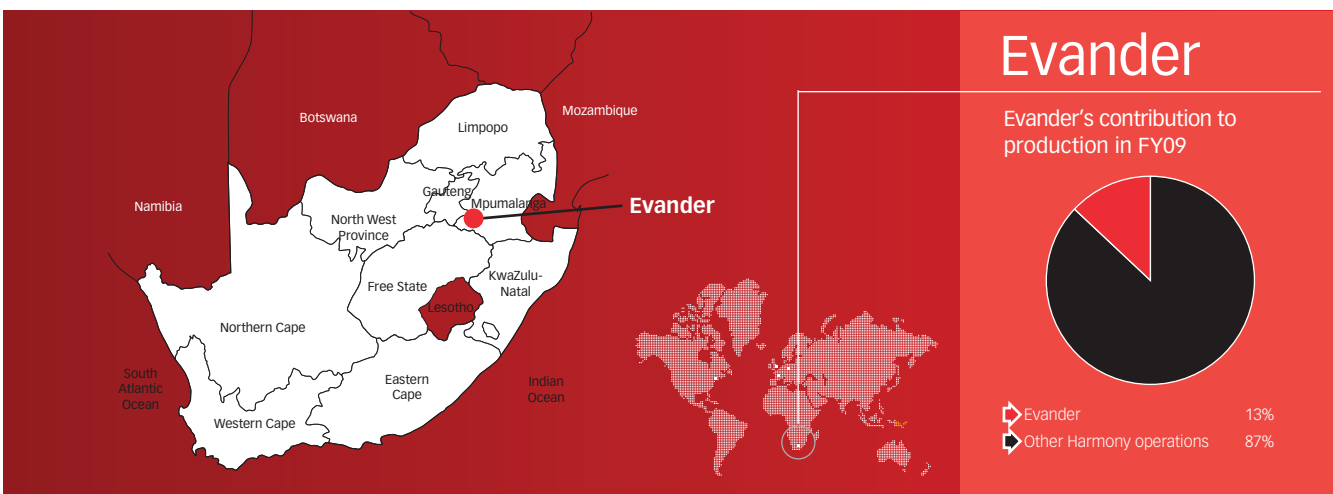


Review of operations cont.

2009



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

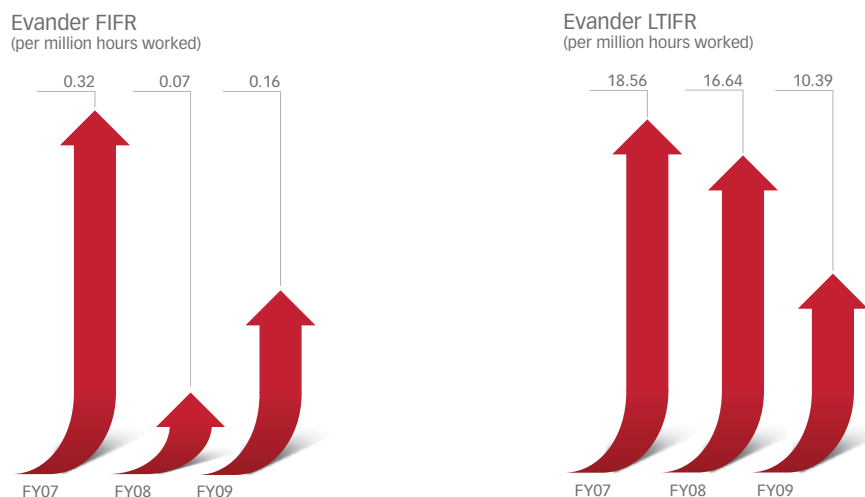
At the end of June 2009, Evander reported ore reserves of 1.956 million ounces of gold and mineral resources of 21.526 million ounces at its current operations. A further 11.849 million ounces of reserves and 24.894 million ounces of resources were reported below infrastructure for the projects (Evander 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.



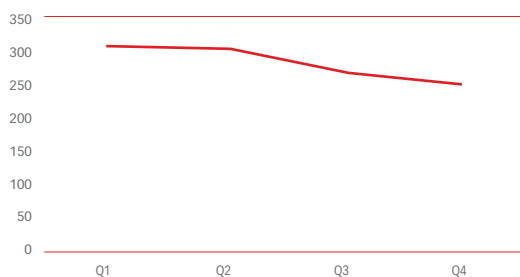
Evander key statistics:

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

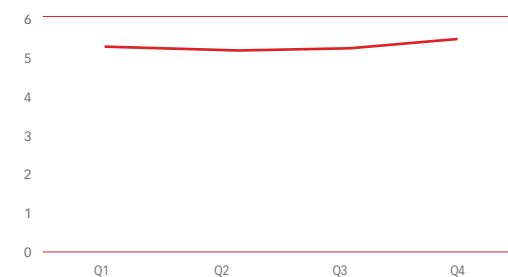
Review of operations cont.

Evander key quarterly indicators: FY09

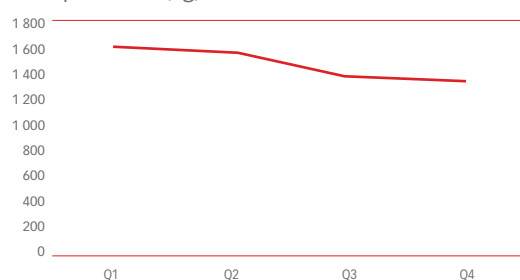
Tonnes (000)



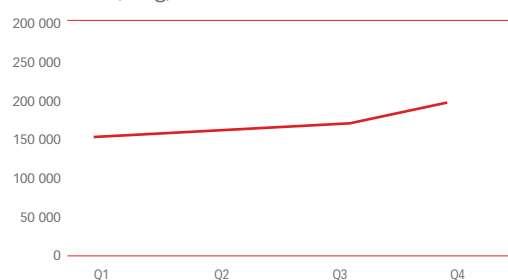
Grade (g/t)



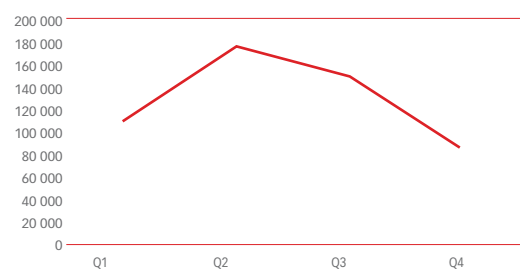
Gold produced (kg)



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.

