HARMONY GOLD MINING CO LTD
Form 6-K
October 30, 2009
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
30 October 2009
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 30 September 2009
426 024 653
Market capitalisation
At 30 September 2009 (ZARm)
R34 082
At 30 September 2009 (US$m)
$4 380
Harmony ordinary share
and ADR prices
12-month high (1 October 2008 to
30 September 2009) for
ordinary shares
R132.85
12-month low (1 October 2008 to
30 September 2009) for
ordinary shares
R61.99
12-month high (1 October 2008 to
30 September 2009) for ADRs
$13.25
12-month low (1 October 2008 to
30 September 2009) for ADRs
$5.47
Free float
100%
ADR ratio
1:1
JSE Limited
HAR
Range for quarter
(1 July 2009 to 30 September 2009 R69.05 –
– closing prices)
R87.51
Average daily volume for
the quarter (1 July 2009 to
30 September 2009)
2 153 250
New York Stock
Exchange, Inc.
HMY
Range for quarter
(1 July 2009 to 30 September 2009 $8.50 –
– closing prices)
$11.75
Average daily volume for
the quarter (1 July 2009 to
30 September 2009)
3 090 206
Nasdaq

HMY
Range for quarter
(1 July 2009 to 30 September 2009 $8.50 –
– closing prices)
$11.78
Average daily volume for
the quarter (1 July 2009 to
30 September 2009)
582 680
Key features for the quarter
6% increase in total gold production – higher than guidance provided
º
6% increase in underground tonnage
º 10% improvement in average recovery grade
5.2% increase in total R/kg costs
º mainly related to wages and electricity increases
Capital efficiencies
º capital expenditure 17% less than previous quarter
On track to delivering annual production target
º increased ounces
º
improved performance at all shafts – except Virginia and Evander
Financial summary for the first quarter ended 30 September 2009
Quarter
Quarter
Sept
June
Q-on-Q
2009
2009
%
variance
Gold –
kg
11 615
11 003
5.6
produced –
oz
373 431
353 752
5.6
Cash –
R/kg
188 362
179 074
(5.2)
costs –
US$/oz
753 **661**
(13.9)

Cash
– R million
552
743
(25.7)
operating
– US$ million
71
88
(19.3)
profit
Gold –
kg
11 471
10 829
5.9
sold –
oz
368 800
348 160
5.9
Gold price
– R/kg
239 438
245 953
(2.69)
Exchange rate – R/US$
7.78 **8.42**
(7.6)

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.

Results for the first quarter
ended 30 September 2009

Incorporated in the Republic of South Africa
Registration Number 1950/038232/06
("Harmony" or "Company")
JSE Share code: HAR
NYSE Share code: HMY
ISIN Code: ZAE 000015228

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.

Contents

Chief Executive Officer's Review

Overview

The first quarter of FY10 marked the start of our 'Four-phase Growth Path', the objective of which is to produce more ounces from those assets we have and to acquire further ounces through acquisitions and strategic partnerships.

Safety

We are deeply saddened by the death of eight of our colleagues during the quarter and I extend my hearfelt condolences to their families, friends and workmates.

Those who died were: Phakisa employee Tokelo Maliba, a loader driver; Masimong employee Letsema Hlaeli, a team leader; Unisel employees Simiao Alexandre Bila, a miner, Thabiso Belekwane and Tseliso Lekeka, both locomotive operators; Evander employee Boy Sikobi, a rock drill operator; Elandsrand employee Samual Tsabedze, a stope team leader; and Doornkop employee Clement Rantjelebane, an engineering foreman.

Safety concerns are being addressed through: management leading by example, improved communication and safety awareness campaigns. Our safety strategy and initiatives have resulted in improved safety statistics quarter-on-quarter, but we continue to strive for an even safer working environment.

Gold market

Primarily a South African gold producer, we continued to experience the negative impact of a strong South African Rand, and a consequent lower average Rand gold price received, on revenue. In the quarter under review, the Rand/US Dollar exchange rate averaged R7.78/US$ compared with R8.42/US$ in the previous quarter. The average Rand gold price received during the period declined by 3% to R239 438/kg.

It is encouraging, nonetheless, to note the 7% improvement in the US Dollar gold price – from US$935/oz at the start of the quarter to US$996/oz at the close. This serves to underpin our confi dence in gold, particularly during times of global economic stress.

None of the fundamentals supporting the metal have changed: overall demand is little affected by increased scrap entering the market; central banks continue to exercise prudence in respect of their holdings; and supply of newly-mined gold is likely to continue to be constrained by fewer new discoveries, as well as the costs and timeframes associated with exploration, development and mining, and by the availability of funding for new projects.

Operational performance

Total gold production increased by 6% to 11 615kg, refl ecting increases in gold production from both underground and surface sources and exceeding guidance provided in September 2009. While total throughput was 4% lower at 4 484 000t, the average yield was 10% higher at 2.59g/t.

Underground gold production was 5% higher at 10 724kg, resulting from a 6% rise in throughput from underground to 2 392 000t. The average underground yield was slightly lower at 4.48g/t. With the exception of Evander and Virginia, all of the underground operations delivered improvements in gold production. Particularly noteworthy was Doornkop's 28% increase in gold production. This was the consequence of a 45% increase in yield, due largely to a remarkable improvement in development metres achieved, which will ensure that the build-up plan on the South Reef Project is achieved.

A 26% increase in surface yield to 0.43g/t more than offset the impact of a 13% decrease in surface throughput, resulting in a 10% increase in surface gold production to 891kg. The Kalgold open-pit operation recorded a 16% increase in gold production on the back of higher throughput due to improved plant availability, while the surface retreatment operations, excluding Phoenix, showed a 61% improvement in yield and delivered 14% more gold.

Financial performance

Higher gold production helped to overcome the negative impact of a 3% drop in the average Rand gold price received to R239 438/kg. Consequently, total revenue was 3% higher at R2.7 billion. After accounting for an 11% increase in cash operating costs to R2.2 billion – the main drivers of which were electricity and labour – cash operating profi t was 26% down on the previous quarter at R552 million.

Labour costs increased by R162 million when compared to the previous quarter, due to annual wage increases implemented and a once off leave liability adjustment of R35 million. Electricity costs increased by R135 million, R75 million of which was attributable to winter tariffs.

As previously advised, capital expenditure is beginning to edge downward as the major projects reach advanced stages of development and start to come on stream. The September quarter's capital expenditure was 17% down at R915 million.

Project progress

Our South African growth projects, Phakisa, Doornkop, Elandsrand and the Tshepong decline are working towards contributing lower cost per unit ounces. These projects are well on their way towards achieving their targets.

Despite some setbacks during the commissioning phase, good progress was made at Hidden Valley in Papua New Guinea. Completion and commissioning of the conveyor is scheduled during the December 2009 quarter, with production expected to ramp up to commercial levels during the December 2009 quarter.

Exploration

Generally, exploration results were pleasing and the drilling programmes are on track. For more information see the exploration section on page 11.

4
Harmony Quarterly Report 2009
Results for the first quarter
ended 30 September 2009
Investor Day
On 19 August 2009 Harmony held an Investor Day, the purpose of which was to share with investors our planning parameters, strategic plan and
outlook for the next fi ve years. We have spent R1.1 billion on capital development in the past year, which is already showing results, as illustrated
in the graph below:
Corporate matters
It is pleasing to report that all agreements relating to our acquisition of the Free State assets from Pamodzi Gold Free State (Pty) Limited (in provisional liquidation) (Pamodzi Gold Free State) have been signed, following indications of support from the main creditors being the Industrial Development Corporation and the Unions, and the sanction of the High Court.
The waste rock dump agreement became unconditional on 16 September 2009 and R20 million in terms of this agreement was paid to Pamodzi Gold Free State. It is likely that the remaining agreements will become unconditional towards the end of November 2009, which will result in Harmony having to pay the balance of the consideration price, being R380 million.
The assets, to be known collectively for now as the President Steyn Shafts, are an excellent fi t with our existing Free State assets. As reported previously, we expect to be able to exploit numerous synergies between the two, and to deliver signifi cant profi table ounces into our growth profi le as a result.
Harmony paid its fi rst dividend in fi ve years on 21 September 2009. We believe that paying a dividend is a sign of a healthy company and, depending on operational performance and revenue, we intend paying regular dividends to shareholders.
Looking ahead
In the short term, we would expect gold production to increase marginally as the various restructuring measures we have taken in respect of existing operations continue to bed down and as our new projects start to deliver.
We will have to contend with the likelihood of continuing Rand strength for now, and the negative consequences of this on Rand gold receipts. Indeed, we may have to consider some restructuring at our lowest-grade, highest-cost operations.
In terms of costs, while we are into summer and free for a couple of quarters from higher winter electricity tariffs, the spectre of further extraordinary price hikes from power utility Eskom to fund its growth imperative looms large. In addition, our wage bill will refl ect the impact of the recently agreed two-year wage settlement.
Our weapon in managing the strong Rand and rising costs, must be improved productivity – in short, we need to work harder and smarter. Our focus remains producing more profi table ounces.
Looking further ahead, we remain bullish on the fundamentals of the gold sector in the medium and longer term. This is what encourages

us to continue to pursue our four-phase growth path:
optimising our asset portfolio;
improving operational effi ciency and productivity;
making further acquisitions and entering into other strategic partnerships when it makes sense to do so; and
growing organically.
Chief Executive Officer
Graham Briggs

Safety and health

Safety

Safety remains a key focus at all of Harmony's operations. It is with deep regret that we report that eight fatalities occurred during the September 2009 quarter. Falls of ground were the main cause of most of these incidents. Our management teams continue to roll out effective behavior-based safety programmes to ensure that safety standards are adhered to and that best practices are applied at all workplaces.

We are pleased to announce that, during the September quarter, there was an improvement in the key safety rates compared to the previous quarter. The Lost Time Injury Frequency Rate (LTIFR) improved by 26% compared to the actual fi gure for the previous year (from 9.35 to 6.91) and by 17% quarter-on-quarter from 8.35 to 6.91, the best rate ever achieved at Harmony. A single-digit LTIFR was achieved for the fourth consecutive quarter. The year to date Reportable Injury Frequency Rate (RIFR) improved by 29% compared to the actual fi gure for the previous year (from 4.97 to 3.55) and by 20% from 4.43 in the June 2009 quarter to 3.55 in the current quarter; again, the best ever achieved RIFR at Harmony. Although the Fatality Injury Frequency Rate (FIFR) declined 52% compared to the actual fi gure for the previous year (from 0.21 to 0.32), an improvement of 9% was achieved for the quarter under review at 0.32 compared with a FIFR of 0.35 in the previous quarter. These improvements in safety rates bear testimony to the emphasis placed on safety at Harmony and we are starting to see the positive effects of behaviour change among our employees.

Harmony's management team is dedicated to ensuring that these safety improvements are sustainable and to ensure that through the continued implementation of effective behaviour-based safety programmemes at all our operations, the safety culture and mindset of safety is maintained throughout the company.

Operational overview

South African underground operations

Indicator	September 2009	June 2009	% Variance
Tonnes (‘000)	2 392	2 267	6
Grade (g/t)	4.48	4.50	–
Gold produced (kg)			

10 724
10 192
5
Gold sold
(kg)
10 617
10 035
6
Cash operating costs (R/kg)
191 627
179 181
(7)
Operating profit
(R'000)
483 717
682 608
(29)
The following operations achieved outstanding safety results:
Evander 8 Shaft – 2 000 000 fatality free shifts
Doornkop Shaft – 1 000 000 fatality free shifts
Merriespruit 1 Shaft – 750 000 fatality free shifts
Evander Plant – 500 000 fatality free shifts

Health

The well-being and healthcare of our employees is another key focus for the company. Harmony continues to consolidate the various components of healthcare that will contribute to the well-being of our employees and improve productivity in the company in the longer term.

In terms of occupational hygiene, noise and dust are the key problem areas. Much is being done to curb the impact of these and ensure that our employees are protected against them in their workplaces. During the quarter under review, implementation of personalised hearing protection devices (HPDs) was 90% completed. The installation of sound attenuators on mechanical loaders has been scheduled and some of the operations have already begun installation of the devices.

Bambanani
September
June
%
Indicator
2009
2009
Variance
Tonnes
('000)
147
138
7
Grade
(g/t)
6.44

6.35
1
Gold produced
(kg)
946
876
8
Gold sold
(kg)
973
792
23
Cash operating costs
(R/kg)
199 533
193 207
(3)
Operating profi t
(R'000)
40 633
44 050
(8)

Bambanani had a satisfactory quarter, with a 7% increase in tonnes milled and a 1% increase in grade, resulting in an 8% increase in gold production to 946kg. The improvements were due to a stronger emphasis on disciplined mining, in particular the achievement of daily tramming and hoisting targets, as well as clean mining.

Cash operating costs rose by 12% due mainly to wage increases and higher electricity costs. Increased gold production contained the increase in R/kg unit costs to 3%, at R199 533/kg. Operating profi t dropped by 8% due to a decrease in the R/kg gold price received.

Doornkop

Indicator		September 2009	June 2009	% Variance
Tonnes	('000)	130	148	(12)
Grade	(g/t)	3.85	2.65	45
Gold produced	(kg)	500	392	28
Gold sold	(kg)	500	394	27
Cash operating costs	(R/kg)	171 476	211 855	19
Operating profit	(R'000)	18 536	27 651	(33)

Doornkop's gold production for the quarter increased by 28% to 500kg, a 45% increase in recovered grade offsetting a 12% decrease in tonnes milled. Doornkop has seen a remarkable improvement in development metres achieved, which will ensure that the build-up on the South Reef project is achieved. Total cash operating costs rose by 3% due to

increased labour and electricity costs.
Cash operating costs in R/kg terms improved by 19% and are expected to improve further as a result of increased square metres to be mined from the higher grade South Reef areas.

Elandsrand

Indicator	September 2009	June 2009	% Variance
Tonnes (‘000)	260	233	12
Grade (g/t)	6.25	6.30	(1)
Gold produced (kg)	1 625	1 469	11
Gold sold (kg)	1 433	1 368	5
Cash operating costs (R/kg)	182 729	180 732	(1)
Operating profit (R’000)	68 904	103 204	(33)

Elandsrand recorded a good performance. A 12% increase in tonnes milled negated a 1% decrease in recovered grade, resulting in an 11% increase in gold production to 1 625kg.
Improved production resulted in cash operating costs rising by only 1% to R182 729/kg.
Cash operating profi t was 33% lower at R69 million, due mainly to a lower R/kg gold price received and a four-day production stoppage following a fatal accident.

Evander

September
June
%
Indicator
2009
2009
Variance
Tonnes
(‘000)
259
248
4
Grade
(g/t)
4.78
5.44
(12)
Gold produced
(kg)
1 239
1 348
(8)
Gold sold
(kg)
1 203
1 429
(16)
Cash operating costs
(R/kg)
226 699
185 361
(22)
Operating profit
(R’000)
16 880
85 014
(80)

Evander continues to deliver disappointing results. While tonnes milled rose by 4% to 259 000t reflecting improved volumes from Evander 7 and 8 shafts, recovered grade was 12% down due to lower yields from Evander 2, 5 and 8 shafts. Increased throughput was not sufficient to offset the lower yield and gold production was 8% down at 1 239kg. Lower production, together with increased labour and electricity costs, led to a 22% increase in cash operating costs to R226 699/kg. Fewer ounces and higher costs resulted in an 80% drop in cash operating profit to R17 million.

The overall performance of Evander 2 and 5 shafts during the quarter was negatively affected both by actions taken to improve safety and implementation of a new mining plan during August 2009 to deliver lower volumes and higher grade.

Joel

Indicator	September 2009	June 2009	% Variance
Tonnes (‘000)	136	131	4
Grade (g/t)	3.79	3.76	1
Gold produced (kg)	515	492	5
Gold sold (kg)	529	443	19
Cash operating costs (R/kg)	198 792	198 069	–
Operating profit (R’000)	22 944	21 674	6

Joel had a pleasing quarter in terms of both safety and operational performance. Tonnes milled continue to improve and was 4% higher at 136 000t. Overall, recovered grade improved from 3.76 g/t to 3.79 g/t which, together with higher grades and higher tonnes, resulted in a 5% increase in gold production.

In spite of significant labour and electricity cost increases, cash operating costs were well controlled, rising by only 0.4% to R198 792/kg. Cash operating profi t for the quarter increased by 6% to R23 million, the result of increased gold production and the shaft’s ability to curb its costs.

Masimong

Indicator	September 2009	June 2009	% Variance
Tonnes (‘000)	234	222	5
Grade (g/t)	5.81	5.24	11
Gold produced (kg)	1 359	1 164	17
Gold sold (kg)	1 349	1 245	8
Cash operating costs (R/kg)	137 986	141 947	3
Operating profit (R’000)	138 159	135 373	2

Masimong excelled once again, recording improved tonnage, grade and gold production. Tonnes milled rose by 5%, due to improved square metres mined. Recovered grade was 11% higher at 5.81g/t, a consequence of an increase in face grades from the B Reef and improved sweepings and stoping widths.

While cash operating costs were 14% higher due mainly to increased labour and electricity costs, the 17% increase in gold production resulted in R/kg unit costs decreasing by 3% to R137 986/kg. This was the best R/kg cost performance in the company during the quarter. Cash operating profi t was R138 million.

Masimong is in good shape and well-positioned to produce consistent safety, production and profi tability results.

Phakisa

Indicator	September 2009	June 2009	% Variance
Tonnes ('000)	71	67	6
Grade (g/t)	3.66	3.64	1
Gold produced (kg)	260	244	7
Gold sold (kg)	268	219	22
Cash operating costs (R/kg)	222 000	159 652	(39)
Operating (R'000)	5 244	18 724	(72)

Phakisa recorded moderate operational results. Tonnes milled improved by 6% to 71 000t. A geological feature in the 63 line caused delays in production during the quarter, but has been resolved.

There was a slight increase in recovered grade from 3.64g/t to 3.66g/t in the past quarter. Gold produced increased by 7% to 260kg.

Total cash operating costs were 48% higher, infl ated by production build-up costs and higher labour and electricity costs. This impacted negatively on R/kg costs, which rose by 39% to R222 000/kg. Cash operating profi t was thus 72% lower at R5 million. Costs are likely to improve in the next quarter, as production is brought back in line with the planned upward trend.

Four ice plants have been commissioned, resulting in improved ventilation and cooling. This will have a positive effect on productivity and production. The fifth ice plant will be up and running in the next quarter.

Target

Indicator		September 2009	June 2009	% Variance
Tonnes	(‘000)	193	167	16
Grade	(g/t)	4.71	4.78	(1)
Gold produced	(kg)	909	798	14
Gold sold	(kg)	955	765	25
Cash operating costs	(R/kg)	166 448	153 876	(8)
Operating profit	(R’000)	59 779	36 965	62

Target delivered an excellent safety performance during the quarter and gold production rose by 14% to 909kg. A 16% improvement in tonnes milled to 193 000t – reflecting increased availability of the massive stopes and improved environmental conditions in the narrow reef, conventional stoping section – offset the effect of a 1% decline in yield to 4.71g/t. A higher plant call factor and continued underground clean-up helped to boost production.

Cash operating costs were 8% higher due to higher tonnage milled, as well as wage and electricity increases. Increased gold production, as well as more gold sold, resulted in a 62% improvement in cash operating profit.

A programme of geological re-modelling and a re-estimation of the orebody is almost complete. This is expected to lead to better estimates of ore mined going forward.

Tshepong

Indicator		September 2009	June 2009	% Variance
Tonnes	('000)	418	348	20
Grade	(g/t)	4.07	4.76	(14)
Gold produced	(kg)	1 703	1 655	3
Gold sold	(kg)	1 751	1 503	17
Cash operating costs	(R/kg)	168 445	157 819	(7)
Operating profi t	(R'000)	127 136	137 647	(8)

Tshepong achieved a 20% improvement in tonnes milled due to higher square metres mined and additional waste development tonnes milled from the decline trammed to reef. The increase in tonnage resulted in 1 703kg of gold produced, 3% up from the previous quarter. Recovered grade was 14% lower at 4.07g/t, the reason being more erratic values as panels were mined on the edge of the pay shoot. Cash operating costs increased by 10%, mainly as a result of the signifi cant hikes in labour, electricity and stores costs. This resulted in R/kg unit costs increasing by 7% to R168 445/kg. Cash operating profi t decreased by 8% due to cost increases and lower grade achieved.

Virginia

Indicator		September 2009	June 2009	% Variance
Tonnes	(‘000)	544	565	(4)
Grade	(g/t)	3.07	3.10	(1)
Gold produced	(kg)	1 668	1 754	(5)
Gold sold	(kg)	1 656	1 877	(12)
Cash operating costs	(R/kg)	249 947	212 624	(18)
Operating loss	(R’000)	(14 498)	72 306	(120)

Virginia recorded poor operational results. Its performance was affected by several issues, including a stoppage resulting from a fatality, power failures, seismic events and back-breaks. These incidents caused a decline in square metres mined, as well as a 4% decline in tonnes milled to 544 000t. The recovered grade decreased by only 1% to 3.07g/t. Lower throughput and grade resulted in a 5% decrease in gold production to 1 668kg.

Cash operating costs increased by 12% to R249 947/kg, due to lower gold production and increases in labour and electricity costs. An

operating loss of R14 million was recorded
Due to economic conditions, as well as the low grade of the declining orebody, restructuring alternatives are being evaluated at Brand and Harmony 2 operations.
South African surface operations
September
June
%
Indicator
2009
2009
Variance
Tonnes
(‘000)
2 092
2 397
(13)
Grade (g/t)
0.43
0.34
26
Gold produced
(kg)
891
811
10
Gold sold
(kg)
854
794
8
Cash operating costs (R/kg)
149 072
177 721
16
Operating profit
(R’000)
68 432
60 782
13
Kalgold
September
June
%
Indicator
2009
2009
Variance
Tonnes
(‘000)
452

385
17
Grade
(g/t)
0.92
0.93
(2)
Gold produced
(kg)
415
359
16
Gold sold
(kg)
378
342
11
Cash operating costs
(R/kg)
172 831
204 017
15
Operating profit
(R'000)
14 758
20 232
(27)
Kalgold exceeded its plans for the quarter, with tonnes milled 17% higher at 452 000t. Grade remained fairly fl at at 0.92tg/t. Gold produced was 16% higher at 415 kg. Cash operating costs decreased by 15% due to an increase in gold production. Cash operating profi t, however, was 27% lower due to a lower Rand gold price received.
Phoenix
September
June
%
Indicator
2009
2009
Variance
Tonnes
('000)
1 382
1 649
(16)
Grade
(g/t)
0.117
0.107
9
Gold produced

(kg)
162
177
(9)
Gold sold
(kg)
162
177
(9)
Cash operating costs
(R/kg)
173 827
182 492
5
Operating profit
(R'000)
10 951
11 513
(5)
Phoenix experienced operational problems, resulting in a disappointing performance. Although recovered grade increased by 9% to 0.117g/t, due to improved grades from both Brand A and H1, tonnes milled were 16% lower and gold production declined by 9% to 162kg.
Slimes reclamation at Brand A has now reached the bottom strip and the improved grades are expected to continue during the December quarter.
Cash operating costs were 5% lower at R173 827/kg, due mainly to lower volumes treated. The lower costs contributed to a 4.7% decrease in R/kg costs. Cash operating profi t was 5% lower at R11 million, resulting from a decrease in gold production and a lower gold price received.

Rock dumps

Indicator		September 2009	June 2009	% Variance
Tonnes	('000)	258	363	(29)
Grade	(g/t)	1.22	0.76	61
Gold produced	(kg)	314	275	14
Gold sold	(kg)	314	275	14
Cash operating costs	(R/kg)	104 898	140 324	25
Operating profit	(R'000)	42 723	29 037	47

Despite a 29% decrease in tonnes milled, gold production increased by 14% to 314kg. Gold production includes 94kg of gold retrieved from the Winkelhaak plant following its closure. Higher gold production resulted in a 25% improvement in cash operating cost to R104 898/kg.

Cash operating profi t increased by 47% to R43 million as a result of the increase in gold sold.

International operations

At Hidden Valley heavy rain and plant commissioning issues, including a mill gearbox failure, reduced planned production levels by approximately 15 000 ounces.

Hidden Valley processing plant commissioning and production ramp up was slower than planned.

Morobe Mining Joint Venture, PNG (50%)

Hidden Valley

Project construction and process plant commissioning activities were delayed during the quarter. Exceptionally heavy rain during July 2009 (exceeding a 1-in-20-year event) and the premature failure of a mill gearbox and plant modifi cations in September 2009, signifi cantly impacted commissioning production. Harmony's 50% share of production for the quarter was 3 168 ounces.

By the end of September 2009 the process plant had been largely commissioned. Mill utilisation and throughput rates, after the gearbox repairs and Carbon-in-Leach (CIL) plant modifi cations, were ramping up satisfactorily.

Overland conveyor construction was similarly impacted by wet weather and is behind schedule. Construction should be substantially complete by the end of November 2009. Production will not be impacted by the conveyor delay as higher grade ore from the Hamata pit (located adjacent to the processing plant) is to be processed fi rst.

Work continues with establishment and management of waste dumps as well as a continued focus on community engagement, employment and training of local employees. The engineering and design contract for the Hidden Valley expansion project as part of the concept study was awarded during the quarter. Initial work will focus on identifying and completing 'early wins' based upon data and process information obtained during the ongoing plant commissioning.

Gold production summary

September 2009 quarter	Mine production (t 000's)	Gold production (oz)
Hidden Valley (1)	3 917	3 168

(1) Hidden Valley production is treated as commissioning production. Costs associated with these ounces have been excluded from the cost calculations throughout this report.

Wafi-Golpu

The integrated geological model for Wafi -Golpu was used to target the ongoing drilling programme. A desktop study has identifi ed a potential mining concept for the Golpu porphyry deposit. The block cave concept in conjunction with an open pit mine remains the preferred route pending confi rmation of drilling results.

10

Harmony Quarterly Report 2009

Results for the first quarter

ended 30 September 2009

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 have 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

The Bambanani ore reserve grade is to a large degree a reflection of the future extraction of the high grade Basal Reef shaft pillar. No on-reef development was done in the high grade shaft pillar during the quarter and the current development grade is in line with the planned grades. However, the development grade is expected to increase over the next quarter as some of the raises move into better areas.

Doornkop

Limited South Reef has been exposed to date and on-reef development metres are below plan in the expected higher grade area of 192 Level. Although the ore body remains high-risk with the limited information available, development grades are starting to improve as more reef metres are being developed. The 197 Level grades improved to over 1000 cmg/t, which is in line with the reserve grade. 192 Level is still low at a grade of approximately 700 cmg/t, but, as mentioned, is expected to improve.

Elandsrand

The quarter-on-quarter drop in development grade is as a result of a combination of lower raise values in the Old Mine and also between 105 and 109 Level in the New Mine. The 109-33 and 109-32 raise lines developed into poorly mineralised VCR with poor values as expected. Grades are however expected to increase as 109-32 and 109-33 raise lines moves out of the poorly mineralised zones.

Evander

There was a slight increase in grade due to mainly Evander 8 shaft raises developing from the pay shoot edges towards the main pay shoot. An increase in grades at Evander 8 is expected to continue.

Joel

There was a quarter-on-quarter drop in development grade which can be attributed to the variability of the Beatrix Reef in the areas that are being developed. The rolling four-quarter development grade, however, remains higher than the reserve grade.

Masimong

The development grade is lower than the reserve grade due mainly to an underperformance on the ‘B’ Reef drives. The current grades on the Basal Reef on-reef development are also slightly below expectation.

Ore Reserve Block Grades v Development Grades

Ore Reserve

(cmg/t)

Rolling
4 quarter average
(cmg/t)
Current
quarter
(cmg/t)

Phakisa
With Phakisa being a new mine, the development is currently taking place close to the shaft in the lower-grade southern areas. Grades will improve as the development progresses towards the north and more reef is exposed within the major north west- to south east-trending Basal Reef payshoot.
There was an increase in development grade for the raises being developed in the southern area, compared with the previous quarter.
Target (Narrow Reef Mining)
Development sampling is now reported only on those raises being developed for "gold" as distinct from those raises developed on selected horizons to "de-stress" future massive stopes. Further, sampling of access drives for massive mining are also not reported as they are not representative of the reefs on which the massives are designed. As such, development sampling reported represents a relatively small portion of future production.
No on-reef raise development took place during the current quarter due to environmental conditions in certain areas of the mine.
Tshepong
A large proportion of the on-reef development is currently taking place on the edges of the north west- to south east-trending Basal Reef payshoot. The development grade is expected to improve as new raise lines become available within the deeper extension of the payshoot in the Sub 66 and Sub 71 decline area.
There was an increase in grade reported for the "B" Reef as opposed to a drop in grade for the Basal Reef on-reef development.
Virginia
In general the development at Unisel produced good results, especially on the Basal Reef where good channels were intersected between waste on contact areas to the south of the shaft.
At the Merriespruit shafts there were disappointing results as development for both the Leader Reef and Basal Reef intersected areas of poorly developed reef and areas of eroded reef remnants.
Exploration
South Africa
Evander 6 shaft and Twistdraai (Taung JV)
Harmony's objective is to complete a bankable feasibility study of the two areas within fi ve years. During the quarter under review, permission from the Department of Mineral Resources (DMR) was sought to begin surface drilling of three holes in the Twistdraai area. Consultations with stakeholders have taken place and no objections have been recorded. We are now awaiting fi nal DMR approval and it is likely that drilling will start in the new year.
A study entailing a detailed mine plan and schedule of the Evander 6 shaft was completed during the quarter. The purpose of the study is to optimise the extraction of the orebody and improve the project fi nancials.
Evander South surface drilling
Good progress was made at Evander South during the September quarter, with a total of 7 461 metres drilled compared to the

7 440 metres that were planned (+0.3% variance). Progressively, the programme is 5% ahead of schedule and is almost complete with 96% of the planned metres having been drilled. One rig has already demobilised with the others due to fi nish in mid-November.

Waste Metres / Reef Metres / Ave cmg/t

Joel North surface drilling – exploration progress

The current surface drilling programme at Joel North involves drilling six holes to a depth of between 1 300 metres and 1 400 metres to the north of the current Joel mine workings to allow an upgrade of the resource between 129 Level and 137 Level. During the quarter, 3 445 metres were drilled. The programme is 36% complete and projected completion is March 2010. The fi rst reef intersection was made on 24 October 2009.

Project Saints

Project Saints entails the re-treating of surface tailings in the Free State at a rate of 1 million tonnes per month. During the quarter detailed modelling of each of the dams was completed with particular attention paid to the distribution of the grade and the mining methodology. We decided to follow a recommendation from a recent ore resource/reserve audit conducted to drill additional holes on each of the dams.

We are currently awaiting approval from the Department of Mineral Resources of the re-aligned environmental management programmes that were delivered. Furthermore, most of the licences for servitudes have been received and those that are outstanding are not thought to pose a signifi cant risk to the project proceeding.

Project Libra

With regard to Project Libra, the re-treating of surface tailings at a rate of 1 million tonnes per month from the Winkelhaak, Leslie and Kinross tailings dams at Evander, the feasibility study has now been initiated and consultants have been engaged to carry out the environmental impact assessment and to complete a conceptual design of the tailings storage facilities. The dams will also be re-drilled and samples collected for assay and metallurgical recovery test work.

Project TPM

Ore from Harmony's Free State mines contains uranium as a by-product of gold processing and the TPM project envisages treating current arisings from the Tshepong, Phakisa and Masimong (TPM) mines primarily for uranium.

During the quarter, a sampling programme was devised. At the end of the quarter assaying of samples began and permission was granted for the pilot plant to be constructed. Assaying of these samples will only be complete by the end of February. In the meantime, the resource models for project TPM will be updated and it is likely that the pre-feasibility for the project will be reviewed again in March 2010. The pilot plant is due to be commissioned by the end of October and for fl otation test work to start thereafter.

Environmental impact specialist studies concerning the building of a new uranium plant were completed during the quarter.

St Helena 10 shaft

This project involves the re-opening of St Helena No 10 shaft. During the September quarter we began preparation of block plans incorporating the faulting structure and this is due for completion by the middle of November. The digitising of the Basal Reef has also started and will be followed by the Leader Reef. A more detailed mine plan will then be drawn up and the feasibility study fi nalised within the next few months.

International

1. Wafi-Golpu JV

Wafi Near Mine (Brownfi elds)

Northern Diatreme Margin

Two holes (WR316 and WR318) for 1 405m were completed during the quarter as part of a broader programme to defi ne and test the northeast margin of the diatreme intrusive. The target was based on an area of elevated surface Au geochemistry adjacent to the diatreme contact, which had seen little previous drill testing. Drilling of a third hole, WR231, is in progress.

Miapili Prospect

A new zone of copper-gold mineralisation has been intersected on the Wafi Transfer Structure approximately 900m northeast of Golpu. Miapili prospect was drilled to test a magnetic target and intersected several broad intervals of highly anomalous copper-gold mineralisation including a higher grade interval of 52m @ 1.0 g/t Au, 0.2% Cu from 409m. The mineralisation correlates with a broad zone of stockwork vein mineralisation in metasediments that sits along the contact of a porphyry intrusive. The style of mineralisation is similar to Nambonga with laminated quartz-sulphide-magnetite veins. The drill intercept is open to the south and follow-up drilling is planned for this December 2009 quarter.

Golpu Deeps and Wafi Project studies

One aspect of concept studies underway is that it appears possible to achieve signifi cant value enhancement for the project if a single decline and high-lift block cave are utilised, as opposed to the double-lift twin decline scenario used in the original pre-feasibility study. Two deep drill holes are proposed to test the size and shape of the Golpu ore body at depth in order to determine if the concept is viable. Drilling is scheduled to start in November.

2. Morobe Exploration JV

Grassroots exploration during the quarter was undertaken on nine separate prospect areas across four exploration licences including EL1403 (Morobe Coast), EL1629 (Garaina), EL1103 (Zilani) and EL1316 (Mumeng). In line with the strategy, work to date continues to focus on the Wafi Transfer structure and surrounding prospects in order to develop a province with multiple gold and porphyry copper-gold deposits. Results from Pekumbe have been highly encouraging.

3. Hidden Valley JV

ML151 (Brownfi elds)

Exploration drilling on ML151 Hidden Valley reduced during the quarter to two holes (976m). The exploration drill rig was redirected onto resource defi nition work at Kaveroi North in order to allow additional time for interpretation and ranking of targets in the context of the new Hidden Valley Geological Model.

Yafo Prospect

Drilling at the Yafo prospect on ML151 comprised one hole for 381.9m to follow up below the historic intercept in MP001 (20m @ 12.88g/t Au from 36m). Although the drill hole intersected a zone of strong sericite-clay-pyrite-k-feldspar alteration, results returned were disappointing. No work is planned at this stage until results are interpreted in context with the Hidden Valley Geological Model.

Apu Creek

The Apu Creek prospect is located approximately 800m east of the Hidden Valley – Kaveroi ore system. Drilling re-started late in the quarter to follow up of anomalous silver mineralisation intersected by APDH001 and historical drill results associated with southern extensions of the Hidden Valley fault system (i.e. HV018: 10m @ 0.53g/t Au; 35m @ 0.41g/t Au). The intent of the drilling is to understand metal/alteration zonation and structural setting in relation to the HV-Kaveroi system and generate targets for extensions to the known mineralised system.

4. PNG Exploration (Harmony 100%)

West Sepik Project – ELA1708 (Amanab)

The tenement is located approximately 160km north of the OK Tedi copper-gold mine in the Sandaun Province. The tenement was pegged to target the bedrock source of the alluvial goldfi eld centred on the Yup River. EL1708 was granted on 6 July 2009 and title documents were received during the quarter. Data compilation and programme planning began for work programmes in the second half of FY10.

Mt Hagen Project – EL1611 (Angiki) and EL1596 (Jimi Valley)

Transactions to acquire the Mt Hagen Project were fi nalised during the quarter. Harmony acquired 100% of the mineral rights for EL1596 from Frontier Resources for the cash consideration of A$300 000. Harmony also acquired the rights to explore the adjacent tenement EL1611 over a four-year period, with the condition that Harmony's exploration programme meets the minimum annual statutory expenditure commitment. At any time during this period Harmony may exercise an option to purchase 100% of the tenement for a total cash consideration of 6 million Kina.

A brief fi eld visit was completed during the quarter. Work focused on setting up procedural, safety and administrative controls ahead of fi eld operations. Field operations are set to begin in October 2009 with establishment of a base camp at Kurunga and initial trenching and surface sampling across the strike of the mineralised outcrop.

Results for the first quarter
ended 30 September 2009

Operating results
(Rand/Metric)
Underground production – South Africa
Surface production – South Africa
Total
SA
Total
SA
South
Africa
Bambanani
Doornkop
Elandsrand
Evander
Joel
Masimong
Phakisa
Target
Tshepong
Virginia
Underground
Kalgold
Phoenix
Dumps
Surface Other Total
Ore milled
– t'000
Sep-09
147
130
260
259
136
234
71
193
418
544
2 392
452
1 382
258
2 092
–
4 484
Jun-09
138

148
233
248
131
222
67
167
348
565
2 267
385
1 649
363
2 397
–
4 664
Gold produced
– kg
Sep-09
946
500
1 625
1 239
515
1 359
260
909
1 703
1 668
10 724
415
162
314
891
–
11 615
Jun-09
876
392
1 469
1 348
492
1 164
244
798
1 655
1 754
10 192
359
177
275

811
–
11 003
Yield
– g/tonne
Sep-09
6.44
3.85
6.25
4.78
3.79
5.81
3.66
4.71
4.07
3.07
4.48
0.92
0.12
1.22
0.43
–
2.59
Jun-09
6.35
2.65
6.30
5.44
3.76
5.24
3.64
4.78
4.76
3.10
4.50
0.93
0.11
0.76
0.34
–
2.36
Cash operating costs
– R/kg
Sep-09
199 533
171 476
182 729
226 699
198 792
137 986
222 000

166 448
168 445
249 947
191 627
172 831
173 827
104 898
149 072
–
188 362
Jun-09
193 207
211 855
180 732
185 361
198 069
141 947
159 652
153 876
157 819
212 624
179 181
204 017
182 492
140 324
177 721
–
179 074
Cash operating costs
– R/tonne
Sep-09
1 284
660
1 142
1 084
753
801
813
784
686
766
859
159
20
128
63
–
488
Jun-09
1 226
561

1 139
1 008
744
744
581
735
751
660
806
190
20
106
60
–
422
Gold sold
– Kg
Sep-09
973
500
1 433
1 203
529
1 349
268
955
1 751
1 656
10 617
378
162
314
854
–
11 471
Jun-09
792
394
1 368
1 429
443
1 245
219
765
1 503
1 877
10 035
342
177
275
794

–
10 829
Revenue
(R'000)
Sep-09
233 738
120 432
349 650
290 373
127 680
323 889
64 293
219 345
420 604
398 125
2 548 129
83 694
39 111
75 661
198 466
–
2 746 595
Jun-09
195 988
94 870
331 745
347 441
109 157
308 757
53 695
188 380
372 123
464 875
2 467 031
84 952
43 814
67 626
196 392
–
2 663 423
Cash operating costs
(R'000)
Sep-09
188 758
85 738
296 935
280 880
102 378
187 523
57 720
151 301

286 862
416 911
2 055 006
71 725
28 160
32 938
132 823
–
2 187 829
Jun-09
169 249
83 047
265 496
249 867
97 450
165 226
38 955
122 793
261 190
372 943
1 826 216
73 242
32 301
38 589
144 132
–
1 970 348
Inventory movement
(R'000)
Sep-09
4 347
16 158
(16 189)
(7 387)
2 358
(1 793)
1 329
8 265
6 606
(4 288)
9 406
(2 789)
–
–
(2 789)
–
6 617
Jun-09
(17 311)
(15 828)
(36 955)

12 560
(9 967)
8 158
(3 984)
28 622
(26 714)
19 626
(41 793)
(8 522)
–
–
(8 522)
–
(50 315)
Operating costs
(R'000)
Sep-09
193 105
101 896
280 746
273 493
104 736
185 730
59 049
159 566
293 468
412 623
2 064 412
68 936
28 160
32 938
130 034
–
2 194 446
Jun-09
151 938
67 219
228 541
262 427
87 483
173 384
34 971
151 415
234 476
392 569
1 784 423
64 720
32 301
38 589
135 610
–

1 920 033
Cash operating profi t
(R'000)
Sep-09
40 633
18 536
68 904
16 880
22 944
138 159
5 244
59 779
127 136
(14 498)
483 717
14 758
10 951
42 723
68 432
–
552 149
Jun-09
44 050
27 651
103 204
85 014
21 674
135 373
18 724
36 965
137 647
72 306
682 608
20 232
11 513
29 037
60 782
–
743 390
Capital expenditure
(R'000)
Sep-09
23 019
72 766
111 325
51 651
17 809
38 866
127 689
83 710
71 169

51 557
649 561
1 811
1 503
–
3 314
13 456
666 331
Jun-09
17 783
96 198
111 500
56 477
18 369
33 000
103 916
92 693
68 364
71 903
670 203
5 444
739
–
6 183
21 203
697 589

16
Harmony Quarterly Report 2009
Results for the first quarter
ended 30 September 2009

CONDENSED CONSOLIDATED INCOME STATEMENT (Rand)

		Quarter ended			Year ended
		September	June	September[1]	June
		2009	2009	2008	2009
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Note	R million	R million	R million	R million
Continuing operations					
Revenue		2 747	2 663	2 682	11 496
Cost of sales	2	(2 604)	(2 863)	(2 377)	(9 836)
Production cost		(2 195)	(1 920)	(1 874)	(7 657)
Amortisation and depreciation		(350)	(546)	(308)	(1 467)
Impairment of assets		–	(330)	(152)	(484)

Employment termination and restructuring costs
–
–
(12)
(39)
Other items
(59)
(67)
(31)
(189)
Gross profi t/(loss)
143
(200)
305
1 660
Corporate, administration and other expenditure
(88)
(99)
(91)
(362)
Exploration expenditure
(60)
(77)
(51)
(289)
Other (expenses)/income – net
(72)
(74)
524
864
Operating (loss)/profi t
(77)
(450)
687
1 873
Profi t from associates
31
49
1
12
Profi t on sale of investment in associate
–
–
1
1
Impairment of investment in associate
–
–
(112)
(112)
Fair value movement of listed investments

–
12
–
(101)
Profi t on sale of listed investments
2
–
–
–
Impairment of investments
(2)
–
–
–
Investment income
71
108
77
444
Finance cost
(35)
(20)
(85)
(212)
(Loss)/profi t before taxation
(10)
(301)
569
1 905
Taxation
(19)
547
(237)
(196)
Net (loss)/profi t from continuing operations
(29)
246
332
1 709
Discontinued operations
3
(Loss)/profi t from discontinued operations
–
(8)
70
1 218
Net (loss)/profi t
(29)
238
402
2 927

(Loss)/earnings per ordinary share (cents)
4
– (Loss)/earnings from continuing operations
(7)
58
83
413
– (Loss)/earnings from discontinued operations
–
(2)
17
294
Total (loss)/earnings per ordinary share (cents)
(7)
56
100
707
Diluted (loss)/earnings per ordinary share (cents)
4
– (Loss)/earnings from continuing operations
(7)
58
82
411
– (Loss)/earnings for discontinued operations
–
(2)
17
293
Total diluted (loss)/earnings per ordinary share (cents)
(7)
56
99
704
The accompanying notes are an integral part of these condensed consolidated fi nancials statements.
[1] The comparative fi gures are re-presented due to Mount Magnet being reclassifi ed as part of continuing operations. See note 3 in this regard.

Harmony Quarterly Report 2009 **17**

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (Rand)

Quarter ended
Year ended
September June
September June
2009 2009
2008 2009
(Unaudited) (Unaudited)
(Unaudited) (Audited)
R million
R million
R million
R million

Net (loss)/profi t for the period
(29)
238
402
2 927

Attributable to:
Owners of the parent
(29)
238
402
2 927
Non-controlling interest
–
–
–
–

Other comprehensive income/(loss) for the period, net of income tax
15
(203)
88
(450)

Foreign exchange translation profi t/(loss)
19
(205)
119
(497)

Mark-to-market of available-for-sale investments
(4)
2
(31)
47

Total comprehensive (loss)/income for the period
(14)
35
490
2 477

Attributable to:

Owners of the parent
(14)
35
490
2 477
Non-controlling interest
–
–
–
–

CONDENSED CONSOLIDATED BALANCE SHEET (Rand)

	Note	At September 2009 (Unaudited) R million	At June 2009 (Audited) R million	At September 2008 (Unaudited) R million
ASSETS				
Non-current assets				
Property, plant and equipment		28 457	27 912	27 020
Intangible assets		2 218	2 224	2 213
Restricted cash		165	161	181
Restricted investments		1 668	1 640	1 512
Investments in fi nancial assets		39	57	48
Investments in associates		360	329	34
Trade and other receivables		72	75	127
		32 979	32 398	31 135
Current assets				
Inventories		1 147	1 035	752

Trade and other receivables
838
885
875
Income and mining taxes
45
45
54
Cash and cash equivalents
1 094
1 950
1 186
3 124
3 915
2 867
Assets of disposal groups classifi ed as held-for-sale
3
–
–
1 408
3 124
3 915
4 275
Total assets
36 103
36 313
35 410
EQUITY AND LIABILITIES
Share capital and reserves
Share capital
28 093
28 091
25 904
Other
reserves
388 339 777
Retained earnings/(accumulated loss)
853
1 095
(1 430)
29 334
29 525
25 251
Non-current liabilities
Borrowings
5 108 110 176
Deferred tax
3 265
3 251
3 008
Provision for environmental rehabilitation

1 564
1 530
1 152
Retirement benefi t obligation and other provisions
166
166
145
5 103
5 057
4 481
Current liabilities
Trade and other payables
1 385
1 460
1 528
Income and mining taxes
21
19
295
Borrowings 5
260
252
3
363
1 666
1 731
5 186
Liabilities of disposal groups classifi ed as held-for-sale
–
–
492
1 666
1 731
5 678
Total equity and liabilities
36 103
36 313
35 410
Number of ordinary shares in issue
426 024 653
425 986 836
403 424 148
Net asset value per share (cents)
6 886
6 931
6 259
The accompanying notes are an integral part of these condensed consolidated fi nancials statements.

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

	Note	Issued share capital	Other reserves	Retained earnings/ (accumulated loss)	Total
		R million	R million	R million	R million
Balance – 30 June 2009		28 091	339	1 095	29 525
Issue of share capital		2	–	–	2
Deferred share-based payments		–	34	–	34
Comprehensive income/(loss) for the period		–	15	(29)	(14)
Dividends paid	6	–	–	(213)	(213)
Balance as at 30 September 2009		**28 093**	**388**	**853**	**29 334**
Balance – 30 June 2008		25 895	676		

(1 832)
24 739
Issue of share capital
9
–
–
9
Deferred share-based payments
–
13
–
13
Comprehensive income for the period
–
88
402
490
Balance as at 30 September 2008
25 904
777
(1 430)
25 251

20
Harmony Quarterly Report 2009
Results for the first quarter
ended 30 September 2009

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (Rand)

	Quarter ended			Year ended
	September 2009	June 2009	September 2008	June 2009
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	R million	R million	R million	R million
Cash fl ow from operating activities				
Cash generated by operations	225	780	670	2 813
Interest and dividends received	68	107	82	457
Interest paid	(9)	(65)	(112)	(280)
Income and mining taxes paid	(25)	(428)	(1)	(704)
Cash generated by operating activities	259	394	639	2 286
Cash fl ow from investing activities				
(Increase)/decrease in restricted cash	(3)	6	(103)	(83)

Net proceeds on disposal of listed investments
15
–
–
–
Net additions to property, plant and equipment
(907)
1 093
798
979
Other investing activities
8
51
10
(79)
Cash (utilised)/generated by investing activities
(887)
1 150
705
817
Cash fl ow from fi nancing activities
Long-term loans repaid
(7)
(2 462)
(588)
(3 738)
Ordinary shares issued – net of expenses
2
10
8
1 953
Dividends
paid
(213) – – –
Cash utilised by fi nancing activities
(218)
(2 452)
(580)
(1 785)
Foreign currency translation adjustments
(10)
18
7
217
Net (decrease)/increase in cash and cash equivalents
(856)
(890)
770
1 535
Cash and cash equivalents – beginning of period
1 950

2 840
415
415
Cash and cash equivalents – end of period
1 094
1 950
1 186
1 950

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2009

1. Accounting policies

Basis of accounting

The condensed consolidated interim financial statements for the period ended 30 September 2009 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 should be read in conjunction with the financial statements for the year ended 30 June 2009.

2. Cost of sales

	Quarter ended			Year ended
	September	June	September[1]	June
	2009	2009	2008	2009
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	R million	R million	R million	R million
Production costs	2 195	1 920	1 874	7 657
Amortisation and depreciation	350	546	308	1 467
Impairment of assets	–	330	152	484
Provision for rehabilitation costs	4	13	6	21

Care and maintenance cost of restructured shafts
21
15
12
53
Employment termination and restructuring costs
–
–
12
39
Share-based compensation
34
38
13
113
Provision for post retirement benefi ts
–
1
–
2
Total cost of sales
2 604
2 863
2 377
9 836
[1] The comparative fi gures are re-presented due to Mount Magnet being reclassifi ed as part of continuing operations. See note 3 in this regard.

3.
Disposal groups classifi ed 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 (operations in Australia) were
classifi ed as held-for-sale. This operation also met the criteria to be classifi ed as discontinued operations in terms of IFRS 5. During the June
2009 quarter, it was decided that further drilling at the site to defi ne the orebody would enhance the selling potential of the operation. As a
result, the operation no longer met the requirements of IFRS 5 to be classifi ed as held-for-sale, and was therefore reclassifi ed as continuing
operations again. Consequently, the income statements and earnings per share amounts for all comparative periods have been represented
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
30 September 2009: 425.9 million (30 June 2009: 425.7 million, 30 September 2008: 403.1 million) and for the year ended 30 June 2009:
414.1 million.
The fully diluted (loss)/earnings per ordinary share is calculated on weighted average number of diluted ordinary shares in issue for the

quarter ended 30 September 2009: 427.2 million (30 June 2009: 427.5 million, 30 September 2008: 404.6 million) and for the year ended
30 June 2009: 416.0 million.

22

Harmony Quarterly Report 2009

Results for the first quarter

ended 30 September 2009

Quarter ended

Year ended

September

June

September

June

2009 2009 2008 2009

(Unaudited)

(Unaudited)

(Unaudited)

(Audited)

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

Basic

(loss)/earnings

(7) 56 100 707

Fully diluted (loss)/earnings

(7)

56

99

704

Headline (loss)/earnings

(12)

107

24

262

– from continuing operations

(12)

107

7

239

– from discontinued operations

–

–

17

23

R million

R million

R million

R million

Reconciliation of headline (loss)/earnings:

Continuing operations

Net (loss)/profi t

(29)

246

332

1 709

Adjusted for (net of tax):

Profi t on sale of property, plant and equipment
(1)
(83)
(567)
(975)
Profi t on sale of listed investments
(1)
–
–
–
Fair value movement of listed investments
–
(9)
–
71
Foreign exchange gain reclassifi ed from equity
(22)
–
–
(384)
Profi t on sale of associate
–
–
(1)
(1)
Impairment of investment in associates
–
–
112
112
Impairment of investments
2
–
–
–
Impairment of property, plant and equipment
–
303
152
457
Headline (loss)/earnings
(51)
457
28
989
Discontinued operations
Net (loss)/profi t
–
(8)
70
1 218

Adjusted for (net of tax):
Profi t/(loss) on sale of property, plant and equipment
–
6
–
(1 121)
Headline (loss)/earnings
–
(2)
70
97
Total headline (loss)/earnings
(51)
455
98
1 086
5. Borrowings
September June
September
2009 2009 2008
(Unaudited) (Audited)
(Unaudited)
R million
R million
R million
Total long-term borrowings
108
110
176
Total current portion of borrowings
260
252
3 363
Total borrowings
(1)
368
362
3
539
(1)
Included in the borrowings is R104 million (June 2009: R106 million; September 2008: R183 million) owed to Westpac Bank Limited in terms
of a fi nance lease agreement. The future minimum lease payments to the loan are as follows:

	September 2009 (Unaudited) R million	June 2009 (Audited) R million	September 2008 (Unaudited) R million
Due within one year	31	30	46
Due between one and five years	76	80	156
	107	110	202
Future finance charges	(3)	(4)	(19)
Total future minimum lease payments	**104**	**106**	**183**

6. Dividend declared

On 13 August 2009, the board of directors approved a final dividend for the 2009 financial year of 50 SA cents per share. The total dividend, amounting to R213 million was paid on 21 September 2009.

	September 2009 (Unaudited)	June 2009 (Audited)	September 2008 (Unaudited)
Dividend declared (R million)	213	–	–
Number of shares in issue (thousands)	426 025	425 987	403 424
Dividend per share (cents)	50	–	–

7. Commitments and contingencies

	September 2009 (Unaudited)	June 2009 (Audited)	September 2008

(Unaudited)
R million
R million
R million
Capital expenditure commitments
Contracts for capital expenditure
528
478
512
Authorised by the directors but not contracted for
1 829
734
2 467
2 357
1 212
2 979
This expenditure will be fi nanced from existing resources.
Contingent liability
Class action
We have fi led with the Court a Motion to Dismiss all claims asserted in the Class Action Case, the plaintiffs have fi led an opposing response,
and we have since replied to that response. At this point the matter is in the hands of the Court and we are awaiting a ruling by the Court.
It is not possible to predict with certainty when the Court will rule on the Motion to Dismiss as the timing of the ruling is entirely within the
discretion of the Court.
8. Subsequent events
During October 2009, Harmony sold its remaining Avoca shares of 2 465 295 at an average price of A$1.66 per share, amounting to the sale
proceeds of A$4.1 million.
9. Segment report
The segment report follows on page 25 and 26.

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

The "reconciliation of segment data to consolidated fi nancials" 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.

	September 2009 (Unaudited) R million	September 2008 (Unaudited) R million
Revenue from:		
Discontinued operations	–	338
Production costs from:		
Discontinued operations	–	248
Reconciliation of cash operating profi t to gross profit:		
Total segment revenue	2 747	3 020
Total segment production costs	(2 195)	(2 122)
Cash operating profi t as per segment report	552	898
Less:		
Discontinued operations	–	(90)
Cash operating profi t as per segment report	552	808
Cost of sales items other than production costs	(409)	(503)
Amortisation and depreciation	(350)	(308)
Impairment of assets	–	(152)
Employment termination and restructuring costs	–	(12)
Share-based compensation	(34)	(13)
Rehabilitation costs	(4)	(6)
Care and maintenance costs of restructured shafts		

(21)
(12)
Gross profi t as per income statements*
143
305
Reconciliation of total segment mining assets to consolidated property, plant and equipment:
Property, plant and equipment not allocated to a segment:
Mining assets
596 459
Undeveloped property
5 139
5 139
Other non-mining assets
66 48
Less:
Non-current assets previously classifi ed as held-for-sale
–
(272)
Less:
Non-current assets classifi ed as held-for-sale
–
(737)
5 801
4 637
* The reconciliation was done up to the fi rst recognisable line item on the income statement. The reconciliation will follow the income statement after that.

SEGMENT REPORT FOR THE PERIOD ENDED 30SEPTEMBER 2009 (Unaudited) (Rand/Metric)
Cash
Production
operating
Mining
Capital
Kilograms
Tonnes
Revenue
cost
profi t/(loss)
assets
expenditure
produced
milled
R million
R million
R million
R million
R million
kg
t'000
Operations
South Africa
Underground
Bambanani
234
193
41
672
23
946
147
Doornkop
120
101
19
2 618
73
500
130
Elandsrand
350
281
69
2 797
111
1 625
260
Evander

290
273
17
958
52
1 239
259
Masimong
324
186
138
684
39
1 359
234
Phakisa
64
59
5
3 778
128
260
71
Target
219
160
59
2 262
84
909
193
Tshepong
421
294
127
3 660
71
1 703
418
Virginia
398
413
(15)
868
52
1 668
544
Other
(1)
128
105

23
230
18
515
136
Surface
Other
(2)
199
130
69
141
15
891
2 092
Total South Africa
2 747
2 195
552
18 668
666
11 615
4 484
International
Papua New Guinea
–
–
–
3 713
249
–
–
Other operations
(3)
–
–
–
275
–
–
–
Total international
–
–
–
3 988
249
–
–
Total operations
2 747

2 195
552
22 656
915
11 615
4 484

Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 10)

–
–
5 801
2 747
2 195
28 457

Notes:

(1)
Includes Joel.

(2)
Includes Kalgold, Phoenix and Dumps.

(3)
Includes Mount Magnet.

26
Harmony Quarterly Report 2009
Results for the first quarter
ended 30 September 2009
SEGMENT REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2008 (Unaudited) (Rand/Metric)
Cash
Production
operating
Mining
Capital
Kilograms
Tonnes
Revenue
cost
profi t/(loss)
assets
expenditure
produced
milled
R million
R million
R million
R million
R million
kg
t'000
Continuing operations
South Africa
Underground
Bambanani
256
171
85
731
11
1 189
142
Doornkop
55
59
(4)
2 229
83
255
110
Elandsrand
332
245
87
2 450
95

1 528
288
Evander
346
238
108
1 226
50
1 612
306
Masimong
282
169
113
647
33
1 272
235
Phakisa
23
18
5
3 265
105
109
30
Target
127
118
9
2 259
61
530
167
Tshepong
410
250
160
3 586
51
1 906
354
Virginia
485
377
108
928
39
2 197
568
Other

(1)
114
92
22
233
11
538
137
Surface
Other
(2)
252
137
115
151
54
1 151
2 262
Total South Africa
2 682
1 874
808
17 705
593
12 287
4 599
International
Papua New Guinea
–
–
–
3 669
400
–
–
Other operations
(3)
–
–
–
272
–
–
–
Total international
–
–
–
3 941
400
–

–
Total continuing operations
2 682
1 874
808
21 646
993
12 287
4 599
Discontinued operations
Cooke operations
338
248
90
737
53
1 564
801
Total discontinued operations
338
248
90
737
53
1 564
801
Total operations
3 020
2 122
898
22 383
1 046
13 851
5 400
Reconciliation of the segment
information to the consolidated
income statement and
balance sheet (refer to note 10)
(338)
(248)
4 637
2 682
1 874
27 020
Notes:
(1)
Includes Joel.
(2)
Includes Kalgold, Phoenix and Dumps.
(3)
Includes Mount Magnet.

Results for the first quarter
ended 30 September 2009

Incorporated in the Republic of South Africa
Registration Number 1950/038232/06
("Harmony" or "Company")
JSE Share code: HAR
NYSE Share code: HMY
ISIN Code: ZAE 000015228

Results for the
first quarter ended
30 September 2009
(US$)

Results for the first quarter
ended 30 September 2009

OPERATING RESULTS
(US$/Imperial)
Underground production – South Africa
Surface production – South Africa
Total
SA
Total
SA
South
Africa
Bambanani
Doornkop
Elandsrand
Evander
Joel
Masimong
Phakisa
Target
Tshepong
Virginia
Underground
Kalgold
Phoenix
Dumps
Surface Other Total
Ore milled
– t'000
Sep-09
162
143
287
286
150
258
78
213
461
600
2 638
498
1 524
285
2 307
–
4 945
Jun-09
152

163
257
273
144
245
74
184
384
623
2 499
425
1 818
400
2 643
–
5 142
Gold produced
– oz
Sep-09
30 415
16 075
52 245
39 835
16 558
43 693
8 359
29 225
54 753
53 627
344 785
13 343
5 208
10 095
28 646
–
373 431
J u n - 0 9
2 8 1 6 4
1 2 6 0 3
4 7 2 2 9
4 3 3 3 9
1 5 8 1 8
3 7 4 2 3
7 8 4 5
2 5 6 5 6
5 3 2 0 9
5 6 3 9 2
3 2 7 6 7 8
1 1 5 4 2
5 6 9 1
8 8 4 1

2 6 0 7 4
–
3 5 3 7 5 2
Yield
– oz/t
Sep-09
0.19
0.11
0.18
0.14
0.11
0.17
0.11
0.14
0.12
0.09
0.13
0.03
0.00
0.04
0.01
–
0.08
J u n - 0 9
0 . 1 9
0 . 0 8
0 . 1 8
0 . 1 6
0 . 1 1
0 . 1 5
0 . 1 1
0 . 1 4
0 . 1 4
0 . 0 9
0 . 1 3
0 . 0 3
0 . 0 0
0 . 0 2
0 . 0 1
–
0 . 0 7
Cash operating costs
– $/oz
Sep-09
798
685
730
906
795
552
887

665
673
999
766
691
695
419
596
–
753
J u n - 0 9
7 1 4
7 8 3
6 6 8
6 8 5
7 3 2
5 2 4
5 9 0
5 6 8
5 8 3
7 8 5
6 6 2
7 5 4
6 7 4
5 1 8
6 5 6
–
6 6 1
Cash operating costs
– $/t
Sep-09
150
77
133
126
88
93
95
91
80
89
100
19
2
15
7
–
57
J u n - 0 9
1 3 2
6 1

1 2 3
1 0 9
8 0
8 0
6 3
7 9
8 1
7 1
8 7
2 0
2
1 1
6
–
4 6
Gold sold
– oz
Sep-09
31 283
16 075
46 072
38 677
17 008
43 371
8 616
30 704
56 296
53 242
341 344
12 153
5 208
10 095
27 456
–
368 800
J u n - 0 9
2 5 4 6 3
1 2 6 6 7
4 3 9 8 2
4 5 9 4 3
1 4 2 4 3
4 0 0 2 8
7 0 4 1
2 4 5 9 5
4 8 3 2 3
6 0 3 4 7
3 2 2 6 3 2
1 0 9 9 6
5 6 9 1
8 8 4 1
2 5 5 2 8

–
3 4 8 1 6 0
Revenue
($'000)
Sep-09
30 037
15 477
44 933
37 315
16 408
41 622
8 262
28 188
54 051
51 162
327 455
10 755
5 026
9 723
25 504
–
352 959
J u n - 0 9
2 3 2 7 3
1 1 2 6 6
3 9 3 9 4
4 1 2 5 8
1 2 9 6 2
3 6 6 6 4
6 3 7 6
2 2 3 7 0
4 4 1 8 9
5 5 2 0 3
2 9 2 9 5 5
1 0 0 8 8
5 2 0 3
8 0 3 0
2 3 3 2 1
–
3 1 6 2 7 6
Cash operating costs
($'000)
Sep-09
24 257
11 018
38 158
36 095
13 156
24 098
7 417
19 444

36 864
53 576
264 083
9 217
3 619
4 233
17 069
–
281 152
Jun-09
20098
9862
31527
29672
11572
19620
4626
14581
31016
44286
216860
8697
3836
4582
17115
–233
975
Inventory movement
($'000)
Sep-09
559
2 076
(2 080)
(949)
303
(230)
171
1 062
849
(551)
1 210
(358)
–
–
(358)
–
852
Jun-09
(2056)
(1880)
(4388)

1 4 9 1
(1 1 8 4)
9 6 9
(4 7 3)
3 3 9 9
(3 1 7 2)
2 3 3 1
(4 9 6 3)
(1 0 1 2)
–
–
(1 0 1 2)
–
(5 9 7 5)

Operating costs
($’000)
Sep-09
24 816
13 094
36 078
35 146
13 459
23 868
7 588
20 506
37 713
53 025
265 293
8 859
3 619
4 233
16 711
–
282 004

J u n - 0 9
1 8 0 4 2
7 9 8 2
2 7 1 3 9
3 1 1 6 3
1 0 3 8 8
2 0 5 8 9
4 1 5 3
1 7 9 8 0
2 7 8 4 4
4 6 6 1 7
2 1 1 8 9 7
7 6 8 5
3 8 3 6
4 5 8 2
1 6 1 0 3
– 2 2 8 0 0 0

Operating profi t
($'000)
Sep-09
5 221
2 383
8 855
2 169
2 949
17 754
674
7 682
16 338
(1 863)
62 162
1 896
1 407
5 490
8 793
–
70 955
Jun-09
5 231
3 284
12 255
10 095
2 574
16 075
2 223
4 390
16 345
8 586
81 058
2 403
1 367
3 448
7 218
–
88 276
Capital expenditure
($'000)
Sep-09
2 958
9 351
14 306
6 638
2 289
4 995
16 409
10 757
9 146
6 625

83 474
233
193
–
426
1 729
85 629
J u n - 0 9
2 1 1 2
1 1 4 2 3
1 3 2 4 0
6 7 0 7
2 1 8 1
3 9 1 9
1 2 3 4 0
1 1 0 0 7
8 1 1 8
8 5 3 8
7 9 5 8 5
6 4 6
8 8
–
7 3 4
2 5 1 8
8 2 8 3 7

30
Harmony Quarterly Report 2009
Results for the first quarter
ended 30 September 2009
CONDENSED CONSOLIDATED INCOME STATEMENT (US$)
(Convenience translation)
Quarter ended
Year ended
September June
September[1]
June
2009 2009 2008
2009
(Unaudited) (Unaudited) (Unaudited) (Audited)
US$ million
US$ million
US$ million
US$ million
Continuing operations
Revenue
353 316
345 1
277
Cost of sales
(335)
(340)
(306)
(1 104)
Production
cost
(282)
(228) (241) (850)
Amortisation and depreciation
(45)
(65)
(40)
(167)
Impairment of assets
–
(39)
(19)
(61)
Employment termination and restructuring costs
–
–
(2)
(4)
Other items
(8)
(8)
(4)

(22)
Gross profi t/(loss)
18
(24)
39
173
Corporate, administration and other expenditure
(11)
(12)
(12)
(40)
Exploration expenditure
(8)
(9)
(6)
(32)
Other (expenses)/income – net
(9)
(9)
67
113
Operating (loss)/profi t
(10)
(54)
88
214
Profi t from associates
4
6
–
1
Impairment of investment in associate
–
–
(14)
(14)
Fair value movement of listed investments
–
1
–
(10)
Impairment of investments
–
–
–
–
Investment
income
9
13 10 49
Finance

cost
(4)
(2) (11) &nb