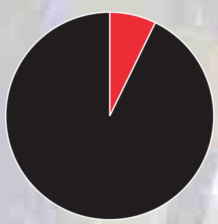
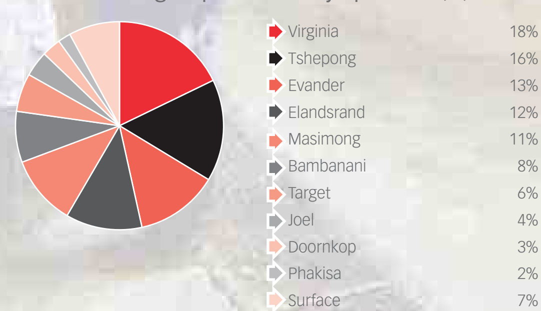
Review of operations and projects

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



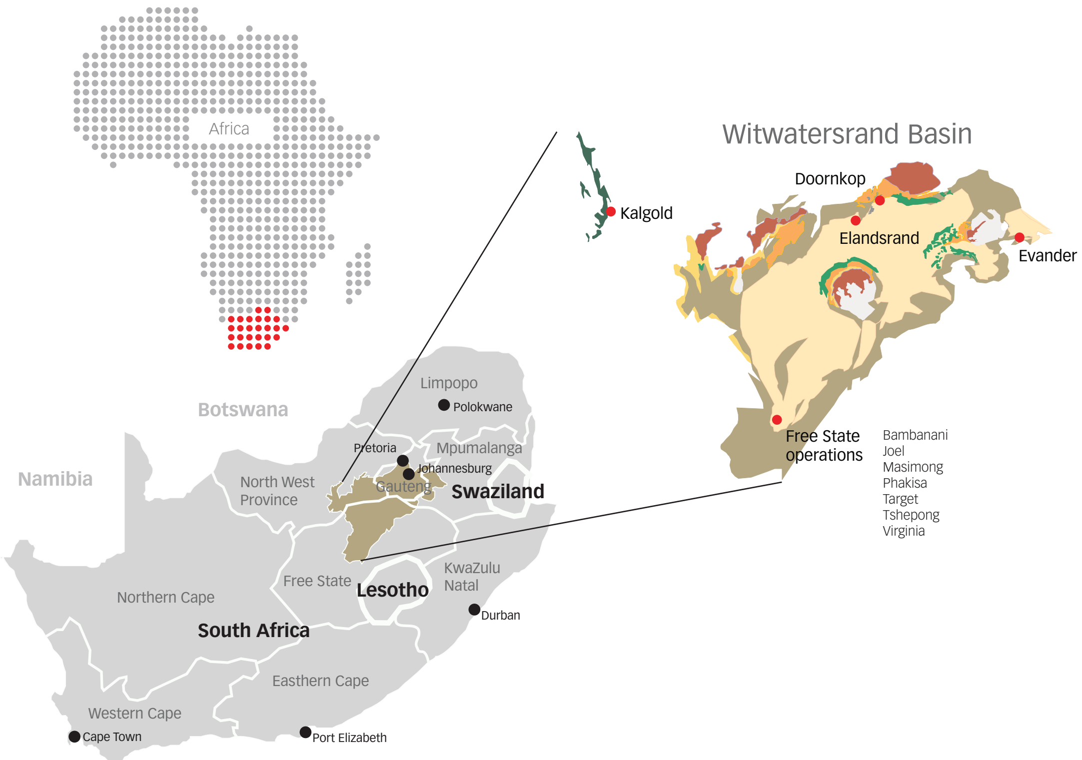
South Africa – gold production by operation (%) FY09



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.

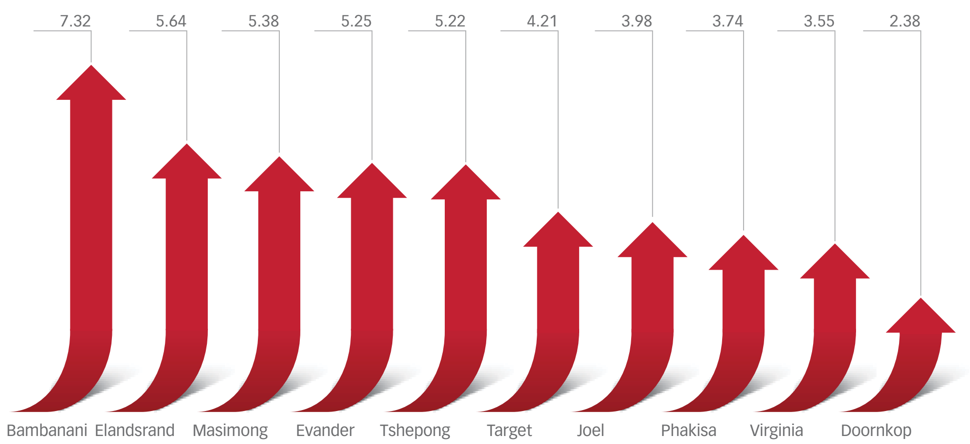
Review of operations cont.

Gold production South Africa – Continuing operations*

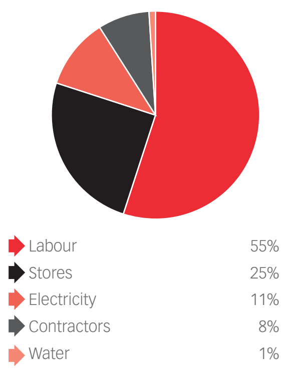
	Kilograms produced FY09	Kilograms produced FY08	Ounces produced FY09	Ounces produced FY08	% change
Underground					
Bambanani	**3 780**	4 817	**121 530**	154 879	**(22)**
Doornkop	**1 311**	1 370	**42 150**	44 038	**(4)**
Elandsrand	**5 422**	5 108	**174 321**	164 215	**6**
Evander	**5 912**	7 210	**190 075**	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)**

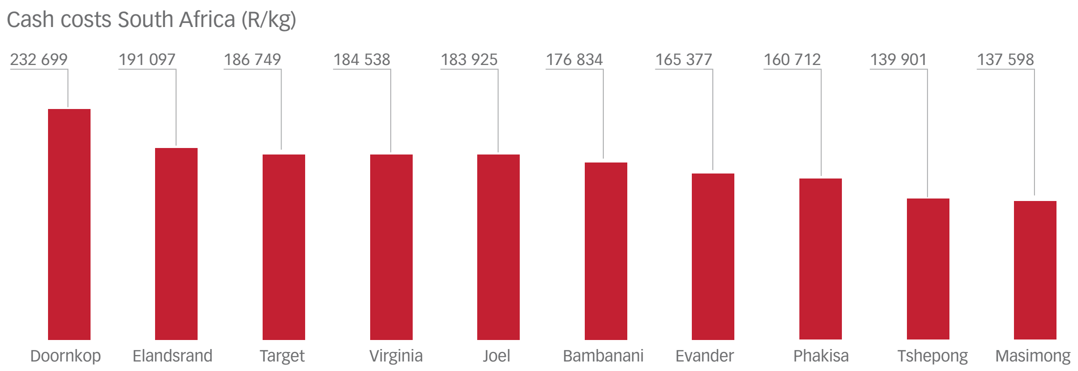
*excludes production from Randfontein prior to that operation being sold.

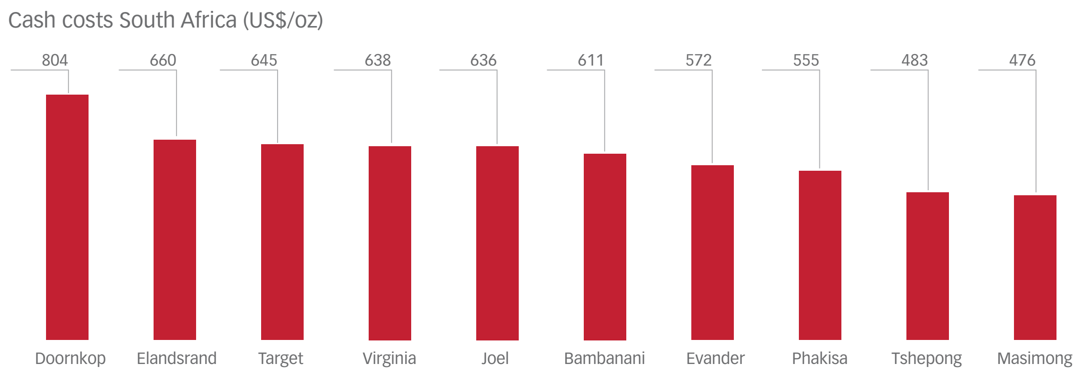
Grade South Africa (g/t)



Components of costs (%)
30 June 2009







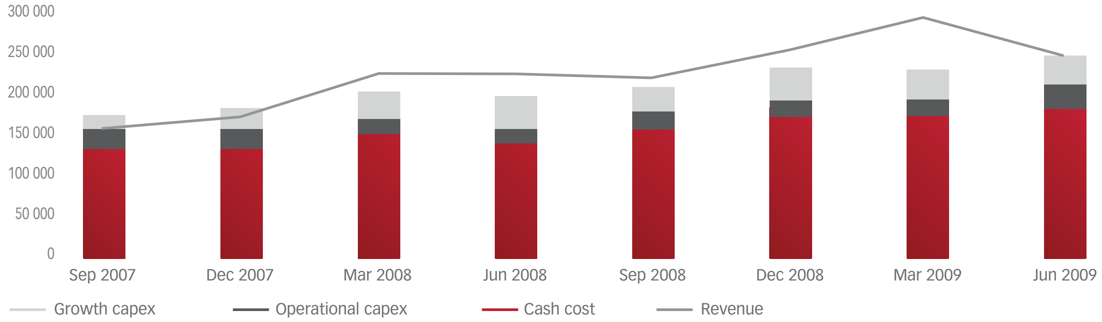
In total, Harmony's operations generated revenue of R11 496 million (US$1 277 million) and a cash operating profit of R3 839 million (US$427 million) for the year.

Review of operations cont.

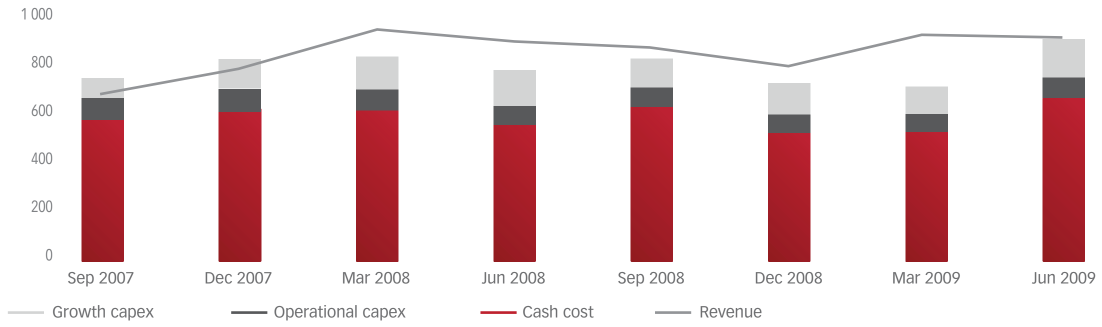
Cash operating costs, at R168 661/kg (US$583/oz), were well-contained despite significant inflationary pressure during the year. Key cost drivers continued to be higher electricity tariffs, labour costs and rising costs related to consumables.

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)



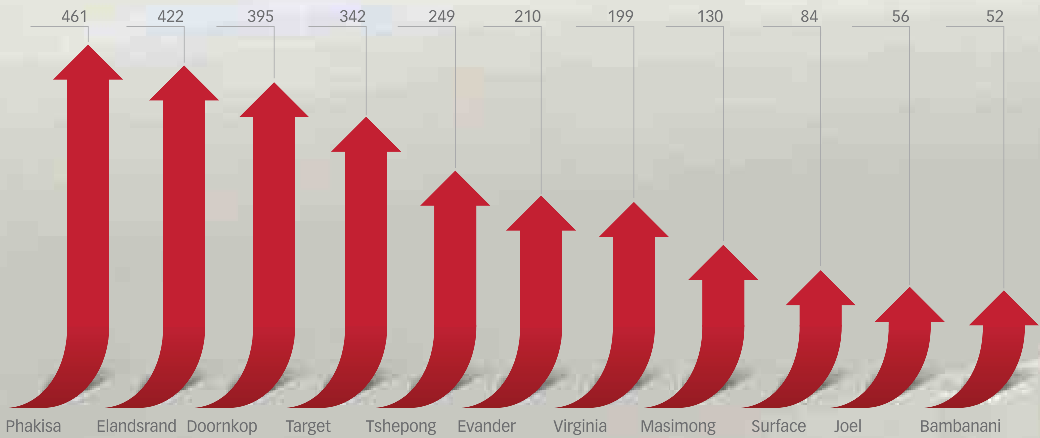
The average underground grade for the year was 4.64 g/t, while the average surface grade was 0.40 g/t. In FY08, these were 4.73 g/t and 0.53 g/t respectively.

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.

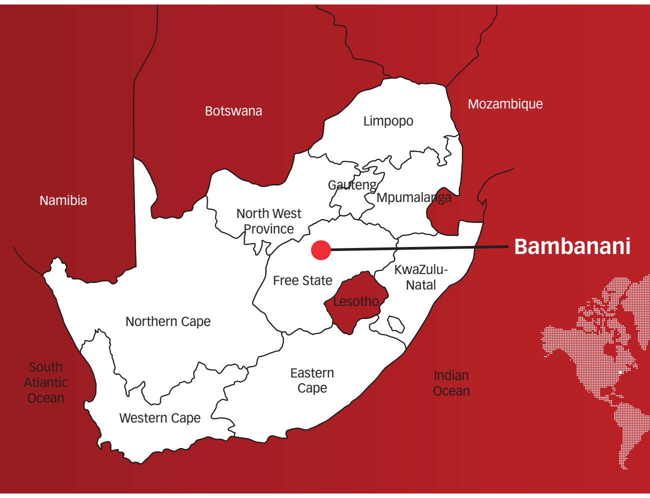
The review that follows provides greater operational detail. Operational information on a quarterly basis is available on our website at www.harmony.co.za. For the first time Harmony has provided an indication of the outlook for its operations in the next financial year. This information is based on 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)



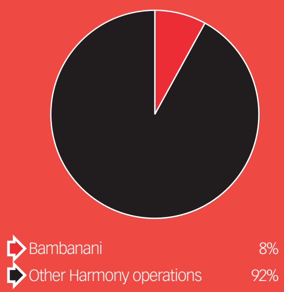
*Includes capital expenditure for plants and surface sources

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

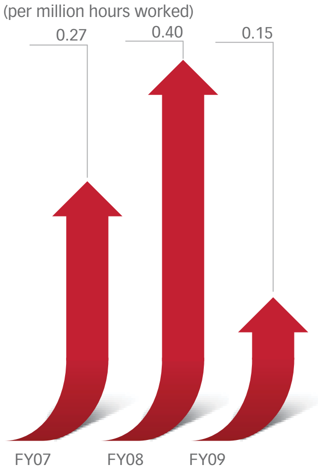
At the end of June 2009, Bambanani reported ore reserves of 1.385 million ounces of gold and mineral resources of 7.181 million ounces. Bambanani currently has an expected life-of-mine of 12 years. See pages 118 to 124 for more details.

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

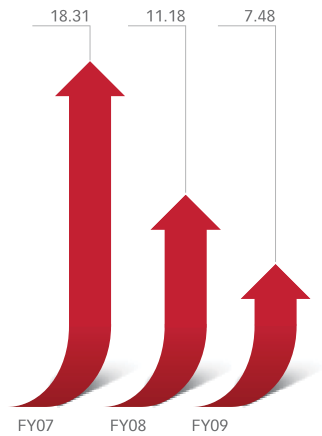
Safety

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)

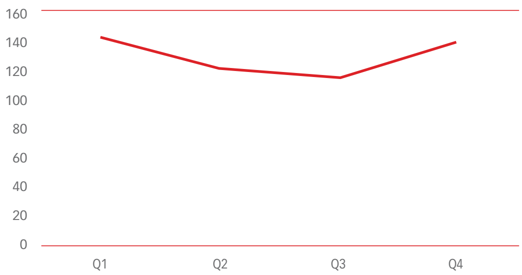


Bambanani key statistics:

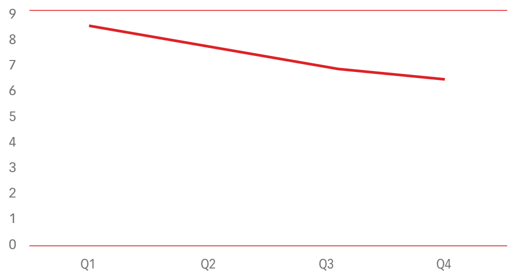
	Unit	FY09	FY08	FY07
Production				
Volumes milled	000 t (metric)	**517**	827	1 164
	000 t (imperial)	**570**	912	1 283
Gold produced	kg	**3 780**	4 817	6 130
	oz	**121 530**	154 879	197 084
Average grade	g/t	**7.32**	5.82	5.27
	oz/t	**0.213**	0.170	0.154
Financial				
Revenue	R million	**924**	932	902
	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

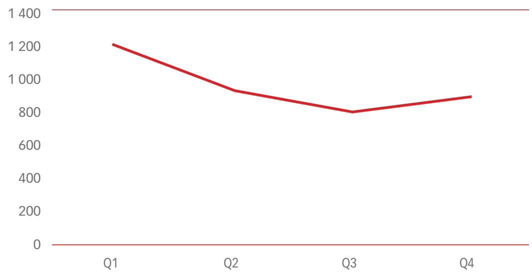
Tonnes (000)



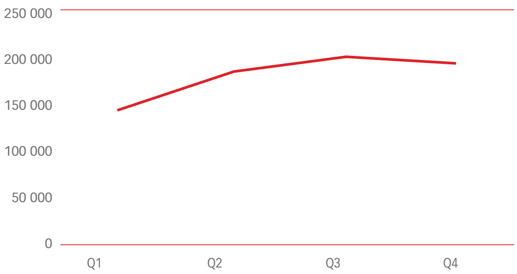
Grade (g/t)



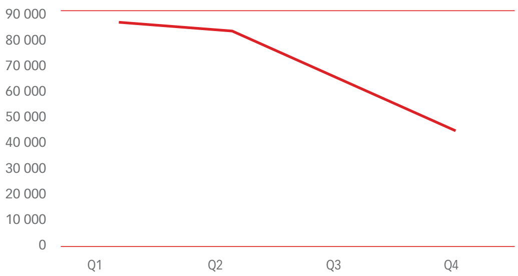
Gold produced (kg)



Cash cost (R/kg)

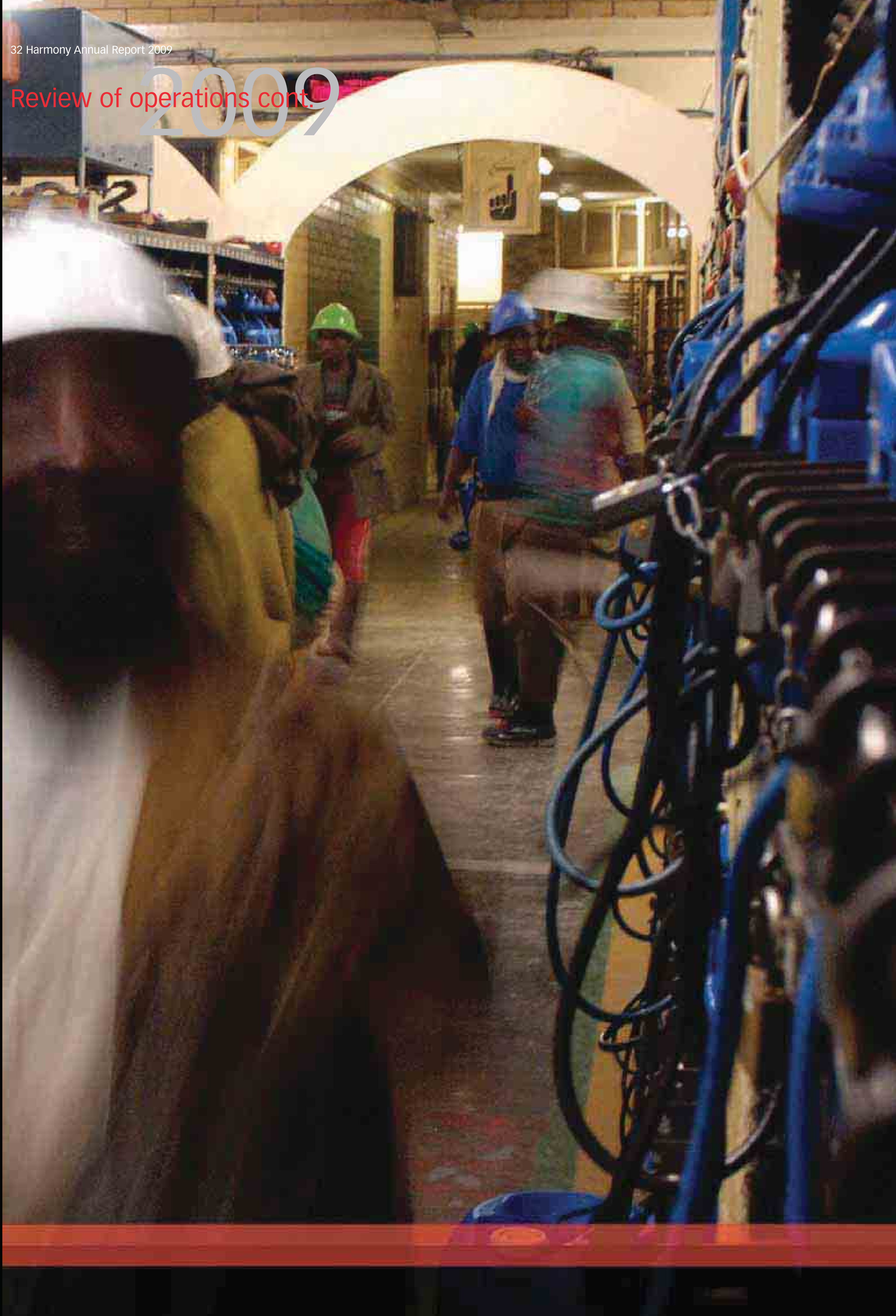


Cash profit (R000)



Review of operations cont.

2009



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*

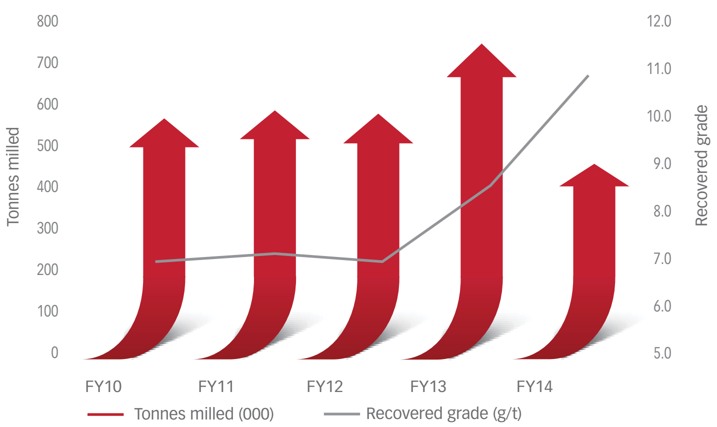
Production is expected to rise to around 572 000 tonnes in FY10, at an average grade of 7.15 g/t. Grade is expected to further improve once the shaft pillar is exploited, rising from FY12 onwards. Gold production is therefore expected to peak in FY13 at 6 000 kilograms (193 000 ounces).

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.

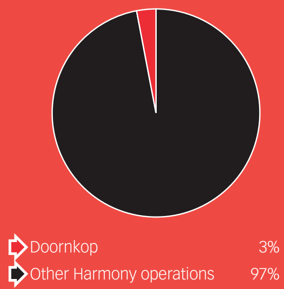
Bambanani: Five-year production profile



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.

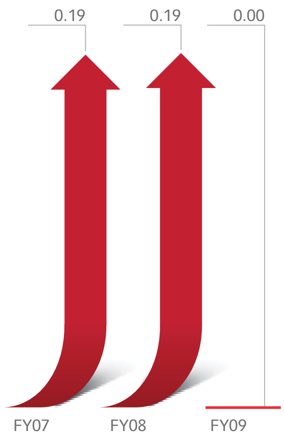
The mine's geological model on the South Reef continued to be improved as new information from delineation drilling and development became available. Additional exploration drilling will be undertaken in FY10 to increase the rate of gaining geological information on the South Reef orebody. Drilling platforms 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

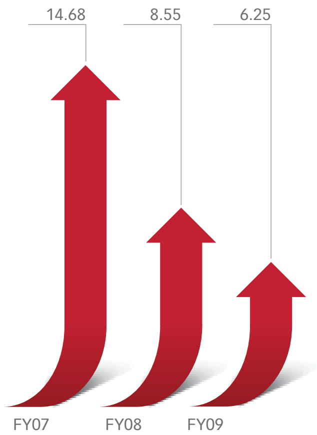
Safety

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 FIFR
(per million hours worked)



Doornkop LTIFR
(per million hours worked)



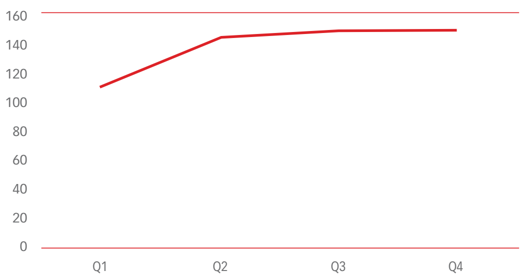
Doornkop key statistics:

	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

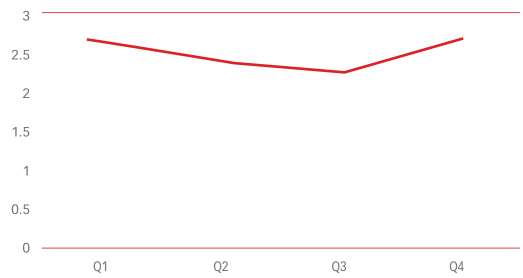
Review of operations cont.

Doornkop key quarterly indicators:FY09

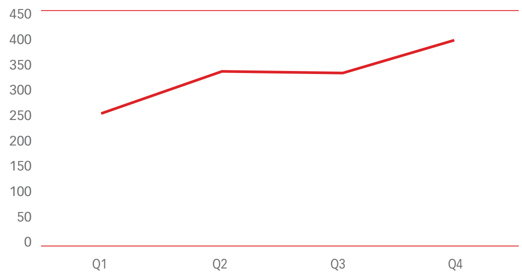
Tonnes (000)



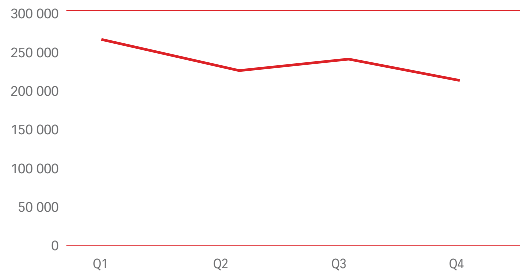
Grade (g/t)



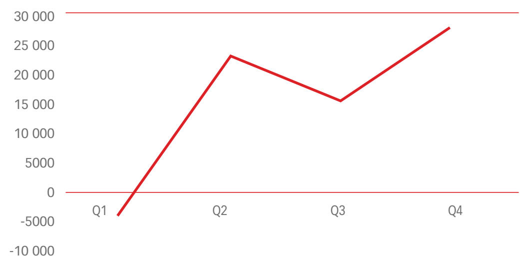
Gold produced (kg)



Cash cost (R/kg)



Cash profit (R000)



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.

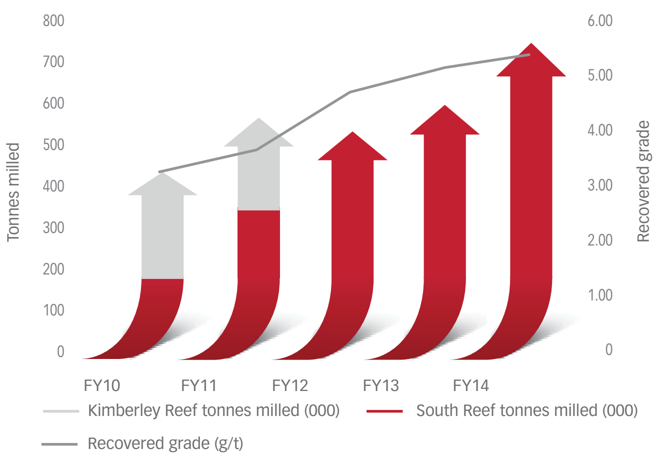
Outlook*

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.

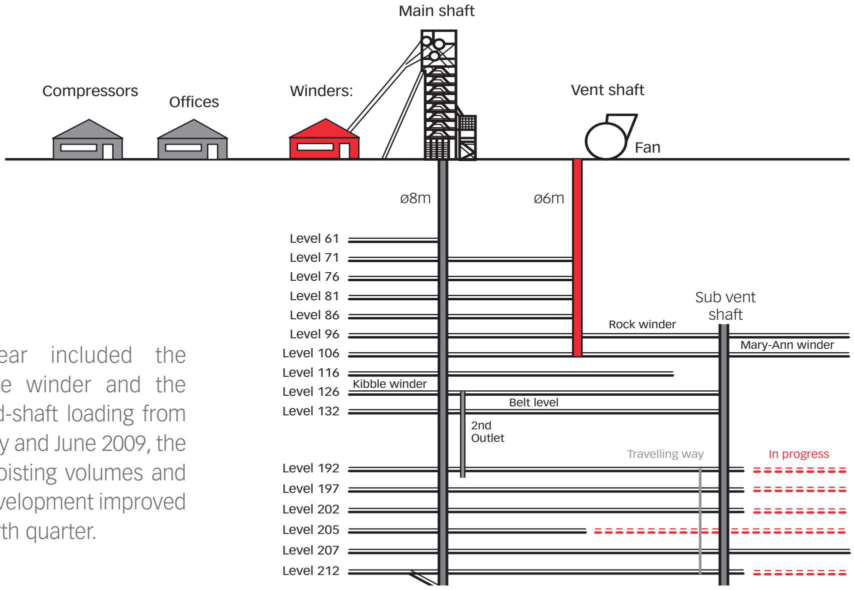
Doornkop: Five-year production profile



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.

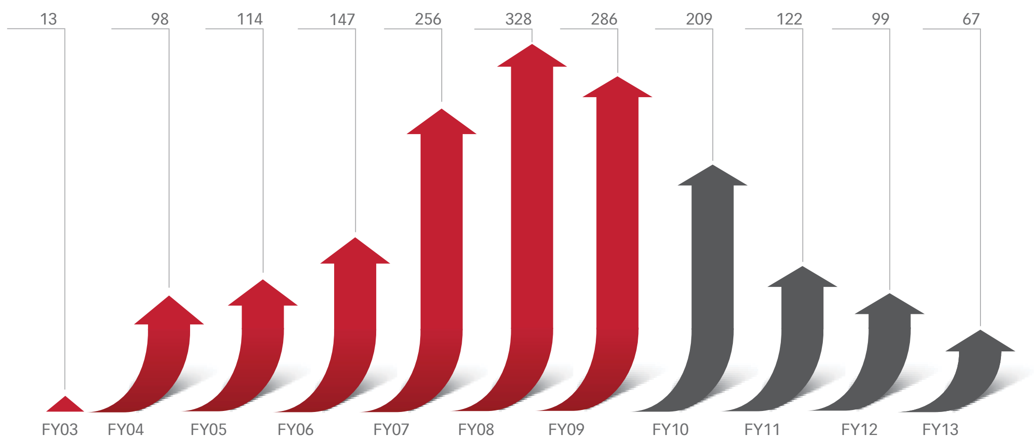
Future milestones include:

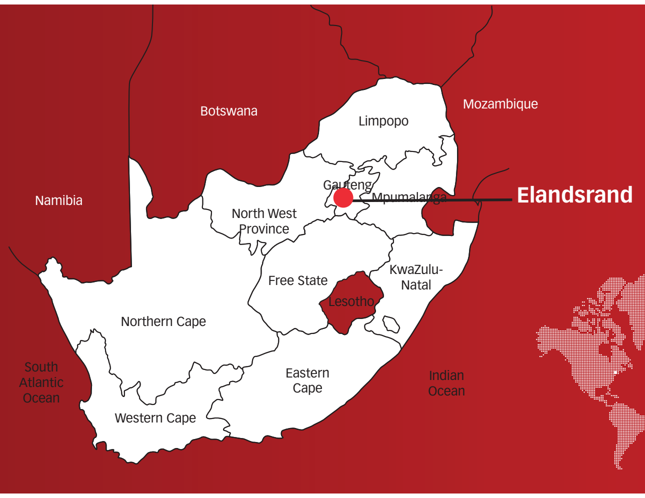
- commissioning of the main pump station in August 2009;
- implementation of ore tracking system in October 2009;
- installation of emergency generating capacity for the sub-shaft winder and completion of 202 level station modifications in January 2010;
- equipping of the rock winder compartment to shaft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

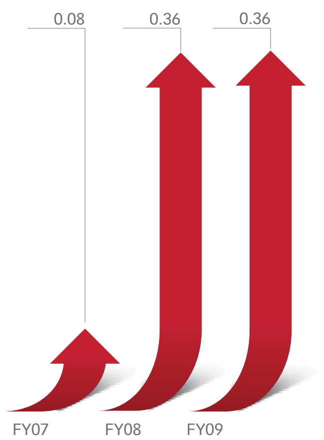
2009

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)



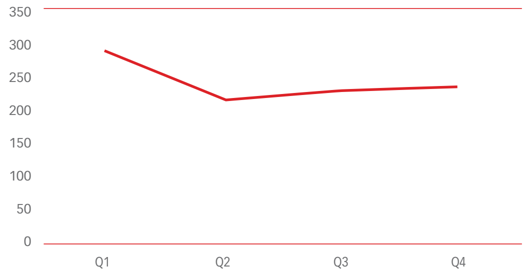
Elandsrand LTIFR
(per million hours worked)

Elandsrand key statistics:

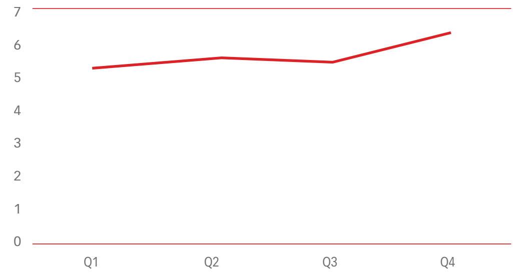
	Unit	FY09	FY08	FY07
Production				
Volumes milled	000 t (metric)	**962**	890	1 013
	000 t (imperial)	**1 061**	981	1 117
Gold produced	kg	**5 422**	5 108	6 078
	oz	**174 321**	164 215	195 412
Average grade	g/t	**5.64**	5.74	6.00
	oz/t	**0.164**	0.167	0.175
Financial				
Revenue	R million	**1 422**	964	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

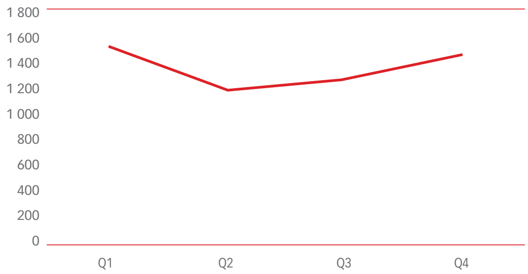
Tonnes (000)



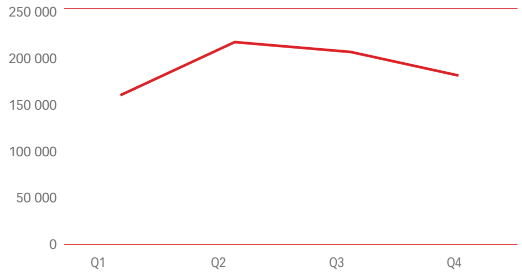
Grade (g/t)



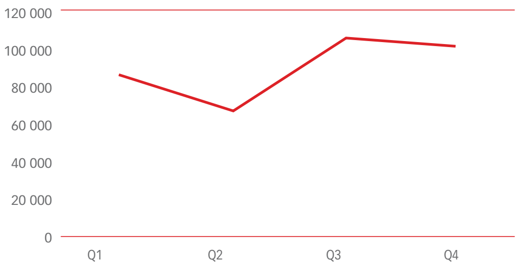
Gold produced (kg)



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.

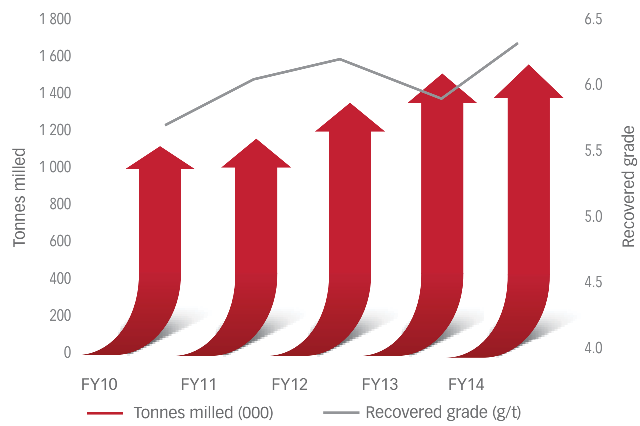
Outlook*

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.

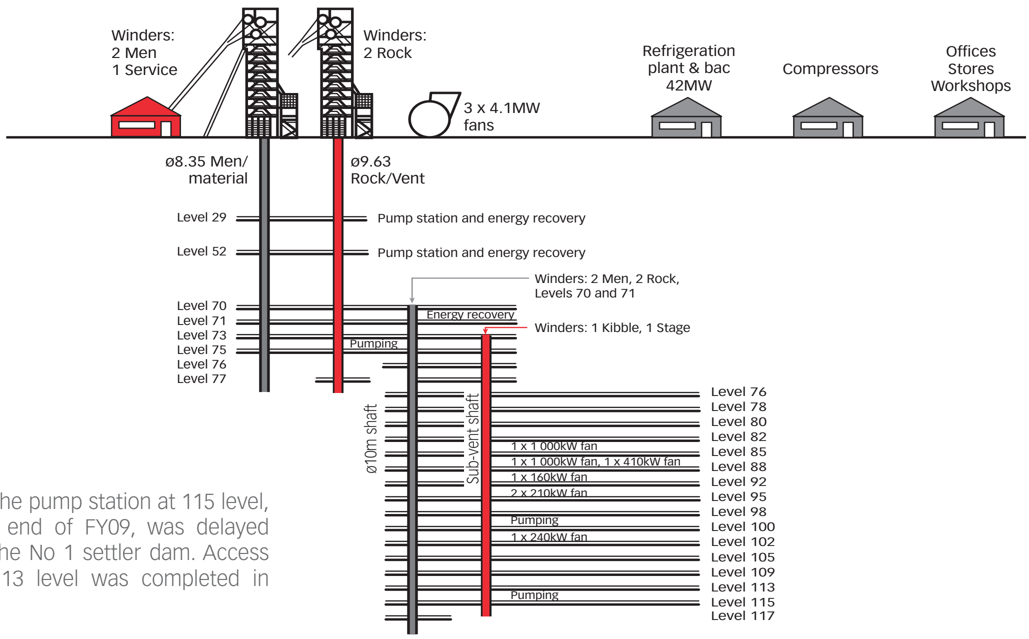
* Please refer to the forward-looking statement on the inside front cover of this report
** June 2009 money terms. The exchange rate as at 30 June 2009 of R7.72/US$ has been used for all forward-looking conversions.

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.

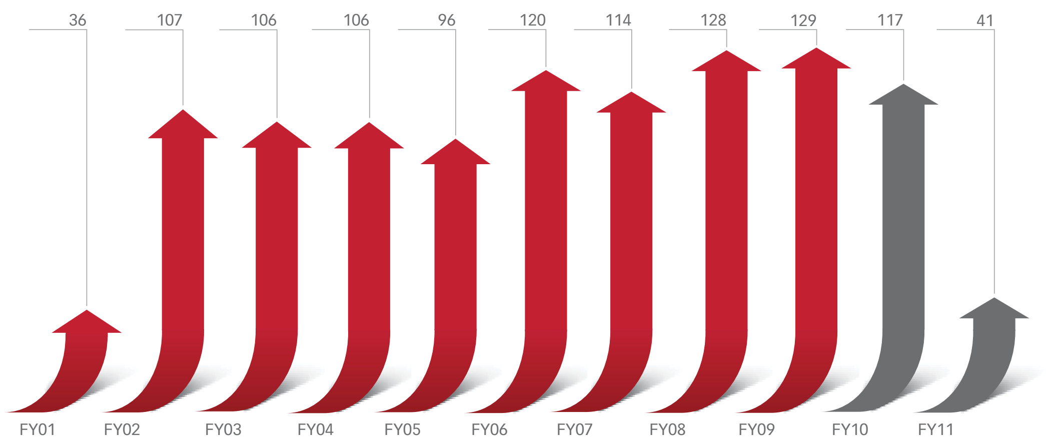
Future milestones include:

- 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.

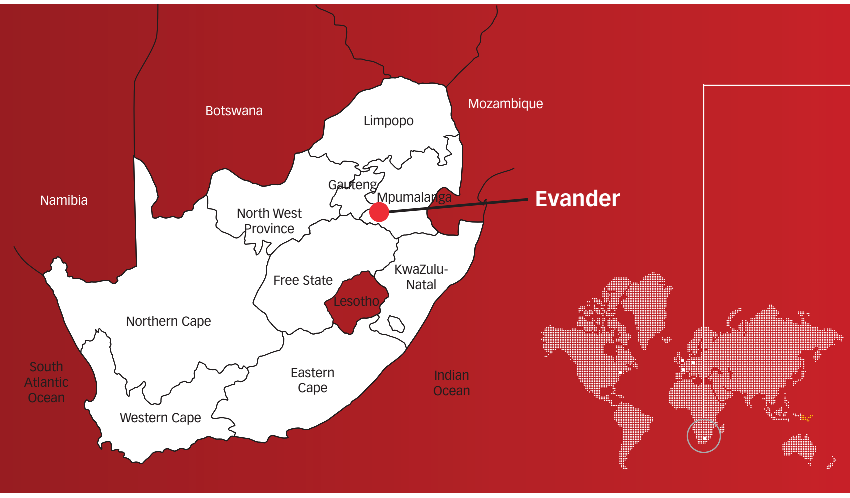
Key statistics

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.

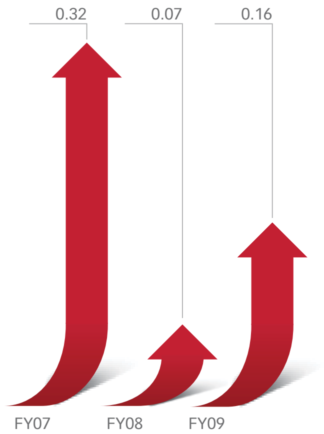
Evander operations	Mineral resources				Ore reserves		
	Measured	Indicated	Inferred	Total	Proven	Probable	Total
Oz (000)	4 776	4 083	12 667	21 526	522	1 434	1 956
Tonnes (Mt)	13.3	11.3	34.7	59.3	2.8	7.2	10.0
Grade (G/t)	11.20	11.18	11.36	11.29	5.79	6.21	6.09

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

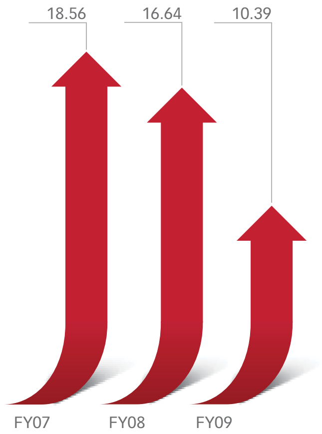
Safety

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)

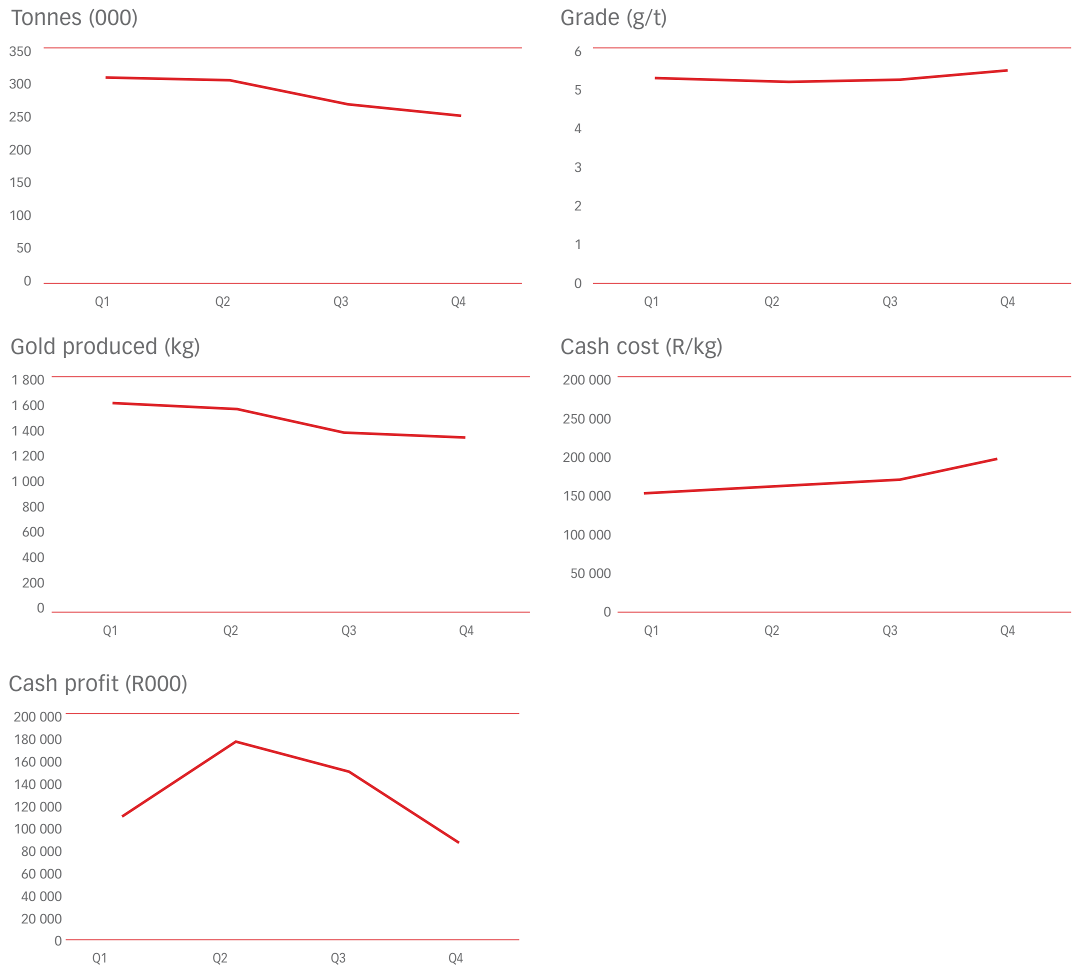


Evander key statistics:

	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



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*

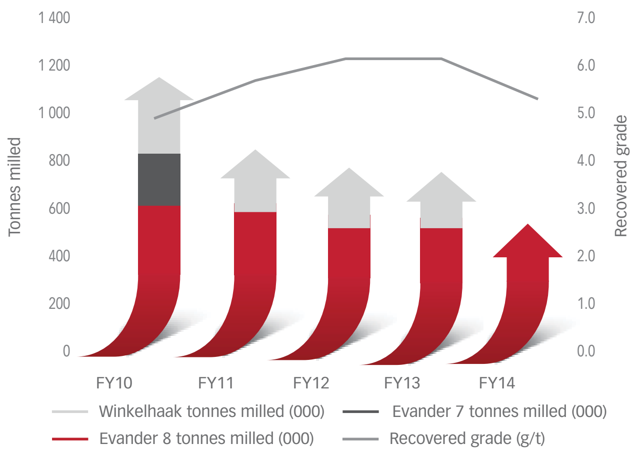
Scattered pillar mining and vamping will continue at Evander 2 and 5 shafts for the expected life-of-mine. The Winkelhaak plant will be closed in October 2009, when clean-up operations will begin and ore will then be transported by road to the Kinross plant for processing. Evander 7 shaft has a one year 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.

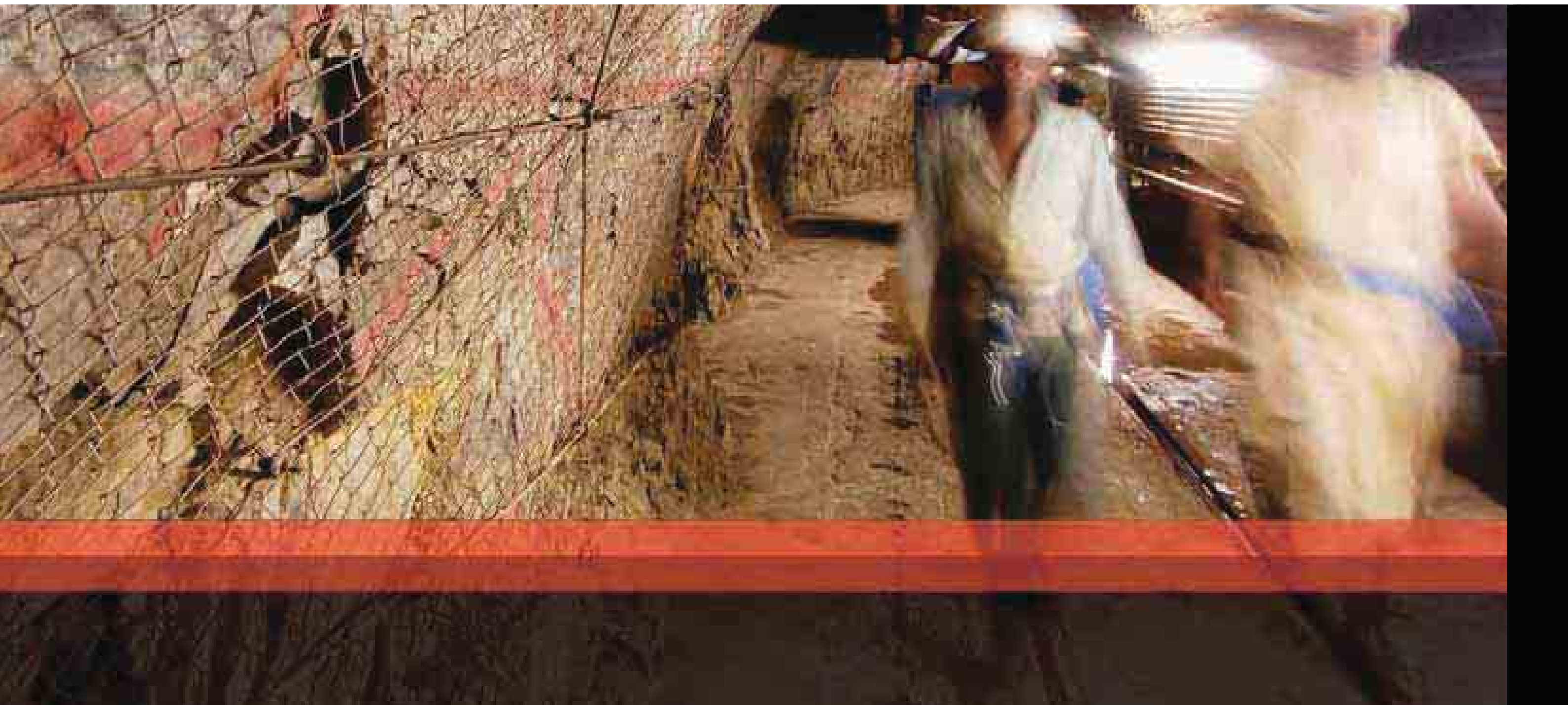
In FY10, volumes milled are likely to be approximately 1 150 000 tonnes. The average recovered grade is expected to drop to 4.9 g/t in FY10 because of the lower grade to be mined at Evander 8. Mining sequencing will result in more mining taking place on the edges of the payshoot, consequently resulting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

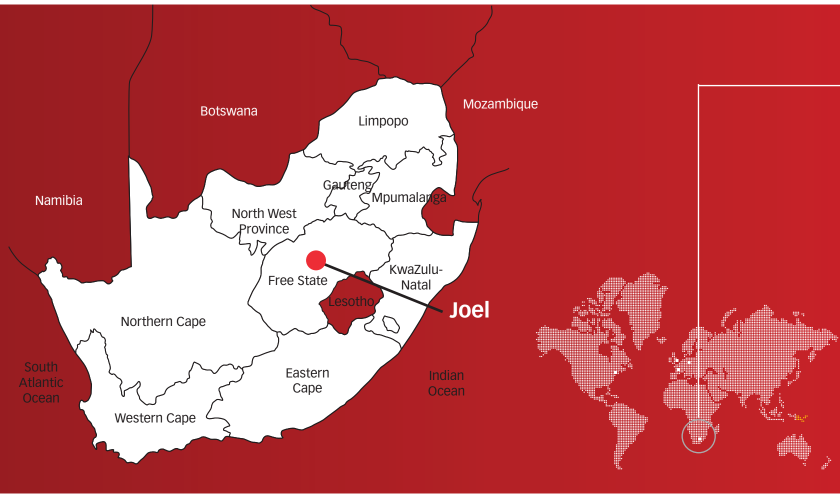
* Please refer to the forward-looking statement on the inside front cover of this report
** June 2009 money terms. The exchange rate as at 30 June 2009 of R7.72/US$ has been used for all forward-looking conversions.

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

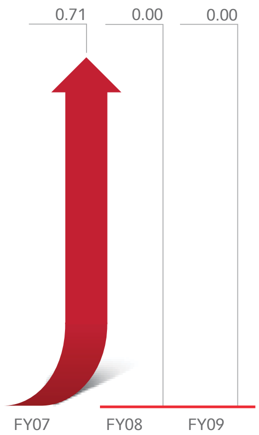
At the end of June 2009, Joel reported ore reserves of 0.565 million ounces and mineral resources of 4.330 million ounces. Joel's expected life-of-mine is in the region of eight years. Drilling of surface boreholes is currently under way in the deeper extension of the orebody towards the North to test 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

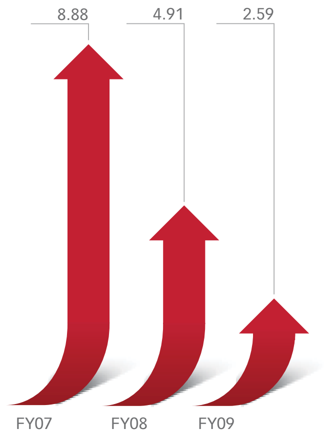
Safety

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 FIFR
(per million hours worked)



Joel LTIFR
(per million hours worked)



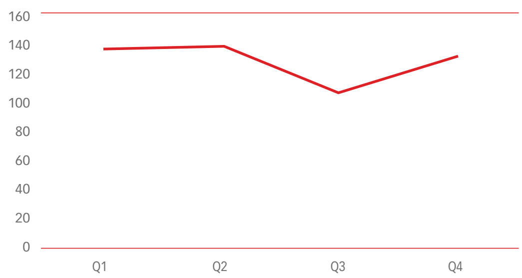
Joel key statistics:

	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

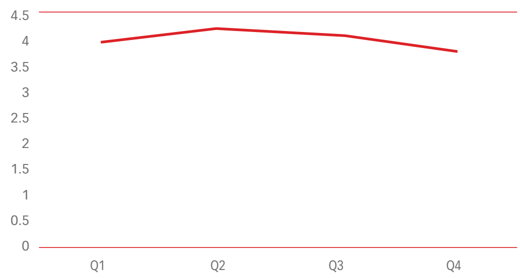
Review of operations cont.

Joel key quarterly indicators: FY09

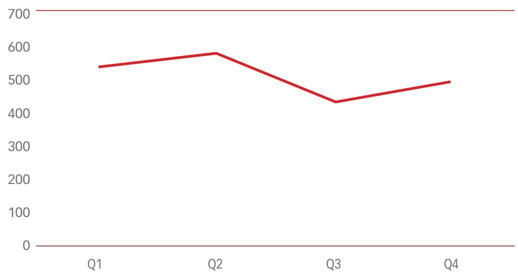
Tonnes (000)



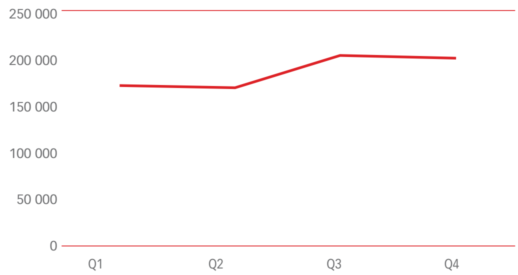
Grade (g/t)



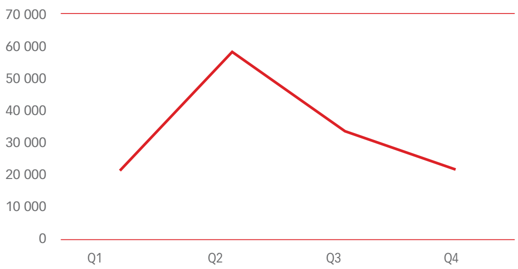
Gold produced (kg)



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.

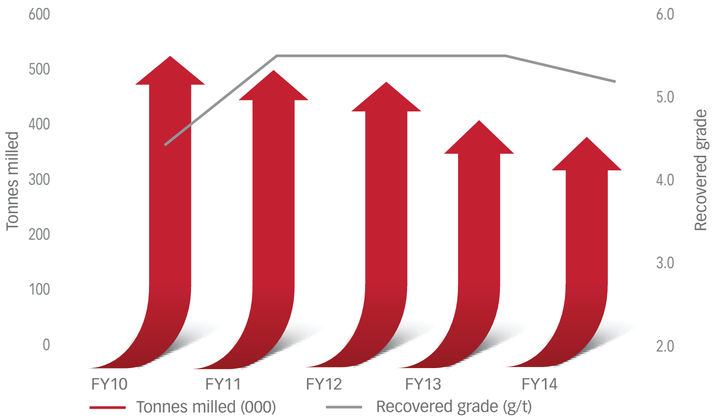
Outlook*

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.

* 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.

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

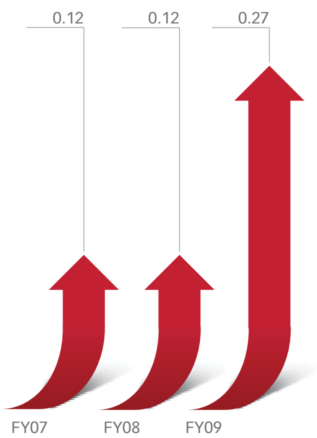
At the end of June 2009, Masimong reported ore reserves of 0.984 million ounces of gold and mineral resources of 28.105 million ounces. The operation's expected life-of-mine is 12 years. See pages 118 to 125 for further details.

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

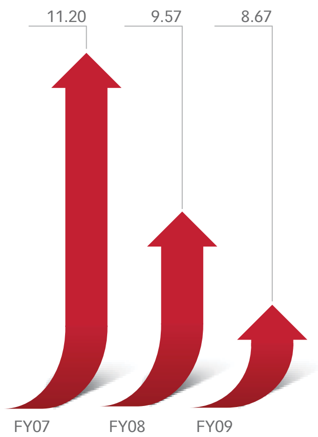
Safety

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)

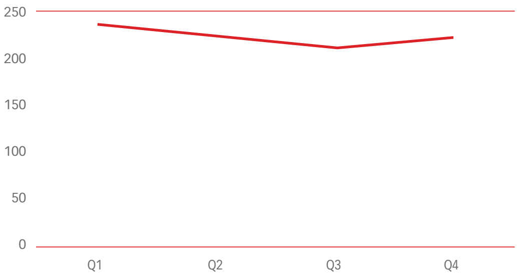


Masimong key statistics:

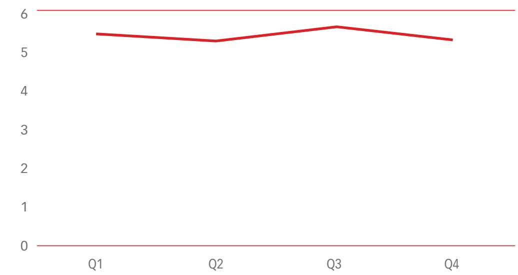
	Unit	FY09	FY08	FY07
Production				
Volumes milled	000 t (metric)	**890**	809	974
	000 t (imperial)	**981**	892	1 074
Gold produced	kg	**4 791**	3 621	4 559
	oz	**154 034**	116 424	146 575
Average grade	g/t	**5.38**	4.48	4.68
	oz/t	**0.157**	0.131	0.136
Financial				
Revenue	R million	**1 215**	698	681
	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

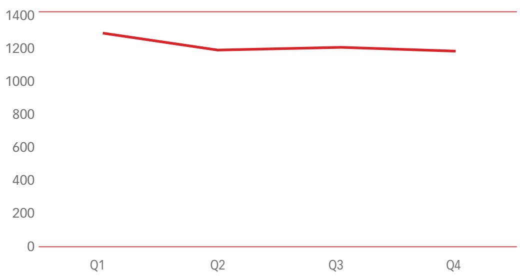
Tonnes (000)



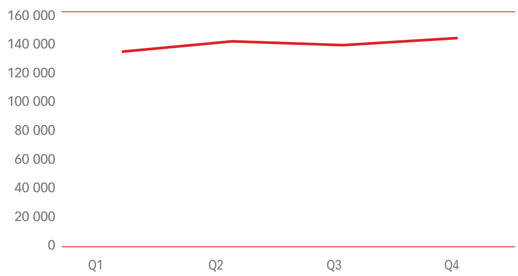
Grade (g/t)



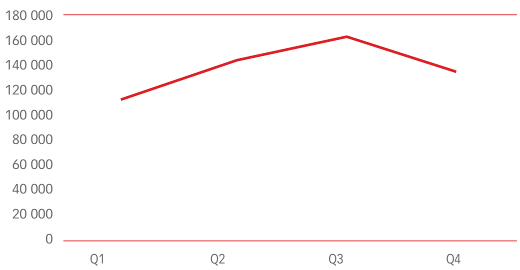
Gold produced (kg)



Cash cost (R/kg)



Cash profit (R000)



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).

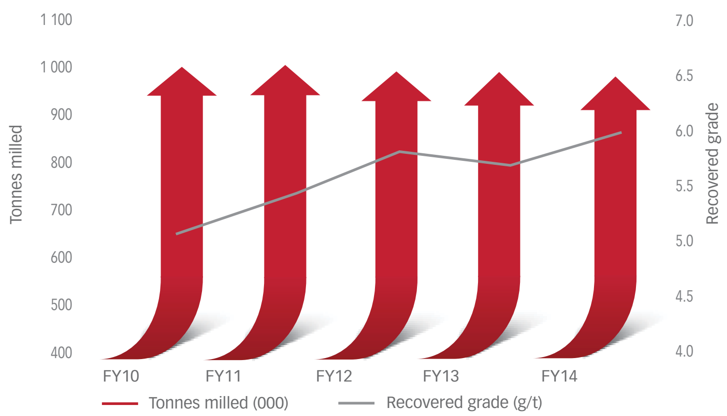
Outlook*

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).

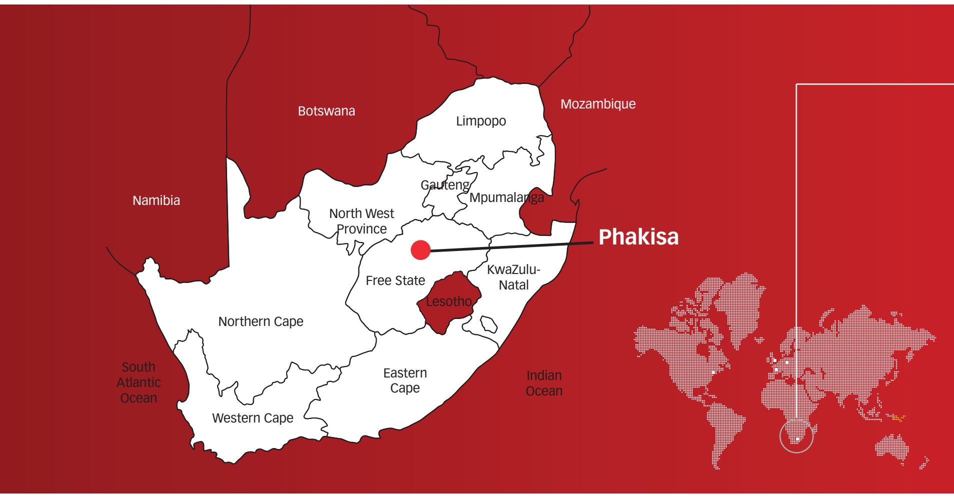
Capital expenditure** of R238 million (US$31 million) is planned for FY10 – R110 million (US$14 million) on on-going development, R24 million (US$3 million) on major equipment maintenance and R104 million (US$13 million) on other shaft capital.

* 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

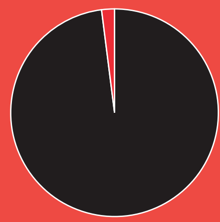


Review of operations cont.



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

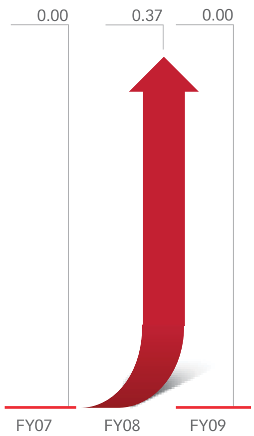
At the end of June 2009, Phakisa reported ore reserves of 5.295 million ounces of gold and mineral resources of 23.423 million ounces. The operation's expected life-of-mine is 21 years. Potential upside from the exploitation of high grade pillars and at the Nyala shaft is being investigated. See pages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

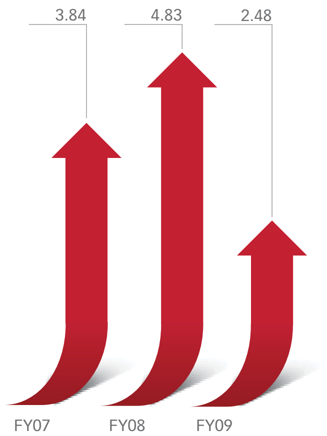
Safety

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)

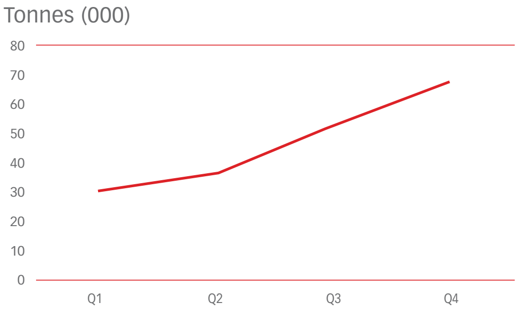


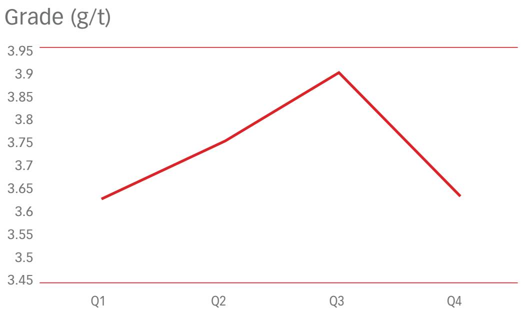
Phakisa key statistics:

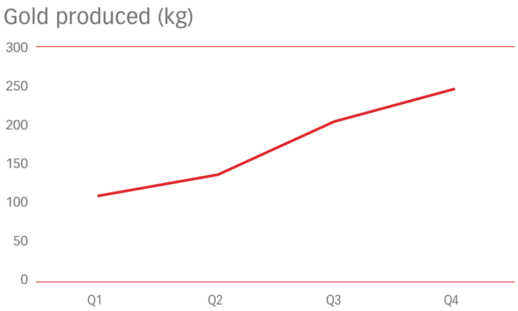
	Unit	FY09	FY08	FY07
Production				
Volumes milled	000 t (metric)	**185**	31	–
	000 t (imperial)	**204**	34	
Gold produced	kg	**691**	125	–
	oz	**22 216**	4 024	–
Average grade	g/t	**3.74**	4.04	–
	oz/t	**0.109**	0.118	–
Financial				
Revenue	R million	**171**	28	–
	US$ million	**19**	4	–
Cash costs	R/kg	**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

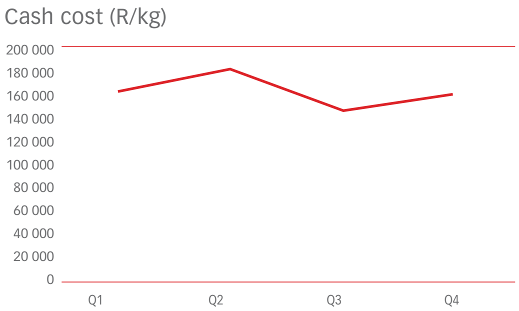
Review of operations cont.

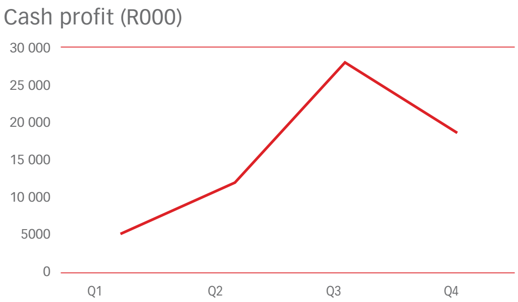
Phakisa key quarterly indicators: FY09











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).

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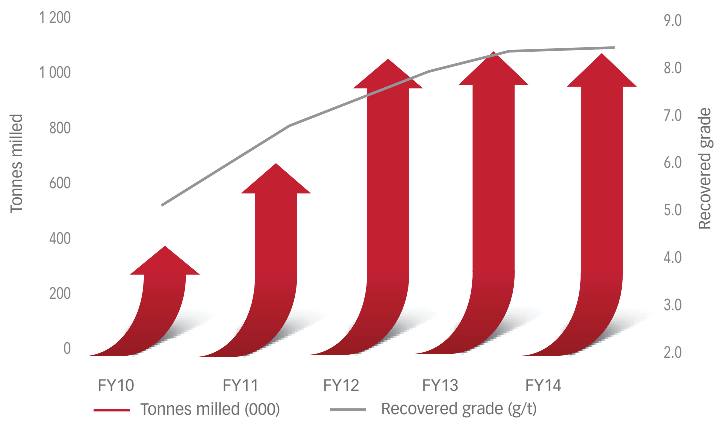
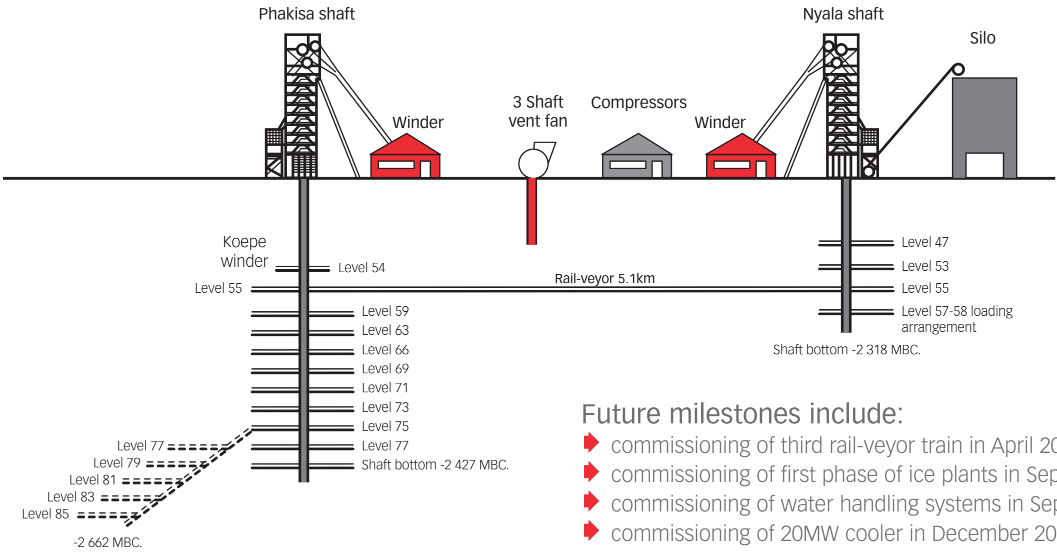
Phakisa: Five-year production profile



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.



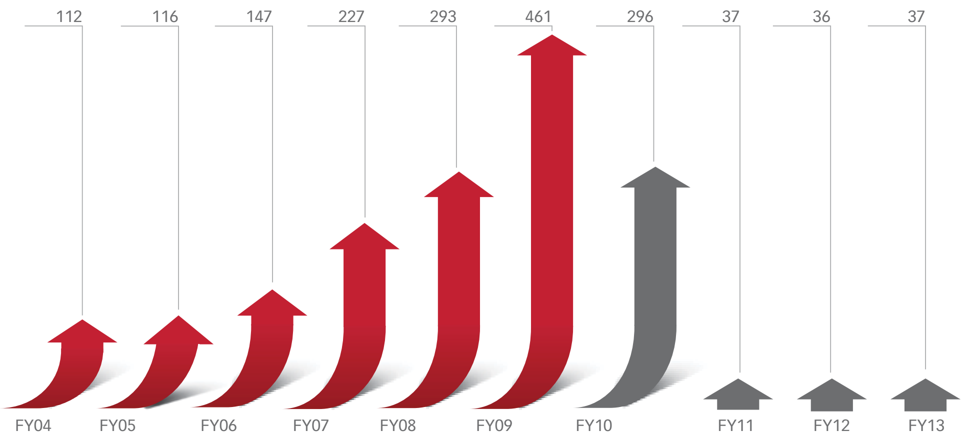
Future milestones include:

- 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.

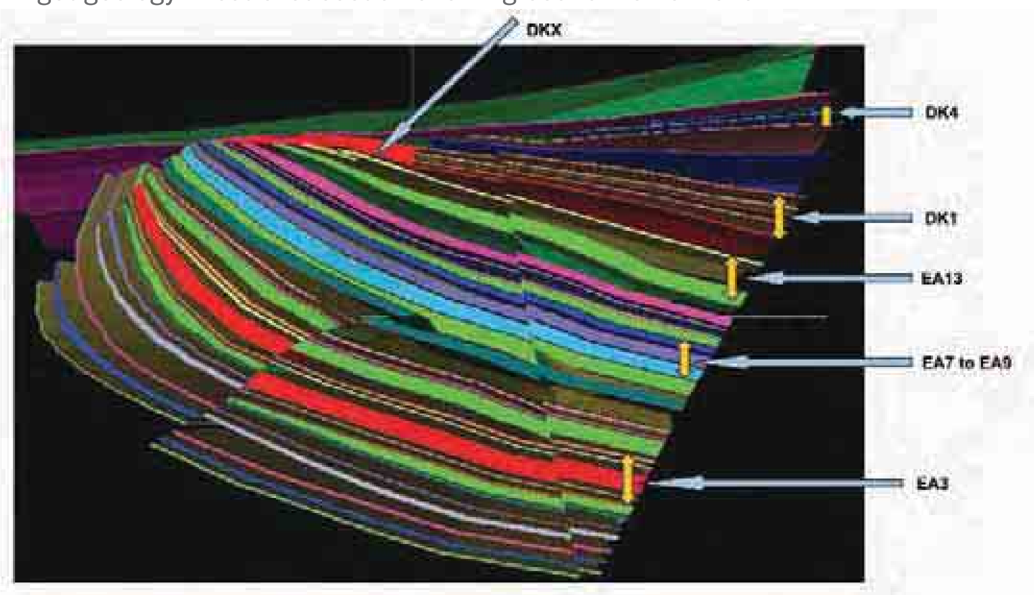
In FY09, Target employed 1 986 people – 1 605 employees and 381 contractors.

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.

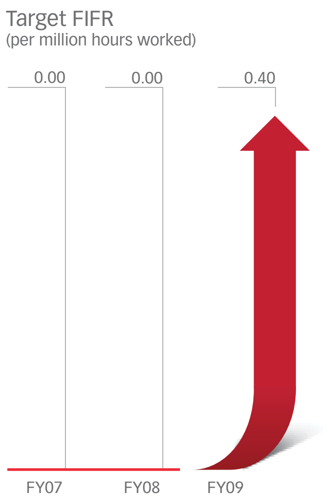
in early 2010. Interim production profiles have been developed based on current best-available information, but these are subject to confirmation and change.

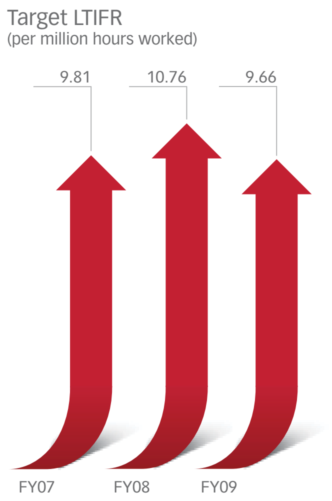
At the end of June 2009, Target reported ore reserves of 2.559 million ounces of gold and mineral resources of 6.446 million ounces. The operation's expected life-of-mine is 17 years. See pages 118 to 127 for further details.

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.

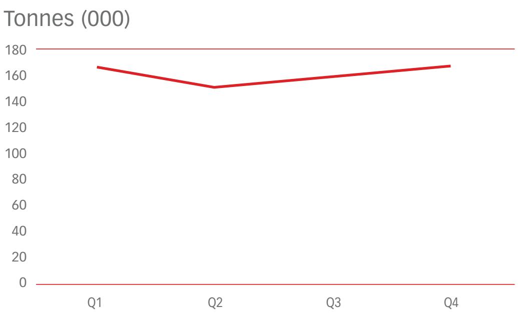


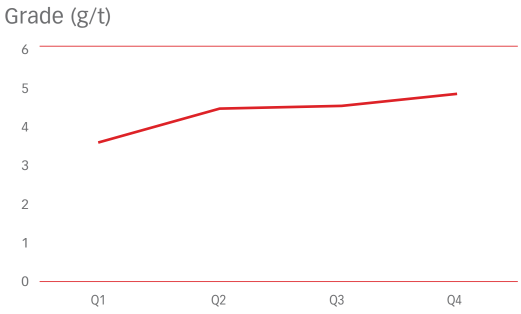


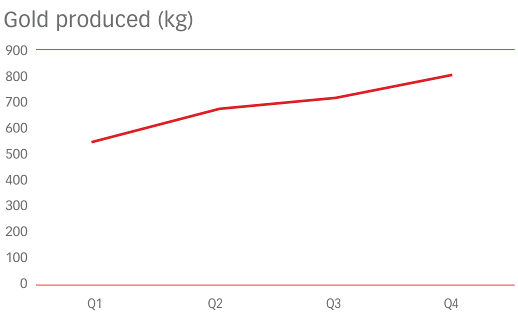
Target key statistics:

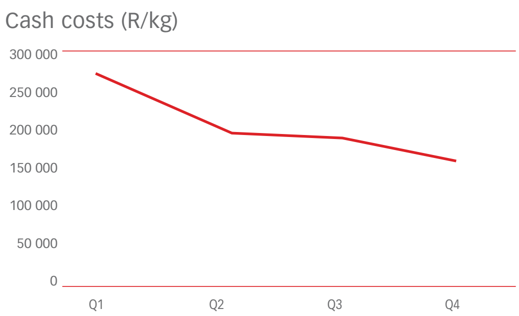
	Unit	FY09	FY08	FY07
Production				
Volumes milled	000 t (metric)	**644**	622	820
	000 t (imperial)	**710**	686	904
Gold produced	kg	**2 713**	2 476	4 437
	oz	**87 225**	79 602	142 653
Average grade	g/t	**4.21**	3.98	5.41
	oz/t	**0.123**	0.116	0.158
Financial				
Revenue	R million	**688**	503	657
	US$ 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

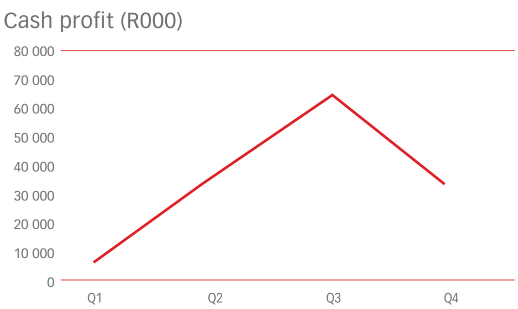
Target key quarterly indicators: FY09











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*

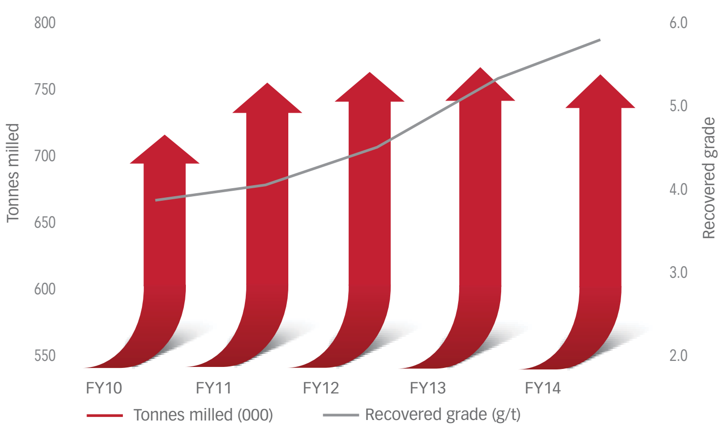
Target's plans will be reviewed and revised where necessary, as a result of the revised geological modelling, and based on a better understanding of the orebody.

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

Tshepong	16%
Other Harmony operations	84%

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 FIFR
(per million hours worked)

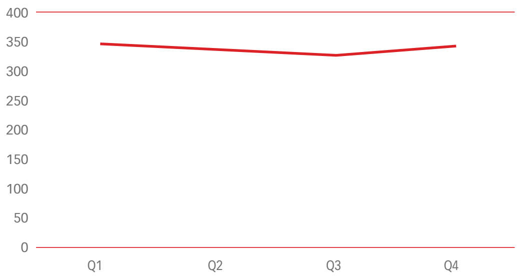
Tshepong LTIFR
(per million hours worked)

Tshepong key statistics:

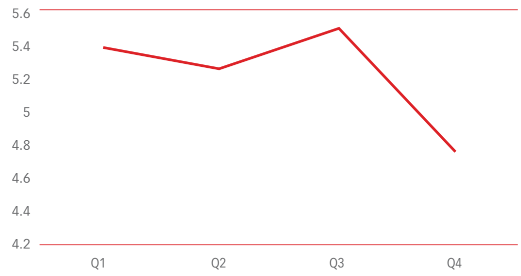
	Unit	FY09	FY08	FY07
Production				
Volumes milled	000 t (metric)	**1 375**	1 495	1 654
	000 t (imperial)	**1 516**	1 649	1 824
Gold produced	kg	**7 178**	8 271	9 928
	oz	**230 778**	265 914	319 192
Average grade	g/t	**5.22**	5.53	6.00
	oz/t	**0.152**	0.161	0.175
Financial				
Revenue	R million	**1 780**	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

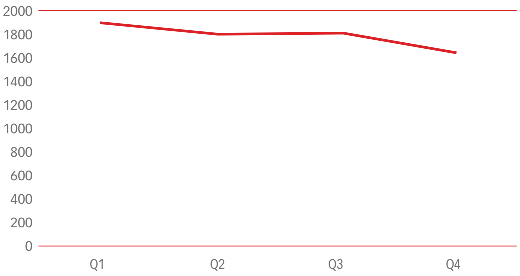
Tonnes (000)



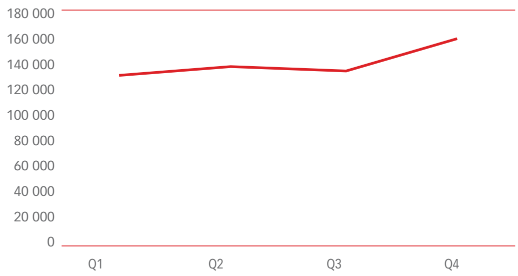
Grade (g/t)



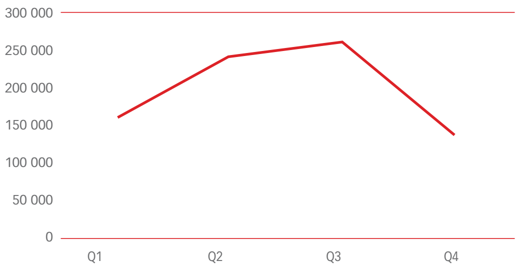
Gold produced (kg)



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.

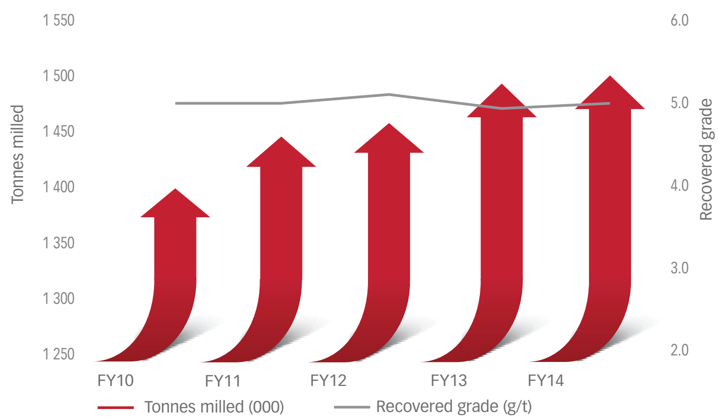
Outlook*

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.

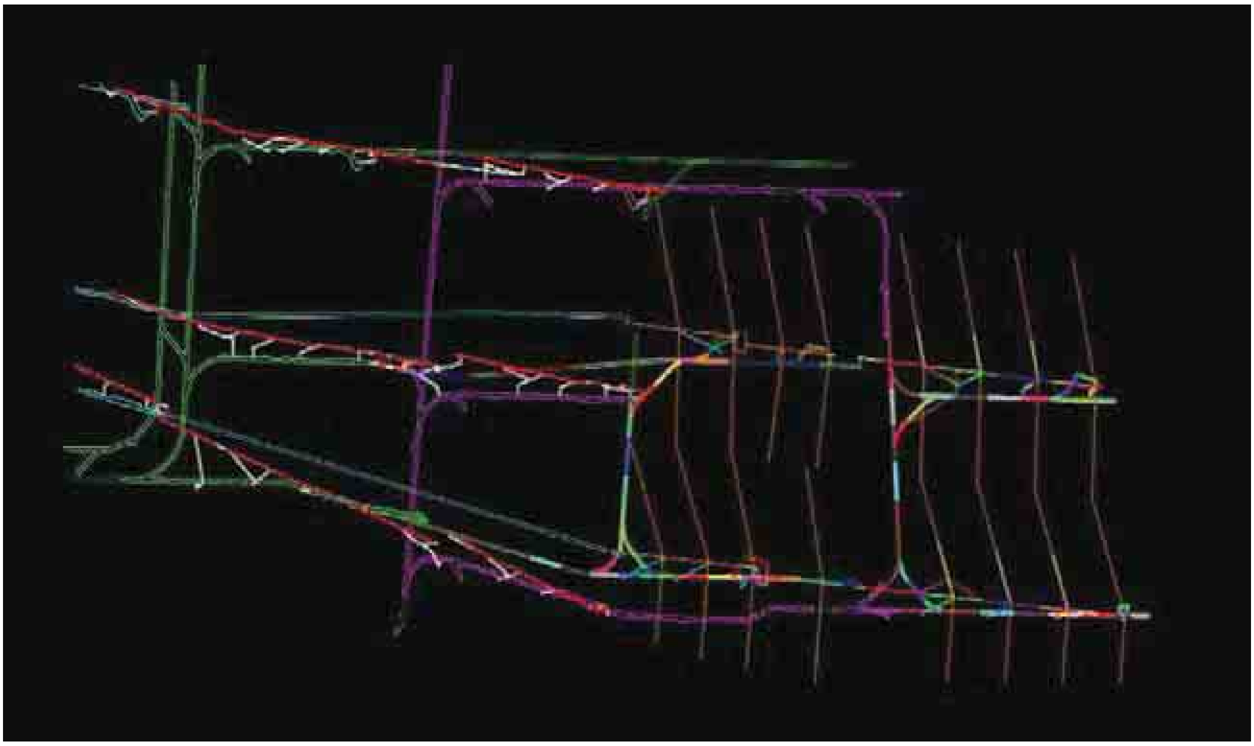
Total capital expenditure** planned for FY10 is R243 million (US$31 million) – R157 million (US$20 million) on on-going development, R16 million (US$2 million) on major equipment maintenance and R25 million (US$3 million) on other shaft capital. The balance of R45 million (US$6 million) is planned for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

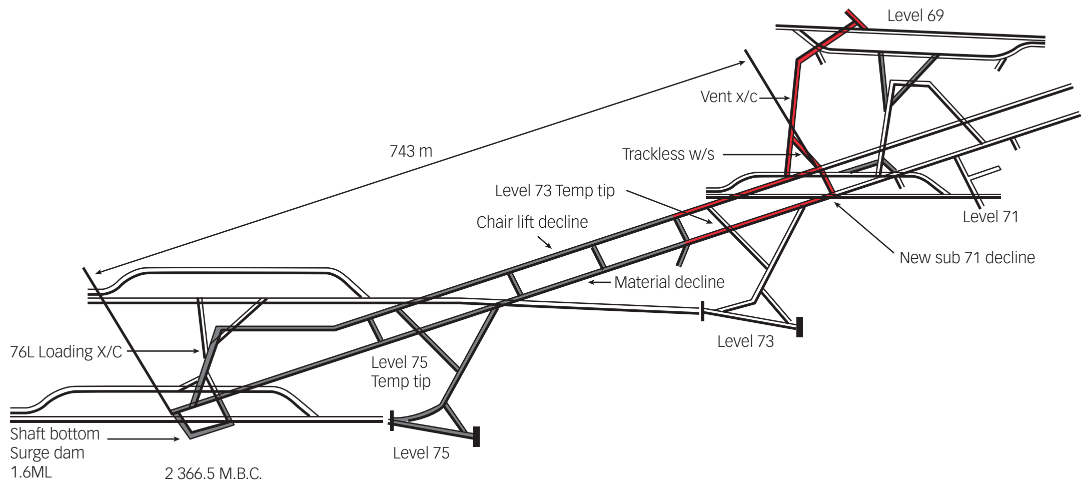
2009

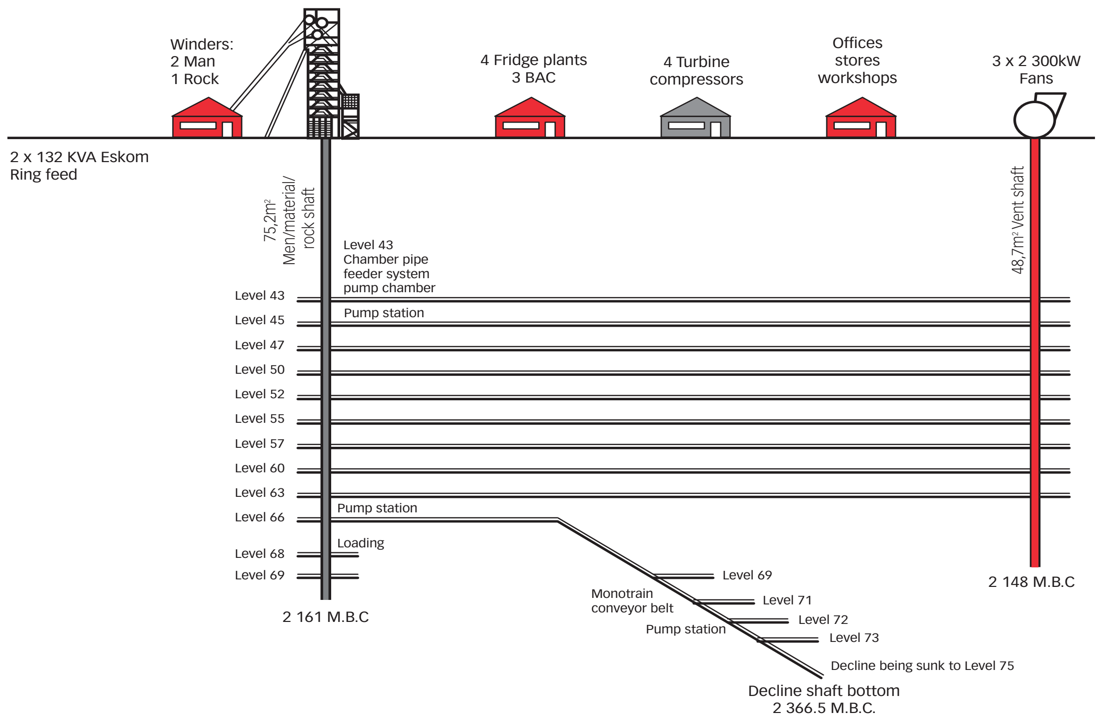
Tshepong Sub-71 Decline

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.

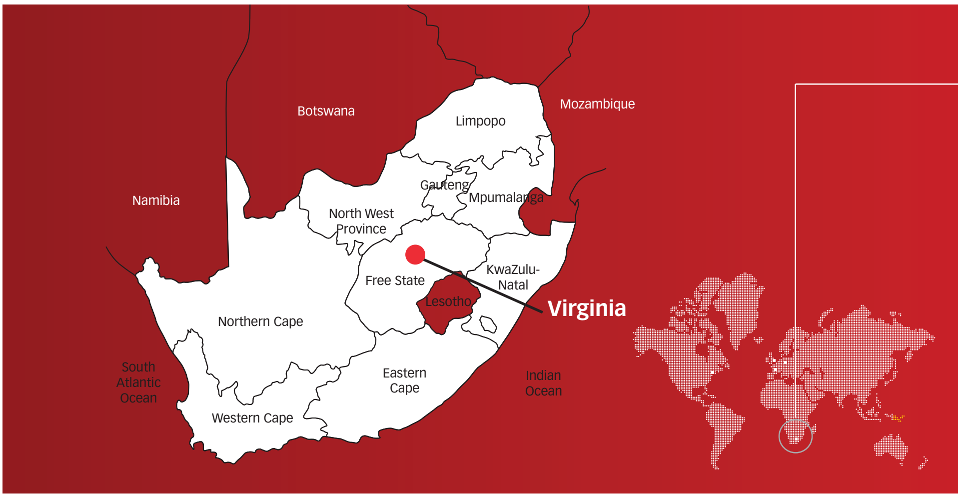
Work on this project was temporarily suspended during the year owing to poor ground conditions. Following the complete resupport of the area, work has now resumed.

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.



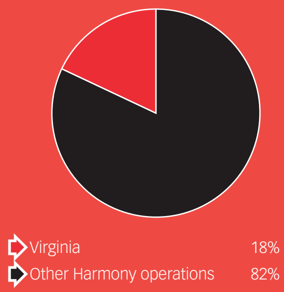


Review of operations cont.



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).

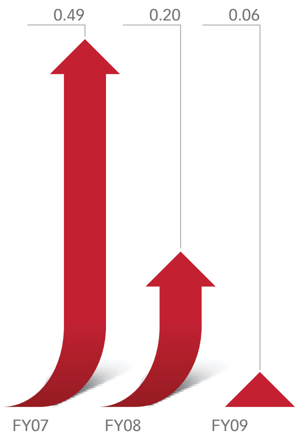
Exploration is being undertaken at Harmony 2 shaft predominantly on the A reef where good results have been reported in last financial year. See pages 118 to 125 for further details.

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)



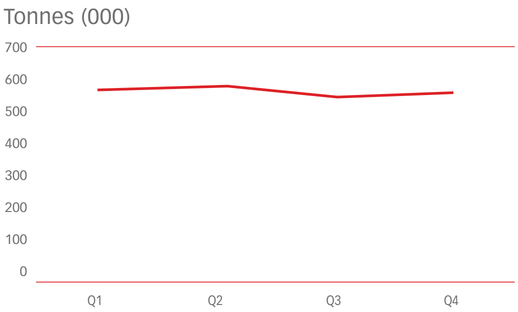
Virginia LTIFR
(per million hours worked)

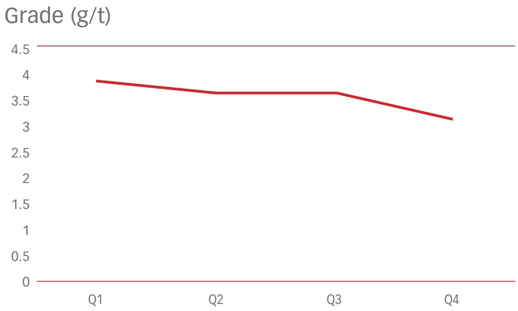
Virginia key statistics:

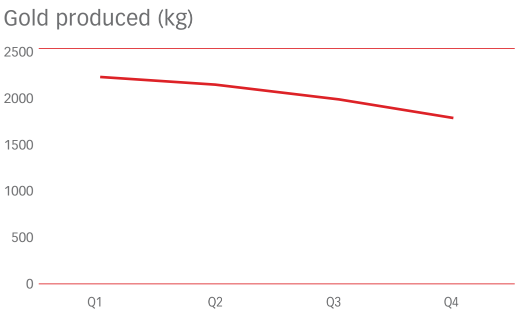
	Unit	FY09	FY08	FY07
Production				
Volumes milled	000 t (metric)	**2 261**	2 130	2 274
	000 t (imperial)	**2 493**	2 349	2 507
Gold produced	kg	**8 030**	7 708	8 239
	oz	**258 170**	247 820	264 890
Average grade	g/t	**3.55**	3.62	3.62
	oz/t	**0.104**	0.106	0.106
Financial				
Revenue	R million	**2 033**	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

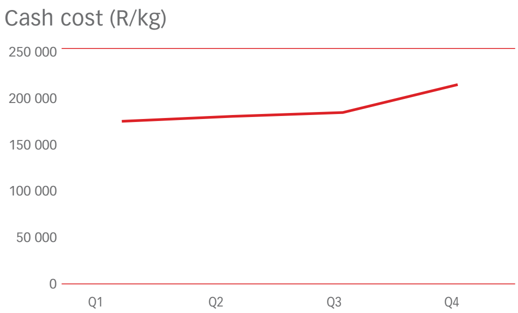
Review of operations cont.

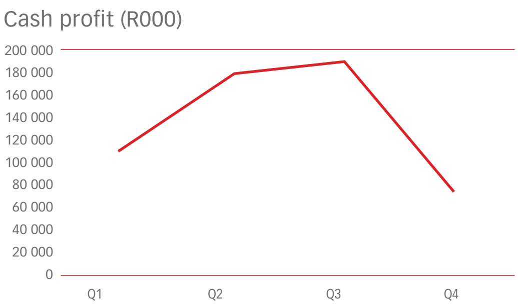
Virginia key quarterly indicators: FY09











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.

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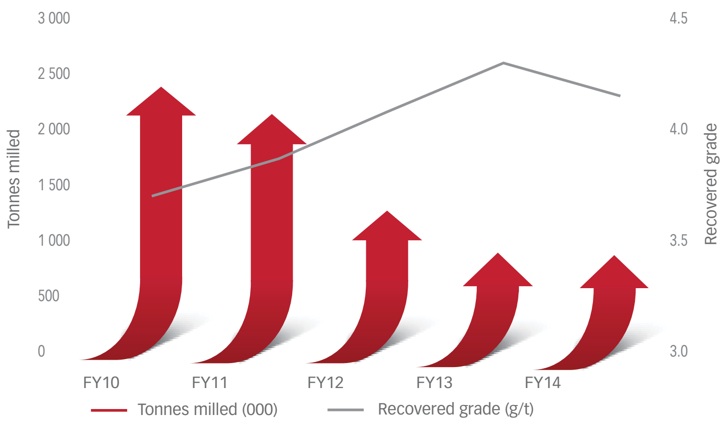
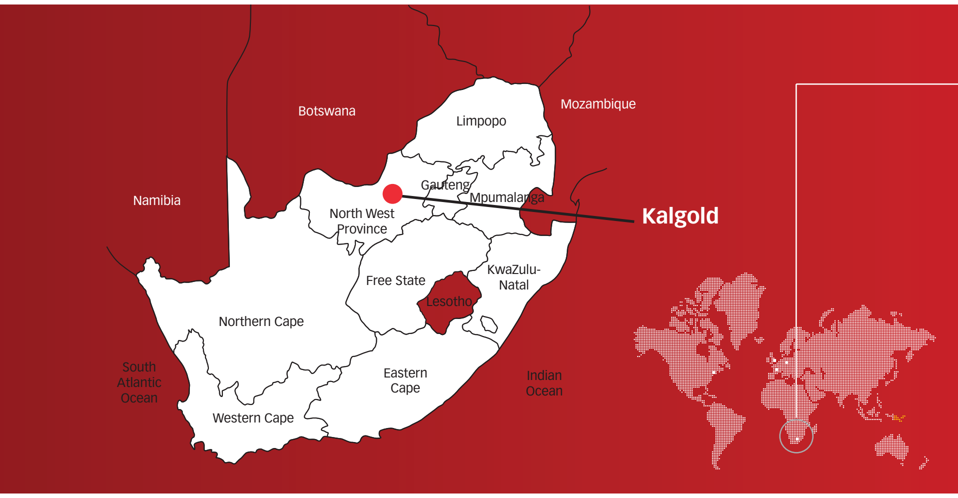
** June 2009 money terms. The exchange rate as at 30 June 2009 of R7.72/US$ has been used for all forward-looking conversions.

Virginia: Five-year production profile



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.

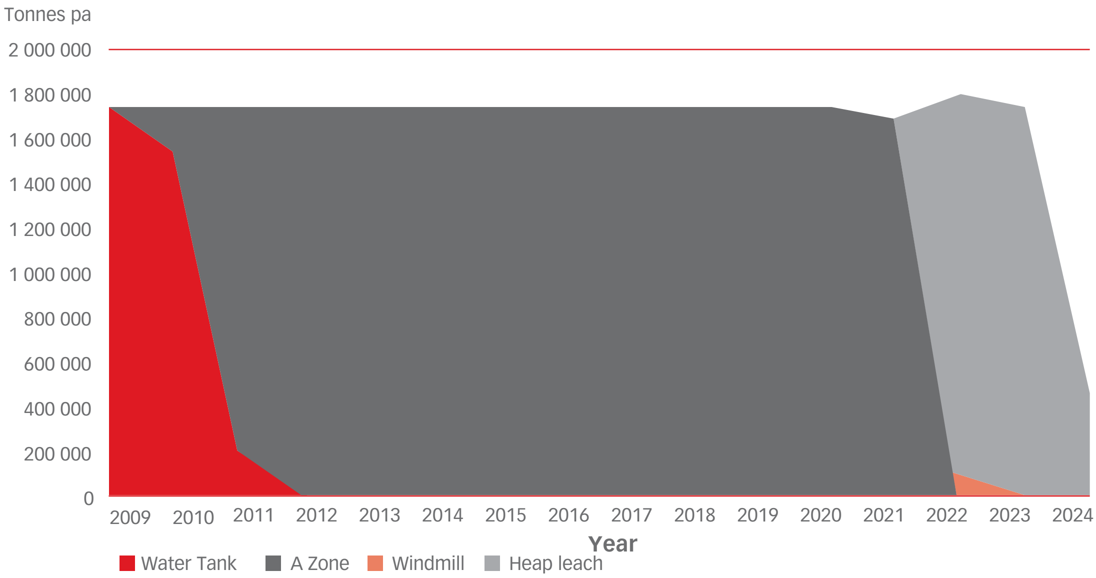
Mineral resources and ore reserves

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

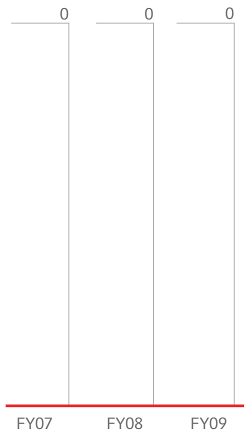
Kalgold life-of-mine



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)



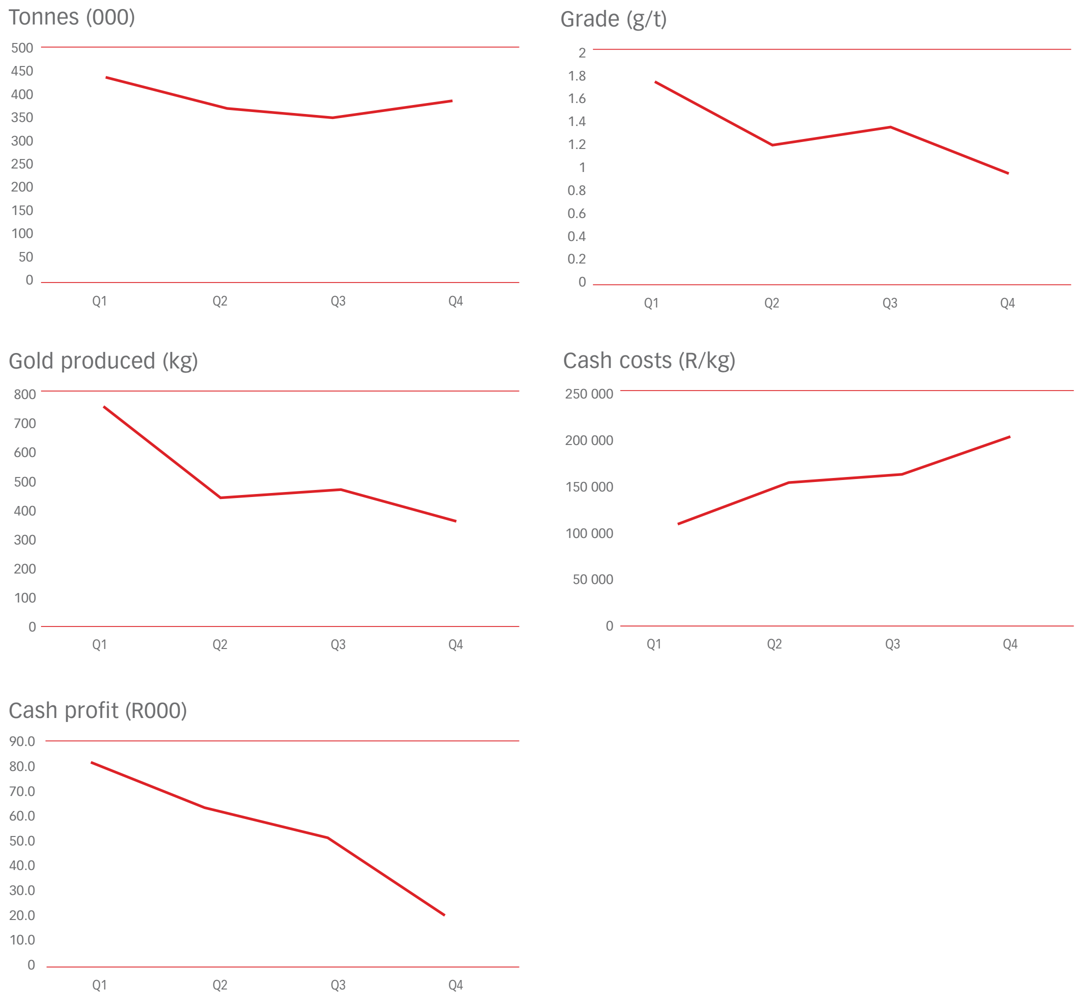
Kalgold LTIFR
(per million hours worked)

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.

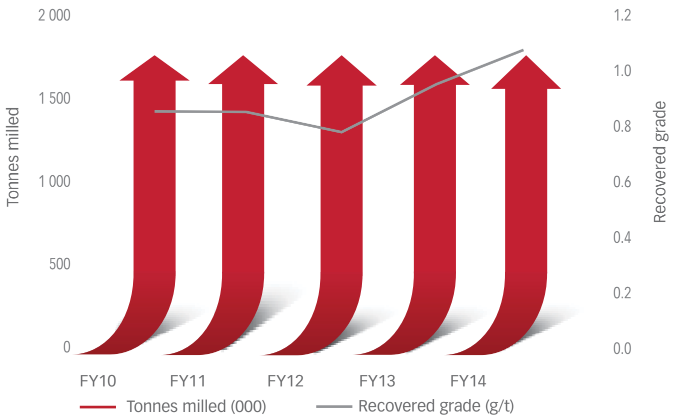
Outlook*

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.

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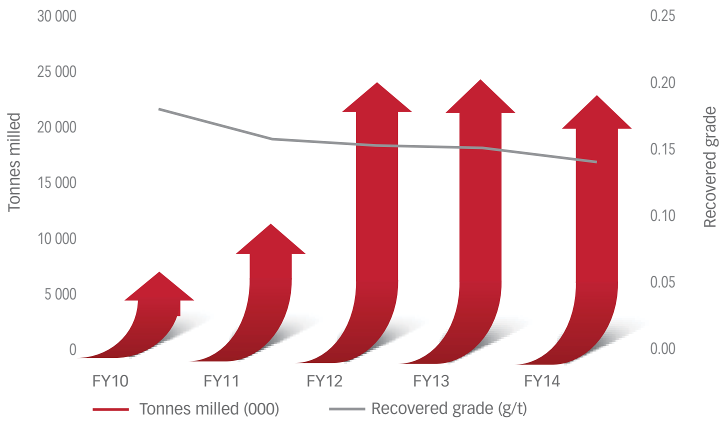
Free State surface operations (tailings and rock dumps):
Five-year production profile



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

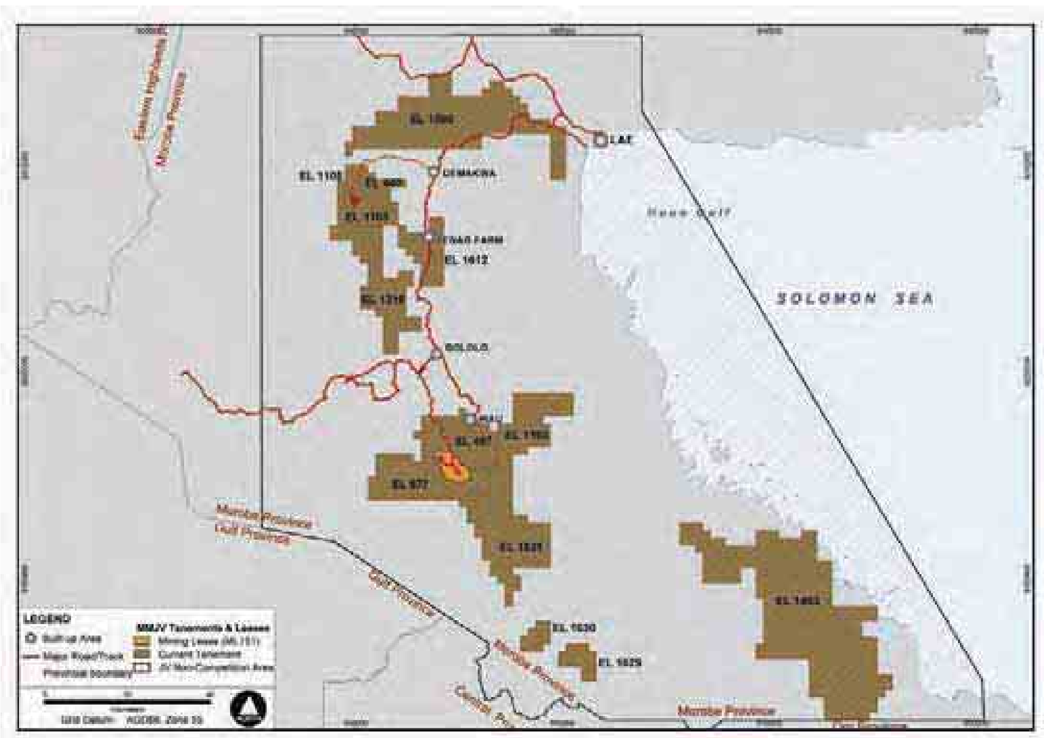
Description

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

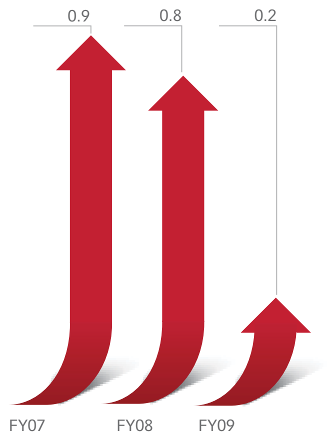
Silver	Mineral resources				Ore reserves		
	Measured	Indicated	Inferred	Total	Proven	Probable	Total
Oz (000)	3 668	25 246	13 054	41 968	1 755	20 767	22 522
Tonnes (Mt)	2.8	23.1	14.8	40.7	1.4	17.6	19.0
Grade (g/t)	40.52	33.95	27.38	32.01	39.00	36.70	36.87

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

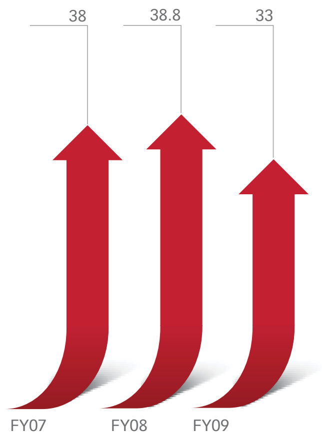
Safety

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.