

HARMONY GOLD MINING CO LTD

Form 6-K

February 07, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**Form 6-K**

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO  
RULE 13a-16 OR 15d-16 UNDER THE SECURITIES  
EXCHANGE ACT OF 1934

For 7 February 2011

**Harmony Gold Mining Company  
Limited**

Randfontein Office Park

Corner Main Reef Road and Ward Avenue

Randfontein, 1759

South Africa

(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F  Form 40-F

(Indicate by check mark whether the registrant by  
furnishing the information contained in this form  
is also thereby furnishing the information to the  
Commission pursuant to Rule 12g3-2(b) under the  
Securities Exchange Act of 1934.)

Yes  No

SHAREHOLDER INFORMATION

Issued ordinary share capital

429 506 618

at 31 December 2010

shares

Market capitalisation

At 31 December 2010 (ZARm)

35 649

At 31 December 2010 (US\$m)

5 412

Harmony ordinary share

and ADR prices

12 month high (1 January 2010 to

31 December 2010) for ordinary shares R88.02

12 month low (1 January 2010 to

31 December 2010) for ordinary shares R68.65

12 month high (1 January 2010 to

31 December 2010) for ADRs

US\$12.75

12 month low (1 January 2010 to

31 December 2010) for ADRs

US\$8.79

Free float

Ordinary shares

100%

ADR ratio

1:1

JSE Limited

HAR

Range for quarter

(1 October 2010 to

R76.18 –

31 December 2010 – closing prices)

R88.02

Average volume for the

quarter (1 October 2010 to

1 178 082

31 December 2010)

shares per day

New York Stock

Exchange, Inc.

HMY

Range for quarter

(1 October 2010 to

US\$10.75 –

31 December 2010 – closing prices)

US\$12.75

Average volume for the

quarter (1 October 2010 to

1 961 517

31 December 2010)

shares per day

Key features

Closed non-profitable operations

Growth projects in South Africa

- increased production

- quality ounces

Majority of capital expenditure spent

Hidden Valley a great mine

- gold and silver recoveries improved

- commissioned and building-up

Wafi/Golpu growing quarter on quarter

Experienced and focused management team

Financial summary for the second quarter and six months ended

31 December 2010

**Quarter**

**Quarter**

**6 months**

**6 months**

**Year-on-**

**December**

**September**

**Q-on-Q**

**December**

**December**

**year**

**2010**

**2010**

**variance**

**2010**

**2009**

**variance**

**%**

**%**

Gold produced

(1)

– kg

10 055

10 471

(4)

20 526

23 283

(12)

– oz

323 275

336 650

(4)

659 925

748 555

(12)

Cash costs

– R/kg

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

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

Exchange rate

– R/US\$

6.88

7.31

(6)

7.09

7.63

(7)

\* Reported amounts include continuing operations only

(1) Production statistics for Steyn 2 and Target 3 have been included. These mines are in a build-up phase and revenue and costs are currently capitalised. Revenue capitalised includes: Quarter ending Dec 2010 Steyn 2, 18 kg (September 2010 – 31 kg) and Target 3, 170 kg (September 2010 – 111 kg), 6 months ending Dec 2010 Steyn 2, 49 kg (December 2009 – Nil) and Target 3, 281 kg (December 2009 – Nil).

Harmony's Annual Report, Notice of Annual General Meeting, its Sustainable Development Report and its annual report filed on a Form 20F with the United States' Securities and Exchange Commission for the year ended 30 June 2010 are available on our website ([www.harmony.co.za](http://www.harmony.co.za)).

**Incorporated in the Republic of South Africa**

**Registration number 1950/038232/06**

**(“Harmony” or “Company”)**

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

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

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

Forward-looking statements

This quarterly report contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 with respect to Harmony's financial condition, results of operations, business strategies, operating efficiencies, competitive positions, growth opportunities for existing services, plans and objectives of management, markets for stock and other matters. Statements in this quarter that are not historical facts are "forward-looking statements" for the purpose of the safe harbour provided by Section 21E of the U.S. Securities Exchange Act of 1934, as amended, and Section 27A of the U.S. Securities Act of 1933, as amended. Forward-looking statements are statements that are not historical facts.

These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements are generally identified by the words "expect", "anticipates", "believes", "intends", "estimates" and similar expressions. These statements are only predictions. All forward-looking statements involve a number of risks, uncertainties and other factors and we cannot assure you that such statements will prove to be correct. Risks, uncertainties and other factors could cause actual events or results to differ from those expressed or implied by the forward-looking statements.

These forward-looking statements, including, among others, those relating to the future business prospects, revenues and income of Harmony, wherever they may occur in this quarterly report and the exhibits to this quarterly report, are necessarily estimates reflecting the best judgment of the senior management of Harmony and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set forth in this quarterly report.

Important factors that could cause actual results to differ materially from estimates or projections contained in the forward looking statements include, without limitation:

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

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#### Chief Executive's Review

##### **Overview**

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

##### **Safety**

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

Safety is the primary priority for every manager at Harmony and we share a common vision with the union leadership with regard to safety in the workplace. Progress on this front can only be addressed through a co-operative approach that ensures that the right environment from a systems, planning, communication and training perspective is in place, combined with an acceptance of joint responsibility by management and employees for our actions. It is important too that such an environment empowers people; management, supervisors, workers and union representatives to stop work and withdraw when they feel it is unsafe, or prevent others from acting in an unsafe way. During the past quarter Harmony restructured its central safety function by transferring more senior and experienced personnel to assist and advise operational teams. Our continued focus on safety has resulted in an improved underlying safety performance (see page 5).

##### **Gold market**

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

##### **Operating performance**

Production at Doornkop, Phakisa and Hidden Valley improved substantially, by 19%, 34% and 23%, respectively. However, overall

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

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

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

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

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

#### **Financial performance**

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

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

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

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

#### **Wafi/Golpu**

The Golpu resource continues to expand to the north as drilling

continues to define further mineralisation. A significant intersection of 595m @ 2.03% copper and 1.65g/t gold (5.0g/t gold equivalent)

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Results for the second quarter and six months

**ended 31 December 2010**

has been reported in WR363. The drilling campaign this quarter included holes to gain metallurgical samples of Wafi and geotechnical information for the Watut decline. The pre-feasibility study technical work packages have been allocated to various consultants and is progressing well.

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

**Looking ahead**

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

Harmony is well positioned to reap the benefits of a number of the initiatives we have implemented over the last three years aimed at optimising the asset portfolio and increasing operational efficiency. We will continue to strive for an improved safety performance and as ever, our employees have the right to withdraw from unsafe areas. Overall, we have seen improved safety figures and we hope to continue this trend.

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

**Graham Briggs**

**Chief Executive Officer**

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## Safety and health

**Safety**

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

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

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

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

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

Safety achievements for the quarter included:

Total Harmony surface and underground operations:

1 000 000 fatality free shifts

South African surface and underground operations:

1 000 000 fatality free shifts

South African surface operations:

2 000 000 fatality free shifts

Kusasaletu, Doornkop,

Evander and Kalgold:

2 000 000 fatality free shifts

Masimong:

1 000 000 fatality free shifts

Evander 8:

500 000 fatality free shifts

Unisel and Merriespruit 1:

500 000 fatality free shifts

Doornkop:

500 000 fatality free shifts.

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

- Masimong 4
- Phoenix Plant

- Target Plant
- Harmony 1 Plant
- Free State Commercial Services and Transport
- Randfontein Commercial Services and Transport
- Evander Workshops
- Evander Services
- Randfontein Surface Operations
- Merriespruit 3

The following operations completed two consecutive quarters without an injury:

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

### **Health**

During the quarter our pro-active approach to the health and wellness of our employees continued. Our objective remains to improve health management programmes and effectively utilise clinical information.

This includes the review of policies, procedures, and processes as well as training, on an on-going basis. These efforts have resulted in improved health and a better quality of life for our employees.

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



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Results for the second quarter and six months

**ended 31 December 2010**

**Financial overview**

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

**Earnings per share**

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

**Revenue**

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

**Cost of sales**

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

**Other income/expenses**

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

**Gain on financial instruments**

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

**Capital expenditure**

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

**Borrowings**

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

**Operational overview**

**Group operational results**

December

September

%

Indicator Units

|                             |               |      |      |   |
|-----------------------------|---------------|------|------|---|
| 2010                        |               |      |      |   |
| 2010                        |               |      |      |   |
| variance                    |               |      |      |   |
| <b>Tonnes</b>               | <b>(’000)</b> |      |      |   |
| 4 675                       |               |      |      |   |
| 5 098                       |               |      |      |   |
| (8)                         |               |      |      |   |
| <b>Grade</b>                | <b>(g/t)</b>  | 2.11 | 2.03 | 4 |
| <b>Gold produced</b>        |               |      |      |   |
| <b>(kg)</b>                 |               |      |      |   |
| 10 055                      |               |      |      |   |
| 10 471                      |               |      |      |   |
| (4)                         |               |      |      |   |
| <b>Gold sold</b>            |               |      |      |   |
| <b>(kg)</b>                 |               |      |      |   |
| 10 046                      |               |      |      |   |
| 10 869                      |               |      |      |   |
| (8)                         |               |      |      |   |
| <b>Cash operating costs</b> | <b>(R/kg)</b> |      |      |   |
| 216 595                     |               |      |      |   |
| 228 658                     |               |      |      |   |
| 5                           |               |      |      |   |

**Operating profit****(R’000)** 867 489

651 902

33

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

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

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

**Build-up and steady operations****Doornkop**

December

September

%

Indicator Units

2010

2010

variance

**Tonnes** **(’000)** 171 140 22**Grade** **(g/t)** 3.76 3.86 (3)**Gold produced****(kg)** 643 541

19

**Cash operating costs** **(R/kg)**

229 894

249 294

8

**Operating profit  
(R'000)**

44 938

20 502

>100

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

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

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

**Kusasaletu**

December

September

%

Indicator Units

2010

2010

variance

Tonnes

('000)

228

269

(15)

Grade

(g/t)

4.59

5.62

(18)

Gold produced

(kg)

1 046

1 513

(31)

Cash operating costs

(R/kg)

274 201

225 164

(22)

Operating profit

(R'000)

40 192

88 758

(55)

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

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

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

accident. The turbine on 92 level's mechanical installation will be completed end of February 2011.

### Phakisa

December

September

%

Indicator Units

2010

2010

variance

Tonnes ('000)

107

86

24

Grade (g/t)

4.72

4.38

8

Gold produced

(kg)

505

377

34

Cash operating costs

(R/kg)

221 491

296 520

25

Operating profit

(R'000)

43 769

320

>100

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

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

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

### Masimong

December

September

%

Indicator Units

2010

2010

variance

Tonnes ('000)

219  
243  
(10)  
Grade (g/t)

5.26  
5.20

1  
Gold produced  
(kg)

1 151  
1 263

(9)  
Cash operating costs  
(R/kg)

168 907  
161 372

(5)  
Operating profit  
(R'000)

160 961  
172 532

(7)  
Masimong remains the lowest R/kg producer in the company at R168 907/kg. Tonnes mined decreased by 10%, despite an increase of 13% in square metres mined, due to an underground lock-up of tonnes. A ventilation change over process and unwarranted stoppages by the Department of Mineral Resources resulted in the lock-up. The whole ventilation circuit had to be changed, as it was originally done through a booster fan system. The process was completed within three days and improved ventilation conditions are already evident.

A decrease in production of 9% to 1 151kg, resulted in slightly higher cash operating costs at R168 907/kg. Recovery grades increased to 5.26 g/t.

**Target 1**

December  
September  
%

Indicator Units

2010

2010

variance

Tonnes ('000)

196

205

(4)

Grade (g/t)

4.41

4.08

8

Gold produced  
(kg)

865  
 836  
 4  
 Cash operating costs  
 (R/kg)  
 191 083  
 215 050  
 11  
 Operating profit  
 (R'000)  
 98 380  
 54 702  
 80

Gold production increased by 4%, a result of an 8% improvement in grade to 4.41g/t from 4.08g/t the previous quarter, despite a 4% decline in tonnage quarter on quarter. The improved grade was a result of the higher grade ore mined in the 272 EA sub-level pillar and the reduced incidence of development waste in the system.

Costs were 8% down on the previous quarter, mainly owing to reduced electricity, labour and rehabilitation costs. Much of the rehabilitation work on the infrastructure has now been done.

**Target 3**

December

September

%

Indicator Units

2010

2010

variance

Gold produced

(kg)

170

111

53

Build-up of the shaft was an impressive improvement of 57% to 55 000 tonnes and 170 kilograms during the quarter. This despite the extensive infrastructure improvements in the shafts and one fridge plant which is only due to be commissioned in the March 2011 quarter.

**8**

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

**Tshepong**

December

September

%

Indicator Units

2010

2010

variance

Tonnes (’000)

345

338

2

Grade (g/t)

4.72

4.99

(5)

Gold produced

(kg)

1 628

1 688

(4)

Cash operating costs

(R/kg)

176 052

175 322

–

Operating profit

(R’000)

212 948

206 436

3

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

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

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

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

December

September

%

Indicator Units

2010

2010



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

Hidden Valley had an excellent quarter, with an increase in gold production of 23% to 827kg, due to higher gold feed grades and improved recoveries. Silver production increased by 44% at 191 327 ounces quarter on quarter, as a result of higher recoveries.

The average plant head grade for the quarter was 2.21 g/t Au, while the silver grade was 26.6 g/t Ag, with unit costs lower at R195 605/kg (US\$884/oz), in comparison to R244 720/kg (\$1 042/oz) in the previous quarter.

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

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

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

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

##### **Bambanani**

December

September

%

Indicator Units

2010

2010

variance

Tonnes ('000)

104

129

(19)  
Grade (g/t)

7.27

7.06

3

Gold produced

(kg)

756

911

(17)

Cash operating costs

(R/kg)

260 147

245 750

(6)

Operating profit

(R'000)

34 468

46 485

(26)

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

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

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

## Steyn 2

December

September

%

Indicator Units

2010

2010

variance

Gold produced

(kg)

18

31

(42)

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

As a result of these decisions, the original plan for the build-up of

production at Steyn 2 will be amended. The major focus will now be on bringing the shaft pillar into production in the 2011/12 financial year. A small amount of mining will continue in the decline section during this time.

**Evander**

December

September

%

Indicator Units

2010

2010

variance

Tonnes ('000)

139

140

(1)

Grade (g/t)

3.72

3.94

(6)

Gold produced

(kg)

517

552

(6)

Cash operating costs

(R/kg)

300 698

290 188

(4)

Operating profit/(loss)

(R'000)

1 330

(2 192)

>100

**9**

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

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

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

**Joel**

December

September

%

Indicator Units

2010

2010

variance

Tonnes ('000)

128

40

&gt;100

Grade (g/t)

3.19

3.70

(14)

Gold produced

(kg)

408

148

&gt;100

Cash operating costs

(R/kg)

276 787

588 101

53

Operating (loss)/profit

(R'000)

2 127

(31 153)

&gt;100

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

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

during the forthcoming quarter. A feasibility study on the possible mining of 137 level and testing the upside potential of 145 level is well underway and the final feasibility presentation is planned for the June 2011 quarter.

Unit costs improved significantly, up 53% to R276 787/kg compared to R588 101/kg the previous quarter.

#### **Virginia operations**

December

September

%

Indicator Units

2010

2010

variance

Tonnes milled

('000)

122

244

(50)

Grade

(g/t)

4.64

3.11

49

Gold produced

(kg)

566

760

(26)

Cash operating costs

(R/kg)

197 512

300 593

34

Operating (loss)/profit

(R'000)

51 426

(2 136)

>100

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

#### **Total South African surface operations**

December

September

%

## Indicator Units

2010

2010

variance

**Tonnes** ('000)

2 491

2 837

(12)

**Grade** (g/t) 0.38 0.38 –**Gold produced****(kg)** 955

1

069

(11)

**Gold sold****(kg)** 898

1

103

(19)

**Cash operating costs** (R/kg)

215 422

216 260

–

**Operating profit****(R'000)**

77 685

78 702

(1)

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

**Kalgold**

December

September

%

## Indicator Units

2010

2010

variance

**Tonnes** ('000)

413

433

(5)

**Grade** (g/t)

0.82

0.85

(4)

**Gold produced****(kg)**

339

368

(8)

Cash operating costs

(R/kg)

246 475

238 840

(3)

Operating profit

(R'000)

16 976

26 036

(35)

Production volumes milled and gold production declined by 5% and 8% respectively. Milling was adversely affected by breakdowns on the mill girth gears in November 2011, which have been repaired.

Cash cost decreased by 5% to R84 million, while unit cash costs in Rand increased by 3%. The decrease in costs was mainly a result of a reduction in plant costs

in lieu

of improved control over engineering

consumables and lower summer rates for electricity.

**10**

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

**Phoenix (tailings)**

December

September

%

Indicator Units

2010

2010

variance

Tonnes

('000)

1 266

1 546

(18)

Grade

(g/t)

0.11

0.11

-

Gold produced

(kg)

138

165

(16)

Cash operating costs

(R/kg)

241 659

231 606

(4)

Operating profit

(R'000)

8 728

9 133

(4)

Both tonnes and kilograms produced by the Phoenix tailings decreased by 18% and 16% respectively. This decrease was attributable to breakdowns in December 2010, due to excessive rain and pump failures.

Total cash operating cost decreased by 13% from the previous quarter and the operating profit is down by 4%.

**Surface dumps**

December

September

%

Indicator Units

2010

2010

variance

Tonnes

('000)

812



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

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

Grade at 0.59g/t was 5% lower than in the previous quarter, due to grades at the Joel and Freddie's waste rock dumps being lower than planned – influencing the overall grade from surface sources. The Bambanani waste rock dump also had slightly lower grades. The grade of material sourced from the plant clean-up remained high for the quarter.

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

## 11

### Development

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

### **Bambanani**

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

### **Doornkop**

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

### **Evander**

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

### **Joel**

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

### **Kusasaletu**

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

### **Masimong**

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

### **Phakisa**

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

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

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

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

**Tshepong**

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

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

**Virginia (Unisel)**

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

**Ore reserve block grades v development grades**

**12**

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

Exploration

**International (Papua New Guinea)\***

**Morobe Mining Joint Venture**

**Wafi-Golpu**

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

Hole\_ID

Target      Depth      Width

Au g/t

(m)

(m)

Cu %      Au g/t      equivalent\*

WR361      Golpu      446      186

2.01

0.35

3.25

WR362      Golpu      160      274

1.07

0.29

1.83

WR359      Golpu

1

017      860

1.37

0.70

2.68

WR363      Golpu      914      595

2.03

1.65

4.58

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

The results at Golpu indicate that the mineralised porphyry continues to the north at grades higher than currently declared in the resource.

The intersection is deep and infill drilling will test the up-dip extent of the porphyry.

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

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

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

**Hidden Valley satellite deposit exploration**

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

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

Target area locations and prospect details are outlined below:

#### **Waterfall Prospect – Hidden Valley ML151**

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

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

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

#### **Kulang prospect – EL497**

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

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

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

#### **KUL CK TR3:**

**38m @ 1.74 g/t Au, 20.22 g/t Ag**

**38m @ 3.96 g/t Au, 11.48 g/t Ag**

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

#### **PNG exploration (Harmony 100%)**

##### **Mount Hagen project (EL1611 and EL1596)**

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

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

##### **Kurunga prospect**

Final assay results for drill hole KUDD007 were received. These were disappointing as the zone of intense veining and alteration in the hole failed to return any significant gold or copper intercepts.

The best intercept in KUDD007 was 9m grading 0.39g/t Au from 59m, including 1m grading 1.88 g/t Au from 65m. This mineralisation corresponds with the fault-related mineralisation outcropping in

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

**Bakil prospect**

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

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

## 13

### **Amanab projects (EL1708)**

Ongoing work at the Amanab project has focused on grid-based mapping and soil sampling of the Aiyule magnetic target at Yup West. A total of 307 soil samples were collected during the quarter together with 16 rock chip samples. Results are pending.

Programme planning to follow up on highly anomalous soil (13.8g/t) and rock chip values (4.54g/t) received last quarter is underway.

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

### **South Africa**

#### **Joel North**

Following completion of a successful R20 million surface drilling programme, the project advanced to the pre-feasibility stage to determine whether the depth extension to 137 and 145 levels could be mined profitably.

The pre-feasibility was completed during the quarter and a gate-keeping session held at which it was decided to take the project through to feasibility. It was decided, in line with the recommendation in the pre-feasibility, to take the twin decline from 129 level down to just below 145 level, which will mine out both the 137 and 145 levels. The feasibility will investigate the possibility of re-equipping the shaft for rock, men and equipment, as we believe that there may be a significant reduction in operating cost if the use of the south shaft could be minimised.

#### **Poplar**

The Poplar project is in the Evander region, immediately north of Evander South. Exploration drilling was carried out by previous owners over a fifty-year period, resulting in numerous feasibility reports. A feasibility study was completed for Harmony in June 2003 which delineated resources of 25.5Mt @ 7.58g/t and reserves of 13.5Mt @ 7.45 g/t. The resource occurs between 500m and 1 300m below surface and the relatively shallow depth allows the project to produce first gold within five years.

Drilling during the quarter progressed exceedingly well and to such an extent that the contractor was able to demobilise and leave site early, prior to Christmas. Results from the majority of holes had been received by the beginning of December when a decision was taken to drill only those holes that could be expected to add significant resources to the total. A total of 5 186 metres were drilled during the quarter out of a final total of 17 835 metres. The programme was scheduled to cost over R40 million but is likely to finally cost a little under R30 million after re-opening of previously drilled pilot holes proved successful and minimal adverse ground conditions were encountered.

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

Project TPM was established to evaluate the potential for the economic recovery of uranium from the ore mined at the Tshepong, Phakisa and Masimong operations in the Free State. The resource totals 169.6Mt and contains 82Mlbs of uranium (to be used in the feasibility study mining model). The project is expected to produce an average of 600 000 lbs of uranium per annum from 280 000 tonnes per month of underground ore over an 18-year life. The uranium processing has the added benefit of enhancing gold recovery by 0.1g/t resulting in increased gold production from these operations increasing by some 28kg per month. By treating the uranium as a by-product, it is accounted for as a credit, resulting in a reduction in the operating costs of the contributing shafts by approximately R20 000 per kg. A recovered uranium grade of 100 ppm continues to be used and will be updated in the feasibility study. Current head grade assay data received is in the order of 122 ppm.

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



**14**

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

**15**

Operating results (Rand/Metric) (US\$/Imperial)

Underground production – South Africa

Surface production – South Africa

Total

South

South

Quarter

Kusasa-

Under-

Total

Africa

Africa

Hidden

Harmony

ended

Bambanani Doornkop

Evander

Joel

Iethu Masimong

Phakisa

Steyn 2

Target 1

Target 3 Tshepong

Virginia

ground

Kalgold Phoenix Dumps Surface

Other

Total

Valley

Total

**Ore milled**

**– t'000**

**Dec-10**

**104**

**171**

**139**

**128**

**228**

**219**

**107**

**–**

**196**

**–**

**345**

**122**

**1 759**

**413**

1 266

812

2 491

–

4 250

425

4 675

Sep-10

129

140

140

40

269

243

86

–

205

–

338

244

1 834

433

1 546

858

2 837

–

4 671

427

5 098

**Gold produced**

– kg

**Dec-10**

756

643

517

408

1 046

1 151

505

18

865

170

1 628

566

8 273

339

138

478

955

–

9 228

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

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

–  
 315 077  
 21 573  
 336 650

**Yield**

–  
**g/tonne**  
**Dec-10**  
**7.27**      **3.76**      **3.72**      **3.19**      **4.59**      **5.26**  
**4.72**

–      **4.41**      –      **4.72**      **4.64**      **4.60**

**0.82**  
**0.11**  
**0.59**      **0.38**  
–      **2.13**  
**1.95**      **2.11**

Sep-10  
 7.06      3.86      3.94      3.70      5.62      5.20  
 4.38      –      4.08      –      4.99      3.11      4.68

0.85  
 0.11  
 0.62      0.38  
–      2.07  
 1.57      2.03

**Cash operating costs**

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

–  
**176 052**  
**197 512**  
**218 881** 246 475 241 659 185 824  
**215 422**

–  
**218 516**  
**195 605**  
**216 595**

Sep-10  
 245 750  
 249 294  
 290 188  
 588 101  
 225 164  
 161 372  
 296 520

–  
 215 050

–  
 175 322  
 300 593  
 228 946  
 238 840  
 231 606  
 196 034  
 216 260

–  
 227 542  
 244 720  
 228 658

**Cash operating costs**

– \$/oz

**Dec-10**  
**1 176**  
**1 039**  
**1 359**  
**1 251**  
**1 239**  
**763**  
**1 001**

–  
**864**

–  
**796**  
**893**  
**989**

**1 114**  
**1 092**  
**840**  
**974**

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

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

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



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

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

**(R'000)**

**Dec-10**

**826**

**(616)**

**(16 202)**

**9 979**

**(30 786)**

**686**

**(514)**

**-**

**3 336**

**-**

**518**

**11 980**

**(20 793) (15 273)**

**-**

**4 828**

**(10 445)**

**-**

**(31 238)**

**17 064**

**(14 174)**

**movement**

Sep-10

(462)

12 677

16 219

(11 971)

46 002

(1 979)

(407)

**-**

**9 607**

**-**

**(2 284)**

**(3 473)**

**63 929**

**1 633**

**-**

**4 975**

**6 608**

**-**

**70 537**

**(1 299) 69 238**

**Operating costs**

**(R'000)**

**Dec-10**

**197 497**

**147 206**

**139 259**

**122 908**

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

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

7 553

11 288

—

111 623

14 423

126 046

Sep-10

6 362

2 807

(300)

(4 265)

12 150

23 618

44

—

7 487

—

28 260

(291)

75 872

3 564

1 249

5 959

10 772

—

86 644

2 593

89 237

**Capital expenditure**

**(R'000)**

**Dec-10**

**29 419**

**84 573**

**56 709**

**21 686**

**84 178**

**48 327**

**102 675**

**43 886**

**81 114**

**52 601**

**72 715**

**18 639**

**696 522**

**6 726**

**10 352**

**15 260**

**32 338**

**20 862**

**749 722**

**84 971**

**834 693**

Sep-10

38 917

69 496

59 207

18 337

104 357

40 463

91 716

44 290

62 112

56 067

60 650

30 173

675 785

4 645

—

—

4 645

7 626

688 056

59 218

747 274

**Capital expenditure**

**(\$'000)**

**Dec-10**

**4 275**

**12 288**

**8 240**

**3 151**

**12 231**

**7 022**

**14 919**

**6 377**

**11 786**

**7 643**

**10 566**

**2 708**

**101 206**

**977**

**1 504**

**2 217**

**4 698**

**3 031**

**108 935**

**12 346**

**121 281**

Sep-10

5 327

9 513

8 105

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

Production statistics for Steyn 2 and Target 3 have been included. These mines are in a build-up phase and revenue and costs are currently capitalised, until commercial production levels are reached.



**16**

Results for the second quarter and six months

**ended 31 December 2010**

CONDENSED CONSOLIDATED INCOME STATEMENT (Rand)

Quarter ended

Six months ended

Year ended

31 December 30 September 31 December<sup>1</sup>31 December 31 December<sup>1</sup>

30 June

2010 2010 2009 2010 2009 2010

(Unaudited) (Unaudited) (Unaudited)

(Audited)

Note

R million

R million

R million

R million

R million

R million

R million

**Continuing operations**

Revenue

2 990

3 083

2 971

6 073

5 718

11 284

Cost of sales

2

(2 506)

(2 995)

(2 656)

(5 501)

(5 256)

(10 484)

Production costs

(2 093)

(2 408)

(2 172)

(4 501)

(4 367)

(8 325)

Royalty

expense

(30)

(23)

-

(53)

-

(33)

Amortisation and depreciation

(442)

(426)

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

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

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

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

|             |           |           |           |           |
|-------------|-----------|-----------|-----------|-----------|
| <b>74</b>   | <b>23</b> | <b>28</b> | <b>98</b> | <b>21</b> |
| <b>(46)</b> |           |           |           |           |

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

|  |  |  |  |  |
|--|--|--|--|--|
| 6  |  |  |  |  |
| – Earnings/(loss) from continuing operations   |  |  |  |  |
| 69   |  |  |  |  |
| 24   |  |  |  |  |
| 29   |  |  |  |  |
| 93   |  |  |  |  |
| 21   |  |  |  |  |
| (38)   |  |  |  |  |
| – Earnings/(loss) from discontinued operations |  |  |  |  |
| 5  |  |  |  |  |
| (1)  |  |  |  |  |
| (1)  |  |  |  |  |
| 5  |  |  |  |  |
| –  |  |  |  |  |
| (8)  |  |  |  |  |

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

|             |           |           |           |           |
|-------------|-----------|-----------|-----------|-----------|
| <b>74</b>   | <b>23</b> | <b>28</b> | <b>98</b> | <b>21</b> |
| <b>(46)</b> |           |           |           |           |

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

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

| <b>17</b>   |              |             |             |             |             |
|---|--------------|-------------|-------------|-------------|-------------|
| CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (Rand) |              |             |             |             |             |
| Quarter ended   |              |             |             |             |             |
| Six months ended  |              |             |             |             |             |
| Year ended  |              |             |             |             |             |
| 31 December   | 30 September | 31 December | 31 December | 31 December | 30 June     |
| 2010  | 2010         | 2009        | 2010        | 2009        | 2010        |
| (Unaudited)   | (Unaudited)  | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| (Audited)   | (Audited)    | (Audited)   | (Audited)   | (Audited)   | (Audited)   |
| R million   | R million    | R million   | R million   | R million   | R million   |
| R million   | R million    | R million   | R million   | R million   | R million   |
| R million   | R million    | R million   | R million   | R million   | R million   |
| R million   | R million    | R million   | R million   | R million   | R million   |
| R million   | R million    | R million   | R million   | R million   | R million   |
| <b>Net profit t/(loss) for the period</b>                             |              |             |             |             |             |
| <b>319</b>  |              |             |             |             |             |
| <b>102</b>  |              |             |             |             |             |
| <b>118</b>  |              |             |             |             |             |
| <b>421</b>  |              |             |             |             |             |
| <b>89</b>   |              |             |             |             |             |
| <b>(192)</b>  |              |             |             |             |             |
| Other comprehensive (loss)/income for the period, net of income tax   |              |             |             |             |             |
| (161)   |              |             |             |             |             |
| 106   |              |             |             |             |             |
| (51)  |              |             |             |             |             |
| (55)  |              |             |             |             |             |
| (36)  |              |             |             |             |             |
| (131)   |              |             |             |             |             |
| Foreign exchange translation  |              |             |             |             |             |
| (131)   |              |             |             |             |             |
| 106   |              |             |             |             |             |
| (57)  |              |             |             |             |             |
| (25)  |              |             |             |             |             |
| (38)  |              |             |             |             |             |
| (127)   |              |             |             |             |             |
| Fair value movement of available-for-sale investments (30)            |              |             |             |             |             |
| —   |              |             |             |             |             |
| 6   |              |             |             |             |             |
| (30)  |              |             |             |             |             |
| 2   |              |             |             |             |             |
| (4)   |              |             |             |             |             |
| <b>Total comprehensive income/(loss) for the period</b>               |              |             |             |             |             |
| <b>158</b>  |              |             |             |             |             |
| <b>208</b>  |              |             |             |             |             |
| <b>67</b>   |              |             |             |             |             |

**366**

**53**

**(323)**

Attributable to:

Owners of the parent

158

208

67

366

53

(323)

Non-controlling

interest

— — — — — —

**18**

Results for the second quarter and six months

**ended 31 December 2010**

CONDENSED CONSOLIDATED BALANCE SHEET (Rand)

| At                              | At   |
|---------------------------------|------|
| At                              | At   |
| 31 December                     |      |
| 30 September                    |      |
| 30 June                         |      |
| 31 December                     |      |
| 2010                            | 2010 |
| 2010                            | 2009 |
| (Unaudited)                     |      |
| (Audited)                       |      |
| Note                            |      |
| R million                       |      |
| R million                       |      |
| R million                       |      |
| R million                       |      |
| <b>ASSETS</b>                   |      |
| <b>Non-current assets</b>       |      |
| Property, plant and equipment   |      |
| 30 218                          |      |
| 29 873                          |      |
| 29 556                          |      |
| 28 862                          |      |
| Intangible assets               |      |
| 2 199                           |      |
| 2 199                           |      |
| 2 210                           |      |
| 2 217                           |      |
| Restricted cash                 |      |
| 26                              | 116  |
| 146                             | 167  |
| Restricted investments          |      |
| 1 864                           |      |
| 1 787                           |      |
| 1 742                           |      |
| 1 697                           |      |
| Investments in financial assets |      |
| 264                             |      |
| 296                             |      |
| 12                              |      |
| 20                              |      |
| Investments in associates       |      |
| 358                             |      |
| 377                             |      |
| 385                             |      |
| 385                             |      |
| Inventories                     |      |



232

237

214

77

Trade and other receivables

69

67

75

74

35 230

34 952

34 340

33 499

**Current assets**

Inventories

943

902

987

1

103

Trade and other receivables

962

649

932

1 108

Income and mining taxes

102

73

74

55

Restricted cash

—

—

—

280

Cash and cash equivalents

837

772

770

808

2 844

2 396

2 763

3 354

Assets of disposal groups classified as held for sale

5

—

—

245

—

2 844

2 396

3 008

3 354

**Total assets**

**38 074**

**37 348**

**37 348**

**36 853**

**EQUITY AND LIABILITIES**

**Share capital and reserves**

Share capital

28 277

28 269

28 261

28 096

Other

reserves

|     |     |
|-----|-----|
| 266 | 395 |
|-----|-----|

|     |     |
|-----|-----|
| 258 | 375 |
|-----|-----|

Retained

earnings

|     |     |
|-----|-----|
| 897 | 578 |
|-----|-----|

|     |     |
|-----|-----|
| 690 | 971 |
|-----|-----|

29 440

29 242

29 209

29 442

**Non-current liabilities**

Deferred tax

3 613

3 572

3 534

3 317

Provision for environmental rehabilitation

1 752

1 723

1 692

1 612

Retirement benefit obligation and other provisions

179

169

169

167

Borrowings

|   |       |     |
|---|-------|-----|
| 7 | 1 243 | 970 |
|---|-------|-----|

|     |     |
|-----|-----|
| 981 | 565 |
|-----|-----|

6 787

6 434

6 376

5 661

**Current liabilities**

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

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

**19**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Rand)

for the six months ended 31 December 2010

Share

Other

Retained

capital

reserves

earnings

Total

Note

R million

R million

R million

R million

Balance – 30 June 2010

28 261

258

690

29 209

Issue of shares

16

–

–

16

Share-based payments

–

63

–

63

Total comprehensive income for the period

–

(55)

421

366

Dividends paid

9

–

–

(214)

(214)

**Balance as at 31 December 2010**

**28 277**

**266**

**897**

**29 440**

Balance – 30 June 2009

28 091

339

1 095

29 525

Issue of shares

5

—

—

5

Share-based payments

—

72

—

72

Total comprehensive income for the period

—

(36)

89

53

Dividends paid

—

—

(213)

(213)

**Balance as at 31 December 2009**

**28 096**

**375**

**971**

**29 442**

**20**

Results for the second quarter and six months

**ended 31 December 2010**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (Rand)

Quarter ended

Six months ended

Year ended

31 December 30 September 31 December

31 December 31 December

30 June

2010 2010 2009 2010 2009 2010

(Unaudited) (Unaudited) (Unaudited)

(Audited)

R million

R million

R million

R million

R million

R million

**Cash flow from operating activities**

Cash generated by operations

450

703

183

1 153

408

1 611

Interest and dividends received

38

14

52

52

120

187

Interest

paid

(35) (30) (11) (65) (20) (90)

Income and mining taxes paid

(30)

(4)

(34)

(34)

(59)

(125)

Cash generated by operating activities

423

683

190

1 106

449

1 583

**Cash flow from investing activities**

Decrease/(increase) in restricted cash

90

30

(283)

120

(286)

15

Proceeds on disposal of investment in subsidiary

-

229

-

229

-

24

Proceeds on disposal of available-for-sale

financial

assets

2 - 29

2 44 50

Other investing activities

(6)

10

(3)

4

5

(12)

Net additions to property, plant and equipment

(846)

(748)

(890)

(1 594)

(1 797)

(3 493)

Cash utilised by investing activities

(760)

(479)

(1 147)

(1 239)

(2 034)

(3 416)

**Cash flow from financing activities**

Borrowings

raised

525

- 686 525 686

1

236

Borrowings

repaid

(107) (7) (18) (114) (25)

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



**21**

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

**1. Accounting policies**

## Basis of accounting

The condensed consolidated financial statements for the six months ended 31 December 2010 have been prepared in accordance with

IAS 34, Interim Financial Reporting, JSE Listing Requirements and in the manner required by the Companies Act of South Africa. They should be read in conjunction with the annual financial statements for the year ended 30 June 2010, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS). The accounting policies are consistent with those described in the annual financial statements, except for the adoption of applicable revised and/or new standards issued by the International Accounting Standards Board.

**2.****Cost of sales**

Quarter ended

Six months ended

Year ended

31 December 30 September 31 December<sup>1</sup>31 December 31 December<sup>1</sup>

30 June

2010 2010 2009 2010 2009 2010

(Unaudited) (Unaudited) (Unaudited)

(Audited)

R million

R million

R million

R million

R million

R million

Production costs

2 093

2 408

2 172

4 501

4 367

8 325

Royalty

expense

30

23

–

53

–

33

Amortisation

and

depreciation

442

426

320

868

670

1

375

Impairment of assets

(2)

–

|   |     |     |       |    |    |
|---|-----|-----|-------|----|----|
| –   | 104 |     |       |    |    |
| –   | 104 | 331 |       |    |    |
| Rehabilitation expenditure                          |     |     |       |    |    |
| 5   | 4   | 4   | 9     | 8  |    |
| 29 Care and maintenance cost of restructured shafts |     |     |       |    |    |
| 28  | 25  | 14  | 53    | 31 | 57 |
| Employment termination and restructuring costs      |     |     |       |    |    |
| 54  |     |     |       |    |    |
| 78  | 3   | 132 | 3     |    |    |
| 205 Share based payments                            |     |     |       |    |    |
| 32  | 31  | 38  | 63    | 72 |    |
| 148 Insurance credits                               |     |     |       |    |    |
| (3)   |     |     |       |    |    |
| (179)   | –   | –   | (179) | –  | –  |
| Provision for post-retirement benefits              |     |     |       |    |    |
| 1   |     |     |       |    |    |
| –   |     |     |       |    |    |
| 1   |     |     |       |    |    |
| 1   |     |     |       |    |    |
| 1   |     |     |       |    |    |
| (19)  |     |     |       |    |    |
| <b>Total cost of sales</b>                          |     |     |       |    |    |
| <b>2 506</b>  |     |     |       |    |    |
| <b>2 995</b>  |     |     |       |    |    |
| <b>2 656</b>  |     |     |       |    |    |
| <b>5 501</b>  |     |     |       |    |    |
| <b>5 256</b>  |     |     |       |    |    |
| <b>10 484</b>                                       |     |     |       |    |    |

(1)

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

(2)

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

(3)

Proceeds on unwinding of previous insurance agreement.

### 3. Exploration expenditure

Quarter ended

Six months ended

Year ended

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

#### 4. Net gain/(loss) on financial instruments

On 3 September 2010, Harmony Gold Mining Company Limited (Harmony) entered into two transactions with Witwatersrand Consolidated

Gold Resources Limited (Wits Gold), whereby Wits Gold obtains a prospecting right over Harmony's Merriespruit South area and the option held by ARMGold/Harmony Freegold Joint Venture Company (Proprietary) Limited (Freegold), a wholly-owned subsidiary of Harmony, is cancelled. The option is to acquire a beneficial interest of up to 40% in any future mines established by Wits Gold on certain properties in the Southern Free State (Freegold option). Harmony will abandon a portion of its mining right in respect of the Merriespruit South area to enable Wits Gold to include this area in its prospecting right, which is located immediately south of the Merriespruit South area.

**22**

Results for the second quarter and six months

**ended 31 December 2010**

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

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

The conditions precedent for the sale of Mount Magnet were fulfilled and the transaction became effective on 20 July 2010. A total purchase consideration of R238 million was received from Ramelius Resources Limited in exchange for 100% of the issued shares of Mount Magnet. The group recognised a total profit of R104 million net of tax, before the realisation of accumulated foreign exchange losses of R84 million from other comprehensive income to the consolidated income statement. The income statement and earnings per share amounts for all comparative periods have been re-presented to disclose the operation as a discontinued operation.

**6.****Earnings/(loss) per ordinary share**

Earnings/(loss) per ordinary share is calculated on the weighted average number of ordinary shares in issue for the quarter ended

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

The diluted earnings/(loss) per ordinary share is calculated on weighted average number of diluted ordinary shares in issue for the quarter

ended 31 December 2010: 429.9 million (30 September 2010: 429.9 million, 31 December 2009: 427.5 million), and the six months ended

31 December 2010: 429.7 million (31 December 2009: 427.4 million), and the year ended 30 June 2010: 427.8 million.

Quarter ended

Six months ended

Year ended

31 December 30 September 31 December<sup>1</sup>

31 December 31 December<sup>1</sup>

30 June

| 2010 | 2010 | 2009 | 2010 | 2009 | 2010 |
|------|------|------|------|------|------|
|------|------|------|------|------|------|

|             |             |             |  |  |  |
|-------------|-------------|-------------|--|--|--|
| (Unaudited) | (Unaudited) | (Unaudited) |  |  |  |
|-------------|-------------|-------------|--|--|--|

|           |  |  |  |  |  |
|-----------|--|--|--|--|--|
| (Audited) |  |  |  |  |  |
|-----------|--|--|--|--|--|

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

Basic

earnings/(loss)

|    |    |    |    |    |  |
|----|----|----|----|----|--|
| 74 | 23 | 28 | 98 | 21 |  |
|----|----|----|----|----|--|

(46)

Diluted

earnings/(loss)

|    |    |    |    |    |  |
|----|----|----|----|----|--|
| 74 | 23 | 28 | 98 | 21 |  |
|----|----|----|----|----|--|

(46)

Headline

|                                |    |    |     |    |     |
|--------------------------------|----|----|-----|----|-----|
| earnings/(loss)                |    |    |     |    |     |
| 69                             | 33 | 49 | 101 | 37 | (7) |
| – from continuing operations   |    |    |     |    |     |
| 69                             |    |    |     |    |     |
| 33                             |    |    |     |    |     |
| 50                             |    |    |     |    |     |
| 101                            |    |    |     |    |     |
| 37                             |    |    |     |    |     |
| 1                              |    |    |     |    |     |
| – from discontinued operations |    |    |     |    |     |
| –                              |    |    |     |    |     |
| –                              |    |    |     |    |     |

|     |  |  |  |  |  |
|-----|--|--|--|--|--|
| (1) |  |  |  |  |  |
| –   |  |  |  |  |  |
| –   |  |  |  |  |  |
| (8) |  |  |  |  |  |

Diluted  
headline

|                                |    |    |     |    |     |
|--------------------------------|----|----|-----|----|-----|
| earnings/(loss)                |    |    |     |    |     |
| 69                             | 33 | 49 | 101 | 37 | (7) |
| – from continuing operations   |    |    |     |    |     |
| 69                             |    |    |     |    |     |
| 33                             |    |    |     |    |     |
| 50                             |    |    |     |    |     |
| 101                            |    |    |     |    |     |
| 37                             |    |    |     |    |     |
| 1                              |    |    |     |    |     |
| – from discontinued operations |    |    |     |    |     |
| –                              |    |    |     |    |     |
| –                              |    |    |     |    |     |

|     |  |  |  |  |  |
|-----|--|--|--|--|--|
| (1) |  |  |  |  |  |
| –   |  |  |  |  |  |
| –   |  |  |  |  |  |
| (8) |  |  |  |  |  |

R million  
R million  
R million  
R million  
R million  
R million

**Reconciliation of headline  
earnings/(loss):**

**Continuing operations**

|               |     |     |     |    |  |
|---------------|-----|-----|-----|----|--|
| Net           |     |     |     |    |  |
| profit/(loss) |     |     |     |    |  |
| 296           | 105 | 122 | 401 | 89 |  |
| (160)         |     |     |     |    |  |

Adjusted for:  
Profit on sale of property, plant  
and equipment  
(1)

|  |   |   |   |   |   |
|--|---|---|---|---|---|
| (16)   |   |   |   |   |   |
| –  |   |   |   |   |   |
| (17)   |   |   |   |   |   |
| (1)  |   |   |   |   |   |
| (104)  |   |   |   |   |   |
| Taxation effect of profit on sale of property, plant and equipment                           |   |   |   |   |   |
| –  |   |   |   |   |   |
| 5  |   |   |   |   |   |
| –  |   |   |   |   |   |
| 5  |   |   |   |   |   |
| –  |   |   |   |   |   |
| 22   |   |   |   |   |   |
| Net gain on financial instruments  |   |   |   |   |   |
| (1)  |   |   |   |   |   |
| –  |   |   |   |   |   |
| (3)  |   |   |   |   |   |
| (1)  |   |   |   |   |   |
| (5)  |   |   |   |   |   |
| (7)  |   |   |   |   |   |
| Taxation effect of net gain on financial instruments   |   |   |   |   |   |
| –  | – | 1 | – | 2 | 2 |
| Foreign exchange loss/(gain) reclassified from other comprehensive income                    |   |   |   |   |   |
| –  |   |   |   |   |   |
| 47   |   |   |   |   |   |
| –  |   |   |   |   |   |
| 47   |   |   |   |   |   |
| (22)   |   |   |   |   |   |
| (22)   |   |   |   |   |   |
| Taxation effect of foreign exchange loss/(gain) reclassified from other comprehensive income |   |   |   |   |   |
| –  | – | – | – | – | – |
| Loss on sale of investment in subsidiary   |   |   |   |   |   |
| –  |   |   |   |   |   |
| –  |   |   |   |   |   |
| –  |   |   |   |   |   |
| –  |   |   |   |   |   |
| 24   |   |   |   |   |   |
| Taxation effect of loss on sale of investment in subsidiary                                  |   |   |   |   |   |
| –  | – | – | – | – | – |
| (7)  |   |   |   |   |   |
| Impairment of other investments  |   |   |   |   |   |
| –  |   |   |   |   |   |

|  |            |            |            |            |          |
|--|------------|------------|------------|------------|----------|
| -  |            |            |            |            |          |
| -  |            |            |            |            |          |
| -  |            |            |            |            |          |
| 2  |            |            |            |            |          |
| -  |            |            |            |            |          |
| Taxation effect of impairment of other investments |            |            |            |            |          |
| -  | -          | -          | -          | -          | -        |
| Impairment of assets                               |            |            |            |            |          |
| -  |            |            |            |            |          |
| -  |            |            |            |            |          |
| 104  |            |            |            |            |          |
| -  |            |            |            |            |          |
| 104  |            |            |            |            |          |
| 331  |            |            |            |            |          |
| Taxation effect of impairment of assets            |            |            |            |            |          |
| -  |            |            |            |            |          |
| -  |            |            |            |            |          |
| (11)   |            |            |            |            |          |
| -  |            |            |            |            |          |
| (11)   |            |            |            |            |          |
| (75)   |            |            |            |            |          |
| <b>Headline earnings</b>                           |            |            |            |            |          |
| <b>294</b>   | <b>141</b> | <b>213</b> | <b>435</b> | <b>158</b> | <b>4</b> |

**23**

Quarter ended

Six months ended

Year ended

31 December 30 September 31 December<sup>1</sup>

31 December 31 December<sup>1</sup>

30 June

2010 2010 2009 2010 2009 2010

(Unaudited) (Unaudited) (Unaudited)

(Audited)

R million

R million

R million

R million

R million

R million

**Discontinued operations**

Net profit/(loss)

23

(3)

(4)

20

–

(32)

Adjusted for:

Profit on sale of property, plant

and

equipment

– – (2) – (3) –

Taxation effect of profit on sale of

property, plant and equipment

–

–

–

–

1

–

Profit on sale of investment in subsidiary

–

(138)

–

(138)

–

(1)

Taxation effect of profit on sale of

investment in subsidiary

–

34

–

34

–



–  
Foreign exchange (profit)/loss reclassified from  
other comprehensive income

(23)

107

–

84

–

–

Taxation effect of foreign exchange loss  
reclassified from other comprehensive income

–

–

–

–

–

–

**Headline**

**loss**

–            –            (6)            –            (2)

(33)

**Total**

**headline**

**earnings/(loss)**

**294            141            207            435            156            (29)**

(1)

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

**7. Borrowings**

31 December

30 September

30 June 31 December

2010            2010

2010

2009

(Unaudited)            (Audited)

R million

R million

R million

R million

Total long-term borrowings

1 243

970

981

565

Total current portion of borrowings

344

207

209

460

**Total borrowings**

(  
1  
) (  
2  
)  
**1 587**  
**1 177**  
**1 190**  
**1 025**

(  
1  
)

In December 2009, the company entered into a loan facility with Nedbank Limited, comprising of a Term Facility of R900 million and a Revolving Credit Facility of R600 million. Interest accrues on a day to day basis over the term of the loan at a variable interest rate, which is fixed for a three month period, equal to JIBAR plus 3.5%. Interest is repayable quarterly. The Term Facility is repayable bi-annually in equal instalments of R90 million over five years. The first instalment was paid on 30 June 2010.

In December 2010 the Company entered into an additional loan facility with Nedbank Limited, comprising of a Term Facility of

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

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

(  
2  
)

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

|                                |           |
|--------------------------------|-----------|
| 31 December                    |           |
| 30 September                   |           |
| 30 June 31 December            |           |
| 2010                           | 2010      |
| 2010                           |           |
| 2009                           |           |
| (Unaudited)                    | (Audited) |
| R million                      |           |
| R million                      |           |
| R million                      |           |
| R million                      |           |
| Due within one year            |           |
| 28                             |           |
| 30                             |           |
| 33                             |           |
| 32                             |           |
| Due between one and five years |           |
| 36                             |           |
| 46                             |           |
| 60                             |           |
| 73                             |           |

|  |    |
|--|----|
| 64   | 76 |
| 93   |    |
| 105  |    |
| Future finance charges                     |    |
| (1)  |    |
| (2)  |    |
| (2)  |    |
| (3)  |    |
| <b>Total future minimum lease payments</b> |    |
| <b>63</b>                                  |    |
| <b>74</b>                                  |    |
| <b>91</b>                                  |    |
| <b>102</b>                                 |    |

**24**

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

**8.**

**Commitments and contingencies**

31 December

30 September

30 June 31 December

2010 2010

2010

2009

(Unaudited) Audited)

R million

R million

R million

R million

**Capital expenditure commitments:**

Contracts for capital expenditure

166

188

117

244

Authorised by the directors but not contracted for

2 669

3 406

1 006

2 507

**2 835**

**3 594**

**1 123**

**2 751**

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

**Contingent liability**

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

**9. Dividends paid**

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

**10. Subsequent events**

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

**11. Segment report**

The segment report follows on page 26.

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

Six months ended Six months ended

31 December

31 December<sup>1</sup>

2010 2009

R million

R million

The “reconciliation of segment data to consolidated financials” line item in the segment report is broken down in the following elements, to give a better understanding of the differences between the income statement, balance sheet and segment report:

**Revenue from**

Discontinued operations

– –

**Production costs from:**

Discontinued operations

– –

**Reconciliation of production profit to gross profit:**

Total segment revenue

6 073

5 718

Total segment production costs and royalty expense

(4 554)

(4 367)

Production profit as per segment report

1 519

1 351

Less:

Discontinued operations

– –

1 519

1 351

Cost of sales items other than production costs and royalty expense

(947)

(889)

Amortisation and depreciation

(868) (670)

Impairment of assets

– (104)

Employment termination and restructuring costs

(132)

(3)

Share-based payments

(63) (72)

Insurance credits

179 –

Rehabilitation costs

(9) (8)

Care and maintenance costs of restructured shafts

(53)

(31)

Provision for post-retirement benefits

(1) (1)

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

**572**

**462**

**25**

Six months ended Six months ended

31 December

31 December<sup>1</sup>

2010 2009

R million

R million

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

Property, plant and equipment not allocated to a segment

Mining assets

862 746

Undeveloped property

5 139

5 139

Other non-mining assets

72 66

**6 073**

**5 951**

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

\*

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

**13. Review report**

The condensed consolidated financial statements for the six months ended 31 December 2010 on pages 16 to 27 have been reviewed

in accordance with International Standards on Review Engagements 2410 – “Review of interim financial information performed by

the Independent Auditors of the entity” by PricewaterhouseCoopers Inc. Their unqualified review report is available for inspection at

the Company’s registered office.

**26**

Results for the second quarter and six months

**ended 31 December 2010**

SEGMENT REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2010 (Rand/Metric)

Production

Production

Mining

Capital

Kilograms

Tonnes

Revenue

costs

(1)

profit/(loss)

assets expenditure

produced

milled

R million

R million

R million

R million

R million

kg\*

t'000\*

**Continuing operations**

South Africa

**Underground**

Bambanani

(2)

502

421

81

1 034

156

1 716

233

Doornkop

360

295

65

2 973

154

1 184

311

Evander

315

316

(1)

946

116

1

069

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



326

366

**Surface**

All other surface operations

(3)

589

431            158            148

66            2 024

5

328

**Total South Africa**

**5 613**

**4 212**

**1 401**

**20 404**

**1 438**

**19 028**

**8 921**

International

Papua New Guinea

460

342

118

3 741

144

1 498

852

**Total international**

**460**

**342**

**118**

**3 741**

**144**

**1 498**

**852**

**Total continuing operations**

**6 073**

**4 554**

**1 519**

**24 145**

**1 582**

**20 526**

**9 773**

**Discontinued operations**

Mount

Magnet

—

—

—

—

—

—

—

**Total discontinued operations**

—

—

-  
-  
-  
-  
-

**Total operations**

**6 073**

**4 554**

**1 519**

**24 145**

**1 582**

**20 526**

**9 773**

Reconciliation of the segment  
information to the consolidated  
income statement and  
balance sheet (refer to note 12)

-  
-

6 073

**6 073**

**4 554**

**30 218**

**Notes:**

(1) Production costs includes royalty expense.

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

(3) Includes Kalgold, Phoenix, Dumps and extraction of gold in lock-up at the President Steyn plant.

\*

Production statistics are not reviewed.

27

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

Production

Production

Mining

Capital

Kilograms

Tonnes

Revenue

costs

profit

assets

expenditure

produced

milled

R million

R million

R million

R million

R million

kg\*

t'000\*

**Continuing operations**

South Africa

**Underground**

Bambanani

490

369            121

680

51            1 878            270

Doornkop                            259

209

50

2

699

151

990

278

Evander                            599

559

40

906

106

2

296

504

Joel                            291

209

82

135

50

1

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

44 1 674

4

384

**Total South Africa**

**5 718**

**4 367**

**1 351**

**18 833**

**1 378**

**22 515**

**9 019**

International

Papua New Guinea

(2)

—

—

—

3

805

429

768

—

**Total international**

—

—

—

**3 805**

**429**

**768**

—

**Total continuing operations**

**5 718**

**4 367**

**1 351**

**22 638**

**1 807**

**23 283**

**9 019**

**Discontinued operations**

Mount Magnet

—

—

—

273

—

—

—

**Total discontinued operations**

—

—

—

273

—

—

—

**Total operations**

**5 718**

**4 367**

**1 351**

**22 911**

**1 807**

**23 283**

**9 019**

Reconciliation of the segment  
information to the consolidated  
income statement and  
balance sheet (refer to note 12)

—

—

5 951

**5 718**

**4 367**

**28 862**

**Notes:**

(1) Includes Kalgold, Phoenix and Dumps.

(2) At 31 December 2009, production statistics for Hidden Valley was shown for information purposes. This mine was in build-up phase and revenue and costs were capitalised until commercial levels of production were reached.

\*

Production statistics are not reviewed.

**28**

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

**29**

Operating results

(US\$/Imperial)

Underground production – South Africa

Surface production – South Africa

Total

South

South

Quarter

Kusasa-

Under-

Total

Africa

Africa

Hidden

Harmony

ended

Bambanani Doornkop

Evander

Joel

lethu Masimong

Phakisa

Steyn 2

Target 1

Target 3 Tshepong

Virginia

ground

Kalgold Phoenix Dumps Surface

Other

Total

Valley

Total

**Ore milled**

**– t'000**

**Dec-10**

**115**

**189**

**153**

**141**

**251**

**241**

**118**

**–**

**216**

**–**

**380**

**135**

**1 939**

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



**296 686**

**26 589**

**323 275**

Sep-10

29 289

17 394

17 747

4 758

48 644

40 606

12 121

997

26 878

3 569

54 270

24 435

280 708

11 831

5 305

17 233

34 369

–

315 077

21 573

336 650

**Yield**

–

**oz/t**

**Dec-10**

**0.211      0.109      0.109      0.093      0.134      0.154**

**0.138**

–      **0.129**

–      **0.138      0.135      0.134**

**0.024**

**0.003**

**0.017      0.011**

–      **0.062**

**0.057      0.062**

Sep-10

0.206      0.113      0.115      0.108      0.164      0.152

0.128

–      0.119

–      0.145      0.091      0.137

0.025

0.003

0.018      0.011

–      0.060

0.046      0.059

**Cash operating costs**

– \$/oz

**Dec-10**

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

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

997  
27 232  
3 569  
55 910  
24 949  
293 826  
12 925  
5 305  
17 233  
35 463  
—  
329 289  
20 158  
349 447  
**Revenue**  
**(\$'000)**  
**Dec-10**  
**33 705**  
**27 919**  
**20 428**  
**18 168**  
**43 041**  
**51 735**  
**22 537**  
—  
**38 796**  
—  
**72 661**  
**25 456**  
**354 446**  
**12 388**  
**6 114**  
**21 161**  
**39 663**  
—  
**394 109**  
**40 407**  
**434 516**  
Sep-10  
36 946  
23 004  
23 848  
6 011  
65 081  
51 247  
15 291  
—  
33 413  
—  
68 458  
30 505

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

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

**Operating costs**

**(\$'000)**

**Dec-10**

28 697

21 389

20 235

17 858

37 201

28 349

16 177

-

24 501

-

41 720

17 984

254 111

9 921

4 846

13 608

28 375

-

282 486

25 984

308 470

Sep-10

30 584

20 197

24 148

10 276

52 931

27 629

15 247

-

25 926

-

40 198

30 796

277 932

12 255

5 232

15 065

32 552

-

310 484

22 301

332 785

**Operating profit**

**(\$'000)**

**Dec-10**

5 008

6 530

193  
310  
5 840  
23 386  
6 360  
-  
14 295  
-  
30 941  
7 472  
100 335  
2 467  
1 268  
7 553  
11 288  
-  
111 623  
14 423  
126 046  
Sep-10  
6 362  
2 807  
(300)  
(4 265)  
12 150  
23 618  
44  
-  
7 487  
-  
28 260  
(291)  
75 872  
3 564  
1 249  
5 959  
10 772  
-  
86 644  
2 593  
89 237  
**Capital expenditure**  
**(\$'000)**  
Dec-10  
4 275  
12 288  
8 240  
3 151  
12 231  
7 022  
14 919



6 377  
11 786  
7 643  
10 566  
2 708  
101 206  
977  
1 504  
2 217  
4 698  
3 031  
108 935  
12 346  
121 281  
Sep-10  
5 327  
9 513  
8 105  
2 510  
14 285  
5 539  
12 555  
6 063  
8 502  
7 675  
8 302  
4 130  
92 506  
636  
-  
-  
636  
1 044  
94 186  
8 105  
102 291

Production statistics for Steyn 2 and Target 3 have been included. These mines are in a build-up phase and revenue and costs are currently capitalised, until commercial production levels are reached.

**30**

Results for the second quarter and six months

**ended 31 December 2010**

CONDENSED CONSOLIDATED INCOME STATEMENT (US\$)

(Convenience translation)

Quarter ended

Six months ended

Year ended

31 December 30 September 31 December<sup>1</sup>31 December 31 December<sup>1</sup>

30 June

| 2010        | 2010        | 2009        | 2010        | 2009        | 2010      |
|-------------|-------------|-------------|-------------|-------------|-----------|
| (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

**Continuing operations**

Revenue

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

1

489

Cost

of

sales

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

(1

383)

Production

costs

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

(1

099)

Royalty

expense

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

Amortisation

and

depreciation

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

(181)

Impairment of assets

–

–

(14)

–

(14)

(43)

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

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

(20)

**Discontinued operations**

Profit/(loss) from discontinued operations

3

–

(1)

3

–

(4)

**Net**

**profit/(loss)**

**46                    14                    15                    59                    12**

(24)

Attributable to:

Owners of the parent

46

14

15

59

12

(24)

Non-controlling

interest

–                    –                    –                    –                    –                    –

Earnings/(loss) per ordinary share (cents)

– Earnings/(loss) from continuing operations

10

3

4

13

3

(5)

– Earnings/(loss) from discontinued operations

1

–

–

1

–

(1)

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

**11**

**3**

**4**

**14**

**3**

**(6)**

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

– Earnings/(loss) from continuing operations

10

3

4

13

3

(5)

– Earnings/(loss) from discontinued operations

1

–

–

1

–

(1)

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

**(cents)**

**11                    3                    4                    14                    3**

**(6)**

<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: December 2010: US\$1 = R6.88 (September 2010: US\$1 = R7.31, December 2009: US\$1 = R7.49).

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

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

**Note on convenience translations**

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

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

Quarter ended

Six months ended

Year ended

31 December 30 September 31 December

31 December 31 December

30 June

| 2010        | 2010        | 2009        | 2010        | 2009        | 2010      |
|-------------|-------------|-------------|-------------|-------------|-----------|
| (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

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

**46**

**14**

**15**

**59**

**12**

**(24)**

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

(23)

15

(7)

(8)

(5)

25

Foreign exchange translation

(19)

15

(8)

(4)

(5)

25

Fair value movement of available-for-sale  
 investments

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

**Total comprehensive income for the period**

**23**

**29**

**8**

**51**

**7**

**1**

Attributable to:

Owners of the parent

23

29

8

51

7

1

Non-controlling  
interest

— — — — —

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

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

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



**32**

Results for the second quarter and six months

**ended 31 December 2010**

CONDENSED CONSOLIDATED BALANCE SHEET (US\$)

(Convenience translation)

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

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

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

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

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

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

**33**

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

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

—  
—  
1  
Share-based payments  
—  
10  
—  
10  
Total comprehensive income for the period

—  
(5)  
12  
7  
Dividends paid

—  
(29)  
(29)  
**Balance as at 31 December 2009**

**3 812**  
**51**  
**132**  
**3 995**

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

**34**

Results for the second quarter and six months

**ended 31 December 2010**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (US\$)

(Convenience translation)

Quarter ended

Six months ended

Year ended

31 December 30 September 31 December

31 December 31 December

30 June

2010 2010 2009 2010 2009 2010

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

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

**Cash flow from operating activities**

Cash generated by operations

65

96

24

163

53

214

Interest and dividends received

6

2

7

7

16

25

Interest

paid

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

(12)

Income and mining taxes paid

(4)

(1)

(5)

(5)

(8)

(17)

Cash generated by operating activities

62

93

25

156

58

210

**Cash flow from investing activities**

Decrease/(increase) in restricted cash

13

4

(38)

17

(37)

2

Proceeds on disposal of investment in subsidiary

-

31

-

32

-

3

Proceeds on disposal of available-for-sale

financial

assets

- - 4 - 6 7

Other investing activities

(1)

1

-

1

1

(2)

Net additions to property, plant and equipment

(123)

(102)

(117)

(225)

(236)

(463)

Cash utilised by investing activities

(111)

(66)

(151)

(175)

(266)

(453)

**Cash flow from financing activities**

Borrowings

raised

76 - 93 74 90

168

Borrowings

repaid

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

(57)

Ordinary shares issued – net of expenses



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

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

**35**  
 SEGMENT REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2010 (US\$/Imperial) (Unaudited)  
 (Convenience translation)

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

**Continuing operations**

South Africa

**Underground**

Bambanani

(2)

71

59

12

156

22

55

171

257

Doornkop 51

42

9

449

22

38

067

343

Evander 44

45

(1)

143

16

34

369

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

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

Mount  
Magnet

— — — — — — —

**Total discontinued operations**

—  
—  
—  
—  
—  
—  
—

**Total operations**

**857**  
**642**  
**215**  
**3 648**  
**224**  
**659 925**  
**10 775**

**Notes:**

(1)

Production costs includes royalty expense.

(2)

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

(3)

Includes Kalgold, Phoenix, Dumps and extraction of gold in lock-up at the President Steyn plant.

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

Mining assets are converted at the currency conversion rate of US\$1 = R6.62.

**36**

Results for the second quarter and six months

**ended 31 December 2010**

SEGMENT REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2009 (US\$/Imperial) (Unaudited)  
(Convenience translation)

Production

Production

Mining

Capital

Ounces

Tons

Revenue

costs

profit

total

assets

expenditure

produced

milled

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

oz

t'000

**Continuing operations**

South Africa

**Underground**

Bambanani

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

7

60

379

298

Doornkop

34

27

7

366

20

31

829

306

Evander

78

73

5

123

14

73

818

556

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

**Surface**

All other surface operations

(1)

56                    37                    19                    19

5

53

820

4

834

**Total South Africa**

**750**

**572**

**178**

**2 554**

**181**

**723 873**

**9 946**

International

Papua New Guinea

(2)

—

—

—

516

56

24

682

—

**Total international**

—

—

—

**516**

**56**

**24 682**

—

**Total continuing operations**

**750**

**572**

**178**

**3 070**

**237**

**748 555**

**9 946**

**Discontinued operations**

Mount Magnet

—

—

—

37

—



—  
—  
**Total discontinued operations**

—  
—  
**37**

—  
—  
**Total operations**

**750**  
**572**  
**178**  
**3 107**  
**237**  
**748 555**  
**9 946**

**Notes:**

(1) Includes Kalgold, Phoenix and Dumps.

(2) At 31 December 2009, production statistics for Hidden Valley was shown for information purposes. This mine was in build-up phase and revenue and costs were capitalised until commercial levels of production were reached.

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

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

**37**

DEVELOPMENT RESULTS (Metric)

Quarter ended 31 December 2010

Channel

Channel

Reef

Sampled

Width

Value

Gold

(metres)

(metres)

(cm's)

(g/t)

(cmg/t)

Tshepong

Basal 602

592

10.21

111.10

1

134

B Reef

103

72

104.00

14.79

1 538

All Reefs

**705 664 20.38**

**57.80**

**1**

**178**

Phakisa & Nyala

Basal 270

287

36.66

22.39

821

All Reefs

**270 287 36.66**

**22.39 821**

Total Bambanani

(incl. Bambanani, Steyn 1 & Steyn 2)

Basal 74

68

126.65

18.96

2

402

All Reefs

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

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

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

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

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

**1 255**

DEVELOPMENT RESULTS Imperial)

Quarter ended 31 December 2010

Channel

Channel

Reef

Sampled

Width

Value

Gold

(feet)

(feet)

(inches)

(oz/t)

(in.oz/t)

Tshepong

Basal

1 975

1 942

4

3.26

13

B Reef

337

236

41

0.43

18

All Reefs

**2 312**

**2 178**

**8**

**1.69**

**14**

Phakisa & Nyala

Basal 885

942

14

0.67

9

All Reefs

**885 942**

**14 0.67**

**9**

Total Bambanani

(incl. Bambanani, Steyn 1 & Steyn 2)

Basal 244

222

50

0.55

28



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

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

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

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

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

**38**

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

NOTES

**39**  
NOTES

**40**

Results for the second quarter and six months

**ended 31 December 2010**

CONTACT DETAILS

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G P Briggs (Chief Executive Officer)

H O Meyer (Financial Director)

H E Mashego (Executive Director)

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

F Abbott\*, J A Chissano\*

1

, Dr C Diarra\*

†^

K V Dicks\*

^

, Dr D S Lushaba\*

^

, C Markus\*

^

,

M Motloba\*

^

, C M L Savage\*

^

, A J Wilkens\*

\* Non-executive

1

Mozambican

†

US/Mali Citizen

^

Independent

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Telephone: 0871 664 0300 (UK)  
(calls cost 10p a minute plus network extras, lines are open  
8:30 am to 5:30 pm (Monday to Friday)  
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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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W2CF10173

**SIGNATURES**

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

Dated: February 7, 2011

Harmony Gold Mining Company Limited

By:

/s/

Hannes Meyer

Name: Hannes Meyer

Title: Financial Director