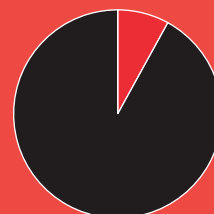


# Review of operations cont.

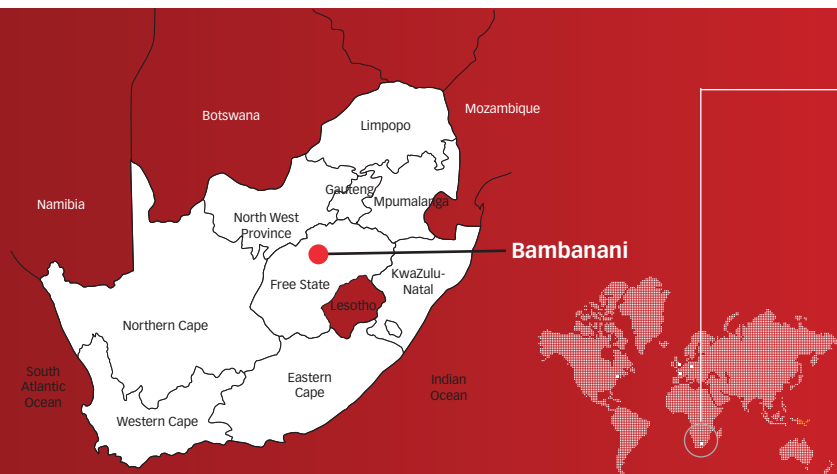
# 2009

## Bambanani

Bambanani's contribution to production in FY09



■ Bambanani 8%  
■ Other Harmony operations 92%



### 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.

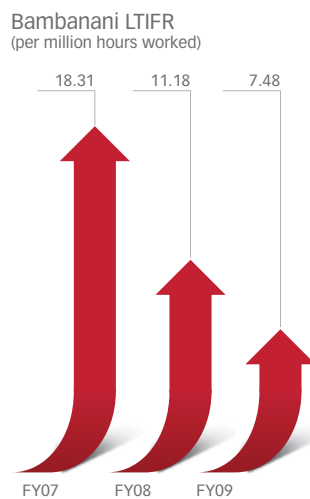
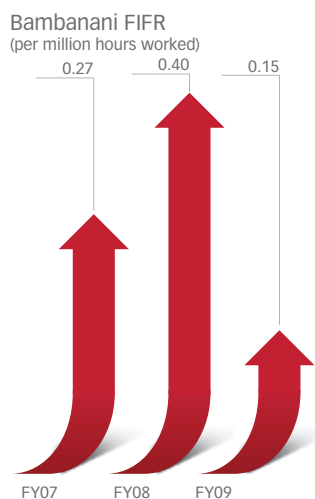
### Mineral resources and ore reserves

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.

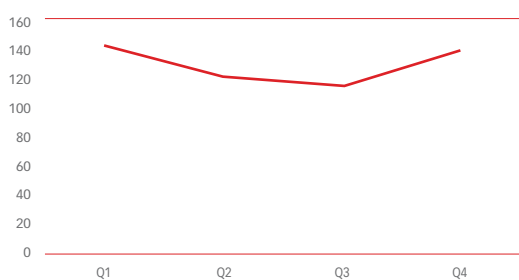


**Bambanani key statistics:**

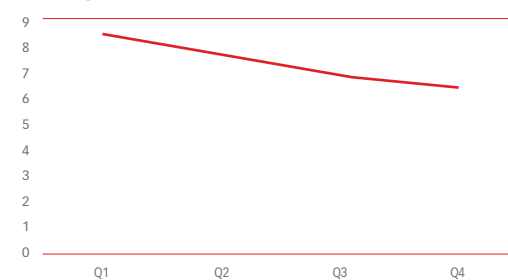
|                       |                  | Unit | FY09    | FY08    | FY07    |
|-----------------------|------------------|------|---------|---------|---------|
| <b>Production</b>     |                  |      |         |         |         |
| Volumes milled        | 000 t (metric)   |      | 517     | 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   |
| <b>Financial</b>      |                  |      |         |         |         |
| 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**

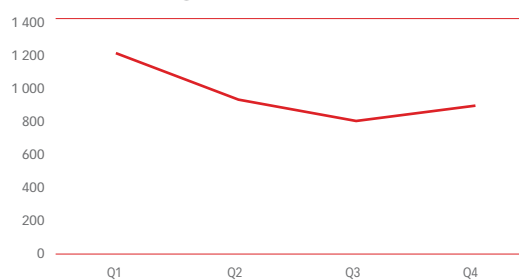
Tonnes (000)



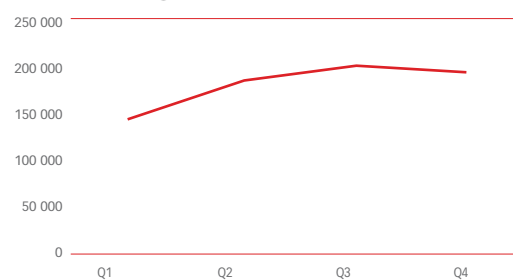
Grade (g/t)



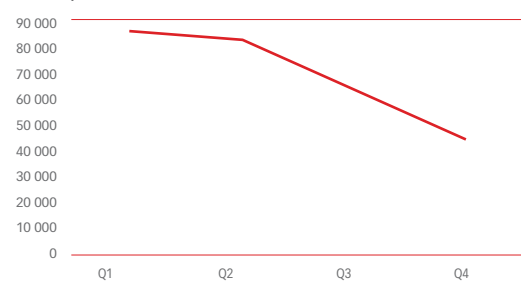
Gold produced (kg)



Cash cost (R/kg)



Cash profit (R000)



# 2009

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 a 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 (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.

