

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 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

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 (trammings 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)

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Results for the second quarter and six months

ended 31 December 2010

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

Kusasaletu, 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.

Kusasaletu

December

September

%

Indicator Units

2010

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 Kusasaletu 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.

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

Tshepong

December

September

%

Indicator Units

2010

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)

December

September

%

Indicator Units

2010

2010

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

December

September

%

Indicator Units

2010

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

December

September

%

Indicator Units

2010

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

December

September

%

Indicator Units

2010

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 Freddie's 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.

Kusasaletu

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

12

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

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 Width

Au g/t

(m)

(m)

Cu % 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

Iethu 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.

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Results for the second quarter and six months

ended 31 December 2010

CONDENSED CONSOLIDATED INCOME STATEMENT (Rand)

Quarter ended

Six months ended

Year ended

31 December 30 September 31 December¹31 December 31 December¹

30 June

2010 2010 2009 2010 2009 2010

(Unaudited) (Unaudited) (Unaudited)

(Audited)

Note

R million

R million

R million

R million

R million

R million

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 profit					
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 profit/(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)				
Profit 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 profit 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 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.

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CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (Rand)					
Quarter ended					
Six months ended					
Year ended					
31 December	30 September	31 December	31 December	31 December	30 June
2010	2010	2009	2010	2009	2010
(Unaudited)	(Unaudited)	(Unaudited)			
(Audited)					
R million					
R million					
R million					
R million					
R million					
R million					
Net profit 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

— — — — — —

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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

Share

Other

Retained

capital

reserves

earnings

Total

Note

R million

R million

R million

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

20

Results for the second quarter and six months

ended 31 December 2010

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (Rand)

Quarter ended

Six months ended

Year ended

31 December 30 September 31 December

31 December 31 December

30 June

2010 2010 2009 2010 2009 2010

(Unaudited) (Unaudited) (Unaudited)

(Audited)

R million

R million

R million

R million

R million

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 flow 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 flow from financing 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 30 September 31 December¹31 December 31 December¹

30 June

2010 2010 2009 2010 2009 2010

(Unaudited) (Unaudited) (Unaudited)

(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 31 December 30 June	30 September 31 December ¹	31 December ¹	31 December ¹	31 December ¹	31 December ¹
2010	2010	2009	2010	2009	2010
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
R million	R million	R million	R million	R million	R million
R million	R million	R million	R million	R million	R million
R million	R million	R million	R million	R million	R million
R million	R million	R million	R million	R million	R million
R million	R million	R million	R million	R million	R million
Total exploration expenditure	Total exploration expenditure	Total exploration expenditure	Total exploration expenditure	Total exploration expenditure	Total exploration expenditure
102	101	45	203	93	219
102	101	45	203	93	219
45	203	93	219	219	219
203	93	219	219	219	219
93	219	219	219	219	219
219	219	219	219	219	219
Less:	Less:	Less:	Less:	Less:	Less:
Expenditure capitalised	Expenditure capitalised	Expenditure capitalised	Expenditure capitalised	Expenditure capitalised	Expenditure capitalised
(26)	(2)	–	(28)	–	–
(26)	(2)	–	(28)	–	–
Exploration expenditure per income statement	Exploration expenditure per income statement	Exploration expenditure per income statement	Exploration expenditure per income statement	Exploration expenditure per income statement	Exploration expenditure per income statement
76	99	45	175	93	219
76	99	45	175	93	219
219	219	219	219	219	219
219	219	219	219	219	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.

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Results for the second quarter and six months

ended 31 December 2010

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 30 September 31 December¹

31 December 31 December¹

30 June

2010 2010 2009 2010 2009 2010

(Unaudited) (Unaudited) (Unaudited)

(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 30 September 31 December¹

31 December 31 December¹

30 June

2010 2010 2009 2010 2009 2010

(Unaudited) (Unaudited) (Unaudited)

(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	
30 September	
30 June	31 December
2010	2010
2010	
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

30 September

30 June 31 December

2010 2010

2010

2009

(Unaudited) Audited)

R million

R million

R million

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 Six months ended

31 December

31 December¹

2010 2009

R million

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 Six months ended

31 December

31 December¹

2010 2009

R million

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.

26

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		
Kusasaletu		
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.

27

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			
Kusasaletu			
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
21 161
39 663
—
394 109
40 407
434 516
Sep-10
36 946
23 004
23 848
6 011
65 081
51 247
15 291
—
33 413
—
68 458
30 505

353 804
 15 819
 6 481
 21 024
 43 324
 -
 397 128
 24 894
 422 022
Cash operating
(\$'000)
Dec-10
28 577
21 479
22 589
16 408
41 674
28 249
16 252
 -
24 016
 -
41 645
16 243
257 132
12 140
4 846
12 906
29 892
 -
287 024
23 505
310 529
costs
 Sep-10
 30 647
 18 462
 21 928
 11 915
 46 634
 27 900
 15 303
 -
 24 611
 -
 40 511
 31 271
 269 182
 12 031
 5 232
 14 384

31 647
 –
 300 829
 22 479
 323 308
Inventory
(\$'000)
Dec-10
120
(90)
(2 354)
1 450
(4 473)
100
(75)
 –
485
 –
75
1 741
(3 021)
(2 219)
 –
702
(1 517)
 –
(4 538)
2 479 (2 059)
movement
 Sep-10
 (63)
 1 735
 2 220
 (1 639)
 6 297
 (271)
 (56)
 –
 1 315
 –
 (313)
 (475)
 8 750
 224
 –
 681
 905
 –
 9 655
 (178)
 9 477

Operating costs

(\$'000)

Dec-10

28 697

21 389

20 235

17 858

37 201

28 349

16 177

—

24 501

—

41 720

17 984

254 111

9 921

4 846

13 608

28 375

—

282 486

25 984

308 470

Sep-10

30 584

20 197

24 148

10 276

52 931

27 629

15 247

—

25 926

—

40 198

30 796

277 932

12 255

5 232

15 065

32 552

—

310 484

22 301

332 785

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
(\$'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.

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Results for the second quarter and six months

ended 31 December 2010

CONDENSED CONSOLIDATED INCOME STATEMENT (US\$)

(Convenience translation)

Quarter ended

Six months ended

Year ended

31 December 30 September 31 December¹31 December 31 December¹

30 June

2010	2010	2009	2010	2009	2010
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

Continuing operations

Revenue

434	422	397	856	750	
-----	-----	-----	-----	-----	--

1

489

Cost

of

sales

(364)	(411)	(355)	(775)	(689)	
-------	-------	-------	-------	-------	--

(1

383)

Production

costs

(304)	(330)	(290)	(635)	(572)	
-------	-------	-------	-------	-------	--

(1

099)

Royalty

expense

(4)	(3)	–	(7)	–	(4)
-----	-----	---	-----	---	-----

Amortisation

and

depreciation

(64)	(58)	(43)	(122)	(88)	
------	------	------	-------	------	--

(181)

Impairment of assets

–

–

(14)

–

(14)

(43)

Employment termination and restructuring costs					
(8)					
(11)	–	(19)	–		
(27)					
Other items					
16					
(9)					
(8)					
8					
(15)					
(29)					
Gross profit					
70	11	42	81	61	
106					
Corporate, administration and other expenditure					
(14)					
(13)					
(13)					
(27)					
(23)					
(50)					
Social investment expenditure					
(3)	(2)	(3)	(5)	(4)	
(11)					
Exploration expenditure					
(11)	(14)	(6)	(25)	(12)	(29)
Profit on sale of property, plant and equipment					
–					
2					
–					
2					
–					
14					
Other income/(expenses) – net					
1					
(7)					
(2)					
(7)					
(12)					
(8)					
Operating profit/(loss)					
43	(23)	18			
19	10	22			
(Loss)/profit from associates					
(3)					

(1)					
3					
(4)					
7					
7					
Profit/(loss) on sale of investment in subsidiary					
-					
-					
-					
-					
1					
(3)					
Net gain on financial instruments					
11					
43					
-					
55					
-					
5					
Investment income					
6	2	8	7		
16					
25					
Finance cost					
(10)	(8)	(5)	(18)		
(12)					
(32)					
Profit before taxation					
47	13	24	59	22	24
Taxation					
(4)	1	(8)	(3)		
(10)					
(44)					
Normal taxation					
-	(1)	(2)	(1)	(6)	
(11)					
Deferred taxation					
(4)	2	(6)	(2)	(4)	
(33)					
Net profit/(loss) from continuing operations					
43					
14					
16					
56					
12					

(20)

Discontinued operations

Profit/(loss) from discontinued operations

3

–

(1)

3

–

(4)

Net

profit/(loss)

46 14 15 59 12

(24)

Attributable to:

Owners of the parent

46

14

15

59

12

(24)

Non-controlling

interest

– – – – – –

Earnings/(loss) per ordinary share (cents)

– Earnings/(loss) from continuing operations

10

3

4

13

3

(5)

– Earnings/(loss) from discontinued operations

1

–

–

1

–

(1)

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

11

3

4

14

3

(6)

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

– Earnings/(loss) from continuing operations

10

3

4

13

3

(5)

– Earnings/(loss) from discontinued operations

1

–

–

1

–

(1)

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

(cents)

11 3 4 14 3

(6)

¹ The comparative figures are re-presented due to Mount Magnet being reclassified as a discontinued operation.

The currency conversion average rates for the quarter ended: December 2010: US\$1 = R6.88 (September 2010: US\$1 = R7.31, December 2009: US\$1 = R7.49).

The currency conversion average rates for the six months ended: December 2010: US\$1 = R7.09 (December 2009: US\$1 = R7.63).

The income statement for the year ended 30 June 2010 has been extracted from the 2010 Annual Report.

Note on convenience translations

Except where specific statements have been extracted from the 2010 Annual Report, the requirements of IAS 21, The Effects of the Changes in Foreign Exchange Rates, have not necessarily been applied in the translation of the US Dollar financial statements presented on pages 30 to 36.

31
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (US\$)
 (Convenience translation)

Quarter ended

Six months ended

Year ended

31 December 30 September 31 December

31 December 31 December

30 June

2010	2010	2009	2010	2009	2010
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

Net profit t/(loss) for the period

46

14

15

59

12

(24)

Other comprehensive (loss)/income for
 the period, net of income tax

(23)

15

(7)

(8)

(5)

25

Foreign exchange translation

(19)

15

(8)

(4)

(5)

25

Fair value movement of available-for-sale
 investments

(4)	–	1	(4)	–	–
-----	---	---	-----	---	---

Total comprehensive income for the period

23

29

8

51

7

1

Attributable to:

Owners of the parent

23

29

8

51

7

1

Non-controlling
interest

— — — — —

The currency conversion average rates for the quarter ended: December 2010: US\$1 = R6.88 (September 2010: US\$1 = R7.31, December 2009: US\$1 = R7.49).

The currency conversion average rates for the six months ended: December 2010: US\$1 = R7.09 (December 2009: US\$1 = R7.63).

The statement of other comprehensive income for the year ended 30 June 2010 has been extracted from the 2010 Annual Report.

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Results for the second quarter and six months

ended 31 December 2010

CONDENSED CONSOLIDATED BALANCE SHEET (US\$)

(Convenience translation)

At	At		
At	At		
31 December			
30 September			
30 June			
31 December			
2010	2010		
2010	2009		
(Unaudited)	(Unaudited)	(Audited)	(Unaudited)
US\$ million			
US\$ million			
US\$ million			
US\$ million			
ASSETS			
Non-current assets			
Property, plant and equipment			
4 568			
4 289			
3 874			
3 916			
Intangible assets			
332	316		
290	301		
Restricted cash			
4	17		
19	23		
Restricted investments			
282	257		
228	230		
Investments in financial assets			
40			
43			
2			
3			
Investments in associates			
54			
54			
50			
52			
Inventories			
35	34		
28	10		
Trade and other receivables			

10	
10	
10	
10	
5 325	
5 020	
4 501	
4 545	
Current assets	
Inventories	
143	130
129	150
Trade and other receivables	
145	
93	
122	
150	
Income and mining taxes	
15	
10	
10	
7	
Restricted cash	
—	
—	
—	
38	
Cash and cash equivalents	
127	
111	
101	
110	
430	344
362	455
Assets of disposal groups classified as held for sale	
—	
—	
32	
—	
430	344
394	455
Total assets	
5 755	
5 364	
4 895	
5 000	
EQUITY AND LIABILITIES	
Share capital and reserves	
Share capital	
4 275	
4 059	

4 027		
3 812		
Other reserves		
40		
57		
(40)		
51		
Retained earnings/(accumulated loss)		
136		
83		
(159)		
132		
4 451		
4 199		
3 828		
3 995		
Non-current liabilities		
Deferred		
tax		
546	513	
463	450	
Provisions for other liabilities and charges		
265		
247		
222		
219		
Retirement benefit obligation and other provisions		
27		
24		
22		
23		
Borrowings		188
139		
129		
77		
1		
026	923	
836	769	
Current liabilities		
Borrowings		
52	30	
27	62	
Income and mining taxes		
1		
2		
1		
1		
Trade and other payables		
225		
210		
185		

173	
278	242
213	236
Liabilities of disposal groups classified as held for sale	
–	
–	
18	
–	
278	242
231	236
Total equity and liabilities	
5 755	
5 364	
4 895	
5 000	
Number of ordinary shares in issue	
429 506 618	
428 850 584	
428 654 779	
426 079 492	
Net asset value per share (cents)	
1 036	
979	
893	
937	

The balance sheet for December 2010 converted at a conversion rate of US\$1 = R6.62 (September 2010: US\$1 = R6.96, December 2009: US\$1: R7.37).

The balance sheet as at 30 June 2010 has been extracted from the 2010 Annual Report.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (US\$) (Unaudited)
for the six months ended 31 December 2010 (Convenience translation)

Retained earnings/ Share (accumulated capital loss) Total US\$ million US\$ million US\$ million US\$ million	Other reserves
Balance – 30 June 2010	
4 272	
39	
104	
4 415	
Issue of shares	
3	
–	
–	
3	
Share-based payments	
–	
9	
–	
9	
Total comprehensive income for the period	
–	
(8)	
64	
56	
Dividends paid	
–	
–	
(32)	
(32)	
Balance as at 31 December 2010	
4 275	
40	
136	
4 451	
Balance – 30 June 2009	
3 811	
46	
149	
4 006	
Issue of shares	
1	

-
-
1
Share-based payments
-
10
-
10
Total comprehensive income for the period
-
(5)
12
7
Dividends paid
-
-
(29)
(29)
Balance as at 31 December 2009
3 812
51
132
3 995

The currency conversion closing rates for the year ended: December 2010: US\$1 = R6.62 (December 2009: US\$1 = R7.37).

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Results for the second quarter and six months

ended 31 December 2010

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (US\$)

(Convenience translation)

Quarter ended

Six months ended

Year ended

31 December 30 September 31 December

31 December 31 December

30 June

2010 2010 2009 2010 2009 2010

(Unaudited) (Unaudited) (Unaudited) (Unaudited) (Unaudited) (Audited)

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

Cash flow from operating activities

Cash generated by operations

65

96

24

163

53

214

Interest and dividends received

6

2

7

7

16

25

Interest

paid

(5) (4) (1) (9) (3)

(12)

Income and mining taxes paid

(4)

(1)

(5)

(5)

(8)

(17)

Cash generated by operating activities

62

93

25

156

58

210

Cash flow from investing activities

Decrease/(increase) in restricted cash

13

4

(38)

17

(37)

2

Proceeds on disposal of investment in subsidiary

-

31

-

32

-

3

Proceeds on disposal of available-for-sale

financial

assets

- - 4 - 6 7

Other investing activities

(1)

1

-

1

1

(2)

Net additions to property, plant and equipment

(123)

(102)

(117)

(225)

(236)

(463)

Cash utilised by investing activities

(111)

(66)

(151)

(175)

(266)

(453)

Cash flow from financing activities

Borrowings

raised

76 - 93 74 90

168

Borrowings

repaid

(16) (1) (2) (16) (3)

(57)

Ordinary shares issued – net of expenses

1					
1					
–					
2					
1					
3					
Dividends paid					
–					
(29)					
–					
(30)					
(29)					
(29)					
Cash generated/(utilised) by financing activities					
61					
(29)					
91					
30					
59					
85					
Foreign currency translation adjustments					
4	12	–	15	6	6
Net increase/(decrease) in cash and cash equivalents					
16					
10					
(35)					
26					
(143)					
(152)					
Cash and cash equivalents – beginning of period					
111					
101					
145					
101					
253					
253					
Cash and cash equivalents – end of period					
127					
111					
110					
127					
110					
101					

Operating activities translated at average rates for the quarter ended: December 2010: US\$1 = R6.88 (September 2010: US\$1 = R7.31, December 2009: US\$1 = R7.49. Six months ended: December 2010: US\$1 = R7.09 (December 2009: US\$1 = R7.63). Closing balance translated at closing rates of: December 2010: US\$1 = R6.62 (September 2010: US\$1 = R6.96, December 2009: US\$1: R7.37).
The cash flow statement for the year ended 30 June 2010 has been extracted from the 2010 Annual Report.

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 SEGMENT REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2010 (US\$/Imperial) (Unaudited)
 (Convenience translation)

Production
 Production
 Mining
 Capital
 Ounces
 Tons
 Revenue
 costs
 (1)
 profit/(loss)
 assets expenditure
 produced
 milled
 US\$ million
 US\$ million
 US\$ million
 US\$ million
 US\$ million
 oz
 t'000

Continuing operations

South Africa

Underground

Bambanani

(2)

71

59

12

156

22

55

171

257

Doornkop 51

42

9

449

22

38

067

343

Evander 44

45

(1)

143

16

34

369

307	
Joel	24
28	
(4)	
28	
6	
17	
875	
185	
Kusasaletu	109
91	
18	
468	
27	
82	
274	
548	
Masimong	103
56	
47	
124	
13	
77	
611	
509	
Phakisa	38
31	
7	
636	
27	
28	
357	
213	
Target	
(2)	
72	
50	
22	
404	
36	
63	
723	
442	
Tshepong	141
82	
59	
548	
19	
106	
611	
753	

Virginia		56	
49			
7			
105			
7			
42			
632			
404			
Surface			
All other surface operations			
(3)			
83	61	22	22
9			
65			
073			
5			
874			
Total South Africa			
792			
594			
198			
3 083			
204			
611 763			
9 835			
International			
Papua New Guinea			
65			
48			
17			
565			
20			
48 162			
940			
Total international			
65			
48			
17			
565			
20			
48 162			
940			
Total continuing operations			
857			
642			
215			
3 648			
224			
659 925			
10 775			
Discontinued operations			

Mount
Magnet

— — — — — — —

Total discontinued operations

—
—
—
—
—
—
—

Total operations

857
642
215
3 648
224
659 925
10 775

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.
All income statement items, including capital expenditure, are converted at the currency conversion rate of US\$1 = R7.09.
Mining assets are converted at the currency conversion rate of US\$1 = R6.62.

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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 2009 (US\$/Imperial) (Unaudited)
(Convenience translation)

Production

Production

Mining

Capital

Ounces

Tons

Revenue

costs

profit

total

assets

expenditure

produced

milled

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

oz

t'000

Continuing operations

South Africa

Underground

Bambanani

64	48	16	92
----	----	----	----

7

60

379

298

Doornkop

34

27

7

366

20

31

829

306

Evander

78

73

5

123

14

73

818

556

Joel				
38	27	11	18	
7				
35				
559				
274				
Kusasaletu		97		
75				
22				
393				
31				
96				
838				
546				
Masimong				
85	47	38	96	11
83				
624				
517				
Phakisa		21		
18				
3				
529				
35				
19				
612				
174				
Target		54		
40				
14				
312				
21				
54				
656				
424				
Tshepong		116		
76				
40				
492				
17				
109				
152				
898				
Virginia				
107				
104				
3				
114				
13				
104 586				
1 119				

Surface

All other surface operations

(1)

56 37 19 19

5

53

820

4

834

Total South Africa

750

572

178

2 554

181

723 873

9 946

International

Papua New Guinea

(2)

—

—

—

516

56

24

682

—

Total international

—

—

—

516

56

24 682

—

Total continuing operations

750

572

178

3 070

237

748 555

9 946

Discontinued operations

Mount Magnet

—

—

—

37

—

—
—
Total discontinued operations

—
—
37

—
—
Total operations

750
572
178
3 107
237
748 555
9 946

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.

All income statement items, including capital expenditure, are converted at the currency conversion rate of US\$1 = R7.63.

Mining assets are converted at the currency conversion rate of US\$1 = R7.37.

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DEVELOPMENT RESULTS (Metric)

Quarter ended 31 December 2010

Channel

Channel

Reef

Sampled

Width

Value

Gold

(metres)

(metres)

(cm's)

(g/t)

(cmg/t)

Tshepong

Basal 602

592

10.21

111.10

1

134

B Reef

103

72

104.00

14.79

1 538

All Reefs

705 664 20.38

57.80

1

178

Phakisa & Nyala

Basal 270

287

36.66

22.39

821

All Reefs

270 287 36.66

22.39 821

Total Bambanani

(incl. Bambanani, Steyn 1 & Steyn 2)

Basal 74

68

126.65

18.96

2

402

All Reefs

74	68		
126.65			
18.96			
2			
402			
Bambanani			
Basal		74	
68			
126.65			
18.96			
2			
402			
All Reefs			
74	68		
126.65			
18.96			
2			
402			
Doornkop			
Kimberley Reef			
120			
93			
348.22			
2.01			
701			
South Reef			
374			
369			
59.21			
16.20			
959			
All Reefs			
494	462		
117.39	7.73	908	
Kusasaletu			
Vcr Reef			
773			
742			
71.12			
18.62			
1 324			
All Reefs			
773	742	71.12	
18.62			
1			
324			
Target			
Elsburg		283	
151			
171.95			
14.05			

2		
416		
A Reef		
30		
24		
127.38		
13.96		
1 779		
B Reef		
17		
9		
27.20		
41.51		
1 129		
All Reefs		
330	183	
159.49		
14.26		
2		
274		
Target 1		
Elsburg	182	
99		
186.74		
17.28		
3		
227		
All Reefs		
182	99	
186.74		
17.28		
3		
227		
Target 3		
Elsburg	101	
52		
144.07		
6.15		
886		
A Reef		
30		
24		
127.38		
13.96		
1 779		
B Reef		
17		
9		
27.20		
41.51		
1 129		

All Reefs		
148	84	
127.63		
9.09		
1		
160		
Masimong		
Basal	449	
325		
63.68		
16.99		
1		
082		
B Reef		
104		
93		
86.31		
13.94		
1 204		
All Reefs		
552	417	68.72
16.14		
1		
109		
Evander		
Kimberley	364	
347		
33.71		
55.83		
1		
882		
All Reefs		
364	347	33.71
55.83		
1		
882		
Virginia		
(Incl. Unisel & Brand 3)		
Basal	726.4	
603		
112.44		
9.23		
1		
038		
Leader	402.3	
360		
151.42		
8.11		
1		
228		
A Reef		

76.0	
74	
44.90	
14.71	
660	
Middle	82.0
64	
123.35	
9.10	
1	
123	
B Reef	
47.0	
46	
64.66	
7.51	
486	
All Reefs	
1 334	
1 147	
119.01	
8.87	
1 056	
Joel	
Beatrix	442
455	
130.85	
11.17	
1	
462	
All Reefs	
442	455
130.85	
11.17	
1	
462	
Total Harmony	
Basal	
2 122	
1 874	
60.61	
18.01	
1 092	
Beatrix	442
455	
130.85	
11.17	
1	
462	
Leader	402
360	

151.42	
8.11	
1	
228	
B Reef	
270	
219	
85.29	
13.60	
1 160	
A Reef	
105.8	
97.5	
64.78	
14.35	
929.95	
Middle	82.0
64	
123.35	
9.10	
1	
122.59	
Elsburg	282.7
150.75	
171.95	
14.05	
2	
415.93	
Kimberley	483.9
439.5	
100.26	
16.27	
1	
632.06	
South Reef	
374	
369	
59.21	
16.20	
959.48	
Vcr	773
742	
71.12	
18.62	
1	
324.31	
All Reefs	
5 338	
4 771	
84.91	
14.78	

1 255

DEVELOPMENT RESULTS Imperial)

Quarter ended 31 December 2010

Channel

Channel

Reef

Sampled

Width

Value

Gold

(feet)

(feet)

(inches)

(oz/t)

(in.oz/t)

Tshepong

Basal

1 975

1 942

4

3.26

13

B Reef

337

236

41

0.43

18

All Reefs

2 312

2 178

8

1.69

14

Phakisa & Nyala

Basal 885

942

14

0.67

9

All Reefs

885 942

14 0.67

9

Total Bambanani

(incl. Bambanani, Steyn 1 & Steyn 2)

Basal 244

222

50

0.55

28

All Reefs		
244	222	
50	0.55	28
Bambanani		
Basal		244
222		
50		
0.55		
28		
All Reefs		
244	222	
50	0.55	28
Doornkop		
Kimberley Reef		
394		
305		
137		
0.06		
8		
South Reef		
1 226		
1 211		
23		
0.48		
11		
All Reefs		
1 620		
1 516		
46		
0.23		
10		
Kusasaletu		
Vcr Reef		
2 537		
2 434		
28		
0.54		
15		
All Reefs		
2 537		
2 434		
28		
0.54		
15		
Target		
Elsburg		927
495		
68		
0.41		
28		
A Reef		

98		
77		
50		
0.41		
20		
B Reef		
56		
28		
11		
1.18		
13		
All Reefs		
1 081		
600		
63		
0.41		
26		
Target 1		
Elsburg	597	
323		
74		
0.50		
37		
All Reefs		
597	323	
74	0.50	37
Target 3		
Elsburg	330	
171		
57		
0.18		
10		
A Reef		
98		
77		
50		
0.41		
20		
B Reef		
56		
28		
11		
1.18		
13		
All Reefs		
484	276	
50	0.27	13
Masimong		
Basal		
1 473		
1 065		

25
0.50
12
B Reef
340
305
34
0.41
14
All Reefs
1 812
1 369
27
0.47
13
Evander
Kimberley
1 194
1 137
13
1.66
22
All Reefs
1 194
1 137
13
1.66
22
Virginia
(Incl. Unisel & Brand 3)
Basal
2 383
1 978
44
0.27
12
Leader
1 320
1 181
60
0.24
14
A Reef
249
243
18
0.42
8
Middle 269
210
49

0.26	
13	
B Reef	
154	
151	
25	
0.22	
6	
All Reefs	
4 376	
3 763	
47	
0.26	
12	
Joel	
Beatrix	
1 451	
1 491	
52	
0.32	
17	
All Reefs	
1 451	
1 491	
52	
0.32	
17	
Total Harmony	
Basal	6 960
6149	
24.00	
0.52	
12.54	
Beatrix	1 451
1491	
52.00	
0.32	
16.78	
Leader	1 320
1181	
60.00	
0.24	
14.10	
B Reef	
887	
720	
34.00	
0.39	
13.32	
A Reef	
347	

320	
26.00	
0.41	
10.68	
Middle	269
210	
49.00	
0.26	
12.89	
Elsburg	927
495	
68.00	
0.41	
27.74	
Kimberley	1 588
1442	
39.00	
0.48	
18.74	
South Reef	
1 226	
1211	
23.00	
0.48	
11.02	
Vcr	2 537
2434	
28.00	
0.54	
15.21	
All Reefs	
17 512	
15 652	
33.00	
0.44	
14	

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

NOTES

39
NOTES

40

Results for the second quarter and six months

ended 31 December 2010

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G P Briggs (Chief Executive Officer)

H O Meyer (Financial Director)

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F F T De Buck* ^ (Lead independent director)

F Abbott*, J A Chissano*

1

, Dr C Diarra*

†^

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^

, Dr D S Lushaba*

^

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^

,

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London Stock Exchange Plc: HRM
Euronext, Brussels: HMY
Berlin Stock Exchange: HAM1

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: February 7, 2011

Harmony Gold Mining Company Limited

By:

/s/

Hannes Meyer

Name: Hannes Meyer

Title: Financial Director