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 second quarter and six months ended 31 December 2010

## SHAREHOLDER INFORMATION

| | |
|---|---|
| Issued ordinary share capital at 31 December 2010 | 429 506 618 shares |
| Market capitalisation | |
| At 31 December 2010 (ZARm) | 35 649 |
| At 31 December 2010 (US$m) | 5 412 |
| Harmony ordinary share and ADR prices | |
| 12 month high (1 January 2010 to 31 December 2010) for ordinary shares | R88.02 |
| 12 month low (1 January 2010 to 31 December 2010) for ordinary shares | R68.65 |
| 12 month high (1 January 2010 to 31 December 2010) for ADRs | US$12.75 |
| 12 month low (1 January 2010 to 31 December 2010) for ADRs | US$8.79 |
| Free float | |
| Ordinary shares | 100% |
| ADR ratio | 1:1 |
| JSE Limited | HAR |
| Range for quarter (1 October 2010 to 31 December 2010 - closing prices) | R76.18 - R88.02 |
| Average volume for the quarter (1 October 2010 to 31 December 2010) | 1 178 082 shares per day |
| New York Stock Exchange, Inc. | HMY |
| Range for quarter (1 October 2010 to 31 December 2010 - closing prices) | US$10.75 - US$12.75 |
| Average volume for the quarter (1 October 2010 to 31 December 2010) | 1 961 517 shares per day |

## Key features

- Closed non-profitable operations
- Growth projects in South Africa
* increased production

* quality ounces
- Majority of capital expenditure spent
- Hidden Valley a great mine
* gold and silver recoveries improved
* commissioned and building-up
- Wafi/Golpu growing quarter on quarter
- Experienced and focused management team

Financial summary for the second quarter and six months ended 31 December 2010

| | | Quarter December 2010 | Quarter September 2010 | Q-on-Q variance % |
|---|---|---|---|---|
| Gold produced(1) | - kg | 10 055 | 10 471 | (4) |
| | - oz | 323 275 | 336 650 | (4) |
| Cash costs | - R/kg | 216 595 | 228 658 | 5 |
| | - US$/oz | 979 | 974 | (1) |
| Gold sold | - kg | 10 046 | 10 869 | (8) |
| | - oz | 322 986 | 349 447 | (8) |
| Gold price received | - R/kg | 303 354 | 287 401 | 6 |
| | - US$/oz | 1 371 | 1 224 | 12 |
| Cash operating profit | - R million | 867 | 652 | 33 |
| | - US$ million | 126 | 89 | 42 |
| Basic earnings per share* | - SAc/s | 69 | 24 | >100 |
| | - USc/s | 10 | 3 | >100 |
| Headline profit* | - Rm | 294 | 141 | >100 |
| | - US$m | 43 | 19 | >100 |
| Headline earnings per share* | - SAc/s | 69 | 33 | >100 |
| | - USc/s | 10 | 5 | 100 |
| Exchange rate | - R/US$ | 6.88 | 7.31 | (6) |

| | | 6 months December 2010 | 6 months December 2009 | Year-on-year variance % |
|---|---|---|---|---|
| Gold produced(1) | - kg | 20 526 | 23 283 | (12) |
| | - oz | 659 925 | 748 555 | (12) |
| Cash costs | - R/kg | 222 787 | 190 172 | (17) |
| | - US$/oz | 965 | 775 | (25) |
| Gold sold | - kg | 20 915 | 23 111 | (10) |
| | - oz | 672 433 | 743 034 | (10) |
| Gold price received | - R/kg | 295 069 | 251 968 | 17 |
| | - US$/oz | 1 294 | 1 028 | 26 |
| Cash operating profit | - R million | 1 519 | 1 351 | 12 |
| | - US$ million | 215 | 178 | 21 |
| Basic | - SAc/s | 93 | 21 | >100 |

| | | | | |
|---|---|---|---|---|
| earnings per share* | - USc/s | 13 | 3 | >100 |
| Headline | - Rm | 435 | 158 | >100 |
| profit* | - US$m | 61 | 21 | >100 |
| Headline | - SAc/s | 101 | 37 | >100 |
| earnings per share* | - USc/s | 14 | 5 | >100 |
| Exchange rate | - R/US$ | 7.09 | 7.63 | (7) |

* 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: Quarter ending Dec 2010 Steyn 2, 18 kg (September 2010 - 31 kg) and Target 3, 170 kg (September 2010 - 111 kg), 6 months ending Dec 2010 Steyn 2, 49 kg (December 2009 - Nil) and Target 3, 281 kg (December 2009 - Nil).

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 macro- economic monetary policies; and
- socio-economic instability in South Africa and regionally.

## Chief Executive's Review

### Overview

During the course of the second quarter of financial year 2011 we continued to see the benefits of the numerous management initiatives coming through, with higher production and lower costs evident from our growth projects, namely Doornkop, Phakisa and Hidden Valley. It was particularly pleasing to see good progress in our Papua New Guinean operations with improved production at Hidden Valley and positive developments at Wafi-Golpu. However, we also faced certain operational challenges, such as the unplanned production stoppage at Kusasalethu during the quarter. The necessary measures to rectify this issue are implemented and we are confident the operation will meet its targets next quarter. Throughout the company our operational management teams remain focused and as such we are confident about meeting our long term production targets.

### Safety

It is with deep regret we report that four of our colleagues died in mining-related incidents during the quarter. They were Jackson Morena (a rigger at Kusasalethu), Msiphani Mashwama (member of the stope team) and Lehlohonolo Nchaka (rock drill operator), both from Bambanani, and Petrose Rapeane (tramming supervisor at Tshepong). We extend our deepest condolences to their families, friends and colleagues.

Safety is the primary priority for every manager at Harmony and we share a common vision with the union leadership with regard to safety in the workplace. Progress on this front can only be addressed through a co-operative approach that ensures that the right environment from a systems, planning, communication and training perspective is in place, combined with an acceptance of joint responsibility by management and employees for our actions. It is important too that such an environment empowers people; management, supervisors, workers and union representatives to stop work and withdraw when they feel it is unsafe, or prevent others from acting in an unsafe way. During the past quarter Harmony restructured its central safety function by transferring more senior and experienced personnel to assist and advise operational teams. Our continued focus on safety has resulted in an improved underlying safety performance.

Gold market

In Rand per kilogram terms, the received gold price increased by 6% from R287 401/kg in the previous quarter to R303 354/kg in the current quarter. Over the course of calendar year 2010, the gold price in dollar terms increased by 29%. The strength of the Rand continues to place pressure on the R/kg price which, in turn, continues to place further pressure on gold miners whose costs are in Rand. We feel the continued investment demand for gold will be the critical factor supporting the gold price in 2011 and believe that even higher gold prices may be achieved this year.

Operating performance

Production at Doornkop, Phakisa and Hidden Valley improved substantially, by 19%, 34% and 23%, respectively. However, overall total gold production for the past quarter decreased by 4% quarter on quarter from 10 471kg to 10 055kg, mainly as a result of safety stoppages at Bambanani and Kusasalethu. While volumes were 8% lower than the previous quarter at 4 675 000t, the average yield was 4% higher at 2.11g/t. Underground gold production was 5% lower at 8 273kg, as volumes were 4% lower at 1 759 000t and the underground grade declined by 2% to 4.6g/t.

Both Tshepong and Masimong showed a steady production performance, with Masimong still the lowest cost producer at R168 907/kg. Target 3 is back on track, with a 57% improvement in tonnes mined, and Joel is also back in production. Following the closure of Merriespruit 1, the Virginia operations, now comprising solely of Unisel, produced net free cash of R43 million (the Virginia operations recorded a loss of R36 million in the previous quarter), validating the decision to close the loss-making shafts.

The gold production at Hidden Valley increased by 23% to 53 169oz and silver production increased by 44% to 382 655oz quarter on quarter (50% attributable to Harmony). Hidden Valley is a high value asset for Harmony and it is particularly pleasing to see the improving results after some commissioning problems.

Countering these production improvements was Evander 8, which experienced a drop in face grade causing gold production to decrease by 6%. Kalgold's grade and volume was lower quarter on quarter and gold production decreased by 8%. Bambanani's volume was down by 19%, with grade only increasing by 3%. The Steyn 2 production plan was revised and the major focus will now be to get the shaft pillar into production by August 2011.

The rock/ventilation shaft accident which occurred in October 2010 at Kusasalethu restricted hoisting and was the main contributor to the group's overall lower production. The shaft is now back to hoisting capacity and the underground accumulations of the December 2010 quarter will be rectified.

Financial performance

The Rand per kilogram unit cost for the December 2010 quarter decreased by 5% quarter on quarter to R216 595/kg from R228 658/kg. This is mainly attributable to the decrease in cash operating costs, which decreased by R225 million (10%) quarter on quarter. The primary factors for the decrease were the lower electricity (winter tariffs of R147 million) and labour costs.

In Rand per kilogram terms, the gold price received increased by 6% from R287 401/kg in the September 2010 quarter to R303 354/kg in the current quarter. A decrease in the gold sold for the December 2010 quarter of 823kg (8%) to 10 046 kilograms resulted in a drop in revenue of 3% compared to the previous quarter.

Capital expenditure increased by R88 million (12%) to R835 million in the quarter under review compared with R747 million in September 2010 quarter, in line with the company's mine plans.

Operating profit for the quarter increased by R215 million (33%) to R867 million, compared with R652 million in the September 2010 quarter.

Wafi/Golpu

The Golpu resource continues to expand to the north as drilling continues to define further mineralisation. A significant intersection of 595m @ 2.03% copper and 1.65g/t gold (5.0g/t gold equivalent) has been reported in WR363. The drilling campaign this quarter included holes to gain metallurgical samples of Wafi and geotechnical information for the Watut decline. The pre-feasibility study technical work packages have been allocated to various consultants and is progressing well (1).

Due to the continuing robustness of the Golpu resource, the study group is considering upgrading early works to accommodate likely operating scenarios, including the construction of twin declines and purchase of land for early infrastructure. This will be assessed by management and, if considered appropriate, will be submitted for board approval. Recent exploration has produced better than expected results and we are very pleased with the progress here.

Looking ahead

We remain confident that we will reach our long term targets and our focus is to increase production to 2Moz of gold by FY13, with costs per tonne milled in the lowest quartile of South African producers. The company has turned the corner, with the closure of unprofitable operations, our longer-life lower cost operations are profitable and sustainable. With the closure of some shafts and unplanned production setbacks during the first six months of financial year 2011, production for the financial year 2011 will most likely be between 1.45Moz and 1.5Moz.

Harmony is well positioned to reap the benefits of a number of the initiatives we have implemented over the last three years aimed at optimising the asset portfolio and increasing operational efficiency.

We will continue to strive for an improved safety performance and as ever, our employees have the right to withdraw from unsafe areas. Overall, we have seen improved safety figures and we hope to continue this trend.

Given the expertise of our operational management teams, I feel confident in our ability to clear any hurdles in reaching our goal of being a sustainable low cost high quality producer.

Graham Briggs
Chief Executive Officer

(1) The technical information on Hidden Valley was compiled by Greg Job, Harmony's New Business Executive for South-East Asia, who has the overall responsibility and accountability for the Golpu Project, in terms of the South African Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (SAMREC) 2007. Mr Job has 21 years experience in mine and resource geology and is a member of the Australian Institute of Mining and Metallurgy. He is a full time employee of Harmony and qualifies as Competent Person as defined in the SAMREC code and the Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (JORC). Mr Job has consented to the inclusion of the exploration details based on the information in the form and context in which it appears.

Safety and health

Safety

Our approach to safety is comprehensive and includes training, auditing, communication, specific management interventions and programmes and on-going campaigns. There is not a safety-related event or issue that is not considered or addressed in a co-operative way on-mine between unions and management, from the introduction of new standards, to training needs, to investigations into accidents - and that is the way it should be. We are in this together and together our safety target can be reached. Our number one safety rule - that every employee has the right to withdraw from an unsafe area - stands and is non-negotiable.

Tragically, four fatalities occurred in three incidents at the South African operations during the December 2010 quarter.

Harmony achieved a single digit figure in respect of its Lost Time Injury Frequency Rate (LTIFR) for the ninth quarter in a row. For the year to date, the LTIFR (per million hours worked) improved by 3% when compared to the actual figure for the previous year (from 7.73 to 7.47) and by 15% quarter on quarter (from 8.06 to 6.88).

The Reportable Injury Frequency Rate (RIFR) (per million hours worked) to date regressed by 6% when compared to the actual figure for the previous year (from 4.19 to 4.43) but improved by 15% quarter on quarter (from 4.78 to 4.08).

The Fatal Injury Frequency Rate (FIFR) to date rate rose by 5% when compared to the actual figure for the previous year (from 0.21 to 0.22), but improved by 33% quarter on quarter (from 0.27 to 0.18).

Safety achievements for the quarter included:

| | |
|---|---|
| Total Harmony surface and underground operations: | 1 000 000 fatality free shifts |
| South African surface and underground operations: | 1 000 000 fatality free shifts |
| South African surface operations: | 2 000 000 fatality free shifts |
| Kusasalethu, Doornkop, Evander and Kalgold: | 2 000 000 fatality free shifts |
| Masimong: | 1 000 000 fatality free shifts |
| Evander 8: | 500 000 fatality free shifts |
| Unisel and Merriespruit 1: | 500 000 fatality free shifts |
| Doornkop: | 500 000 fatality free shifts |

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

· Masimong 4
· Phoenix Plant
· Target Plant
· Harmony 1 Plant
· Free State Commercial Services and Transport
· Randfontein Commercial Services and Transport
· Evander Workshops
· Evander Services
· Randfontein Surface Operations
· Merriespruit 3

The following operations completed two consecutive quarters without an injury

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

## Health

During the quarter our pro-active approach to the health and wellness of our employees continued. Our objective remains to improve health management programmes and effectively utilise clinical information. This includes the review of policies, procedures, and processes as well as training, on an on-going basis. These efforts have resulted in improved health and a better quality of life for our employees.

See our Sustainable Development Report for more details on our website www.harmony.co.za.

## Financial overview

Cash operating profit increased by 33% to R867 million in the December 2010 quarter. This was mainly due to a decrease in production cost of R225 million as a result of lower electricity tariffs and restructuring efforts. This decrease was offset by a decrease in revenue, as a result of a 4% lower gold production, which resulted in lower gold sales.

## Earnings per share

Basic earnings per share increased from 24 SA cents to 69 SA cents. Similarly headline earnings per share increased from 33 SA cents to earnings of 69 SA cents.

## Revenue

Revenue decreased from R3 083 million to R2 990 million as a result of the lower gold production. This decrease was offset by an increase in the Rand gold price received from R287 401/kg to R303 354/kg.

## Cost of sales

Cost of sales decreased from R2 995 million to R2 506 million in the December 2010 quarter. This was due to the decrease of R225 million in production costs and insurance credits to the value of R179 million following the unwinding of the previous insurance scheme.

## Other income/expenses

Other income amounted to R6 million in the December 2010 quarter, compared to an expense of R54 million in the September 2010 quarter, which included R47 million foreign exchange losses from other reserves on the liquidation of foreign subsidiaries.

## Gain on financial instruments

The net gain on financial instruments amounted to R78 million in the December 2010 quarter, which was an increase in fair value of the Nedbank Equity Linked Deposits held by the Environmental Trusts. In the September 2010 quarter this amount was R311 million, which comprised mainly of the revaluation of the Freegold option by R273 million following the conclusion of the sales agreement to sell the option to Wits Gold.

Capital expenditure

Total capital expenditure increased by 12% to R835 million in the December 2010 quarter with R750 million spent in South Africa and R85 million in PNG.

Borrowings

During the quarter an additional R750 million funding facility was arranged with Nedbank Limited on similar terms to the existing facility. Of this, R500 million was drawn down while R90 million was repaid on the existing facility. The undrawn facility at balance sheet date was R550 million.

CONDENSED CONSOLIDATED INCOME STATEMENT (Rand)

| | | | Quarter ended | |
|---|---|---|---|---|
| | Note | 31 December 2010 (Unaudited) R million | 30 September 2010 (Unaudited) R million | 31 December 1 2009 (Unaudited) R million |
| Continuing operations | | | | |
| Revenue | | 2 990 | 3 083 | 2 971 |
| Cost of sales | 2 | (2 506) | (2 995) | (2 656) |
| Production costs | | (2 093) | (2 408) | (2 172) |
| Royalty expense | | (30) | (23) | - |
| Amortisation and depreciation | | (442) | (426) | (320) |
| Impairment of assets | | - | - | (104) |
| Employment termination and restructuring costs | | (54) | (78) | (3) |
| Other items | | 113 | (60) | (57) |
| Gross profit | | 484 | 88 | 315 |
| Corporate, administration and other expenditure | | (96) | (94) | (95) |
| Social investment expenditure | | (23) | (16) | (20) |
| Exploration expenditure | 3 | (76) | (99) | (45) |
| Profit on sale of property, plant and equipment | | 1 | 16 | 1 |
| Other income/(expenses) - net | | 6 | (54) | (20) |
| Operating profit/(loss) | | 296 | (159) | 136 |
| (Loss)/profit from associates | | (19) | (8) | 25 |
| Profit/(loss) on sale of investment in subsidiary | | - | - | - |
| Net gain/(loss) on financial instruments | 4 | 78 | 311 | 3 |

| | | | | |
|---|---|---|---|---|
| Investment income | | 38 | 14 | 54 |
| Finance cost | | (69) | (59) | (37) |
| Profit before taxation | | 324 | 99 | 181 |
| Taxation | | (28) | 6 | (59) |
| Normal taxation | | - | (9) | (14) |
| Deferred taxation | | (28) | 15 | (45) |
| Net profit/(loss) from continuing operations | | 296 | 105 | 122 |
| Discontinued operations | | | | |
| Profit/(loss) from discontinued operations | 5 | 23 | (3) | (4) |
| Net profit/(loss) | | 319 | 102 | 118 |
| Attributable to: | | | | |
| Owners of the parent | | 319 | 102 | 118 |
| Non-controlling interest | | - | - | - |
| Earnings/(loss) per ordinary share (cents) | 6 | | | |
| - Earnings/(loss) from continuing operations | | 69 | 24 | 29 |
| - Earnings/(loss) from discontinued operations | | 5 | (1) | (1) |
| Total earnings/(loss) per ordinary share (cents) | | 74 | 23 | 28 |
| Diluted earnings/(loss) per ordinary share (cents) | 6 | | | |
| - Earnings/(loss) from continuing operations | | 69 | 24 | 29 |
| - Earnings/(loss) from discontinued operations | | 5 | (1) | (1) |
| Total diluted earnings/(loss) per ordinary share (cents) | | 74 | 23 | 28 |

| | Six months ended | | Year ended |
|---|---|---|---|
| | 31 December 2010 | 31 December 1 2009 | 30 June 2010 (Audited) |
| | R million | R million | R million |
| Continuing operations | | | |
| Revenue | 6 073 | 5 718 | 11 284 |
| Cost of sales | (5 501) | (5 256) | (10 484) |
| Production costs | (4 501) | (4 367) | (8 325) |
| Royalty expense | (53) | - | (33) |
| Amortisation and depreciation | (868) | (670) | (1 375) |
| Impairment of assets | - | (104) | (331) |
| Employment termination and restructuring costs | (132) | (3) | (205) |
| Other items | 53 | (112) | (215) |

| | | | |
|---|---|---|---|
| Gross profit | 572 | 462 | 800 |
| Corporate, administration and other expenditure | (190) | (174) | (382) |
| Social investment expenditure | (39) | (29) | (81) |
| Exploration expenditure | (175) | (93) | (219) |
| Profit on sale of property, plant and equipment | 17 | 1 | 104 |
| Other income/(expenses) - net | (48) | (94) | (58) |
| Operating profit/(loss) | 137 | 73 | 164 |
| (Loss)/profit from associates | (27) | 56 | 56 |
| Profit/(loss) on sale of investment in subsidiary | - | 5 | (24) |
| Net gain/(loss) on financial instruments | 389 | (2) | 38 |
| Investment income | 52 | 125 | 187 |
| Finance cost | (128) | (91) | (246) |
| Profit before taxation | 423 | 166 | 175 |
| Taxation | (22) | (77) | (335) |
| Normal taxation | (9) | (43) | (84) |
| Deferred taxation | (13) | (34) | (251) |
| Net profit/(loss) from continuing operations | 401 | 89 | (160) |
| Discontinued operations | | | |
| Profit/(loss) from discontinued operations | 20 | - | (32) |
| Net profit/(loss) | 421 | 89 | (192) |
| Attributable to: | | | |
| Owners of the parent | 421 | 89 | (192) |
| Non-controlling interest | - | - | - |
| Earnings/(loss) per ordinary share (cents) | | | |
| - Earnings/(loss) from continuing operations | 93 | 21 | (38) |
| - Earnings/(loss) from discontinued operations | 5 | - | (8) |
| Total earnings/(loss) per ordinary share (cents) | 98 | 21 | (46) |
| Diluted earnings/(loss) per ordinary share (cents) | | | |
| - Earnings/(loss) from continuing operations | 93 | 21 | (38) |
| - Earnings/(loss) from discontinued operations | 5 | - | (8) |
| Total diluted earnings/(loss) per ordinary share (cents) | 98 | 21 | (46) |

1 The comparative figures are re-presented due to Mount Magnet being reclassified as a discontinued operation. See note 5 in this regard.

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

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (Rand)

| | Quarter ended | | |
|---|---|---|---|
| | 31 December 2010 (Unaudited) R million | 30 September 2010 (Unaudited) R million | 31 December 2009 (Unaudited) R million |
| Net profit/(loss) for the period | 319 | 102 | 118 |
| Other comprehensive (loss)/income for the period, net of income tax | (161) | 106 | (51) |
| Foreign exchange translation | (131) | 106 | (57) |
| Fair value movement of available-for-sale investments | (30) | - | 6 |
| Total comprehensive income/(loss) for the period | 158 | 208 | 67 |
| Attributable to: | | | |
| Owners of the parent | 158 | 208 | 67 |
| Non-controlling interest | - | - | - |

| | Six months ended | | Year ended |
|---|---|---|---|
| | 31 December 2010 R million | 31 December 2009 R million | 30 June 2010 (Audited) R million |
| Net profit/(loss) for the period | 421 | 89 | (192) |
| Other comprehensive (loss)/income for the period, net of income tax | (55) | (36) | (131) |
| Foreign exchange translation | (25) | (38) | (127) |
| Fair value movement of available-for-sale investments | (30) | 2 | (4) |
| Total comprehensive income/(loss) for the period | 366 | 53 | (323) |
| Attributable to: | | | |
| Owners of the parent | 366 | 53 | (323) |
| Non-controlling interest | - | - | - |

CONDENSED CONSOLIDATED BALANCE SHEET (Rand)

| | Note | At 31 December 2010 R million | At 30 September 2010 (Unaudited) R million |
|---|---|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 30 218 | 29 873 |
| Intangible assets | | 2 199 | 2 199 |
| Restricted cash | | 26 | 116 |
| Restricted investments | | 1 864 | 1 787 |

| | | | |
|---|---|---|---|
| Investments in financial assets | | 264 | 296 |
| Investments in associates | | 358 | 377 |
| Inventories | | 232 | 237 |
| Trade and other receivables | | 69 | 67 |
| | | 35 230 | 34 952 |
| Current assets | | | |
| Inventories | | 943 | 902 |
| Trade and other receivables | | 962 | 649 |
| Income and mining taxes | | 102 | 73 |
| Restricted cash | | - | - |
| Cash and cash equivalents | | 837 | 772 |
| | | 2 844 | 2 396 |
| Assets of disposal groups classified as held for sale | 5 | - | - |
| | | 2 844 | 2 396 |
| Total assets | | 38 074 | 37 348 |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Share capital | | 28 277 | 28 269 |
| Other reserves | | 266 | 395 |
| Retained earnings | | 897 | 578 |
| | | 29 440 | 29 242 |
| Non-current liabilities | | | |
| Deferred tax | | 3 613 | 3 572 |
| Provision for environmental rehabilitation | | 1 752 | 1 723 |
| Retirement benefit obligation and other provisions | | 179 | 169 |
| Borrowings | 7 | 1 243 | 970 |
| | | 6 787 | 6 434 |
| Current liabilities | | | |
| Borrowings | 7 | 344 | 207 |
| Income and mining taxes | | 10 | 13 |
| Trade and other payables | | 1 493 | 1 452 |
| | | 1 847 | 1 672 |
| Liabilities of disposal groups classified as held for sale | 5 | - | - |
| | | 1 847 | 1 672 |
| Total equity and liabilities | | 38 074 | 37 348 |
| Number of ordinary shares in issue | | 429 506 618 | 428 850 854 |
| Net asset value per share (cents) | | 6 854 | 6 819 |
| | | At 30 June 2010 (Audited) R million | At 31 December 2009 R million |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 29 556 | 28 862 |

| | | |
|---|---|---|
| Intangible assets | 2 210 | 2 217 |
| Restricted cash | 146 | 167 |
| Restricted investments | 1 742 | 1 697 |
| Investments in financial assets | 12 | 20 |
| Investments in associates | 385 | 385 |
| Inventories | 214 | 77 |
| Trade and other receivables | 75 | 74 |
| | 34 340 | 33 499 |
| Current assets | | |
| Inventories | 987 | 1 103 |
| Trade and other receivables | 932 | 1 108 |
| Income and mining taxes | 74 | 55 |
| Restricted cash | - | 280 |
| Cash and cash equivalents | 770 | 808 |
| | 2 763 | 3 354 |
| Assets of disposal groups classified as held for sale | 245 | - |
| | 3 008 | 3 354 |
| Total assets | 37 348 | 36 853 |
| | | |
| EQUITY AND LIABILITIES | | |
| Share capital and reserves | | |
| Share capital | 28 261 | 28 096 |
| Other reserves | 258 | 375 |
| Retained earnings | 690 | 971 |
| | 29 209 | 29 442 |
| Non-current liabilities | | |
| Deferred tax | 3 534 | 3 317 |
| Provision for environmental rehabilitation | 1 692 | 1 612 |
| Retirement benefit obligation and other provisions | 169 | 167 |
| Borrowings | 981 | 565 |
| | 6 376 | 5 661 |
| Current liabilities | | |
| Borrowings | 209 | 460 |
| Income and mining taxes | 9 | 11 |
| Trade and other payables | 1 410 | 1 279 |
| | 1 628 | 1 750 |
| Liabilities of disposal groups classified as held for sale | 135 | - |
| | 1 763 | 1 750 |
| Total equity and liabilities | 37 348 | 36 853 |
| Number of ordinary shares in issue | 428 654 779 | 426 079 492 |
| Net asset value per share (cents) | 6 814 | 6 910 |

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Rand)
for the six months ended 31 December 2010

| | Share capital | Other reserves |
|---|---|---|

| | Note | R million | R million |
|---|---|---|---|
| Balance - 30 June 2010 | | 28 261 | 258 |
| Issue of shares | | 16 | - |
| Share-based payments | | - | 63 |
| Total comprehensive income for the period | | - | (55) |
| Dividends paid | 9 | - | - |
| Balance as at 31 December 2010 | | 28 277 | 266 |
| Balance - 30 June 2009 | | 28 091 | 339 |
| Issue of shares | | 5 | - |
| Share-based payments | | - | 72 |
| Total comprehensive income for the period | | - | (36) |
| Dividends paid | | - | - |
| Balance as at 31 December 2009 | | 28 096 | 375 |

| | Retained earnings R million | Total R million |
|---|---|---|
| Balance - 30 June 2010 | 690 | 29 209 |
| Issue of shares | - | 16 |
| Share-based payments | - | 63 |
| Total comprehensive income for the period | 421 | 366 |
| Dividends paid | (214) | (214) |
| Balance as at 31 December 2010 | 897 | 29 440 |
| Balance - 30 June 2009 | 1 095 | 29 525 |
| Issue of shares | - | 5 |
| Share-based payments | - | 72 |
| Total comprehensive income for the period | 89 | 53 |
| Dividends paid | (213) | (213) |
| Balance as at 31 December 2009 | 971 | 29 442 |

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (Rand)

| | | Quarter ended | |
|---|---|---|---|
| | 31 December 2010 (Unaudited) R million | 30 September 2010 (Unaudited) R million | 31 December 2009 (Unaudited) R million |
| Cash flow from operating activities | | | |
| Cash generated by operations | 450 | 703 | 183 |
| Interest and dividends received | 38 | 14 | 52 |
| Interest paid | (35) | (30) | (11) |
| Income and mining taxes paid | (30) | (4) | (34) |
| Cash generated by operating activities | 423 | 683 | 190 |
| Cash flow from investing activities | | | |
| Decrease/(increase) in restricted cash | 90 | 30 | (283) |
| Proceeds on disposal of investment in subsidiary | - | 229 | - |

| | | | |
|---|---|---|---|
| Proceeds on disposal of available-for-sale financial assets | 2 | - | 29 |
| Other investing activities | (6) | 10 | (3) |
| Net additions to property, plant and equipment | (846) | (748) | (890) |
| Cash utilised by investing activities | (760) | (479) | (1 147) |
| Cash flow from financing activities | | | |
| Borrowings raised | 525 | - | 686 |
| Borrowings repaid | (107) | (7) | (18) |
| Ordinary shares issued - net of expenses | 8 | 8 | 3 |
| Dividends paid | - | (214) | - |
| Cash generated/(utilised) by financing activities | 426 | (213) | 671 |
| Foreign currency translation adjustments | (24) | 11 | - |
| Net increase/(decrease) in cash and cash equivalents | 65 | 2 | (286) |
| Cash and cash equivalents - beginning of period | 772 | 770 | 1 094 |
| Cash and cash equivalents - end of period | 837 | 772 | 808 |

| | Six months ended | | Year ended |
|---|---|---|---|
| | 31 December 2010 | 31 December 2009 | 30 June 2010 (Audited) |
| | R million | R million | R million |
| Cash flow from operating activities | | | |
| Cash generated by operations | 1 153 | 408 | 1 611 |
| Interest and dividends received | 52 | 120 | 187 |
| Interest paid | (65) | (20) | (90) |
| Income and mining taxes paid | (34) | (59) | (125) |
| Cash generated by operating activities | 1 106 | 449 | 1 583 |
| Cash flow from investing activities | | | |
| Decrease/(increase) in restricted cash | 120 | (286) | 15 |
| Proceeds on disposal of investment in subsidiary | 229 | - | 24 |
| Proceeds on disposal of available-for-sale financial assets | 2 | 44 | 50 |
| Other investing activities | 4 | 5 | (12) |
| Net additions to property, plant and equipment | (1 594) | (1 797) | (3 493) |
| Cash utilised by investing activities | (1 239) | (2 034) | (3 416) |
| Cash flow from financing activities | | | |
| Borrowings raised | 525 | 686 | 1 236 |
| Borrowings repaid | (114) | (25) | (391) |
| Ordinary shares issued - net of expenses | 16 | 5 | 18 |
| Dividends paid | (214) | (213) | (213) |
| Cash generated/(utilised) by | | | |

| | | | |
|---|---|---|---|
| financing activities | 213 | 453 | 650 |
| Foreign currency translation adjustments | (13) | (10) | 3 |
| Net increase/(decrease) in cash and cash equivalents | 67 | (1 142) | (1 180) |
| Cash and cash equivalents - beginning of period | 770 | 1 950 | 1 950 |
| Cash and cash equivalents - end of period | 837 | 808 | 770 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2010

1. Accounting policies

Basis of accounting

The condensed consolidated financial statements for the six months ended 31 December 2010 have been prepared in accordance with IAS 34, Interim Financial Reporting, JSE Listing Requirements 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, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS). The accounting policies are consistent with those described in the annual financial statements, except for the adoption of applicable revised and/or new standards issued by the International Accounting Standards Board.

2. Cost of sales

| | Quarter ended | | |
|---|---|---|---|
| | 31 December 2010 (Unaudited) R million | 30 September 2010 (Unaudited) R million | 31 December 1 2009 (Unaudited) R million |
| Production costs | 2 093 | 2 408 | 2 172 |
| Royalty expense | 30 | 23 | - |
| Amortisation and depreciation | 442 | 426 | 320 |
| Impairment of assets(2) | - | - | 104 |
| Rehabilitation expenditure | 5 | 4 | 4 |
| Care and maintenance cost of restructured shafts | 28 | 25 | 14 |
| Employment termination and restructuring costs | 54 | 78 | 3 |
| Share based payments | 32 | 31 | 38 |
| Insurance credits(3) | (179) | - | - |
| Provision for post-retirement benefits | 1 | - | 1 |
| Total cost of sales | 2 506 | 2 995 | 2 656 |

| | Six months ended | | Year ended |
|---|---|---|---|
| | 31 December 2010 | 31 December 1 2009 | 30 June 2010 (Audited) |

| | R million | R million | R million |
|---|---|---|---|
| Production costs | 4 501 | 4 367 | 8 325 |
| Royalty expense | 53 | - | 33 |
| Amortisation and depreciation | 868 | 670 | 1 375 |
| Impairment of assets(2) | - | 104 | 331 |
| Rehabilitation expenditure | 9 | 8 | 29 |
| Care and maintenance cost of restructured shafts | 53 | 31 | 57 |
| Employment termination and restructuring costs | 132 | 3 | 205 |
| Share based payments | 63 | 72 | 148 |
| Insurance credits(3) | (179) | - | - |
| Provision for post-retirement benefits | 1 | 1 | (19) |
| Total cost of sales | 5 501 | 5 256 | 10 484 |

(1) The comparative figures are re-presented due to Mount Magnet being reclassified as part of discontinued operations. See note 5 in this regard.

(2) The impairment for the quarter ended 31 December 2009 and year ended 30 June 2010 relates mainly to Virginia and Evander, which was recorded as a result of shaft closures.

(3) Proceeds on unwinding of previous insurance agreement.

3. Exploration expenditure

| | | Quarter ended | |
|---|---|---|---|
| | 31 December 2010 (Unaudited) R million | 30 September 2010 (Unaudited) R million | 31 December 1 2009 (Unaudited) R million |
| Total exploration expenditure | 102 | 101 | 45 |
| Less: Expenditure capitalised | (26) | (2) | - |
| Exploration expenditure per income statement | 76 | 99 | 45 |

| | Six months ended | | Year ended |
|---|---|---|---|
| | 31 December 2010 R million | 31 December 1 2009 R million | 30 June 2010 (Audited) R million |
| Total exploration expenditure | 203 | 93 | 219 |
| Less: Expenditure capitalised | (28) | - | - |
| Exploration expenditure per income statement | 175 | 93 | 219 |

4. Net gain/(loss) 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), whereby Wits Gold obtains 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, is cancelled. The option is 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). 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 of the transactions is R336 million of which R275 million was received for the cancellation of the option agreement by the issue of 4 376 194 shares in Wits Gold, following approval by Wits Gold shareholders on 5 November 2010. This represents a 13% investment in Wits Gold. The remaining R61 million for the prospecting area will be settled in cash or a combination of cash and shares in Wits Gold, when all remaining conditions precedent have been fulfilled. The Group classifies the investment in Wits Gold as an available- for-sale financial asset. During the September 2010 quarter, a gain of R273 million was recognised on the Freegold option which was then classified as a financial asset at fair value through profit or loss.

5. 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 R84 million from other comprehensive income to the consolidated income statement. The income statement and earnings per share amounts for all comparative periods have been re-presented to disclose the operation as a discontinued operation.

6. 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 2010: 429.1 million (30 September 2010: 428.7 million, 31 December 2009: 425.9 million), and six months ended 31 December 2010: 428.9 million (31 December 2009: 425.9 million), and the year ended 30 June 2010: 426.4 million.

The diluted earnings/(loss) per ordinary share is calculated on weighted average number of diluted ordinary shares in issue for the quarter ended 31 December 2010: 429.9 million (30 September 2010: 429.9 million, 31 December 2009: 427.5 million), and the six months ended 31 December 2010: 429.7 million 31 December 2009: 427.4 million), and the year ended 30 June 2010: 427.8 million.

| | Quarter ended | | |
|---|---|---|---|
| | 31 December 2010 | 30 September 2010 | 31 December 1 2009 |

| | | | |
|---|---|---|---|
| | (Unaudited) | (Unaudited) | (Unaudited) |
| Total earnings/(loss) per ordinary share (cents): | | | |
| Basic earnings/(loss) | 74 | 23 | 28 |
| Diluted earnings/(loss) | 74 | 23 | 28 |
| Headline earnings/(loss) | 69 | 33 | 49 |
| - from continuing operations | 69 | 33 | 50 |
| - from discontinued operations | - | - | (1) |
| Diluted headline earnings/(loss) | 69 | 33 | 49 |
| - from continuing operations | 69 | 33 | 50 |
| - from discontinued operations | - | - | (1) |
| | R million | R million | R million |
| Reconciliation of headline earnings/(loss): | | | |
| Continuing operations | | | |
| Net profit/(loss) | 296 | 105 | 122 |
| Adjusted for: | | | |
| Profit on sale of property, plant and equipment | (1) | (16) | - |
| Taxation effect of profit on sale of property, plant and equipment | - | 5 | - |
| Net gain on financial instruments | (1) | - | (3) |
| Taxation effect of net gain on financial instruments | - | - | 1 |
| Foreign exchange loss/(gain) reclassified from other comprehensive income | - | 47 | - |
| Taxation effect of foreign exchange loss/(gain) reclassified from other comprehensive income | - | - | - |
| Loss on sale of investment in subsidiary | - | - | - |
| Taxation effect of loss on sale of investment in subsidiary | - | - | - |
| Impairment of other investments | - | - | - |
| Taxation effect of impairment of other investments | - | - | - |
| Impairment of assets | - | - | 104 |
| Taxation effect of impairment of assets | - | - | (11) |
| Headline earnings | 294 | 141 | 213 |

| | Six months ended | | Year ended |
|---|---|---|---|
| | 31 December 2010 | 31 December 1 2009 | 30 June 2010 (Audited) |
| Total earnings/(loss) per ordinary share (cents): | | | |
| Basic earnings/(loss) | 98 | 21 | (46) |

| | | | |
|---|---|---|---|
| Diluted earnings/(loss) | 98 | 21 | (46) |
| Headline earnings/(loss) | 101 | 37 | (7) |
| - from continuing operations | 101 | 37 | 1 |
| - from discontinued operations | - | - | (8) |
| Diluted headline earnings/(loss) | 101 | 37 | (7) |
| - from continuing operations | 101 | 37 | 1 |
| - from discontinued operations | - | - | (8) |
| | R million | R million | R million |
| Reconciliation of headline earnings/(loss): | | | |
| Continuing operations | | | |
| Net profit/(loss) | 401 | 89 | (160) |
| Adjusted for: | | | |
| Profit on sale of property, plant and equipment | (17) | (1) | (104) |
| Taxation effect of profit on sale of property, plant and equipment | 5 | - | 22 |
| Net gain on financial instruments | (1) | (5) | (7) |
| Taxation effect of net gain on financial instruments | - | 2 | 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 | - | 2 | - |
| Taxation effect of impairment of other investments | - | - | - |
| Impairment of assets | - | 104 | 331 |
| Taxation effect of impairment of assets | - | (11) | (75) |
| Headline earnings | 435 | 158 | 4 |

| | | Quarter ended | |
|---|---|---|---|
| | 31 December 2010 (Unaudited) R million | 30 September 2010 (Unaudited) R million | 31 December 1 2009 (Unaudited) R million |
| Discontinued operations | | | |
| Net profit/(loss) | 23 | (3) | (4) |
| Adjusted for: | | | |
| Profit on sale of property, plant and equipment | - | - | (2) |
| Taxation effect of profit on sale of property, plant and equipment | - | - | - |
| Profit on sale of investment in subsidiary | - | (138) | - |
| Taxation effect of profit on | | | |

| | | | |
|---|---|---|---|
| sale of investment in subsidiary | - | 34 | - |
| Foreign exchange (profit)/loss reclassified from other comprehensive income | (23) | 107 | - |
| Taxation effect of foreign exchange loss reclassified from other comprehensive income | - | - | - |
| Headline loss | - | - | (6) |
| Total headline earnings/(loss) | 294 | 141 | 207 |

| | Six months ended | | Year ended |
|---|---|---|---|
| | 31 December 2010 | 31 December 1 2009 | 30 June 2010 (Audited) |
| | R million | R million | R million |
| Discontinued operations | | | |
| Net profit/(loss) | 20 | - | (32) |
| Adjusted for: | | | |
| Profit on sale of property, plant and equipment | - | (3) | - |
| Taxation effect of profit on sale of property, plant and equipment | - | 1 | - |
| Profit on sale of investment in subsidiary | (138) | - | (1) |
| Taxation effect of profit on sale of investment in subsidiary | 34 | - | - |
| Foreign exchange (profit)/loss reclassified from other comprehensive income | 84 | - | - |
| Taxation effect of foreign exchange loss reclassified from other comprehensive income | - | - | - |
| Headline loss | - | (2) | (33) |
| Total headline earnings/(loss) | 435 | 156 | (29) |

(1) The comparative figures are re-presented due to Mount Magnet being reclassified as discontinued operation. See note 5 in this regard.

7. Borrowings

| | 31 December 2010 | 30 September 2010 (Unaudited) | 30 June 2010 (Audited) | 31 December 2009 |
|---|---|---|---|---|
| | R million | R million | R million | R million |
| Total long-term borrowings | 1 243 | 970 | 981 | 565 |
| Total current portion of borrowings | 344 | 207 | 209 | 460 |
| Total borrowings (1) (2) | 1 587 | 1 177 | 1 190 | 1 025 |

(1) In 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 first instalment was paid on 30 June 2010.

In December 2010 the Company entered into an additional loan facility with Nedbank Limited, comprising of a Term Facility of R500 million and a Revolving Credit Facility of R250 million. Interest terms are identical to the original facility. The Term Facility is repayable bi-annually in equal instalments of R62.5 million over four years, with the first instalment payable on 30 June 2011. The terms of the original Revolving Credit Facility was amended to coincide with the repayment terms of the new Revolving Credit Facility, being payable after three years from December 2010.

At 31 December 2010, R550 million of these facilities had not been drawn down.

(2) Included in the borrowings is R63 million (September 2010: R74 million; June 2010: R91 million; December 2009: R102 million) owed to Westpac Bank Limited in terms of a finance lease agreement. The future minimum lease payments are as follows:

| | 31 December 2010<br>R million | 30 September 2010 (Unaudited)<br>R million | 30 June 2010 (Audited)<br>R million | 31 December 2009<br>R million |
|---|---|---|---|---|
| Due within one year | 28 | 30 | 33 | 32 |
| Due between one and five years | 36 | 46 | 60 | 73 |
| | 64 | 76 | 93 | 105 |
| Future finance charges | (1) | (2) | (2) | (3) |
| Total future minimum lease payments | 63 | 74 | 91 | 102 |

8. Commitments and contingencies

| | 31 December 2010<br>R million | 30 September 2010 (Unaudited)<br>R million | 30 June 2010 (Audited)<br>R million | 31 December 2009<br>R million |
|---|---|---|---|---|
| Capital expenditure commitments: | | | | |
| Contracts for capital expenditure | 166 | 188 | 117 | 244 |
| Authorised by the directors but not contracted for | 2 669 | 3 406 | 1 006 | 2 507 |
| | 2 835 | 3 594 | 1 123 | 2 751 |

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 at www.harmony.co.za. There were no significant changes in contingencies since 30 June 2010.

9. 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.

10. Subsequent events

No subsequent events occurred between close of the current quarter and date of this report.

11. Segment report

The segment report follows after note 13.

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

| | Six months ended 31 December 2010 R million | Six months ended 31 December 1 2009 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 | 6 073 | 5 718 |
| Total segment production costs and royalty expense | (4 554) | (4 367) |
| Production profit as per segment report | 1 519 | 1 351 |
| Less: Discontinued operations | - | - |
| | 1 519 | 1 351 |
| Cost of sales items other than production costs and royalty expense | (947) | (889) |
| Amortisation and depreciation | (868) | (670) |

| | | |
|---|---|---|
| Impairment of assets | - | (104) |
| Employment termination and restructuring costs | (132) | (3) |
| Share-based payments | (63) | (72) |
| Insurance credits | 179 | - |
| Rehabilitation costs | (9) | (8) |
| Care and maintenance costs of restructured shafts | (53) | (31) |
| Provision for post-retirement benefits | (1) | (1) |
| Gross profit as per income statements * | 572 | 462 |

| | Six months ended 31 December 2010 R million | Six months ended 31 December 1 2009 R million |
|---|---|---|
| Reconciliation of total segment mining assets to consolidated property, plant and equipment: | | |
| Property, plant and equipment not allocated to a segment | | |
| Mining assets | 862 | 746 |
| Undeveloped property | 5 139 | 5 139 |
| Other non-mining assets | 72 | 66 |
| | 6 073 | 5 951 |

(1) The comparative figures are re-presented due to Mount Magnet being reclassified as discontinued operation. See note 5 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.

13. Review report

The condensed consolidated financial statements for the six months ended 31 December 2010 on pages 16 to 27 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 2010 (Rand/Metric)

| | Revenue R million | Production costs(1) R million | Production profit/(loss) R million | Mining assets R million |
|---|---|---|---|---|
| Continuing operations | | | | |
| South Africa | | | | |
| Underground | | | | |
| Bambanani (2) | 502 | 421 | 81 | 1 034 |
| Doornkop | 360 | 295 | 65 | 2 973 |
| Evander | 315 | 316 | (1) | 946 |

| | | | | |
|---|---|---|---|---|
| Joel | 169 | 198 | (29) | 187 |
| Kusasalethu | 772 | 643 | 129 | 3 098 |
| Masimong | 730 | 397 | 333 | 821 |
| Phakisa | 267 | 223 | 44 | 4 207 |
| Target (2) | 511 | 358 | 153 | 2 670 |
| Tshepong | 1 000 | 581 | 419 | 3 624 |
| Virginia | 398 | 349 | 49 | 696 |
| Surface | | | | |
| All other surface operations (3) | 589 | 431 | 158 | 148 |
| Total South Africa | 5 613 | 4 212 | 1 401 | 20 404 |
| International | | | | |
| Papua New Guinea | 460 | 342 | 118 | 3 741 |
| Total international | 460 | 342 | 118 | 3 741 |
| Total continuing operations | 6 073 | 4 554 | 1 519 | 24 145 |
| Discontinued operations | | | | |
| Mount Magnet | - | - | - | - |
| Total discontinued operations | - | - | - | - |
| Total operations | 6 073 | 4 554 | 1 519 | 24 145 |
| Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 12) | - | - | | 6 073 |
| | 6 073 | 4 554 | | 30 218 |

| | Capital expenditure R million | Kilograms produced kg* | Tonnes milled t'000* |
|---|---|---|---|
| Continuing operations | | | |
| South Africa | | | |
| Underground | | | |
| Bambanani (2) | 156 | 1 716 | 233 |
| Doornkop | 154 | 1 184 | 311 |
| Evander | 116 | 1 069 | 279 |
| Joel | 40 | 556 | 168 |
| Kusasalethu | 189 | 2 559 | 497 |
| Masimong | 89 | 2 414 | 462 |
| Phakisa | 194 | 882 | 193 |
| Target (2) | 252 | 1 982 | 401 |
| Tshepong | 133 | 3 316 | 683 |
| Virginia | 49 | 1 326 | 366 |
| Surface | | | |
| All other surface operations (3) | 66 | 2 024 | 5 328 |
| Total South Africa | 1 438 | 19 028 | 8 921 |
| International | | | |
| Papua New Guinea | 144 | 1 498 | 852 |
| Total international | 144 | 1 498 | 852 |

| | | | |
|---|---|---|---|
| Total continuing operations | 1 582 | 20 526 | 9 773 |
| Discontinued operations | | | |
| Mount Magnet | - | - | - |
| Total discontinued operations | - | - | - |
| Total operations | 1 582 | 20 526 | 9 773 |
| Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 12) | | | |

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 extraction of gold in lock-up at the President Steyn plant.

* Production statistics are not reviewed.

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

| | Revenue R million | Production costs R million | Production profit R million | Mining assets R million |
|---|---|---|---|---|
| Continuing operations | | | | |
| South Africa | | | | |
| Underground | | | | |
| Bambanani | 490 | 369 | 121 | 680 |
| Doornkop | 259 | 209 | 50 | 2 699 |
| Evander | 599 | 559 | 40 | 906 |
| Joel | 291 | 209 | 82 | 135 |
| Kusasalethu | 741 | 571 | 170 | 2 894 |
| 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 |
| Surface | | | | |
| All other 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 |
| Total international | - | - | - | 3 805 |
| Total continuing operations | 5 718 | 4 367 | 1 351 | 22 638 |
| Discontinued operations | | | | |

| | | | | |
|---|---|---|---|---|
| Mount Magnet | - | - | - | 273 |
| Total discontinued operations | - | - | - | 273 |
| Total operations | 5 718 | 4 367 | 1 351 | 22 911 |
| Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 12) | - | - | | 5 951 |
| | 5 718 | 4 367 | | 28 862 |

| | Capital expenditure R million | Kilograms produced kg* | Tonnes milled t'000* |
|---|---|---|---|
| Continuing operations | | | |
| South Africa | | | |
| Underground | | | |
| Bambanani | 51 | 1 878 | 270 |
| Doornkop | 151 | 990 | 278 |
| Evander | 106 | 2 296 | 504 |
| Joel | 50 | 1 106 | 248 |
| Kusasalethu | 236 | 3 012 | 495 |
| 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 |
| Surface | | | |
| All other surface operations (1) | 44 | 1 674 | 4 384 |
| Total South Africa | 1 378 | 22 515 | 9 019 |
| International | | | |
| Papua New Guinea (2) | 429 | 768 | - |
| Total international | 429 | 768 | - |
| Total continuing operations | 1 807 | 23 283 | 9 019 |
| Discontinued operations | | | |
| Mount Magnet | - | - | - |
| Total discontinued operations | - | - | - |
| 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) At 31 December 2009, production statistics for Hidden Valley was shown for information purposes. This mine was in build-up phase and revenue and costs were capitalised until commercial levels of production were reached.

* Production statistics are not reviewed.

* The technical information on Hidden Valley was compiled by Greg Job, Harmony's New Business Executive for South-East Asia, who has the overall responsibility and accountability for the Golpu Project, in terms of the South African Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (SAMREC) 2007. Mr Job has 21 years experience in mine and resource geology and is a member of the Australian Institute of Mining and Metallurgy. He is a full time employee of Harmony and qualifies as Competent Person as defined in the SAMREC code and the Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (JORC). Mr Job has consented to the inclusion of the exploration details based on the information in the form and context in which it appears.

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
P T Motsepe (Chairman)*
G P Briggs (Chief Executive Officer)
H O Meyer (Financial Director)
H E Mashego (Executive Director)
F F T De Buck*^ (Lead independent director)
F Abbott*, J A Chissano*1, Dr C Diarra*+^
K V Dicks*^, Dr D S Lushaba*^, C Markus*^,
M Motloba*^, C M L Savage*^, A J Wilkens*
* Non-executive
1 Mozambican
+ US/Mali Citizen
^ Independent

Investor Relations Team
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

Henrika Basterfield
Investor Relations Officer
Telephone: +27 11 411 2314
Fax:       +27 11 692 3879
Mobile:    +27 82 759 1775
E-mail:    henrika@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 4381

United Kingdom Registrars
Capita Registrars
The Registry
34 Beckenham Road
Bechenham
Kent BR3 4TU
United Kingdom
Telephone: 0871 664 0300 (UK)
(calls cost 10p a minute plus network extras, lines are open
8:30 am to 5:30 pm (Monday to Friday)
or         +44 (0) 20 8639 3399 (calls from overseas)
Fax:       +44 (0) 20 8639 2220

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

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

Trading Symbols
JSE Limited: HAR
New York Stock Exchange, Inc: HMY
London Stock Exchange Plc: HRM
Euronext, Brussels: HMY
Berlin Stock Exchange: HAM1

Registration number 1950/038232/06
Incorporated in the Republic of South Africa
ISIN: ZAE 000015228