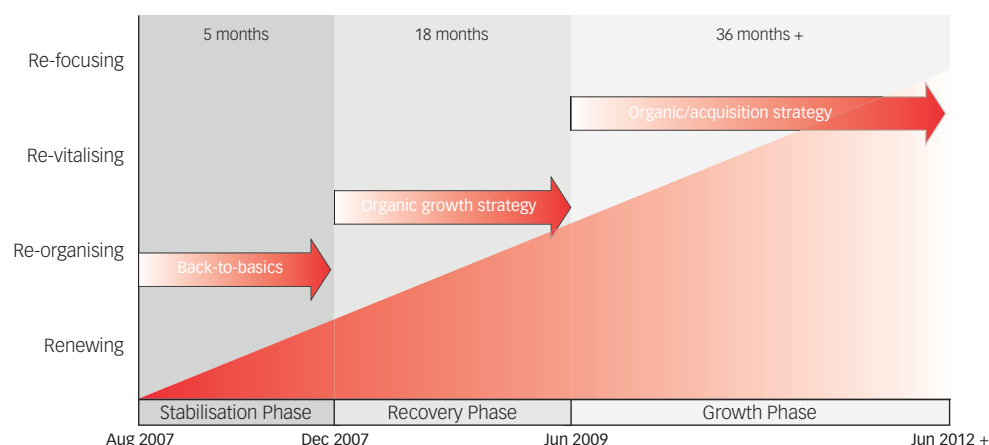


Harmony strategy

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



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

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

Back-to-basics

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

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

Key drivers of these objectives and their primary characteristics were:

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

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

Organic growth

Harmony's organic growth strategy focuses on:

- ◆ Extracting high-quality ounces; and
- ◆ Developing and operating the company's long-life mines.

Key drivers of these objectives are:

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

Delivering on strategy

Key deliveries on Harmony's strategy to the end of FY09 included:

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