Harmony Gold Mining Company Limited
Incorporated in the Republic of South Africa
Registration Number 1950/038232/06
("Harmony" or "Company")
JSE Share code: HAR
NYSE Share code: HMY
ISIN: ZAE 000015228

Results for the second quarter and six months ended 31 December 2009

Key features for the quarter

- Safety remains our top priority

- 45% increase in cash operating profit to R800 million
· 1% decrease in total operating costs
· gold price increased by 11% to R264 774/kg

- Free cash flow from SA underground operations

- `Fixing the mix'
· more quality, low-cost ounces the objective

- Commissioning of growth projects
· 2.5% drop in total capex

- Exciting exploration results from Wafi-Golpu in PNG

Financial review for the second quarter and
six months ending 31 December 2009

		Quarter December 2009	Quarter September 2009	Q-on-Q variance
Gold produced*	- kg	11 569	11 714	(1.2)
	- oz	371 956	376 599	(1.2)
Cash operating	- R/kg	192 101	188 362	(2.0)
costs	- $/oz	798	753	(6.0)
Gold sold*	- kg	11 640	11 471	1.5
	- oz	374 234	368 800	1.5
Gold price	- R/kg	264 774	239 438	10.6
received	- US$/oz	1 100	957	14.9
Cash operating	- Rm	800	552	44.9
profit	- US$m	107	71	50.7
Basic	- SAc/s	28	(7)	>100
earnings/(loss)	- USc/s	4	(1)	>100
Headline	- Rm	207	(51)	>100
profit/(loss)	- US$m	28	(7)	>100
Headline	- SAc/s	49	(12)	>100
earnings/(loss)	- USc/s	7	(2)	>100
Exchange rate	- R/US$	7.49	7.78	(3.7)

		6 months December 2009	6 months December 2008	Year-to-year variance
Gold produced*	- kg	23 283	23 554	(1.2)
	- oz	748 555	757 277	(1.2)
Cash operating	- R/kg	190 172	162 550	(17.0)
costs	- $/oz	775	580	(33.6)
Gold sold*	- kg	23 111	24 757	(6.7)

	- oz	743 034	795 953	(6.7)
Gold price	- R/kg	251 968	235 421	7.0
received	- US$/oz	1 028	831	23.7
Cash operating	- Rm	1 351	1 921	(29.7)
profit	- US$m	178	217	(18.0)
Basic	- SAc/s	21	161	(87.0)
earnings/(loss)	- USc/s	3	18	(83.3)
Headline	- Rm	156	427	(63.4)
profit/(loss)	- US$m	20	48	(58.3)
Headline	- SAc/s	37	105	(64.8)
earnings/(loss)	- USc/s	5	12	(58.3)
Exchange rate	- R/US$	7.63	8.84	(13.7)

* Production and sales statistics for Hidden Valley have been included. The mine is in a build-up phase and revenue and costs are currently capitalised.

HARMONY'S ANNUAL REPORTS

Harmony's Annual Report, Notice of Annual General Meeting, its Sustainable Development Report and its annual report filed on a Form 20F with the United States' Securities and Exchange Commission for the year ended 30 June 2009 are available on our website at www.harmony.co.za.

Chief Executive Officer's Review

Overview

The turnaround at Harmony continues with an increase in profitability on the back of favourable market conditions and restructuring for more quality ounces. `Fixing the mix' - was a primary focus in the quarter under review. Costs were well-controlled and a higher Rand gold price received helped us towards significantly improved profit levels. Work continued on the commissioning of our growth projects and on production planning for the Pamodzi Gold Free State assets. In addition, we reported some very exciting exploration results out of Papua New Guinea (PNG).

Safety

With deep regret, I must report that five of our colleagues died in work-related incidents during the quarter. Those who died were: Lekhetho Ranko, a team leader at Bambanani, Ashley Nortje, a boilermaker, and Keith Coleman, a maintenance technician, both at Target; Lebusa Elia, a team leader at Virginia Operations; and Martin Thosa, a night shift cleaner at Elandsrand. I would like to extend my deepest condolences to their families, friends and colleagues.

Our Fatal Injury Frequency Rate (FIFR) showed an encouraging improvement quarter on quarter. Whilst the current quarter has not been great, safety is a high priority and is being constantly addressed. The rewards of these will be seen in time.

Gold market

The South African Rand was stronger against the US Dollar during the quarter, the exchange rate averaging R7.49/US$ compared with R7.78/US$ in the previous quarter.

The US Dollar gold price averaged $1 100/oz, up 14.9% on the previous quarter, pointing to the metal's continuing robustness as world economies recover from the meltdown of 2008. Consequently, the Rand gold price we received for our production averaged R264 774/kg, a 10.6% improvement quarter on quarter.

What matters primarily to us as a dominant South African gold producer is of course the Rand gold price we receive, the determinant of which is the Rand/Dollar exchange rate. While the higher Rand gold price received during the December 2009 quarter was most welcome, we still hold the view that general Rand strength is likely to continue for so long as any global economic uncertainties last. We therefore expect the gold price to remain fairly flat for the next 12 months in R/kg terms.

Operating and financial results

Gold production for the quarter was down 1.2% to 11 569kg as expected, mainly due to the restructuring, more detail of which is provided below. Underground volume was 6.2% lower at 2 243 000t, underground grade flat at 4.51g/t, and underground production thus 5.7% lower at 325 268oz. Surface volumes increased by 22.9% to 2 681 000t. Combined with a 20% increase in grade to 0.54g/t, resulted in surface production increasing by 46.8% to 46 688oz. The increase in surface production can mainly be attributed to our opencast operations at PNG.

The aforementioned improvement in the average Rand gold price we received resulted in a 8.2% increase in revenue to R2 971 million, and after accounting for total cash operating costs - 1% lower at R2 172 million mainly because of the lower summer electricity tariff - cash operating profit was 44.9% higher at R800 million.

Restructuring for sustained profitability

As part of our stated strategy, cutbacks from marginal loss-making mining operations at Harmony could be expected. Our objective is to eliminate high-cost ounces from our production profile.

We carefully reviewed our asset portfolio over a period of some months.

During the December 2009 quarter there was an intense focus on the uneconomical operations - specifically, Harmony 2 shaft, Merriespruit 1 and 3 shafts, and Brand 3 shaft, all contained within the Virginia operations; and the Evander 2, 5 and 7 shafts.

Brand 3 and Evander 7 ceased production, mainly due to depletion of their ore bodies, mature infrastructure and low grades. A number of their employees were redeployed to our growth projects to fill vacancies or to replace contractors at other operations.

Evander 2 and 5 were placed on care and maintenance during January 2010. We will continue to closely monitor Harmony 2, while the Merriespruit shafts appear to have remaining potential, provided they meet their production targets. It is likely that we will be able to minimise further retrenchments by absorbing some employees at the Pamodzi Gold Free State operations.

Growth project commissioning

The Company continued to focus on commissioning growth projects during the quarter, which showed encouraging results.

At Phakisa, volume increased by 22.5%, while recovery from the previous quarter's geological interferences and resolution of infrastructure problems were adequately addressed. Tshepong's grade challenge is expected to continue until production from the less erratic, higher-grade Sub-66 Decline area builds up. At Bambanani, the Shaft Pillar Extraction Project is gaining momentum, with development well under way.

Doornkop shaft received ISO 14001 accreditation in December 2009, the first

Harmony operation to achieve this. Work during the Christmas break helped to reduce the impact of a shaft barrel delay on shaft equipping. While Elandsrand had a disappointing production quarter, the No 1 settler dam was sealed and pre-commissioning of the 115 level pump station was completed in preparation for full commissioning during the March 2010 quarter. The 100 level refrigeration complex construction is 90% complete, with completion planned for November 2010.

In PNG, remaining sections of the Hidden Valley process plant were completed in October 2009 and the overland conveyor in early December 2009. The past quarter yielded 43 028oz of gold production and 53 081oz of silver, 50% of which is attributable to Harmony. Hidden Valley is expected to reach commercial levels of production in March 2010 quarter.

Progressing other projects

The business plan for the Pamodzi Gold Free State assets was completed during the quarter, the key milestones of which include: production of 18kg of gold a month from rock dump milling at Target. Our planning includes the recovery of some 800kg of gold from the plant clean-up; and production build-up from the underground assets to 150 000oz over the next 24 months. The reserve and resource estimates are currently being revised.

Re-treatment of surface tailings is proving to be an attractive proposition from both safety and cost perspectives. At our Phoenix Project in the Free State, we plan to increase volume by 400 000tpm to 900 000tpm, and at the nearby Project Saints the mothballed St Helena plant will be upgraded and re-commissioned to treat surface tailings over a period of at least 20 years. We are looking at financing options to fund these projects.

Project TPM is evaluating the potential for the economic recovery of uranium from the higher grade uranium ore mined at Tshepong, Phakisa and Masimong. Currrent activities include resource estimation, environmental studies, process and plant design, as well as metallurgical and flotation test-work. We are now entering a 12-month feasability stage.

Exploration

Drilling at the Morobe Mining Joint Venture's Golpu West prospect in Papua New Guinea has achieved several highly significant intercepts of porphyry copper gold mineralisation. These form a new zone of mineralisation immediately west of the known Golpu resource. Although the mineralisation is open at depth and along strike, it is evident that this new discovery will have a material effect on the Golpu resource base and mining studies.

A new zone of epithermal gold mineralisation was outlined in initial drilling at the Northern Diatreme Margin prospect at Wafi, and a major new gold anomaly defined through reconnaissance stream sediment sampling at Bavaga. The latter lies about 6km north of the Wafi-Golpu project, on the Wafi transfer structure. The size of the footprint (>1km in diameter) and the tenor of the anomaly (>1g/t Au) are particularly encouraging and suggest potential for a significant gold deposit.

Harmony team

Hannes Meyer was appointed as financial director designate on 1 August 2009 and officially took over Harmony's financial director's responsibilities from Frank Abbott on 1 November 2009, following his appointment to Harmony's Board as executive director. Hannes is a qualified chartered accountant with more than 14 years’ experience in the mining industry. He brings with him vast knowledge and experience of the mining industry from a financial perspective and he has already proven to be an asset to Harmony. Frank Abbott agreed to continue to serve on the Harmony Board as an executive director for the next 12 months, as from January 2010. Frank will focus on the strategic direction and growth of the Company. We are delighted that we have these two individuals on our team and look forward to the contributions they will make.

Looking ahead

We will push ahead with the commissioning of our growth projects, in order to bring to account their quality ounces, and we will continue to pursue profitable growth opportunities - organically, by acquisition and through forging strategic partnerships. Our immediate goal remains generating profitable ounces of production and earnings to reward our shareholders, both through dividends and future growth. We have made good progress in this regard, having produced 748 555oz for the six months ended 31 December 2009.

We will continue to engage in robust, constructive debate on issues that may affect the South African mining industry - in particular the outrageous power price increases being considered and the nationalisation of the mines.

Graham Briggs

Chief Executive Officer

CONDENSED CONSOLIDATED INCOME STATEMENT (Rand)

			Quarter ended	
		31 December 2009	30 September 2009	31 December 1 2008
	Note	(Unaudited) R million	(Unaudited) R million	(Unaudited) R million
Continuing operations				
Revenue		2 971	2 747	3 146
Cost of sales	2	(2 656)	(2 604)	(2 385)
Production cost		(2 172)	(2 195)	(2 033)
Amortisation and depreciation		(321)	(350)	(310)
(Impairment)/reversal of impairment of assets		(104)	-	1
Employment termination and restructuring costs		(3)	-	(16)
Other items		(56)	(59)	(27)
Gross profit		315	143	761
Corporate, administration and other expenditure		(116)	(88)	(92)
Exploration expenditure		(50)	(60)	(85)
Profit/(loss) on sale of property, plant and equipment		3	1	(80)
Other (expenses)/income - net		(20)	(73)	159
Operating profit/(loss)		132	(77)	663
Profit/(loss) from associates		25	31	(52)
Profit on sale of investment in associate		-	-	-
Impairment of investment in associate		-	-	-
Fair value movement of listed investments		-	-	(116)
Profit on sale of listed investments		3	2	-

Impairment of investments		-	(2)	-
Investment income		54	71	107
Finance cost		(37)	(35)	(63)
Profit/(loss) before taxation		177	(10)	539
Taxation		(59)	(19)	(217)
Net profit/(loss) from continuing operations		118	(29)	322
Discontinued operations	3			
Profit from discontinued operations		-	-	994
Net profit/(loss)		118	(29)	1 316
Earnings/(loss) per ordinary share (cents)	4			
- Earnings/(loss) from continuing operations		28	(7)	80
- Earnings from discontinued operations		-	-	244
Total earnings/(loss) per ordinary share (cents)		28	(7)	324
Diluted earnings/(loss) per ordinary share (cents)	4			
- Earnings/(loss) from continuing operations		28	(7)	79
- Earnings from discontinued operations		-	-	244
Total diluted earnings/(loss) per ordinary share (cents)		28	(7)	323

	Six months ended		Year ended
	31 December 2009	31 December[1] 2008	30 June 2009 (Audited)
	R million	R million	R million
Continuing operations			
Revenue	5 718	5 828	11 496
Cost of sales	(5 260)	(4 762)	(9 836)
Production cost	(4 367)	(3 907)	(7 657)
Amortisation and depreciation	(671)	(618)	(1 467)
(Impairment)/reversal of impairment of assets	(104)	(151)	(484)
Employment termination and restructuring costs	(3)	(28)	(39)
Other items	(115)	(58)	(189)
Gross profit	458	1 066	1 660
Corporate, administration and other expenditure	(204)	(183)	(362)
Exploration expenditure	(110)	(137)	(289)
Profit/(loss) on sale of property, plant and equipment	4	459	965
Other (expenses)/income - net	(93)	145	(101)
Operating profit/(loss)	55	1 350	1 873
Profit/(loss) from associates	56	(51)	12
Profit on sale of investment in associate	-	1	1
Impairment of investment in associate	-	(112)	(112)
Fair value movement of listed			

investments	-	(116)	(101)
Profit on sale of listed investments	5	-	-
Impairment of investments	(2)	-	-
Investment income	125	185	444
Finance cost	(72)	(149)	(212)
Profit/(loss) before taxation	167	1 108	1 905
Taxation	(78)	(454)	(196)
Net profit/(loss) from continuing operations	89	654	1 709
Discontinued operations			
Profit from discontinued operations	-	1 064	1 218
Net profit/(loss)	89	1 718	2 927
Earnings/(loss) per ordinary share (cents)			
- Earnings/(loss) from continuing operations	21	161	413
- Earnings from discontinued operations	-	263	294
Total earnings/(loss) per ordinary share (cents)	21	424	707
Diluted earnings/(loss) per ordinary share (cents)			
- Earnings/(loss) from continuing operations	21	161	411
- Earnings from discontinued operations	-	261	293
Total diluted earnings/(loss) per ordinary share (cents)	21	422	704

The accompanying notes are an integral part of these condensed consolidated financial statements.

1 The comparative figures are re-presented due to Mount Magnet being reclassified as part of continuing operations. See note 3 in this regard.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (Rand)

	Quarter ended	
	31 December 2009 (Unaudited) R million	30 September 2009 (Unaudited) R million
Net profit/(loss) for the period	118	(29)
Attributable to:		
Owners of the parent	118	(29)
Non-controlling interest	-	-
Other comprehensive (loss)/income for the period, net of income tax	(51)	15
Foreign exchange translation	(57)	19
Mark-to-market of available-for-sale investments	6	(4)
Total comprehensive income/(loss) for the period	67	(14)
Attributable to:		
Owners of the parent	67	(14)
Non-controlling interest	-	-

Quarter ended Six months ended

	31 December 2008 (Unaudited) R million	31 December 2009 R million
Net profit/(loss) for the period	1 316	89
Attributable to:		
Owners of the parent	1 316	89
Non-controlling interest	-	-
Other comprehensive (loss)/income for the period, net of income tax	(115)	(36)
Foreign exchange translation	(208)	(38)
Mark-to-market of available-for-sale investments	93	2
Total comprehensive income/(loss) for the period	1 201	53
Attributable to:		
Owners of the parent	1 201	53
Non-controlling interest	-	-

	Six months ended 31 December 2008 R million	Year ended 30 June 2009 (Audited) R million
Net profit/(loss) for the period	1 718	2 927
Attributable to:		
Owners of the parent	1 718	2 927
Non-controlling interest	-	-
Other comprehensive (loss)/income for the period, net of income tax	(27)	(450)
Foreign exchange translation	(89)	(497)
Mark-to-market of available-for-sale investments	62	47
Total comprehensive income/(loss) for the period	1 691	2 477
Attributable to:		
Owners of the parent	1 691	2 477
Non-controlling interest	-	-

CONDENSED CONSOLIDATED BALANCE SHEET (Rand)

	Note	At 31 December 2009 R million	At 30 September 2009 (Unaudited) R million
ASSETS			
Non-current assets			
Property, plant and equipment		28 862	28 457
Intangible assets		2 217	2 218
Restricted cash		167	165
Restricted investments		1 697	1 668
Investments in financial assets		20	39
Investments in associates		385	360
Inventories	5	77	-
Trade and other receivables		74	72
		33 499	32 979
Current assets			
Inventories	5	1 103	1 147
Income and mining taxes		55	45
Trade and other receivables		1 108	838
Restricted cash	6	280	-

Cash and cash equivalents		808	1 094
		3 354	3 124
Assets of disposal groups classified as held-for-sale	3	-	-
		3 354	3 124
Total assets		36 853	36 103
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		28 096	28 093
Other reserves		375	388
Retained earnings/(accumulated loss)		971	853
		29 442	29 334
Non-current liabilities			
Deferred tax		3 317	3 265
Provision for environmental rehabilitation		1 612	1 564
Retirement benefit obligation and other provisions		167	166
Borrowings	7	565	108
		5 661	5 103
Current liabilities			
Borrowings	7	460	260
Trade and other payables		1 279	1 385
Income and mining taxes		11	21
		1 750	1 666
Liabilities of disposal groups classified as held-for-sale	3	-	-
		1 750	1 666
Total equity and liabilities		36 853	36 103
Number of ordinary shares in issue		426 079 492	426 024 653
Net asset value per share (cents)		6 910	6 886

	At 30 June 2009 (Audited) R million	At 31 December 2008 R million
ASSETS		
Non-current assets		
Property, plant and equipment	27 912	27 786
Intangible assets	2 224	2 223
Restricted cash	161	169
Restricted investments	1 640	1 567
Investments in financial assets	57	28
Investments in associates	329	228
Inventories	-	-
Trade and other receivables	75	56
	32 398	32 057
Current assets		
Inventories	1 035	898
Income and mining taxes	45	108
Trade and other receivables	885	2 732
Restricted cash	-	-
Cash and cash equivalents	1 950	1 645
	3 915	5 383
Assets of disposal groups classified as held-for-sale	-	407
	3 915	5 790
Total assets	36 313	37 847
EQUITY AND LIABILITIES		
Share capital and reserves		

Share capital	28 091	27 126
Other reserves	339	671
Retained earnings/(accumulated loss)	1 095	(114)
	29 525	27 683
Non-current liabilities		
Deferred tax	3 251	3 699
Provision for environmental rehabilitation	1 530	1 189
Retirement benefit obligation and other provisions	166	153
Borrowings	110	188
	5 057	5 229
Current liabilities		
Borrowings	252	2 671
Trade and other payables	1 460	1 613
Income and mining taxes	19	273
	1 731	4 557
Liabilities of disposal groups classified as held-for-sale	-	378
	1 731	4 935
Total equity and liabilities	36 313	37 847
Number of ordinary shares in issue	425 986 836	417 637 697
Net asset value per share (cents)	6 931	6 628

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Rand)

	Note	Share capital R million	Other reserves R million
Balance - 30 June 2009		28 091	339
Issue of shares		5	-
Share-based payments		-	72
Comprehensive income for the period		-	(36)
Dividends paid	8	-	-
Balance as at 31 December 2009		28 096	375
Balance - 30 June 2008		25 895	676
Issue of shares		1 231	-
Share-based payments		-	22
Comprehensive income for the period		-	(27)
Balance as at 31 December 2008		27 126	671

	Retained earnings/ (accumulated loss) R million	Total R million
Balance - 30 June 2009	1 095	29 525
Issue of shares	-	5
Share-based payments	-	72
Comprehensive income for the period	89	53
Dividends paid	(213)	(213)
Balance as at 31 December 2009	971	29 442
Balance - 30 June 2008	(1 832)	24 739
Issue of shares	-	1 231
Share-based payments	-	22
Comprehensive income for the period	1 718	1 691
Balance as at 31 December 2008	(114)	27 683

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (Rand)

	Quarter ended 31 December 2009 (Unaudited) R million	30 September 2009 (Unaudited) R million
Cash flow from operating activities		
Cash generated by operations	183	225
Interest and dividends received	52	68
Interest paid	(11)	(9)
Income and mining taxes paid	(34)	(25)
Cash generated by operating activities	190	259
Cash flow from investing activities		
(Increase)/decrease in restricted cash	(283)	(3)
Net proceeds on disposal of listed investments	29	15
Net (additions to)/disposal of property, plant and equipment	(890)	(907)
Other investing activities	(3)	8
Cash (utilised)/generated by investing activities	(1 147)	(887)
Cash flow from financing activities		
Borrowings raised	686	-
Borrowings repaid	(18)	(7)
Ordinary shares issued - net of expenses	3	2
Dividends paid	-	(213)
Cash generated/(utilised) by financing activities	671	(218)
Foreign currency translation adjustments	-	(10)
Net (decrease)/increase in cash and cash equivalents	(286)	(856)
Cash and cash equivalents - beginning of period	1 094	1 950
Cash and cash equivalents - end of period	808	1 094

	Quarter ended 31 December 2008 (Unaudited) R million	Six months ended 31 December 2009 R million
Cash flow from operating activities		
Cash generated by operations	1 155	408
Interest and dividends received	112	120
Interest paid	(62)	(20)
Income and mining taxes paid	(142)	(59)
Cash generated by operating activities	1 063	449
Cash flow from investing activities		
(Increase)/decrease in restricted cash	13	(286)
Net proceeds on disposal of listed investments	-	44
Net (additions to)/disposal of property, plant and equipment	(840)	(1 797)
Other investing activities	64	5
Cash (utilised)/generated by investing activities	(763)	(2 034)
Cash flow from financing activities		
Borrowings raised	-	686
Borrowings repaid	(698)	(25)
Ordinary shares issued - net of expenses	980	5
Dividends paid	-	(213)
Cash generated/(utilised) by financing activities	282	453
Foreign currency translation adjustments	(122)	(10)
Net (decrease)/increase in cash and cash equivalents	460	(1 142)
Cash and cash equivalents - beginning of period	1 186	1 950
Cash and cash equivalents - end of period	1 646	808

	Six months ended 31 December 2008	Year ended 30 June 2009 (Audited)
	R million	R million
Cash flow from operating activities		
Cash generated by operations	1 825	2 813
Interest and dividends received	194	457
Interest paid	(174)	(280)
Income and mining taxes paid	(143)	(704)
Cash generated by operating activities	1 702	2 286
Cash flow from investing activities		
(Increase)/decrease in restricted cash	(90)	(83)
Net proceeds on disposal of listed investments	-	-
Net (additions to)/disposal of property, plant and equipment	(42)	979
Other investing activities	74	(79)
Cash (utilised)/generated by investing activities	(58)	817
Cash flow from financing activities		
Borrowings raised	-	-
Borrowings repaid	(1 286)	(3 738)
Ordinary shares issued - net of expenses	988	1 953
Dividends paid	-	-
Cash generated/(utilised) by financing activities	(298)	(1 785)
Foreign currency translation adjustments	(115)	217
Net (decrease)/increase in cash and cash equivalents	1 231	1 535
Cash and cash equivalents - beginning of period	415	415
Cash and cash equivalents - end of period	1 646	1 950

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2009

1. Accounting policies

Basis of accounting

The condensed consolidated interim financial statements for the period ended 31 December 2009 have been prepared using accounting policies that comply with International Financial Reporting Standards (IFRS), which are consistent with the accounting policies used in the audited annual financial statements for the year ended 30 June 2009. These condensed consolidated interim financial statements are prepared in accordance with IAS 34, Interim Financial Reporting and in the manner required by the Companies Act of South Africa. They should be read in conjunction with the annual financial statements for the year ended 30 June 2009.

2. Cost of sales

	Quarter ended	
	31 December 2009 (Unaudited)	30 September 2009 (Unaudited)
	R million	R million
Production costs	2 172	2 195
Amortisation and depreciation	321	350
Impairment/(reversal of impairment) of assets	104*	-
Provision for rehabilitation costs	4	4
Care and maintenance cost of restructured shafts	13	21
Employment termination and restructuring costs	3	-
Share-based payments	38	34
Provision for post-retirement benefits	1	-

Total cost of sales	2 656	2 604

	Quarter ended 31 December 1 2008 (Unaudited) R million	Six months ended 31 December 2009 R million
Production costs	2 033	4 367
Amortisation and depreciation	310	671
Impairment/(reversal of impairment) of assets	(1)	104*
Provision for rehabilitation costs	3	8
Care and maintenance cost of restructured shafts	14	34
Employment termination and restructuring costs	16	3
Share-based payments	9	72
Provision for post-retirement benefits	1	1
Total cost of sales	2 385	5 260

	Six months ended 31 December 1 2008 R million	Year ended 30 June 2009 (Audited) R million
Production costs	3 907	7 657
Amortisation and depreciation	618	1 467
Impairment/(reversal of impairment) of assets	151	484
Provision for rehabilitation costs	10	21
Care and maintenance cost of restructured shafts	25	53
Employment termination and restructuring costs	28	39
Share-based payments	22	113
Provision for post-retirement benefits	1	2
Total cost of sales	4 762	9 836

1 The comparative figures are re-presented due to Mount Magnet being reclassified as part of continuing operations. See note 3 in this regard.

*The impairment recorded in the December 2009 quarter relates to Brand 3 and Evander 2 & 5, which have been placed on care and maintenance.

3. Disposal groups classified as held-for-sale and discontinued operations
Following approval by the Board of Directors in April 2007, the assets and liabilities related to Mount Magnet (an operation in Australia) were classified as held-for-sale. This operation also met the criteria to be classified as discontinued operations in terms of IFRS 5. During the June 2009 quarter, it was decided that further drilling at the site to define the orebody would enhance the selling potential of the operation. As a result, the operation no longer met the requirements of IFRS 5 to be classified as held-for-sale, and was therefore reclassified as continuing operations again. Consequently, the income statements and earnings per share amounts for all comparative periods have been re-presented taking this change into account.

4. Earnings/(loss) per ordinary share
Earnings/(loss) per ordinary share is calculated on the weighted average number of ordinary shares in issue for the quarter ended 31 December 2009: 425.9 million (30 September 2009: 425.9 million, 31 December 2008: 406.8 million), and the six months ended 31 December 2009: 425.9 million (31 December 2008: 405.0 million) and the year ended 30 June 2009: 414.1 million.

The fully diluted earnings/(loss) per ordinary share is calculated on weighted average number of diluted ordinary shares in issue for the quarter ended 31 December 2009: 427.5 million (30 September 2009: 427.2 million, 31 December 2008: 409.1 million), and the six months ended 31 December 2009: 427.4 million (31 December 2008: 407.1 million) and the year ended 30 June 2009: 416.0 million.

	Quarter ended		
	31 December 2009 (Unaudited)	30 September 2009 (Unaudited)	31 December1 2008 (Unaudited)
Total earnings/(loss) per ordinary share (cents):			
Basic earnings/(loss)	28	(7)	324
Fully diluted earnings/(loss)	28	(7)	323
Headline earnings/(loss)	49	(12)	121
- from continuing operations	49	(12)	98
- from discontinued operations	-	-	23
	R million	R million	R million
Reconciliation of headline earnings/(loss):			
Continuing operations			
Net profit/(loss)	118	(29)	322
Adjusted for (net of tax):			
(Profit)/loss on sale of property, plant and equipment	(2)	(1)	78
Profit on sale of listed investments	(3)	(1)	-
Fair value movement of listed investments	-	-	-
Foreign exchange gain reclassified from equity	-	(22)	-
Profit on sale of associate	-	-	-
Impairment of investment in associates	-	-	-
Impairment of investments	-	2	-
Impairment/(reversal of impairment) of property, plant and equipment	94	-	(1)
Headline earnings/(loss)	207	(51)	399
Discontinued operations			
Net profit	-	-	994
Adjusted for (net of tax):			
Profit on sale of property, plant and equipment	-	-	(901)
Headline earnings	-	-	93
Total headline earnings/(loss)	207	(51)	492

	Six months ended		Year ended
	31 December 2009	31 December1 2008	30 June 2009 (Audited)
Total earnings/(loss) per ordinary share (cents):			
Basic earnings/(loss)	21	424	707
Fully diluted earnings/(loss)	21	422	704
Headline earnings/(loss)	37	145	262
- from continuing operations	37	105	239
- from discontinued operations	-	40	23
	R million	R million	R million
Reconciliation of headline earnings/(loss):			
Continuing operations			
Net profit/(loss)	89	654	1 709
Adjusted for (net of tax):			
(Profit)/loss on sale of			

property, plant and equipment	(3)	(490)	(975)
Profit on sale of listed investments	(4)	-	-
Fair value movement of listed investments	-	-	71
Foreign exchange gain reclassified from equity	(22)	-	(384)
Profit on sale of associate	-	-	(1)
Impairment of investment in associates	-	112	112
Impairment of investments	2	-	-
Impairment/(reversal of impairment) of property, plant and equipment	94	151	457
Headline earnings/(loss)	156	427	989
Discontinued operations			
Net profit	-	1 064	1 218
Adjusted for (net of tax):			
Profit on sale of property, plant and equipment	-	(901)	(1 121)
Headline earnings	-	163	97
Total headline earnings/(loss)	156	590	1 086

1 The comparative figures are re-presented due to Mount Magnet being reclassified as part of continuing operations. See note 3 in this regard.

5. Inventories

During the quarter ended 31 December 2009, the Group concluded two separate purchase agreements with Pamodzi Gold Free State (Proprietary) Limited (In Provisional Liquidation) (Pamodzi), for the purchase of a waste rock dump and a gold plant to the value of R120 million. The Group's intention is to break up the plant and extract the gold in lock-up. The portion of inventory that is expected to be recovered more than twelve months after balance sheet date has been classified as non-current.

6. Restricted cash

The Group entered into two separate purchase agreements with Pamodzi for the purchase of Pamodzi's Free State North and South Assets for a total consideration of R280 million.

The Group had an obligation in terms of the North and South agreements to pay, at the conclusion of the later of the waste rock dump and plant agreements, an amount equal to the purchase consideration into an escrow account as the North and South sale of assets agreements were not yet unconditional on 31 December 2009. The escrow account is an interest-bearing trust account on which the interest accrues to the benefit of the Group.

7. Borrowings

	31 December 2009	30 September 2009 (Unaudited)	30 June 2009 (Audited)	31 December 2008
	R million	R million	R million	R million
Total long-term borrowings	565	108	110	188
Total current portion of borrowings	460	260	252	2 671
Total borrowings (1) (2)	1 025	368	362	2 859

(1) On 11 December 2009, the Company entered into a loan facility with Nedbank Limited, comprising of a Term Facility of R900 million and a Revolving Credit Facility of R600 million. Interest accrues on a day-to-day basis over the term of the loan at a variable interest rate, which is fixed for a three-month period, equal to JIBAR plus 3.5%. Interest is repayable quarterly.

The Term Facility is repayable bi-annually in equal instalments of R90 million over five years. The Revolving Credit Facility is repayable after three years. The Group drew down R650 million of the Term Facility during December 2009.

(2) Included in the borrowings is R102 million (September 2009: 104 million; June 2009: R106 million; December 2008: R198 million) owed to Westpac Bank Limited in terms of a finance lease agreement. The future minimum lease payments are as follows:

	31 December 2009	30 September 2009 (Unaudited)
	R million	R million
Due within one year	32	31
Due between one and five years	73	76
	105	107
Future finance charges	(3)	(3)
Total future minimum lease payments	102	104

	30 June 2009 (Audited)	31 December 2008
	R million	R million
Due within one year	30	63
Due between one and five years	80	156
	110	219
Future finance charges	(4)	(21)
Total future minimum lease payments	106	198

8. Dividend declared

On 13 August 2009, the board of directors approved a final dividend for the 2009 financial year of 50 SA cents per share. The total dividend, amounting to R213 million was paid on 21 September 2009.

	31 December 2009	30 September 2009 (Unaudited)
Dividend declared (R million)	-	213
Number of shares in issue (thousands)	426 079	426 025
Dividend per share (cents)	-	50

	30 June 2009 (Audited)	31 December 2008
Dividend declared (R million)	-	-
Number of shares in issue (thousands)	425 987	417 638
Dividend per share (cents)	-	-

9. Commitments and contingencies

	31 December 2009	30 September 2009 (Unaudited)
	R million	R million
Capital expenditure commitments		
Contracts for capital expenditure	411	528
Authorised by the directors but not contracted for	1 771	1 829
	2 182	2 357

	30 June 2009 (Audited)	31 December 2008

	R million	R million
Capital expenditure commitments		
Contracts for capital expenditure	478	692
Authorised by the directors but not contracted for	734	1 689
	1 212	2 381

This expenditure will be financed from existing resources and borrowings where necessary.

Contingent liability
Class action. On 18 April 2008, Harmony Gold Mining Company Limited was made aware that it has been named or may be named as a defendant in a lawsuit filed in the U.S. District Court in the Southern District of New York on behalf of certain purchasers and sellers of Harmony's American Depository Receipts (ADRs) with regard to certain of its business practises. Harmony has retained legal counsel, who advise Harmony on further developments in the U.S.

During January 2009, the plaintiff filed an Amended Complaint with the Court. Subsequently, the Company filed a Motion to Dismiss all claims asserted in the Class Action Case with the Court. The plaintiffs have filed an opposing response and the Company has since replied to that response. It is not possible to predict with certainty when the Court will rule on the Motion of Dismiss as the timing of the ruling is entirely within the discretion of the Court. It is currently not possible to estimate if there will be a financial effect, or what that effect might be.

10. Subsequent events
In January 2010, the sale of Big Bell Operations (Proprietary) Limited, an operation in Western Australia, was concluded, in which the Group received an amount of AU$3.0 million and the release on performance bonds of AU$3.1 million.

11. Segment report
The segment report follows below.

12. Reconciliation of segment information to consolidated income statements and balance sheet

	31 December 2009 R million	31 December 2008 R million
The "Reconcilliation of segment data to consolidated financials" line item in the segment reports are broken down in the following elements, to give a better understanding of the differences between the income statement, balance sheet and segment report:		
Revenue from:		
Discontinued operations	-	614
Production costs from:		
Discontinued operations	-	447
Reconciliation of cash operating profit to gross profit:		
Total segment revenue	5 718	6 442
Total segment production costs	(4 367)	(4 354)
Cash operating profit as per segment report	1 351	2 088
Less: Discontinued operations	-	(167)
Cash operating profit as per segment report	1 351	1 921
Cost of sales items other than production costs	(893)	(855)
Amortisation and depreciation	(671)	(618)
Impairment of assets	(104)	(151)

Employment termination and restructuring costs	(3)	(28)
Share-based payments	(72)	(22)
Rehabilitation costs	(8)	(10)
Care and maintenance costs of restructured shafts	(34)	(25)
Provision for post-retirement benefits	(1)	(1)
Gross profit as per income statements *	458	1 066
Reconciliation of total segment mining assets to consolidated property, plant and equipment:		
Property, plant and equipment not allocated to a segment:		
Mining assets	755	569
Undeveloped property	5 386	5 168
Other non-mining assets	66	51
Less: Non-current assets previously classified as held-for-sale	-	(280)
	6 207	5 508

* The reconciliation was done up to the first recognisable line item on the income statement. The reconciliation will follow the income statement after that.

13. Review report
The condensed consolidated financial statements for the six months ended 31 December 2009 have been reviewed in accordance with International Standards on Review Engagements 2410 - "Review of interim financial information performed by the Independent Auditors of the entity" by PricewaterhouseCoopers Inc. Their unqualified review report is available for inspection at the Company's registered office.

SEGMENT REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2009 (Rand/Metric)

	Revenue R million	Cash production cost R million	Cash operating profit R million	Mining assets R million
Operations				
South Africa				
Underground				
Bambanani	490	369	121	680
Doornkop	259	209	50	2 699
Elandsrand	741	571	170	2 894
Evander	599	559	40	906
Masimong	648	360	288	711
Phakisa	161	139	22	3 898
Target	414	308	106	2 301
Tshepong	886	583	303	3 627
Virginia	813	789	24	841
Joel	291	209	82	135
Surface				
All surface operations (1)	416	271	145	141
Total South Africa	5 718	4 367	1 351	18 833
International				
Papua New Guinea (2)	-	-	-	3 805
Mount Magnet	-	-	-	17
Total international	-	-	-	3 822
Total operations	5 718	4 367	1 351	22 655
Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 12)	-	-		6 207

5 718	4 367	28 862

	Capital expenditure R million	Kilograms produced kg*	Tonnes milled t'000*
Operations			
South Africa			
Underground			
Bambanani	51	1 878	270
Doornkop	151	990	278
Elandsrand	236	3 012	495
Evander	106	2 296	504
Masimong	85	2 601	469
Phakisa	266	610	158
Target	161	1 700	384
Tshepong	129	3 395	814
Virginia	99	3 253	1 015
Joel	50	1 106	248
Surface			
All surface operations (1)	44	1 674	4 384
Total South Africa	1 378	22 515	9 019
International			
Papua New Guinea (2)	429	768	-
Mount Magnet	-	-	-
Total international	429	768	-
Total operations	1 807	23 283	9 019
Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 12)			

Notes:

(1) Includes Kalgold, Phoenix and Dumps.

(2) Production statistics for Hidden Valley are shown for information purposes. The mine is in a build-up phase and revenue and cost are currently capitalised until commercial levels of production are reached.

* Production statistics are not reviewed.

This report was approved by the Board of Directors and is signed on their behalf by:

G P Briggs
Chief Executive Officer

H O Meyer
Financial Director

Randfontein
9 February 2010

CONTACT DETAILS
HARMONY GOLD MINING COMPANY LIMITED

Corporate Office
Randfontein Office Park
PO Box 2
Randfontein, 1760
South Africa
Corner Main Reef Road
and Ward Avenue
Randfontein, 1759
South Africa
Telephone: +27 11 411 2000
Website: http://www.harmony.co.za

Directors
PT Motsepe (Chairman)*
GP Briggs (Chief Executive Officer)
HO Meyer (Financial Director)
F Abbott (Executive Director)
JA Chissano*1
FFT De Buck*, Dr C Diarra*+,
KV Dicks*, Dr D S Lushaba*, C Markus*,
M Motloba*, C M L Savage*, A J Wilkens*
(* non-executive)
(1 Mocambican)
(+ US/Mali Citizen)

Investor Relations Team
Esha Brijmohan
Investor Relations Officer
Telephone: +27 11 411 2314
Fax: +27 11 692 3879
Mobile: +27 82 759 1775
E-mail: esha@harmony.co.za

Marian van der Walt
Executive: Corporate and Investor Relations
Telephone: +27 11 411 2037
Fax: +27 86 614 0999
Mobile: +27 82 888 1242
E-mail: marian@harmony.co.za

Company Secretary
Khanya Maluleke
Telephone: +27 11 411 2019
Fax: +27 11 411 2070
Mobile: +27 82 767 1082
E-mail: Khanya.maluleke@harmony.co.za

South African Share Transfer Secretaries
Link Market Services South Africa (Proprietary) Limited
(Registration number 2000/007239/07)
16th floor, 11 Diagonal Street
Johannesburg, 2001
PO Box 4844
Johannesburg, 2000
South Africa
Telephone: +27 86 154 6572
Fax: +27 86 674 3260

ADR Depositary
The Bank of New York Mellon Inc
101 Barclay Street
New York, NY 10286
United States of America
Telephone: +1888-BNY-ADRS
Fax: +1 212 571 3050

United Kingdom Registrars
Capita Registrars
The Registry
34 Beckenham Road
Bechenham
Kent BR3 4TU

United Kingdom
Telephone: +44 (0)20 8639 3399
0871 664 0300 (UK)
Fax: +44 (0) 20 8639 2220

Sponsor

JP Morgan Equities Limited
1 Fricker Road, corner Hurlingham Road
Illovo, Johannesburg, 2196
Private Bag X9936, Sandton, 2146
Telephone: +27 11 507 0300
Fax: +27 11 507 0503