

HARMONY GOLD MINING CO LTD

Form 6-K

May 10, 2010

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

10 May 2010

**Harmony Gold Mining Company**

**Limited**

Randfontein Office Park

Corner Main Reef Road and Ward Avenue

Randfontein, 1759

South Africa

(Address of principal executive offices)

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

Form 20-F  X

Form 40-F

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

Yes

No  X

Shareholder information

Issued ordinary share capital at

426 191 965

31 March 2010

shares

Market capitalisation

At 31 March 2010 (ZARm)

29 322

At 31 March 2010 (US\$m)

4 009

Harmony ordinary share

and ADR prices

12-month high (1 April 2009 to

31 March 2010) for ordinary shares

R99.22

12-month low (1 April 2009 to

31 March 2010) for ordinary shares

R67.71

12-month high (1 April 2009 to

31 March 2010) for ADRs

\$12.39

12-month low (1 April 2009 to

31 March 2010)) for ADRs

\$8.06

Free float

Ordinary shares

100%

ADR ratio

1:1

JSE Limited

HAR

Range for quarter

(1 January 2010 to

R68.80 –

31 March 2010 – closing prices)

R80.77

Average daily volume for

the quarter (1 January 2010 to

1 305 283

31 March 2010)

shares

New York Stock

Exchange, Inc.

HMY

Range for quarter

(1 January 2010 to

\$8.79 –

31 March 2010 – closing prices)

\$11.11

Average daily volume for

the quarter (1 January 2010 to

670 462

31 March 2010)

shares

Nasdaq

HMY

Range for quarter

(1 January 2010 to

\$8.81 –

31 March 2010 – closing prices)

\$11.10

Average daily volume for

the quarter (1 January 2010 to

553 900

31 March 2010)

shares

Key features for the quarter

Safety remains a top priority

- 

99 days fatal-free

Continuing to “fix the mix”

- 

more quality, low-cost ounces long term

Growth projects poised to produce

- 

mostly on track

10% decrease in gold production

19% drop in total capital expenditure

Excellent exploration results

- 

turning tenements into resources

Financial review for the third quarter and nine months ended

31 March 2010

**Quarter**

**Quarter**

**9 months      9 months      Year-to-**

**March      December**

**Q-on-Q**

**March**

**March**

**year**

**2010**

**2009      variance**

**2010**

**2009      variance**

Gold

– kg

10 366

11 569

(10.4)

33 649

34 434

(2.3)  
 produced  
 (1)  
 – oz  
 333 276  
 371 956  
 (10.4) 1 081 831 1 107 078  
 (2.3)  
 Cash costs  
 – R/kg  
 199 859  
 192 101  
 (4.0)  
 193 274  
 166 757  
 15.9  
 – US\$/oz  
 829  
 798  
 (3.8)  
 792  
 564  
 40.4  
 Cash operating  
 – Rm  
 634  
 800  
 (20.8)  
 1 985  
 3 096  
 (35.9)  
 profit  
 – US\$m  
 84  
 107  
 (20.9)  
 261  
 337  
 (22.6)  
 Basic(loss)/  
 – SAc/s  
 (69)  
 28  
 <(100)  
 (48)  
 397\*  
 <(100)  
 earnings per share  
 – USc/s  
 (9)  
 4

<(100)

(6)

43\*

<(100)

Headline

– Rm

(137)

207

<(100)

21

968\*

(98)

(loss)/profit

– US\$m

(18)

28

<(100)

3

105\*

(97)

Headline (loss)/

– SAc/s

(32)

49

<(100)

5

236\*

(98)

earnings per share

– USc/s

(4)

7

<(100)

1

26\*

96

Adjusted

– SAc/s

(6)

50

<(100)

32

243

(87)

headline (loss)/

– USc/s

(1)

8

<(100)

4

26

(85)  
earnings per share

(2)  
Exchange rate

– R/US\$

7.50

7.49

0.2

7.59

9.19

(17.4)

Gold price

– R/kg

267 469

264 774

1.0

256 525

252 346

1.7

received

– US\$/oz

1 109

1 100

(0.8)

1 051

854

23.1

\* Reported amounts include continued operations only.

(1) Production statistics for Hidden Valley, President Steyn and Target 3 (previously known as Lorraine 3) have been included.

These mines are in a build-up phase and revenue and costs are currently capitalised.

(2) Headline (loss)/earnings adjusted for employee termination and restructuring costs.

#### HARMONY'S ANNUAL REPORTS

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 2009 are available on our website at [www.harmony.co.za](http://www.harmony.co.za).

Incorporated in the Republic of South Africa

Registration Number 1950/038232/06

("Harmony" or "Company")

JSE Share code: HAR

NYSE Share code: HMY

ISIN: ZAE 000015228

Results for the third quarter  
ended 31 March 2010

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Results for the third quarter

**ended 31 March 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 harbor 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 Officer's Review

**Introduction**

During the quarter ended 31 March 2010, we continued the difficult but necessary process of restructuring to eliminate unprofitable production, our end game being the best asset mix, generating quality ounces. Following on from the first round of shaft closures – Evander 2, 5 and 7 and Brand 3 – in the previous quarter and early in the quarter under review, we announced the closure of Harmony 2, Merriespruit 1 and 3 shafts, which will take effect during the fourth quarter. We fully anticipated the short term effects from these actions and indeed, gold production for the March quarter reduced by 10% in comparison to the previous quarter, of which 6% can be attributed to the restructuring. We experienced some technical challenges and a number of lost shifts due to stoppages imposed by the regulator for minor infringements. We have dealt with these matters and discuss the detail later in this review.

We continue to draw to the end of our various capital programmes, with capital expenditure 19% lower than the previous quarter.

On the safety front our continued diligence produced excellent results, clouded, however, by the death of winch operator Matome Johannes Mothele in a fall of ground at Evander, ending a 99-day period free of fatalities. We extend our deepest condolences to his family, friends and colleagues.

**Operational results**

Gold production was 10% lower at 10 366kg (of which 579kg was capitalised), down from 11 569kg (of which 669kg was capitalised) in the previous quarter. The decrease is due largely to the closure of Evander 2, 5 and 7 and Brand 3 shafts. Challenges at Tshepong, Masimong, Joel and Kusasalethu (previously known as Elandsrand) also contributed to lower production.

Only Tshepong and Masimong had a slow start-up after the Christmas break; Joel saw lower grades, mainly as a result of hoisting delays caused by the lift shaft deepening project; and Kusasalethu experienced ore-pass problems, which are being investigated.

Of great concern is the number of production stoppages ordered by the new Principal Inspector of Mines in the Free State. Thirteen shifts were lost, which translates to approximately 170 fewer kilograms of gold and R46 million less revenue. Some of these stoppages related to administrative infringements and could easily have been resolved without resort to stoppages. We are in robust consultation with the Department of Mineral Resources (DMR) to address our concerns.

Total cash operating costs decreased by R138 million or 7% from R2 094 million in the previous quarter to R1 956 million including royalties, mainly due to the closure of Evander 2, 5 and 7 and Brand 3.

However, R/kg costs increased by 4% to R199 859/kg (R192 101/kg in the previous quarter) due to lower tonnes milled and a 4% decrease in grade. Consequently, operating profit was 21% lower at R634 million,

down from R800 million in the previous quarter. As expected, capital expenditure decreased by 19% to R723 million and our focus is now on increasing production in line with expectation, focusing on development and resolving project commissioning issues.

### **Restructuring**

Evander 2, 5 and 7 and Brand 3 shafts

The closure of these shafts resulted in a reduction in gold produced of 639kg compared with the previous quarter. Restructuring costs in respect of these closures amount to R120 million. Going forward, only minimal care and maintenance costs for the closed shafts will be incurred.

Harmony 2, Merriespruit 1 and 3 shafts

During March 2010 and April 2010 the performance of Harmony 2, Merriespruit 1 and 3 shafts (all part of the Virginia operations) was carefully assessed and we reached a well-informed conclusion that these assets have all depleted their payable reserves. As a result, the closure process began in mid-April.

Employee representatives, through their trade unions, were informed of the closures and we have embarked on a formal consultation process with them, facilitated by a senior commissioner from the Commission for Conciliation, Mediation and Arbitration (CCMA) in terms of Section 189A of the Labour Relations Act, to consider alternatives to retrenchments. The number of employees affected by the closure is approximately 3 700. Every effort will be made to mitigate the effects of closure. Steps to be considered may include transfers to other operations in the group, portable skills training and early retirement.

Evander

The underpinning geological resource of Evander is the variable and very rich Kimberley Reef. The mining of this resource demands strict management philosophies and capital. We are currently looking at ways to unlock value at Evander as it requires further capital to fully develop the abundant resource.

### **Commissioning of growth projects**

Hidden Valley continued its commissioning process, with the silver flotation circuit commissioned during the March quarter. We expect the Hidden Valley mine and processing plant to reach their original design capacity and throughput in the June 2010 quarter. The mine produced 35 359oz Au and 168 505oz Ag (50% of which is attributable to Harmony) during the quarter. Good progress is being made with the commissioning phase.

At Doornkop, the equipping of the rock winder compartment is nearing completion and it is estimated that both the North and South compartments will be completed by May 2010. The shaft equipping had to be delayed during the quarter to focus on the installation of a pump column to increase the pumping capacity after water intersections on the South caused an increase in the return water to the shaft. The mud pumping system was completed during the quarter. Development of the mine is well on track towards achieving its production targets in 2012. The South Reef grades are delivering above 5g/t which is in line with the

life-of-mine plan.

At Phakisa, production was affected as a result of compressor breakdowns at Nyala shaft, rail-veyor commissioning problems with the third train, under-performance of the ice plants and illegal mining activities. The compressor and rail-veyor issues have been

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Results for the third quarter

**ended 31 March 2010**

resolved. The ice plants are still under-performing and the original equipment manufacturers (OEMs) from abroad are helping us to analyse and resolve the problem. The set-up of the plants is time-consuming, but the OEMs are familiar with the issues, and they will be resolved. We believe that Phakisa will make up its production losses in the first quarter of the new financial year our battle against criminal mining continues.

**Exploration**

Exploration drilling at Wafi/Golpu in Papua New Guinea has widely expanded the known mineralisation. The footprint of the zone is now more than double what was previously reported. This success will have a profound effect on the options for exploitation of this resource. The resource is still being scoped and to some extent will make the previous mining concept work redundant. However, it will set a new baseline for what the mine could look like. Exploration results are reported in the exploration section on page 13.

It is expected that a significant resource upgrade will be declared on 30 June 2010.

**Pamodzi assets**

Harmony became the owners of the Lorraine 3 (renamed Target 3) shaft and the President Steyn 1 and 2 shafts on 18 February 2010.

The start-up is slower than anticipated due to the state of the infrastructure and the working places. Some panels have started, with 1 089 people having been re-called to these shafts.

The opening-up, equipping, infrastructure repair and production are in progress at Steyn 2 and Target 3. A fire at Steyn 1 has resulted in mining being delayed until it has been brought under control.

It has been sealed off on all the levels, which makes access to any working area impossible at this stage. Although the fire is monitored on a daily basis, the readings are very erratic due to the vast, open, old areas where it is burning.

The teams on the Steyn 2 and Target 3 shafts spend a lot of time investigating all possible mining areas and action plans are being drawn up to bring these areas into full production. A team also started with the pre-feasibility study on the Steyn 2 shaft pillar. Different options are being looked at to service the area and to transport the rock to surface. We will follow our internal project approval process to decide on the best option for the pillar extraction. During the quarter, 29kg of gold were produced by these shafts, of which the cost has been capitalised. Some 61 kg of gold were extracted from the Steyn Plant clean-up and 42kg of gold from Freddie's 9 rock dump.

**Gold market**

The R/kg gold price remained steady during the quarter and we received R267 469/kg for our production. Investment demand supports the gold price at its current levels, with strong physical demand in India and from exchange-traded funds. The Rand's strength continued and it is uncertain whether it will remain at its

current levels. We remain bullish about the gold market and the gold price.

#### **Board appointment**

Mashego Mashego, previously a member of our Executive Management, was appointed as Executive Director: Organisational Development and Transformation, in February 2010. Mashego's wealth of human resources knowledge and his experience as a member of Harmony's executive team make him a valuable addition to the board and we wish him well.

#### **Looking ahead**

As for managing what is absolutely within our power to manage, there is not one of our current operations that can or will escape our vigilance in terms of volume and grade optimisation, cost control, and productivity enhancement. Turnaround through improved profitability and getting to the right asset mix remain priorities for us. Added to this, we will progress our developmental projects – our key growth drivers – and pursue further, longer-term growth through acquisition and exploration. To achieve this, we will continue to call on the substantial reserves of ability, skills and enthusiasm of the thousands of people comprising the Harmony team.

#### **Graham Briggs**

##### **Chief Executive Officer**

Financial overview

Cash operating profit was 21% lower at R634 million due to a decrease of 10% in production, of which 6% is attributable to closed shafts. This was mitigated by a decrease in total cash operating costs of R138 million.

#### **Earnings per share**

Basic earnings per share decreased from a profit of 28 SA cents to a loss of 69 SA cents per share. Similarly headline earnings decreased from a profit of 49 SA cents to a loss of 32 SA cents per share. This decrease can mainly be attributed to a decrease in production.

#### **Revenue**

Revenue decreased to R2 521 million from R2 971 million in a relatively stable price environment, resulting from a 13% decrease in kg's sold. This was caused by lower production and some inventory build-up.

#### **Costs**

Total cash operating costs were 7% lower at R1 956 million due mainly to closed shafts

#### **Disposal of Big Bell**

The sale of Big Bell was concluded in the current quarter, generating R24 million cash for the group, but at an accounting loss of R24 million.

#### **Impairment of assets**

An impairment expense of R196 million was recorded during the current quarter relating to the closure of Harmony 2 (R36 million), Merriespruit 1 (R117 million) and Merriespruit 3 (R43 million).

Impairments totaling R103 million were recorded in the December 2009 quarter following the decision to close Evander 2 and 5 (R66 million) and Brand 3 (R37 million).

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## Safety and health

**Safety**

Harmony recorded excellent safety results during the quarter under review. The company achieved 99 fatality-free calendar days during the quarter, which has been its best achievement ever recorded.

However, it is with deep regret that we report a fatal accident that occurred at Evander 8 shaft during the quarter, as a result of a fall of ground.

We are pleased to announce that a 'single digit' lost time injury frequency rate (LTIFR) was achieved for the sixth consecutive quarter. During the quarter, the LTIFR year-to-date improved by 18% from 9.35 to 7.71 when compared to the actual figure for the previous year and improved by 4% quarter on quarter from 8.30 to 7.95. The fatal injury frequency rate (FIFR) also showed remarkable improvement for the second consecutive quarter with the year-to-date rate improving 24% from 0.21 to 0.16 when compared to the previous year. Quarter on quarter, the FIFR outperformed the previous quarter's rate by 80% (from 0.20 to 0.04). Harmony's reportable injury frequency rate (RIFR) also showed improvement of 18% year on year from 4.97 to 4.08, and improved by 10% quarter on quarter from 4.59 to 4.1.

The following operations achieved outstanding safety results during the quarter:

Harmony total operations: 2 000 000 fatality-free shifts.

Doornkop, Harmony 2 shaft operations: 1 250 000 fatality-free shifts.

## Operational overview

**South African underground operations**

	March	December
Indicator		
2010		
2009		Variance
<b>u/g Tonnes milled</b>		
<b>(‘000)</b>		
1 968		
2 243		
(12)		
<b>Grade</b>		
<b>(g/t)</b>		
4.46		
4.51		
(1)		
<b>Gold produced*</b>		
<b>(kg)</b>		
8 807		
10 117		
(13)		
<b>Gold sold</b>		
<b>(kg)</b>		
8 476		



10 398

(19)

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

204 514

193 544

(6)

**Operating profit**

**(‘000)**

535 064

722 821

(26)

\* 29kg has been capitalised

**Bambanani**

March December

%

Indicator

2010

2009 Variance

Tonnes

(‘000)

129

123

5

Grade

(g/t)

8.19

7.58

8

Gold produced

(kg)

1 056

932

13

Gold sold

(kg)

1 013

969

5

Cash operating costs

(R/kg)

165 670

179 746

8

Operating profit

(R’000)

105 371

79 969

32

Bambanani had a pleasing quarter, with a 5% increase in tonnes milled and an 8% increase in grade resulting in a 13% increase in gold production to 1 056kg.

Harmony total north, Harmony total south, Harmony underground south, Joel, Tshepong operations: 1 000 000 fatality-free shifts. Masimong 5 shaft: 500 000 fatality free shifts.

It is encouraging to see remarkable improvements in our safety results during the March 2010 quarter, which bare testimony to the effective behaviour-based safety programmes that continue to be rolled out at all Harmony's operations. Safety remains the key focus at Harmony and ongoing efforts are being made throughout the company to improve performance on a daily basis.

#### **Health**

Our employees' well being is important to us and we have therefore consolidated the various components of healthcare.

A highlight for the quarter under review in terms of noise protection is that the implementation of personalised hearing protection was 84.3% completed. Furthermore, mufflers on all drilling machines as well as silencing on fans have all been installed and the installation of sound attenuators on mechanical loaders has been scheduled. To date, this process is about 14% completed.

Dust remains an area of concern and therefore, in January 2010, silica quartz sampling was increased from the compulsory 5% to 10%. This action was embarked upon to increase confidence levels in sample results and to identify potential risk areas.

In terms of radiation protection for our employees, radon exposures on all operations are well controlled.

#### **Capital expenditure**

Total capital expenditure was 19% lower at R723 million, R26 million attributable to South African operations and R143 million to Hidden Valley.

#### **Africa Vanguard Resources**

Harmony acquired the 26% interest in Doornkop, held by Africa Vanguard Resources (Doornkop) (AVRD) in the Doornkop south project, during the quarter for a total purchase consideration of R398 million. The consideration was partially paid during the quarter with the settlement of AVRD's Nedbank loan to the value of R244 million. The remainder of the consideration price was paid by the issue of 2 162 359 Harmony shares on 28 April 2010, following the registration of the deed of session at the Mining Titles registration office.

#### **Royalties**

Effective 1 March 2010, The Mineral and Petroleum Resources Royalty Act, No. 28 of 2008, became effective and resulted in a royalty expense of R4.7 million for the quarter.

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Results for the third quarter

**ended 31 March 2010**

The grade increase, from 7.58g/t to 8.19g/t, resulted from improved volumes mined in the higher grade pillar section. Closer attention to blast frequency delivered higher volumes during March in particular. Cash operating costs in R/kg terms decreased by 8% due mainly to increased gold production. This reduction in costs, combined with higher grade and increased gold production, resulted in Bambanani attaining a cash operating profit of R105.4 million for the quarter, a 32% increase from the previous quarter.

**Doornkop**

March    December

%

Indicator

2010

2009    Variance

Tonnes

('000)

123

148

(17)

Grade

(g/t)

3.67

3.31

11

Gold produced

(kg)

452

490

(8)

Gold sold

(kg)

434

517

(16)

Cash operating costs

(R/kg)

209 476

198 561

(6)

Operating profit

(R'000)

24 696

31 426

(21)

Doornkop's tonnes milled decreased by 17% quarter on quarter. This underperformance is directly related to a mill breakdown during the last week of March that resulted in a tonnage lockup on surface and a drop in the Kimberley Reef production.

While the Kimberley Reef square metres blasted decreased by 13%, the South Reef square metres blasted improved by 13%. The build-up on the South Reef over the last three quarters is encouraging and is contributing to the grade improvement.

The recovered grade increased by 11% to 3.67g/t from 3.31g/t.

The improvement in recovered grade was mainly as a result of a 7% increase in the mine call factor to 89%.

Gold production decreased by 8% to 452kg due mainly to the decline in tonnes milled.

Unit cash costs for the quarter increased 6% due to decreased gold production, although cash operating costs were 3% lower.

Lower production volumes, combined with increased unit costs, resulted in Doornkop's operating profit declining by 21%.

**Evander**

March    December

%

Indicator

2010

2009    Variance

Tonnes

('000)

138

245

(44)

Grade

(g/t)

4.36

4.31

1

Gold produced

(kg)

602

1 057

(43)

Gold sold

(kg)

519

1 158

(55)

Cash operating costs

(R/kg)

256 013

249 411

(3)

Operating profit

(R'000)

6 619

23 366

(72)

The Evander restructuring progressed during the quarter, following the closure of Evander 2, 5 (Winkelhaak) and Evander 7 shafts. Reclamation

continued at Evander 2 shaft until April 2010 and Evander 7 infrastructure will remain operational for Evander 8 shaft. A total of 2 190 employees were affected by the closures, some transferred and the rest through voluntary retrenchment, medical separations, and compulsory retrenchment.

Tonnes milled from Evander underground operations decreased by 44%, as expected, due mainly to the closure of Evander 2, 5 and 7 shafts. Environmental conditions on the decline area of Evander 8 shaft continue to hamper production, but are being addressed.

Evander's recovered grade increased by 1% mainly as a result of the mine call factor improving from 68% to 73%, which is encouraging. Gold production from underground sources at Evander dropped from 1 057kg to 602kg due to the shaft closures and is expected to stabilise at this level in the June 2010 quarter.

Total cash operating costs decreased by 42%, due mainly to the closures of the three shafts and the restructuring of the services department. However, R/kg unit costs increased by 3% mainly as a result of the 43% drop in gold production.

The decrease in gold produced resulted in a 72% decrease in cash operating profit for the quarter.

**Joel**

March    December  
%

Indicator

2010

2009    Variance

Tonnes

('000)

100

112

(11)

Grade

(g/t)

5.22

5.28

(1)

Gold produced

(kg)

522

591

(12)

Gold sold

(kg)

501

615

(19)

Cash operating costs

(R/kg)

172 416

167 232

(3)

Operating profit

(R'000)

54 324

59 429

(9)

Joel had a disappointing quarter, with tonnes milled decreasing by 11%. This stemmed from hoisting limitations at North shaft where the lift shaft deepening project resulted in numerous hoisting delays. The recovered grade remained relatively flat at 5.22g/t. Gold production during the quarter dropped 12% to 522kg due to the decrease in tonnes milled. This impacted cash operating profit negatively, which declined 9% to R54.3 million.

Cash operating costs were well-controlled. The impact of the lower gold production and improved overall costs is reflected in the R/kg unit costs, which rose 3% to R172 416/kg.

Last quarter we reported on the negative impact on production due to the North shaft flooding. It is pleasing to report that this situation is now under control. A mud press has been installed and mud is removed from the bottom of the shaft daily.

The raise boring of the lift shaft extension to 129 level has been completed.

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**Kusasaletu (formerly Elandsrand)**

March December

%

Indicator

2010

2009 Variance

Tonnes

('000)

226

235

(4)

Grade

(g/t)

4.57

5.9

(23)

Gold produced

(kg)

1 032

1 387

(26)

Gold sold

(kg)

1 071

1 488

(28)

Cash operating costs

(R/kg)

262 738

199 147

(32)

Operating profit

(R'000)

7 557

101 047

(93)

During the six-month intervention at Kusasaletu (October 2008 – March 2009) to restore safety as the first priority, rebuild a culture of pride and deliver on plan, it was realised that the mine needs a different identity in order for its employees to break with the past. The plan was to restore co-created values at the mine to which employees could subscribe and also, to invite employees to participate in a decision-making process on the future of Kusasaletu.

The mine has a long history and its employees developed a culture that was not necessarily aligned with the expectations of Harmony for the 'new' mine that it was building. In order to institute a step change marking the turnaround of the mine, it was decided to completely re-brand the mine. The process was approved and was marked by a major milestone on 19 February 2010 when Elandsrand was officially renamed Kusasaletu. Kusasaletu is a Zulu word meaning 'our future'.

Tonnes milled during the quarter dropped 4% due to lower development and the completion of mechanised metres in the deepening project.

The underperformance on square metres blasted against the plan is the mine's biggest challenge and resulted in gold production's underperformance.

Scaling in the main reef and waste ore-pass systems caused major blockages in both systems. Investigations into this issue are under way.

The recovered grade decreased by 23% mainly due to waste dilution as a result of the ore-pass blockages.

The R/kg unit cost increased by 32% to R262 738/kg, attributable to production underperformances. Ultimately, these factors contributed to the cash operating profit dropping a massive 93%.

**Masimong**

March December

%

Indicator

2010

2009 Variance

Tonnes

('000)

212

235

10

Grade

(g/t)

4.90

5.29

(7)

Gold produced

(kg)

1 038

1 242

(16)

Gold sold

(kg)

996

1 227

(19)

Cash operating costs

(R/kg)

164 072

142 754

(15)

Operating profit

(R'000)

105 152

149 710

(30)

Tonnes milled decreased 10% as a result of a slow start-up following the December break. Furthermore, exceptionally hot and humid surface temperatures increased underground temperatures, resulting



in the loss of two shifts.

The grade was 7% lower at 4.90g/t due to lower B Reef values. The value in the B Reef has regressed since September 2009, when it was at 3 000cmg/t, to 1 000cmg/t in March 2010. This drop in B Reef grade is a function of the three top panels moving out of the high-grade channels.

The lower tonnage and decline in grade resulted in a disappointing 16% decrease in gold production for the quarter.

Cash operating costs were, once again, well-controlled, 4% lower than the previous quarter. The contributors were lower electricity, overtime and stores costs. However, unit cash costs showed a 15% increase at R164 072/kg as a direct result of the lower gold produced. Lower production resulted in operating profit dropping 30%.

**Phakisa**

March December

%

Indicator

2010

2009 Variance

Tonnes

('000)

86

87

(1)

Grade

(g/t)

4.01

4.02

–

Gold produced

(kg)

345

350

(1)

Gold sold

(kg)

331

364

(9)

Cash operating costs

(R/kg)

257 035

216 006

(19)

Operating profit

(R'000)

3 050

16 889

(82)

Tonnes milled were 1% lower due to technical issues that the shaft experienced, ice plant underperformance, and disruptions due to

criminal mining activities. Most of these issues have since been resolved. We have engaged the international original equipment manufacturers to analyse and assist with the problem of under-performing ice plants.

The grade remained flat at 4.01g/t, which is lower than planned and as a result of the influence of the geological features in the north and south of the shaft.

Cash operating costs in R/kg terms were 19% higher at R257 035/kg, reflecting an increase in employees following the closure of the Brand 3 shaft and the transfer of a portion of costs from capital because of the transition from project to production.

Higher costs and a 1% drop in gold production resulted in a drastic decline in operating profit of just over R3.1 million – down 82% from the previous quarter.

As mentioned in the December 2009 quarter, the phase one infrastructure has been completed. The original skips and cages were replaced with an eight-tonne skip and a detachable cage in January 2010, making hoisting more efficient and effective.

**8**

Results for the third quarter

**ended 31 March 2010****Target**

March    December

%

Indicator

2010

2009    Variance

Tonnes

('000)

194

191

2

Grade

(g/t)

4.40

4.14

6

Gold produced

(kg)

853

791

8

Gold sold

(kg)

800

733

9

Cash operating costs

(R/kg)

192 393

182 513

(5)

Operating profit

(R'000)

41 800

46 626

(10)

Tonnes milled at Target were up by 2% in spite of disruptions following the December break. The operation continues to deliver consistent tonnes in line with its plan. This is achieved primarily through better planning and design work of the massive stopes, and the correct execution of the loading plan.

The grade improved 6% from 4.14g/t to 4.40g/t.

Cash operating costs were 13% higher, due mainly to increases in stores, plant costs, overheads and bonuses paid to employees on the back of improved production performance.

Cash operating profit for the quarter fell 10% mainly as a result of an increase in operating costs.

The signs of continued improvements in safety, production and

profitability at Target are encouraging. Good progress was made on the pre-feasibility study of the Block 3 Project. A sounder understanding of the ore body resulted in better grade predictions, which will improve the planning process going forward.

### **Tshepong**

	March	December
%		
Indicator		
2010		
2009		Variance
Tonnes		
('000)		
360		
396		
(9)		
Grade		
(g/t)		
4.54		
4.27		
6		
Gold produced		
(kg)		
1 636		
1 692		
(3)		
Gold sold		
(kg)		
1 570		
1 761		
(11)		
Cash operating costs		
(R/kg)		
163 323		
162 528		
(1)		
Operating profit		
(R'000)		
167 098		
176 046		
(5)		

A slow start-up and increases in heat intensity in the shaft after the December break, together with unexpected faulting during the quarter, resulted in Tshepong's tonnage decreasing 9% to 360 000t.

A 6% improvement in grade was recorded. While face grade remains a challenge as panels are mined on the edge of the pay shoot where the values are more erratic, new evaluation models were finalised in January 2010 and the grades achieved at the end of February 2010 and at the end of March 2010 were in line with the grades indicated by the updated model during pre-planning processes.

A positive trend in the mine call factor (MCF) was also achieved during the March 2010 quarter. The MCF of 71.9% was 7% above the plan.

Tshepong's cash operating costs decreased by 3% overall due mainly to a reduction in stores costs resulting from strict cost control measures. The R/kg cash cost remained fairly flat at R163 323/kg. Cash operating profit was 5% lower at R167.1 million due to a 3% decline in gold production.

### Virginia

	March	December
%		
Indicator		
2010		
2009		Variance
Tonnes		
('000)		
400		
471		
(15)		
Grade		
(g/t)		
3.11		
3.37		
(8)		
Gold produced		
(kg)		
1 242		
1 585		
(22)		
Gold sold		
(kg)		
1 212		
1 566		
(23)		
Cash operating costs		
(R/kg)		
257 677		
241 214		
(7)		
Operating profit		
(R'000)		
19 397		
38 313		
(49)		

Tonnage was down 15%, 10% of which was due to the Brand 3 closure.

The remaining drop in tonnes resulted mainly from Merriespruit 1 and 3 shafts.

Overall, the grade was 8% lower at 3.11g/t due to several pay channel changes made during the quarter. A fire in three high-grade panels at Unisel also affected the grade negatively.

Cash operating costs were down 16% or R62.8 million. The main contributor to this was the closure of Brand 3 (about R55 million).

Lower electricity, stores and overheads costs during the quarter also contributed. Unit cash costs were 7% higher at R257 677/kg however,

due to the 22% drop in gold production, operating profit showed a significant reduction of 49% to R19.4 million.

Consequently, after closely monitoring the under-performance of the shafts with depleted orebodies at Virginia, a decision was made to close Merriespruit 1 and 3 and Harmony 2 shafts during the June 2010 quarter.

**Old Pamodzi Free State shafts**

**Target 3 (formerly Lorraine 3 shaft) and President Steyn**

Harmony officially took over the old Pamodzi Free State assets from the liquidators on 18 February 2010. Work started to get these shafts back to production and 1 089 people have since been re-called to work at these shafts. The start-up phase is slower than anticipated due to the condition of the infrastructure and the working places. A few panels have begun production and during the quarter under review, 29kg (which have been capitalised) was produced in total – 25kg from Target 3 shaft and 4kg from President Steyn shaft.

9

South African surface operations

March    December

%

Indicator

2010

2009    Variance

**Tonnes**

(‘000)

2 277

2 292

(1)

**Grade**

(g/t)

0.44

0.34

30

**Gold produced**

(kg)

1 009

783

29

**Gold sold**

(kg)

978

826

18

**Cash costs**

(R/kg)

159 361

173 447

8

**Operating profit**

(R’000)

98 522

76 864

28

**Kalgold**

March    December

%

Indicator

2010

2009    Variance

Tonnes

(‘000)

394

423

(7)

Grade

(g/t)

0.89

0.83  
8  
Gold produced  
(kg)  
351  
350  
—  
Gold sold  
(kg)  
320  
393  
(19)  
Cash operating costs  
(R/kg)  
185 880  
185 666  
—

Cash costs  
(R/ton)  
166  
154  
(8)  
Operating profit  
(R'000)  
26 292  
32 385  
(19)

Tonnes milled during the quarter decreased by 7% to 394 000t, mainly due to heavy rainfall in February 2010.

Production from the pit was affected by six days of industrial action by employees of the mining contractor, arising from an unresolved wage dispute.

Recovered grade was 8% higher at 0.89g/t due to higher-grade blocks mined. Feeding of higher-grade material from the stockpiles into the plant ensured that gold production was in line with the previous quarter.

Cash operating costs in R/kg terms were relatively flat at R185 880/kg resulting in a 19% decline in cash operating profit for the quarter.

#### **Phoenix**

March    December  
%

Indicator  
2010  
2009    Variance

Tonnes  
(‘000)  
1 276  
1 522  
(16)  
Grade  
(g/t)



0.11
0.12
(6)
Gold produced
(kg)
146
185
(21)
Gold sold
(kg)
146
185
(21)
Cash operating costs
(R/kg)
190 699
154 497
(23)
Cash costs
(R/ton)
22
19
(16)
Operating profit
(R'000)
11 219
20 617
(46)

Excessive rainfall in January and February 2010 resulted in Phoenix performing poorly during the quarter, with tonnes milled down 16%.

The operation recovered fully in March 2010.

Delivered grades increased by 4% but the residue increased from 0.181g/t to 0.190g/t, causing recovered grade to drop 6% to 0.11g/t.

The drop in recovered grade, together with lower tonnes milled, negatively affected gold production, which dropped from 185kg to 146kg.

The operation is volume driven and therefore the impact of lower volumes resulted in the R/kg unit cash costs rising by 23% to R190 699/kg. This almost halved the cash operating profit to R11.2 million.

**Rock dumps**

March	December
%	

Indicator	
2010	
2009	Variance

Tonnes
('000)
607
347
75

Grade  
 (g/t)  
 0.84  
 0.71  
 18  
 Gold produced  
 (kg)  
 512  
 248  
 >100  
 Gold sold  
 (kg)  
 512  
 248  
 >100  
 Cash operating costs  
 (R/kg)  
 132 244  
 170 339  
 22  
 Cash costs  
 (R/ton)  
 112  
 122  
 8  
 Operating profit  
 (R'000)  
 61 011  
 23 862  
 >100

The rock dumps performed exceptionally well during the quarter under review with a 75% increase in tonnes milled. Gold production more than doubled from 248kg to 512kg.

Primary contributors to this increase were 212kg from the Free State rock dumps and 180kg from the Evander surface operation, which included 86kg of gold from the Winkelhaak plant mill clean-up.

Overall, recovered grade improved 18% for the quarter. The combined effect of increased volumes and grade resulted in a 156% increase in cash operating profit.

Some 61kg of gold were extracted from the Steyn Plant clean-up and 42kg of gold from Freddie's 9 rock dump.

**10**

Results for the third quarter

**ended 31 March 2010**

Development

**Note:** The ore reserve block grades reflect the grades of the blocks in the life of mine plans of the various operations. Those blocks are to a large

degree the blocks above a certain cut off grade that has been targeted for mining. The development grades are the grades as sampled in

the ongoing on-reef development at the operations and no selectivity has been applied from a grade point of view.

**Bambanani**

Two raises remain to be completed in the sub-shaft area when on-reef development in this area will come to an end. The Bambanani ore reserve grade is to a large degree a reflection of the future extraction of the high grade Basal Reef shaft pillar and there will be a significant increase in development grade once on reef development commences in this pillar.

**Doornkop**

During the quarter there was a drop in grade due to areas with complex geology being intersected as well as areas with no carbon present in the reef that was developed. Generally grades are expected to improve to the reserve grade as more of the South reef is developed.

**Kusasaletu**

Generally the grades on both the Old and New Mine returned the expected grade, with the development grades expected to continue at reserve grade over the next quarter.

**Evander**

Development reef metres were mainly from the upper levels where the grades are lower. Grades are expected to improve over the next quarter, provided that certain environmental challenges in the decline section can be overcome.

**Ore Reserve Block Grades v Development Grades**

Ore Reserve block grade

(cmg/t)

Rolling 4 quarter average

development grade

(cmg/t)

Current quarter

development grade

(cmg/t)

International operations

**Morobe Mining JV, PNG (50%)**

**Hidden Valley**

Harmony's 50% share of gold production for the quarter was 550kg.

Production for the March 2010 quarter was impacted by delays in the commissioning process, mainly due to technical issues such as premature mill gear failure and feed conveyor failure from collapsed rollers due to fines. Higher rainfall during the quarter resulted in accessibility constraints to the site, which further contributed to the delays.

Commissioning of the processing plant, including the silver flotation

circuit, was completed during the quarter, with 2 260kg of silver attributable to Harmony being produced, compared to 826kg in the previous quarter. Hidden Valley mine and processing plant are expected to reach their original design capacity and throughput in the June 2010 quarter.

The mine's March 2010 quarter results were capitalised.

## 11

### **Waste Metres / Reef Metres / Ave cmg/t**

#### **Joel**

Most of the on reef development is directed towards 129 level in the form of winzes (down dip on reef development). Good grades continue to be intersected in this area which contributes to a significant portion of the future reserves of the mine.

#### **Masimong**

The development grades at Masimong remain below plan and is a function of some of the B Reef wide-raises currently outside of the channel, as well as the grades in the Basal Reef in the South West and North East of the mine also being below expectation.

#### **Phakisa**

The on reef development is still close to the shaft in the lower-grade southern areas. Grades have remained at the same levels as the previous quarter and will improve as the development progress towards the north and more reef is exposed within the major north west- to south east-trending Basal Reef payshoot. More emphasis will be placed over the following quarters to access more of the Basal Reef towards the north.

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

Current raising for narrow reef stoping is taking place on the EA 8 and EA 12 reefs in the upper portion of the Van der Heeverrust Member (Elsburgs – EAs). Values in the EA12's are encouraging and above expectation and will generate reserves. The EA8's on the other hand are more erratic and further work will be necessary to define mineable ground.

#### **Tshepong**

There was a quarter on quarter improvement in development grades as the grade of the Basal Reef raises improved. The B Reef grade decreased quarter on quarter because of areas of non-deposition that were intersected.

#### **Virginia**

In general the development at Unisel continued to produce good results on the Basal Reef and Leader Reef while the Middle Reef grades remained disappointing due to the development continuing to intersect highly channelised areas. There will be limited on reef development over the next quarter at the remainder of the Virginia shafts due to restructuring that is currently taking place.

**12**

Results for the third quarter

**ended 31 March 2010**

**Joel North surface drilling**

The current surface drilling programme involves drilling six holes to a depth of between 1 250m and 1 400m to the north of the current Joel mine. This will allow an upgrade of the resource between 129 level (currently the lowest operational level on Joel) and 137 level. Lift-shaft deepening or an extension of the current declines will be required to access this ground.

All intersections showed unfaulted reef bands except for LB25 which intersected two reef bands, separated by a 2.5m reverse fault. The last remaining hole, LB22, will be completed in April 2010.

Drilling has shown a wide variety of facies types from west to east. In the west (LB27, LB28 and LB25), the reef is a VS5, Beatrix, Aandenk composite. LB24 shows pure Beatrix, while in the east (LB23 and LB22), VS5 and Beatrix dominate. The facies model continues to be updated with each new borehole result. Valuation of this area will be undertaken once all assays have been received. However, it is clear that the Joel North resource has been substantially increased.

**International**

**1.**

**PNG Exploration (Harmony 100%)**

Drilling started during the quarter at the Kurunga prospect, with good work done erecting a new exploration camp in a relatively short timeframe. One heli-portable drill rig was mobilised to site and collared the first hole of a planned eight-hole programme.

To date, drilling has intersected a zone of mineralised skarn similar to that observed on surface as hosting gold and copper mineralisation, from 62m down hole. Results from this zone are expected during the June quarter. Drilling continued at quarter's end.

First-pass exploration at the Bakil prospect, 8km south of Kurunga, has outlined a significant zone of alteration within host volcanics and diorite intrusives. Rock chip samples returned to date include Cu assays of up to 0.7% and 1.3% Cu.

Tenement applications totaling approximately 5 092 km

2

were

lodged with the Department during the quarter. The tenements covered two projects areas, namely:

1. Southern Highlands Project (2 798 km

2

) – These tenements

were pegged to test large scale gold and copper-gold geophysical targets southwest of Porgera.

2. Central Project (2 994km

2

) – These tenements were pegged

to target historical gold and copper-gold geochemical anomalies north of Tolokuma Gold Mine.

**2.**

**Morobe Mining JV Exploration (Harmony 50%)**

Golpu continues to grow into a major copper-gold system with mineralisation extended materially along strike and at depth.

Significant intercepts received during the quarter include:

WR331W-1: 379m @ 0.88g/t Au and 1.05% Cu from 1062m

Including: 156m @ 1.09g/t Au and 1.48% Cu from 1149m

**Cut-off**

**Resource**

**Average**

**Source**

**Year**

**Au**

**category**

**Tonnes**

**Au**

**Au**

**Au**

**Density**

(g/t)

(millions)

(g/t)

(kg)

(oz)

**Harmony**

March 2010

Indicated

22.64

6.05

136 907

4 401 620

2.663

Inferred

36.87

3.91

144 055

4 631 448

2.663

Total

59.51

4.72

280 962

9 033 067

2.663

Exploration

**South Africa**

**Evander South**

An 18 month drilling programme consisting of 24 671m of percussion and diamond drilling was completed in October 2009.

The geological evaluation has been completed and the model updated.

The shift in the Kimberley Reef sub-crop position to the east has

removed a significant portion of the shallow part of the target area. However, an additional, larger, shallow resource has been identified. Geo-technical logging of all of the core was completed during the quarter.

The new estimate (see table below) indicates a total resource of 9 million ounces (59.5 million tonnes at an average grade of 4.72g/t).

It results in a significant increase in the indicated resource when compared to the 2007 estimate. The potential reserve in situ has increased by 20% from 3.68 million ounces to 4.4 million ounces.

As a result of the significant change to the magnitude of the resource as well as the loss, and gain, of different areas of resource, it was decided to re-do the pre-feasibility study. The new resource model appears to lend itself to the mining of a shallow, higher-grade ore body in the south to start, with mining of the deeper section only occurring later in the life of the mine. A number of alternatives exist as where to place a surface shaft, each of which will be investigated in the pre-feasibility study.

The pre-feasibility study is planned for completion in June 2010, in time for the reserve to be included in the 2010 declaration.



**13**

WR333:

727.5m @ 0.77g/t Au and 1.39% Cu from 551m

Including:

353m @ 1.69g/t Au and 2.34% Cu from 892m

The mineralisation has now been defined over a vertical extent of 1 400m. At this stage, mineralisation extends over 500m of strike but remains open-ended. Drilling is continuing, to scope out the full size potential of the deposit.

These results will have a profoundly positive impact on the resource base of the project. The drill programme at Golpu is testing an exploration target in the range of 500 to 800 million tonnes (Mt) at high grades of between 0.7% and 1.1% copper (Cu) and 0.5 to 0.7g/t gold (Au) for 8 to 18 million ounces (Moz) of gold and 3.5 to 8.8 Mt of copper. This target includes the current resource.

Golpu could develop into one of the most significant copper-gold projects in PNG with a possible size potential of 13 Moz Au and 6.5 Mt Cu, putting it on a scale similar to other major copper-gold projects like OK Tedi and the historic mine in Bougainville. This is a very exciting possibility for investors.

Exploration at the Tais Creek and Waterfall prospects on ML151 have highlighted significant zones of carbonate-Base Metal style Au mineralisation, directly adjacent to the Hidden Valley ore body.

Channel sampling of access tracks created to establish access for first pass drilling has returned several encouraging results, including:

TCR001:

6m @ 3.07g/t Au from 124m

TCR002 :

20m @ 2.46g/t Au from 362m

10m @ 1.61g/t Au, from 408m

14m @ 2.36g/t Au, from 464m

TCR004 :

6m @ 14.85g/t Au, from 436m

including:

2m @ 31 g/t Au, from 438m

TCR004:

4m @ 10.81g/t Au, from 486m

Three new tenement applications were lodged during the quarter, comprising a total of 514.5 km

2

.

(1) – Refer to [www.harmony.co.za](http://www.harmony.co.za) for 2009 resource statement.

**The diagram below indicates the schematic section through the Golpu deposit showing recent drill intercepts.**

**14**

Results for the third quarter

**ended 31 March 2010**

**15**

Operating results

(Rand/Metric)

Underground production – South Africa

Surface production – South Africa

Total SA

South

Kusasa-

President

Under-

Total SA

Africa

Harmony

Bambanani

Doornkop

Evander

Joel

Iethu Masimong

Phakisa

Steyn\*

Target

Target 3\* Tshepong

Virginia

ground

Kalgold

Phoenix

Dumps

Surface

Other

Total

PNG\*

Total

**Ore milled**

**– t'000**

**Mar-10**

**129**

**123**

**138**

**100**

**226**

**212**

**86**

**–**

**194**

**–**

**360**

**400**

**1 968**

394  
1 276  
607  
2 277  
-  
4 245  
-  
4 245  
Dec-09  
123  
148  
245  
112  
235  
235  
87  
-  
191  
-  
396  
471  
2 243  
423  
1 522  
347  
2 292  
-  
4 535  
-  
4 535  
**Gold produced**  
- kg  
**Mar-10**  
1 056  
452  
602  
522  
1 032  
1 038  
345  
4  
853  
25  
1 636  
1 242  
8 807  
351  
146  
512  
1 009  
-

**9 816**

**550**

**10 366**

Dec-09

932

490

1 057

591

1 387

1 242

350

–

791

–

1 692

1 585

10 117

350

185

248

783

–

10 900

669

11 569

**Yield**

**– g/tonne      Mar-10**

**8.19**

**3.67**

**4.36**

**5.22**

**4.57**

**4.90**

**4.01**

–

**4.40**

–

**4.54**

**3.11**

**4.46**

**0.89**

**0.11**

**0.84**

**0.44**

–

**2.31**

–

**2.31**

Dec-09

7.58

3.31

4.31  
 5.28  
 5.90  
 5.29  
 4.02  
 –  
 4.14  
 –  
 4.27  
 3.37  
 4.51  
 0.83  
 0.12  
 0.71  
 0.34  
 –  
 2.40  
 –  
 2.40  
**Cash operating costs – R/kg**  
**Mar-10**  
**165 670**  
**209 476**  
**256 013**  
**172 416**  
**262 738**  
**164 072**  
**257 035**  
 –  
**192 393**  
 –  
**163 323    257 677**  
**204 514    185 880**  
**190 699    132 244    159 361**  
 –  
**199 859**  
 –  
**199 859**  
 Dec-09  
 179 746  
 198 561  
 249 411  
 167 232  
 199 147  
 142 754  
 216 006  
 –  
 182 513  
 –  
 162 528  
 241 214

193 544  
 185 666  
 154 497  
 170 339  
 173 447

–  
 192 101

–  
 192 101

**Cash operating costs – R/tonne Mar-10**

**1 356**

**770**

**1 117**

**900**

**1 200**

**803**

**1 031**

–

**846**

–

**742**

**800**

**912**

**166**

**22**

**112**

**71**

–

**461**

–

**461**

Dec-09

1 362

657

1 076

882

1 175

754

869

–

756

–

694

812

873

154

19

122

59

–

462

–  
462  
**Gold sold**  
– kg  
**Mar-10**  
1 013  
434  
519  
501  
1 071  
996  
331  
4  
800  
25  
1 570  
1 212  
8 476  
320  
146  
512  
978  
–  
9 454  
666  
10 120  
Dec-09  
969  
517  
1 158  
615  
1 488  
1 227  
364  
–  
733  
–  
1 761  
1 566  
10 398  
393  
185  
248  
826  
–  
11 224  
416  
11 640  
**Revenue**  
**(R'000)**  
**Mar-10**

**272 238**  
**113 813**  
**137 637**  
**134 635**  
**285 348**  
**267 519**  
**89 084**  
 -  
**212 347**  
 -  
**421 777    324 567    2 258 965**  
**85 675**  
**39 061    137 197    261 933**  
 -    **2 520 898**  
 -  
**2 520 898**  
 Dec-09  
 256 264  
 138 750  
 308 338  
 163 340  
 391 228  
 324 391  
 96 375  
 -  
 195 183  
 -  
 465 169  
 414 601  
 2 753 639  
 102 880  
 49 199  
 66 106  
 218 185  
 -  
 2 971 824  
 -  
 2 971 824  
**Cash operating**  
**(R'000)**  
**Mar-10**  
**174 429**  
**94 567**  
**153 941**  
**89 745**  
**270 855**  
**169 901**  
**88 508**  
 -  
**163 656**  
 -



**266 394 319 543 1 791 539**

**64 460**

**27 783**

**67 502 159 745**

**- 1 951 284**

**-**

**1 951 284**

**costs**

**Dec-09**

**167 523**

**97 295**

**263 627**

**98 834**

**276 217**

**177 301**

**75 602**

**-**

**144 368**

**-**

**274 997**

**382 324**

**1 958 088**

**64 983**

**28 582**

**42 244**

**135 809**

**-**

**2 093 897**

**-**

**2 093 897**

**Royalty**

**(R'000)**

**Mar-10**

**518**

**116**

**179**

**256**

**291**

**406**

**169**

**-**

**455**

**-**

**802**

**492**

**3 684**

**784**

**59**

**207**

**1 050**

**-**

4 734

-

4 734

payments

Dec-09

-

-

-

-

-

-

-

-

-

-

-

-

-

-

-

-

-

-

-

-

-

Inventory

(R'000)

Mar-10

(8 080)

(5 566)

(23 102)

(9 690)

6 645

(7 940)

(2 643)

-

6 436

-

(12 517) 14 865

(71 322)

(5 861)

-

8 477

2 616

-

(68 706)

-

(68 706)

movement

Dec-09

8 772  
 10 029  
 21 345  
 5 077  
 13 964  
 (2 620)  
 3 884  
 -  
 4 189  
 -  
 14 126  
 (6 036)  
 72 730  
 5 512  
 -  
 -  
 5 512  
 -  
 78 242  
 -  
 78 242  
**Operating costs**  
**(R'000)**  
**Mar-10**  
**166 867**  
**89 117**  
**131 018**  
**80 311**  
**277 791**  
**162 367**  
**86 034**  
 -  
**170 547**  
 -  
**254 679    305 170    1 723 901**  
**59 383**  
**27 842**  
**76 186 163 411**  
**- 1 887 312**  
 -  
**1 887 312**  
 Dec-09  
 176 295  
 107 324  
 284 972  
 103 911  
 290 181  
 174 681  
 79 486  
 -  
 148 557

—  
 289 123  
 376 288  
 2 030 818  
 70 495  
 28 582  
 42 244  
 141 321

—  
 2 172 139

—  
 2 172 139

**Cash operating profit (R'000)**

**Mar-10**

**105 371**

**24 696**

**6 619**

**54 324**

**7 557**

**105 152**

**3 050**

—  
**41 800**

—  
**167 098**

**19 397**

**535 064**

**26 292**

**11 219**

**61 011**

**98 522**

—  
**633 586**

—  
**633 586**

Dec-09

79 969

31 426

23 366

59 429

101 047

149 710

16 889

—  
 46 626

—  
 176 046

38 313

722 821

32 385

20 617

23 862  
 76 864  
 —  
 799 685  
 —  
 799 685  
**Capital expenditure**  
**(R'000)**  
**Mar-10**  
**28 958**  
**86 208**  
**30 995**  
**19 500**  
**107 665**  
**48 780**  
**102 914**  
**30 503**  
**82 241**  
**24 796**  
**62 197**  
**43 258**  
**668 015**  
**2 551**  
**927**  
 —  
**3 478**    **13 197**  
**684 690**  
**37 940**  
**722 630**  
 Dec-09  
 27 906  
 78 720  
 54 363  
 32 422  
 124 700  
 45 014  
 137 917  
 3 974  
 76 888  
 2 676  
 57 462  
 47 400  
 689 442  
 1 786  
 1 977  
 —  
 3 763  
 18 143  
 711 348  
 180 559  
 891 907

\* Production and sales statistics for Hidden Valley, President Steyn and Target 3 (previously known as Lorraine 3) are shown for information purposes.

These mines are in a build-up phase and revenue and cost are currently capitalised until commercial levels of production are reached.

**16**

Results for the third quarter

**ended 31 March 2010**

CONDENSED CONSOLIDATED INCOME STATEMENT (Rand)

Quarter ended

Nine months ended

Year ended

31 March

31 December

31 March<sup>1</sup>

31 March

31 March<sup>1</sup>

30 June

2010

2009

2009

2010

2009

2009

(Unaudited)

(Unaudited)

(Unaudited)

(Unaudited)

(Unaudited)

(Audited)

Note

R million

R million

R million

R million

R million

R million

**Continuing operations**

Revenue		2 521	2 971	3 005	8 239	8
833	11 496					
Cost of sales						
2						
(2 585)						
(2 656)						
(2 211)						
(7 845)						
(6 973)						
(9 836)						
Production cost		(1 887)	(2 172)	(1 830)	(6 254)	(5
737)	(7 657)					
Amortisation and depreciation		(324)	(321)	(303)		
(995)	(921)	(1 467)				
Impairment of assets		(196)	(104)	(3)	(300)	
(154)	(484)					
Employment termination and restructuring costs		(120)	(3)	(11)	(123)	

(39)	(39)				
Other items		(58)	(56)	(64)	(173)
(122)	(189)				
<b>Gross (loss)/profit</b>		<b>(64)</b>	<b>315</b>	<b>794</b>	<b>394</b>
<b>860</b>	<b>1 660</b>				<b>1</b>
Corporate, administration and other expenditure		(108)	(116)	(80)	
(312)	(263)	(362)			
Exploration expenditure		(74)	(50)	(75)	
(184)	(212)	(289)			
Profit on sale of property, plant and equipment		1	3	427	4
888	965				
Other (expenses)/income – net		(2)	(20)	(101)	
(94)	43	(101)			
<b>Operating (loss)/profit</b>		<b>(247)</b>	<b>132</b>	<b>965</b>	<b>(192)</b>
<b>2 316</b>	<b>1 873</b>				
Profit/(loss) from associates		5	25	14	61
(37)	12				
Profit on sale of investment in associate		–	–	–	–
1	1				
Impairment of investment in associate		–	–	–	–
(112)	(112)				
(Loss)/profit on sale of investment in subsidiary		(24)	–	6	
(24)	6	–			
Fair value movement of listed investments					
–					
–					
3					
–					
(114)					
(101)					
Profit on sale of listed investments					
–					
3					
–					
5					
–					
–					
Impairment of investments					
–					
–					
–					
(2)					
–					
–					
Investment income					
61					
54					
152					



186				
337				
444				
Finance cost				
(62)				
(37)				
(42)				
(134)				
(190)				
(212)				
<b>(Loss)/profit before taxation</b>	<b>(267)</b>	<b>177</b>	<b>1 098</b>	<b>(100)</b>
<b>2 207</b>	<b>1 905</b>			
Taxation	(28)	(59)	(125)	(106)
(580)	(196)			
<b>Net (loss)/profit from continuing operations</b>				
<b>(295)</b>				
<b>118</b>				
<b>973</b>				
<b>(206)</b>				
<b>1 627</b>				
<b>1 709</b>				
<b>Discontinued operations</b>				
3				
(Loss)/profit from discontinued operations				
–				
–				
(1)				
–				
1 062				
1 218				
<b>Net (loss)/profit</b>				
<b>(295)</b>				
<b>118</b>				
<b>972</b>				
<b>(206)</b>				
<b>2 689</b>				
<b>2 927</b>				
(Loss)/earnings per ordinary share (cents)				
4				
– (Loss)/earnings from continuing operations				
(69)				
28				
232				
(48)				
397				
413				
– Earnings from discontinued operations				
–				
–				

–
–
259
294
<b>Total (loss)/earnings per ordinary share (cents)</b>
<b>(69)</b>
<b>28</b>
<b>232</b>
<b>(48)</b>
<b>656</b>
<b>707</b>
Diluted (loss)/earnings per ordinary share (cents)
4
– (Loss)/earnings from continuing operations
(68)
28
230
(48)
395
411
– Earnings from discontinued operations
–
–
–
–
258
293
<b>Total diluted (loss)/earnings per ordinary share (cents)</b>
<b>(68)</b>
<b>28</b>
<b>230</b>
<b>(48)</b>
<b>653</b>
<b>704</b>

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

<sup>1</sup> The comparative figures are re-presented due to Mount Magnet being reclassified as part of continuing operations. See note 3 in this regard.

<b>17</b>
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (Rand)
Quarter ended
Nine months ended
Year ended
31 March
31 December
31 March
31 March
31 March
30 June
2010
2009
2009
2010
2009
2009
(Unaudited)
(Unaudited)
(Unaudited)
(Unaudited)
(Unaudited)
(Audited)
R million
R million
R million
R million
R million
R million
<b>Net (loss)/profit for the period</b>
<b>(295)</b>
<b>118</b>
<b>972</b>
<b>(206)</b>
<b>2 689</b>
<b>2 927</b>
Attributable to:
Owners of the parent
(295)
118
972
(206)
2 689
2 927
Non-controlling interest
—
—
—
—
—
—

Other comprehensive income/(loss)

for the period, net of income tax

(27)

(51)

(220)

(63)

(247)

(450)

Foreign exchange translation

72

(57)

(203)

34

(292)

(497)

Repurchase of equity interest

(98)

—

—

(98)

—

—

Mark-to-market of available-for-sale investments

(1)

6

(17)

1

45

47

**Total comprehensive (loss)/income**

**for the period**

**(322)**

**67**

**752**

**(269)**

**2 442**

**2 477**

Attributable to:

Owners of the parent

(322)

67

752

(269)

2 442

2 477

Non-controlling interest

—

—

—

—

—



**18**

Results for the third quarter

**ended 31 March 2010**

CONDENSED CONSOLIDATED BALANCE SHEET (Rand)

At

At

At

At

31 March

31 December

30 June

31 March

2010

2009

2009

2009

(Unaudited)

(Audited)

(Unaudited)

Note

R million

R million

R million

R million

**ASSETS****Non-current assets**

Property, plant and equipment	6	29 403	28 862	27
-------------------------------	---	--------	--------	----

912	28 103			
-----	--------	--	--	--

Intangible assets		2 210	2 217	2
-------------------	--	-------	-------	---

224	2 223			
-----	-------	--	--	--

Restricted cash

147

167

161

167

Restricted investments

1 726

1 697

1 640

1 608

Investments in financial assets

18

20

57

17

Investments in associates

391

385

329

242

Inventories

5									
81									
77									
–									
–									
Trade and other receivables									
76									
74									
75									
73									
34 052									
33 499									
32 398									
32 433									
<b>Current assets</b>									
Inventories				5	1 152		1 103		1
035	914								
Income and mining taxes					44		55		
45	58								
Trade and other receivables					1 217		1 108		
885	2 871								
Restricted cash				6	–		280		
–	–								
Cash and cash equivalents					481		808		1
950	2 839								
2 894	3 354	3 915	6 682						
Assets of disposal groups classified as held-for-sale				3	–		–		
–	425								
2 894	3 354	3 915	7 107						
<b>Total assets</b>					<b>36 946</b>		<b>36 853</b>		<b>36</b>
<b>313</b>	<b>39 540</b>								
<b>EQUITY AND LIABILITIES</b>									
<b>Share capital and reserves</b>									
Share capital					28 102		28 096		28
091	28 081								
Other reserves					535		375		
339	503								
Retained earnings					676		971		1
095	857								
29 313									
29 442									
29 525									
29 441									
<b>Non-current liabilities</b>									
Deferred tax									
3 326									
3 317									
3 251									
3 796									
Provision for environmental rehabilitation									
1 704									

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1 612						
1 530						
1 366						
Retirement benefit obligation and other provisions				167		167
166	268					
Borrowings			7	780		565
110	159					
5 977	5 661	5 057	5 589			
<b>Current liabilities</b>						
Borrowings			7	221		460
252	2 681					
Trade and other payables				1 418		1 279
460	1 489					1
Income and mining taxes				17		11
19	–					
1 656	1 750	1 731	4 170			
Liabilities of disposal groups classified as held-for-sale				3	–	–
–	340					
1 656	1 750	1 731	4 510			
<b>Total equity and liabilities</b>				<b>36 946</b>		<b>36 853</b>
<b>313</b>	<b>39 540</b>					<b>36</b>
Number of ordinary shares in issue				426 191 965	426 079 492	425 986
836	425 763 329					
Net asset value per share (cents)				6 878	6 910	6
931	6 915					

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



<b>19</b>	
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Rand) (Unaudited)	
Share	
Other	
Retained	
capital	
reserves	
earnings	
Total	
Note	
R million	
R million	
R million	
R million	
Balance – 30 June 2009	
28 091	
339	
1 095	
29 525	
Issue of shares	
11	
–	
–	
11	
Share-based payments	
–	
108	
–	
108	
AVRD share issue reserve	
–	
151	
–	
151	
Comprehensive loss for the period	
–	
(63)	
(206)	
(269)	
Dividends paid	
8	
–	
–	
(213)	
(213)	
<b>Balance as at 31 March 2010</b>	
<b>28 102</b>	
<b>535</b>	
<b>676</b>	
<b>29 313</b>	

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Balance - 30 June 2008	25 895	676	(1
832) 24 739			
Issue of shares	2 186	–	
– 2 186			
Share-based payments	–	74	
– 74			
Comprehensive income for the period	–	(247)	2
689 2 442			
<b>Balance as at 31 March 2009</b>			
<b>28 081</b>			
<b>503</b>			
<b>857</b>			
<b>29 441</b>			

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Results for the third quarter

**ended 31 March 2010**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (Rand)

Quarter ended

Nine months ended

Year ended

31 March

31 December

31 March

31 March

31 March

30 June

2010

2009

2009

2010

2009

2009

(Unaudited)

(Unaudited)

(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

295

183

985

703

1 871

2 813

Interest and dividends received

66

52

156

186

350

457

Interest paid

(32)

(11)

(41)

(52)

(215)

(280)

Income and mining taxes paid

(11)

(34)

(133)

(70)

(276)

(704)

Cash generated by operating activities

318

190

967

767

1 730

2 286

**Cash flow from investing activities**

Decrease/(increase) in restricted cash

301

(283)

1

15

(89)

(83)

Net proceeds on disposal of listed investments

–

29

–

44

–

–

Proceeds on disposal of subsidiary

24

–

–

24

–

–

Net (additions to)/disposals of property,  
plant and equipment

(988)

(890)

(645)

(2 785)

7

979

Other investing activities

(8)

(3)

(163)

(3)

(89)  
(79)  
Cash (utilised)/generated by investing activities  
(671)  
(1 147)  
(807)  
(2 705)  
(171)  
817  
**Cash fl ow from fi nancing activities**  
Borrowings raised  
250  
686  
—  
936  
500  
—  
Borrowings repaid  
(260)  
(18)  
(20)  
(285)  
(1 806)  
(3 738)  
Ordinary shares issued – net of expenses  
6  
3  
955  
11  
1 943  
1 953  
Dividends paid  
—  
—  
—  
(213)  
—  
—  
Cash (utilised)/generated by fi nancing activities  
(4)  
671  
935  
449  
637  
(1 785)  
**Foreign currency translation adjustments**  
**30**  
—  
**99**  
**20**  
**229**

**217**

Net (decrease)/increase in cash and cash equivalents

(327)

(286)

1 194

(1 469)

2 425

1 535

Cash and cash equivalents – beginning of period

808

1 094

1 646

1 950

415

415

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

**481**

**808**

**2 840**

**481**

**2 840**

**1 950**

Cash and cash equivalents comprises of:

Continuing operations

481

808

2 839

481

2 839

1 950

Discontinuing operations

–

–

1

–

1

–

**Total cash and cash equivalents**

**481**

**808**

**2 840**

**481**

**2 840**

**1 950**

**21**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2010**

**1.**

**Accounting policies**

**Basis of accounting**

The condensed consolidated interim financial statements for the period ended 31 March 2010 have been prepared using accounting policies

that comply with International Financial Reporting Standards (IFRS), which are consistent with the accounting policies used in the audited

annual financial statements for the year ended 30 June 2009. These condensed consolidated interim financial statements are prepared in

accordance with IAS 34, Interim Financial Reporting, 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 2009.

**2.**

**Cost of sales**

**Quarter ended**

**Nine months ended**

**Year ended**

31 March 31 December

31 March<sup>1</sup>

31 March

31 March<sup>1</sup>

30 June

2010

2009

2009

2010

2009

2009

(Unaudited)

(Unaudited)

(Unaudited)

(Unaudited)

(Unaudited)

(Audited)

R million

R million

R million

R million

R million

R million

Production costs

1 887

2 172

1 830

6 254

5 737

7 657

Amortisation and depreciation

324
321
303
995
921
1 467
Impairment of assets
(2)(3)
196
104
3
300
154
484
Provision for rehabilitation costs
7
4
(2)
15
9
21
Care and maintenance cost of restructured shafts
15
13
14
49
38
53
Employment termination and restructuring costs
120
3
11
123
39
39
Share-based payments
36
38
52
108
74
113
Provision for post-retirement benefits
—
1
—
1
1
2
<b>Total cost of sales</b>
<b>2 585</b>



2 656

2 211

7 845

6 973

9 836

(1) The comparative figures are re-presented due to Mount Magnet being reclassified as part of continuing operations. See note 3 in this regard.

(2) The impairment recorded in the March 2010 quarter relates to Harmony 2 and Merriespruit 1 and 3, which have been placed on care and maintenance.

(3) The impairment recorded in the December 2009 quarter relates to Brand 3 and Evander 2 and 5 which have been placed on care and maintenance.

**3.**

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

Following approval by the Board of Directors in April 2007, the assets and liabilities related to Mount Magnet (an operation in Australia) were classified as held-for-sale. This operation also met the criteria to be classified as discontinued operations in terms of IFRS 5. During the June 2009 quarter, it was decided that further drilling at the site to define the ore body would enhance the selling potential of the operation. As a result, the operation no longer met the requirements of IFRS 5 to be classified as held-for-sale, and was therefore reclassified as continuing operations again. Consequently, the income statements and earnings per share amounts for all comparative periods have been re-presented taking this change into account.

**4.**

**(Loss)/earnings per ordinary share**

(Loss)/earnings per ordinary share is calculated on the weighted average number of ordinary shares in issue for the quarter ended 31 March

2010: 426.1 million (31 December: 425.9 million, 31 March 2009: 421.0 million), and the nine months ended 31 March 2010: 425.9 million

(31 March 2009: 410.3 million) and the year ended 30 June 2009: 414.1 million.

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

quarter ended 31 March 2010: 429.6 million (31 December 2009: 427.5 million, 31 March 2009: 423.6 million), and the nine months ended

31 March 2010: 429.6 million (31 March 2009: 412.4 million) and the year ended 30 June 2009: 416.0 million.

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Results for the third quarter

**ended 31 March 2010**

Quarter ended

Nine months ended

Year ended

31 March 31 December

31 March<sup>1</sup>

31 March

31 March<sup>1</sup>

30 June

2010

2009

2009

2010

2009

2009

(Unaudited)

(Unaudited)

(Unaudited)

(Unaudited)

(Unaudited)

(Audited)

**Total (loss)/earnings per**

**ordinary share (cents):**

Basic (loss)/earnings

(69)

28

232

(48)

656

707

Fully diluted (loss)/earnings

(68)

28

230

(48)

653

704

Headline (loss)/earnings

(32)

49

123

5

275

262

– from continuing operations

(32)

49

128

5

236

239

– from discontinued operations

–

–

(5)

–

39

23

R million

R million

R million

R million

R million

R million

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

**Continuing operations**

Net (loss)/profit

(295)

118

973

(206)

1 627

1 709

Adjusted for (net of tax):

Profit on sale of property, plant and equipment

(1)

(2)

(437)

(3)

(924)

(975)

Profit on sale of listed investments

–

(3)

–

(3)

–

–

Fair value movement of listed investments

–

–

–

–

–

71

Foreign exchange gain reclassified from equity

–

–

–

(22)

-	
(384)	
Profit on liquidation of subsidiaries	
(20)	
-	
-	
(20)	
-	
Loss on sale of subsidiaries	
17	
-	
-	
17	
-	
-	
Impairment of investments	
-	
-	
-	
2	
-	
Profit on sale of associate	
-	
-	
-	
-	
(1)	
Impairment of investment in associates	
-	
-	
-	
112	
112	
Impairment of property, plant and equipment	
162	
94	
3	
256	
154	
457	
<b>Headline (loss)/earnings</b>	
<b>(137)</b>	
<b>207</b>	
<b>539</b>	
<b>21</b>	
<b>969</b>	
<b>989</b>	
<b>Discontinued operations</b>	
Net (loss)/profit	

–  
 –  
 (1)  
 –  
 1 062  
 1 218  
 Adjusted for (net of tax):  
 Profit on sale of property, plant and equipment

–  
 –  
 (22)  
 –  
 (901)  
 (1 121)  
**Headline (loss)/earnings**

–  
 –  
 (23)  
 –  
**161**  
**97**  
**Total headline (loss)/earnings**  
**(137)**  
**207**  
**516**  
**21**  
**1 130**  
**1 086**

<sup>1</sup> The comparative figures are re-presented due to Mount Magnet being reclassified as part of continuing operations. See note 3 in this regard.

**5.**  
**Inventories**

During the quarter ended 31 December 2009, the Group concluded two separate purchase agreements with Pamodzi Gold Free State (Proprietary) Limited (In Provisional Liquidation) (Pamodzi), for the purchase of a waste rock dump and a gold plant to the value of R120 million. The Group's intention is to break up the plant and extract the gold in lock-up. The portion of inventory that is expected to be recovered more than twelve months after balance sheet date has been classified as non-current.

**6.**  
**President Steyn and Target 3 assets**

The Group entered into two separate purchase agreements with Pamodzi for the purchase of Pamodzi's Free State North and South Assets for a total consideration of R280 million. The Group had an obligation in terms of the agreements to pay an amount equal to the purchase consideration into an escrow account. On 18 February 2010 the sale of assets agreements became unconditional and the purchase consideration was released from the escrow account to the liquidators. The cost of the assets was capitalised to property, plant and equipment.

23

7.

**Borrowings**

31 March

31 December

30 June

31 March

2010

2009

2009

2009

(Unaudited)

(Audited)

(Unaudited)

R million

R million

R million

R million

Total long-term borrowings

780

565

110

159

Total current portion of borrowings

221

460

252

2 681

**Total borrowings**

(1)(2)(3)

**1 001****1 025****362****2 840**

(1)

On 11 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 Revolving Credit Facility is repayable after

three years. The Group drew down R650 million of the Term Facility during December 2009 and a further R250 million during March 2010.

(2)

Included in the borrowings is R99 million (December 2009: R102 million; June 2009: R106 million; March 2009: R168 million) owed to

Westpac Bank Limited in terms of a finance lease agreement. The future minimum lease payments are as follows:

31 March

31 December

30 June

31 March	
2010	
2009	
2009	
2009	
(Unaudited)	
(Audited)	
(Unaudited)	
R million	
R million	
R million	
R million	
Due within one year	
33	
32	
30	
45	
Due between one and fi ve years	
69	
73	
80	
133	
102	
105	
110	
178	
Future fi nance charges	
(3)	
(3)	
(4)	
(10)	
<b>Total future minimum lease payments</b>	
<b>99</b>	
<b>102</b>	
<b>106</b>	
<b>168</b>	
(3)	

On 31 March 2010, the Group settled a term loan advanced by Nedbank Limited on 30 July 2003 to African Vanguard Resources (Doornkop) (Proprietary) Limited (AVRD). This settlement constitute one part of the purchase consideration in a purchase agreement concluded by the Group on 19 March 2010 (refer to note 10 in this regard). The settlement value amounted to R244 million. Interest accrued during the nine months ended 31 March 2010 amounted to R17 million (31 March 2009: R22 million).

**8. Dividend declared**

On 13 August 2009, the Board of Directors approved a fi nal dividend for the 2009 fi nancial year of 50 SA cents per share. The total dividend amounting to R213 million was paid on 21 September 2009.

**9. Commitments and contingencies**

31 March  
31 December  
30 June  
31 March  
2010  
2009  
2009  
2009

(Unaudited)

(Audited)

(Unaudited)

R million

R million

R million

R million

**Capital expenditure commitments**

Contracts for capital expenditure

375

411

478

790

Authorised by the directors but not contracted for

1 281

1 771

734

1 478

**1 656**

**2 182**

**1 212**

**2 268**

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

**Contingent liability**

Class action.

On 18 April 2008, Harmony Gold Mining Company Limited was made aware that it has been named as a defendant in a lawsuit

filed in the U.S. District Court in the Southern District of New York on behalf of certain purchasers and sellers of Harmony's American

Depository Receipts (ADRs) with regard to certain of its business practises. Harmony has retained legal counsel.

During January 2009, the plaintiff filed an Amended Complaint with the United States District Court ("Court").

Subsequently, the Company filed

a Motion to Dismiss all claims asserted in the Class Action Case. On 19 March 2010 the Court denied the Company's application for dismissal

and subsequently the Company filed a Motion for Reconsideration in which it requested the Court to reconsider its judgement. This matter

was heard on 27 April 2010 and the Company's request for reconsideration of judgement was denied. The parties are scheduled to meet

during May 2010 to agree on the scheduling of the matter. It is currently not possible to estimate if there will be a financial effect, or what

that effect might be.



**24**

Results for the third quarter

**ended 31 March 2010**

**10. Subsequent events**

On 19 March 2010, Harmony Gold Mining Company Limited (Harmony) concluded an agreement with AVRD, for the purchase of its 26% share of the mining titles on the Doornkop South Reef for a total consideration of R398 million. The purchase consideration was partially settled by the payment of a cash amount equal to the AVRD Nedbank loan of R244 million on 31 March 2010, which was initially guaranteed by Harmony and certain of its subsidiaries. The remaining purchase consideration of R154 million was settled on 28 April 2010 when the deed of cession was registered in the Mining Titles Registration Office, with the issue of 2 162 359 Harmony shares. An amount equal to the value of shares was included under reserves for the current quarter ended 31 March 2010. In terms of the purchase agreement 975 419 Harmony shares are held in escrow until 1 May 2014.

**11. Segment report**

The segment report follows on page 25.

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

31 March

31 March

2010

2009

(Unaudited)

(Unaudited)

R million

R million

The “reconciliation of segment data to consolidated financials” line item in the segment reports are 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

–

614

**Production costs from:**

Discontinued operations

–

447

**Reconciliation of operating profit to gross profit:**

Total segment revenue

8 239

9 447

Total segment production costs

(6 254)

(6 184)

Operating profit as per segment report

1 985

3 263

Less:

Discontinued operations

–

(167)
Operating profit as per segment report
1 985
3 096
Cost of sales items other than production costs
(1 591)
(1 236)
Amortisation and depreciation
(995)
(921)
Impairment of assets
(300)
(154)
Employment termination and restructuring costs
(123)
(39)
Share-based payments
(108)
(74)
Rehabilitation costs
(15)
(9)
Care and maintenance costs of restructured shafts
(50)
(38)
Provision for former employees' post retirement benefits
—
(1)

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

**394**

**1 860**

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

Property, plant and equipment not allocated to a segment:

Mining assets

767

605

Undeveloped property

5 328

4 809

Other non-mining assets

346

53

Less:

Non-current assets previously classified as held-for-sale

—

(268)

**6 441**

**5 199**

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

**25**  
SEGMENT REPORT FOR THE NINE MONTHS ENDED 31 MARCH 2010 (Rand/Metric) (Unaudited)

Production

Operating

Mining

Capital

Kilograms

Tonnes

Revenue

cost

profit

assets

expenditure

produced

milled

R million

R million

R million

R million

R million

kg

t'000

**Operations**

South Africa

**Underground**

Bambanani

(2)

762

536

226

947

114

2 938

399

Doornkop

373

298

75

2 473

238

1 442

401

Evander

736

690

46

909

137

2 898

642

Joel

426  
289  
137  
138  
70  
1 628  
348  
Kusasaletu  
1 026  
849  
177  
2 943  
344  
4 044  
721  
Masimong  
916  
524  
392  
745  
133  
3 639  
681  
Phakisa  
250  
225  
25  
3 983  
368  
955  
244  
Target  
(2)  
627  
479  
148  
2 502  
269  
2 578  
578  
Tshepong  
1 308  
837  
471  
3 646  
191  
5 031  
1 174  
Virginia  
1 137  
1 094

43  
659  
142  
4 495  
1 415  
**Surface**  
All surface operations  
(1)  
678  
433  
245  
128  
56  
2 683  
6 661  
**Total South Africa**  
**8 239**  
**6 254**  
**1 985**  
**19 073**  
**2 062**  
**32 331**  
**13 264**  
International  
Papua New Guinea  
(2)  
—  
—  
—  
3 872  
467  
1 318  
—  
Mount Magnet  
—  
—  
—  
17  
—  
—  
—  
**Total international**  
—  
—  
—  
**3 889**  
**467**  
**1 318**  
—  
**Total operations**  
**8 239**

**6 254**

**1 985**

**22 962**

**2 529**

**33 649**

**13 264**

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

—

—

**6 441**

**8 239**

**6 254**

**29 403**

**Notes:**

(1)

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

(2)

Production statistics for Hidden Valley, President Steyn and Target 3 (previously known as Lorraine 3) are shown for information purposes. These mines are in a build-up phase and revenue and costs are currently capitalised until commercial levels of production are reached.

**26**

Results for the third quarter

**ended 31 March 2010**

SEGMENT REPORT FOR THE NINE MONTHS ENDED 31 MARCH 2009 (Rand/Metric) (Unaudited)

Production

Operating

Mining

Capital

Kilograms

Tonnes

Revenue

cost

profit

assets

expenditure

produced

milled

R million

R million

R million

R million

R million

kg\*

t'000\*

**Continuing operations**

South Africa

**Underground**

Bambanani

728

499

229

671

34

2 904

379

Doornkop

248

214

34

2 396

302

919

401

Evander

1 166

736

430

1 185

154

4 564

877

Joel  
394  
278  
116  
131  
38  
1 551  
382  
Kusasaletu  
1 090  
827  
263  
2 642  
311  
3 953  
729  
Masimong  
907  
488  
419  
674  
97  
3 627  
668  
Phakisa  
117  
72  
45  
3 541  
357  
447  
118  
Target  
500  
385  
115  
2 730  
249  
1 915  
477  
Tshepong  
1 407  
743  
664  
3 637  
181  
5 523  
1 027  
Virginia  
1 568  
1 095



473  
932  
127  
6 276  
1 696  
**Surface**  
All surface operations  
(1)  
708  
400  
308  
148  
52  
2 755  
6 470  
**Total South Africa**  
**8 833**  
**5 737**  
**3 096**  
**18 687**  
**1 902**  
**34 434**  
**13 224**  
International  
Papua New Guinea  
(2)  
—  
—  
—  
3 949  
1 376  
—  
—  
Mount Magnet  
—  
—  
—  
268  
—  
—  
—  
**Total international**  
—  
—  
—  
**4 217**  
**1 376**  
—  
—  
**Total continuing operations**  
**8 833**

**5 737**

**3 096**

**22 904**

**3 278**

**34 434**

**13 224**

**Discontinued operations**

Cooke operations

614

447

167

–

87

2 500

1 287

**Total discontinued operations**

**614**

**447**

**167**

–

**87**

**2 500**

**1 287**

**Total operations**

**9 447**

**6 184**

**3 263**

**22 904**

**3 365**

**36 934**

**14 511**

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

(614)

(447)

5 199

**8 833**

**5 737**

**28 103**

**Notes:**

(1)

Includes Kalgold, Phoenix and Dumps.

(2)

Included in the capital expenditure is an amount of R1 137 million contributed by Newcrest in terms of the farm-in agreement.

Harmony Quarterly Report 2009 **27**  
**Results for the third quarter ended**  
**31 March 2010**

(US\$)

Incorporated in the Republic of South Africa

Registration Number 1950/038232/06

("Harmony" or "Company")

JSE Share code: HAR

NYSE Share code: HMY

ISIN: ZAE 000015228

Results for the third quarter  
ended 31 March 2010

**28**

Results for the third quarter

**ended 31 March 2010**

**29**

Operating results

(US\$/Imperial)

Underground production – South Africa

Surface production – South Africa

Total SA

South

Kusasa-

President

Under-

Total SA

Africa

Harmony

Bambanani

Doornkop

Evander

Joel

Iethu Masimong

Phakisa

Steyn\*

Target

Target 3\* Tshepong

Virginia

ground

Kalgold

Phoenix

Dumps

Surface

Other

Total

PNG\*

Total

**Ore milled**

**– t'000**

**Mar-10**

**142**

**136**

**152**

**110**

**249**

**234**

**95**

**–**

**214**

**–**

**397**

**441**

**2 170**

434  
1 407  
669  
2 510  
-  
4 680  
-  
4 680  
Dec-09  
136  
163  
270  
124  
259  
259  
96  
-  
211  
-  
437  
519  
2 474  
466  
1 678  
383  
2 527  
-  
5 001  
-  
5 001  
**Gold produced**  
**- oz**  
**Mar-10**  
33 951  
14 532  
19 355  
16 783  
33 180  
33 372  
11 092  
129  
27 425  
804  
52 599  
39 931  
283 153  
11 285  
4 694  
16 461  
32 440  
-

**315 593**  
**17 683**  
**333 276**  
Dec-09  
29 964  
15 754  
33 983  
19 001  
44 593  
39 931  
11 253  
—  
25 431  
—  
54 399  
50 959  
325 268  
11 253  
5 948  
7 973  
25 174  
—  
350 442  
21 514  
371 956  
**Yield**  
**— oz/t**  
**Mar-10**  
**0.239**  
**0.107**  
**0.127**  
**0.153**  
**0.133**  
**0.143**  
**0.117**  
—  
**0.128**  
—  
**0.132**  
**0.091**  
**0.130**  
**0.026**  
**0.003**  
**0.025**  
**0.013**  
—  
**0.067**  
—  
**0.071**  
Dec-09  
0.220

0.097  
 0.126  
 0.153  
 0.172  
 0.154  
 0.117  
 -  
 0.121  
 -  
 0.124  
 0.098  
 0.131  
 0.024  
 0.004  
 0.021  
 0.010  
 -  
 0.070  
 -  
 0.070  
**Cash operating costs - \$/oz**  
**Mar-10**  
**687**  
**868**  
**1 061**  
**715**  
**1 089**  
**680**  
**1 066**  
 -  
**798**  
 -  
**677**  
**1 068**  
**848**  
**771**  
**791**  
**548**  
**661**  
 -  
**829**  
 -  
**829**  
 Dec-09  
 747  
 825  
 1 036  
 695  
 827  
 593  
 897

-  
758  
-  
675  
1 002  
804  
771  
642  
708  
721  
-  
798  
-  
798  
**Cash operating costs – \$/t**  
**Mar-10**  
**164**  
**93**  
**135**  
**109**  
**145**  
**97**  
**124**  
-  
**102**  
-  
**90**  
**97**  
**110**  
**20**  
**3**  
**13**  
**9**  
-  
**56**  
-  
**56**  
Dec-09  
165  
80  
130  
106  
142  
91  
105  
-  
91  
-  
84  
98  
106



19  
2  
15  
7  
—  
56  
—  
56  
**Gold sold**  
**— oz**  
**Mar-10**  
**32 569**  
**13 953**  
**16 686**  
**16 108**  
**34 433**  
**32 022**  
**10 642**  
**129**  
**25 721**  
**804**  
**50 477**  
**38 967**  
**272 511**  
**10 288**  
**4 694**  
**16 461**  
**31 443**  
—  
**303 954**  
**21 412**  
**325 366**  
Dec-09  
31 154  
16 622  
37 231  
19 773  
47 840  
39 449  
11 703  
—  
23 566  
—  
56 617  
50 348  
334 303  
12 635  
5 948  
7 973  
26 556  
—

360 859  
 13 375  
 374 234  
**Revenue**  
**(\$'000)**  
**Mar-10**  
**36 287**  
**15 170**  
**18 346**  
**17 946**  
**38 034**  
**35 658**  
**11 874**  
 -  
**28 304**  
 -  
**56 219**  
**43 262**  
**301 100**  
**11 420**  
**5 206**  
**18 287**  
**34 913**  
 -  
**336 013**  
 -  
**336 013**  
 Dec-09  
 34 225  
 18 530  
 41 179  
 21 814  
 52 249  
 43 323  
 12 871  
 -  
 26 067  
 -  
 62 124  
 55 371  
 367 753  
 13 740  
 6 571  
 8 829  
 29 140  
 -  
 396 893  
 -  
 396 893  
**Cash operating**  
**(\$'000)**

**Mar-10**  
**23 250**  
**12 605**  
**20 518**  
**11 963**  
**36 102**  
**22 646**  
**11 797**  
—  
**21 813**  
—  
**35 507**  
**42 591**  
**238 792**  
**8 592**  
**3 703**  
**8 997**  
**21 292**  
—  
**260 084**  
—  
**260 084**  
**costs**  
Dec-09  
22 373  
12 994  
35 208  
13 200  
36 889  
23 679  
10 097  
—  
19 281  
—  
36 726  
51 060  
261 507  
8 679  
3 817  
5 642  
18 138  
—  
279 645  
—  
279 645  
**Royalty**  
**(\$'000)**  
**Mar-10**  
**69**  
**15**  
**24**



-  
**858**  
 -  
**(1 668)**  
**(1 981)**  
**(9 505)**  
**(781)**  
 -  
**1 130**  
**349**  
 -  
**(9 156)**  
 -  
**(9 156)**  
**movement**  
 Dec-09  
 1 172  
 1 339  
 2 851  
 678  
 1 865  
 (350)  
 519  
 -  
 559  
 -  
 1 887  
 (806)  
 9 714  
 736  
 -  
 -  
 736  
 -  
 10 450  
 -  
 10 450  
**Operating costs**  
**(\$'000)**  
**Mar-10**  
**22 242**  
**11 878**  
**17 463**  
**10 705**  
**37 027**  
**21 642**  
**11 468**  
 -  
**22 732**  
 -  
**33 946**

**40 676**  
**229 779**  
**7 915**  
**3 711**  
**10 155**  
**21 781**  
 -  
**251 560**  
 -  
**251 560**  
 Dec-09  
 23 545  
 14 333  
 38 059  
 13 878  
 38 754  
 23 329  
 10 616  
 -  
 19 840  
 -  
 38 613  
 50 254  
 271 221  
 9 415  
 3 817  
 5 642  
 18 874  
 -  
 290 095  
 -  
 290 095  
**Operating profit**  
**(\$'000)**  
**Mar-10**  
**14 045**  
**3 292**  
**883**  
**7 241**  
**1 007**  
**14 016**  
**406**  
 -  
**5 572**  
 -  
**22 273**  
**2 586**  
**71 321**  
**3 505**  
**1 495**  
**8 132**

13 132

-

84 453

-

84 453

Dec-09

10 680

4 197

3 120

7 936

13 495

19 994

2 255

-

6 227

-

23 511

5 117

96 532

4 325

2 754

3 187

10 266

-

106 798

-

106 798

**Capital expenditure**

**(\$'000)**

**Mar-10**

**3 860**

**11 491**

**4 131**

**2 599**

**14 351**

**6 502**

**13 717**

**4 066**

**10 962**

**3 305**

**8 290**

**5 766**

**89 040**

**340**

**124**

-

**464**

**1 759**

**91 263**

**5 057**

**96 320**

Dec-09

3 727

10 513

7 260

4 330

16 654

6 012

18 419

531

10 269

357

7 674

6 330

92 076

239

264

—

503

2 423

95 002

24 114

119 116

\* Production and sales statistics for Hidden Valley, President Steyn and Target 3 (previously known as Lorraine 3) are shown for information purposes.

These mines are in a build-up phase and revenue and cost are currently capitalised until commercial levels of production are reached.



**30**

Results for the third quarter

**ended 31 March 2010**

CONDENSED CONSOLIDATED INCOME STATEMENT (US\$)

(Convenience translation)

Quarter ended

Nine months ended

Year ended

31 March

31 December

31 March<sup>1</sup>

31 March

31 March<sup>1</sup>

30 June

2010

2009

2009

2010

2009

2009

(Unaudited)

(Unaudited)

(Unaudited)

(Unaudited)

(Unaudited)

(Audited)

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

**Continuing operations**

Revenue

336

397

303

1 085

961

1 277

Cost of sales

(345)

(355)

(222)

(1 034)

(758)

(1 104)

Production cost

(252)

(290)

(184)

(824)  
(624)  
(850)  
Amortisation and depreciation  
(43)  
(43)  
(31)  
(131)  
(100)  
(167)  
Impairment of assets  
(26)  
(14)  
—  
(40)  
(17)  
(61)  
Employment termination and restructuring costs  
(16)  
—  
(1)  
(16)  
(4)  
(4)  
Other items  
(8)  
(8)  
(6)  
(23)  
(13)  
(22)  
**Gross (loss)/profit**  
**(9)**  
**42**  
**81**  
**51**  
**203**  
**173**  
Corporate, administration and other expenditure  
(14)  
(15)  
(8)  
(41)  
(29)  
(40)  
Exploration expenditure  
(10)  
(7)  
(8)  
(25)  
(23)

(32)  
 Profit on sale of property, plant and equipment  
 –  
 –  
 43  
 1  
 96  
 116  
 Other (expenses)/income – net  
 –  
 (2)  
 (10)  
 (12)  
 5  
 (3)  
**Operating (loss)/profit**  
**(33)**  
**18**  
**98**  
**(26)**  
**252**  
**214**  
 Profit/(loss) from associates  
 1  
 3  
 1  
 8  
 (4)  
 1  
 Impairment of investment in associate  
 –  
 –  
 –  
 –  
 (13)  
 (14)  
 (Loss)/profit on sale of investment in subsidiary  
 (3)  
 –  
 1  
 (3)  
 1  
 –  
 Fair value movement of listed investments  
 –  
 –  
 –  
 –  
 (13)  
 (10)  
 Profit on sale of listed investments

-
-
-
1
-
-
Investment income
8
7
15
25
37
49
Finance cost
(8)
(5)
(4)
(18)
(21)
(24)
<b>(Loss)/profit before taxation</b>
<b>(35)</b>
<b>23</b>
<b>111</b>
<b>(13)</b>
<b>239</b>
<b>216</b>
Taxation
(4)
(8)
(13)
(14)
(63)
(23)
<b>Net (loss)/profit from continuing operations</b>
<b>(39)</b>
<b>15</b>
<b>98</b>
<b>(27)</b>
<b>176</b>
<b>193</b>
<b>Discontinued operations</b>
Profit from discontinued operations
-
-
-
-
116
118
<b>Net (loss)/profit</b>
<b>(39)</b>

<b>15</b>
<b>98</b>
<b>(27)</b>
<b>292</b>
<b>311</b>
<b>(Loss)/earnings per ordinary share (cents)</b>
– (Loss)/earnings from continuing operations
(9)
4
23
(6)
43
47
– Earnings from discontinued operations
–
–
–
28
28
<b>Total (loss)/earnings per ordinary share (cents)</b>
<b>(9)</b>
<b>4</b>
<b>23</b>
<b>(6)</b>
<b>71</b>
<b>75</b>
<b>Diluted (loss)/earnings per ordinary share (cents)</b>
– (Loss)/earnings from continuing operations
(9)
4
23
(6)
43
46
– Earnings from discontinued operations
–
–
–
28
28
<b>Total diluted (loss)/earnings per ordinary share (cents)</b>
<b>(9)</b>
<b>4</b>
<b>23</b>
<b>(6)</b>
<b>71</b>
<b>74</b>

<sup>1</sup> The comparative figures are re-presented due to Mount Magnet being reclassified as part of continuing operations.

The currency conversion average rates for the quarter ended: March 2010: US\$1 = R7.50 (December 2009: US\$1 = R7.49, March 2009: US\$1=R9.92).

The currency conversion average rates for the nine months ended: March 2010: US\$1 = R7.59 (March 2009: US\$1 = R9.19).

The income statement for the year ended 30 June 2009 has been extracted from the 2009 Annual Report.

**Note on convenience translations**

Except where specific statements have been extracted from the 2009 Annual Report, the requirements of IAS 21, The Effects of the Changes in

Foreign Exchange Rates, have not necessarily been applied in the translation of the US Dollar financial statements presented on page 30 to 36.

**31**

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (US\$)

(Convenience translation)

Quarter ended

Nine months ended

Year ended

31 March

31 December

31 March

31 March

31 March

June

2010

2009

2009

2010

2009

2009

(Unaudited)

(Unaudited)

(Unaudited)

(Unaudited)

(Unaudited)

(Audited)

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

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

**(39)**

**15**

**98**

**(27)**

**292**

**311**

Attributable to:

Owners of the parent

(39)

15

98

(27)

292

311

Non-controlling interest

—

—

—

—

—

-	
Other comprehensive (loss)/income for the period, net of income tax	
(4)	
(7)	
(22)	
(9)	
(27)	
111	
Foreign exchange translation	
9	
(8)	
(20)	
4	
(32)	
105	
Repurchase of equity interest	
(13)	
-	
-	
(13)	
-	
-	
Mark-to-market of available-for-sale investments	
-	
1	
(2)	
-	
5	
6	
<b>Total comprehensive (loss)/income for the period</b>	
<b>(43)</b>	
<b>8</b>	
<b>76</b>	
<b>(36)</b>	
<b>265</b>	
<b>422</b>	
Attributable to:	
Owners of the parent	
(43)	
8	
76	
(36)	
265	
422	
Non-controlling interest	
-	
-	
-	
-	
-	



—

The currency conversion average rates for the quarter ended: March 2010: US\$1 = R7.50 (December 2009: US\$1 = R7.49,

March 2009: US\$1=R9.92).

The currency conversion average rates for the nine months ended: March 2010: US\$1 = R7.59 (March 2009: US\$1 = R9.19).

The statement of other comprehensive income for the year ended 30 June 2009 has been extracted from the 2009 Annual Report.

**32**

Results for the third quarter

**ended 31 March 2010**

CONDENSED CONSOLIDATED BALANCE SHEET (US\$)

(Convenience translation)

At

At

At

At

31 March

31 December

30 June

31 March

2010

2009

2009

2009

(Unaudited)

(Unaudited)

(Audited)

(Unaudited)

US\$ million

US\$ million

US\$ million

US\$ million

**ASSETS**

**Non-current assets**

Property, plant and equipment

4 020

3 916

3 614

2 964

Intangible assets

302

301

288

234

Restricted cash

20

23

21

18

Restricted investments

236

230

212

170

Investments in fi nancial assets

2

3

7

2
Investments in associates
53
52
43
26
Inventories
11
10
–
–
Trade and other receivables
10
10
10
8
4 654
4 545
4 195
3 422
<b>Current assets</b>
Inventories
158
150
134
96
Income and mining taxes
6
7
6
6
Trade and other receivables
166
150
115
303
Restricted cash
–
38
–
–
Cash and cash equivalents
66
110
253
299
396
455
508
704

Assets of disposal groups classified as held-for-sale				–	–
–	45				
396	455	508	749		
<b>Total assets</b>					
<b>5 050</b>					
<b>5 000</b>					
<b>4 703</b>					
<b>4 171</b>					
<b>EQUITY AND LIABILITIES</b>					
<b>Share capital and reserves</b>					
Share capital					
3 842					
3 812					
4 004					
2 962					
Other reserves					
73					
51					
(72)					
53					
Retained earnings/(accumulated loss)					
92					
132					
(108)					
90					
4 007					
3 995					
3 824					
3 105					
<b>Non-current liabilities</b>					
Deferred tax					
455					
450					
421					
401					
Provisions for other liabilities and charges					
233					
219					
198					
144					
Retirement benefit obligation and other provisions					
23					
23					
22					
28					
Borrowings					
107					
77					
14					
17					
818					

769	
655	
590	
<b>Current liabilities</b>	
Borrowings	
30	
62	
33	
283	
Trade and other payables	
193	
173	
189	
157	
Income and mining taxes	
2	
1	
2	
–	
225	
236	
224	
440	
Liabilities of disposal groups classified as held-for-sale	
–	
–	
–	
36	
225	
236	
224	
476	
<b>Total equity and liabilities</b>	
<b>5 050</b>	
<b>5 000</b>	
<b>4 703</b>	
<b>4 171</b>	
Number of ordinary shares in issue	
426 191 965	
426 079 492	
425 986 836	
425 763 329	
Net asset value per share (cents)	
941	
937	
898	
729	
The balance sheet for March 2010 converted at a conversion rate of US\$1 = R7.31 (December 2009: US\$1 = R7.37, March 2009: US\$1 = R9.48).	
The balance sheet as at 30 June 2009 has been extracted from the 2009 Annual Report.	

**33**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (US\$) (Unaudited)  
(Convenience translation)

Share

Other

Retained

capital

reserves

earnings

Total

US\$ million

US\$ million

US\$ million

US\$ million

Balance – 30 June 2009

3 840

46

151

4 037

Issue of shares

2

–

–

2

Share-based payments

–

15

–

15

AVRD share issue reserve

–

21

–

21

Comprehensive loss for the period

–

(9)

(27)

(36)

Dividends paid

–

–

(29)

(29)

**Balance as at 31 March 2010**

**3 842**

**73**

**95**

**4 010**

Balance – 30 June 2008

2 731

71  
(193)  
2 609  
Issue of shares  
231  
—  
—  
231  
Share-based payments  
—  
8  
—  
8  
Comprehensive income for the period  
—  
(27)  
292  
265  
**Balance as at 31 March 2009**  
**2 962**  
**52**  
**99**  
**3 113**

The currency conversion closing rates for the nine months ended: March 2010: US\$1 = R7.31 (March 2009: US\$1 = R9.48).

**34**

Results for the third quarter

**ended 31 March 2010**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (US\$)

(Convenience translation)

Quarter ended

Nine months ended

Year ended

31 March

31 December

31 March

31 March

31 March

30 June

2010

2009

2009

2010

2009

2009

(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

39

24

99

93

204

319

Interest and dividends received

9

7

16

25

38

51

Interest paid

(4)

(1)

(4)



(7)  
(23)  
(31)  
Income and mining taxes paid  
(1)  
(5)  
(13)  
(9)  
(30)  
(85)  
Cash generated by operating activities  
43  
25  
98  
102  
189  
254  
**Cash flow from investing activities**  
Decrease/(increase) in restricted cash  
40  
(38)  
—  
2  
(10)  
(9)  
Net proceeds on disposal of listed investments  
—  
4  
—  
6  
—  
—  
Proceeds on disposal of subsidiary  
3  
—  
—  
3  
—  
—  
Net (additions to)/disposals of property,  
plant and equipment  
(131)  
(117)  
(65)  
(367)  
1  
111  
Other investing activities  
(1)  
—  
(16)

–  
(10)  
(8)  
Cash (utilised)/generated by investing activities  
(89)  
(151)  
(81)  
(356)  
(19)  
94  
**Cash flow from financing activities**  
Borrowings raised  
33  
93  
–  
123  
54  
–  
Borrowings repaid  
(35)  
(2)  
(2)  
(37)  
(196)  
(427)  
Ordinary shares issued – net of expenses  
1  
–  
101  
2  
211  
194  
Dividends paid  
–  
–  
–  
(29)  
–  
–  
Cash (utilised)/generated by financing activities  
(1)  
91  
99  
59  
69  
(233)  
**Foreign currency translation adjustments**  
**3**  
–  
**6**  
**8**

7
<b>85</b>
Net (decrease)/increase in cash and cash equivalents
(44)
(35)
122
(187)
246
200
Cash and cash equivalents – beginning of period
110
145
177
253
53
53
<b>Cash and cash equivalents – end of period</b>
<b>66</b>
<b>110</b>
<b>299</b>
<b>66</b>
<b>299</b>
<b>253</b>

Operating activities translated at average rates for the quarter ended: March 2010: US\$1 = R7.50 (December 2009: US\$1 = R7.49,

March 2009: US\$1 = R9.92). Nine months ended March 2010: US\$1 = R7.59 (March 2009: US\$1 = R9.19.

Closing balance translated at closing rates of: March 2010: US\$1 = R7.31 (December 2009: US\$1 = R7.37, March 2009: US\$1 = R9.48).

The cash flow statement for the year ended 30 June 2009 has been extracted from the 2009 Annual Report.

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

Production

Operating

Mining

Capital

Ounces

Tons

Revenue

cost

profit

assets

expenditure

produced

milled

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

oz

t'000

**Operations**

South Africa

**Underground**

Bambanani

(2)

100

70

30

129

15

94 459

440

Doornkop

49

39

10

338

31

46 361

442

Evander

97

91

6

124

18

93 173

708

Joel

56

38

18

19

9

52 342

384

Kusasaletu

135

112

23

402

45

130 018

795

Masimong

121

69

52

102

18

116 996

751

Phakisa

33

30

3

545

49

30 704

269

Target

(2)

83

63

20

342

35

82 885

638

Tshepong

172

110

62

498

25

161 751

1 295

Virginia

150

144  
 6  
 90  
 19  
 144 517  
 1 560  
**Surface**  
 All surface operations  
 (1)  
 89  
 58  
 31  
 18  
 7  
 86 260  
 7 344  
**Total South Africa**  
**1 085**  
**824**  
**261**  
**2 607**  
**271**  
**1 039 466**  
**14 626**  
 International  
 Papua New Guinea  
 (2)  
 -  
 -  
 -  
 529  
 62  
 42 365  
 -  
 Mount Magnet  
 -  
 -  
 -  
 2  
 -  
 -  
**Total international**  
 -  
 -  
 -  
**531**  
**62**  
**42 365**  
 -  
**Total operations**

**1 085**

**824**

**261**

**3 138**

**333**

**1 081 831**

**14 626**

**Notes:**

(1)

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

(2)

Production statistics for Hidden Valley, President Steyn and Target 3 (previously known as Lorraine 3) are shown for information purposes. These mines are in a build-up phase

and revenue and costs are currently capitalised until commercial levels of production are reached.

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

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

**36**

Results for the third quarter

**ended 31 March 2010**

SEGMENT REPORT FOR THE NINE MONTHS ENDED 31 MARCH 2009 (US\$/Imperial) (Unaudited)

(Convenience translation)

Production

Operating

Mining

Capital

Ounces

Tons

Revenue

cost

profit

assets

expenditure

produced

milled

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

oz

t'000

**Continuing operations**

South Africa

**Underground**

Bambanani

79

54

25

71

4

93 366

419

Doornkop

26

23

3

253

33

29 546

442

Evander

127

80

47

125

17

146 736



966  
Joel  
42  
30  
12  
14  
4  
49 866  
421  
Kusasaletu  
120  
90  
30  
279  
34  
127 091  
804  
Masimong  
99  
54  
45  
71  
11  
116 611  
737  
Phakisa  
13  
8  
5  
373  
39  
14 371  
130  
Target  
54  
42  
12  
288  
26  
61 569  
526  
Tshepong  
153  
81  
72  
384  
20  
177 568  
1 132  
Virginia  
172

120  
 52  
 98  
 14  
 201 778  
 1 870  
**Surface**  
 All surface operations  
 (1)  
 76  
 42  
 34  
 16  
 6  
 88 576  
 7 135  
**Total South Africa**  
**961**  
**624**  
**337**  
**1 972**  
**208**  
**1 107 078**  
**14 582**  
 International  
 Papua New Guinea  
 (2)  
 -  
 -  
 -  
 416  
 150  
 -  
 -  
 Mount Magnet  
 -  
 -  
 -  
 28  
 -  
 -  
**Total international**  
 -  
 -  
**444**  
**150**  
 -  
 -  
**Total continuing operations**

961  
624  
337  
2 416  
358  
1 107 078  
14 582  
**Discontinued operations**  
Cooke operations  
69  
50  
19  
—  
9  
80 377  
1 419  
**Total discontinued operations**  
**69**  
**50**  
**19**  
—  
**9**  
**80 377**  
**1 419**  
**Total operations**  
**1 030**  
**674**  
**356**  
**2 416**  
**367**  
**1 187 455**  
**16 001**

**Notes:**

(1)

Includes Kalgold, Phoenix and Dumps.

(2)

Included in the capital expenditure is an amount of US\$126 million contributed by Newcrest in terms of the farm-in agreement.

All income statement items, including capital expenditure converted at a conversion rate of US\$1 = R9.19.

Mining assets converted at a conversion rate of US\$1 = R9.48.

**37**

DEVELOPMENT RESULTS (Metric)

Quarter ended 31 March 2010

Channel

Channel

Reef

Sampled

Width

Value

Gold

(metres)

(metres)

(cm's)

(g/t)

(cmg/t)

Tshepong

Basal

605

632

10.17

113.57

1 154

B Reef

83

84

113.40

7.08

803

All Reefs

**688**

**716**

**22.28**

**49.97**

**1 113**

Phakisa

Basal

306

324

29.45

26.98

794

All Reefs

**306**

**324**

**29.45**

**26.98**

**794**

Bambanani

Basal

98.1

80

89.65

18.71

1 677

All Reefs

**98**

**80**

**89.65**

**18.71**

**1 677**

Doornkop

Kimberley Reef

228.6

156

357.12

1.45

516

South Reef

309.3

273

45.29

13.82

626

All Reefs

**538**

**429**

**158.68**

**3.69**

**586**

Kusasaletu

VCR Reef

703.1

718

69.75

17.07

1 191

All Reefs

**703**

**718**

**69.75**

**17.07**

**1 191**

Target

Elsburg

203.9

165

169.30

8.78

1 486

All Reefs

**204**

**165**

**169.30**

**8.78**

**1 486**

Masimong

Basal

410.8

278

55.59

15.57

865

All Reefs

**411**

**278**

**55.59**

**15.57**

**865**

Evander

Kimberley

342.9

327

47.09

20.65

972

All Reefs

**343**

**327**

**47.09**

**20.65**

**972**

Virginia

(incl. Unisel & Brand 3)

Basal

853.6

754

86.61

10.74

930

Leader

585.8

492

146.21

7.72

1 129

A Reef

255.3

252

44.31

14.26

632

Middle

198.3

120  
134.58  
3.91  
526  
B Reef  
84.4  
116  
62.64  
8.94  
560  
All Reefs  
**1 977**  
**1 734**  
**99.09**  
**8.99**  
**890**  
Joel  
Beatrix  
563.9  
594  
83.17  
13.75  
1 143  
All Reefs  
**564**  
**594**  
**83.17**  
**13.75**  
**1 143**  
Total  
Harmony  
Basal  
2 273  
2 068  
50.24  
19.86  
997.71  
Beatrix  
564  
594  
83.17  
13.75  
1 143.26  
Leader  
586  
492  
146.21  
7.72  
1 128.67  
B Reef  
167

200  
83.96  
7.88  
661.81  
A Reef  
255.3  
252  
44.31  
14.26  
631.81  
Middle  
198.3  
120  
134.58  
3.91  
525.68  
Elsburg  
203.9  
165  
169.30  
8.78  
1 486.00  
Kimberley  
571.5  
483  
147.22  
5.60  
825.09  
South Reef  
309  
273  
45.29  
13.82  
625.90  
VCR  
703  
718  
69.75  
17.07  
1 190.97  
All Reefs  
**5 832**  
**5 365**  
**80.30**  
**12.35**  
**992**  
DEVELOPMENT RESULTS (Imperial)  
Quarter ended 31 March 2010  
Channel  
Channel  
Reef



Sampled  
 Width  
 Value  
 Gold  
 (feet)  
 (feet)  
 (inches)  
 (oz/t)  
 (in.oz/t)

Tshepong

Basal

1 986

2 073

4.00

3.32

13

B Reef

271

276

45.00

0.20

9

All Reefs

**2 257**

**2 349**

**9.00**

**1.42**

**13**

Phakisa

Basal

1 003

1 063

12.00

0.76

9

All Reefs

**1 003**

**1 063**

**12.00**

**0.76**

**9**

Bambanani

Basal

322

262

35.00

0.55

19

All Reefs

**322**

**262**

**35.00**

**0.55**

**19**

Doornkop

Kimberley Reef

750

512

141.00

0.04

6

South Reef

1 015

896

18.00

0.40

7

All Reefs

**1 765**

**1 407**

**62.00**

**0.11**

7

Kusasaletu

VCR Reef

2 307

2 356

27.00

0.51

14

All Reefs

**2 307**

**2 356**

**27.00**

**0.51**

**14**

Target

Elsburg

669

541

67.00

0.25

17

All Reefs

**669**

**541**

**67.00**

**0.25**

**17**

Masimong

Basal

1 348

912  
22.00  
0.45  
10  
All Reefs  
**1 348**  
**912**  
**22.00**  
**0.45**  
**10**  
Evander  
Kimberley  
1 125  
1 073  
19.00  
0.59  
11  
All Reefs  
**1 125**  
**1 073**  
**19.00**  
**0.59**  
**11**  
Virginia  
(incl. Unisel & Brand 3)  
Basal  
2 801  
2 474  
34.00  
0.31  
11  
Leader  
1 922  
1 614  
58.00  
0.22  
13  
A Reef  
838  
827  
17.00  
0.43  
7  
Middle  
651  
394  
53.00  
0.11  
6  
B Reef  
277

381  
25.00  
0.26  
6  
All Reefs  
**6 488**  
**5 689**  
**39.00**  
**0.26**  
**10**  
Joel  
Beatrix  
1 850  
1 949  
33.00  
0.40  
13  
All Reefs  
**1 850**  
**1 949**  
**33.00**  
**0.40**  
**13**  
Total  
Harmony  
Basal  
7 459  
6 785  
20.00  
0.57  
11.46  
Beatrix  
1 850  
1 949  
33.00  
0.40  
13.13  
Leader  
1 922  
1 614  
58.00  
0.22  
12.96  
B Reef  
548  
656  
33.00  
0.23  
7.60  
A Reef  
838

827  
17.00  
0.43  
7.26  
Middle  
651  
394  
53.00  
0.11  
6.04  
Elsburg  
669  
541  
67.00  
0.25  
17.06  
Kimberley  
1 875  
1 585  
58.00  
0.16  
9.47  
South Reef  
1 015  
896  
18.00  
0.40  
7.19  
VCR  
2 307  
2 356  
27.00  
0.51  
13.68  
All Reefs  
**19 133**  
**17 602**  
**32.00**  
**0.36**  
**11**

**38**

Results for the third quarter  
**ended 31 March 2010**

NOTES

**39**  
NOTES

**40**

Results for the third quarter

**ended 31 March 2010**

CONTACT DETAILS

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G P Briggs (Chief Executive Officer)

H O Meyer (Financial Director)

H E Mashego ( Executive Director: Organisational  
Development and Transformation)

F Abbott (Executive Director)

J A Chissano\*

1

F F T De Buck\*, Dr C Diarra\*+,

K V Dicks\*, Dr D S Lushaba\*, C Markus\*,

M Motloba\*, C M L Savage\*, A J Wilkens\*

(\* non-executive)

1

Mocambican)

(+ US/Mali Citizen)

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**Trading Symbols**

JSE Limited  
HAR  
New York Stock Exchange, Inc.  
HMY  
NASDAQ  
HMY  
London Stock Exchange Plc  
HRM  
Euronext, Paris  
HG  
Euronext, Brussels  
HMY  
Berlin Stock Exchange  
HAM1

**Registration number** 1950/038232/06

Incorporated in the Republic of South Africa

**ISIN:** ZAE 000015228

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**SIGNATURES**

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

Dated: May 10, 2010

Harmony Gold Mining Company Limited

By:

/s/

Hannes Meyer

Name:

Hannes Meyer

Title: Financial Director