HARMONY
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 first quarter FY11, ended 30 September 2010

SHAREHOLDER INFORMATION

Issued ordinary share capital at 30 September 2010	428 850 584 shares
Market capitalisation	
At 30 September 2010 (ZARm)	33 450
At 30 September 2010 (US$m)	4 842
Harmony ordinary share and ADR prices	
12 month high (1 October 2009 to 30 September 2010) for ordinary shares	R87.00
12 month low (1 October 2009 to 30 September 2010) for ordinary shares	R68.65
12 month high (1 October 2009 to 30 September 2010) for ADRs	US$11.98
12 month low (1 October 2009 to 30 September 2010) for ADRs	US$8.79
Free float	
Ordinary shares	100%
ADR ratio	1:1
JSE Limited	HAR
Range for quarter (1 July 2010 to 30 September 2010 - closing prices)	R71.90 - R83.80
Average volume for the quarter (1 July 2010 to 30 September 2010)	1 863 621 shares per day
New York Stock Exchange, Inc.	HMY
Range for quarter (1 July 2010 to 30 September 2010 - closing prices)	US$9.72 - US$11.74
Average volume for the quarter (1 July 2010 to 30 September 2010)	733 895 shares per day

Key features

- Wafi/Golpu - size and grade of deposit increasing
· world-class copper/gold porphyry system

- Mining Charter targets in line with objectives

- Operational results
· 6 fatalities
· production decreased by 2.9%
· cash operating costs up by 11.2% (labour and electricity)
· underground grade steady at 4.68g/t

- Healthy operating margin at 20.4%

- Cash operating profit of R652 million

Financial summary for the first quarter ended 30 September 2010

		Quarter September 2010	Quarter June 2010	Q-on-Q Variance %
Gold produced (1)	- kg	10 471	10 784	(2.9)
	- oz	336 650	346 714	(2.9)
Cash costs	- R/kg	228 658	201 460	(13.5)
	- US$/oz	974	831	(17.2)
Gold sold (1)	- kg	10 869	10 739	1.2
	- oz	349 447	345 266	1.2
Gold price received	- R/kg	287 401	295 580	(2.8)
	- US$/oz	1 224	1 219	0.4
Cash operating profit	- Rm	652	942	(30.8)
	- US$m	89	125	(28.8)
Basic earnings per share*	- SAc/s	24	7	>100.0
	- USc/s	3	1	>100.0
Headline profit/(loss)*	- Rm	141	(27)	>100.0
	- US$m	19	(4)	>100.0
Headline earnings/(loss) per share*	- SAc/s	33	(6)	>100.0
	- USc/s	5	(1)	>100.0
Adjusted headline earnings per share (2)*	- SAc/s	51	13	>100.0
	- USc/s	7	2	>100.0
Exchange rate	- R/US$	7.31	7.54	(3.1)

* Reported amounts include continuing operations only.

(1) Production statistics for Steyn 2 and Target 3 have been included. These mines are in a build-up phase and revenue and costs are currently capitalised. Revenue capitalised includes Steyn 2, 31kg (June 2010 - 29kg) and Target 3, 111kg (June 2010 - 92kg). 120kg were capitalised for Hidden Valley in June 2010.

(2) Headline earnings/(loss) adjusted for employee termination and restructuring cost.

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 2010 are available on our website (www.harmony.co.za).

Forward-looking statements
This quarterly report contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 with respect to Harmony's financial condition, results of operations, business strategies, operating efficiencies, competitive positions, growth opportunities for existing services, plans and objectives of management, markets for stock and other matters. Statements in this quarter that are not historical facts are "forward-looking statements" for the purpose of the safe harbour provided by Section 21E of the U.S. Securities Exchange Act of 1934, as amended, and Section 27A of the U.S. Securities Act of 1933, as amended. Forward-looking statements are statements that are not historical facts. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements are generally identified by the words "expect", "anticipates", "believes", "intends", "estimates" and similar expressions. These statements are only predictions. All forward-looking statements involve a number of risks, uncertainties and other factors and we cannot assure you that such statements will prove to be correct. Risks, uncertainties and other factors could cause actual events or results to differ from those expressed or implied by the forward-looking statements.

These forward-looking statements, including, among others, those relating to the future business prospects, revenues and income of Harmony, wherever they may occur in this quarterly report and the exhibits to this quarterly report, are necessarily estimates reflecting the best judgment of the senior management of Harmony and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set forth in this quarterly report. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward looking statements include, without limitation:

- overall economic and business conditions in South Africa and elsewhere;
- the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions;
- increases/decreases in the market price of gold;
- the occurrence of hazards associated with underground and surface gold mining;
- the occurrence of labour disruptions availability, terms and deployment of capital;
- changes in Government regulation, particularly mining rights and environmental regulations;
- fluctuations in exchange rates;
- currency devaluations and other macroeconomic monetary policies; and
- socio-economic instability in South Africa and regionally.

Chief Executive's Review

"The current quarter under review has brought us one step closer to achieving the previously stated production target of 2 million ounces by 2013. Despite declining gold production in the South African gold mining industry, Harmony has an exciting growth profile through its portfolio of South African and Papua New Guinean growth and development projects. Exploration drilling in Wafi/Golpu showed tremendous results and emphasises the potential for the Morobe Mining Joint Venture to establish another high quality, world-class operation in Papua New Guinea", stated chief executive officer, Graham Briggs.

Safety

Performance on the safety front during the quarter was extremely disappointing. We experienced the loss of six colleagues in work- related accidents during the quarter, despite the fact that many of the safety performance indicators continued to demonstrate a positive trend.

Tragically, five Mine Rescue Team members died at the Phakisa mine on 24 June 2010 as a result of an explosion while they were manning a fresh-air base during an underground fire. They were Brigade Captain Siegfried Hildebrandt and Brigadesmen Burnett Bothma, Frans Prinsloo, Johannes Bothma and Jose Randall. The circumstances surrounding this accident are still under investigation and further detail will be provided upon its completion. Our condolences are extended to the families, colleagues and friends of these brave men, who selflessly and voluntarily gave of their time and energy to protect the lives of others.

In another accident, on 26 August 2010, Raimundo Tala, a winch operator at Tshepong, died in a fall-of-ground accident. Condolences are extended to his family, colleagues and friends.

It is our fundamental belief that safety in the workplace can only be addressed through a co-operative approach that ensures the right infrastructure is in place from systems, planning, communication and training perspectives. In addition to this approach, management and employees must accept joint responsibility for their actions and it is imperative the working environment empowers people - management, supervisors, workers and union representatives - to stop work and withdraw when they feel it is unsafe, or to prevent others from acting in an unsafe way.

Safety is not only about training, using the correct equipment and ensuring a safe working environment, it is also about the attitude and mindset of people. Harmony takes full responsibility for the attitude and mindset of its employees because it is recognised that these influence their behaviour at work. Therefore a renewed focus has been placed on implementing, communicating and reinforcing safety in the workplace, through the creation of a centralised safety function and structure which will co-ordinate initiatives between various regions and shafts.

A number of operations recorded excellent safety milestones during the quarter and we commend employees, management and union representatives for these achievements. Refer to the detailed safety report below.

Gold market

Gold has established itself as a store of wealth and as a currency in the current uncertain times. We remain bullish on the gold price and continue to see it in the region of $1 500/oz next year. However, as the gold price and the continued strength of the Rand are out of Harmony's control, we continue to focus on impacting factors within our control - safety, productivity, production and cost control.

Operating and financial performance

Production growth at our four growth projects of 193kg quarter-on- quarter was offset by the closure of some of our older shafts, lower grade at Bambanani and continued work on Joel's shaft bottom, which resulted in an overall decline in gold production for the group of 2.9% to 10 471kg for the quarter ended 30 September 2010.

This reduction can be attributed mainly to:

- lower grades at Bambanani (259kg);
- planned closure of Harmony 2 (58kg) and Merriespruit 3 (58kg) shafts;
- a 43-production day shaft stoppage at Joel to allow for the completion of modifications to the shaft bottom spillage arrangement (230kg);
- the loss of 13 production days at Phakisa following the tragic accident (39kg);
- lower grade at Kalgold (42kg).

Countering these events were improvements at:

- Kusasalethu, where gold production rose by 113kg;
- Hidden Valley, which recorded an 86kg increase in production;
- Doornkop, which recorded an 33kg increase in production;
- Masimong, an increase of 62kg in production;
- Other South African surface operations, which saw gold production rise by 52kg.

The Rand per kilogram gold price received decreased by 2.8% to an average of R287 401/kg in the September 2010 quarter, from R295 580/kg in the previous quarter. However, gold sold increased by 130kg compared with the previous quarter which resulted in a R38 million increase in revenue.

As expected, cash operating costs for the quarter increased by R238 million (11.2%) when compared with the previous quarter mainly due to:

- Hidden Valley in Papua New Guinea (PNG) being in production for the full quarter (R50 million);
- cost increases at the South African operations comprised mainly of:
  - electricity cost increases owing to winter tariffs (R123 million); and
  - labour costs increases of R46 million.

Consequently, unit costs rose by 13.5% to R228 658/kg.

Capital expenditure decreased by R75 million (9.1%) to R749 million in the quarter under review compared to R824 million in the June 2010 quarter.

Cash operating profit for the September 2010 quarter of R652 million was 30.8% lower when compared to the June 2010 quarter's cash operating profit of R942 million.

In line with our strategy of asset optimisation, a number of corporate activities were concluded during the quarter. As a result of this strategy, certain non-core assets were divested and shafts closed so that the management team may focus its resources on growing, developing and operating its portfolio of core, quality assets.

These divestments and shaft closures include:

· The sale of the Mount Magnet Gold project in Western Australia to Australian-based Ramelius Resources Limited for R238 million (A$35 million) cash on 20 July 2010 as well as R31 million (A$5 million) released from the replacement of performance bonds by the purchaser.

· The conclusion of two transactions with Witwatersrand Consolidated Gold Resources (Wits Gold). In terms of these transactions, Wits Gold will obtain a prospecting right over Harmony's Merriespruit South area and the option held by ARMGold/Harmony Joint Venture Company (Proprietary) Limited (Freegold), a wholly-owned subsidiary of Harmony. The option was to acquire a beneficial interest of up to 40% in any future mines established by Wits Gold on certain properties in the Southern Free State (Freegold option). The total consideration price of the transactions is R336 million (R61 million for the prospecting area and R275 million for the cancellation of the option agreement), which will be settled in cash or in a combination of cash and shares in Wits Gold. The agreements were signed on 3 September 2010 and outstanding conditions precedent are expected to be fulfilled by November 2010 for the option agreement and June 2011 for the prospecting right.

· On 10 September 2010, Harmony concluded a sale of assets agreement with Taung Gold Limited (Taung), in which Taung acquired the Evander 6 shaft, the related infrastructure and surface right permits as well as a mining right over the Evander 6 and Twistdraai areas. The total purchase consideration is R225 million which will be settled in cash, when all remaining conditions precedent to the transaction have been fulfilled.

· Following careful and considerable review, the company announced on 18 October 2010 that it would be closing the Merriespruit 1 shaft in Virginia at the end of October 2010. Earlier this year a productivity-linked deal with the trade unions was reached that allowed Merriespruit 1 to continue its operations, provided it did not make a loss (on a total cost basis, including any capital expenditure) for two consecutive months and total costs remained under R250 000/kg. Despite the operational team's best endeavours, Merriespruit 1 has failed to meet these conditions and closure procedures have commenced.

We have embarked on a formal consultation process with employees in terms of section 189A of the Labour Relations Act to consider alternatives to retrenchment. Approximately 1 470 employees are affected by the closure and, of this number, 1 200 will largely be transferred to our growth operations so as to preserve as many jobs as possible.

Milestone at Hidden Valley

30 September 2010 marked an exciting milestone for Harmony when the Hidden Valley mine was officially opened at a ceremony attended by PNG dignitaries, directors and senior management of both Harmony and Newcrest Limited (Newcrest) and employees. Hidden Valley, part of the 50/50 Morobe Mining Joint Ventures (MMJV) with Newcrest, was Harmony's first offshore greenfields project, and represents an important step in our group's strategy for geographical and asset diversification.

While the development of this project was not without its challenges - given its remote location and relative lack of infrastructure - the government and communities of Papua New Guinea (PNG) and Morobe Province have provided enormous support to the project, and have worked closely with the MMJV to ensure that the development of the Hidden Valley mine has long-term, positive and sustainable consequences for the region.

Hidden Valley also completed its first full quarter of commercial production, where post-commissioning and ramp up activities are making good progress.

The experience we have gained with the development of Hidden Valley will stand us in good stead as we continue to seek growth, both in Morobe Province as part of the MMJV and elsewhere in PNG on Harmony's 100%-owned exploration portfolio.

Wafi/Golpu Joint Venture (part of MMJV)

Excellent progress was made and reported at our Wafi/Golpu joint venture project during the quarter.

The concept study was finalised in September 2010 and shows that a copper gold mine at Wafi/Golpu is technically and financially viable, and that a number of development options could be considered in a pre-feasibility study. Production could potentially be between 400 000 to 700 000oz of gold, and 100 000 to 200 000t of copper per annum.

This would be sustainable over a 20-year mine life without considering the Golpu resource extensions currently being identified by drilling.

Cash costs would be in the lower quartile (assuming copper credits) and capital expenditure would be of the order of US$3 billion. Based on the outcome of the scoping study, and subsequent project gate review a decision was made to progress this project to pre-feasibility stage.

As announced recently, we also continue to drill spectacular intercepts at this project, with the exploration target at this project upgraded to 30 million ounces of gold and 8 million tonnes of copper, 50% of which would be attributable to Harmony.

Revisions to the Mining Charter

On 13 September 2010, the South African Minister of Mineral Resources, Susan Shabangu, released the revised Mining Charter and the associated scorecard, the Broad-Based Socio-Economic Empowerment (BBSEE) scorecard. Harmony has been at the forefront in implementing various transformation initiatives in terms of the legislated empowerment objectives, and has met most of the new 2014 targets in terms of the revised Mining Charter. The only area which requires more attention and on which we are currently focusing, is that of enterprise development, as the revised Mining Charter now specifically stipulates certain requirements to be met.

Looking ahead

Our aim at Harmony is to focus on safe, profitable ounces. To do this we have taken bold decisions in shutting unprofitable operations and focused our attention on our longer-life, lower-cost operations that will be profitable and sustainable for many years to come. There are many steps in this journey and this quarter has indeed been one of them as we progress towards consolidating our lower-cost, quality asset base. We remain focused on increasing production to 2 million ounces of gold by FY 2013, with costs per tonne milled in the lowest quartile of South African producers.

Graham Briggs
Chief Executive Officer

Safety and health

Safety

Harmony remains committed to its aim to achieve its production targets safely. Every employee has the right to withdraw from an unsafe environment.

It is with deep regret that we report that six fatalities occurred in two incidents in the South African operations during the September 2010 quarter.

Harmony achieved a single digit figure on Lost Time Injury Frequency Rate (LTIFR) for the eighth quarter in a row. The LTIFR for this quarter is 7.98, a regression of 4% compared to the June 2010 quarter. The Fatality Injury Frequency Rate (FIFR) improved by 7% quarter-on- quarter. The following operations achieved excellent safety results during the quarter:

All North operations (Kusasalethu, Doornkop, Evander, Kalgold):	1 000 000 fatality free shifts
Bambanani total operations:	750 000 fatality free shifts
Target total operations:	500 000 fatality free shifts
Unisel:	500 000 fatality free shifts
Free State Metallurgy:	500 000 fatality free shifts

The following operations completed the September 2010 quarter without an injury:

· Kalgold
· Phoenix Plant
· Target Plant
· Joel Plant
· Free State & Randfontein Commercial Services and Transport
· Evander Workshops
· Evander Services

Health

Our employees' state of health is important to us and we therefore continue to support healthcare programmes and measure any potential impact of threats.

Noise levels measured reduced with 75% of all mechanical loaders having been equipped with silencers. Internal radiation audits are being conducted and results reflect that all operational underground operations are well within the limits set by the National Nuclear Regulator (the NNR). Tuberculosis in conjunction with HIV remains a concern but is addressed through various initiatives. See our Sustainable Development Report for more details on our website www.harmony.co.za.

During the September 2010 quarter healthcare was brought closer to the operations in order to speed up treatment and identify early signs of epidemic trends. The medical station at Target was successfully completed and is now a Health Hub, which provides a fully integrated proactive healthcare service.

CONDENSED CONSOLIDATED INCOME STATEMENT (Rand)

			Quarter ended
		30 September 2010 (Unaudited)	30 June 2010 (Unaudited)
	Note	R million	R million
Continuing operations			
Revenue		3 083	3 045
Cost of sales	2	(2 995)	(2 649)
Production costs		(2 408)	(2 075)
Royalty expense		(23)	(28)
Amortisation and depreciation		(426)	(383)
Impairment of assets		-	(30)
Employment termination and restructuring costs		(78)	(82)
Other items		(60)	(51)
Gross profit		88	396
Corporate, administration and other expenditure		(94)	(124)
Social investment expenditure		(16)	(28)
Exploration expenditure		(99)	(60)
Profit on sale of property, plant and			

equipment		16	101
Other (expenses)/income - net		(54)	40
Operating (loss)/profit		(159)	325
(Loss)/profit from associates		(8)	(7)
Loss on sale of investment in subsidiary		-	-
Net gain on financial instruments	3	311	11
Investment income		14	25
Finance cost		(59)	(94)
Profit/(loss) before taxation		99	260
Taxation		6	(230)
Normal taxation		(9)	(20)
Deferred taxation		15	(210)
Net profit/(loss) from continuing operations		105	30
Discontinued operations			
(Loss)/profit from discontinued operations	4	(3)	(17)
Net profit/(loss)		102	13
Attributable to:			
Owners of the parent		102	13
Non-controlling interest		-	-
Earnings/(loss) per ordinary share (cents)	5		
- Earnings/(loss) from continuing operations		24	7
- (Loss)/earnings from discontinued operations		(1)	(4)
Total earnings/(loss) per ordinary share (cents)		23	3
Diluted earnings/(loss) per ordinary share (cents)	5		
- Earnings/(loss) from continuing operations		24	7
- (Loss)/earnings from discontinued operations		(1)	(4)
Total diluted earnings/(loss) per ordinary share (cents)		23	3

	30 September 1 2009 (Unaudited) R million	Year ended 30 June 2010 (Audited) R million
Continuing operations		
Revenue	2 747	11 284
Cost of sales	(2 600)	(10 484)
Production costs	(2 195)	(8 325)
Royalty expense	-	(33)
Amortisation and depreciation	(350)	(1 375)

Impairment of assets	-	(331)
Employment termination and restructuring costs	-	(205)
Other items	(55)	(215)
Gross profit	147	800
Corporate, administration and other expenditure	(79)	(382)
Social investment expenditure	(9)	(81)
Exploration expenditure	(48)	(219)
Profit on sale of property, plant and equipment	-	104
Other (expenses)/income - net	(74)	(58)
Operating (loss)/profit	(63)	164
(Loss)/profit from associates	31	56
Loss on sale of investment in subsidiary	-	(24)
Net gain on financial instruments	-	38
Investment income	71	187
Finance cost	(54)	(246)
Profit/(loss) before taxation	(15)	175
Taxation	(18)	(335)
Normal taxation	(28)	(84)
Deferred taxation	10	(251)
Net profit/(loss) from continuing operations	(33)	(160)
Discontinued operations		
(Loss)/profit from discontinued operations	4	(32)
Net profit/(loss)	(29)	(192)
Attributable to:		
Owners of the parent	(29)	(192)
Non-controlling interest	-	-
Earnings/(loss) per ordinary share (cents)		
- Earnings/(loss) from continuing operations	(8)	(38)
- (Loss)/earnings from discontinued operations	1	(8)
Total earnings/(loss) per ordinary share (cents)	(7)	(46)
Diluted earnings/(loss) per ordinary share (cents)		
- Earnings/(loss) from continuing operations	(8)	(38)
- (Loss)/earnings from discontinued operations	1	(8)
Total diluted earnings/(loss) per ordinary share (cents)	(7)	(46)

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 a discontinued operation. See note 4 in this regard.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (Rand)

	Quarter ended			Year ended
	30 September 2010 (Unaudited) R million	30 June 2010 (Unaudited) R million	30 September 2009 (Unaudited) R million	30 June 2010 (Audited) R million
Net profit/(loss) for the period	102	13	(29)	(192)

Other comprehensive income/(loss) for the period, net of income tax	106	(166)	15	(131)
Foreign exchange translation	106	(161)	19	(127)
Fair value movement of available-for-sale investments	-	(5)	(4)	(4)
Total comprehensive income/(loss) for the period	208	(153)	(14)	(323)
Attributable to:				
Owners of the parent	208	(153)	(14)	(323)
Non-controlling interest	-	-	-	-

CONDENSED CONSOLIDATED BALANCE SHEET (Rand)

	Note	At 30 September 2010 (Unaudited) R million	At 30 June 2010 (Audited) R million	At 30 September 2009 (Unaudited) R million
ASSETS				
Non-current assets				
Property, plant and equipment		29 873	29 556	28 457
Intangible assets		2 199	2 210	2 218
Restricted cash		116	146	165
Restricted investments		1 787	1 742	1 668
Investments in financial assets		296	12	39
Investments in associates		377	385	360
Inventories		237	214	-
Trade and other receivables		67	75	72
		34 952	34 340	32 979
Current assets				
Inventories		902	987	1 147
Trade and other receivables		649	932	838
Income and mining taxes		73	74	45
Cash and cash equivalents		772	770	1 094
		2 396	2 763	3 124
Assets of disposal groups classified as held for sale	4	-	245	-
		2 396	3 008	3 124
Total assets		37 348	37 348	36 103
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital		28 269	28 261	28 093
Other reserves		395	258	388

Retained earnings		578	690	853
		29 242	29 209	29 334
Non-current liabilities				
Deferred tax		3 572	3 534	3 265
Provision for environmental rehabilitation		1 723	1 692	1 564
Retirement benefit obligation and other provisions		169	169	166
Borrowings	6	970	981	108
		6 434	6 376	5 103
Current liabilities				
Borrowings	6	207	209	260
Income and mining taxes		13	9	21
Trade and other payables		1 452	1 410	1 385
		1 672	1 628	1 666
Liabilities of disposal groups classified as held for sale	4	-	135	-
		1 672	1 763	1 666
Total equity and liabilities		37 348	37 348	36 103
Number of ordinary shares in issue		428 850 584	428 654 779	426 024 653
Net asset value per share (cents)		6 819	6 814	6 886

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)(Rand)
for the period ended 30 September 2010

	Share capital R million	Other reserves R million	Retained earnings R million	Total R million
Balance - 30 June 2010	28 261	258	690	29 209
Issue of shares	8	-	-	8
Share-based payments	-	31	-	31
Total comprehensive income for the period	-	106	102	208
Dividends paid	-	-	(214)	(214)
Balance as at 30 September 2010	28 269	395	578	29 242
Balance - 30 June 2009	28 091	339	1 095	29 525
Issue of shares	2	-	-	2
Share-based payments	-	34	-	34
Total comprehensive loss for the period	-	15	(29)	(14)
Dividends paid	-	-	(213)	(213)
Balance as at 30 September				

2009	28 093	388	853	29 334

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (Rand)

	Quarter ended			Year ended
	30 September 2010 (Unaudited) R million	30 June 2010 (Unaudited) R million	30 September 2009 (Unaudited) R million	30 June 2010 (Audited) R million
Cash flow from operating activities				
Cash generated by operations	703	884	225	1 611
Interest and dividends received	14	25	68	187
Interest paid	(30)	(38)	(9)	(90)
Income and mining taxes paid	(4)	(55)	(25)	(125)
Cash generated by operating activities	683	816	259	1 583
Cash flow from investing activities				
Decrease/(increase) in restricted cash	30	-	(3)	15
Proceeds on disposal of investment in subsidiary	229	-	-	24
Proceeds on disposal of available-for-sale financial assets	-	8	15	50
Other investing activities	10	(11)	8	(12)
Net additions to property, plant and equipment	(748)	(708)	(907)	(3 493)
Cash utilised by investing activities	(479)	(711)	(887)	(3 416)
Cash flow from financing activities				
Borrowings raised	-	300	-	1 236
Borrowings repaid	(7)	(106)	(7)	(391)
Ordinary shares issued - net of expenses	8	7	2	18
Dividends paid	(214)	-	(213)	(213)
Cash (utilised)/generated by financing activities	(213)	201	(218)	650
Foreign currency translation adjustments	11	(17)	(10)	3
Net increase/(decrease) in cash and cash equivalents	2	289	(856)	(1 180)
Cash and cash equivalents - beginning of period	770	481	1 950	1 950
Cash and cash equivalents - end of period	772	770	1 094	770

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010

1. Accounting policies

Basis of accounting

The condensed consolidated financial statements for the period ended 30 September 2010 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 2010. These condensed consolidated 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 2010.

2. Cost of sales

	Quarter ended			Year ended
	30 September 2010 (Unaudited) R million	30 June 2010 (Unaudited) R million	30 September 1 2009 (Unaudited) R million	30 June 2010 (Audited) R million
Production costs	2 408	2 075	2 195	8 325
Royalty expense	23	28	-	33
Amortisation and depreciation	426	383	350	1 375
Impairment of assets 2	-	30	-	331
Rehabilitation expenditure	4	14	4	29
Care and maintenance cost of restructured shafts	25	15	17	57
Employment termination and restructuring costs	78	82	-	205
Share-based payments	31	41	34	148
Provision for post-retirement benefits	-	(19)	-	(19)
Total cost of sales	2 995	2 649	2 600	10 484

(1) The comparative figures are re-presented due to Mount Magnet being reclassified as part of discontinued operations. See note 4 in this regard.

(2) The impairment for the year ended 30 June 2010 relates mainly to Virginia and Evander, which was recorded as a result of shaft closures.

3. Net gain on financial instruments

On 3 September 2010, Harmony Gold Mining Company Limited (Harmony) entered into two transactions with Witwatersrand Consolidated Gold Resources Limited (Wits Gold), in which Wits Gold will obtain a prospecting right over Harmony's Merriespruit South area and the option held by ARMGold/Harmony Freegold Joint Venture Company (Proprietary) Limited (Freegold), a wholly owned subsidiary of Harmony. The option was to acquire a beneficial interest of up to 40% in any future mines established by Wits Gold on certain properties in the Southern Free State (Freegold option), which will be cancelled. Harmony will abandon a portion of its mining right in respect of the Merriespruit South area to enable Wits Gold to include this area in its prospecting right, which is located immediately south of the Merriespruit South area.

The total consideration is R336 million (R61 million for the prospecting area and R275 million for the cancellation of the option agreement), which will be settled in cash or in a combination of cash and shares in Wits Gold, when all remaining conditions precedent to the transaction have been fulfilled. The group classifies the Freegold option as a financial asset at fair value through profit and loss and has recognised a fair value movement gain in the consolidated income statement of R273 million following the conclusion of the agreements on 3 September 2010.

4. Disposal groups classified as held for sale and discontinued operations

The conditions precedent for the sale of Mount Magnet were fulfilled and the transaction became effective on 20 July 2010. A total purchase consideration of R238 million was received from Ramelius Resources Limited in exchange for 100% of the issued shares of Mount Magnet.

The group recognised a total profit of R104 million, net of tax, before the realisation of accumulated foreign exchange losses of R107 million from other comprehensive income to the consolidated income statement on the effective date. The income statement and earnings per share amounts for all comparative periods have been re-presented to disclose the operation as a discontinued operation.

5. 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 30 September 2010: 428.7 million (30 June 2010: 427.6 million, 30 September 2009: 425.9 million), and the year ended 30 June 2010: 426.4 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 30 September 2010: 429.9 million (30 June 2010: 429.1 million, 30 September 2009: 427.2 million), and the year ended 30 June 2010: 427.8 million.

	Quarter ended			Year ended
	30 September 2010 (Unaudited)	30 June 2010 (Unaudited)	30 September 1 2009 (Unaudited)	30 June 2010 (Audited)
Total earnings/(loss) per ordinary share (cents):				
Basic earnings/(loss)	23	3	(7)	(46)
Fully diluted earnings/(loss)	23	3	(7)	(46)
Headline earnings/ (loss)	33	(10)	(12)	(7)
- from continuing operations	33	(6)	(13)	1
- from discontinued operations	-	(4)	1	(8)
Diluted headline earnings/(loss)	33	(10)	(12)	(7)
- from continuing operations	33	(6)	(13)	1
- from discontinued operations	-	(4)	1	(8)
	R million	R million	R million	R million
Reconciliation of headline earnings/(loss):				
Continuing operations				
Net profit/(loss)	105	30	(33)	(160)
Adjusted for:				
Profit on sale of property, plant and equipment	(16)	(101)	-	(104)
Taxation effect of profit on sale of property, plant and equipment	5	21	-	22
Net gain on financial instruments	-	(5)	(2)	(7)
Taxation effect of gain on financial instruments	-	1	1	2
Foreign exchange loss/(gain) reclassified from other comprehensive income	47	-	(22)	(22)
Taxation effect of foreign exchange loss/(gain) reclassified from other comprehensive income	-	-	-	-
Loss on sale of investment in subsidiary	-	-	-	24
Taxation effect of loss on sale of investment in subsidiary	-	-	-	(7)
Impairment of other investments	-	1	-	-
Taxation effect of impairment of other investments	-	-	-	-
Impairment of assets	-	30	-	331
Taxation effect of impairment of assets	-	(4)	-	(75)
Impairment of investment in associate	-	-	2	-
Taxation effect of impairment of investment in associate	-	-	-	-
Headline earnings/(loss)	141	(27)	(54)	4
Discontinued operations				
Net (loss)/profit	(3)	(17)	4	(32)

Adjusted for:				
Profit on sale of investment in subsidiary	(138)	-	(1)	(1)
Taxation effect of profit on sale of investment in subsidiary	34	-	-	-
Foreign exchange loss reclassified from other comprehensive income	107	-	-	-
Taxation effect of foreign exchange loss reclassified from other comprehensive income	-	-	-	-
Headline (loss)/earnings	-	(17)	3	(33)
Total headline earnings/(loss)	141	(44)	(51)	(29)

(1) The comparative figures are re-presented due to Mount Magnet being reclassified as discontinued operation. See note 4 in this regard.

6. Borrowings

	30 September 2010 (Unaudited) R million	30 June 2010 (Audited) R million	30 September 2009 (Unaudited) R million
Total long-term borrowings	970	981	108
Total current portion of borrowings	207	209	260
Total borrowings (1) (2)	1 177	1 190	368

(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 5 years. The first instalment was paid on 30 June 2010. The Revolving Credit Facility is repayable after 3 years.

(2) Included in the borrowings is R74 million (June 2010: R91 million; September 2009: R104 million) owed to Westpac Bank Limited in terms of a finance lease agreement. The future minimum lease payments are as follows:

	30 September 2010 (Unaudited) R million	30 June 2010 (Audited) R million	30 September 2009 (Unaudited) R million
Due within one year	30	33	31
Due between one and five years	46	60	76
	76	93	107
Future finance charges	(2)	(2)	(3)
Total future minimum lease payments	74	91	104

7. Commitments and contingencies

	30 September 2010 (Unaudited) R million	30 June 2010 (Audited) R million	30 September 2009 (Unaudited) R million
Capital expenditure commitments:			
Contracts for capital expenditure	369	335	528
Authorised by the directors but not contracted for	2 070	1 006	1 829
	2 439	1 341	2 357

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

Contingent liability

For a detailed disclosure on contingent liabilities refer to Harmony's annual report for the financial year ended 30 June 2010, available on the group's website www.harmony.co.za. There were no significant changes in contingencies since 30 June 2010.

8. Dividends paid

On 13 August 2010, the Board of Directors approved a final dividend for the 2010 financial year of 50 SA cents per share. The total dividend amounting to R214 million was paid on 20 September 2010.

9. Subsequent events

Closure of Merriespruit 1

On 4 October 2010, the decision was made to finally close Merriespruit 1 shaft, under the Section 189 of the Labour Relations Act already in place. The closure was postponed in terms of an agreement reached with organised labour to keep the shaft open while it remained profitable.

10. Segment report

The segment report follows on page 25.

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

	30 September 2010 (Unaudited) R million	30 September 1 2009 (Unaudited) R million
The "reconciliation of segment data to consolidated financials" line item in the segment		

report is 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	-	-
Production costs from:		
Discontinued operations	-	-
Reconciliation of production profit to gross profit:		
Total segment revenue	3 083	2 747
Total segment production costs	(2 431)	(2 195)
Production profit as per segment report	652	552
Less: discontinued operations	-	-
	652	552
Cost of sales items other than production costs and royalty expense	(564)	(405)
Amortisation and depreciation	(426)	(350)
Employment termination and restructuring costs	(78)	-
Share-based payments	(31)	(34)
Rehabilitation costs	(4)	(4)
Care and maintenance costs of restructured shafts	(25)	(17)
Gross profit as per income statements *	88	147
Reconciliation of total segment mining assets to consolidated property, plant and equipment:		
Property, plant and equipment not allocated to a segment:		
Mining assets	829	596
Undeveloped property	5 139	5 139
Other non-mining assets	67	66
	6 035	5 801

1 The comparative figures are re-presented due to Mount Magnet being reclassified as discontinued operations. See note 4 in this regard.

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

SEGMENT REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2010 (Rand/Metric) (Unaudited)

	Revenue R million	Production costs(1) R million	Production profit/(loss) R million	Mining assets R million
Continuing operations				
South Africa				
Underground				
Bambanani (2)	270	223	47	987
Doornkop	168	148	20	2 896
Evander	174	176	(2)	935
Joel	44	75	(31)	184

Kusasalethu	475	387	88	3 046
Masimong	374	202	172	815
Phakisa	112	111	1	4 133
Target (2)	244	189	55	2 598
Tshepong	500	294	206	3 620
Virginia	223	225	(2)	694
Surface				
All other surface operations (3)	317	238	79	145
Total South Africa	2 901	2 268	633	20 053
International				
Papua New Guinea	182	163	19	3 785
Total international	182	163	19	3 785
Total continuing operations	3 083	2 431	652	23 838
Discontinued operations				
Mount Magnet	-	-	-	-
Total discontinued operations	-	-	-	-
Total operations	3 083	2 431	652	23 838
Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 11)	-	-		6 035
	3 083	2 431		29 873

	Capital expenditure R million	Kilograms produced kg	Tonnes milled t'000
Continuing operations			
South Africa			
Underground			
Bambanani (2)	83	942	129
Doornkop	70	541	140
Evander	59	552	140
Joel	18	148	40
Kusasalethu	104	1 513	269
Masimong	41	1 263	243
Phakisa	92	377	86
Target (2)	118	947	205
Tshepong	61	1 688	338
Virginia	30	760	244
Surface			
All other surface operations (3)	12	1 069	2 837
Total South Africa	688	9 800	4 671
International			
Papua New Guinea	61	671	427
Total international	61	671	427

Total continuing operations	749	10 471	5 098
Discontinued operations			
Mount Magnet	-	-	-
Total discontinued operations	-	-	-
Total operations	749	10 471	5 098
Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 11)			

Notes:
(1) Production costs includes royalty expense.

(2) Production statistics for Steyn 2 and Target 3 are shown for information purposes. These mines are in build-up phase and revenue and costs are currently capitalised until commercial levels of production are reached.

(3) Includes Kalgold, Phoenix, Dumps and President Steyn plant clean-up.

SEGMENT REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2009 (Rand/Metric)(Unaudited)

	Revenue R million	Production costs R million	Production profit/(loss) R million	Mining assets R million
Continuing operations				
South Africa				
Underground				
Bambanani	234	193	41	672
Doornkop	120	101	19	2 618
Evander	290	273	17	958
Joel	128	105	23	230
Kusasalethu	350	281	69	2 797
Masimong	324	186	138	684
Phakisa	64	59	5	3 778
Target	219	160	59	2 262
Tshepong	421	294	127	3 660
Virginia	398	413	(15)	868
Surface				
Other (1)	199	130	69	141
Total South Africa	2 747	2 195	552	18 668
International				
Papua New Guinea	-	-	-	3 713
Total international	-	-	-	3 713
Total continuing operations	2 747	2 195	552	22 381
Discontinued operations				
Mount Magnet	-	-	-	275
Total discontinued operations	-	-	-	275
Total operations	2 747	2 195	552	22 656

Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 11)	-	-	5 801
	2 747	2 195	28 457

	Capital expenditure R million	Kilograms produced kg	Tonnes milled t'000
Continuing operations			
South Africa			
Underground			
Bambanani	23	946	147
Doornkop	73	500	130
Evander	52	1 239	259
Joel	18	515	136
Kusasalethu	111	1 625	260
Masimong	39	1 359	234
Phakisa	128	260	71
Target	84	909	193
Tshepong	71	1 703	418
Virginia	52	1 668	544
Surface			
Other (1)	15	891	2 092
Total South Africa	666	11 615	4 484
International			
Papua New Guinea	249	-	-
Total international	249	-	-
Total continuing operations	915	11 615	4 484
Discontinued operations			
Mount Magnet	-	-	-
Total discontinued operations	-	-	-
Total operations	915	11 615	4 484
Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 11)			

Note:
(1) Includes Kalgold, Phoenix and Dumps.

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