HARMONY GOLD MINING CO LTD
Form 6-K
February 07, 2011
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 6-K
REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO
RULE 13a-16 OR 15d-16 UNDER THE SECURITIES
EXCHANGE ACT OF 1934
For 7 February 2011
Harmony Gold Mining Company
Limited
Randfontein Office Park
Corner Main Reef Road and Ward Avenue
Randfontein, 1759
South Africa
(Address of principal executive offices)
(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)
Form 20-F X Form 40-F
(Indicate by check mark whether the registrant by
furnishing the information contained in this form
is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the
Securities Exchange Act of 1934.)
Yes No X

SHAREHOLDER INFORMATION
Issued ordinary share capital
429 506 618
at 31 December 2010
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
R76.18 –
31 December 2010 – closing prices)
R88.02
Average volume for the
quarter (1 October 2010 to
1 178 082
31 December 2010)
shares per day
New York Stock
Exchange, Inc.
HMY
Range for quarter
(1 October 2010 to
US$10.75 –
31 December 2010 – closing prices)
US$12.75
Average volume for the
quarter (1 October 2010 to
1 961 517
31 December 2010)

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
Quarter
6 months
6 months
Year-on-
December
September
Q-on-Q
December
December
year
2010
2010
variance
2010
2009
variance
%
%
Gold produced
(1)
– kg
10 055
10 471
(4)
20 526
23 283
(12)
– oz
323 275
336 650
(4)
659 925
748 555
(12)
Cash costs
– R/kg

216 595
228 658
5
222 787
190 172
(17)
–
US$/oz
979
974
(1)
965
775
(25)
Gold sold
– kg
10 046
10 869
(8)
20 915
23 111
(10)
– oz
322 986
349 447
(8)
672 433
743 034
(10)
Gold price
– R/kg
303 354
287 401
6
295 069
251 968
17
received
– US$/oz
1 371
1 224
12
1 294
1 028
26
Cash operating
– R million
867
652
33
1 519

1 351
12
profit
– US$ million
126
89
42
215
178
21
Basic
– SAc/s
69
24
>100
93
21
>100
earnings –
USc/s 10 3
>100 13 3
>100
per share*
Headline
– Rm
294
141
>100
435
158
>100
profit* –
US$m 43
19
>100
61
21
>100
Headline
– SAc/s
69
33
>100
101
37
>100
earnings –
USc/s 10 5
100 14 5
>100
per share*

Exchange rate
– R/US$
6.88
7.31
(6)
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).
Incorporated in the Republic of South Africa
Registration number 1950/038232/06
("Harmony" or "Company")
Results for the second quarter and six months ended **31 December 2010**
JSE Share code: HAR | NYSE Share code: HMY | ISIN: ZAE 000015228

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Results for the second quarter and six months
ended 31 December 2010

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.

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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 (see page 5).

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.

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

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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.

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Results for the second quarter and six months
ended 31 December 2010
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.
Operational overview
Group operational results
December
September
%
Indicator Units

2010
2010
variance
Tonnes **('000)**
4 675
5 098
(8)
Grade **(g/t)** 2.11 2.03 4
Gold produced
(kg)
10 055
10 471
(4)
Gold sold
(kg)
10 046
10 869
(8)
Cash operating costs **(R/kg)**
216 595
228 658
5
Operating profit
(R'000) 867 489
651 902
33

Quarter on quarter cash operating profit increased by 33% to R867 million, mainly as a result of production trends moving in the right direction at our build-up operations and a higher gold price received.

Gold production declined by 4% to 10 055kg, with volumes 8% lower at 4 675 000 tonnes and steady grade at 2.11g/t.

The decline in total cash operating costs was pleasing at R216 595/kg compared to R228 658/kg in the previous quarter, mainly due to restructuring efforts and lower electricity tariffs.

Build-up and steady operations

Doornkop

December
September
%
Indicator Units
2010
2010
variance
Tonnes **('000)** 171 140 22
Grade **(g/t)** 3.76 3.86 (3)
Gold produced
(kg) 643 541
19
Cash operating costs **(R/kg)**
229 894
249 294

8

Operating profit
(R'000)

44 938

20 502

>100

Tonnes milled improved by 22% quarter on quarter. This improvement was driven by higher volumes mined at both the Kimberley Reef and the South Reef. The improvement on the Kimberley Reef can be attributed to the improved availability of trackless equipment and the arrival of a new fleet of equipment. The South Reef improvement was driven by a 22% improvement in the square metres mined. On the South Reef all 12 additional stoping crews transferred from Merriespruit 1 assisted with higher production.

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Gold production increased by 19% to 643kg this quarter, mainly due to the 12% increase in reef square metres mined and a very high mine call factor (MCF). The MCF increased from 86% to 94% quarter on quarter.

Cash cost increased by 10% to R148 million compared with the previous quarter's figure of R135 million, due to additional labour being employed. Higher production has offset this cost resulting in unit cost improving by 8% to R229 894/kg.

Kusasalethu

Indicator	Units	December 2010	September 2010	% variance
Tonnes	('000)	228	269	(15)
Grade	(g/t)	4.59	5.62	(18)
Gold produced	(kg)	1 046	1 513	(31)
Cash operating costs	(R/kg)	274 201	225 164	(22)
Operating profit	(R'000)	40 192	88 758	(55)

Planned build-up at Kusasalethu was hampered by a fatal accident that caused damage to the hoisting shaft and restricted hoisting of ore to the surface. As a result, production and tonnes milled decreased by 31% and 15% respectively and recovery grade decreased by 18% at 4.59g/t.

The R/kg unit cost increased by 22% quarter on quarter due to lower kilograms produced when compared to the previous quarter.

The mechanical construction work on the refrigeration plants was delayed due to the shaft accident and will be completed by the end of March 2011. Sinking has progressed 38m down to 113 level from 109 level although this was also delayed as a result of the shaft accident. The turbine on 92 level's mechanical installation will be completed end of February 2011.

Phakisa

December
September
%
Indicator Units
2010
2010
variance
Tonnes ('000)
107
86
24
Grade (g/t)
4.72
4.38
8
Gold produced
(kg)
505
377
34
Cash operating costs
(R/kg)
221 491
296 520
25
Operating profit
(R'000)
43 769
320
>100

An improvement of 40% in development metres quarter on quarter, resulted in higher tonnes mined at 107 000 tonnes, compared to 86 000 tonnes in the previous quarter. Gold production increased by 34% to 505kg and grade increased by 8% to 4.72.

Higher production resulted in operating profit increasing substantially to R44 million for the quarter.

Phakisa's ice plants achieved a new record of 1 763 tonnes of ice per day during the quarter, resulting in lower water temperatures, which improved ventilation as well as productivity at this operation.

Masimong

December
September
%
Indicator Units
2010
2010
variance
Tonnes ('000)

219
243
(10)
Grade (g/t)
5.26
5.20
1
Gold produced
(kg)
1 151
1 263
(9)
Cash operating costs
(R/kg)
168 907
161 372
(5)
Operating profit
(R'000)
160 961
172 532
(7)
Masimong remains the lowest R/kg producer in the company at R168 907/kg. Tonnes mined decreased by 10%, despite an increase of 13% in square metres mined, due to an underground lock-up of tonnes. A ventilation change over process and unwarranted stoppages by the Department of Mineral Resources resulted in the lock-up. The whole ventilation circuit had to be changed, as it was originally done through a booster fan system. The process was completed within three days and improved ventilation conditions are already evident.
A decrease in production of 9% to 1 151kg, resulted in slightly higher cash operating costs at R168 907/kg. Recovery grades increased to 5.26 g/t.
Target 1
December
September
%
Indicator Units
2010
2010
variance
Tonnes ('000)
196
205
(4)
Grade (g/t)
4.41
4.08
8
Gold produced
(kg)

865
836
4
Cash operating costs
(R/kg)
191 083
215 050
11
Operating profit
(R'000)
98 380
54 702
80
Gold production increased by 4%, a result of an 8% improvement in grade to 4.41g/t from 4.08g/t the previous quarter, despite a 4% decline in tonnage quarter on quarter. The improved grade was a result of the higher grade ore mined in the 272 EA sub-level pillar and the reduced incidence of development waste in the system.
Costs were 8% down on the previous quarter, mainly owing to reduced electricity, labour and rehabilitation costs. Much of the rehabilitation work on the infrastructure has now been done.
Target 3
December
September
%
Indicator Units
2010
2010
variance
Gold produced
(kg)
170
111
53
Build-up of the shaft was an impressive improvement of 57% to 55 000 tonnes and 170 kilograms during the quarter. This despite the extensive infrastructure improvements in the shafts and one fridge plant which is only due to be commissioned in the March 2011 quarter.

Tshepong

Indicator	Units	December 2010	September 2010	% variance
Tonnes	('000)	345	338	2
Grade	(g/t)	4.72	4.99	(5)
Gold produced	(kg)	1 628	1 688	(4)
Cash operating costs	(R/kg)	176 052	175 322	–
Operating profit	(R'000)	212 948	206 436	3

Tshepong's performance remains steady, with a 2% increase in tonnes milled to 345 000 tonnes, whilst the grade and gold production declined by 5% and 4% respectively. Tshepong's grade remains sensitive to stoping width, which is rigorously controlled by the under-cut mining method used at this mine.

Total cash operating costs in R/kg terms are the second lowest in the group at R176 052/kg and remained steady quarter on quarter.

Operating profit increased by 3% from the previous quarter mainly due a higher gold price.

Hidden Valley (held in Morobe Mining Joint Venture – 50% of attributable production reflected)

Indicator	Units	December 2010	September 2010	% variance

variance
Tonnes (’000)
425
427
(1)
Grade (g/t)
1.95
1.57
24
Gold produced
(kg)
827
671
23
Cash operating costs
(R/kg)
195 605
244 720
20
Operating profit
(R’000)
99 265
18 946
>100

Hidden Valley had an excellent quarter, with an increase in gold production of 23% to 827kg, due to higher gold feed grades and improved recoveries. Silver production increased by 44% at 191 327 ounces quarter on quarter, as a result of higher recoveries. The average plant head grade for the quarter was 2.21 g/t Au, while the silver grade was 26.6 g/t Ag, with unit costs lower at R195 605/kg (US$884/oz), in comparison to R244 720/kg ($1 042/oz) in the previous quarter.

Plant throughput was maintained at 850 000 tonnes, mainly due to mill constraints, which will be resolved once a higher proportion of primary ore is delivered to the processing plant. Significant increases in gold and silver recovery rates, reflect ongoing improvements in both the flotation and CIL (carbon in leach) circuit.

Cash operating cost, decreased by 20% to R195 605/kg (US$/884/oz).

An operating profit of R99 million was reported for this quarter.

Other underground South African operations

Bambanani

December
September
%
Indicator Units
2010
2010
variance
Tonnes (’000)
104
129

(19)
Grade (g/t)
7.27
7.06
3
Gold produced
(kg)
756
911
(17)
Cash operating costs
(R/kg)
260 147
245 750
(6)
Operating profit
(R'000)
34 468
46 485
(26)

Bambanani's tonnage and gold production declined by 19% and 17% respectively, largely as a result of the seismic event that occurred in October 2010. After the seismic event, a full risk assessment was undertaken and it was decided to stop mining four pillars that posed a safety risk, which will reduce Bambanani's tonnage profile.

The grade improved by 3% to 7.27g/t from 7.06g/t in the previous quarter. Better grades are expected in the next quarter, following the implementation of a number of improvement initiatives.

Cash operating costs increased by 6% to R260 147/kg, mainly due to the decline in gold production, offset by lower electricity tariffs. The lower gold production had a negative effect on operating profit, which declined by 26% to R34 million.

Steyn 2

December
September
%
Indicator Units
2010
2010
variance
Gold produced
(kg)
18
31
(42)

During the quarter it was decided to abandon the pillars in the main shaft for safety reasons. In addition, given the deterioration in the rock hoisting decline over time, it was decided to abandon the decline too and create another route to Bambanani for rock hoisting. This was completed towards the end of December 2010.

As a result of these decisions, the original plan for the build-up of production at Steyn 2 will be amended. The major focus will now be on bringing the shaft pillar into production in the 2011/12 financial year. A small amount of mining will continue in the decline section during this time.

Evander

Indicator	Units	December 2010	September 2010	% variance
Tonnes	('000)	139	140	(1)
Grade	(g/t)	3.72	3.94	(6)
Gold produced	(kg)	517	552	(6)
Cash operating costs	(R/kg)	300 698	290 188	(4)
Operating profit/(loss)	(R'000)	1 330	(2 192)	>100

9

Tonnes milled and kilograms produced decreased quarter on quarter by 1% and 6% respectively. Environmental conditions improved, with the chilled water reducing the heat load in the decline section.

Grade decreased by 6% from 3.94g/t to 3.72g/t. The lower recovery grade and tonnes locked up underground resulted in a decrease in gold produced of 35kg quarter on quarter, while the face grade remained steady.

Total cash cost decreased by 3% quarter on quarter mainly as a result of lower summer electricity tariffs and reduced labour costs following the restructuring. R/kg costs increased by 4%, due to lower gold production.

Joel

Indicator	Units	December 2010	September 2010	% variance
Tonnes	(’000)	128	40	>100
Grade	(g/t)	3.19	3.70	(14)
Gold produced	(kg)	408	148	>100
Cash operating costs	(R/kg)	276 787	588 101	53
Operating (loss)/profit	(R’000)	2 127	(31 153)	>100

Joel resumed production in mid-September 2010, on completion of the repairs to the North shaft bottom. As a result volumes produced improved dramatically to 128 000 tonnes, with gold production higher at 408kg.

Grade was down by 14% at 3.19g/t compared to 3.70g/t the previous quarter. This was influenced by the lift shaft as the higher grades on 129 level cannot be mined until the lift shaft has been commissioned. Equipping of the lift shaft is progressing well and will be completed

during the forthcoming quarter. A feasibility study on the possible mining of 137 level and testing the upside potential of 145 level is well underway and the final feasibility presentation is planned for the June 2011 quarter.
Unit costs improved significantly, up 53% to R276 787/kg compared to R588 101/kg the previous quarter.

Virginia operations

Indicator	Units	December 2010	September 2010	% variance
Tonnes milled	('000)	122	244	(50)
Grade	(g/t)	4.64	3.11	49
Gold produced	(kg)	566	760	(26)
Cash operating costs	(R/kg)	197 512	300 593	34
Operating (loss)/profit	(R'000)	51 426	(2 136)	>100

The past quarter reflected Unisel's production and a small portion of Merriespruit 1 prior to its closure. Grade improved by 49% to 4.64g/t from 3.11g/t in the previous quarter. This resulted in impressive financial results. The Virginia operations milled 50% less tonnes and produced 26% less gold during this quarter, following the closure of Merriespruit 1, but recorded a cash operating profit of R51 million this quarter, compared to a R2 million loss in the previous quarter. The R/kg costs improved by 34% to R197 512/kg from R300 593/kg the previous quarter.

Total South African surface operations

December
September
%

Indicator Units
2010
2010
variance
Tonnes **(’000)**
2 491
2 837
(12)
Grade **(g/t)** 0.38 0.38 –
Gold produced
(kg) 955
1
069
(11)
Gold sold
(kg) 898
1
103
(19)
Cash operating costs **(R/kg)**
215 422
216 260
–
Operating profit
(R’000)
77 685
78 702
(1)

Tonnes mined decreased by 12% and gold produced by 11%, while grade remained stable at 0.38g/t. The cash operating cost in Rand per kilogram remained steady.

Kalgold

December
September
%
Indicator Units
2010
2010
variance
Tonnes (’000)
413
433
(5)
Grade (g/t)
0.82
0.85
(4)
Gold produced
(kg)
339
368

(8)
Cash operating costs
(R/kg)
246 475
238 840
(3)
Operating profit
(R'000)
16 976
26 036
(35)
Production volumes milled and gold production declined by 5% and 8% respectively. Milling was adversely affected by breakdowns on the mill girth gears in November 2011, which have been repaired.
Cash cost decreased by 5% to R84 million, while unit cash costs in Rand increased by 3%. The decrease in costs was mainly a result of a reduction in plant costs
in lieu
of improved control over engineering
consumables and lower summer rates for electricity.

10
Results for the second quarter and six months
ended 31 December 2010
Phoenix (tailings)
December
September
%
Indicator Units
2010
2010
variance
Tonnes
('000)
1 266
1 546
(18)
Grade (g/t)
0.11
0.11
–
Gold produced
(kg)
138
165
(16)
Cash operating costs
(R/kg)
241 659
231 606
(4)
Operating profit
(R'000)
8 728
9 133
(4)
Both tonnes and kilograms produced by the Phoenix tailings decreased by 18% and 16% respectively. This decrease was attributable to breakdowns in December 2010, due to excessive rain and pump failures.
Total cash operating cost decreased by 13% from the previous quarter and the operating profit is down by 4%.
Surface dumps
December
September
%
Indicator Units
2010
2010
variance
Tonnes ('000)
812

858
(5)
Grade (g/t)
0.59
0.62
(5)
Gold produced
(kg)
478
536
(11)
Gold sold
(kg)
478
536
(11)
Cash operating costs
(R/kg)
185 824
196 034
5
Operating profit
(R'000)
51 981
43 533
19

Tonnes milled and kilograms produced decreased by 5% and 11% respectively, mainly due to mill failures at Joel plant in November and December 2010. Plant capacity was well utilised and during the break period, increased waste rock dump (WRD) material was delivered to the plants.

Grade at 0.59g/t was 5% lower than in the previous quarter, due to grades at the Joel and Freddies waste rock dumps being lower than planned – influencing the overall grade from surface sources. The Bambanani waste rock dump also had slightly lower grades. The grade of material sourced from the plant clean-up remained high for the quarter.

Costs were well controlled and in line with the lower tonnages processed, assisted by the reduction in electricity tariffs.

11

Development

Note: The ore reserve block grades reflect the grades of the blocks in the life-of-mine plans for the various operations. These blocks are to a large degree the blocks above a certain cut-off grade that has been targeted for mining. The development grades are those as sampled in the ongoing on-reef development at the operations and no selectivity has been applied from a grade point of view.

Bambanani

In the southern part of the mine, development grades are in line with expected grades. In line with expectations, high grades averaging 3.855cmg/t were sampled in the wide raise development in the shaft pillar area.

Doornkop

In general, South Reef development grades at Doornkop were better than expected owing to the presence of carbon in some areas and because of the intersection of thicker reef packages in certain areas. No on-reef development was planned for the Kimberly Reef.

Evander

Almost all on-reef development is now concentrated on the Kinross payshoot in the decline area. The development grade also improved quarter on quarter, in line with expectations.

Joel

Development grades were in line with expectations and remain good in the winzes being developed from 121 to 129 levels.

Kusasalethu

On-reef development returned better-than-expected grades in both the old and new mine areas. In the new mine, some very good grades, above 2.500cmg/t were encountered in areas where the Elsburg reef sub-crops against the VCR.

Masimong

The Basal reef development values were maintained in the region of the reserve grade while there was a drop in B reef grades since some of the wide raises advanced into areas that are outside of the main B reef channels.

Phakisa

While being lower than the ore reserve grade, the development grades were as expected for the areas currently being developed. As discussed previously, most of the development at Phakisa is still taking place in the lower grade central block with its very erratic nature in terms of grade. The major drive is still on the development of the area to the north to access the higher grade Black Chert facies and move closer to the average reserve grade. New raise lines towards the north will be developed in the next quarter and an improved development grade is expected.

Target (narrow reef mining)

At the Target 1 shaft, good values were sampled in the one raise that is being developed for narrow reef stoping. It is important to note that this is not representative of the Target 1 shaft as a whole as it excludes the massive mining as well as the raises developed for rock engineering requirements.

At the recently restarted Target 3 shaft, the focus remained on getting development here up to planned levels.

Tshepong

Quarter on quarter, both the Basal and B reef development grades increased more than satisfactorily as did the development metres.

In the Tshepong B reef project area, grades sampled averaged 3.339cmg/t.

Virginia (Unisel)

At Unisel, the development grades of all the reefs being developed (Leader, Basal and Middle reefs) improved. The grades achieved were mostly in line with expectations. Since development of the high-grade Middle reef was completed during the December quarter, a decrease in the average development grade is expected in the next quarter.

Ore reserve block grades v development grades

Exploration

International (Papua New Guinea)*

Morobe Mining Joint Venture

Wafi-Golpu

Drilling at the Wafi-Golpu project in Papua New Guinea (PNG) has indicated further significant exploration drill intersections at Golpu. Golpu is a copper-gold porphyry deposit. The best intersections are listed below:

Hole_ID	Target	Depth (m)	Width (m)	Cu %	Au g/t	Au g/t equivalent*
WR361	Golpu	446	186	2.01	0.35	3.25
WR362	Golpu	160	274	1.07	0.29	1.83
WR359	Golpu	1 017	860	1.37	0.70	2.68
WR363	Golpu	914	595	2.03	1.65	4.58

* Based on gold price of US$950/oz and copper price of US$2/lb.

The results at Golpu indicate that the mineralised porphyry continues to the north at grades higher than currently declared in the resource. The intersection is deep and infill drilling will test the up-dip extent of the porphyry.

The intersection in WR363, 595m @ 2.03% copper and 1.65g/t gold (4.58g/t gold equivalent) extends the resource to the north and pushes the metasediment halo significantly further to the west. This will have the effect of increasing in tonnes as well as grade.

WR347 intersected the resource as predicted but at a higher average grade than had been identified in the resource. The hole also indicates that the resource is wider and pushes out further to the west.

At Wafi, where we have targeted infill drilling for the metallurgical test work, we are also receiving significant intersections which confirm our previous estimates.

Hidden Valley satellite deposit exploration

Work to establish satellite resources and capitalise on the infrastructure around Hidden Valley has focused almost entirely on the Kulang prospect. Activities peripheral to this have included:

- Apu Creek sterilisation drilling (2 holes/987m)
- Surface mapping, trenching and sampling at Avina/Yafo (245 samples)
- ML structural interpretation and integration with geological data sets.

Target area locations and prospect details are outlined below:

Waterfall Prospect – Hidden Valley ML151

Final assay results were received for the Waterfall prospect drilling with only broad, low grade anomalism intersected near surface and limited gold mineralisation associated with the Waterfall and Keru faults. Results included:

- TCDH004:
53m @ 0.5 g/t Au from 0m
- TCDH005:
131m @ 0.3 g/t Au from 0m

Apart from some interpretative work to contextualise these results geologically, no further work is planned at this stage.

Kulang prospect – EL497

Exploration activities for the quarter focused on developing the Kulang prospect, located approximately 7km east of the Hamata processing plant, and approximately 4km southwest of Wau.

Mapping to date has outlined a major zone of strong clay-pyrite (argillic) alteration extending from Kerimenge in the south, to Kulang in the north over 5km of strike. Within the alteration zone, areas of mineralised quartz-carbonate-base metal sulphide veins are developed which include the Kulang prospect area.

Channel sampling of mineralised outcrop at Kulang has returned excellent first pass results including:

KUL CK TR3:
38m @ 1.74 g/t Au, 20.22 g/t Ag
38m @ 3.96 g/t Au, 11.48 g/t Ag

Drilling commenced late in the quarter and several zones of epithermal style base metal carbonate veins have already been intersected in the first hole.

PNG exploration (Harmony 100%)

Mount Hagen project (EL1611 and EL1596)

Exploration activities for the past quarter at the Mount Hagen project included:

- Bakil prospect diamond drilling (two holes completed for 396.5m)
- Reconnaissance mapping and sampling at Bakil Prospect
- Mt Hagen detailed regional airborne magnetic survey

Kurunga prospect

Final assay results for drill hole KUDD007 were received. These were disappointing as the zone of intense veining and alteration in the hole failed to return any significant gold or copper intercepts. The best intercept in KUDD007 was 9m grading 0.39g/t Au from 59m, including 1m grading 1.88 g/t Au from 65m. This mineralisation corresponds with the fault-related mineralisation outcropping in

Borgopana Creek. Geological work to integrate drill hole data, geology, and geochemistry, with recently obtained detailed magnetics is underway.

Bakil prospect

Bakil phase 1 diamond drilling comprised two holes (396.5m) drilled from the same pad. The initial hole collapsed, and had to be re-drilled at a shallower dip.

The hole was designed to test anomalous copper rock-chip values associated with a major zone of clay-pyrite (argillic) alteration. The alteration coincides with the contact of metasediments and diorite porphyry. Several zones of argillic altered porphyry were obtained in the drill core.

13
Amanab projects (EL1708)
Ongoing work at the Amanab project has focused on grid-based mapping and soil sampling of the Aiyule magnetic target at Yup West. A total of 307 soil samples were collected during the quarter together with 16 rock chip samples. Results are pending.
Programme planning to follow up on highly anomalous soil (13.8g/t) and rock chip values (4.54g/t) received last quarter is underway.
* The technical information 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.
South Africa
Joel North
Following completion of a successful R20 million surface drilling programme, the project advanced to the pre-feasibility stage to determine whether the depth extension to 137 and 145 levels could be mined profitably.
The pre-feasibility was completed during the quarter and a gate-keeping session held at which it was decided to take the project through to feasibility. It was decided, in line with the recommendation in the pre-feasibility, to take the twin decline from 129 level down to just below 145 level, which will mine out both the 137 and 145 levels. The feasibility will investigate the possibility of re-equipping the shaft for rock, men and equipment, as we believe that there may be a significant reduction in operating cost if the use of the south shaft could be minimised.
Poplar
The Poplar project is in the Evander region, immediately north of Evander South. Exploration drilling was carried out by previous owners over a fifty-year period, resulting in numerous feasibility reports. A feasibility study was completed for Harmony in June 2003 which delineated resources of 25.5Mt @ 7.58g/t and reserves of 13.5Mt @ 7.45 g/t. The resource occurs between 500m and 1 300m below surface and the relatively shallow depth allows the project to produce first gold within five years.
Drilling during the quarter progressed exceedingly well and to such an extent that the contractor was able to demobilise and leave site early, prior to Christmas. Results from the majority of holes had been received by the beginning of December when a decision was taken to drill only those holes that could be expected to add significant resources to the total. A total of 5 186 metres were drilled during the quarter out of a final total of 17 835 metres. The programme was scheduled to cost over R40 million but is likely to finally cost a little under R30 million after re-opening of previously drilled pilot holes proved successful and minimal adverse ground conditions were encountered.
Uranium Project Tshepong, Phakisa, Masimong (TPM)

Project TPM was established to evaluate the potential for the economic recovery of uranium from the ore mined at the Tshepong, Phakisa and Masimong operations in the Free State. The resource totals 169.6Mt and contains 82Mlbs of uranium (to be used in the feasibility study mining model). The project is expected to produce an average of 600 000 lbs of uranium per annum from 280 000 tonnes per month of underground ore over an 18-year life. The uranium processing has the added benefit of enhancing gold recovery by 0.1g/t resulting in increased gold production from these operations increasing by some 28kg per month. By treating the uranium as a by-product, it is accounted for as a credit, resulting in a reduction in the operating costs of the contributing shafts by approximately R20 000 per kg.

A recovered uranium grade of 100 ppm continues to be used and will be updated in the feasibility study. Current head grade assay data received is in the order of 122 ppm.

The feasibility study is progressing well and remains due for completion in May 2011. NNR (National Nuclear Regulator) and Department of Energy approval were received shortly before the end of December 2010 and the pilot plant has just been hot commissioned with further test work in progress. The testing period is expected to last 45 days and the results will be incorporated into the feasibility study.

14
Results for the second quarter and six months
ended 31 December 2010
15
Operating results (Rand/Metric) (US$/Imperial)
Underground production – South Africa
Surface production – South Africa
Total
South
South
Quarter
Kusasa-
Under-
Total
Africa
Africa
Hidden
Harmony
ended
Bambanani Doornkop
Evander
Joel
lethu Masimong
Phakisa
Steyn 2
Target 1
Target 3 Tshepong
Virginia
ground
Kalgold Phoenix Dumps Surface
Other
Total
Valley
Total
Ore milled
– t'000
Dec-10
104
171
139
128
228
219
107
–
196
–
345
122
1 759
413

1 266
812
2 491
–
4 250
425
4 675
Sep-10
129
140
140
40
269
243
86
–
205
–
338
244
1 834
433
1 546
858
2 837
–
4 671
427
5 098
Gold produced
– kg
Dec-10
756
643
517
408
1 046
1 151
505
18
865
170
1 628
566
8 273
339
138
478
955
–
9 228

827
10 055
Sep-10
911
541
552
148
1 513
1 263
377
31
836
111
1 688
760
8 731
368
165
536
1 069
–
9 800
671
10 471
Gold produced
– oz
Dec-10
24 306
20 673
16 622
13 117
33 630
37 005
16 236
579
27 810
5 466
52 341
18 197
265 982
10 899
4 437
15 368
30 704
–
296 686
26 589
323 275
Sep-10
29 289
17 394

17 747
4 758
48 644
40 606
12 121
997
26 878
3 569
54 270
24 435
280 708
11 831
5 305
17 233
34 369
–
315 077
21 573
336 650

Yield
–
g/tonne
Dec-10

7.27	**3.76**	**3.72**	**3.19**	**4.59**	**5.26**	
4.72						
–	**4.41**	**–**	**4.72**	**4.64**	**4.60**	
0.82						
0.11						
0.59	**0.38**					
–	**2.13**					
1.95	**2.11**					

Sep-10

7.06	3.86	3.94	3.70	5.62	5.20	
4.38	–	4.08	–	4.99	3.11	4.68
0.85						
0.11						
0.62	0.38					
–	2.07					
1.57	2.03					

Cash operating costs
– R/kg
Dec-10
260 147
229 894
300 698
276 787
274 201
168 907
221 491
–
191 083

–
176 052
197 512
218 881 246 475 241 659 185 824
215 422
–
218 516
195 605
216 595
Sep-10
245 750
249 294
290 188
588 101
225 164
161 372
296 520
–
215 050
–
175 322
300 593
228 946
238 840
231 606
196 034
216 260
–
227 542
244 720
228 658
Cash operating costs
– $/oz
Dec-10
1 176
1 039
1 359
1 251
1 239
763
1 001
–
864
–
796
893
989
1 114
1 092
840
974

–
988
884
979
Sep-10
1 046
1 061
1 236
2 504
959
687
1 263
–
916
–
746
1 280
975
1 017
986
835
921
–
969
1 042
974
Cash operating costs
– R/tonne
Dec-10
1 891
864
1 118
882
1 258
888
1 045
–
843
–
831
916
1 006
202
26
109
83
–
465
381
457
Sep-10

1 735
963
1 144
2 176
1 266
839
1 300
–
877
–
876
936
1 072
203
25
122
81
–
470
385
463
Gold sold
– Kg
Dec-10
765
634
464
413
981
1 176
511
18
881
170
1 648
578
8 239
282
138
478
898
–
9 137
909
10 046
Sep-10
939
585
608
152
1 661

1 302
388
31
847
111
1 739
776
9 139
402
165
536
1 103
–
10 242
627
10 869
Gold sold
– oz
Dec-10
24 595
20 384
14 918
13 278
31 540
37 809
16 429
579
28 325
5 466
52 984
18 583
264 890
9 066
4 437
15 368
28 871
–
293 761
29 225
322 986
Sep-10
30 190
18 808
19 548
4 887
53 402
41 860
12 474
997
27 232
3 569

55 910
24 949
293 826
12 925
5 305
17 233
35 463
–
329 289
20 158
349 447
Revenue
(R'000)
Dec-10
231 965
192 144
140 589
125 035
296 220
356 059
155 108
–
267 003
–
500 078
175 198
2 439 399
85 258
42 077 145 633
272 968
–2 712 367
278 094
2 990 461
Sep-10
269 901
168 047
174 211
43 915
475 433
374 366
111 701
–
244 091
–
500 096
222 842
2 584 603
115 562
47 348
153 582
316 492

–
2 901 095
181 854
3 082 949
Cash operating
(R'000)
Dec-10
196 671
147 822
155 461
112 929
286 814
194 412
111 853
–
165 287
–
286 612
111 792
1 769 653
83 555
33 349
88 824
205 728
–1 975 381
161 765
2 137 146
costs
Sep-10
223 878
134 868
160 184
87 039
340 673
203 813
111 788
–
179 782
–
295 944
228 451
1 966 420
87 893
38 215
105 074
231 182
–
2 197 602
164 207
2 361 809
Inventory

(R'000)
Dec-10
826
(616)
(16 202)
9 979
(30 786)
686
(514)
–
3 336
–
518
11 980
(20 793) (15 273)
–
4 828
(10 445)
–
(31 238)
17 064
(14 174)
movement
Sep-10
(462)
12 677
16 219
(11 971)
46 002
(1 979)
(407)
–
9 607
–
(2 284)
(3 473)
63 929
1 633
–
4 975
6 608
–
70 537
(1 299) 69 238
Operating costs
(R'000)
Dec-10
197 497
147 206
139 259
122 908

256 028
195 098
111 339
–
168 623
–
287 130
123 772
1 748 860
68 282
33 349
93 652
195 283
–1 944 143
178 829
2 122 972
Sep-10
223 416
147 545
176 403
75 068
386 675
201 834
111 381
–
189 389
–
293 660
224 978
2 030 349
89 526
38 215
110 049
237 790
–
2 268 139
162 908
2 431 047
Operating profit
(R'000)
Dec-10
34 468
44 938
1 330
2 127
40 192
160 961
43 769
–
98 380
–

212 948
51 426
690 539
16 976
8 728
51 981
77 685
–
768 224
99 265
867 489
Sep-10
46 485
20 502
(2 192)
(31 153)
88 758
172 532
320
–
54 702
–
206 436
(2 136)
554 254
26 036
9 133
43 533
78 702
–
632 956
18 946
651 902
Operating profit
($’000)
Dec-10
5 008
6 530
193
310
5 840
23 386
6 360
–
14 295
–
30 941
7 472
100 335
2 467
1 268

7 553
11 288
–
111 623
14 423
126 046
Sep-10
6 362
2 807
(300)
(4 265)
12 150
23 618
44
–
7 487
–
28 260
(291)
75 872
3 564
1 249
5 959
10 772
–
86 644
2 593
89 237
Capital expenditure
(R'000)
Dec-10
29 419
84 573
56 709
21 686
84 178
48 327
102 675
43 886
81 114
52 601
72 715
18 639
696 522
6 726
10 352
15 260
32 338
20 862
749 722
84 971

834 693
Sep-10
38 917
69 496
59 207
18 337
104 357
40 463
91 716
44 290
62 112
56 067
60 650
30 173
675 785
4 645
–
–
4 645
7 626
688 056
59 218
747 274
Capital expenditure
($’000)
Dec-10
4 275
12 288
8 240
3 151
12 231
7 022
14 919
6 377
11 786
7 643
10 566
2 708
101 206
977
1 504
2 217
4 698
3 031
108 935
12 346
121 281
Sep-10
5 327
9 513
8 105

2 510
14 285
5 539
12 555
6 063
8 502
7 675
8 302
4 130
92 506
636
–
–
636
1 044
94 186
8 105
102 291

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, until commercial production levels are reached.

CONDENSED CONSOLIDATED INCOME STATEMENT (Rand)

	Note	Quarter ended 31 December 2010 (Unaudited) R million	Quarter ended 30 September 2010 (Unaudited) R million	Quarter ended 31 December¹ 2009 (Unaudited) R million	Six months ended 31 December 2010 R million	Six months ended 31 December¹ 2009 R million	Year ended 30 June 2010 (Audited) R million
Continuing operations							
Revenue		2 990	3 083	2 971	6 073	5 718	11 284
Cost of sales	2	(2 506)	(2 995)	(2 656)	(5 501)	(5 256)	(10 484)
Production costs		(2 093)	(2 408)	(2 172)	(4 501)	(4 367)	(8 325)
Royalty expense		(30)	(23)	–	(53)	–	(33)
Amortisation and depreciation		(442)	(426)				

(320)
(868)
(670)
(1 375)
Impairment of assets
–
–
(104)
–
(104)
(331)
Employment termination and
restructuring
costs
(54)
(78) (3) (132) (3)
(205)
Other items
113
(60)
(57)
53
(112)
(215)
Gross profi
t
484 88 315 572 462 800
Corporate, administration and other
expenditure
(96) (94) (95) (190)
(174)
(382)
Social
investment
expenditure
(23) (16) (20) (39) (29) (81)
Exploration
expenditure
3
(76) (99) (45) (175) (93)
(219)
Profit on sale of property, plant
and
equipment
1
16 1 17 1
104
Other income/(expenses) – net
6
(54)
(20)

(48)
(94)
(58)
Operating profi
t/(loss)
296 (159) 136
137 73 164
(Loss)/profit from associates
(19)
(8)
25
(27)
56
56
Profit/(loss) on sale of investment
in
subsidiary
– – – – 5
(24)
Net gain/(loss) on financial instruments
4
78
311
3
389
(2)
38
Investment
income
38 14 54 52
125
187
Finance
cost
(69) (59) (37) (128) (91)
(246)
Profi t before taxation
324
99
181
423
166
175
Taxation
(28)
6
(59)
(22)
(77)
(335)
Normal

taxation
– (9) (14)
(9) (43) (84)
Deferred
taxation
(28) 15 (45) (13) (34)
(251)
Net profi t/(loss) from continuing
operations
296 105 122 401 89
(160)
Discontinued operations
Profit/(loss) from discontinued operations
5
23
(3)
(4)
20
–
(32)
Net
profit/(loss)
319 102 118 421 89
(192)
Attributable to:
Owners of the parent
319
102
118
421
89
(192)
Non-controlling
interest
– – – – – –
Earnings/(loss) per ordinary share (cents)
6
– Earnings/(loss) from continuing operations
69
24
29
93
21
(38)
– Earnings/(loss) from discontinued operations
5
(1)
(1)
5
–
(8)

Total earnings/(loss) per ordinary share (cents)

74	**23**	**28**	**98**	**21**	**(46)**

Diluted earnings/(loss) per ordinary share (cents)
6
– Earnings/(loss) from continuing operations
69
24
29
93
21
(38)
– Earnings/(loss) from discontinued operations
5
(1)
(1)
5
–
(8)

Total diluted earnings/(loss) per ordinary share (cents)

74	**23**	**28**	**98**	**21**	**(46)**

[1] The comparative fi gures are re-presented due to Mount Magnet being reclassifi ed as a discontinued operation. See note 5 in this regard.

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

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CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (Rand)

	Quarter ended			Six months ended		Year ended
	31 December 2010 (Unaudited) R million	30 September 2010 (Unaudited) R million	31 December 2009 (Unaudited) R million	31 December 2010 R million	31 December 2009 R million	30 June 2010 (Audited) R million
Net profi t/(loss) for the period	**319**	**102**	**118**	**421**	**89**	**(192)**
Other comprehensive (loss)/income for the period, net of income tax	(161)	106	(51)	(55)	(36)	(131)
Foreign exchange translation	(131)	106	(57)	(25)	(38)	(127)
Fair value movement of available-for-sale investments	(30)	–	6	(30)	2	(4)
Total comprehensive income/(loss) for the period	**158**	**208**	**67**			

366
53
(323)
Attributable to:
Owners of the parent
158
208
67
366
53
(323)
Non-controlling
interest

–	–	–	–	–	–

18
Results for the second quarter and six months
ended 31 December 2010
CONDENSED CONSOLIDATED BALANCE SHEET (Rand)
At At
At At
31 December
30 September
30 June
31 December
2010 2010
2010 2009
(Unaudited)
(Audited)
Note
R million
R million
R million
R million
ASSETS
Non-current assets
Property, plant and equipment
30 218
29 873
29 556
28 862
Intangible assets
2 199
2 199
2 210
2 217
Restricted
cash
26 116
146 167
Restricted investments
1 864
1 787
1 742
1 697
Investments in financial assets
264
296
12
20
Investments in associates
358
377
385
385
Inventories

232
237
214
77
Trade and other receivables
69
67
75
74
35 230
34 952
34 340
33 499
Current assets
Inventories
943
902
987
1
103
Trade and other receivables
962
649
932
1 108
Income and mining taxes
102
73
74
55
Restricted cash
–
–
–
280
Cash and cash equivalents
837
772
770
808
2 844
2 396
2 763
3 354
Assets of disposal groups classified as held for sale
5
–
–
245
–
2 844

2 396
3 008
3 354
Total assets
38 074
37 348
37 348
36 853
EQUITY AND LIABILITIES
Share capital and reserves
Share capital
28 277
28 269
28 261
28 096
Other
reserves
266 395
258 375
Retained
earnings
897 578
690 971
29 440
29 242
29 209
29 442
Non-current liabilities
Deferred tax
3 613
3 572
3 534
3 317
Provision for environmental rehabilitation
1 752
1 723
1 692
1 612
Retirement benefit obligation and other provisions
179
169
169
167
Borrowings
7 1 243 970
981 565
6 787
6 434
6 376
5 661
Current liabilities

Borrowings
7 344 207
209 460
Income and mining taxes
10
13
9
11
Trade and other payables
1 493
1 452
1 410
1 279
1 847
1 672
1 628
1 750
Liabilities of disposal groups classified as held for sale
5
–
–
135
–
1 847
1 672
1 763
1 750
Total equity and liabilities
38 074
37 348
37 348
36 853
Number of ordinary shares in issue
429 506 618
428 850 854
428 654 779
426 079 492
Net asset value per share (cents)
6 854
6 819
6 814
6 910
The accompanying notes are an integral part of these condensed consolidated financial statements.

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

	Note	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		16	–	–	16
Share-based payments		–	63	–	63
Total comprehensive income for the period		–	(55)	421	366
Dividends paid	9	–	–	(214)	(214)
Balance as at 31 December 2010		**28 277**	**266**	**897**	**29 440**
Balance – 30 June 2009		28 091	339	1 095	29 525

Issue of shares
5
–
–
5
Share-based payments
–
72
–
72
Total comprehensive income for the period
–
(36)
89
53
Dividends paid
–
–
(213)
(213)
Balance as at 31 December 2009
28 096
375
971
29 442

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (Rand)

	Quarter ended			Six months ended		Year ended
	31 December 2010 (Unaudited) R million	30 September 2010 (Unaudited) R million	31 December 2009 (Unaudited) R million	31 December 2010 R million	31 December 2009 R million	30 June 2010 (Audited) R million
Cash flow from operating activities						
Cash generated by operations	450	703	183	1 153	408	1 611
Interest and dividends received	38	14	52	52	120	187
Interest paid	(35)	(30)	(11)	(65)	(20)	(90)
Income and mining taxes paid	(30)	(4)	(34)	(34)	(59)	(125)
Cash generated by operating activities	423	683	190	1 106	449	1 583

Cash fl ow from investing activities
Decrease/(increase) in restricted cash
90
30
(283)
120
(286)
15
Proceeds on disposal of investment in subsidiary
–
229
–
229
–
24
Proceeds on disposal of available-for-sale
financial
assets
2 – 29
2 44 50
Other investing activities
(6)
10
(3)
4
5
(12)
Net additions to property, plant and equipment
(846)
(748)
(890)
(1 594)
(1 797)
(3 493)
Cash utilised by investing activities
(760)
(479)
(1 147)
(1 239)
(2 034)
(3 416)
Cash fl ow from fi nancing activities
Borrowings
raised
525
– 686 525 686
1
236
Borrowings
repaid
(107) (7) (18) (114) (25)

(391)
Ordinary shares issued – net of expenses
8
8
3
16
5
18
Dividends paid
–
(214)
–
(214)
(213)
(213)
Cash generated/(utilised) by financing activities
426
(213)
671
213
453
650
Foreign currency translation adjustments
(24)
11
–
(13)
(10)
3
Net increase/(decrease) in cash and
cash equivalents
65
2
(286)
67
(1 142)
(1 180)
Cash and cash equivalents – beginning of period
772
770
1 094
770
1 950
1 950
Cash and cash equivalents – end of period
837
772
808
837
808
770

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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			Six months ended		Year ended
	31 December 2010 (Unaudited)	30 September 2010 (Unaudited)	31 December¹ 2009 (Unaudited)	31 December 2010	31 December¹ 2009	30 June 2010 (Audited)
	R million	R million	R million	R million	R million	R million
Production costs	2 093	2 408	2 172	4 501	4 367	8 325
Royalty expense	30	23	–	53	–	33
Amortisation and depreciation	442	426	320	868	670	1 375
Impairment of assets	(2)	–				

– 104
– 104 331
Rehabilitation
expenditure
5 4 4 9 8
29
Care and maintenance cost of
restructured
shafts
28 25 14 53 31 57
Employment termination and
restructuring
costs
54
78 3 132 3
205
Share
based
payments
32 31 38 63 72
148
Insurance credits
(3)
(179) – – (179) – –
Provision for post-retirement benefits
1
–
1
1
1
(19)
Total cost of sales
2 506
2 995
2 656
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
Six months ended
Year ended

	31 December 2010 (Unaudited) R million	30 September 2010 (Unaudited) R million	31 December¹ 2009 (Unaudited) R million	31 December 2010 R million	31 December¹ 2009 R million	30 June 2010 (Audited) R million
Total exploration expenditure	102	101	45	203	93	219
Less: Expenditure capitalised	(26)	(2)	–	(28)	–	–
Exploration expenditure per income statement	**76**	**99**	**45**	**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			Six months ended		Year ended
	31 December 2010 (Unaudited)	30 September 2010 (Unaudited)	31 December¹ 2009 (Unaudited)	31 December 2010	31 December¹ 2009	30 June 2010 (Audited)
Total earnings/(loss) per ordinary share (cents):						
Basic earnings/(loss)	74	23	28	98	21	(46)
Diluted earnings/(loss)	74	23	28	98	21	(46)
Headline						

earnings/(loss)

69 33 49 101 37 (7)

– from continuing operations

69

33

50

101

37

1

– from discontinued operations

–

–

(1)

–

–

(8)

Diluted

headline

earnings/(loss)

69 33 49 101 37 (7)

– from continuing operations

69

33

50

101

37

1

– from discontinued operations

–

–

(1)

–

–

(8)

R million

R million

R million

R million

R million

R million

Reconciliation of headline
earnings/(loss):

Continuing operations

Net

profit/(loss)

296 105 122 401 89

(160)

Adjusted for:

Profit on sale of property, plant

and equipment

(1)

(16)
–
(17)
(1)
(104)
Taxation effect of profit on sale of property, plant and equipment
–
5
–
5
–
22
Net gain on financial instruments
(1)
–
(3)
(1)
(5)
(7)
Taxation effect of net gain on financial instruments
– – 1 – 2 2
Foreign exchange loss/(gain) reclassified from other comprehensive income
–
47
–
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
–
104
331
Taxation effect of impairment of assets
–
–
(11)
–
(11)
(75)
Headline
earnings

294	**141**	**213**	**435**	**158**	**4**

23

	Quarter ended			Six months ended		Year ended
	31 December 2010 (Unaudited)	30 September 2010 (Unaudited)	31 December[1] 2009 (Unaudited)	31 December 2010	31 December[1] 2009	30 June 2010 (Audited)
	R million	R million	R million	R million	R million	R million
Discontinued operations						
Net profit/(loss)	23	(3)	(4)	20	–	(32)
Adjusted for:						
Profit on sale of property, plant and equipment	–	–	(2)	–	(3)	–
Taxation effect of profit on sale of property, plant and equipment	–	–	–	–	1	–
Profit on sale of investment in subsidiary	–	(138)	–	(138)	–	(1)
Taxation effect of profit on sale of investment in subsidiary	–	34	–	34	–	

–
Foreign exchange (profit)/loss reclassified from
other comprehensive income
(23)
107
–
84
–
–
Taxation effect of foreign exchange loss
reclassified from other comprehensive income
–
–
–
–
–
–
Headline
loss
– – (6) – (2)
(33)
Total
headline
earnings/(loss)
294 141 207 435 156 (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
30 September
30 June 31 December
2010 2010
2010
2009
(Unaudited) (Audited)
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	30 September 2010	30 June 2010	31 December 2009
	(Unaudited)		(Audited)	
	R million	R million	R million	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

24
Results for the second quarter and six months
ended 31 December 2010

8.
Commitments and contingencies

	31 December 2010 (Unaudited) R million	30 September 2010 R million	30 June 2010 Audited) R million	31 December 2009 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 on page 26.

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**

25

	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.

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Results for the second quarter and six months
ended 31 December 2010
SEGMENT REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2010 (Rand/Metric)
Production
Production
Mining
Capital
Kilograms
Tonnes
Revenue
costs
(1)
profit/(loss)
assets expenditure
produced
milled
R million
R million
R million
R million
R million
kg*
t'000*
Continuing operations
South Africa
Underground
Bambanani
(2)
502
421
81
1 034
156
1 716
233
Doornkop
360
295
65
2 973
154
1 184
311
Evander 315
316
(1)
946
116
1
069

279
Joel 169
198
(29)
187
40
556
168
Kusasalethu
772
643
129
3 098
189
2 559
497
Masimong
730
397 333 821
89 2 414 462
Phakisa 267
223
44
4
207
194
882
193
Target
(2)
511
358
153
2 670
252
1 982
401
Tshepong
1 000
581
419
3 624
133
3 316
683
Virginia 398
349
49
696
49
1

326
366
Surface
All other surface operations
(3)
589
431 158 148
66 2 024
5
328
Total South Africa
5 613
4 212
1 401
20 404
1 438
19 028
8 921
International
Papua New Guinea
460
342
118
3 741
144
1 498
852
Total international
460
342
118
3 741
144
1 498
852
Total continuing operations
6 073
4 554
1 519
24 145
1 582
20 526
9 773
Discontinued operations
Mount
Magnet
–
– – – – – –
Total discontinued operations
–
–

–
–
–
–
–
Total operations
6 073
4 554
1 519
24 145
1 582
20 526
9 773
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
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.

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

Production
Production
Mining
Capital
Kilograms
Tonnes
Revenue
costs
profit
assets
expenditure
produced
milled
R million
R million
R million
R million
R million
kg*
t'000*

Continuing operations

South Africa

Underground

Bambanani
490
369 121 680
51 1 878 270
Doornkop 259
209
50
2
699
151
990
278
Evander 599
559
40
906
106
2
296
504
Joel 291
209
82
135
50
1

106
248
Kusasalethu
741
571
170
2 894
236
3 012
495
Masimong
648
360 288 711
85 2 601 469
Phakisa 161
139
22
3
898
266
610
158
Target
414
308
106
2 301
161
1 700
384
Tshepong
886
583
303
3 627
129
3 395
814
Virginia
813
789
24
841
99
3 253
1 015
Surface
All other surface operations
(1)
416
271 145 141

44 1 674
4
384
Total South Africa
5 718
4 367
1 351
18 833
1 378
22 515
9 019
International
Papua New Guinea
(2)
–
–
–
3
805
429
768
–
Total international
–
–
–
3 805
429
768
–
Total continuing operations
5 718
4 367
1 351
22 638
1 807
23 283
9 019
Discontinued operations
Mount Magnet
–
–
–
273
–
–
–
Total discontinued operations
–
–
–

273
–
–
–
Total operations
5 718
4 367
1 351
22 911
1 807
23 283
9 019
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
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.

28
Results for the second quarter and six months
ended 31 December 2010
29
Operating results
(US$/Imperial)
Underground production – South Africa
Surface production – South Africa
Total
South
South
Quarter
Kusasa-
Under-
Total
Africa
Africa
Hidden
Harmony
ended
Bambanani Doornkop
Evander
Joel
lethu Masimong
Phakisa
Steyn 2
Target 1
Target 3 Tshepong
Virginia
ground
Kalgold Phoenix Dumps Surface
Other
Total
Valley
Total
Ore milled
– t'000
Dec-10
115
189
153
141
251
241
118
–
216
–
380
135
1 939

455
1 396
895
2 746
–
4 685
469
5 154
Sep-10
142
154
154
44
297
268
95
–
226
–
373
269
2 022
477
1 705
946
3 128
–
5 150
471
5 621
Gold produced
– oz
Dec-10
24 306
20 673
16 622
13 117
33 630
37 005
16 236
579
27 810
5 466
52 341
18 197
265 982
10 899
4 437
15 368
30 704
–

296 686
26 589
323 275
Sep-10
29 289
17 394
17 747
4 758
48 644
40 606
12 121
997
26 878
3 569
54 270
24 435
280 708
11 831
5 305
17 233
34 369
–
315 077
21 573
336 650
Yield
–
oz/t
Dec-10
0.211 0.109 0.109 0.093 0.134 0.154
0.138
– 0.129
– 0.138 0.135 0.134
0.024
0.003
0.017 0.011
– 0.062
0.057 0.062
Sep-10
0.206 0.113 0.115 0.108 0.164 0.152
0.128
– 0.119
– 0.145 0.091 0.137
0.025
0.003
0.018 0.011
– 0.060
0.046 0.059
Cash operating costs
– $/oz
Dec-10

1 176
1 039
1 359
1 251
1 239
763
1 001
–
864
–
796
893
989
1 114
1 092
840
974
–
988
884
979
Sep-10
1 046
1 061
1 236
2 504
959
687
1 263
–
916
–
746
1 280
975
1 017
986
835
921
–
969
1 042
974
Cash operating costs
– $/t
Dec-10
248
114
148
116
166

117
138
–
111
–
110
120
133
27
3
14
11
–
61
50
60
Sep-10
216 120 142 271 157 104 161 – 109 – 109
116 133 25 3 15 10 – 58 48 58
Gold sold
– oz
Dec-10
24 595
20 384
14 918
13 278
31 540
37 809
16 429
579
28 325
5 466
52 984
18 583
264 890
9 066
4 437
15 368
28 871
–
293 761
29 225
322 986
Sep-10
30 190
18 808
19 548
4 887
53 402
41 860
12 474

997
27 232
3 569
55 910
24 949
293 826
12 925
5 305
17 233
35 463
–
329 289
20 158
349 447
Revenue
($'000)
Dec-10
33 705
27 919
20 428
18 168
43 041
51 735
22 537
–
38 796
–
72 661
25 456
354 446
12 388
6 114