Pty) Ltd	**25**	–
Musuku Benefication Systems (Pty) Ltd	**57**	–
Harmony HIV/AIDS Company (Pty) Ltd	**10**	–

Notes to the company financial statements cont.

For the years ended 30 June

Figures in million	SA rand 2009	2008

14 Investment in joint venture

On 1 January 2008, the company disposed of its 45% interest in Healthshare Health Solutions (Proprietary) Limited (Healthshare) to the remaining shareholders of Healthshare. The joint venture was disposed for a consideration of R100, the cost of which was R45, resulting in a profit of R55. Refer to note 23(b) of the group financial statements

15 Trade and other receivables

Figures in million	2009	2008
Current		
Financial assets:		
Trade receivables (gold)	**245**	236
Other trade receivables (a)	**42**	10
Provision for impairment	**(17)**	(10)
Trade receivables – net	**270**	236
Interest and other receivables	**15**	33
Employee receivables	**20**	25
Insurance claims receivable	**3**	1
Non-financial assets:		
Prepayments	**15**	4
Total current trade and other receivables	**323**	299
Non-current		
Financial assets:		
Loans receivables (b)	**186**	144
Provision for impairment (c)	**(125)**	(14)
Loans receivables – net	**61**	130
Loan to Harmony Share Trust	**3**	4
Total non-current trade and other receivables	**64**	134

(a) Included in trade and other receivables is an amount of R68 million owed by Rand Uranium. Of this amount, R10 million is classified as current.

(b) Loans comprise various loans, which have been valued by the directors. Included in this balance is the loan of R116 million (2008: R103 million) owed by Pamodzi. The loan bore interest at prime rate until March 2009 when Pamodzi was placed into liquidation. Also included in this balance is a loan of R5 million (2008: R4 million) due from Ubuntu Small Scale Mining (Pty) Ltd (Ubuntu). The loan bears interest at prime less 3% with no fixed repayment terms.

(c) Included in this balance is the amount of R116 million (2008: R0) relating to the loan owed by Pamodzi. Also included in the balance is an amount of R5 million (2008: R4 million) relating to the loan owed by Ubuntu.

Figures in million	2009	2008
The movement in the provision for impairment of trade receivables during the year was as follows:		
Balance at beginning of year	**10**	3
Impairment loss recognised	**8**	7
Receivables written off during the year	**(1)**	–
Balance at end of year	**17**	10
The movement in the provision for impairment of loans receivable during the year was as follows:		
Balance at beginning of year	**14**	10
Impairment loss recognised	**117**	4
Loans written off during the year	**(6)**	–
Balance at end of year	**125**	14

For the years ended 30 June

15 Trade and other receivables

The ageing of trade receivables at the reporting date was:

30 June 2009	Gross	Impairment
Fully performing	**250**	**–**
Past due by 1 to 30 days	**17**	**–**
Past due by 31 to 60 days	**1**	**–**
Past due by 61 to 90 days	**–**	**–**
Past due by more than 90 days	**9**	**7**
Past due by more than 361 days	**10**	**10**
	287	**17**

30 June 2008	Gross	Impairment
Fully performing	236	–
Past due by 1 to 30 days	–	–
Past due by 31 to 60 days	–	–
Past due by 61 to 90 days	–	–
Past due by more than 90 days	5	5
Past due by more than 361 days	5	5
	246	10

The ageing of loans receivable at the reporting date was:

30 June 2009	Gross	Impairment
Fully performing	**61**	**–**
Past due by 1 to 30 days	**–**	**–**
Past due by 31 to 60 days	**–**	**–**
Past due by 61 to 90 days	**–**	**–**
Past due by more than 90 days	**4**	**4**
Past due by more than 361 days	**121**	**121**
	186	**125**

30 June 2008	Gross	Impairment
Fully performing	130	–
Past due by 1 to 30 days	–	–
Past due by 31 to 60 days	–	–
Past due by 61 to 90 days	–	–
Past due by more than 90 days	10	10
Past due by more than 361 days	4	4
Balance at 30 June 2008	144	14

Based on past experience, the company believes that no impairment allowance is necessary in respect of fully performing receivables as the amount relates to customers that have a good track record with the company. Similarly, the loans and receivables noted above, other than those that have been provided for, are fully performing and considered to be a low risk.

The company does not hold any collateral in respect of financial assets.

During the year 2009 and 2008 there was no renegotiation of the terms of any receivable.

Notes to the company financial statements cont.

For the years ended 30 June

Figures in million	SA rand 2009	SA rand 2008
16 Inventories		
Gold-in-process and bullion-on-hand	**17**	25
Stores and materials at weighted average cost	**147**	191
Total inventories	**164**	216
17 Cash and cash equivalents		
Cash at bank and short-term deposits	**1 513**	200
Total cash and cash equivalents	**1 513**	200

18 Share capital

Authorised

1 200 000 000 (2008: 1 200 000 000) ordinary shares of SA 50 cents each

10 958 904 (2008: 10 958 904) redeemable convertible preference shares of SA 50 cents each

Issued

425 986 836 (2008: 403 253 756) ordinary shares of SA 50 cents each. All issued shares are fully paid.

Included in the total of issued shares is an amount of 2 314 shares held by Lydenburg Exploration Limited, a wholly-owned subsidiary of the company.

On 1 December 2008, Harmony issued 3 364 675 shares to Rio Tinto Limited. The Harmony shares were issued to cancel the Rio Tinto royalty rights over Wafi-Golpu in Papua New Guinea. The value of issued shares was R242 million (US$24 million) at R71.98 per share.

Harmony engaged in capital raising by issuing two tranches of shares following the resolution passed by shareholders at the Annual General Meeting held on 24 November 2008. The first tranche was issued into the open market between 25 November 2008 and 19 December 2008. In this tranche, 10 504 795 Harmony shares were issued at an average subscription price of R93.20, resulting in R979 million before costs being raised. The cost of the issue was R15 million or 1.5% of the value of shares issued.

A second tranche of shares was issued for cash into the open market between 10 February 2009 and 6 March 2009. This tranche consisted of 7 540 646 Harmony shares at an average subscription price of R124.45, resulting in R938 million before costs being raised. The cost of the issue was R15 million or 1.6% of the value of shares issued. The combined share issue amounts to R1.9 billion or 4.5% of the issued share capital as at 30 September 2008.

The unissued shares are under the control of the directors until the forthcoming annual general meeting. The Directors' Report and note 36 of the group financial statements set out details in respect of the share option scheme and shares held in trust for employees of the group.

The company has a general authority to purchase its shares up to a maximum of 10% of the issued share capital in any one financial year. This is in terms of the annual general meeting of shareholders on 24 November 2008. The general authority is subject to the Listings Requirements of the JSE Limited and the Companies Act No 61 of 1973 of South Africa, as amended.

For the years ended 30 June

Figures in million	SA rand 2009	2008

19 Other reserves

	2009	2008
Other reserves comprises of:		
Equity component of convertible bond (a)	277	277
Share-based payments (b)	148	126
Total other reserves	**425**	403
Equity component of convertible bond		
Balance at beginning and end of year	277	277
Share-based payments		
At the beginning of the year	126	115
Share-based payments expensed (b)	22	11
Balance at end of year	**148**	126

(a) Equity component of convertible bond. Refer to note 28(c) in the group financial statements.

(b) Share-based payments. Refer to note 28(e) in the group financial statements.

20 Provision for environmental rehabilitation

The company's mining and exploration activities are subject to extensive environmental laws and regulations. These laws and regulations are continually changing and are generally becoming more restrictive. The company has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements. The following is a reconciliation of the total liability for environmental rehabilitation:

	2009	2008
Provision raised for future rehabilitation		
Balance at beginning of year	351	285
Change in estimate – Balance sheet	(14)	32
Change in estimate – Income statement	(46)	(1)
Inflation present value adjustment and time value of money component	23	35
Total provision for environmental rehabilitation	**314**	351

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, the company has estimated that, based on current environmental and regulatory requirements, the total cost for the mines, in current monetary terms, is approximately R422 million (2008: R428 million). Refer to note 3.4 of the group financial statements for estimations and judgements used in the calculation.

Included in the charge to the income statement is an amount R6 million (2008: R7 million) relating to the time value of money.

	2009	2008
Future net obligations		
Ultimate estimated rehabilitation cost	422	428
Amounts invested in environmental trust funds (refer to note 10)	(212)	(190)
Total future net obligations	**210**	238

The company intends to finance the ultimate rehabilitation costs from the money invested with environmental trust funds, ongoing contributions, as well as the proceeds on sale of assets and gold from plant clean-up at the time of mine closure.

Notes to the company financial statements cont.

For the years ended 30 June

Figures in million	SA rand 2009	2008
21 Retirement benefit obligations and other provisions		
Non-current		
Retirement benefit obligation (refer to note 25)	**5**	3
Other	**14**	14
Closing balance	**19**	17
22 Trade and other payables		
Financial liabilities		
Trade payables	**64**	3
Other liabilities	**10**	18
Non-financial liabilities		
Payroll accruals	**174**	180
Leave liabilities (a)	**81**	68
Shaft related accruals	**31**	76
Other accruals	**76**	6
Value added tax	**11**	31
Total trade and other payables	**447**	382

(a) Leave liability

Employee entitlements to annual leave are recognised on an ongoing basis. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. The movement in the liability recognised in the balance sheet is as follows:

Figures in million	2009	2008
Balance at beginning of year	**68**	75
Benefits paid	**(76)**	(70)
Total expense per income statement	**89**	63
Balance at end of year	**81**	68

Figures in million	2009	2008
23 Borrowings		
Unsecured borrowings		
Convertible unsecured fixed rate bonds (a)	**–**	–
Principal amount	**–**	1 700
Equity conversion component, net of deferred tax liability	**–**	(277)
Deferred tax liability on initial recognition	**–**	(60)
Liability component on initial recognition	**–**	1 363
Unwinding of time value of money portion	**–**	271
Less: unamortised bond issue costs	**–**	(8)
	–	1 626
Less: current portion	**–**	(1 626)
Total unsecured long-term borrowings	**–**	–

For the years ended 30 June

Figures in million	SA rand 2009	2008

23 Borrowings

Secured borrowings		
Nedbank Limited (b)	**–**	–
Principal amount	**–**	2 000
Less: unamortised issue costs	**–**	(11)
Less: current portion	**–**	(1 989)
Total secured long-term borrowings	**–**	–
Total long-term borrowings	**–**	–
Total current portion of borrowings	**–**	3 615
Total borrowings	**–**	3 615

(a) For details on the convertible bond, refer to note 29(a) of the group financial statements.

(b) For details on the Nedbank loan, refer to note 29(c) of the group financial statements.

24 Cash generated by operations

Reconciliation of profit/(loss) before taxation to cash generated by operations:

Profit/(loss) before taxation	**277**	(277)
Adjustments for:		
Amortisation and depreciation	**363**	271
Impairment of assets	**52**	–
Profit on sale of mining assets	**(1)**	(2)
Net increase/(decrease) in provision for post retirement benefits	**2**	(1)
Net decrease in provision for environmental rehabilitation	**(46)**	(1)
Impairment of associates	**145**	200
Impairment of investments in subsidiaries	**7**	–
Share-based payments	**22**	11
Profit on sale of investment in associate	**1**	–
Dividends received	**–**	(369)
Interest received	**(211)**	(96)
Interest paid	**355**	471
Provision for doubtful debts	**217**	19
Bad debts written off	**7**	–
Other non cash transactions	**(12)**	(12)
Effect of changes in operating working capital items:	**355**	*471*
Receivables	**(29)**	(45)
Inventories	**60**	86
Accounts payable and accrued liabilities	**39**	29
Cash generated by operations	**1 248**	284

Additional cash flow information

The income and mining taxes paid in the statement of cash flow represents actual cash paid less refunds received

Notes to the company financial statements cont.

2009

For the years ended 30 June

Figures in million	SA rand 2009	2008

24 Cash generated by operations (continued)

Acquisitions and disposals of subsidiaries/businesses:

For the year ended June 2009

(a) Disposal of Village Reef Gold Mining Company (Village)

On 10 July 2008, the company disposed of its 37.8% interest in Village to To The Point Growth Specialists Investments 2 (Proprietary) Limited, for a consideration of R1.1 million. The investment in Village as at 30 June 2009 had a fair value of R0.7 million.

(b) The principal non-cash transactions for the year were the issue of shares to Rio Tinto for the acquisition of the Wafi Royalty on behalf of Harmony Australia (refer to note 18), the capitalisation of the Harmony Australia inter-company loan (see note 13(b)) and share-based payments (refer to note 27).

For the year ended June 2008

(a) There was neither acquisition nor disposal of subsidiary/business during the current financial year.

(b) The principal non-cash transactions for the year were the share-based payments (refer to note 27) and the issue of shares to Rio Tinto for the acquisition of the PNG Royalty on behalf of Harmony Australia.

25 Retirement benefit obligations

Pension and provident funds: The company contributes to several pension and provident funds governed by the Pension Funds Act, 1946 for its employees. The pension funds are multi-employer industry plans. The company's liability is limited to its annually determined contributions.

The provident funds are funded on the "money accumulative basis" with the member's and employer's contributions having been fixed in the constitution of the funds.

Substantially all the company's employees are covered by the above mentioned retirement benefit plans. Funds contributed by the company for the 2009 financial year amounted to R125 million (2008 : R96 million).

Post-retirement benefits other than pensions: Most of the supervisory and managerial workers in South Africa participate in the Minemed medical scheme, as well as other medical schemes. The company contributes to these schemes on behalf of current employees and retired employees who retired prior to 31 December 1996 (Minemed scheme). The annual contributions for these retired employees are fixed. The company's contributions to these schemes on behalf of current employees amounted to R27 million for 2009 and R18 million for 2008.

No post-retirement benefits are available to other current workers. No liability exists for employees who were members of these schemes who retired after the date noted above. The medical schemes pay certain medical expenses for both current and retired employees and their dependents. Current and retired employees pay an annual fixed contribution to these schemes.

Assumptions used to determine the liability relating to the Minemed medical scheme included, a discount rate of 10%, no increases in employer subsidies (in terms of the agreement) and mortality rates according to the SA "a mf" tables and a medical inflation rate of 7.8%.It is also assumed that all members will retire at the age of 60 and will remain on the current benefit option.

For the years ended 30 June

Figures in million	SA rand 2009	2008

25 Retirement benefit obligations (continued)

The liability is based on an actuarial valuation conducted during the year ended 30 June 2009, using the projected unit credit method. The next actuarial valuation will be performed on 30 June 2010.

Present value of unfunded obligations	**5**	3
Movement in the liability recognised in the balance sheet:		
Balance at beginning of year	**3**	4
Contributions paid	**(1)**	(1)
Interest cost	**1**	–
Net actuarial loss recognised during the year	**2**	–
Balance at end of year	**5**	3
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	**10.00%**	12.00%
Healthcare inflation rate	**7.84%**	9.80%
Normal retirement age	**60**	60
The present value of the net liability of the defined benefit plan is as follows:		
Present value of defined benefit obligation	**5**	3
Fair value of plan assets	**–**	–
Net liability	**5**	3

The present value of defined benefit obligation was R4 million in 2007, R4 million in 2006 and R4 million in 2005.

The effect of a one percentage point increase and decrease in the assumed medical cost trend rates is as follows:

	1% Increase/ decrease	1% Increase/ decrease
Effect on:		
Aggregate of service cost and interest cost	**–**	–
Defined benefit obligation	**1**	1

The company expects to contribute approximately R0.11 million to its benefit plan in 2010.

26 Employee benefits

Number of permanent employees as at 30 June:	**11 947**	10 970
Aggregate earnings:		
The aggregate earnings of employees including directors were:		
Salaries and wages and other benefits	**1 554**	1 206
Retirement benefit costs	**125**	96
Medical aid contributions	**27**	18
Total aggregate earnings	**1 706**	1 320

Directors' remuneration is fully disclosed in the Directors' report, on pages 176 to 188.

Notes to the company financial statements cont.

For the years ended 30 June

27 Share option scheme

The group currently has the 2001 and 2003 schemes and the 2006 share plan that are still active. The objective of these schemes are to recognise the contributions of senior staff to the value added to the group's financial position and performance and for retain key employees.

The options granted under the 2001 and 2003 schemes
Refer to the note 36 of the group financial statements for the information relating to the 2001 and 2003 schemes, the following information relates specifically to the company.

Number of share options relating to the 2001 and 2003 option schemes:	Number of shares 2009	Number of shares 2008
Share options granted	**19 298 719**	18 815 365
Exercised	**13 091 469**	12 143 025
Vested but not exercised	**1 234 321**	1 048 194
Unvested	**602 667**	1 362 435
Forfeited and lapsed	**4 370 262**	4 261 711
Vesting periods of unvested options granted:		
Within one year	**602 667**	681 218
One to two years	**–**	681 218
Total number of unvested shares	**602 667**	1 362 436

No options were granted in the 2008 and 2009 years for the 2001 and 2003 option schemes.

Activity on share options granted but not yet exercised	Number of shares	Weighted average option price (SA rand)
For the year ended 30 June 2009		
Balance at beginning of year	**2 410 629**	**49.34**
Options exercised	**(948 444)**	**50.53**
Options forfeited and lapsed	**(108 551)**	**57.10**
Intercompany transfers of employees	**483 353**	
Balance at end of year	**1 836 987**	**47.54**
For the year ended 30 June 2008		
Balance at beginning of year	4 089 067	49.76
Options exercised	(825 839)	50.24
Options forfeited and lapsed	(854 599)	50.47
Balance at end of year	2 408 629	49.34

For the years ended 30 June

27 Share option scheme (continued)

List of options granted but not yet exercised (listed by grant date)	At 30 June 2009	Option price (SA rand)	Remaining life (years)
24 April 2001	**17 000**	36.50	1.8
20 November 2001	**156 501**	49.60	2.4
23 September 2002	**13 647**	66.00	3.2
27 March 2003	**32 900**	91.60	3.7
10 August 2004	**440 990**	66.15	5.1
26 April 2005	**1 175 949**	39.00	5.8
Total option granted but not yet exercised	**1 836 987**		

List of options granted but not yet vested (listed by grant date) (listed by grant date)	Number of shares 2009	Number of shares 2008
10 August 2004	**199 556**	427 591
26 April 2005	**403 111**	934 844
Total options granted but not yet vested	**602 667**	1 362 435

Figures in million	SA rand 2009	2008
Average market value of share options traded during the year	**49**	76
Average fair value of share options vested during the year	**75**	149
Share-based cost recognised	**1**	1

The shares granted under the 2006 share plan
Refer to note 36 of the group financial statements for the information relating to the 2006 share plan, the following information relates specifically to the company.

Number of shares relating to the 2006 share plan	Number of shares 2009	Number of shares 2008
Shares granted	**4 978 099**	2 494 753
Unvested	**4 536 526**	2 237 522
Performance shares	**2 012 382**	737 523
Share appreciation rights	**2 524 144**	1 499 999
Shares forfeited	**441 573**	257 231
Performance shares	**207 711**	131 888
Share appreciation rights	**233 862**	125 343
Vesting periods of shares granted:		
Within one year	**292 704**	–
One to two years	**984 755**	304 535
Two to three years	**2 140 230**	1 027 375
Three to four years	**753 272**	500 000
Four to five years	**365 565**	405 612
Total number of unvested shares	**4 536 526**	2 237 522

Notes to the company financial statements cont.

For the years ended 30 June

27 Share option scheme (continued)

Activity on PS and SARs granted but not yet exercised	2009 Number of shares	2009 Weighted average option price (SA rand)	2008 Number of shares	2008 Weighted average option price (SA rand)
For the year ended 30 June 2009				
Balance at beginning of year	2 237 522		740 094	
Performance shares	737 523	n/a	339 785	n/a
Share appreciation rights	1 499 999	79.46	400 309	112.64
Options granted	2 426 727		1 750 864	
Performance shares	1 316 659	n/a	529 626	n/a
Share appreciation rights	1 110 068	77.81	1 221 238	71.73
Options lapsed	(184 342)		(253 436)	
Performance shares	(75 823)	n/a	(131 888)	n/a
Share appreciation rights	(108 519)	80.34	(121 548)	111.12
Intercompany transfers of employees	56 619		–	
Performance shares	34 023		–	n/a
Share appreciation rights	22 596		–	–
Balance at end of year	4 536 526		2 237 522	
Performance shares	2 012 382	n/a	737 523	n/a
Share appreciation rights	2 524 144	78.68	1 499 999	79.46

List of shares granted but not yet exercised (listed by grant date)	At 30 June 2009	Strike price (SA rand)	Remaining life (years)
Performance shares			
15 November 2006	204 595	n/a	0.4
15 November 2007	496 630	n/a	1.4
7 March 2008	12 308	n/a	1.7
5 December 2008	1 298 849	n/a	2.4
Share appreciation rights			
15 November 2006	264 328	112.64	3.4
15 November 2007	1 116 970	70.54	4.4
7 March 2008	46 154	102.00	4.7
5 December 2008	1 096 692	77.81	5.4
Total option granted but not yet exercised	4 536 526		

None of the allocations for the 2006 share plan have vested yet.

Figures in million	SA rand 2009	SA rand 2008
Share-based cost recognised	21	10

For the years ended 30 June

Figures in million	SA rand 2009	SA rand 2008
28 Commitments and contingencies		
Capital expenditure commitments		
Contracts for capital expenditure	**31**	2
Authorised by the directors but not contracted for	**196**	21
Total capital commitments	**227**	23
This expenditure will be financed from existing resources and where appropriate, borrowings.		
Contingent liabilities		
Environmental guarantees	**28**	28
Refer to note 38 in the group financial statements for a discussion on contingent liabilities.		
29 Related parties		
Material related party transactions were as follows:		
Sales and services rendered to related parties		
Direct associates	**13**	46
Indirect associates	**218**	–
Direct subsidiaries	**8 087**	9 064
Indirect subsidiaries	**347**	342
Total sales and services rendered to related parties	**8 665**	9 452
Purchases and services acquired from related parties		
Indirect associates	**6**	–
Outstanding balances due by related parties		
Direct associates	**–**	103
Indirect associates	**58**	–
Direct subsidiaries	**3 861**	7 592
Indirect subsidiaries	**(427)**	(288)
Total outstanding balances to related parties	**3 492**	7 407

The loans are unsecured and interest-free, with the exception of the loan to Pamodzi.

Annexure A contains a full list of the loans to and form subsidiaries. Refer to note 15(c) for details of provisions made against these loans.

Notes to the company financial statements cont.

For the years ended 30 June

30 Subsequent events

Refer to note 39 of the group financial statements.

31 Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and other price risk), credit risk and liquidity risk. The company may use derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Company Treasury) under policies approved by the board of directors. Company Treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity.

The company's financial instruments are set out below:

Figures in rand million	Loans and receivables	Available-for-sale financial assets	Held-to-maturity investments	Financial liabilities at amortised cost
At 30 June 2009:				
Restricted cash	**112**	–	–	–
Restricted investments	–	–	**255**	–
Investments in financial assets	–	**8**	–	–
Loans to subsidiaries	**4 362**	–	–	–
Trade and other receivables	**372**	–	–	–
Cash and cash equivalents	**1 513**	–	–	–
Borrowings	–	–	–	**–**
Loans from subsidiaries	–	–	–	**928**
Trade and other payables	–	–	–	**74**
At 30 June 2008:				
Restricted cash	–	–	–	–
Restricted investments	–	–	226	–
Investments in financial assets	–	2	–	–
Loans to subsidiaries	7 897	–	–	–
Trade and other receivables	429	–	–	–
Cash and cash equivalents	200	–	–	–
Borrowings	–	–	–	3 615
Loans from subsidiaries	–	–	–	593
Trade and other payables	–	–	–	21

(a) Market risk

Foreign exchange risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar (US$). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. Harmony's revenues are sensitive to the ZAR/US$ exchange rate as all revenues are generated by gold sales denominated in US$. Harmony generally, does not enter into forward sales, derivatives or other hedging arrangements to establish a ZAR/US$ exchange rate in advance for the sale of its future gold production.

For the years ended 30 June

Figures in million	SA rand 2009	2008

31 Financial risk management (continued)

(a) Market risk (continued)

Foreign exchange risk (continued)

The company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Harmony generally does not enter into forward sales, derivatives or other hedging arrangements to manage this risk.

Sensitivity analysis

The company has reviewed its foreign currency exposure on financial assets and financial liabilities and has identified the following sensitivities for a 10% change in the exchange rate.

	2009	2008
Rand against US$		
Increase by ten percent	–	235
Decrease by ten percent	–	(235)
Closing rate	7.72	7.51

Other price risk

The company is exposed to the risk of fluctuations in the fair value of the available-for-sale financial assets as a result of changes in market prices (other than changes in interest rates and foreign currencies). Harmony generally does not use any derivative instruments to manage this risk.

During 2008 and 2009, the company's exposure to changes in market prices was not significant

Commodity price sensitivity

The profitability of the company's operations, and the cash flows generated by those operations, are affected by changes in the market price of gold. Harmony generally does not enter into forward sales, derivatives or other hedging arrangements to establish a price in advance for the sale of future gold production.

Cash flow and fair value interest rate risk

The company's interest rate risk arises mainly from long-term borrowings. The company has both fixed and variable interest rate borrowings. Fixed rate borrowings expose the company to fair value interest rate risk. Variable rate borrowings expose the company to cash flow interest rate risk. The company has not entered into interest rate swap agreements.

Sensitivity analysis

A change of 100 basis points in interest rates during reporting period would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2008.

	2009	2008
Increase by 100 basis points	7	20
Decrease by 100 basis points	(7)	(20)

The table above excludes the fixed rate convertible bond. As it is accounted for at amortised cost, interest rate changes do not affect reported profit and loss.

Notes to the company financial statements cont.

For the years ended 30 June

31 Financial risk management (continued)

(b) Credit risk

Credit risk is the risk that a counterparty may default or not meet its obligations timeously. Financial instruments, which subject the company to concentrations of credit risk, consist predominantly of restricted cash, restricted investments, trade and other receivables (excluding non-financial instruments) and cash and cash equivalents.

Exposure to credit risk on trade and other receivables is monitored on a regular basis. The credit risk arising from restricted cash, cash and cash equivalents and restricted investments is managed by ensuring amounts are only invested with financial institutions of good credit quality. The company has policies that limit the amount of credit exposure to any one financial institution.

It is the policy of the company to renegotiate credit terms with long-standing customers who have a good credit history with the company. These customers are monitored on an ongoing basis to ensure that the customer remains within the renegotiated terms.

The company's maximum exposure to credit risk is represented by the carrying amount of all financial assets determined to be exposed to credit risk, amounting to R2 439 million as at 30 June 2009 (2008: R721 million).

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

In the ordinary course of business, the company receives cash from its operations and is required to fund working cost and capital expenditure requirements. The cash is managed to ensure that surplus funds are invested in a manner to achieve market-related returns and to provide sufficient liquidity at the minimum risk. The company is able to actively source financing at competitive rates.

The following are the contractual maturities of financial liabilities (including principle and interest payments):

	SA rand	
Figures in million	**Current**	**More than 1 year**
2009		
Borrowings	**–**	**–**
Trade and other payables (excluding non-financial liabilities)	**74**	**–**
	74	**–**
2008		
Borrowings [1]	3 741	–
Trade and other payables (excluding non-financial liabilities)	21	–
	3 762	–

[1] R1 769 million is due between 6 to 12 months.

(d) Fair value determination

The carrying values (less any impairment allowance) of short-term financial instruments are assumed to approximate their fair values.

The fair value of available-for-sale financial assets and derivative financial instruments are determined by reference to quoted market prices. The fair value of other non-current financial instruments are determined using a discounted cash flow model with market observable inputs, such as market interest rates.

The carrying values of financial assets and liabilities are assumed to approximate their fair value. The exception is the unsecured convertible fixed rate bond which had a fair value of R1 632 million (US$209.2 million) being 96% of the nominal value of R1 700 million for the year ended 30 June 2008.

For the years ended 30 June

Annexure A:

Statement of subsidiary companies

Company and description		Issued share capital R000	Effective group interest 2009 %	Effective group interest 2008 %	Cost of investment by holding company 2009 Rm	Cost of investment by holding company 2008 Rm	Loans from/(to) holding company 2009 Rm	Loans from/(to) holding company 2008 Rm
Direct subsidiaries:								
Dormant								
Harmony Gold (Management Services) (Pty) Ltd	(a)	1	100	100	–	–	–	–
Harmony Gold Ltd	(f)	#	100	100	–	–	–	–
Unisel Gold Mines Ltd	(a)	23 136	100	100	89	89	(89)	(89)
Virginia Salvage (Pty) Ltd	(a)	2	90	90	–	–	–	–
Exploration								
Harmony Gold Peru SA*	(b)	2	100	100	–	6	–	–
Lydenburg Exploration Ltd	(a)	42 792	100	100	204	204	13	4
Gold mining								
African Rainbow Minerals Gold Ltd	(a)	96	100	100	7 081	7 081	172	129
ArmGold/Harmony Freegold Joint Venture Company (Pty) Ltd	(a)	20	100	100	17	17	1 395	1 694
Avgold Ltd	(a)	6 827	100	100	6 935	6 935	526	217
Evander Gold Mines Ltd	(a)	39 272	100	100	545	545	(383)	(187)
Randfontein Estates Ltd	(a)	19 882	100	100	1 311	1 311	548	1 783
Investment holding								
ARMgold/Harmony Joint Investment Company (Pty) Ltd	(a)	#	100	100	1	1	1 688	1 622
Harmony Gold (Isle of Man) Ltd*	(f)	550	100	100	–	–	–	–
Harmony Gold Australia (Pty) Ltd	(c)	5 257 328	100	100	5 257	3 887	–	2 348
West Rand Consolidated Mines Ltd	(a)	17 967	100	100	321	321	(25)	(26)
Harmony Gold Netherlands B.V. *	(i)	#	100	100	–	–	–	–
Marketing								
Authentic Beverage (Pty) Ltd	(a)	#	100	100	–	–	–	–
Harmony Gold (Marketing) (Pty) Ltd	(a)	#	100	100	–	–	–	56
Harmony Precious Metal Services SAS+	(d)	62	–	100	–	–	–	–
Mining-related services								
Harmony Engineering (Pty) Ltd	(a)	#	100	100	3	3	(3)	(3)
Harmony HIV/Aids Company (Pty) Ltd	(a)	#	100	100	–	–	–	10
Harmony Pharmacies (Pty) Ltd	(a)	#	99	–	–	–	20	–
Musuku Benefication Systems (Pty) Ltd	(a)	#	100	100	–	–	–	32
Property holding and development								
Coreland Development Company (Proprietary) Limited	(a)	#	100	100	–	–	–	–
Coreland Property Management (Proprietary) Limited	(a)	#	100	100	–	–	–	2
Coreland Property Investment (Proprietary) Limited	(a)	#	100	100	–	–	–	–
La Riviera (Pty) Ltd	(a)	#	100	100	–	–	–	–

Notes to the company financial statements cont.

For the years ended 30 June

Annexure A: (continued)

Statement of subsidiary companies (continued)

Company and description		Issued share capital R000	Effective group interest 2009 %	Effective group interest 2008 %	Cost of investment by holding company 2009 Rm	Cost of investment by holding company 2008 Rm	Loans from/(to) holding company 2009 Rm	Loans from/(to) holding company 2008 Rm
Indirect subsidiaries:								
Dormant								
Arai Liki Offshore (Pty) Ltd	(c)	293	**100**	100	**–**	–	**–**	–
Aurora Custodians (Pty) Ltd	(c)	#	**100**	100	**–**	–	**–**	–
Aurora Gold Finance (Pty) Ltd	(c)	#	**100**	100	**–**	–	**–**	–
Aurora Gold Services (Pty) Ltd	(c)	#	**100**	100	**–**	–	**–**	–
Big Bell Gold Operations (Pty) Ltd	(c)	#	**100**	100	**–**	–	**–**	–
Bracken Mines Ltd	(a)	#	**100**	100	**–**	–	**–**	–
Evander Stone Holdings (Pty) Ltd	(a)	#	**100**	100	**–**	–	**–**	–
Garden Gully (Pty) Ltd	(c)	#	**100**	100	**–**	–	**–**	–
Garnkirk (Pty) Ltd	(c)	#	**100**	100	**–**	–	**–**	–
Harmony Gold FIS (Isle of Man) Ltd *	(f)	#	**100**	100	**–**	–	**–**	–
Harmony Victoria (Pty) Ltd	(c)	#	**100**	100	**–**	–	**–**	–
Jeanette Gold Mines Ltd @	(a)	#	**–**	96	**–**	–	**–**	–
Jubilee Minerals (Pty) Ltd	(c)	2	**100**	100	**–**	–	**–**	–
Leslie Gold Mines Ltd	(a)	#	**100**	100	**–**	–	**–**	–
Loraine Gold Mines Ltd	(a)	#	**100**	100	**–**	–	**–**	–
Muro Baru (Pty) Ltd	(c)	#	**100**	100	**–**	–	**–**	–
NHG Investments (Pty) Ltd	(c)	#	**100**	100	**–**	–	**–**	–
Selcast Nickel (Pty) Ltd	(c)	#	**100**	100	**–**	–	**–**	–
South Kal Mines (Pty) Ltd	(c)	6	**100**	100	**–**	–	**–**	–
Swaziland Gold (Pty) Ltd	(e)	#	**100**	100	**–**	–	**–**	–
Winkelhaak Mines Ltd	(a)	#	**100**	100	**–**	–	**–**	–
Exploration								
Harmony Gold (Exploration) (Pty) Ltd	(a)	10	**100**	100	**–**	–	**(3)**	(3)
Harmony Gold PNG (Exploration) Ltd	(h)	#	**100**	–	**–**	–	**–**	–
Morobe Exploration Limited	(h)	1 104	**100**	100	**–**	–	**–**	–
Gold mining								
Buffalo Creek Mines (Pty) Ltd	(c)	#	**–**	100	**–**	–	**–**	–
Kalahari Goldridge Mining Company Ltd	(a)	1 275	**100**	100	**–**	–	**(423)**	(283)
Mt Magnet Gold NL	(c)	79 710	**100**	100	**–**	–	**–**	–
Investment								
Abelle Ltd	(c)	488 062	**100**	100	**–**	–	**–**	–
Aurora Gold (WA) (Pty) Ltd	(c)	163 115	**100**	100	**–**	–	**–**	–
Aurora Gold (Wafi) (Pty) Ltd	(c)	#	**100**	100	**–**	–	**–**	–
Aurora Gold Administration (Pty) Ltd	(c)	293	**100**	100	**–**	–	**–**	–
Aurora Gold Australia (Pty)Ltd	(c)	58	**100**	100	**–**	–	**–**	–
Aurora Gold Ltd	(c)	685 006	**100**	100	**–**	–	**–**	–
Clidet 804 (Pty) Ltd	(a)	#	**100**	100	**–**	–	**–**	–
Clidet 790 (Pty) Ltd	(a)	#	**100**	100	**–**	–	**–**	–
Clidet 791 (Pty) Ltd	(a)	#	**100**	100	**–**	–	**–**	–
Harmony Gold (PNG Services) (Pty) Ltd	(c)	#	**100**	100	**–**	–	**–**	–
Harmony Gold Investments (Pty) Ltd	(c)	#	**100**	100	**–**	–	**–**	–
Harmony Gold Operations Ltd	(c)	405 054	**100**	100	**–**	–	**–**	–
Harmony Gold Securities (Pty) Ltd	(c)	#	**100**	100	**–**	–	**–**	–
Harmony Gold WA (Pty) Ltd	(c)	#	**100**	100	**–**	–	**–**	–
New Hampton Goldfields Ltd	(c)	196 248	**100**	100	**–**	–	**–**	–
Potchefstroom Gold Areas Ltd	(a)	8 407	**100**	100	**–**	–	**–**	–
Vadessa (Pty) Ltd	(c)	#	**100**	100	**–**	–	**–**	–

For the years ended 30 June

Annexure A: (continued)

Statement of subsidiary companies (continued)

Company and description		Issued share capital R000	Effective group interest 2009 %	Effective group interest 2008 %	Cost of investment by holding company 2009 Rm	Cost of investment by holding company 2008 Rm	Loans from/(to) holding company 2009 Rm	Loans from/(to) holding company 2008 Rm
Indirect subsidiaries: (continued)								
Marketing								
Harmony Precision Casting (Pty) Ltd	(a)	357	**70**	70	**–**	–	**(1)**	(1)
Mining-related services								
Harmony Gold (PNG Services) (Pty) Ltd	(c)	#	**100**	100	**–**	–	**–**	–
Mineral right investment								
Australian Ores & Minerals (Pty) Ltd	(c)	8 766	**100**	100	**–**	–	**–**	–
Carr Boyd Minerals (Pty) Ltd	(c)	402 414	**100**	100	**–**	–	**–**	–
Cogent (Pty) Ltd	(a)	#	**100**	100	**–**	–	**–**	–
Kwazulu Gold Mining Company (Pty) Ltd	(a)	#	**100**	100	**–**	–	**–**	–
Morobe Consolidated Goldfields Ltd	(h)	#	**100**	100	**–**	–	**–**	–
Portions 1 and 3 Wildebeesfontein (Pty) Ltd	(a)	2	**100**	100	**–**	–	**–**	–
Potchefstroom Gold Holdings (Pty) Ltd	(a)	2	**100**	100	**–**	–	**–**	–
Remaining Extent and Portion 15 Wildebeesfontein (Pty) Ltd	(a)	1	**90**	90	**–**	–	**–**	–
The Kunana Mining Company (Pty) Ltd	(a)	#	**100**	100	**–**	–	**–**	–
Trodex Platinum (Pty) Ltd	(a)	4	**100**	100	**–**	–	**–**	–
Venda Gold Mining Company (Pty) Ltd	(a)	#	**100**	100	**–**	–	**–**	–
Wafi Mining Ltd	(h)	#	**100**	100	**–**	–	**–**	–
Property and development								
Evander Township Development Ltd	(a)	3	**100**	100	**–**	–	**–**	–
Evander Township Ltd	(a)	1 340	**100**	100	**–**	–	**(1)**	(1)
Quarrytown Ltd	(a)	#	**100**	100	**–**	–	**–**	–
Salt Holdings Ltd	(a)	60	**100**	100	**–**	–	**–**	–
Middelvlei Development Company (Pty) Ltd	(a)	#	**100**	100	**–**	–	**–**	–
Total					**21 764**	20 400	**3 434**	7 304
Total investments							**25 198**	27 704

Notes to the company financial statements cont.

For the years ended 30 June

Annexure A: (continued)

Statement of subsidiary companies (continued)

Company and description		Issued share capital R000	Effective group interest 2009 %	Effective group interest 2008 %	Cost of investment by holding company 2009 Rm	Cost of investment by holding company 2008 Rm	Loans from/(to) holding company 2009 Rm	Loans from/(to) holding company 2008 Rm
Joint venture company – indirect:								
Morobe Exploration Services Ltd	(h)	$	**50**	–		–	**–**	–
Hidden Valley Services Ltd	(h)	$	**50**	–		–	**–**	–
Wafi Golpu Services Ltd	(h)	$	**50**	–		–	**–**	–
The group's interest in jointly controlled entities is accounted for by proportionate consolidation. Under this method the group includes its share of the joint venture's individual income and expenses, assets and liabilities in the relevant components of the financial statements on a line by line basis.								
Associate company – direct:								
Gold mining company:								
Pamodzi Gold Limited*	(a)	30	**32**	32		145	**–**	103
Mining related services company								
Orpheo by Harmony (Pty) Ltd @	(a)	#	**–**	33		–	**–**	–
Village Main Reef Gold Mining Company Ltd @	(a)	758	**–**	38				
Associate company – indirect:								
Gold and uranium mining								
Rand Uranium	(a)	#	**40**	–	**1 474**	–	**58**	–

Investments in associates are accounted for by using the equity method of accounting. Equity accounting involves recognising in the income statement in the group's share of the associates' profit or loss for the period. The group's interest in the associate is carried on the balance sheet at an amount that reflects the cost of the investment, the share of post acquisition earnings and other movement in the reserves.

- # Indicates issued share capital of less than R1 000
- * Company has been placed into liquidation
- + Company was liquidated during the 2009 year.
- $ Indicates a share in the joint venture's capital assets
- @ Company was sold during the 2009 year.
- (a) Incorporated in the Republic of South Africa
- (b) Incorporated in the Republic of Peru
- (c) Incorporated in Australia
- (d) Incorporated in France
- (e) Incorporated in Swaziland
- (f) Incorporated in the Isle of Man
- (g) Incorporated in the United Kingdom
- (h) Incorporated in Papua New Guinea
- (i) Incorporated in Netherlands

The above investments are valued by the directors at book value.

Investor relations 2009

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The Annual Report 2009 and the Sustainable Development Report 2009 are available in electronic format on the corporate website at www.harmony.co.za. They can also be requested in printed format from Harmony's Investor Relations contacts above.

In addition, Harmony has produced the Form 20-F (an annual report required to be filed with the United States Securities and Exchange Commission), copies of which are also available from the end of October 2009, free of charge on EDGAR at www.sec.gov or from our website: www.harmony.co.za.

Stock exchange listings and ticker codes

Harmony's primary listing is on the JSE Limited. The company's shares are also listed on the stock exchanges in London, Paris and Berlin, and are quoted in the form of American Depositary Receipts (ADRs) on the New York and Nasdaq exchanges and as International Depositary Receipts (IDRs) on the Brussels exchange.

Harmony's quoted share codes on these exchanges are as follows:

JSE Limited	HAR
New York Stock Exchange and Nasdaq	HMY
London Stock Exchange	HRM
Euronext Brussels	HMY
Euronext Paris	HG
Berlin Stock Exchange	HAM1

Share price analysis

The Harmony share price traded on the JSE between a low of R54.99 and a high of R129.50 per share during FY09.

On the NYSE, the share traded between a low of $5.58 and a high of $13.06 per share. At the end of the financial year, the Harmony share price on the JSE and NYSE closed at R80.00 and $10.32 per share, respectively.

As at 30 June 2009, the resulting market capitalisation was R34.08 billion and $4.40 billion respectively.

Investor relations cont.

Share information

Sector		Resources
Sub-sector		Gold
Nature of business		Harmony Gold Mining Company Limited and its subsidiaries are engaged in underground and open-pit gold mining, exploration and related activities in South Africa and Papua New Guinea.
Issued share capital as at 30 June 2009		425 986 836 shares in issue
Market capitalisation		
JSE:	at 30 June 2009	R34.08 billion
	at 30 June 2008	R38.31 billion
NYSE:	at 30 June 2009	$4.40 billion
	at 30 June 2008	$4.90 billion
Share price statistics – FY09		
JSE:	12-month high	R129.50
	12-month low	R54.99
	Closing price	R80.00
NYSE:	12-month high	$13.06
	12-month low	$5.58
	Closing price	$10.32
Free float		100%
ADR ratio		1:1
Performance on JSE in FY09		
Number of shares traded (millions)		572
Percentage of total issued shares		134%
Value of shares traded		R52.39 billion
ADR performance in FY09		
Number of ADRs traded (millions)		796
Total number of ADRs outstanding (millions)		129
Value of ADRs traded		$7.93 billion

Shareholder spread

	Number of shareholders	% of shareholders	Number of shares held	% of shares held
Public	13 457	99.98	362 159 271	85.02
Non-public	3	0.02	63 827 565	14.98
Totals	13 460	100.00	425 986 836	100.00

Shareholder profile

As at 30 June 2009, a total of 425 986 836 shares or 100% of the total number of shares in issue were outstanding. The largest shareholder was ARM Limited which had a holding of 14.87% (63 632 922 shares) at the end of June 2009. The largest institutional shareholder was Allan Gray Unit Trust Management Limited with a holding of 13.80% (59 034 107 shares).

Our South African shareholder base increased from 39% to 42% for the year ended 30 June 2009. The combined institutional and retail ownership in the United States totalled 31% (30 June 2008: 39%) of Harmony's issued share capital. Shareholders in the UK accounted for 14% of shares in issue and the rest of Europe 10.52% in all.

Geographical distribution of shareholders as at 30 June 2009:

Geographic distribution of outstanding shares (%)

Top 20 shareholders

	Shareholder	Number of shares held	% holding of shares outstanding
1	ARM Ltd	63 632 922	14.87
2	Allan Gray Unit Trust Management Ltd.	59 034 107	13.80
3	Blackrock Investment Management (UK) Ltd.	40 244 184	9.41
4	Public Investment Corp. of South Africa	17 093 144	3.99
5	Van Eck Global	16 697 721	3.90
6	Arnhold & S. Bleichroeder Advisers LLC	14 362 878	3.36
7	Fidelity Management & Research	9 513 135	2.22
8	Euroclear (French Listing)	9 254 336	2.16
9	Barclays Global Investors NA (California)	8 669 562	2.03
10	Capital Guardian Trust Co.	8 575 426	2.00
11	Old Mutual Investment Group South Africa Pty Ltd.	8 312 288	1.94
12	Dimensional Fund Advisors, Inc.	8 189 160	1.91
13	Capital International, Inc.	8 137 402	1.90
14	Soges Fiducem (IDRs)	7 497 030	1.75
15	Retail Brokers (ADR)	6 695 285	1.56
16	RMB Asset Management Ltd.	5 321 817	1.24
17	Franklin Mutual Advisers LLC	4 811 859	1.12
18	Skagen AS	3 980 847	0.93
19	Vanguard Group, Inc.	3 644 343	0.85
20	American Century Investment Management, Inc.	3 555 388	0.83

Investor relations cont.

2009

Analysis of ordinary shares (Strate) as at 30 June 2009

Shares held	Number of shareholders	% of shareholders	Number of shares held	% of issued share capital
1 to 10 000	12 766	94.84	5 625 135	1.32
10 001 to 100 000	455	3.38	17 370 107	4.08
100 001 to 1 000 000	200	1.49	62 333 579	14.63
over 1 000 000	39	0.29	340 658 015	79.97
Total	13 460	100.00	425 896 836	100.00

Historic performance of shares on the JSE

	FY09	FY08	FY07	FY06	FY05
As at 30 June: (R/share)	**80.00**	95.00	100.27	114.10	58.25
Year high (R/share)	**129.50**	115.00	123.00	117.05	93.30
Year low (R/share)	**54.99**	61.75	86.10	46.62	36.40
Number of ordinary shares Issued (000)	**425 987**	403 253	398 113	396 934	393 232
Number of deals recorded	**511 025**	293.682	183 004	148 746	85 487
Volume of shares traded (000)	**571 839**	367 286	323 417	351 555	303 414
Volume of shares traded as % of total issued shares	**134**	91	81	89	77

Currency conversion guide as at 30 June (R)

	2009	2008	2007	2006	2005
Australian dollar	**6.25**	7.51	4.3029	6.0128	5.3080
US dollar	**7.72**	7.80	7.0379	7.2701	6.6670

Shareholders' diary

Financial year-end	30 June
Annual financial statements issued	26 October 2009
Form 20-F issued	26 October 2009
Annual general meeting	23 November 2009

Dividend dates:

Dividend declared	13 August 2009
Last day to trade ordinary shares cum dividend	11 September 2009
Ordinary shares trade ex dividend	14 September 2009
Record date	18 September 2009
Payment date	21 September 2009

Quarterly results presentations:

Quarter 1 FY10	30 October 2009
Quarter 2 FY10	8 February 2010
Quarter 3 FY10	10 May 2010
Quarter 4 FY10	16 August 2010

Glossary of terms

2009

Available-for-sale financial asset	A financial asset that has been designated as available-for-sale or a financial asset other than those classified as loans and receivables, held-to-maturity investments or derivative instruments.
By-products	Any products that emanate from the core process of producing gold, including silver and uranium in South Africa and copper, silver and molybdenum in Papua New Guinea.
Calc-silicate rock	A metamorphic rock consisting mainly of calcium-bearing silicates such as diopside and wollastonite, and formed by metamorphism of impure limestone or dolomite.
Capital expenditure	Expenditure on tangible assets which includes ongoing and project capital. In particular, capital expenditure includes that on on-going development, abnormal expenditure, shaft projects and major projects, and covers expenditure aimed at both sustaining and growing operations.
Carbon-in-leach (CIL)	Gold is leached from a slurry of gold ore with cyanide in agitated tanks and adsorbed on to carbon granules in the same circuit. The carbon granules are separated from the slurry and treated in an elution circuit to remove the gold.
Carbon-in-pulp (CIP)	Gold is leached conventionally from a slurry of gold ore with cyanide in agitated tanks. The leached slurry then passes into the CIP circuit where carbon granules are mixed with the slurry and gold is adsorbed on to the carbon. The granules are separated from the slurry and treated in an elution circuit to remove the gold.
Cash costs	Total cash costs include site costs for all mining, processing and administration, reduced by contributions from by-products and are inclusive of royalties and production taxes. Amortisation, rehabilitation, corporate administration, retrenchment, capital and exploration costs are excluded. Total cash costs per ounce are the attributable total cash costs divided by the attributable ounces of gold produced.
Cut-off grade	The minimum grade at which a unit of ore will be mined to achieve the desired economic outcome.
Depletion	The decrease in quantity of ore in a deposit or property resulting from extraction or production.
Development	The process of accessing an orebody through shafts and/or tunnelling in underground mining operations.
Discontinued operation	A component of an entity that, has been disposed of or abandoned or is classified as held for sale until conditions precedent to the sale have been fulfilled.
Elution	Recovery of the gold from the activated carbon into solution before zinc precipitation or electro-winning.
EBITDA	Earnings before interest, tax, depreciation and amortisation
Effective tax rate	Current and deferred taxation as a percentage of profit before taxation.
Equity	Shareholders' equity adjusted for other comprehensive income and deferred taxation.
Financial asset	Cash or cash equivalents, an equity instrument, a contractual right to receive cash, or a contractual right to exchange a financial instrument under favourable conditions.
Financial liability	A contractual obligation to pay cash or transfer other benefits or a contractual obligation to exchange a financial instrument under unfavourable conditions. This includes debt.
Gold produced	Refined gold as derived from the mining process that is measured in either ounces or kilograms in a saleable form.

Glossary of terms cont.

Grade	The quantity of gold contained within a unit weight of gold-bearing material generally expressed in ounces per short ton of ore (oz/t), or grams per metric tonne (g/t).
Indicated mineral resource	An 'indicated mineral resource' is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.
Inferred mineral resource	An 'inferred mineral resource' is that part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.
Interest cover	EBITDA divided by finance costs and unwinding of obligations.
Leaching	Dissolution of gold from crushed or milled material, including reclaimed slime, prior to adsorption on to activated carbon.
Life of mine (LOM)	Number of years that an operation is scheduled to mine and treat ore, and is based on the current mine plan.
Loans and receivables	A financial asset with fixed or determinable repayments that are not quoted in an active market, other than, a derivative instrument, or a financial asset classified as available-for-sale.
Marked-to-market	The fair value change of all financial instruments since initial recognition.
Measured mineral resource	A 'measured mineral resource' is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.
Metallurgical plant	A processing plant erected to treat ore and extract gold.
Milling	A process of reducing broken ore to a size at which concentrating can be undertaken.
Mine call factor	The ratio, expressed as a percentage, of the total quantity of recovered and unrecovered mineral product after processing with the amount estimated in the ore based on sampling. The ratio of contained gold delivered to the metallurgical plant divided by the estimated contained gold of ore mined based on sampling.
Mineral deposit	A mineral deposit is a concentration (or occurrence) of material of possible economic interest in or on the Earth's crust.
Mineral resource	A 'mineral resource' is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral resources are subdivided, in order of increasing geological confidence, into inferred, indicated and measured categories.

Ore reserve	An 'ore reserve' is the economically mineable part of a measured and/or indicated mineral resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate that at the time of reporting, extraction could reasonably be justified. Ore reserves are sub-divided in order of increasing confidence into probable ore reserves and proved ore reserves.
Ounce (oz) (troy)	Used in imperial statistics. A kilogram is equal to 32.1507 ounces. A troy ounce is equal to 31.1035 grams.
Pay limit	The grade of a unit of ore at which the revenue from the recovered mineral content of the ore is equal to the total cash cost including ore reserve development and stay-in-business capital. This grade is expressed as an in-situ value in grams per tonne or ounces per short ton (before dilution and mineral losses).
Probable ore reserve	A 'probable ore reserve' is the economically mineable part of an indicated, and in some circumstances, a measured mineral resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.
Productivity	An expression of labour productivity based on the ratio of grams of gold produced per month to the total number of employees in underground mining operations
Proved reserve	A 'proved ore reserve' is the economically mineable part of a measured mineral resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.
Project capital	Capital expenditure to either bring a new operation into production; to materially increase production capacity; or to materially extend the productive life of an asset.
Reclamation	In the South African context, reclamation describes the process of reclaiming slimes (tailings) dumps using high-pressure water cannons to form a slurry which is pumped back to the metallurgical plants for processing.
Recovered grade	The recovered mineral content per unit of ore treated.
Reef	A gold-bearing sedimentary horizon, normally a conglomerate band that may contain economic levels of gold.
Refining	The final purification process of a metal or mineral.
Rehabilitation	The process of reclaiming land disturbed by mining to allow an appropriate post-mining use. Rehabilitation standards are defined by country-specific laws that address among other issues, ground and surface water, topsoil, final slope gradient, waste handling and revegetation issues.
Related party	Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.
Seismic event	A sudden inelastic deformation within a given volume of rock that radiates detectable seismic energy.

Glossary of terms cont.

Shaft	A vertical or sub-vertical excavation used for accessing an underground mine; for transporting personnel, equipment and supplies; for hoisting ore and waste; for ventilation and utilities; and/or as an auxiliary exit.
Smelting	A pyro-metallurgical operation in which gold is further separated from impurities.
On-going capital	Capital expenditure to maintain existing production assets. This includes replacement of vehicles, plant and machinery, ore reserve development and capital expenditure related to safety, health and the environment.
Stope	Underground excavation where the orebody is extracted.
Stoping	The process of excavating ore underground.
Stripping ratio	The ratio of waste tonnes to ore tonnes mined calculated as total tonnes mined less ore tonnes mined divided by ore tonnes mined.
Tailings	Finely ground rock of low residual value from which valuable minerals have been extracted.
Tailings dam (slimes dam)	Dam facilities designed to store discarded tailings.
Tonne	Used in metric statistics. Equal to 1,000 kilograms.
Ton	Used in imperial statistics. Equal to 2,000 pounds. Referred to as a short ton.
Tonnage	Quantity of material measured in tonnes or tons.
Waste	Material that contains insufficient mineralisation for consideration for future treatment and, as such, is discarded.
Weighted average number of ordinary shares	The number of ordinary shares in issue at the beginning of the year, increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the group, and increased by share options that are virtually certain to be exercised.
Yield	The amount of valuable mineral or metal recovered from each unit mass of ore expressed as ounces per short ton or grams per metric tonne.

Abbreviations

$	United States dollar
A$	Australian dollar
ADR	American Depositary Receipt
ADS	American Depositary Share
ASX	Australian Securities Exchange
BEE	Black economic empowerment
Capex	Capital expenditure
CLR	Carbon Leader Reef
DME	Department of Minerals and Energy in South Africa
DMR	Department of Mineral Resources
FIFR	Fatal injury frequency rate per million hours worked
g	Grams
g/t	Grams per tonne
g/TEC	Grams per total employee costed
HDSAs	Historical disadvantaged South Africans
JIBAR	Johannesburg interbank agreed rate
JORC	Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves
JSE	JSE Limited
kg	Kilograms
Kina	Papua New Guinean Kina
King Code	South African King Code on Corporate Governance, 2002
LIBOR	London interbank offer rate
LOM	Life of mine
LSE	London Stock Exchange
LTIFR	Lost-time injury frequency rate per million hours worked
M or m	Metre or million, depending on the context
m^2/TEC	Square metres per total employee costed
Moz	Million ounces
MPRDA	Mineral and Petroleum Resources Development Act of 2002
Mt	Million tonnes or tons
Mtpa	Million tonnes/tons per annum
NYSE	New York Stock Exchange
oz	Ounces (troy)
oz/t	Ounces per ton
PNG	Papua New Guinea
R or rand	South African rand
SAMREC	South African Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves
SEC	United States Securities and Exchange Commission
SOx	Sarbanes-Oxley Act of 2002
SRP	South African Securities Regulation Panel
t	Tons (short) or tonnes (metric)
tpa	Tonnes/tons per annum
tpd	Tonnes/tons per day
tpm	Tonnes/tons per month
VCR	Ventersdorp Contact Reef

Directorate and administration 2009

Registration No. 1950/038232/06
Incorporated in the Republic of South Africa
ISIN: ZAE000015228

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F Abbott (Interim Financial Director)

Non-executive

PT Motsepe (Chairman)
JA Chissano *#
FT De Buck*
Dr CM Diarra*##
KV Dicks*
Dr DS Lushaba *
CE Markus *
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The Bank of New York maintains a direct share purchase and dividend reinvestment plan for Harmony. Global BuyDIRECTSM, a direct and sale/dividend reinvestment plan sponsored and administered by the Bank of New York, offers investors the opportunity to purchase depositary receipts at commissions that are typically less than a retail broker.

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Notes 2009