

HARMONY GOLD MINING CO LTD

Form 6-K

May 05, 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 5 May 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

429 807 371

at 31 March 2011

shares

Market capitalisation

At 31 March 2011 (ZARm)

42 676

At 31 March 2011 (US\$m)

6 304

Harmony ordinary share

and ADR prices

12 month high (1 April 2010 to

31 March 2011) for ordinary shares

R102.26

12 month low (1 April 2010 to

31 March 2011) for ordinary shares

R68.65

12 month high (1 April 2010 to

31 March 2011) for ADRs

US\$15.26

12 month low (1 April 2010 to

31 March 2011) for ADRs

US\$9.04

Free float

Ordinary shares

100%

ADR ratio

1:1

JSE Limited

HAR

Range for quarter

(1 January 2011 to 31 March 2011

R74.77 –

closing prices)

R102.26

Average daily volume of shares

for the quarter (1 January 2011

1 685 549

to 31 March 2011)

shares per day

New York Stock

Exchange, Inc.

HMY

Range for quarter

(1 January 2011 to

US\$10.56 –

31 March 2011 – closing prices)

US\$15.26

Average daily volume of shares

for the quarter (1 January 2011

2 720 867

to 31 March 2011)

shares per day

Highlights

Cash operating profit of R855 million

- Net profit of R238 million

Slight increase in underground grade to 4.64g/t

Stable cash operating cost

- despite production being 2% down

Headline earnings per share up 32% at 91 SA cents

Excellent drilling results at Wafi-Golpu

- Share price 20% higher quarter-on-quarter

Financial summary for the third quarter and nine months ended

31 March 2011

**Quarter**

**Quarter**

**9 months**

**9 months**

**Year-on-**

**March**

**December**

**Q-on-Q**

**March**

**March**

**year**

**2011**

**2010**

**Variance**

**2011**

**2010**

**variance**

**%**

**%**

Gold produced

(1)

– kg

9 857

10 055

(2)

30 383

33 649

(10)

– oz

316 909

323 275

(2)

976 834

1 081 831

(10)

Cash operating

– R/kg

217 802

216 595

(1)

221 166

193 274

(14)

costs – US\$/oz

970

979

1

962

792

(21)

Gold sold

– kg

9 716

10 046

(3)

30 631

33 468

(8)

– oz

312 378

322 986

(3)

984 811

1 076 012

(8)

Gold price

– R/kg

312 029

303 354

3

300 386

256 525

17

received

– US\$/oz

1 389

1 371

1

1 324

1 051

26

Cash operating

– R million

855

867

(1)

2 374

1 985

20  
profit – US\$ million

122

126

(3)

336

261

29

Basic

– SAc/s

55

69

(20)

149

(45)

>100

earnings/(loss) – USc/s

8

10

(20)

21

(6) >100

per share\*

Headline

– Rm

390

294

33

826

54

>100

profit/(loss)\* – US\$m

56

43

30

117

7 >100

Headline

– SAc/s

91

69

32

192

13

>100

earnings/(loss)

– USc/s

13

10

30

27

2  
>100  
per share\*  
Exchange rate  
– R/US\$  
6.99  
6.88  
2  
7.06  
7.59  
(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 Mar 2011 Steyn 2, 14 kg (Dec 2010 – 18 kg)

and Target 3, 250 kg (Dec 2010 – 170 kg), 9 months ending Mar 2011 Steyn 2 , 63 kg (Mar 2010 – Nil) and Target 3, 531 kg

(Mar 2010 – 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](http://www.harmony.co.za)).

**Incorporated in the Republic of South Africa**

**Registration number 1950/038232/06**

**(“Harmony” or “Company”)**

Results for the third quarter and nine months ended **31 March 2011**

JSE Share code: HAR | NYSE Share code: HMY | ISIN: ZAE 000015228

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Results for the third quarter and nine months  
**ended 31 March 2011**

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 the countries in which we operate;  
the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions;  
increases or 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 the countries in which we operate.

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#### Chief Executive's Review

##### **Introduction**

The past quarter has been an exciting one with our share price reaching record highs for FY11 primarily on the back of more exploration successes on the Golpu deposit and an analyst visit to our Papua New Guinea (PNG) operations.

We remain committed to our long term strategy of generating earnings to fund growth. We have invested significant capital to build and commission some of the best South African gold mining assets and the results of these efforts will be fully realised in the future.

Our transformational efforts and strategic initiatives undertaken over the last few years are all aimed at achieving robust and sustainable financial results, with better cash costs and improved grade.

Our strategy also includes a focus on both regional and asset diversification. In PNG, we have built a mine producing both gold and silver and are currently busy with further exploration in the area which includes 8 000km

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of exploration tenements outside of the joint venture. The early findings from Wafi/Golpu has justified management's long held belief that this is a world-class asset and will be a mine.

Taking a holistic view, Harmony has several world-class mines in South Africa which are currently in the build-up phase and these, together with Hidden Valley, will be significant contributors to Harmony's set production targets.

##### **Safety**

It is with deep regret that I report that two of our colleagues died in work-related incidents during the quarter. Those who died were: *Tello Motloung*, a scraper winch operator at Bambanani and *Tjakama Ntsohi*, a winch operator at Unisel. I would like to extend my deepest condolences to their families, friends and colleagues.

Fall of ground is still the major contributor to fatalities in the Company and a high level task team has been established to formulate and implement a comprehensive fall of ground strategy.

Overall, improved discipline and management of seismicity and falls of ground, value based safety behaviour and visible leadership from the operational management resulted in improved safety at most of our operations. See more on safety on page 5.

##### **Gold market**

We do not hedge gold and our shareholders have complete exposure to spot gold prices and current exchange rates. We maintain our bullish stance on the gold price and believe it will increase further, especially in light of the weaker dollar and global economic uncertainty. Gold has proven itself to be a currency and a store of wealth in times of uncertainty. Although we have seen record high gold prices in the past quarter in dollar terms, the stronger Rand resulted in the R/kg gold price increasing by only 3% from R303 354/kg in the previous quarter to R312 029/kg in the current quarter.

##### **Operational results for quarter 3 of FY11**

Gold production decreased by 2% quarter on quarter, from 10 055kg to 9 857kg. Underground production was only 1% lower at 8 164kg, despite volumes decreasing by 3% mainly as a result of the December break. However, tonnage was made up with surface tonnes being 2% higher quarter on quarter.

#### ***Underground operations***

Tonnes milled for the quarter decreased by 3% or 58 000 tonnes when compared to the December 2010 quarter. Recovered grade increased from 4.60g/t to 4.64g/t quarter on quarter. Gold production achieved in the March 2011 quarter was 8 164 kilograms, compared to 8 273 kilograms produced in the December 2010 quarter.

A 3% decrease in cash operating cost in Rand terms negated the decrease in gold produced and resulted in a 1% decrease in unit cost achieved for the March 2011 quarter at R216 799/kg compared to R218 881/kg in the previous quarter. Capital expenditure for the March 2011 quarter decreased by 18% (R124 million) to R572 million, compared to R696 million in the December 2010 quarter.

#### ***Surface operations***

Tonnes milled increased by 2%, mainly due to a 111 000 tonnes (14%) increase in material from the dumps. This was due to the plants continuing to mill waste over the December break. The recovered grade decreased by 8% from 0.38g/t to 0.35g/t in the quarter under review, mainly attributed to a 9% decrease at Kalgold. Gold produced decreased by 56kg from 955kg in the December 2010 quarter to 899kg in the March 2011 quarter, a 6% decrease. Cash operating unit cost increased by 6% from R215 422/kg to R227 335/kg in the quarter under review.

Operating profit decreased by 11% to R69 million in the March 2011 quarter compared to R78 million in the previous quarter.

#### ***Hidden Valley***

Gold and silver production decreased by 4% and 21%, respectively, compared to the previous quarter with 794kg (25 528oz) gold and 4 704kg (151 249oz) silver produced. Plant throughput was 4% lower at 815 000 (850 000 in the previous quarter) tonnes, which is primarily attributable to the belt breakage of the Hidden Valley conveying circuit. This is expected to negatively impact quarter four as well. See page 8 for more on the Hidden Valley mine.

#### ***Financial overview***

Quarter on quarter the Rand per kilogram unit cost were kept at bay with a mere increase of 1% to R217 802/kg, in comparison to R216 595/kg in the previous quarter. This was mainly as a result of the 2% decrease in gold production as cash operating cost in Rand terms decreased by 2% (R48 million).

In R/kg terms the gold price received increased by 3% from R303 354/kg in the December 2010 quarter to R312 029/kg in the current quarter. Revenue for the March 2011 quarter decreased by 1% as a result of a 330kg (3%) decrease in the gold sold.

Quarter on quarter the capital expenditure decreased by R168 million (20%).

Cash operating cost for the March 2011 quarter decreased by R48 million or 2% when compared to the previous quarter due to cost

savings, decreased electricity and labour costs.

Operating profit decreased by 1% to R855 million when compared to the R868 million recorded in the December 2010 quarter.

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Results for the third quarter and nine months

**ended 31 March 2011**

**Wafi/Golpu**

Drilling at the Wafi-Golpu project continues to be successful. The latest results confirm our previously held belief that this deposit is truly a world-class discovery and the pre-feasibility study will be completed towards the end of December 2011. The latest drill hole results at our Wafi-Golpu JV project (50% held by Harmony) have provided the highest mineralisation values to date.

In October 2010, Harmony reported on drilling of the Wafi-Golpu deposit, which extended the mineralisation beyond the porphyry copper-gold resource of 16Moz of gold and 4.8Mt of copper.

On 3 March 2011 we released the following drilling results:

- WR377: 883m @ 2.15% Cu and 2.23g/t Au (5.33g/t Au equivalents\*) from 913m including 628m @ 2.82% Cu and 3.06g/t Au (7.13g/t Au equivalents\*) from 1 043m.

\* Gold equivalents calculated using a gold price of US\$950/oz and copper price of US\$2.00/lb and assuming 100% recovery for all metals.

The intercept correlates with a zone of chalcopyrite and bornite mineralisation in the porphyry and surrounding metasediment. This hole extends the known porphyry mineralisation significantly outside the current resource shell. Mineralisation is open at depth and to the north of this intercept. This intersection continues to support our Exploration Target of 30 million ounces of gold and 8 million tonnes of copper.

This project is growing with each new drill hole result and we are confident that this will be a mine.

**Conclusion**

The Company is showing significant progress both in the growth of its resources as well as its diversity. The key short-term objective for us is the build up of our production and to get there, the main focus is on getting the assets, in which we have invested considerable amounts of cash over the last few years, into full production.

Harmony is a company which has dramatically improved the quality of its ounces, which will continue to do so with better cash costs and free cash flow in the future.

**Graham Briggs**

**Chief Executive Officer**

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Safety and health

**Safety**

Safety remains Harmony's number one priority. We dedicate our time and resources to ensure that safety-related events are avoided and we continue to proactively identify potential hazards.

Tragically, two fatalities occurred at the South African operations during the March 2011 quarter. Fall of ground incidents remain the biggest challenge. Harmony has implemented a formal Ground Control Strategy, the main objective of which is to formalise and consolidate all efforts focused on the prevention of fall of ground incidents and accidents and to promote an even safer and stable underground environment.

The strategy is divided into two main components, being ground behaviour and ground control, where ground behaviour deals with the strategic aspects of mine design in order to prevent or minimise damage to rock surrounding mining excavations. Knowledge of the mining environment and ground stability together with an understanding of the in situ and induced stress regimes plays a role in the ideal plan for each condition. Integration of support systems in the overall mine design plus the monitoring of the rock mass response form part of the ground behaviour.

Ground control deals with the operational aspects of the mine with the objective being to protect personnel and equipment from fall of ground incidents. It is the hazard identification and treatment system where support elements, layout standards and procedures are implemented by means of training, supervision and management systems that address all requirements.

Central to this approach are components that deal with behavioural aspects, competency training and development, research and new technologies.

Harmony achieved a single digit figure in respect of its Lost Time Injury Frequency Rate (LTIFR) for the tenth consecutive quarter. The year to date rate improved by 2% when compared to the previous year (from 7.72 to 7.86), but regressed by 26% quarter on quarter (from 6.88 to 8.65).

The Reportable Injury Frequency Rate (RIFR) (per million hours worked) to date rate regressed by 7% when compared to the previous year (from 4.19 to 4.49) and by 13% quarter on quarter (from 4.08 to 4.62).

The Fatal Injury Frequency Rate (FIFR) to date rate improved by 14% when compared to the previous year (from 0.21 to 0.18) and by 50% quarter on quarter (from 0.18 to 0.09).

Safety achievements for the quarter included:

Total Harmony surface and underground operations:

2 000 000 fatality free shifts

South African surface and underground operations:

1 000 000 fatality free shifts

Kusasaletu:

500 000 fatality free shifts

Evander total operations:

500 000 fatality free shifts

Tshepong:

500 000 fatality free shifts

Target 1:

500 000 fatality free shifts

The following operations completed the March 2011 quarter without an injury:

- Target Plant
- Joel Plant
- Harmony 1 Plant
- Free State Commercial Services and Transport
- Randfontein Commercial Services and Transport
- Evander Workshops
- Randfontein Surface Operations
- Kusasalethu Plant

### **Health**

Our pro-active approach to the health and wellness of our employees continues and various programmes and initiatives are supported and sponsored by the company to ensure the wellbeing of our employees. 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.

See our Sustainable Development Report for more details on our website [www.harmony.co.za](http://www.harmony.co.za).



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Results for the third quarter and nine months

**ended 31 March 2011**

Financial overview

Cash operating profits were stable showing a 1% decrease to R855 million, as the decrease in revenue was largely offset by a decrease in production cost.

**Earnings per share**

Basic earnings per share decreased from 69 SA cents to 55 SA cents, while headline earnings per share increased from 69 SA cents to 91 SA cents. Headline earnings are higher than basic earnings as the impairment charge on associates is added back.

**Revenue**

Revenue decreased from R2 990 million to R2 949 million as a result of the lower gold sales volume. The decrease was partially offset by an increase in the Rand gold price received from R303 354/kg to R312 029/kg.

**Cost of sales**

Cost of sales increased from R2 506 million to R2 623 million in the March 2011 quarter. The amount reported in the December 2010 quarter included an insurance credit of R179 million related to the unwinding of the previous insurance scheme, which was a once-off entry. Production costs and employment and restructuring costs decreased in the March 2011 quarter, resulting in a saving of R57 million.

**Impairment of investment in associate**

On 28 April 2011, Gold One International (Gold One) and Rand Uranium (Proprietary) Limited (Rand Uranium) announced that the shareholders of Rand Uranium have accepted an offer by Gold One for the shares in Rand Uranium. Harmony holds 40% in Rand Uranium. The investment has been classified as held for sale on the balance sheet and an impairment of R160 million was recognised as the carrying value was in excess of the expected proceeds.

**Investment income**

Included in the amount for the March 2011 quarter is an amount of R43 million relating to interest and interest refunds from the South African Revenue Service (SARS).

**Taxation**

The taxation credit of R297 million includes a deferred tax credit of R333 million. SARS previously disallowed Freegold's "post 1973 gold mine" additional capital allowance claim, and also disallowed Freegold's application of mining ringfencing. The disputed matters were set down to be heard in the Income Tax Court of Johannesburg on 14 March 2011, but SARS withdrew the additional capital allowance claim on 10 March 2011, conceding that the Freegold operations are entitled to claim this capital allowance. The inclusion of the capital allowance caused an increase in the deferred tax asset on the balance sheet and the resulting credit in the income statement.

**Capital expenditure**

Capital expenditure decreased from R835 million in the December 2010 quarter to R667 million for the March 2011 quarter.

**Trade and other receivables – current**

The balance at March 2011 includes an amount of R409 million owed by SARS for VAT refunds. An amount of R200 million was overdue at 31 March 2011, the majority of which has been refunded subsequent to balance sheet date.

**Borrowings**

During the March 2011 quarter, R250 million was drawn from the Nedbank facility. The undrawn facility at balance sheet date was R300 million.

Operational overview

**Group operational results**

March

December

%

Indicator                      Units

2011

2010

variance

**Tonnes                      000**

4 646

4 675

(1)

**Grade                      g/t**

2.06

2.11

(2)

**Gold produced**

**kg**

9 857

10 055

(2)

**Gold sold**

**kg**

9 716

10 046

(3)

**Cash operating costs    R/kg**

217 802

216 595

(1)

**Operating profit**

**R'000**

855 078

867 489

(1)

Quarter on quarter Harmony continued to control its cash cost, which resulted in a saving of R48 million. Lower production was due to the Christmas break, under-performance at Bambanani, Masimong, Unisel, Phakisa, a plant breakdown at Doornkop and the belt breakage of the conveying circuit at Hidden Valley.

**Build-up and steady operations**

**SOUTH AFRICA****Doornkop**

March

December

%

Indicator

Units

2011

2010

variance

Tonnes

000

173

171

1

Grade

g/t

3.30

3.76

(12)

Gold produced

kg

571

643

(11)

Cash operating costs

R/kg

229 447

229 894

-

Operating profit

R'000

46 314

44 938

3

Tonnes milled at Doornkop improved slightly by 1% quarter on quarter, with more square metres being broken. The Doornkop plant experienced breakdowns, mainly due to a breakdown on the stream thickener. The plant is currently under "intensive care" to ensure that its efficiency and availability are improved.

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The plant breakdown resulted in an 11% decrease in gold production. Cash operating costs remained stable at R229 447/kg, despite a decrease in production, whilst the operating profit improved by 3% to R46 million.

**Kusasaletu**

March

December

%

Indicator Units

2011

2010

variance

Tonnes 000

297

228

30

Grade g/t

4.93

4.59

7

Gold produced

kg

1 464

1 046

40

Cash operating costs

R/kg

200 579

274 201

27

Operating profit

R'000

146 982

40 192

&gt;100

Kusasaletu recovered well after the previous quarter's lower performance following the shaft accident, with a 30% increase in tonnes milled quarter on quarter to 297 000 tonnes. The grade increased by 7% to 4.93g/t, as a result of the improved face grade and improved mine call factor.

Cash operating costs decreased by 27% to R200 579/kg, with a substantial increase in operating profit to R147 million.

**Phakisa**

March

December

%

Indicator Units

2011

2010

variance

Tonnes	000
88	
107	
(18)	
Grade	g/t
4.64	
4.72	
(2)	
Gold produced	
kg	
408	
505	
(19)	
Cash operating costs	
R/kg	
286 765	
221 491	
(30)	
Operating profit	
R'000	
9 674	
43 769	
(78)	

Phakisa had a challenging quarter with volumes down by 18% quarter on quarter at 88 000 tonnes milled, resulting in a 19% decrease in gold production to 408kg. Stoppages at this mine, due to ice plant difficulties and settler failure at Nyala, resulted in lower production and a decrease in operating profit to R10 million. Cash operating cost increased to R286 765/kg, compared to the R221 491/kg in the previous quarter.

**Masimong**

March

December

%

Indicator	Units
2011	
2010	
variance	
Tonnes	000
216	
219	
(1)	
Grade	g/t
4.81	
5.26	
(9)	
Gold produced	
kg	
1 039	
1 151	
(10)	

Cash operating costs

R/kg

175 496

168 907

(4)

Operating profit

R'000

140 570

160 961

(13)

Masimong's tonnes milled for the quarter remained fairly steady with a 1% decline in volumes to 216 000 tonnes. Lower recovery grades of 4.81g/t resulted in a 10% reduction in gold production quarter on quarter.

The cash operating costs were well controlled despite the lower production and showed only a 4% increase to R175 496/kg.

### Target 1

March

December

%

Indicator

Units

2011

2010

variance

Tonnes

000

161

196

(18)

Grade

g/t

4.88

4.41

11

Gold produced

kg

785

865

(9)

Cash operating costs

R/kg

203 459

191 083

(7)

Operating profit

R'000

59 007

98 380

(40)

Gold production at Target 1 decreased by 9%, as a result of 18% less tonnes milled during the quarter, mainly due to problems experienced with the decline belt which resulted in unplanned stoppages. A new belt has been ordered. However, it is anticipated that the delay in

having the belt delivered may have an effect on Target's fourth quarter production.

Cash operating costs were 7% higher quarter on quarter at R203 459/kg, as a result of lower production.

The grade increased by 11% compared to the previous quarter.

**Target 3**

March

December

%

Indicator	Unit
-----------	------

2011

2010

variance

Gold produced

kg

250

170

47

Build-up at the shaft continued this quarter, with a 47% increase in gold production to 250kg. The extensive infrastructure improvements will result in further improvements in gold production.

**Tshepong**

March

December

%

Indicator	Units
-----------	-------

2011

2010

variance

Tonnes	000
--------	-----

333

345

(3)

Grade	g/t
-------	-----

5.04

4.72

7

Gold produced

kg

1 679

1 628

3

Cash operating costs

R/kg

170 662

176 052

3

Operating profit

R'000

236 045

212 948

11

Tshepong had a pleasing quarter with a production increase of 3%, supported by an increase in the recovery grade of 7% to 5.04g/t in comparison to the December 2010 quarter of 4.72g/t. Tshepong is the lowest cost producer in the company for the quarter at R170 662/kg and contributed 11% more in operating profit quarter on quarter at R236 million.



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Results for the third quarter and nine months

**ended 31 March 2011****INTERNATIONAL****Hidden Valley**

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

March

December

%

Indicator

Units

2011

2010

variance

Tonnes

000

407

425

(4)

Grade

g/t

1.95

1.95

–

Gold produced

kg

794

827

(4)

Cash operating costs

R/kg

216 981

195 605

(11)

Operating profit

R'000

83 202

99 265

(16)

Hidden Valley's grade remained stable at 1.95g/t. Volumes were 4% down due to less tonnes milled during the quarter, resulting in gold production being 4% lower quarter on quarter at 794kg. Silver production, which is treated as a credit to cash operating cost, decreased by 20% to 4 704kg compared to 5 951kg in the previous quarter.

Lower volumes and production were due to the poor performance and the belt breakage of the Hidden Valley conveying circuit. Process plant throughput declined as a result of this constraint to supply ore to the Hidden Valley pit. In order to mitigate the impact of the conveyor outage during the quarter, additional contractor haulage trucks were mobilised and assigned to haul ore from the Hidden Valley stockpile to the Hamata stockpile.

The cost of trucking ore to the plant and lower production resulted in higher cash operating costs of R216 981/kg. The conveyor belt issue

may affect the fourth quarter production.

Hidden Valley mine is now connected to the PNG Power Ltd grid and is receiving up to 10MW of grid power (more than 60% of total requirements), reducing demand on the site's diesel-fired power station.

#### **Other underground South African operations**

##### **Bambanani**

March

December

%

Indicator	Units
-----------	-------

2011

2010

variance

Tonnes	000
--------	-----

81

104

(22)

Grade	g/t
-------	-----

6.90

7.27

(5)

Gold produced

kg

559

756

(26)

Cash operating costs

R/kg

333 259

260 147

(28)

Operating profit

R'000

(12 961)

34 468

(>100)

Bambanani had another disappointing quarter. Gold production decreased by 26% to 559kg. Cash operating costs were 28% higher at R333 259/kg, as a result of lower production.

Short interval control processes have been re-introduced at Bambanani to address deficiencies and ineffectiveness at the operation.

##### **Steyn 2**

March

December

%

Indicator	Unit
-----------	------

2011

2010

variance

Gold produced

kg

14  
18  
(22)

Most of the quarter at Steyn 2 was spent on maintenance of equipment and addressing operational challenges. At the beginning of April 2011 production on all the available faces started and some revenue will be generated in the fourth quarter of FY11.

### Evander

March

December

%

Indicator                      Units

2011

2010

variance

Tonnes                      000

130

139

(7)

Grade                      g/t

3.72

3.72

–

Gold produced

kg

483

517

(7)

Cash operating costs

R/kg

298 153

300 698

1

Operating profit/(loss)

R'000

7 304

1 330

>100

Evander increased its operating profit to R7 million by managing its cash operating costs and keeping it stable at R298 153/kg, despite lower tonnes and lower kilograms produced for the quarter. Several panels were stopped due to low grade and eight crews in the decline were moved to higher grade areas to improve the average mining grade. This had an adverse effect on the square metres mined and the volumes mined, but improved the average mining grade.

Mining is now taking place further away from the edge of the payshoot with more consistent grade distribution. Stopping crews on the decline are set to deliver improved results in the June quarter.

### Joel

March

December

Indicator	Units
2011	
2010	
variance	
Tonnes	
000	118
128	
(8)	
Grade	g/t
3.77	
3.19	
18	
Gold produced	
kg	
445	
408	
9	
Cash operating costs	
R/kg	
238 256	
276 787	
14	
Operating (loss)/profit	
R'000	
30 997	
2 127	
>100	

Gold production increased by 9% to 445kg, mainly due to the 18% uplift in grade to 3.77g/t, supported by improvements in the belt grade.

Despite lower volumes at 118 000 tonnes, gold production increased by 9% to 445 kg, mainly as a result of the increase in grade.

Cash operating costs were 14% lower at R238 256/kg. Higher production resulted in operating profit increasing to R31 million.

#### Unisel

(only operational shaft remaining under the Virginia operations)

March

December

Indicator	Units
2011	
2010	
variance	
Tonnes milled	
000	
104	
122	
(15)	
Grade	g/t
4.49	
4.64	

(3)

Gold produced

kg

467

566

(18)

Cash operating costs

R/kg

227 266

197 512

(15)

Operating profit

R'000

38 814

51 426

(25)

Unisel produced results slightly below its plan with lower production at 467kg, compared to the 566kg of the previous quarter, mainly due to less tonnes milled and a decline in the grade of 3% to 4.49g/t.

The cash operating costs increased by 15% to R227 266/kg due to lower outputs.

9

**Total South African surface operations**

March

December

%

Indicator Units

2011

2010

variance

**Tonnes 000**

2 538

2 491

2

**Grade g/t 0.35**

0.38

(8)

**Gold produced****kg 899**

955

(6)

**Gold sold****kg 880**

898

(2)

**Cash operating costs R/kg**

227 335

215 422

(6)

**Operating profit****R'000**

69 130

77 685

(11)

Tonnes mined increased by 2% for the quarter, but the lower grade recovery grade of 0.35g/t resulted in a 6% decline in gold production.

The cash operating costs were 6% higher as a result and operating profit was 11% lower at R69 million.

**Kalgold**

March

December

%

Indicator Units

2011

2010

variance

**Tonnes 000**

373

413

(10)

**Grade g/t**

0.74

0.82  
 (10)  
 Gold produced  
 kg  
 276  
 339  
 (19)  
 Cash operating costs  
 R/kg  
 231 188  
 246 475  
 6  
 Operating profit  
 R'000  
 19 740  
 16 976  
 16

Volumes declined by 10%, due to the mill standing for six days as a mill bearing had to be replaced. Grade was 10% lower as a result of a decrease in waste stripping in the pit, resulting in less volumes being moved and a 19% decrease in gold production to 276kg. The cash operating cost decreased by 6% quarter on quarter to R231 188/kg, mainly due to less volumes being mined.

**Phoenix (tailings)**

March  
 December  
 %

Indicator	Units
2011	
2010	
variance	
Tonnes	
000	

1 242  
 1 266  
 (2)

Grade	g/t
0.12	
0.11	
9	

Gold produced  
 kg  
 149  
 138  
 8  
 Cash operating costs  
 R/kg  
 259 966  
 241 659  
 (8)  
 Operating profit

R'000  
 12 508  
 8 728  
 43

Higher operational profit of R13 million was supported by higher production at 149kg, resulting from a 9% increase in grade. Cash operating unit cost were higher at R259 966/kg.

**Surface dumps**

March

December

%

Indicator	Units
-----------	-------

2011

2010

variance

Tonnes	000
--------	-----

923

812

14

Grade	g/t
-------	-----

0.51

0.59

(14)

Gold produced

Kg

474

478

(1)

Cash operating costs

R/kg

214 833

185 824

(16)

Operating profit

R'000

36 882

51 981

(29)

The surface dumps managed to treat 14% more tonnes during the quarter, and despite a decrease in recovery grade at 0.51g/t, gold production remained fairly stable. The cash operating costs were higher at R214 833/kg, with operating profit subsequently lower at R37 million.



## 10

Results for the third quarter and nine months

**ended 31 March 2011**

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.

Ore reserve block grade (cmg/t)

Rolling 4 quarter average development grade (cmg/t)

Current quarter average development grade (cmg/t)

### **Bambanani**

In the southern part of the mine, development grades are lower than in the previous quarter, while in the shaft pillar the grade remains above 3 000cmg/t – in line with expectations.

### **Doornkop**

The South Reef development grades are mostly in line with expectations with some areas showing better than expected grades. No on-reef development was planned for the Kimberly Reef.

### **Evander 8**

Almost all on-reef development is now concentrated on the Kinross payshoot in the decline area of the mine and the grades sampled are good and in line with expectations.

### **Joel**

As expected, there was a quarter on quarter improvement in the development grades. Grades remain good in the winzes, being developed from 121 level to 129 level in the very prospective north western portion of the mine.

### **Kusasaletu**

On-reef development returned grades that are in line with the overall ore body grade and also as predicted for the areas that are being developed.

### **Masimong**

There was a quarter on quarter drop in the grade for both the Basal and B reef development. The drop in grade on the Basal reef is due to the intersection of a sill that affects the reef on the eastern side of the mine. On the B reef, most of the on-reef development is still in areas outside of the main B reef channels.

### **Phakisa**

Most of the development at Phakisa is taking place in the lower grade central block with its very erratic nature in terms of grade. However, positive grade trends are emerging from the development towards the north, as expected, which has resulted in a quarter on quarter increase in the development grade at the mine.

### **Target (narrow reef mining)**

At the Target 1 shaft, there was a decrease in development grade quarter on quarter as a result of the development advancing away from the higher grade sub-outcrop area on the Dreyerskuil reefs into the Elsburgh conglomerates. 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, there has been an improvement in both grade and metres quarter on quarter with the start-up of more development ends.

**Tshepong**

In general lower than expected grades were sampled for most of the Basal reef raises while the B reef continued to yield positive results in the areas that has been targeted.

**Virginia (Unisel)**

At Unisel, the development grades of all the reefs being developed (Leader, Basal and Middle reefs) were in line with expectations and showed an improvement quarter on quarter.

**Ore reserve block grades v development grades**

**11**

Exploration

**International (Papua New Guinea)****Morobe Mining Joint Venture (50% Harmony)****Wafi-Golpu**

Drilling at the Wafi-Golpu project in Papua New Guinea (PNG) has indicated further significant exploration 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

1017 860

1.37

0.70

2.68

WR363 Golpu 914 595

2.03

1.65

4.58

WR377 Golpu 913 883

2.15

2.23

5.33

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

During the quarter the results of the spectacular WR377 drill hole was released as 883m @ 2.15% Cu and 2.23g/t Au (5.33g/t Au equivalents\*) from 913m including 628m @ 2.82% Cu and 3.06g/t Au (7.13g/t Au equivalents\*) from 1 043m.

Drilling has identified a new prospect to the west of Golpu with drill hole WR392 returning 85m @ 3.18 g/t Au from 302m. All assays for this hole have not yet been received. Geochemistry and alteration indicate it is part of a high sulphidation system. The intercept is more than 300m from any known mineralised system. The orientation of the mineralisation is not known.

Drilling results from Golpu during the quarter have confirmed and extended the mineralisation 125m north from the 21125N section as well as indicating that the best grades seen to date are found north of 21125N. Golpu remains open to the north and at depth.

The pre-feasibility study is well on track and planned completion is at the end of the 2011 calendar year. Drilling activities continued this quarter, with five rigs that drilled 11 356 metres targeting infill and extensions of Golpu, drill holes to gain samples for metallurgical testing of Wafi and geotechnical information for the Watut decline path.

**Wafi Structural corridor**

Morobe Mining Joint Venture Land Position (Harmony 50%)

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Results for the third quarter and nine months

**ended 31 March 2011**

Exploration along the Wafi corridor focused on prospect development work at Zimake and Mt Tonn with 795 surface samples collected during the quarter:

**Zimake (EL1590)**

The Zimake target is a circular magnetic anomaly approximately 5km x 6km. Historic pan concentrate samples from the target area contain anomalous grades of up to 7.9ppm Au. Reconnaissance field work commenced during the quarter included mapping and rock chip sampling and ridge and spur soil sampling. Initial observations have been encouraging with alluvial gold workings mapped in association with both propylitic and phyllic altered sedimentary rocks, adjacent a granodiorite contact. Fieldwork is continuing to the north where alteration intensity appears to become more intense. Rock chip and surface sample results are pending.

**Mt Tonn (EL1316)**

Grid based sampling results were received during the quarter and have been encouraging. The anomaly remains open to the south off the grid, and has distinctly elevated copper assays. Mapping showed strong pervasive biotite-chlorite alteration with weak to moderate fracturing and weak disseminated quartz-carbonate and/or pyrite veining.

Wafi transfer zone – an emerging mineral district

**Wafi-Golpu Project\***

**4.8Mt Cu. 16 Moz Au. 55 Kt**

13

**PNG Exploration (Harmony 100%)**

**Hidden Valley satellite deposit exploration**

Work to delineate additional resources around Hidden Valley has focussed on 3 main prospect areas:

- Avina magnetic target surface sampling
- Mungowe prospect mapping and surface sampling
- Kulang prospect drilling

**Avina Magnetic Target (ML151)**

Project generation work identified a magnetic target immediately south of the Yafo-Avina prospect on the Hidden Valley ML. Ridge and spur soil geochemistry obtained elevated zinc values peripheral to the magnetic target, suggesting potential for a porphyry system at depth. Preliminary gold assays were received and show a high order gold anomaly north of the Yafo prospect drilling, with assay values up to 3.64 g/t Au. The anomaly is over 200m long approximately 100m wide (roughly parallel with the Hamata orebody) and remains open off the grid. Further work to scope out the size potential is underway.

**Mungowe prospect (EL497)**

The Mungowe prospect lies 6 km to 8 km northeast of the Hamata Processing plant and represents an area of high order stream sediment anomalism. Systematic field mapping at 1: 2 500 scale at Mungowe commenced on 18 March 2011. Initial work has concentrated on areas along the mine access road southwest of the Eddie Creek, but will extend west to include mapping and sampling of the surrounding drainages. Three kilometres of mapping was completed at Mungowe.

**Kulang prospect (EL497)**

First pass drilling at Kulang prospect (located 4km north-northeast of Kerimenge) comprised six holes (2 929m). The drilling forms part of a broader programme to explore a major clay-pyrite alteration zone extending over 5km from the Kerimenge prospect in the south, to the Kulang prospect in the north. At the Kulang prospect, drilling was designed to test outcropping carbonate base-metal veins with anomalous surface gold geochemistry.

Although no ore grade intercepts have been obtained to date, preliminary gold results for the first four holes indicate widespread Au anomalism associated with colloform-banded quartz, rhodochrosite, and base metal sulphide veins.

**Morobe Coast EL1403**

In the Siu-Yagen area, grid based soil sampling was completed over a 3.6km

2

area to test the potential of an argillic alteration associated with a diorite intrusive.

**14**

Results for the third quarter and nine months

**ended 31 March 2011**

**Amanab project (EL1708)**

Results from soil samples obtained in the previous quarter within the Yup River East prospect area has identified a 2 by 1km<sup>2</sup> zone of anomalous gold within the exposed Amanab Metadiorite basement (gold to +100ppb).

No fieldwork was undertaken during the quarter. A desktop review was completed to assess the merits of the Yup River East target and to identify any other potential zones of interest. A regional-scale thrust within the Biaka area, coincident with an 8km x 2km zone of gold anomalous stream geochemistry, was identified as a potential source for observed alluvial gold, using a structurally controlled vein gold model. A compulsory 50% reduction was also prepared and submitted to the department as part of the desktop review process. Fieldwork scheduled for the next quarter will focus on reconnaissance mapping within the Biaka and eastern Yup River East targets.

**Mount Hagen Project (EL1611 & EL1596)**

Exploration activities for the current quarter focused on ridge and spur soil sampling and detailed mapping at the Kurunga and Bakil prospects. Preliminary soil sampling and reconnaissance mapping was also completed at the Penamb prospect, a potential Cu-Au porphyry system hosted within the Kurunga Intrusive Complex, 3.5km southeast of Kurunga. A total of 1 731 soil and rock chip samples were taken.

**Kurunga prospect**

Results received from surface sampling at Kurunga East have outlined 3 discrete Cu anomalies (+320 ppm) roughly 500m – 700m diameter. The anomalies sit in close proximity within a 2.5 by 1.5km area, east of the outcropping magnetite skarns at Kurunga. The Kurunga anomaly displays well-developed metal zonation, with a major Cu zone containing patchy but high tenor (+100ppb) Au anomalism. Peak values of 0.14% Cu, and 0.34 g/t Au were recorded. The central Cu-Au zone is surrounded by distal Zn-Pb anomalism.

Detailed mapping indicates that Cu anomalism is related to structurally-controlled phyllic alteration (quartz-pyrite-sericite), epithermal veins and a diffuse quartz-pyrite ± chalcopyrite vein stockwork within the mid-Miocene Kimil Diorite. Single, 600m diamond holes have been planned to intersect the central zone of each of the three main copper anomalies (total 1 800m), due to start in the first half of April 2011.

**Bakil prospect**

Infill ridge and spur soil sampling over the Bakil copper anomaly was completed during the quarter (596 samples). Results received were low order compared to the Kurunga anomaly, but regionally significant zinc anomalism combined with the mapped zoned propylitic and argillic alteration indicates that the system is exposed at a high level relative to the interpreted porphyry system at depth.

**Penamb prospect**

The Penamb prospect is located approximately 3.5km southeast of Kurunga camp. Ridge and spur soil sampling (165 samples) and reconnaissance mapping was completed on the western half of

the Penamb mountain. Assay results are pending. Preliminary field observations combined with historic data indicate the presence of a fertile Cu-Au porphyry system with significant phyllic and propylitic alteration zones within the main Penamb creek and along several ridges. Several float samples from Penamb creek contain outer potassic alteration assemblages (secondary biotite and minor potassium feldspar). Stream and ridge mapping will commence in the next quarter, combined with soil sampling of the eastern half of the mountain.

**Note:** 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**

##### **Uranium Project Tshepong, Phakisa, Masimong Project (TPM)**

TPM evaluates the potential for the economic recovery of uranium from the ore mined at the Tshepong, Phakisa and Masimong operations in the Free State. The project will produce an average of 600 000 lbs of uranium per annum from 280 000 tonnes per month of underground ore from Tshepong, Phakisa and Masimong over an 18 year life. The processing of the uranium enhances the gold recovery resulting in increased gold production from these operations. When the uranium is treated as a by-product and therefore a credit to costs, operating costs of the contributing shafts will be reduced.

The resource totals 169.6 Mt and contains 82 M lbs of uranium. The feasibility study that is presently being completed will incorporate these tonnes and grades in the mining model.

The feasibility study is progressing well and remains on track for the gate review in the next quarter. Test work on the resin in pulp demonstration plant was completed during the quarter. It has shown the resin to have good durability and the results are being incorporated into the feasibility study.



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**Incorporated in the Republic of South Africa**

**Registration number 1950/038232/06**

**(“Harmony” or “Company”)**

**Results for the third quarter and nine months ended 31 March 2011**

**JSE Share code: HAR | NYSE Share code: HMY | ISIN: ZAE 000015228**

**Financial results for**

**the third quarter and nine months**

**ended 31 March 2011**

**(Rand) and (US\$)**

**16**

Results for the third quarter and nine months  
ended **31 March 2011**

**17**

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

Unisel

ground

Kalgold Phoenix Dumps Surface

Other

Total Valley

Total

**Ore milled**

**– t'000**

**Mar-11**

**81**

**173**

**130**

**118**

**297**

**216**

**88**

**–**

**161**

**–**

**333**

**104**

**1 701**

**373**

1 242

923

2 538

–

4 239

407

4 646

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

**Gold produced**

– kg

**Mar-11**

559

571

483

445

1 464

1 039

408

14

785

250

1 679

467

8 164

276

149

474

899

–

9 063

794  
9 857  
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  
**Gold produced**  
**— oz**  
**Mar-11**  
**17 972**  
**18 358**  
**15 529**  
**14 307**  
**47 069**  
**33 405**  
**13 117**  
**450**  
**25 238**  
**8 038**  
**53 981**  
**15 014**  
**262 478**  
**8 874**  
**4 790**  
**15 239**  
**28 903**  
—  
**291 381**  
**25 528**  
**316 909**  
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

**Yield**  
 – g/tonne

**Mar-11**

**6.90**

**3.30**

**3.72**

**3.77**

**4.93**

**4.81**

**4.64**

–

**4.88**

–

**5.04**

**4.49**

**4.64**

**0.74**

**0.12**

**0.51**

**0.35**

–

**2.08**

**1.95**

**2.06**

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

**Cash operating costs**

– R/kg

**Mar-11**

**333 259**

**229 447**

**298 153**

**238 256**

**200 579**

**175 496**

**286 765**

–

**203 459**

–

**170 662**

**227 266**

**216 799    231 188    259 966    214 833**

**227 335**

–

**217 876**

**216 981**

**217 802**

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

**Cash operating costs**

– \$/oz

**Mar-11**

**1 484**

**1 022**

**1 327**

**1 061**

**893**

**781**

**1 277**

–

**906**  
 -  
**760**  
**1 012**  
**965**  
**1 029**  
**1 157**  
**957**  
**1 012**  
 -  
**970**  
**966**            **970**  
 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  
**Cash operating costs**  
**- R/tonne**  
**Mar-11**  
**2 300**  
**757**  
**1 108**  
**899**  
**989**  
**844**  
**1 330**  
 -  
**992**  
 -  
**860**  
**1 021**  
**1 007**  
**171**

31  
110  
81  
—  
452  
423  
450  
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  
**Gold sold**  
**— Kg**  
**Mar-11**  
541  
543  
523  
405  
1 545  
1 005  
394  
14  
707  
250  
1 624  
452  
8 003  
263  
147  
470  
880  
—  
8 883



**833**

**9 716**

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

**Gold sold**

**— oz**

**Mar-11**

**17 394**

**17 458**

**16 815**

**13 021**

**49 673**

**32 311**

**12 667**

**450**

**22 731**

**8 038**

**52 213**

**14 532**

**257 303**

**8 456**

**4 726**

**15 111**

**28 293**

—

**285 596**

**26 782**

**312 378**

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  
**Revenue**  
**(R'000)**  
**Mar-11**  
**169 264**  
**169 602**  
**162 346**  
**126 329**  
**480 596**  
**314 222**  
**123 501**  
—  
**221 194**  
—  
**507 523**  
**141 255**  
**2 415 832**  
**81 888**  
**45 861 147 391**  
**275 140**  
**– 2 690 972**  
**258 327**  
**2 949 299**  
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

**Cash operating  
(R'000)**

**Mar-11**

**186 292**

**131 014**

**144 008**

**106 024**

**293 648**

**182 340**

**117 000**

—  
**159 715**

—  
**286 542**

**106 133**

**1 712 716**

**63 808**

**38 735 101 831**

**204 374**

**— 1 917 090**

**172 283**

**2 089 373**

**costs**

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

**Inventory**

**(R'000)**

**Mar-11**

**(4 067)**

**(7 726)**

**11 034**

**(10 692)**

**39 966**

**(8 688)**

**(3 173)**

—

**2 472**

—

**(15 064)**

**(3 692)**

**370**

**(1 660)**

**(5 382)**

**8 678**

**1 636**

—

**2 006**

**2 842**

**4 848**

**movement**

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)

**Operating costs**

**(R'000)**

**Mar-11**

182 225

123 288

155 042

95 332

333 614

173 652

113 827

–

162 187

–

271 478

102 441

1 713 086

62 148

33 353 110 509

206 010

– 1 919 096

175 125

2 094 221

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

**Operating profit**

**(R'000)**

**Mar-11**

**(12 961)**

46 314

7 304

30 997

**146 982**  
**140 570**  
**9 674**  
 -  
**59 007**  
 -  
**236 045**  
**38 814**  
**702 746**  
**19 740**    **12 508**    **36 882**  
**69 130**  
 -  
**771 876**  
**83 202**  
**855 078**  
 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  
**Operating profit**  
**(\$'000)**  
**Mar-11**  
**(1 856)**  
**6 629**  
**1 047**  
**4 436**  
**21 040**  
**20 122**  
**1 385**  
 -  
**8 446**  
 -  
**33 788**

5 556

100 593

2 826

1 791

5 279

9 896

—

110 489

11 910

122 399

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

**Capital expenditure**

**(R'000)**

**Mar-11**

**37 321**

**67 049**

**29 981**

**14 733**

**85 915**

**40 588**

**81 737**

**37 009**

**74 469**

**22 026**

**67 259**

**14 225**

**572 312**

**1 246**

**5 844**

**12 353**

**19 443**

**7 112**

**598 867**

**67 982**

**666 849**

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

**Capital expenditure**

**(\$'000)**

**Mar-11**

**5 342**

**9 598**

**4 292**

**2 109**

**12 298**

**5 810**

**11 700**

**5 298**

**10 660**

**3 153**

**9 628**

**2 036**

**81 924**

**178**

**837**

**1 768**

**2 783**

**1 018**

**85 725**

**9 731**

**95 456**



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

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.

**18**

Results for the third quarter and nine months

**ended 31 March 2011**

CONDENSED CONSOLIDATED INCOME STATEMENT (Rand)

Quarter ended

Nine months ended

Year ended

31 March    31 December

31 March<sup>1</sup>

31 March

31 March<sup>1</sup>

30 June

2011

2010

2010

2011

2010

2010

(Unaudited)

(Unaudited)

(Unaudited)

(Unaudited)

(Unaudited)

(Audited)

Note

R million

R million

R million

R million

R million

R million

**Continuing operations**

Revenue

2 949

2 990

2 521

9 023

8 239

11 284

Cost of sales

2

(2 623)

(2 506)

(2 581)

(8 125)

(7 837)

(10 484)

Production costs

(2 064)

(2 093)

(1 882)

(6 565)		
(6 249)		
(8 325)		
Royalty expense		
(30)		
(30)		
(5)		
(84)		
(5)		
(33)		
Amortisation and depreciation		
(431)		
(442)		
(324)		
(1 299)		
(994)		
(1 375)		
Impairment of assets		
–	–	
(196)		
–	(300)	
(331)		
Employment termination and restructuring costs		
(26)		
(54)		
(120)		
(158)		
(123)		
(205)		
Other items		
(72)		
113	(54)	
(19)		
(166)		
(215)		
<b>Gross profit/(loss)</b>		
<b>326</b>	<b>484</b>	<b>(60)</b>
<b>898</b>	<b>402</b>	<b>800</b>
Corporate, administration and other expenditure		
(93)		
(96)		
(83)		
(283)		
(257)		
(382)		
Social investment expenditure		
(27)		
(23)		
(25)		

(66)					
(54)					
(81)					
Exploration expenditure					
3					
(77)					
(76)					
(66)					
(251)					
(159)					
(219)					
Profit/(loss) on sale of property, plant and equipment					
8	1	(1)	24	3	
104					
Other (expenses)/income – net					
(8)					
6	(2)				
(56)					
(95)					
(58)					
<b>Operating profit/(loss)</b>					
<b>129</b>	<b>296</b>	<b>(237)</b>			
<b>266</b>	<b>(160)</b>				
<b>164</b>					
(Loss)/profit from associates					
(24)					
(19)					
5	(51)				
61	56				
Impairment of investment in associate					
6					
(160)					
–					
–					
(160)					
–					
–					
Loss on sale of investment in subsidiary					
–	–				
(24)					
–	(24)				
(24)					
Net gain on financial instruments					
4					
3	78	–	392	3	38
Investment income					
64	38	61	116	186	
187					
Finance cost					

(71)				
(69)				
(60)				
(199)				
(152)				
(246)				
<b>(Loss)/profit before taxation</b>				
<b>(59)</b>	<b>324</b>	<b>(255)</b>		
<b>364</b>	<b>(86)</b>			
<b>175</b>				
Taxation				
297	(28)			
(25)				
275	(108)			
(335)				
Normal taxation				
(12)				
–	(22)			
(22)				
(63)				
(84)				
Deferred taxation				
5				
309	(28)			
(3)				
297	(45)			
(251)				
<b>Net profit/(loss) from continuing operations</b>				
<b>238</b>	<b>296</b>	<b>(280)</b>		
<b>639</b>	<b>(194)</b>			
<b>(160)</b>				
<b>Discontinued operations</b>				
Profit/(loss) from discontinued operations				
6				
–	23	(15)	20	(12)
(32)				
<b>Net profit/(loss)</b>				
<b>238</b>	<b>319</b>	<b>(295)</b>		
<b>659</b>	<b>(206)</b>			
<b>(192)</b>				
<i>Attributable to:</i>				
Owners of the parent				
238	319	(295)		
659	(206)			
(192)				
Non-controlling interest				
–	–	–		
–				
–				
–				

Earnings/(loss) per ordinary share (cents)

7

– Earnings/(loss) from continuing operations

55                    69                    (65)

149                    (45)

(38)

– Earnings/(loss) from discontinued operations

–                    5                    (4)                    5                    (3)

(8)

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

**55                    74                    (69)**

**154                    (48)**

**(46)**

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

7

– Earnings/(loss) from continuing operations

55                    69                    (65)

149                    (45)

(38)

– Earnings/(loss) from discontinued operations

–                    5                    (3)                    5                    (3)

(8)

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

**55                    74                    (68)**

**154                    (48)**

**(46)**

<sup>1</sup> The comparative figures are re-presented due to Mount Magnet being reclassified as a discontinued operation. See note 6 in this regard.

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

**19**  
**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (Rand)**

Quarter ended

Nine months ended

Year ended

31 March 31 December

31 March

31 March

31 March

30 June

2011	2010	2010	2011	2010	2010
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)

R million

R million

R million

R million

R million

R million

**Net profit/(loss) for the period**

<b>238</b>	<b>319</b>	<b>(295)</b>
------------	------------	--------------

<b>659</b>	<b>(206)</b>
------------	--------------

**(192)**

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

6	(161)
---	-------

71	(50)
----	------

35	(131)
----	-------

Foreign exchange translation

22	(131)
----	-------

72	(3)
----	-----

34	(127)
----	-------

Fair value movement of  
available-for-sale investments

(16)

(30)

(1)

(47)

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

**Total comprehensive income/(loss)  
for the period**

<b>244</b>	<b>158</b>	<b>(224)</b>
------------	------------	--------------

<b>609</b>	<b>(171)</b>
------------	--------------

**(323)**

*Attributable to:*

Owners of the parent

244	158	(224)
-----	-----	-------

609	(171)
-----	-------

(323)

Non-controlling interest

–	–	–	–	–	–
---	---	---	---	---	---

**20**

Results for the third quarter and nine months

**ended 31 March 2011**

CONDENSED CONSOLIDATED BALANCE SHEET (Rand)

	At	At
At	At	
31 March		
31 December		
30 June		
31 March		
	2011	2010
2010	2010	
(Unaudited)		
(Audited)		
(Unaudited)		
Note		
R million		
R million		
R million		
R million		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment		
30 557		
30 218		
29 556		
29 403		
Intangible assets		
2 188		
2 199		
2 210		
2 210		
Restricted cash		
27	26	
146	147	
Restricted investments		
1 866		
1 864		
1 742		
1 726		
Investments in financial assets		
236	264	
12	18	
Investments in associates		
–	358	
385	391	
Inventories		
227	232	
214	81	
Deferred tax asset		



2 310	
1 925	
1 875	
1 891	
Trade and other receivables	
69	69
75	76
37 480	
37 155	
36 215	
35 943	
<b>Current assets</b>	
Inventories	
954	943
987	
1	
152	
Trade and other receivables	
8	
1 111	
962	
932	
1 217	
Income and mining taxes	
119	102
74	44
Cash and cash equivalents	
656	837
770	481
2 840	
2 844	
2 763	
2 894	
Assets of disposal groups classified as held for sale	
6	
174	—
245	—
3 014	
2 844	
3 008	
2 894	
<b>Total assets</b>	
<b>40 494</b>	
<b>39 999</b>	
<b>39 223</b>	
<b>38 837</b>	
<b>EQUITY AND LIABILITIES</b>	
<b>Share capital and reserves</b>	
Share capital	
28 290	
28 277	

28 261  
 28 102  
 Other reserves  
 299 266  
 258 535  
 Retained earnings

1  
 135 897  
 690 676  
 29 724  
 29 440  
 29 209  
 29 313

**Non-current liabilities**

Deferred tax liability

5 623  
 5 538  
 5 409  
 5 217

Provision for environmental rehabilitation

1 785  
 1 752  
 1 692  
 1 704

Retirement benefit obligation and other provisions

179 179  
 169 167

Borrowings

9  
 1 487  
 1 243  
 981  
 780  
 9 074  
 8 712  
 8 251  
 7 868

**Current liabilities**

Borrowings

9  
 336 344  
 209 221

Income and mining taxes

17 10  
 9 17

Trade and other payables

1 343  
 1 493  
 1 410  
 1 418

1 696

1 847

1 628

1 656

Liabilities of disposal groups classified as held for sale

6

— —

135 —

1 696

1 847

1 763

1 656

**Total equity and liabilities**

**40 494**

**39 999**

**39 223**

**38 837**

Number of ordinary shares in issue

429 807 371

429 506 618

428 654 779

426 191 965

Net asset value per share (cents)

6 916

6 854

6 814

6 878

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

**21**

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Rand)

for the nine months ended 31 March 2011

Share

Other

Retained

capital

reserves

earnings

Total

R million

R million

R million

R million

Balance – 30 June 2010

28 261

258

690

29 209

Issue of shares

29 – –

29

Share-based payments

– 91 – 91

Total comprehensive income for the period

– (50)

659 609

Dividends paid

– –

(214)

(214)

**Balance as at 31 March 2011****28 290****299****1 135****29 724**

Balance – 30 June 2009

28 091

339

1 095

29 525

Issue of shares

11 – –

11

Share-based payments

– 108

– 108

AVRD share issue reserve\*

– 151

– 151

Repurchase of equity interest

-		
(98)		
-		
(98)		
Total comprehensive loss for the period		
-	35	(206)
(171)		
Dividends paid		
-	-	
(213)		
(213)		
<b>Balance as at 31 March 2010</b>		
<b>28 102</b>		
<b>535</b>		
<b>676</b>		
<b>29 313</b>		

\* This relates to the transaction with Africa Vanguard Resources (Doornkop) (Proprietary) Limited (AVRD).

**22**

Results for the third quarter and nine months

**ended 31 March 2011**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (Rand)

Quarter ended

Nine months ended

Year ended

31 March 31 December

31 March

31 March

31 March

30 June

2011

2010

2010

2011

2010

2010

(Unaudited)

(Unaudited)

(Unaudited)

(Unaudited)

(Unaudited)

(Audited)

R million

R million

R million

R million

R million

R million

R million

**Cash flow from operating activities**

Cash generated by operations

213

450

295

1 366

703

1

611

Interest and dividends received

64

38

66

116

186

187

Interest paid

(34)

(35)

(32)

(99)

(52)

(90)

Income and mining taxes refund/(paid)

8

(30)

(11)

(26)

(70)

(125)

Cash generated by operating activities

251

423

318

1 357

767

1

583

**Cash flow from investing activities**

Decrease in restricted cash

-

90

301

120

15

15

Proceeds on disposal of investment in subsidiary

-

-

24

229

24

24

Proceeds on disposal of available-for-sale financial assets				
–	2	–	1	44
50				
Other investing activities				
16	(6)			
(8)				
20	(3)			
(12)				
Net additions to property, plant and equipment				
(687)				
(846)				
(988)				
(2 281)				
(2 785)				
(3 493)				
Cash utilised by investing activities				
(671)				
(760)				
(671)				
(1 911)				
(2 705)				
(3 416)				
<b>Cash flow from financing activities</b>				
Borrowings raised				
250	525	250	775	936
1				
236				
Borrowings repaid				
(17)				
(107)				
(260)				
(130)				
(285)				
(391)				
Ordinary shares issued – net of expenses				
13	8	6	29	11
18				
Dividends paid				
–	–	–	(214)	
(213)				
(213)				
Cash generated/(utilised) by financing activities				
246	426	(4)		
460	449	650		
<b>Foreign currency translation adjustments</b>				
<b>(7)</b>				
<b>(24)</b>				
<b>30</b>	<b>(20)</b>			
<b>20</b>	<b>3</b>			

Net (decrease)/increase in cash and  
cash equivalents

(181)

65 (327)

(114)

(1 469)

(1 180)

Cash and cash equivalents – beginning of period

837	772	808	770
-----	-----	-----	-----

1

950

1

950

**Cash and cash equivalents – end of period**

**656**

**837**

**481**

**656**

**481**

**770**



**23****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

for the third quarter and nine months ended 31 March 2011

**1.****Accounting policies***Basis of accounting*

The condensed consolidated financial statements for the nine months ended 31 March 2011 have been prepared in accordance with IAS 34,

Interim Financial Reporting, JSE Limited Listings 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

Nine months ended

Year ended

31 March 31 December

31 March<sup>1</sup>

31 March

31 March<sup>1</sup>

30 June

2011 2010 2010 2011 2010 2010

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

R million

R million

R million

R million

R million

R million

Production costs

2 064

2 093

1 882

6 565

6 249

8 325

Royalty expense

30 30 5 84 5

33

Amortisation and depreciation

431 442 324 1 299 994

1

375

Impairment of assets

(2)

–	–	196			
–	300	331			
Rehabilitation expenditure					
4	5	7	13	16	
29					
Care and maintenance cost of restructured shafts					
35	28	11	88	42	57
Employment termination and restructuring costs					
26	54	120	158	123	205
Share based payments					
28	32	36	91	108	
148					
Insurance adjustment/(credit)					
(3)					
5	(179)				
–	(174)				
–	–				
Provision for post-retirement benefits					
–	1	–	1	–	
(19)					

**Total cost of sales****2 623****2 506****2 581****8 125****7 837****10 484**

(1) The comparative figures are re-presented due to Mount Magnet being reclassified as part of discontinued operations. See note 6 in this regard.

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

(3) Net proceeds on unwinding of previous insurance agreement.

**3.****Exploration expenditure**

Quarter ended

Nine months ended

Year ended

31 March 31 December

31 March

31 March

31 March

30 June

2011	2010	2010	2011	2010	2010
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)

R million

R million

R million

R million

R million

R million

Total exploration expenditure

87

102

66

287

159

219

Less:

Expenditure

capitalised

(10)

(26) – (36)

–

–

**Exploration expenditure per****income statement****77 76 66 251****159****219****4.****Net gain on financial instruments**

During the September 2010 quarter, a gain of R273 million was recognised on the Freegold option, which was classified as a financial asset

at fair value through profit or loss. This was following Harmony Gold Mining Company Limited (Harmony) entering 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.

During the December 2010 quarter, an amount of R78 million was recognised, being the increase in the fair value of the Nedbank Equity Linked

Deposits held by the Environmental Trusts.

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Results for the third quarter and nine months  
ended 31 March 2011

**5.**

**Deferred taxation**

The taxation credit of R297 million includes a deferred tax credit of R333 million. The South African Revenue Service (SARS) previously disallowed Freegold's "post 1973 gold mine" additional capital allowance claim, and also disallowed Freegold's application of mining ringfencing. The disputed matters were set down to be heard in the Income Tax Court of Johannesburg on 14 March 2011, but SARS withdrew the additional capital allowance claim on 10 March 2011, conceding that the Freegold operations are entitled to claim this capital allowance. The inclusion of the capital allowance caused an increase in the deferred tax asset on the balance sheet and the resulting credit in the income statement.

**6.**

**Disposal groups classified as held for sale and discontinued operations**

***Mount Magnet***

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.

***Investment in associate***

The investment in Rand Uranium has been classified as held for sale following the decision by the shareholders to sell the business. In terms of the binding offer accepted by the shareholders on 21 April 2011, the subordinated shareholder's loan of R63 million due to the group will be repaid out of the sale proceeds. As the investment is carried at fair value, and the carrying value of the investment exceeds the expected proceeds, an impairment of R160 million has been recognised in the income statement.

**7.**

**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 March 2011: 429.5 million (31 December 2010: 429.1 million, 31 March 2010: 426.1 million), and nine months ended 31 March 2011:

429.1 million (31 March 2010: 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 March 2011: 430.7 million (31 December 2010: 429.9 million, 31 March 2010: 429.6 million), and the nine months ended

31 March 2011: 430.2 million (31 March 2010: 429.6 million), and the year ended 30 June 2010: 427.8 million.

25

Quarter ended

Nine months ended

Year ended

31 March 31 December

31 March<sup>1</sup>

31 March

31 March<sup>1</sup>

30 June

2011	2010	2010	2011	2010	2010	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)

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

Basic earnings/(loss)

55 74 (69)

154 (48)

(46)

Diluted earnings/(loss)

55 74 (68)

154 (48)

(46)

Headline earnings/(loss)

91 69 (27)

192 10 (7)

– from continuing operations

91 69 (24)

192 13 1

– from discontinued operations

– – (3) – (3)

(8)

Diluted headline earnings/(loss)

91 69 (27)

192 10 (7)

– from continuing operations

91 69 (24)

192 13 1

– from discontinued operations

– – (3) – (3)

(8)

R million

R million

R million

R million

R million

R million

**Reconciliation of headline**

**earnings/(loss):**

**Continuing operations**

Net profit/(loss)

238 296 (280)

639 (194)

(160)

*Adjusted for:*

Profit on sale of property, plant and equipment

(8)

(1)

(3)

(24)

(3)

(104)

Taxation effect of profit on sale of property,  
plant and equipment

2            -            1            7            1

22

Net gain on financial instruments

(3)

(1)

-            (4)

(5)

(7)

Taxation effect of net gain on financial instruments

1            -            -            1            2            2

Impairment of investments in associate\*

160

-

-

160

-

-

Foreign exchange loss/(gain) reclassified from  
other comprehensive income\*

-

-

-

47

(22)

(22)

Loss on sale of investment in subsidiary

-            -            24

-            24            24

Taxation effect of loss on sale of investment  
in subsidiary

-            -            (7)

-            (7)

(7)

Impairment of other investments\*

-            -            -            -            2            -

Impairment of assets

-            -            196

-            301            331

Taxation effect of impairment of assets

-            -

(34)					
–	(45)				
(75)					
<b>Headline earnings/(loss)</b>					
<b>390</b>	<b>294</b>	<b>(103)</b>			
<b>826</b>	<b>54</b>	<b>4</b>			
<b>Discontinued operations</b>					
Net profit/(loss)					
–	23	(15)	20	(12)	
(32)					
<i>Adjusted for:</i>					
Loss/(profit) on sale of property, plant and equipment					
–	–	2	–	(1)	
–					
Taxation effect of loss/(profit) on sale of property, plant and equipment					
–	–	(1)			
–					
Profit on sale of investment in subsidiary					
–	–	–	(138)		
–	(1)				
Taxation effect of profit on sale of investment in subsidiary					
–	–	–	34	–	–
Foreign exchange (gain)/loss reclassified from other comprehensive income*					
–					
(23)					
–	84	–			
–					
<b>Headline loss</b>					
–	–	(14)			
–	(13)				
(33)					
<b>Total headline earnings/(loss)</b>					
<b>390</b>	<b>294</b>	<b>(117)</b>			
<b>826</b>	<b>41</b>				
(29)					

(1) The comparative figures are re-presented due to Mount Magnet being reclassified as discontinued operation. See note 6 in this regard.

\*

There is no taxation effect on these items.

**26**

Results for the third quarter and nine months  
ended 31 March 2011

**8.****Trade and other receivables**

Included in the balance at 31 March 2011 is an amount of R409 million for VAT claims receivable. This is an increase of R191 million from the balance of R218 million at 31 December 2010.

**9.****Borrowings**

31 March

31 December

30 June

31 March

2011                      2010

2010

2010

(Unaudited)

(Audited)

(Unaudited)

R million

R million

R million

R million

Total long-term borrowings

1 487

1 243

981

780

Total current portion of borrowings

336

344

209

221

**Total borrowings****(1) (2)****1 823****1 587****1 190****1 001**

(1) In December 2009, the Company entered into a loan facility with Nedbank Limited, comprising a Term Facility of R900 million and a Revolving Credit Facility of R600 million.

Interest accrues on a day-to-day basis over the term of the loan at a variable interest rate, which is fixed for a three month period, equal to JIBAR plus 3.5%. Interest is repayable quarterly. The Term Facility is repayable bi-annually in equal instalments of R90 million over 5 years. The first instalment was paid on 30 June 2010.

In December 2010 the Company entered into an additional loan facility with Nedbank Limited, comprising 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 3 years from December 2010.

At 31 March 2011, R300 million (31 December 2010: R550 million) of these facilities had not been drawn down.

(2) Included in the borrowings is R58 million (31 December 2010: R63 million; June 2010: R91 million; March 2010: R99 million) owed to Westpac Bank Limited in terms of a finance lease agreement. The future minimum lease payments are as follows:

31 March	
31 December	
30 June	
31 March	
2011	2010
2010	
2010	
(Unaudited)	
(Audited)	
(Unaudited)	
R million	
R million	
R million	
R million	
Due within one year	
29	28
33	
33	
Due between one and five years	
30	
36	
60	
69	
59	64
93	
102	
Future finance charges	
(1)	(1)
(2)	
(3)	
<b>Total future minimum lease payments</b>	
<b>58</b>	<b>63</b>
<b>91</b>	
<b>99</b>	

**10. Commitments and contingencies**

31 March

31 December

30 June

31 March

2011 2010

2010

2010

(Unaudited)

(Audited)

(Unaudited)

R million

R million

R million

R million

**Capital expenditure commitments:**

Contracts for capital expenditure

191

166

117

271

Authorised by the directors but not contracted for

2 175

2 669

1 006

1 667

**2 366**

**2 835**

**1 123**

**1 884**

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](http://www.harmony.co.za). There were no significant changes in contingencies since 30 June 2010.

**11. Subsequent events**

On 29 April 2011, Taung Gold Limited (Taung) paid R100 million to Harmony in terms of the amended agreement for the purchase of the

Evander 6 shaft and Twistdraai areas. In terms of the amended agreement, the amount is repayable to Taung should the outstanding conditions

for the transactions not be fulfilled.

On 28 April 2011, Gold One International (Gold One) and Rand Uranium (Proprietary) Limited (Rand Uranium) announced that the shareholders

of Rand Uranium have accepted an offer by Gold One for the shares in Rand Uranium for an amount of US\$250 million. Of this US\$36 million

accrues to Harmony to settle both the shareholder loan and the sale of shares.

**12. Segment report**

The segment report follows on page 28.

27

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

Nine months

Nine months

ended ended

31 March

31 March<sup>1</sup>

2011 2010

R million

R million

The “Reconciliation of segment information to consolidated income statement and balance sheet” 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

9 023

8 239

Total segment production costs and royalty expense

(6 649)

(6 254)

Production profit as per segment report

2 374

1 985

*Less:* Discontinued operations

– –

2 374

1 985

Cost of sales items other than production costs and royalty expense

(1 476)

(1 583)

Amortisation and depreciation

(1 299)

(994)

Impairment of assets

– (300)

Employment termination and restructuring costs

(158)

(123)

Share-based payments

(91) (108)

Net insurance credit

174 –

Rehabilitation costs

(13) (16)

Care and maintenance costs of restructured shafts

(88)

(42)

Provision for post-retirement benefits

(1) —

**Gross profit as per income statements \***

**898 402**

**Reconciliation of total segment mining assets to consolidated property, plant and equipment:**

*Property, plant and equipment not allocated to a segment:*

Mining assets

885 767

Undeveloped property

5 139

5 328

Other non-mining assets

69 346

**6 093**

**6 441**

(1) The comparative figures are re-presented due to Mount Magnet being reclassified as discontinued operation. See note 6 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.

**28**

Results for the third quarter and nine months

**ended 31 March 2011**

SEGMENT REPORT FOR THE NINE MONTHS ENDED 31 MARCH 2011 (Rand/Metric) (Unaudited)

Production

Production

Mining

Capital

Kilograms

Tonnes

Revenue

cost

(1)

profit

assets

expenditure

produced

milled

R million

R million

R million

R million

R million

kg

t'000

**Continuing operations**

South Africa

**Underground**

Bambanani

(2)

671

603

68

1 087

231

2 289

314

Doornkop

530

418

112

3 027

221

1 755

484

Evander

477

471

6

936

146

1

552

409

Joel		295			
293					
2					
181					
55					
1					
001					
286					
Kusasaletu					
1 252					
976					
276					
3 151					
274					
4 023					
794					
Masimong					
1					
045					
571	474	831	129	3 453	678
Phakisa					
390					
337					
53					
4 263					
276					
1 290					
281					
Target					
(2)					
732					
520					
212					
2 711					
348					
3 017					
562					
Tshepong					
1 508					
852					
656					
3 630					
201					
4 995					
1 016					
Virginia					
539	451				
88	696				
63	1 793	470			
<b>Surface</b>					
All other surface operations					

(3)					
866					
640	226	143	93	2 923	
7					
866					
<b>Total South Africa</b>					
<b>8 305</b>					
<b>6 132</b>					
<b>2 173</b>					
<b>20 656</b>					
<b>2 037</b>					
<b>28 091</b>					
<b>13 160</b>					
International					
Papua New Guinea					
718					
517					
201					
3 808					
212					
2 292					
1 259					
<b>Total international</b>					
<b>718</b>					
<b>517</b>					
<b>201</b>					
<b>3 808</b>					
<b>212</b>					
<b>2 292</b>					
<b>1 259</b>					
<b>Total continuing operations</b>					
<b>9 023</b>					
<b>6 649</b>					
<b>2 374</b>					
<b>24 464</b>					
<b>2 249</b>					
<b>30 383</b>					
<b>14 419</b>					
<b>Discontinued operations</b>					
Mount Magnet					
-					
-	-	-	-	-	-
<b>Total discontinued operations</b>					
-					
-	-	-	-	-	-
<b>Total operations</b>					
<b>9 023</b>					
<b>6 649</b>					
<b>2 374</b>					
<b>24 464</b>					
<b>2 249</b>					

**30 383**

**14 419**

Reconciliation of the segment  
information to the consolidated  
income statement and  
balance sheet (refer to note 13)

—

—

6 093

**9 023**

**6 649**

**30 557**

**Notes:**

- (1) Production costs includes royalty expense.
- (2) Production statistics for Steyn 2 and Target 3 are shown for information purposes. These mines are in build-up phase and revenue and costs are currently capitalised until commercial levels of production are reached.
- (3) Includes Kalgold, Phoenix, Dumps and President Steyn plant clean-up.



**29**  
 SEGMENT REPORT FOR THE NINE MONTHS ENDED 31 MARCH 2010 (Rand/Metric) (Unaudited)

Production					
Production					
Mining					
Capital					
Kilograms					
Tonnes					
Revenue					
cost					
(1)					
profit	assets				
expenditure					
produced	milled				
R million					
R million					
R million					
R million					
R million					
kg					
t'000					
<b>Continuing operations</b>					
South Africa					
<b>Underground</b>					
Bambanani					
762					
536	226	947	114	2 938	399
Doornkop					
373					
298					
75					
2 473					
238					
1 442					
401					
Evander		736			
690					
46					
909					
137					
2					
898					
642					
Joel					
426					
289	137	138	70	1 628	348
Kusasaletu					
1 026					
849					
177					
2 943					

344					
4 044					
721					
Masimong					
916					
524	392	745	133	3 639	681
Phakisa		250			
225					
25					
3					
983					
368					
955					
244					
Target					
627					
479					
148					
2 502					
269					
2 578					
578					
Tshepong					
1 308					
837					
471					
3 646					
191					
5 031					
1 174					
Virginia					
1 137					
1 094					
43					
659					
142					
4 495					
1 415					
<b>Surface</b>					
All other surface operations					
(2)					
678					
433	245	128	56	2 683	
6					
661					
<b>Total South Africa</b>					
<b>8 239</b>					
<b>6 254</b>					
<b>1 985</b>					
<b>19 073</b>					
<b>2 062</b>					

**32 331**

**13 264**

International

Papua New Guinea

(3)

—

—

—

3 872

467

1 318

—

**Total international**

—

—

—

**3 872**

**467**

**1 318**

—

**Discontinued operations**

Mount Magnet

— — — 17

—

— —

**Total discontinued operations**

— — — 17

—

— —

**Total operations**

**8 239**

**6 254**

**1 985**

**22 962**

**2 529**

**33 649**

**13 264**

Reconciliation of the segment  
information to the consolidated  
income statement and  
balance sheet (refer to note 13)

— —

6

441

**8 239**

**6 254**

**29 403**

**Notes:**

(1) Production costs include royalty expenses.

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

(3) Production statistics for Hidden Valley, President Steyn and Target 3 are shown for information purposes. The mine is in a build-up phase and revenue and costs are currently capitalised until commercial levels of production are reached.

**30**

Results for the third quarter and nine months

**ended 31 March 2011**

**31**

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

Iethu Masimong

Phakisa

Steyn 2

Target 1

Target 3 Tshepong

Unisel

ground

Kalgold Phoenix Dumps Surface

Other

Total Valley

Total

**Ore milled**

**– t'000**

**Mar-11**

**89**

**191**

**143**

**130**

**328**

**238**

**97**

**–**

**178**

**–**

**367**

**115**

**1 876**

**411**

**1 370**

**1 018**

**2 799**

–

**4 675**

**449**

**5 124**

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

**Gold produced**

– oz

**Mar-11**

**17 972**

**18 358**

**15 529**

**14 307**

**47 069**

**33 405**

**13 117**

**450**

**25 238**

**8 038**

**53 981**

**15 014**

**262 478**

**8 874**

**4 790**

**15 239**

**28 903**

–

**291 381**

**25 528**

**316 909**

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

**Yield**

– oz/t

**Mar-11**

**0.202**  
**0.096**  
**0.109**  
**0.110**  
**0.144**  
**0.140**  
**0.135**

–  
**0.142**

–  
**0.147**  
**0.131**  
**0.135**  
**0.022**  
**0.003**  
**0.015**  
**0.010**

–  
**0.061**

**0.057**      **0.060**

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
<b>Cash operating costs</b>	
<b>– \$/oz</b>	
<b>Mar-11</b>	
<b>1 484</b>	
<b>1 022</b>	
<b>1 327</b>	
<b>1 061</b>	
<b>893</b>	
<b>781</b>	
<b>1 277</b>	
<b>–</b>	
<b>906</b>	
<b>–</b>	
<b>760</b>	
<b>1 012</b>	
<b>965</b>	
<b>1 029</b>	
<b>1 157</b>	
<b>957</b>	
<b>1 012</b>	
<b>–</b>	
<b>970</b>	
<b>966</b>	<b>970</b>
<b>Dec-10</b>	
<b>1 176</b>	
<b>1 039</b>	
<b>1 359</b>	
<b>1 251</b>	
<b>1 239</b>	
<b>763</b>	
<b>1 001</b>	
<b>–</b>	
<b>864</b>	
<b>–</b>	
<b>796</b>	
<b>893</b>	
<b>989</b>	
<b>1 114</b>	
<b>1 092</b>	
<b>840</b>	
<b>974</b>	
<b>–</b>	
<b>988</b>	
<b>884</b>	
<b>979</b>	
<b>Cash operating costs</b>	
<b>– \$/t</b>	



**Mar-11**  
**300**  
**98**  
**144**  
**117**  
**128**  
**110**  
**173**  
**-**  
**128**  
**-**  
**112**  
**132**  
**131**  
**22**  
**4**  
**14**  
**10**  
**-**  
**59**  
**55**  
**58**  
 Dec-10  
 248  
 110  
 60  
**Gold sold**  
**- oz**  
**Mar-11**  
**17 394**  
**17 458**  
**16 815**  
**13 021**  
**49 673**  
**32 311**  
**12 667**  
**450**  
**22 731**  
**8 038**  
**52 213**  
**14 532**  
**257 303**  
**8 456**  
**4 726**  
**15 111**  
**28 293**  
**-**  
**285 596**  
**26 782**  
**312 378**  
 Dec-10

114	148	116	166	117	138	-	111	-
120	133	27	3	14	11	-	61	50

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  
**Revenue**  
**(\$'000)**  
**Mar-11**  
**24 229**  
**24 277**  
**23 239**  
**18 083**  
**68 794**  
**44 979**  
**17 678**  
—  
**31 662**  
—  
**72 649**  
**20 220**  
**345 810**  
**11 722**  
**6 565**  
**21 098**  
**39 385**  
—  
**385 195**  
**36 978**  
**422 173**  
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  
**Cash operating**  
**(\$'000)**  
**Mar-11**  
**26 667**  
**18 754**  
**20 613**  
**15 177**  
**42 033**  
**26 101**  
**16 747**  
—  
**22 862**  
—  
**41 017**  
**15 192**  
**245 163**  
**9 134**  
**5 544**  
**14 577**  
**29 255**  
—  
**274 418**  
**24 661**  
**299 079**  
**costs**  
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  
**Inventory**  
**(\$'000)**  
**Mar-11**  
**(582)**  
**(1 106)**  
**1 579**  
**(1 530)**  
**5 721**  
**(1 244)**  
**(454)**  
 -  
**354**  
 -  
**(2 156)**  
**(528)**  
**54**  
**(238)**  
**(770)**  
**1 242**  
**234**  
 -  
**288**  
**407**            **695**  
**movement**  
 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)  
**Operating costs**  
**(\$'000)**  
**Mar-11**  
**26 085**  
**17 648**  
**22 192**  
**13 647**  
**47 754**  
**24 857**  
**16 293**  
 -  
**23 216**  
 -  
**38 861**  
**14 664**  
**245 217**  
**8 896**  
**4 774**  
**15 819**  
**29 489**  
 -  
**274 706**  
**25 068**  
**299 774**  
 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

**Operating profit**

**(\$'000)**

**Mar-11**

**(1 856)**

**6 629**

**1 047**

**4 436**

**21 040**

**20 122**

**1 385**

**-**

**8 446**

**-**

**33 788**

**5 556**

**100 593**

**2 826**

**1 791**

**5 279**

**9 896**

**-**

**110 489**

**11 910**

**122 399**

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

**Capital expenditure**

**(\$'000)**

**Mar-11**

5 342  
9 598  
4 292  
2 109  
12 298  
5 810  
11 700  
5 298  
10 660  
3 153  
9 628  
2 036  
81 924  
178  
837  
1 768  
2 783  
1 018  
85 725  
9 731  
95 456  
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

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.

**32**

Results for the third quarter and nine months

**ended 31 March 2011**

CONDENSED CONSOLIDATED INCOME STATEMENT (US\$)

(Convenience translation)

Quarter ended

Nine months ended

Year ended

31 March 31 December

31 March<sup>1</sup>

31 March

31 March<sup>1</sup>

30 June

2011	2010	2010	2011	2010	2010
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

**Continuing operations**

Revenue

422

434

336

1 278

1 085

1 489

Cost of sales

(375)

(364)

(344)

(1 150)

(1 032)

(1 383)

Production

costs

(295) (304) (251) (930) (823)

(1

099)

Royalty

expense

(4) (4) (1) (12) (1) (4)

Amortisation and depreciation

(62)

(64)

(43)

(184)

(131)

(181)



Impairment of assets

–

–

(26)

–

(40)

(43)

Employment termination and restructuring costs

(4)

(8)

(16)

(22)

(16)

(27)

Other items

(10)

16 (7)

(2)

(21)

(29)

**Gross profit/(loss)**

**47 70 (8)**

**128 53**

**106**

Corporate, administration and other expenditure

(13)

(14)

(12)

(40)

(34)

(50)

Social investment expenditure

(4)

(3)

(3)

(9)

(7)

(11)

Exploration expenditure

(11)

(11)

(9)

(36)

(20)

(29)

Profit on sale of property, plant and equipment

1 – – 3 –

14

Other (expenses)/income – net

(1)

1 – (8)

(13)				
(8)				
<b>Operating profit/(loss)</b>				
<b>19</b>	<b>43</b>	<b>(32)</b>		
<b>38</b>	<b>(21)</b>			
<b>22</b>				
(Loss)/profit from associates				
(3)				
(3)				
1	(7)			
8	7			
Impairment of investment in associate				
(23)				
–				
–				
(23)				
–				
–				
Loss on sale of investment in subsidiary				
–	–	(3)		
–	(3)			
(3)				
Net gain on financial instruments				
–				
11	–	55	–	5
Investment income				
9	6	8	16	25
25				
Finance cost				
(10)				
(10)				
(8)				
(28)				
(20)				
(32)				
<b>(Loss)/profit before taxation</b>				
<b>(8)</b>	<b>47</b>	<b>(34)</b>		
<b>51</b>	<b>(11)</b>			
<b>24</b>				
Taxation				
42	(4)			
(3)				
39	(14)			
(44)				
Normal taxation				
(2)				
–				
(3)				
(3)				
(8)				
(11)				

Deferred taxation				
44	(4)			
–				
42	(6)			
(33)				
<b>Net profit/(loss) from continuing operations</b>				
<b>34</b>	<b>43</b>	<b>(37)</b>		
<b>90</b>	<b>(25)</b>			
(20)				
<b>Discontinued operations</b>				
Profit/(loss) from discontinued operations				
–	3	(2)	3	(2)
(4)				
<b>Net profit/(loss)</b>				
<b>34</b>	<b>46</b>	<b>(39)</b>		
<b>93</b>	<b>(27)</b>			
(24)				
<i>Attributable to:</i>				
Owners of the parent				
34	46	(39)		
<b>93</b>	<b>(27)</b>			
(24)				
Non-controlling interest				
–	–	–	–	
–				
–				
Earnings/(loss) per ordinary share (cents)				
– Earnings/(loss) from continuing operations				
8	10	(9)		
21				
<b>(6)</b>				
(5)				
– Earnings/(loss) from discontinued operations				
–	1	–	1	–
(1)				
<b>Total earnings/(loss) per ordinary share (cents)</b>				
<b>8</b>	<b>11</b>	<b>(9)</b>		
<b>22</b>	<b>(6)</b>			
(6)				
Diluted earnings/(loss) per ordinary share (cents)				
– Earnings/(loss) from continuing operations				
8	10	(9)		
21				
<b>(6)</b>				
(5)				
– Earnings/(loss) from discontinued operations				
–	1	–	1	–
(1)				
<b>Total diluted earnings/(loss) per ordinary share (cents)</b>				
<b>8</b>	<b>11</b>	<b>(9)</b>		

22 (6)  
(6)

<sup>1</sup> 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: March 2011: US\$1 = R6.99 (December 2010: US\$1 = R6.88, March 2010: US\$1 = R7.50).

The currency conversion average rates for the nine months ended: March 2011: US\$1 = R7.06 (March 2010: US\$1 = R7.59).

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

**Note on convenience translation**

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 page 32 to 38.

**33**  
**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (US\$)**  
 (Convenience translation)

Quarter ended

Nine months ended

Year ended

31 March 31 December

31 March

31 March

31 March

30 June

2011 2010 2010 2011 2010 2010

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

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

**Net profit/(loss) for the period**

**34 46 (39)**

**93 (27)**

**(24)**

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

1 (23)

9 (7)

4 25

Foreign exchange translation

3 (19)

9 –

4

25

Fair value movement of available-for-sale  
 investments (2)

(4)

– (7)

– –

**Total comprehensive income/(loss)**

**for the period**

**35 23 (30)**

**86 (23)**

**1**

*Attributable to:*

Owners of the parent

35 23 (30)

86 (23)

1

Non-controlling interest

– – – – –

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The currency conversion average rates for the quarter ended: March 2011: US\$1 = R6.99 (December 2010: US\$1 = R6.88, March 2010: US\$1 = R7.50).

The currency conversion average rates for the nine months ended: March 2011: US\$1 = R7.06 (March 2010: US\$1 = R7.59).

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

**34**

Results for the third quarter and nine months

**ended 31 March 2011**

CONDENSED CONSOLIDATED BALANCE SHEET (US\$)

(Convenience translation)

At	At		
At	At		
31 March			
31 December			
30 June			
31 March			
2011	2010		
2010	2010		
(Unaudited)	(Unaudited)	(Audited)	(Unaudited)
US\$ million			
US\$ million			
US\$ million			
US\$ million			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment			
4 509			
4 568			
3 874			
4 020			
Intangible assets			
323	332		
290	302		
Restricted cash			
4	4		
19			
20			
Restricted investments			
275	282		
228	236		
Investments in financial assets			
35	40		
2	2		
Investments in associates			
–	54		
50	53		
Inventories			
33	35		
28	11		
Deferred tax asset			
341	291		
246	259		
Trade and other receivables			
10	10		
10	10		

5 530

5 616

4 747

4 913

**Current assets**

## Inventories

141 143

129 158

## Trade and other receivables

164 145

122 166

## Income and mining taxes

18 15

10 6

## Cash and cash equivalents

97 127

101 66

420 430

362 396

## Assets of disposal groups classified as held for sale

26 -

32 -

446 430

394 396

**Total assets****5 976****6 046****5 141****5 309****EQUITY AND LIABILITIES****Share capital and reserves**

## Share capital

4 175

4 275

4 027

3 842

## Other reserves

44 40

(40)

73

## Retained earnings/(accumulated loss)

167 136

(159)

92

4 386

4 451

3 828

4 007

**Non-current liabilities**

## Deferred tax

830 837



709	714
Provisions for other liabilities and charges	
263	265
222	233
Retirement benefit obligation and other provisions	
26	27
22	23
Borrowings	
219	188
129	107
1 338	
1 317	
1 082	
1 077	
<b>Current liabilities</b>	
Borrowings	
50	52
27	30
Income and mining taxes	
3	1
1	2
Trade and other payables	
199	225
185	193
252	278
213	225
Liabilities of disposal groups classified as held for sale	
–	–
18	–
252	278
231	225

**Total equity and liabilities****5 976****6 046****5 141****5 309**

Number of ordinary shares in issue

429 807 371

429 506 618

428 654 779

426 191 965

Net asset value per share (cents)

1 023

1 036

893

941

The balance sheet for March 2011 converted at a conversion rate of US\$1 = R6.78 (December 2010: US\$1 = R6.62, March 2010: US\$1: R7.31).

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

**35**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (US\$) (Unaudited)  
for the nine months ended 31 March 2011 (Convenience translation)

Share			
Other			
Retained			
capital	reserves	earnings	
Total			
US\$ million			
US\$ million			
US\$ million			
US\$ million			
Balance – 30 June 2010			
4 171			
38			
102			
4 311			
Issue of shares			
4	–	–	4
Share-based payments			
–	13	–	13
Total comprehensive income for the period			
–	(7)		
97	90		
Dividends paid			
–	–		
(32)			
(32)			
<b>Balance as at 31 March 2011</b>			
<b>4 175</b>			
<b>44</b>			
<b>167</b>			
<b>4 386</b>			
Balance – 30 June 2009			
3 840			
46			
149			
4 035			
Issue of shares			
2	–	–	2
Share-based payments			
–	15	–	15
AVRD share issue reserve*			
–	21	–	21
Repurchase of equity interest			
–			
(13)			
–	(13)		
Total comprehensive loss for the period			

-	4
(28)	
(24)	
Dividends paid	
-	-
(29)	
(29)	

**Balance as at 31 March 2010**

**3 842**

**73**

**92**

**4 007**

\* This relates to the transaction with Africa Vanguard Resources (Doornkop) (Proprietary) Limited (AVRD).

The currency conversion closing rates for the nine months ended: March 2011: US\$1 = R6.78 (March 2010: US\$1 = R7.31).

**36**

Results for the third quarter and nine months

**ended 31 March 2011**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (US\$)

(Convenience translation)

Quarter ended

Nine months ended

Year ended

31 March 31 December

31 March

31 March

31 March

30 June

2011	2010	2010	2011	2010	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

30	65	39	194	93
----	----	----	-----	----

214

Interest and dividends received

9	6	9	16	25
---	---	---	----	----

25

Interest paid

(5)

(5)

(4)

(14)

(7)

(12)

Income and mining taxes refund/(paid)

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

(1)

(4)

(9)

(17)

Cash generated by operating activities

35	62	43	192	102
----	----	----	-----	-----

210

**Cash flow from investing activities**

Decrease in restricted cash

-	13	40	17	2	2
---	----	----	----	---	---

Proceeds on disposal of investment in subsidiary

-	-	3	32	3	3
---	---	---	----	---	---

Proceeds on disposal of available-for-sale  
financial assets

–	–	–	–	6	7
Other investing activities					
2	(1)				
(1)					
3	–	(2)			
Net additions to property, plant and equipment					
(98)					
(123)					
(131)					
(323)					
(367)					
(463)					
Cash utilised by investing activities					
(96)					
(111)					
(89)					
(271)					
(356)					
(453)					
<b>Cash flow from financing activities</b>					
Borrowings raised					
36	76	33	110	123	
168					
Borrowings repaid					
(2)					
(16)					
(35)					
(18)					
(37)					
(57)					
Ordinary shares issued – net of expenses					
2	1	1	4	2	3
Dividends paid					
–	–	–	(30)		
(29)					
(29)					
Cash generated/(utilised) by financing activities					
36	61	(1)			
66	59	85			
<b>Foreign currency translation adjustments</b>					
(5)					
4	3	9	8	6	
Net (decrease)/increase in cash and cash equivalents					
(30)					
16	(44)				
(4)					
(187)					
(152)					
Cash and cash equivalents – beginning of period					
127	111	110	101	253	253
<b>Cash and cash equivalents – end of period</b>					

**97**

**127**

**66**

**97**

**66**

**101**

Operating activities translated at average rates for the quarter ended: March 2011: US\$1 = R6.99 (December 2010: US\$1 = R6.88, March 2010:

US\$1 = R7.50). Nine months ended: March 2011: US\$1 = R7.06 (March 2010: US\$1 = R7.59).

Closing balance translated at closing rates of: March 2011: US\$1 = R6.78 (December 2010: US\$1 = R6.62, March 2010: US\$1: R7.31).

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



27		
8		
32		
182		
315		
Kusasaletu		177
138		
39		
465		
39		
129		
343		
876		
Masimong		148
81		
67		
123		
18		
111		
016		
747		
Phakisa		
56	48	8
629	39	
41		
474		
310		
Target		
(2)		
104	74	
30		
400	49	
96		
999		
620		
Tshepong		
214		
121		
93		
536		
29		
160 592		
1 120		
Virginia		
76	63	
13		
103	9	
57		
646		
519		
<b>Surface</b>		



All other surface operations

(3)

121            91            30            21            13

93

976

8

673

**Total South Africa**

**1 176**

**869**

**307**

**3 049**

**289**

**903 144**

**14 510**

International

Papua New Guinea

102

73

28

562

30

73 690

1 389

**Total international**

**102**

**73**

**28**

**562**

**30**

**73 690**

**1 389**

**Total continuing operations**

**1 278**

**942**

**336**

**3 611**

**319**

**976 834**

**15 899**

**Discontinued operations**

Mount Magnet

—            —            —            —            —            —            —

**Total discontinued operations**

—            —            —            —            —            —            —

**Total operations**

**1 278**

**942**

**336**

**3 611**

**319**

**976 834**

**15 899**

**Notes:**

(1)

Production costs includes royalty expense.

(2)

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

(3)

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

All income statement items, including capital expenditure, are converted at the currency conversion rate of US\$1 = R7.06.

Mining assets are converted at the currency conversion rate of US\$1 = R6.78.

**38**

Results for the third quarter and nine months

**ended 31 March 2011**

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

Production

Production

Mining

Capital

Ounces

Tons

Revenue

cost

(1)

profit assets

expenditure

produced milled

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

oz

t'000

**Continuing Operations**

South Africa

**Underground**

Bambanani

100 70

30

129 15

94

459

440

Doornkop

49 39

10

338 31

46

361

442

Evander 97

91

6

124

18

93

173

708

Joel

56 38 18 19 9

52				
342				
384				
Kusasaletu				
135	112	23		
402	45			
130				
018				
795				
Masimong				
121	69			
52				
102	18			
116				
996				
751				
Phakisa				
33	30	3		
545	49			
30				
704				
269				
Target				
83	63			
20				
342	35			
82				
885				
638				
Tshepong				
172				
110				
62				
498				
25				
161 751				
1 295				
Virginia				
150				
144				
6				
90				
19				
144 517				
1 560				
<b>Surface</b>				
All other surface operations				
(2)				
89	58	31	18	7
86				
260				

7		
344		
<b>Total South Africa</b>		
<b>1 085</b>		
<b>824</b>		
<b>261</b>		
<b>2 607</b>		
<b>271</b>		
<b>1 039 466</b>		
<b>14 626</b>		
International		
Papua New Guinea		
(3)		
—	—	
—		
529		
62		
42		
365		
—		
<b>Total international</b>		
—	—	
—		
<b>529</b>		
<b>62</b>		
<b>42</b>		
<b>365</b>		
—		
<b>Discontinued operations</b>		
Mount Magnet		
—	—	
—		
2	—	—
—		
<b>Total discontinued operations</b>		
—	—	
—		
<b>2</b>	—	—
—		
<b>Total operations</b>		
<b>1 085</b>		
<b>824</b>		
<b>261</b>		
<b>3 138</b>		
<b>333</b>		
<b>1 081 831</b>		
<b>14 626</b>		

**Notes:**

- (1) Production costs include royalty expenses.
- (2) Includes Kalgold, Phoenix, Dumps and President Steyn plant clean-up.

(3) Production statistics for Hidden Valley, President Steyn and Target 3 are shown for information purposes. The mine is in a build-up phase and revenue and costs are currently capitalised until commercial levels of production are reached.

All income statement items, including capital expenditure, are converted at the currency conversion rate of US\$1 = R7.59.

Mining assets are converted at the currency conversion rate of US\$1 = R7.31.

**39**

## DEVELOPMENT RESULTS (Metric)

Quarter ended 31 March 2011

Channel

Channel

Reef

Sampled

Width

Value

Gold

(metres)

(metres)

(cm's)

(g/t)

(cmg/t)

Tshepong

Basal 608

588

10.35

102.36

1 060

B Reef

113

75

98.86

17.42

1 722

All Reefs 720

**663****20.37****55.72****1 135**

Phakisa &amp; Nyala

Basal 249

270

44.74

19.02

851

All Reefs 249

**270****44.74****19.02****851**

Total Bambanani

(incl. Bambanani, Steyn 1 &amp; Steyn 2)

Basal 75

78

145.46

17.14

2 493

All Reefs 75

**78**  
**145.46**  
**17.14**  
**2 493**  
 Bambanani  
 Basa 1 75  
 78  
 145.46  
 17.14  
 2 493  
 All Reefs **75**  
**78**  
**145.46**  
**17.14**  
**2 493**  
 Doornkop  
 Kimberley Reef  
 63  
 54  
 341.80  
 2.44  
 835  
 South Reef  
 387  
 398  
 64.71  
 15.93  
 1 031  
 All Reefs **450**  
**452**  
**97.85**  
**10.29**  
**1 007**  
 Kusasalethu  
 VCR Reef  
 780  
 746  
 71.79  
 18.02  
 1 294  
 All Reefs  
**780 746 71.79**  
**18.02**  
**1 294**  
 Total Target  
 (incl. Target 1 & Target 3)  
 Elsburg 324  
 178  
 152.87  
 14.11  
 2 157



A Reef	
37	
37	
122.26	
12.86	
1 572	
B Reef	
29	
18	
38.41	
22.39	
860	
All Reefs	<b>390</b>
<b>232</b>	
<b>139.39</b>	
<b>14.11</b>	
<b>1 967</b>	
Target 1	
Elsburg	151
73	
195.96	
19.76	
3 872	
All Reefs	
<b>151</b>	<b>73</b>
<b>195.96</b>	
<b>19.76</b>	
<b>3 872</b>	
Target 3	
Elsburg	173
104	
122.59	
7.76	
952	
A Reef	
37	
37	
122.26	
12.86	
1 572	
B Reef	
29	
18	
38.41	
22.39	
860	
All Reefs	<b>239</b>
<b>158</b>	
<b>113.20</b>	
<b>9.58</b>	
<b>1 085</b>	

Masimong	
Basal	424
327	
61.61	
17.41	
1 073	
B Reef	
117	
109	
80.28	
13.66	
1 097	
All Reefs	<b>541</b>
<b>435</b>	
<b>66.27</b>	
<b>16.28</b>	
<b>1 079</b>	
Evander	
Kimberley	367
362	
37.45	
53.68	
2 010	
All Reefs	<b>367</b>
<b>362</b>	
<b>37.45</b>	
<b>53.68</b>	
<b>2 010</b>	
Virginia (incl. Unisel & Merriespruit)	
Basal	601.0
482	
126.59	
8.84	
1 119	
Leader	320.6
303	
159.58	
7.82	
1 248	
A Reef	
12.1	
11	
48.27	
17.08	
824	
Middle	37.8
38	
118.79	
13.16	
1 564	

B Reef	
25.9	
17	
68.12	
5.27	
359	
All Reefs	<b>997</b>
<b>850</b>	
<b>135.81</b>	
<b>8.58</b>	
<b>1 166</b>	
Joel	
Beatrix	388
396	
149.84	
10.80	
1 619	
All Reefs	<b>388</b>
<b>396</b>	
<b>149.84</b>	
<b>10.80</b>	
<b>1 619</b>	
Total Harmony	
Basal	
1 957	
1 745	
63.44	
17.51	
1 111	
Beatrix	388
396	
149.84	
10.80	
1 619	
Leader	321
303	
159.58	
7.82	
1 248	
B Reef	
285	
218	
82.36	
15.00	
1 235	
A Reef	
49.3	
47.5	
105.12	
13.31	
1 399	

Middle	37.8
37.5	
118.79	
13.16	
1 564	
Elsburg	323.9
177.5	
152.87	
14.11	
2 157	
Kimberley	429.9
415.5	
77.00	
24.12	
1 858	
South Reef	
387	
397.5	
64.71	
15.93	
1 031	
VCR	780
746	
71.79	
18.02	
1 294	
All Reefs	<b>4 958</b>
<b>4 483</b>	
<b>85.69</b>	
<b>15.31</b>	
<b>1 312</b>	

DEVELOPMENT RESULTS (Imperial)

Quarter ended 31 March 2011

Channel  
Channel  
Reef  
Sampled  
Width  
Value  
Gold  
(feet)  
(feet)  
(inches)  
(oz/t)  
(in.oz/t)  
Tshepong  
Basal  
1 993  
1 929  
4  
3.04

12	
B Reef	
370	
246	
39	
0.51	
20	
All Reefs	<b>2 363</b>
<b>2 175</b>	<b>8</b>
<b>1.63</b>	
<b>13</b>	
Phakisa & Nyala	
Basal	817
886	
18	
0.54	
10	
All Reefs	<b>817</b>
<b>886</b>	
<b>18</b>	
<b>0.54</b>	
<b>10</b>	
Total Bambanani	
(incl. Bambanani, Steyn 1 & Steyn 2)	
Basal	247
257	
57	
0.50	
29	
All Reefs	<b>247</b>
<b>257</b>	
<b>57</b>	
<b>0.50</b>	
<b>29</b>	
Bambanani	
Basal	247
257	
57	
0.50	
29	
All Reefs	<b>247</b>
<b>257</b>	
<b>57</b>	
<b>0.50</b>	
<b>29</b>	
Doornkop	
Kimberley Reef	
206	
177	
135	
0.07	

10	
South Reef	
1 269	
1 304	
25	
0.47	
12	
All Reefs	<b>1 475</b>
<b>1 481</b>	
<b>39</b>	
<b>0.30</b>	
<b>12</b>	
Kusasaletu	
VCR Reef	
2 560	
2 448	
28	
0.53	
15	
All Reefs	
<b>2 560</b>	<b>2 448</b>
<b>28</b>	<b>0.53</b>
<b>15</b>	
Total Target	
(incl. Target 1 & Target 3)	
Elsburg	1 063
582	
60	
0.41	
25	
A Reef	
122	
120	
48	
0.38	
18	
B Reef	
95	
57	
15	
0.66	
10	
All Reefs	<b>1 279</b>
<b>760</b>	
<b>55</b>	
<b>0.41</b>	
<b>23</b>	
Target 1	
Elsburg	495
240	
77	

0.58				
44				
All Reefs				
<b>495</b>	<b>240</b>	<b>77</b>	<b>0.58</b>	<b>44</b>
Target 3				
Elsburg		567		
342				
48				
0.23				
11				
A Reef				
122				
120				
48				
0.38				
18				
B Reef				
95				
57				
15				
0.66				
10				
All Reefs		<b>784</b>		
<b>519</b>				
<b>45</b>				
<b>0.28</b>				
<b>12</b>				
Masimong				
Basal				
1 391				
1 071				
24				
0.51				
12				
B Reef				
385				
356				
32				
0.39				
13				
All Reefs				
<b>1 776</b>	<b>1 428</b>			
<b>26</b>	<b>0.48</b>			
<b>12</b>				
Evander				
Kimberley				
1 204				
1 186				
15				
1.54				
23				

All Reefs	<b>1 204</b>
<b>1 186</b>	
<b>15</b>	
<b>1.54</b>	
<b>23</b>	
Virginia	
(incl. Unisel & Merriespruit)	
Basal	
1 972	
1 581	
50	
0.26	
13	
Leader	1 052
992	
63	
0.23	
14	
A Reef	
40	
36	
19	
0.50	
9	
Middle	124
123	
47	
0.38	
18	
B Reef	
85	
56	
27	
0.15	
4	
All Reefs	<b>3 272</b>
<b>2 789</b>	
<b>53</b>	
<b>0.25</b>	
<b>13</b>	
Joel	
Beatrix	1 273
1 299	
59	
0.32	
19	
All Reefs	<b>1 273</b>
<b>1 299</b>	
<b>59</b>	
<b>0.32</b>	
<b>19</b>	



Total Harmony	
Basal	
6 419	
5 724	
25.00	
0.51	
12.75	
Beatrix	
1 273	
1 299	
59.00	
0.32	
18.59	
Leader	1 052
992	
63.00	
0.23	
14.33	
B Reef	
935	
716	
32.00	
0.44	
14.19	
A Reef	
162	
156	
41.00	
0.39	
16.06	
Middle	124
123	
47.00	
0.38	
17.96	
Elsburg	1063
582	
60.00	
0.41	
24.77	
Kimberley	
1 410	
1 363	
30.00	
0.71	
21.33	
South Reef	
1 269	
1 304	
25.00	
0.47	

11.83

VCR

2 560

2 448

28.00

0.53

14.86

All Reefs

**16 267    14 708    34.00**

**0.44**

**15**

**40**

Results for the third quarter and nine months

**ended 31 March 2011**

CONTACT DETAILS

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G P Briggs (Chief Executive Officer)

H O Meyer (Financial Director)

H E Mashego (Executive Director)

F T De Buck\*<sup>^</sup> (Lead independent director)

F Abbott\*, J A Chissano\*<sup>1</sup> , Dr C Diarra\*<sup>†^</sup>

K V Dicks\*<sup>^</sup> , Dr D S Lushaba\*<sup>^</sup> , C Markus\*<sup>^</sup>,

M Motloba\*<sup>^</sup> , M Msimang\*<sup>^</sup> , D Noko\*<sup>^</sup>,

C M L Savage\*<sup>^</sup> , A J Wilkens\*

\* Non-executive

<sup>^</sup>

Independent

<sup>1</sup>

Mozambican

<sup>†</sup>

US/Mali Citizen

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Fax: +27 11 507 0503

**Trading Symbols**

JSE Limited: HAR

New York Stock Exchange, Inc: HMY

London Stock Exchange Plc: HRM

Euronext, Brussels: HMY

Berlin Stock Exchange: HAM1

**Registration number** 1950/038232/06

Incorporated in the Republic of South Africa

**ISIN:** ZAE 000015228

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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: May 5, 2011

Harmony Gold Mining Company Limited

By:

/s/ Hannes Meyer

Name: Hannes Meyer

Title: Financial Director