J JILL GROUP INC
Form SC 13G/A
February 13, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934
(Amendment)

NAME OF ISSUER	J. JILL GROUP INC
TITLE OF CLASS OF SECURITIES	Common
CUSIP NUMBER	466189107

The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

13G

CUSIP No. 466189107

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1. Name of reporting person
S.S. or I.R.S. identification no. of above person

Marsh & McLennan Companies, Inc.
36-2668272

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2. Check the appropriate box if a member of a group*
(a) ( ) (b) ( )

---

3. SEC use only

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4. Citizenship or place of organization

Delaware

Number of shares Beneficially Owned by each Reporting Person with:	5. Sole Voting Power NONE
	6. Shared Voting Power NONE
	7. Sole Dispositive Power NONE
	8. Shared Dispositive Power NONE

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9. Aggregate amount beneficially owned by each reporting person

NONE

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10. Check box if the aggregate amount in row (9) excludes certain shares*

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11. Percent of class represented by amount in row 9

NONE

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12. Type of Reporting person*

HC

13G

CUSIP No. 466189107

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1. Name of reporting person
S.S. or I.R.S. identification no. of above person

Putnam Investments, LLC.
04-2539558

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2. Check the appropriate box if a member of a group*
(a) ( ) (b) ( )

---

3. SEC use only

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4. Citizenship or place of organization

Massachusetts

Number of shares Beneficially owned by each Reporting Person with:	5. Sole Voting Power	NONE
	6. Shared Voting Power	757210
	7. Sole Dispositive Power	NONE
	8. Shared Dispositive Power	1673486

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9. Aggregate amount beneficially owned by each reporting person

1673486

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10. Check box if the aggregate amount in row (9) excludes certain shares*

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11. Percent of class represented by amount in row 9

13.9%

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12. Type of Reporting person*

HC

13G

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1. Name of reporting person
S.S. or I.R.S. identification no. of above person

Putnam Investment Management, LLC.
04-2471937

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2. Check the appropriate box if a member of a group*
(a) ( ) (b) ( )

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3. SEC use only

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4. Citizenship or place of organization

Massachusetts

Number of shares) Beneficially) Owned by each) Reporting) Person with:)	5. Sole Voting Power	NONE
	6. Shared Voting Power	NONE
	7. Sole Dispositive Power	NONE
	8. Shared Dispositive Power	479870

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9. Aggregate amount beneficially owned by each reporting person

479870

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10. Check box if the aggregate amount in row (9) excludes certain shares*

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11. Percent of class represented by amount in row 9

3.9%

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12. Type of Reporting person*

IA

13G

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1. Name of reporting person
S.S. or I.R.S. identification no. of above person

The Putnam Advisory Company, LLC.
04-6187127

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2. Check the appropriate box if a member of a group*
(a)( ) (b)( )

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3. SEC use only

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4. Citizenship or place of organization

Massachusetts

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5. Sole Voting Power

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                                                    NONE
Number of        shares )                           -----------------------------
Beneficially    )       6.      Shared Voting Power
Owned by each   )
Reporting               )                           757210
Person with:    )                           -----------------------------
                                7.      Sole Dispositive Power

                                                    NONE
                                            -----------------------------
                                8.      Shared Dispositive Power

                                                    1193616
------------------------------------------------------------------------------
9.      Aggregate amount beneficially owned by each reporting person

                1193616
------------------------------------------------------------------------------
10.     Check box if the aggregate amount in row (9) excludes certain shares*

------------------------------------------------------------------------------
11.     Percent of class represented by amount in row 9

        9.9%
------------------------------------------------------------------------------
12.     Type of Reporting person*

        IA
------------------------------------------------------------------------------
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SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934

Item 1(a) Name of Issuer: J. JILL GROUP INC

Item 1(b) Address of Issuer's Principal Executive Offices:

25 Recreation Park Drive, Suite 200, Hingham, MA 02043

Item 2(a)	Item 2(b)
Name of Person Filing:	Address or Principal Office or, if NONE, Residence:
Putnam Investments, LLC. ("PI") on behalf of itself and:	One Post Office Square Boston, Massachusetts 02109
*Marsh & McLennan Companies, Inc. ("MMC")	1166 Avenue of the Americas New York, NY 10036
Putnam Investment Management, LLC. ("PIM")	One Post Office Square Boston, Massachusetts 02109

The Putnam Advisory Company, LLC. ("PAC") — One Post Office Square, Boston, Massachusetts 02109

Item 2(c) Citizenship: PI, PIM and PAC are limited liability companies organized under Massachusetts law. The citizenship of other persons identified in Item 2(a) is designated as follows:

* Corporation - Delaware law

** Voluntary association known as Massachusetts business trust - Massachusetts law

Item 2(d) Title of Class of Securities: Common

Item 2(e) Cusip Number: 466189107

Item 3. If this statement is filed pursuant to Rules 13d-1(b), or 13d-2(b), check whether the person filing is a:

(a)( ) Broker or Dealer registered under Section 15 of the Act

(b)( ) Bank as defined in Section 3(a)(6) of the Act

(c)( ) Insurance Company as defined in Section 3(a)(19) of the Act

(d)( ) Investment Company registered under Section 8 of the Investment Company Act

(e)(X) Investment Adviser registered under Section 203 of the Investment Advisers Act of 1940

(f)( ) Employee Benefit Plan, Pension Fund which is subject to the provisions of the Employee Retirement Income Security Act of 1974 or Endowment Fund; see (Section 240.13d-1(b)(1)(ii)(F)

(g)(X) Parent Holding Company, in accordance with Section 240.13d-1(b)(ii)(G)

(h)( ) Group, in accordance with Section 240.13d-1(b)(1)(ii)(H)

Item 4.
Ownership.

		M&MC ----- (Parent holding company to PI)	PIM* ----- (Investment advisers & subsidiaries of PI)
(a)	Amount Beneficially Owned:	NONE	479870 + 1193616 =
(b)	Percent of Class:	NONE	3.9% +
(c)	Number of shares as to which such person has:		
(1)	sole power to vote or to direct the vote; (but see Item 7)	NONE	NONE
(2)	shared power to vote or to direct the vote; (but see Item 7) 757210	NONE	NONE
(3)	sole power to dispose or to direct the disposition of; (but see Item 7)	NONE	NONE
(4)	shared power to dispose or to direct the disposition of; (but see Item 7)	NONE	ALL

Item 5. Ownership of Five Percent or Less of a Class.

If this statement is being filed to report the fact that as of the date thereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following ( ).

Item 6. Ownership of More than Five/Ten Percent on Behalf of Another Person:
No persons other than the persons filing this Schedule 13G have an economic interest in the securities reported on which relates to more than five percent of the class of

securities. Securities reported on this Schedule 13G as being beneficially owned by M&MC and PI consist of securities beneficially owned by subsidiaries of PI which are registered investment advisers, which in turn include securities beneficially owned by clients of such investment advisers, which clients may include investment companies registered under the Investment Company Act and/or employee benefit plans, pension funds, endowment funds or other institutional clients.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company.

PI, which is a wholly-owned subsidiary of M&MC, wholly owns two registered investment advisers: Putnam Investment Management, LLC., which is the investment adviser to the Putnam family of mutual funds and The Putnam Advisory Company, LLC., which is the investment adviser to Putnam's institutional clients. Both subsidiaries have dispository power over the shares as investment managers, but each of the mutual fund's trustees have voting power over the shares held by each fund, and The Putnam Advisory Company, LLC. has shared voting power over the shares held by the institutional clients. Pursuant to Rule 13d-4, M&MC and PI declare tha t the filing of this Schedule 13G shall not be deemed an admission by either or both of them that they are, for the purposes of Section 13(d) or 13(g) the beneficial owner of any securities covered by this Section 13G, and further state that neither of them have any power to vote or dispose of, or direct the voting or disposition of, any of the securities covered by this Schedule 13G.

Item 8. Identification and Classification of Members of the Group:
Not applicable.

Item 9. Notice of Dissolution of Group:

Not applicable.

Item 10. Certification.

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By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired in the ordinary course of business, were not acquired

for the purpose of and do not have the effect of changing

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or influencing the control of
the issuer of such securities and were not acquired in
 connection with or as a
participant in any transaction having such purposes or effect.


After reasonable inquiry and to the best of my knowledge
and belief, I certify that the
information set forth in this statement is true, complete
and correct.


PUTNAM INVESTMENTS, LLC.


        /s/Andrew J. Hachey
BY:     -------------------------------------------
        Signature

        Name/Title:     Andrew J. Hachey
        Vice President and Counsel

        Date:   February 5, 2002


For this and all future filings, reference is made to Power
of Attorney dated April 29,
1999, with respect to duly authorized signatures on behalf
of Marsh & McLennan
Companies, Inc., Putnam Investments, LLC., Putnam
Investment Management, LLC., The
Putnam Advisory Company, LLC. and any Putnam
 Fund wherever applicable.

For this and all future filings, reference is made to an
Agreement dated June 28, 1990,
with respect to one filing of Schedule 13G on behalf of
said entities, pursuant to Rule
13d-1(f)(1).
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same class of shares.

Significant changes in the percentage ownership held by major shareholders in the past three years are described below on *Related Party Transactions* .

A list of the 5% holders of our securities as of October 18, 2010 is set forth below:

Holder	**Number of Shares**	**Percentage**
1. Bank of New York (1)	114,814,698	26.8
2. ARM Ltd. (2)	63,632,922	14.6

3. Allan Gray	56,670,554	13.3
4. Blackrock Investment Management (UK) Ltd.	41,074,797	9.6

(1) Depository with respect to the ADRs held on the U.S. register.

(2) Patrice Motsepe, our Chairman, has an indirect holding in ARM Limited.

As of October 18, 2010, there were 2,136 record holders of our ordinary shares in the United States.

Capital Raising

During fiscal 2009, Harmony engaged in capital raising by issuing two tranches of shares following the resolution passed by shareholders at the Annual General Meeting held on November 24, 2008, that allowed directors to issue shares for cash. In the first tranche, completed between November 25, 2008 and December 19, 2008, 10,504,795 Harmony shares were issued at an average subscription price of R93.20, resulting in R979 million (US$98 million) before costs being raised.

The second tranche of shares was issued between February 10, 2009 and March 6, 2009 and consisted of 7,540,646 Harmony shares being issued at an average subscription price of R124.45, resulting in R938 million (US$94 million) before costs being raised. The combined share issue amounts to R1.9 billion (US$192 million) at a cost of R30 million (US$3.5 million).

Related Party Disclosure and Transactions

None of our directors or major shareholders or, to our knowledge, their families, had any interest, direct or indirect, in any transaction since July 1, 2007 or in any proposed transaction that has affected or will materially affect us or our subsidiaries, other than as stated below.

ARM Limited currently holds approximately 14.6% of our shares. Patrice Motsepe, André Wilkens, Joaquim Chissano and Frank Abbott are directors of ARM Limited.

Included in the Group s consolidated balance sheet at June 30, 2009 is a loan to the Morobe Mining Joint Venture amounting to US$9.7 million, being Newcrest s portion of the loan to the PNG joint venture companies.

We have three directors on the board of Rand Uranium, being Graham Briggs, Hannes Meyer and Fikile De Buck. Dr Simo Lushaba is a member of the Rand Uranium Investment Committee. Rand Uranium owes the Group US$5 million (2009: US$4.8 million) for services and goods provided in terms of the service level agreements entered into between the Group and Rand Uranium. The Group has subordinated a loan of US$8.3 million (2009: US$8.5 million) owed by Rand Uranium. The loan bears interest at a rate equal to the 91 Day JIBAR plus 250 basis points and is repayable on November 21, 2015.

During fiscal 2010 we concluded separate purchase agreements with the liquidators of Pamodzi FS for the purchase of its Free State assets and inventories. The consideration paid for the mining assets was US$36.6 million and US$16.0 million was paid for the inventories. Pamodzi FS was a subsidiary of Pamodzi, which is an associate of Harmony. A balance of US$2.2 million is owed by Pamodzi FS at June 30, 2010 in terms of the asset purchase agreements, for the rehabilitation trust funds to be released to the group.

On March 19, 2010, Harmony Gold Mining Company Limited concluded an agreement with AVRD, for the purchase of its 26% share of the mining titles of the Doornkop South Reef. The 26% interest was transferred from AVRD to Harmony in exchange for Harmony repaying the AVRD Nedbank loan of US$33.4 million and the issue of 2,162,359 Harmony shares, valued at US$20.5 million. In terms of the agreement, 975,419 of these shares will be held in escrow until May 1, 2014.

On November 21, 2008, the Group disposed of its Randfontein Cooke assets to Rand Uranium in exchange for 100% interest in the company. On the same date the Group disposed of 60% of the interest held in Rand Uranium to PRF which resulted in a 40% interest held and Rand Uranium became an associate. The conditions precedent for the second part of the Rand Uranium transaction relating to the sale of the Old Randfontein assets were fulfilled on April 22, 2009. Additional shares were issued in settlement and 60% of these shares were sold to PRF in terms of the agreement. PRF paid its portion of the purchase price in cash on April 20, 2009. The total value of these transactions was US$348 million.

In fiscal 2008 Morobe Consolidated Goldfields Limited and Wafi Mining Limited, subsidiaries of Harmony Gold (Australia) (Proprietary) Limited entered into a Master Purchase and Farm-in Agreement with Newcrest. This agreement provided for Newcrest to purchase a 30.01% participating interest (stage 1) and a further buy-out of an additional 19.99% participating interest in Harmony s PNG Gold and copper assets, giving them a 50% interest.

On July 11, 2008, we sold our 37.8% share in Village Main Reef Gold Mining Company (1934) Limited for R1.1 million (US$0.1 million) to To the Point Investments. ZB Swanepoel, our former Chief Executive Officer, is a director and founder of To the Point Investments.

On February 27, 2008, the Group sold its Orkney assets to Pamodzi in exchange for shares, whereby it obtained an interest of 32.4% and Pamodzi became an associate. Subsequent to this, we provided goods and services to Pamodzi at cost plus an applicable margin as set out in the service level agreement. The balance of the unsecured loan at June 30, 2008 was R103 million (US$13.2 million). Interest was charged at prime rate. When Pamodzi was placed into liquidation in March 2009, interest was no longer charged on the loan and the loan was provided for in full. The balance of the loan at that time was R116 million (US$15.0 million).

In fiscal 2005, as part of the disposal of our investment in ARM Limited to the ARM Broad-based Economic Empowerment Trust (**BEE Trust**), various agreements were put in place to which we accepted and resulted in the majority of the risk not being transferred away from us. Included in these agreements were two guarantees by us to Nedbank relating to the loans obtained by the BEE Trust to acquire the shares from us. On September 28, 2007, the guarantees were cancelled by Nedbank and, consequently, we have no further obligation to Nedbank in this regard. The ARM investment (and associated Nedbank loan) have been derecognized from this date.

INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

Item 8. FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS

Please refer to *Item 18. Financial Statements* of this annual report.

Legal Proceedings

None of our properties is the subject of pending material legal proceedings. We have experienced a number of claims and legal and arbitration proceedings incidental to the normal conduct of our business, such as the ones described below. The directors, however, do not believe that liabilities related to such claims and proceedings are likely to be, individually or in the aggregate, material to the company s consolidated financial condition.

Class Action

There is a pending class action in the United States whereby certain ADR holders are seeking damages against us pertaining to our business practices for the period April 7, 2007 to August 6, 2007. We have filed with the court a Motion to Dismiss all claims asserted in the class action case, the plaintiffs have filed an opposing response, and we have subsequently replied to that response. On March 19, 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 April 27, 2010 and the Company s request for reconsideration of judgement was denied. The Company is defending the matter and the legal process is taking its course. It is currently not possible to estimate if there will be a financial effect, or what that effect might be.

ArcelorMittal South Africa Limited (ArcelorMittal)

On September 14, 2009 Harmony and DRDGold withdrew a complaint to the Competition Commission against ArcelorMittal originally made in 2002. The complaint alleged that ArcelorMittal had abused its dominant position in the local market for flat steel products by charging excessive prices. Following several years of litigation, Harmony, DRDGold and ArcelorMittal entered into a settlement agreement, the terms of which are confidential.

Dividends and Dividend Policy

We paid interim and final dividends on our ordinary shares in 2003 and 2004. Due to operating conditions and our commitment to expenditure on long-term growth projects, we were not able to declare any dividends in fiscal 2005, fiscal 2006, fiscal 2007 or fiscal 2008. On August 13, 2009, the board approved a final dividend for fiscal 2009 of R0.50 per share, that was paid on September 21, 2009. The total amount of the dividend paid was R213 million (US$28.6 million). As the dividend was declared after the reporting date of June 30, 2009, the dividend was not recorded in fiscal 2009. On August 13, 2010, the board approved a final dividend for fiscal 2010 of R0.50 per share, that was paid on September 20, 2010. The total amount of the dividend paid was R214 million (US$29.3 million). As the dividend was declared after the reporting date of June 30, 2010, the dividend was not recorded in fiscal 2010. For information on our accounting policy relating to dividends, see note 2.20 to the consolidated financial statements.

South African law was relaxed to permit the distribution of a company s equity as a dividend, provided that the necessary shareholder or board approval is obtained and, after the distribution of the dividend, the company remains solvent and liquid. Cash dividends, however, may only be paid out of accumulated profits or other distributable reserves. Previously under South African law, a company s equity could not be distributed as a dividend. The amount of dividends, if any, paid in the future will depend on our results of operations, financial condition, cash requirements and other factors deemed relevant by the board.

Recent Developments

Closure of Merrespuit 1

On October 18, 2010, Harmony announced that it will be closing the Merrespuit 1 shaft in Virginia at the end of October 2010.

Sale of Mount Magnet Gold in Australia

On July 20, 2010 Harmony executed a share sale agreement with the Australian-based gold miner Ramelius Resources Limited for the sale of the Mount Magnet Gold Project for A$40 million cash.

Dividends

On August 13, 2010, the board approved a final dividend for fiscal 2010 of 50 SA cents per share, paid on September 20, 2010. The total

dividend amounts to R214 million (US$29.3 million).

Merriespruit South region and Freegold option

On September 3, 2010, Harmony concluded two transactions with Witwatersrand Consolidated Gold Resources Limited (**Wits Gold**), in which Wits Gold will obtain a prospecting right over Harmony s Merriespruit South area and the option held by ARMGold/Harmony Freegold Joint Venture Company (Proprietary) Limited (**Freegold**), a wholly owned subsidiary of Harmony. The option was to acquire a beneficial interest of up to 40% in any future mines established by Wits Gold on certain properties in the Southern Free State (Freegold option), which will be cancelled. Harmony will abandon a portion of its mining right in respect of the Merriespruit South area to enable Wits Gold to include this area in its prospecting right, which is located immediately south of the Merriespruit South area.

The total consideration was R336 million (US$47 million), (R61 million (US$9 million) for the prospecting area and R275 million (US$38 million) for the cancellation of the option agreement), which will be settled in cash or in a combination of cash and shares in Wits Gold, when all remaining conditions precedent to the transaction have been fulfilled.

Evander 6 and Twistdraai

On September 10, 2010, Harmony concluded a sale of assets agreement with Taung Gold Limited (**Taung**), in which Taung acquired the Evander 6 shaft, the related infrastruture and surface right permits as well as a mining right over the Evander 6 and Twistdraai areas. The total purchase consideration is R225 million (US$29 million at 30 June 2010 exhange rate) which will be settled in cash, when all remaining conditions precedent to the transaction have been fulfilled.

Closure of Merriespruit 1

On October 4, 2010, the decision was made to finally close Merriespruit 1 shaft, under the Section 189 (of the Labour Relations Act) already in place. The closure was postponed in terms of an agreement reached with organized labour to keep the shaft open while it remained profitable.

Item 9. THE OFFER AND LISTING

Markets

Stock Exchange Listings and Ticker Codes

The primary listing of our ordinary shares is on the JSE Limited. Our ordinary shares are also listed on stock exchanges in London and Berlin, as well as being quoted in Brussels in the form of International Depositary Receipts (IDRs) and on the New York Stock Exchange in the form of ADSs. We notified NASDAQ on June 9, 2010 of our intention to voluntarily terminate our listing on NASDAQ. The last day of trading of Harmony s ADSs on NASDAQ was June 21, 2010. We voluntarily delisted from Euronext Paris on August 30, 2010.

JSE Limited	HAR
New York Stock Exchange	HMY
London Stock Exchange	HRM
Euronext Brussels	HMY
Berlin Stock Exchange	HAM1

Offering and Listing Details

The high and low sales prices in Rand for our ordinary shares on the JSE for the periods indicated were as follows:

	Harmony Ordinary Shares (Rand per Ordinary Share)	
	High	**Low**
Fiscal year ended June 30, 2008		
First Quarter	104.05	60.00
Second Quarter	83.05	63.00
Third Quarter	118.50	69.00
Fourth Quarter	104.41	82.98
Full Year	118.52	60.00
Fiscal year ended June 30, 2009		
First Quarter	97.00	54.99
Second Quarter	103.75	62.50
Third Quarter	129.50	92.50
Fourth Quarter	104.40	75.50
Full Year	129.50	54.99
Fiscal year ended June 30, 2010		
First Quarter	87.51	69.05
Second Quarter	87.00	74.00
Third Quarter	80.77	68.80
Fourth Quarter	81.40	68.65
Full Year	87.51	68.65
Month of		
July 2010	81.10	71.90
August 2010	80.50	73.00
September 2010	83.80	74.69
As of October 18, 2010	81.40	76.80

On October 18, 2010, the share price of our ordinary shares on the JSE was R77.50.

Our ADRs are listed on the New York Stock Exchange. We were listed on NASDAQ from November 29, 2005 until we voluntarily de-listed on June 21, 2010. The high and low sales prices in U.S. dollars for our ADRs for the periods indicated, as reported on the NYSE and NASDAQ, were as follows:

	NYSE Harmony ADRs ($ per ADR)		NASDAQ Harmony ADRs ($ per ADR)	
	High	**Low**	**High**	**Low**
Fiscal year ended June 30, 2008				
First Quarter	15.27	8.42	15.27	8.41
Second Quarter	11.90	9.35	11.90	9.35
Third Quarter	14.56	9.34	14.56	9.34
Fourth Quarter	13.20	10.45	13.20	10.45
Full Year	15.27	8.42	15.27	8.74
Fiscal year ended June 30, 2009				
First Quarter	12.51	6.39	12.47	6.40
Second Quarter	10.97	5.58	10.97	5.54
Third Quarter	13.06	9.12	13.07	9.13
Fourth Quarter	12.10	8.17	12.03	8.20
Full Year	13.06	5.58	13.07	5.54
Fiscal year ended June 30, 2010				
First Quarter	11.75	8.50	11.78	8.50
Second Quarter	11.98	9.73	11.94	9.74
Third Quarter	11.11	8.79	11.10	8.81
Fourth Quarter	10.57	9.04	10.54	9.03
Full Year	11.98	8.50	11.94	8.50
Month of				
July 2010	10.71	9.72	n/a	n/a
August 2010	11.02	9.95	n/a	n/a
September 2010	11.74	10.10	n/a	n/a
As of October 18, 2010	11.87	11.20	n/a	n/a

On October 18, 2010, the closing share price of our ordinary shares on the NYSE was US$11.20.

The Securities Exchange in South Africa

The JSE is the sixth largest emerging market exchange and by far the leading exchange in Africa, playing a leadership role in the continent, supporting South Africa s role as the African financial hub. It is also recognized as a leading exchange in the global resources sector.

As South Africa s only full service securities exchange, the JSE connects buyers and sellers in five different markets; equities, which includes a primary and secondary board, equity derivatives, agricultural derivatives and interest rate instruments. The JSE is one of the top 20 exchanges in the world in terms of market capitalization. The market capitalization of the JSE equities market was R5,635 billion (US$736 billion) at June 30, 2010. The mining market capitalization was, at June 30, 2010, 28% of the overall JSE market capitalization and constituted 33% in terms of value traded.

The JSE is the market of choice for local and international investors looking to gain exposure to the leading capital markets in South Africa and the broader African continent.

History

The Securities Exchange in South Africa, now known as JSE Limited, was formed in November 1887. In 1993 the JSE became an active member of the African Stock Exchanges Association. On May 15, 1996, the formal bond market passed from the JSE to the Bond Exchange of South Africa and is separately licensed as a financial market in terms of the Financial Markets Control Act.

Following the closure of the open outcry trading floor on June 7, 1996, an order driven, centralized automated trading system known as the JSE Equities Trading, or JET, system was introduced together with dual trading and negotiated brokerage. On August 18, 1997, the Listings division of the JSE introduced a real time news service for the dissemination of company announcements and price sensitive information. Stock Exchange News Service (**SENS**) ensures early, equal and wide dissemination of all information that is expected to have an effect on the prices of securities that trade on the JSE. In 1998, the JSE introduced an Internet-based Service, the Emerging Enterprise Zone, or the EEZ, to match seekers and providers of capital for small and medium business. In November 1999, the electronic clearing and settlement system, Share Transactions Totally Electronic (**STRATE**) was introduced and the JET system was modified to prepare for the implementation of an open interface to the system via the Application Program Interface. The Alternative Exchange, known as the AltX , aimed at attracting smaller companies to the JSE, was launched in October 2003 and at June 30, 2010 boasts 70 listings. Yield-X, which trades spot and derivative interest rate products across the yield curve on an automated central order book was introduced in February 2005. The JSE s Single Stock Futures market is the world leader in terms of contracts traded, according to the World Federation of Exchanges IOMA Derivative Markets Survey.

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Concurrent with its loss of tax-exempt status on July 1, 2005, the JSE Securities Exchange South Africa de-mutualized, ending its 118 year history as a tax-exempt, member owned, voluntary association to become JSE Limited, a public but unlisted company.

STRATE Settlement

Under STRATE there are essentially two types of clients: controlled and non-controlled. A controlled client is one who elects to keep his shares and cash with his broker and these shares are held in custody at the broker s chosen Custodian Bank, the CSDP. A non-controlled client is one who appoints his own CSDP to act as custodian on his behalf. Equity settlements take place on a contractual T+5 (where T= trade date) settlement cycle. Securities and funds become due for settlement a set number of business days after the trade. Contractual settlement is a market convention embodied in the rules of the JSE which states that a client has a contractual obligation to cause a JSE trade to settle on settlement day. The JSE, in its capacity as Settlement Authority, ensures that all on-market trades entered into by two JSE member firms settle five days after the trade date.

PLAN OF DISTRIBUTION

Not applicable.

SELLING SHAREHOLDERS

Not applicable.

DILUTION

Not applicable.

EXPENSES OF THE ISSUE

Not applicable.

Item 10. ADDITIONAL INFORMATION
Memorandum and Articles of Association

This section summarizes certain material provisions of Harmony s Memorandum and Articles of Association, the Companies Act and the JSE listings requirements, each as currently in effect. These descriptions do not purport to be complete and are qualified in their entirety by reference to all of the provisions of those sources. Directions on how to obtain a complete copy of Harmony s Articles of Association are provided under Documents on Display below.

General

We are a public company with limited liability, and is registered under the Companies Act with the Registrar of Companies, Department of Trade and Industry under Registration number 1950/038232/06. We are governed by our Memorandum of Association and Articles of Association, the provisions of the Companies Act and the various Listings Requirements. Our operations are also subject to various laws and regulations, including those described in *Item 4. Information on the Company Regulation* .

Objects and Purposes

Our objects are set forth in Paragraph 3 of our Memorandum of Association and include:

- to acquire by purchase, cession, grant, lease, exchange or otherwise any movable or immovable property, mines, mineral property, claims, mineral rights, mining rights, mining leases, mining titles, mynpachts, lands, farms, buildings, water rights, concessions, grants, rights, powers, privileges, surface rights of every description, servitudes or other limited rights or interests in land and mineral contracts of every description; and any interest therein and rights over the same; and to enter into any contract, option or prospecting contract in respect thereof, and generally to enter into any arrangement that may seem conducive to our objects or any of them;

- to carry out all forms of exploration work and in particular to search for, prospect, examine, explore and obtain information in regard to mines, mineral properties, claims, mineral rights, mining rights, mining leases, mining titles, mynpachts, mining districts or locations and ground and soil supposed to contain or containing precious stones, minerals or metals of every description;

- to open, work, develop and maintain gold, silver, diamond, copper, coal, iron and other mines, mineral and other rights, properties and works, and to carry on and conduct the business of raising, crushing, washing, smelting, reducing and amalgamating ores, metals, minerals and precious stones, and to render the same merchantable and fit for use and to carry on all or any of the businesses of miners, mineralogists, metallurgists, amalgamators, geophysicists, smelters, quarry owners, quarrymen and brickmakers;

- to buy, sell, refine and deal in bullion, specie, coin and precious and base metals, and also precious stones and other products of mining; and

- to employ and pay mining experts, agents and other persons, partnerships, companies or corporations, and to organize, equip and dispatch expeditions for prospecting, exploring, reporting on, surveying, working and developing lands, farms, districts, territories and properties in any part of the world, whether the same are our property or otherwise.

Directors

Disclosure of Interests

A Harmony director may not vote in respect of any contract or arrangement in which he or she is interested, and may not be counted in the quorum for the purpose of any resolution regarding such a contract or arrangement. This restriction does not apply, however, to:

- any arrangement for giving the director a security or indemnity in respect of money lent, or an obligation undertaken, by such director for our benefit;

- any arrangement by which we give any security to a third party in respect of our debt or obligation for which the director himself or herself has assumed responsibility, in whole or in part, whether under a guarantee or indemnity or by the deposit of a security;

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any contract by the director to subscribe for or underwrite our shares or debentures;

any contract or arrangement with a company other than us, in which the director holds or controls, directly or indirectly, no more than 1% of shares representing either (i) any class of the equity share capital of that company or (ii) the overall voting rights of that company; or

any retirement scheme or fund which relates to both directors and to employees (or a class of employees) and does not accord to any director, as such, any privilege or advantage not generally accorded to the employees to which such scheme or fund relates.

The restrictions preventing directors from voting in respect of contracts or arrangement in which they are interested may be suspended or relaxed at any time, either generally or in respect of particular circumstances, by the holders of 75% of our ordinary shares who are present and voting in a general meeting.

A director, notwithstanding his of her interest, may be counted in the quorum present at any meeting where: (i) he or she or any other director is appointed to hold any office or position of profit in Harmony; (ii) the directors resolve to exercise any of our rights to appoint, or concur in the appointment of, a director to hold any office or position of profit in any other company; or (iii) the terms of any such appointment are considered or varied. At this meeting, each director may vote on the matters listed above, but no director may vote in respect of his or her own appointment, or the arrangement or variation of the terms of his or her own appointment.

The restrictions described above do not prevent or debar any director, as a holder of any class of our shares, from taking part in or voting upon any question submitted to a vote by that class at a general meeting, regardless of that director s personal interest or concern.

Compensation

The remuneration of our directors in their capacity as directors, including fees per directors meeting, and additional compensation for the performance of other services, such as serving on committees, may be established either by a majority of the holders of our ordinary shares, present and voting in a general meeting, or by a majority of disinterested directors at a meeting of directors, provided they constitute a quorum.

Borrowing Powers

Our directors may raise, borrow or secure the payment of any sums of money for our purposes as they see fit. However, without the consent of a majority of the holders of our ordinary shares present and voting in a general meeting, the aggregate principal amount outstanding in respect of monies raised, borrowed or secured by us and any of our subsidiaries may not exceed the greater of (i) R40 million or (ii) the aggregate amount, from time to time, of our issued and paid up capital, plus the aggregate of the amounts standing to the credit of all distributable and non-distributable reserves, plus our share premium account and the share premium accounts of our subsidiaries.

The Companies Act provides that a company may only make a loan to its owner, director or manager with the prior consent of all the members of the company or pursuant to a special resolution relating to a specific transaction.

Rotation

At each of our annual general meetings, one-third of the directors, or, if the number is not a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office by rotation. Those directors who have been longest in office since their last election or re-election shall retire. As between directors of equal seniority, the directors to retire by rotation shall, in the absence of agreement, be selected by lot. If at the date of any annual general meeting, any director shall have held office for a period of at least three years since his or her last election or re-election, he or she shall retire at such meeting, either as one of the directors resigning pursuant to the aforementioned rotation principles, or in addition thereto. Retiring directors are eligible for re-election and said directors have made themselves available for re-election.

If a director is appointed to any Harmony executive office, his or her employment contract may provide that he or she shall be exempt from rotation for the lesser of (i) a period of 5 years or (ii) the period during which he or she continues to hold the relevant executive office. During the relevant period, the director in question shall not be taken into account in determining the retirement of directors by rotation. The number of directors who may be exempt from retirement by rotation in this manner shall not equal or exceed one-half of the total number of the directors at the time of the relevant director s appointment. Currently none of our directors are exempted from retirement under these provisions.

Qualifications

There is no age limit requirement with regard to retirement or non-retirement of directors. Directors are not required to hold any of our shares to qualify them for appointment as directors.

Share Capital

As of June 30, 2010, our issued share capital consisted of 428,654,779 ordinary shares with a par value of R0.50 each. As of October 18, 2010, our issued share capital consisted of 428,873,695 ordinary shares with a par value of R0.50 each. Our authorized share capital is 1,200,000,000 ordinary shares with a par value of R0.50 each. The terms of the ordinary shares are described in Description of Ordinary Shares below.

Description of Ordinary Shares

This section summarizes the material provisions of Harmony s ordinary shares as set out in Harmony s Memorandum and Articles of Association, the Companies Act and the JSE listings requirements, each as currently in effect. It does not purport to be complete and is qualified in its entirety by reference to all of the provisions of those sources.

Dividends

Either the board or a majority of the holders of our ordinary shares, voting in a general meeting, may, from time to time, declare a dividend to be paid to the registered holders of ordinary shares according to their respective rights and interests in the profits, measured in proportion to the number of ordinary shares held by them. Under South African law, a company s equity may be distributed as a dividend, provided that any necessary shareholder approval is obtained and, after the distribution of the dividend, the company remains solvent and liquid. Cash dividends, however, may only be paid out of the profits of the company. Cash dividends paid by us will not bear any interest payable by us. Dividends may be declared either free of, or subject to, the deduction of income tax and any other tax or duty which may be chargeable. There is currently no tax payable in South Africa by the recipients of dividends who are outside South Africa.

Dividends are declared payable to holders of ordinary shares who are registered as such on a record date determined by the board, which must be after the later of the date of the dividend declaration or the date of confirmation of the dividend. The period between the record date and the date of the closing of the transfer registers in respect of the dividend shall be not less than 14 days.

Holders of our ordinary shares, voting in a general meeting, may not declare a dividend greater than the amount recommended by the directors, but may declare a smaller dividend. Dividends will be paid to the holders of our ordinary shares in proportion to the number of their shares. All unclaimed dividends may be invested or otherwise utilized by the board for our benefit until claimed; provided that dividends unclaimed after a period of twelve years from the date of declaration may be declared forfeited by the board. Forfeited dividends revert to us.

Any dividend or other sum payable in cash to a holder may be transmitted by a payment method determined by the directors, such as electronic bank transfer or ordinary post to the address of the holder recorded in the register or any other address the holder may previously have given to us in writing. We will not be responsible for any loss in transmission.

Any dividend may be paid and satisfied, either wholly or in part, by the distribution of specific assets, including shares and debentures of any other company, in cash, or by one or more of such methods, as the board may determine and direct at the time of the dividend declaration.

When any holders of our ordinary shares reside outside of South Africa, the board has the power, subject to any applicable laws or regulations, to declare a dividend in a relevant currency other than the Rand and to determine the date on which and the rate of exchange at which the dividend shall be converted into the other currency.

All cash dividends paid by us are expected to be in Rand. Holders of ADRs on the relevant record date will be entitled to receive any dividends payable in respect of the ordinary shares underlying the ADRs, subject to the terms of the Deposit Agreement. Cash dividends paid in Rand will be converted by the depository to U.S. dollars and paid by the depository to holders of ADRs, to the extent it can do so on a reasonable basis and can transfer the U.S. dollars to the United States, net of conversion expenses of the depository, and in accordance with the Deposit Agreement.

Voting Rights

Subject to any rights or restrictions attached to any class of ordinary shares, every holder of our ordinary shares who is present in person at a shareholder meeting, or a person present as a representative of holders of one or more ordinary shares, shall on a show of hands have one vote, irrespective of the number of ordinary shares he holds or represents. Every holder of ordinary shares shall, on a poll, have one vote for every ordinary share held by him. A shareholder is entitled to appoint a proxy to attend and speak and vote at any meeting on his or her behalf. The proxy need not be a shareholder. On a poll, a shareholder entitled to more than one vote (or his representative, proxy or agent) need not, if he votes, use all of his votes or cast all of his votes in the same way.

Distribution of Assets on Liquidation

In the event of voluntary or compulsory liquidation, dissolution or winding up, the assets remaining after payment of all our debts and liabilities, including the costs of liquidation, will be applied to repay the amount paid up on our issued capital to holders of our ordinary shares and, thereafter, the balance will be divided pro rata among the holders of our ordinary shares, subject to any special rights or conditions attaching to any shares. Any portion of our assets may, upon such liquidation, dissolution or winding up, and with the approval of a special resolution, be paid to the ordinary shareholders by the distribution of specific assets or may be vested in trustees for the benefit of such ordinary shareholders.

Redemption/Purchase of Shares

No shares shall be issued which are redeemable by their terms or at the option of any party.

The Companies Act permits companies to establish share incentive trusts and provide funds with which such trusts may purchase securities (including debt and equity securities) of a company or its holding company. These securities are to be held by or for the benefit of employees, including salaried directors. The Companies Act also permits such a trust to loan funds to company employees for the purpose of purchasing or subscribing for our securities, provided that such trusts may not loan funds to directors who do not hold salaried employment or office.

The Companies Amendment Act provides that a company may approve the acquisition of its own shares by special resolution, if authorized to do so by its articles. A company is not, however, permitted to make any form of payment to acquire any of its own shares if there are reasonable grounds for believing that the company is or, after the payment, would be unable to pay its debts or if, after the payment, the consolidated assets of the company fairly valued would be less than the consolidated liabilities of the company. The procedure for acquisition of shares by a company is regulated, in the case of listed companies, both by the Companies Amendment Act and the Listings Requirements of the JSE. The Companies Amendment Act further provides that a company may make payments to its shareholders if authorized by its articles subject to the liquidity and solvency requirements described above.

We are authorized pursuant to our Articles of Association to approve the acquisition of our shares by special resolution from time to time. We are also authorized pursuant to our Articles of Association to make payments in cash or in specie to any class of our shareholders.

Issue of Additional Shares and Pre-emptive Rights

The Companies Act does not provide holders of any class of our shares with pre-emptive rights. However, the JSE requires that any new issues of equity shares by companies listed on the exchange must first be offered to existing holders of such shares, in proportion to their current holding.

The JSE will, however, allow a company to issue shares to third parties without first offering them to existing shareholders, in circumstances such as the following:

pursuant to an employee share incentive scheme the terms of which have been approved by the holders of the relevant class of shares in a general meeting;

for the acquisition of an asset, provided that if the issue is more than 30% of the company s issued share capital, a simple majority of holders of ordinary shares present and voting, must vote in favor of the acquisition;

to raise cash by way of a general issue in the discretion of the directors (but not to related parties) of up to 15% of the issued share capital in any one fiscal year at an issue price with a discount not exceeding 10% of the 30-day weighted average trading price prior to the determination date, provided that the holders of ordinary shares, present and voting at a general meeting, must approve the granting of such authority to the directors by a 75% vote; or

to raise cash by way of a specific issue of a specified number or a maximum number of shares for cash provided that the holders of ordinary shares, other than controlling shareholders, present and voting, vote in favor of the resolution to issue the shares at a general meeting by a 75% vote. In terms of JSE listings requirements, the circular to be sent to all shareholders informing them of the general meeting must include, inter alia:

details of the persons to whom the shares are to be issued if such persons fall into the following categories or other categories identified by the JSE: directors of the company or its subsidiaries or their associates; trustees of employee or directors share scheme or pension funds; any person having the right to nominate directors of the company; and certain shareholders holding more than 10% of the issued share capital;

if the persons to whom the shares are to be issued are related parties, an independent expert s opinion that the issue price is fair and reasonable; and

should the maximum size of the issue equal or exceed 30% of the company s issued share capital, full listing particulars, which include, inter alia, a reporting accountant s report and, in the case of a mining company, a competent person s report setting out technical details of the company s operations and assets.

Transfer of Shares

Owners of our ordinary shares may transfer any or all of their shares in writing in any common form or in any form approved by our directors. Every instrument of transfer must be executed by the transferor or, if the directors so determine, by the transferor and the transferee. The transferor will remain the holder of the ordinary shares transferred until the name of the transferee is entered in our register of members in respect of such ordinary shares.

The board may refuse to recognize any instrument of transfer that is not duly stamped (if required) or is not accompanied by appropriate evidence of the transferor s title. Such right of refusal will not prevent dealings occurring on an open and proper basis. We retain all instruments of transfer that are registered. Any instrument of transfer that the board refuses to register is, except in the case of fraud, returned on demand to the person depositing such instrument.

Rights of Minority Shareholders and Fiduciary Duties

Majority shareholders of South African companies have no fiduciary obligations under South African common law to minority shareholders. However, under the Companies Act, a shareholder may, under certain circumstances, seek relief from the court if he has been unfairly prejudiced by the company. The provisions in the Companies Act are designed to provide relief for oppressed shareholders without necessarily overruling the majority s decision. There may also be common law personal actions available to a shareholder of a company.

Although the concepts are similar, the specific interpretations of fiduciary obligations of directors in South Africa may differ from those in the U.S. and certain other countries. In South Africa, the common law imposes on directors a duty to act with care, skill and diligence and fiduciary duties, which include the duty to conduct the company s affairs honestly and in the best interests of the company.

Variation of Rights

We may vary the rights attached to any issued or not yet issued shares by special resolution. However, if at any time the issued share capital is divided into different classes of shares, the rights attached to any class may not be varied except with the consent in writing of the holders of at least 75% of the issued shares of that class or through a resolution passed at a separate general meeting of the holders of the shares of that class. The quorum for such a meeting shall be the lesser of (i) 3 shareholders or (ii) 75% of the shareholders of that class, present in person or by their representatives, agents or proxies, provided that such shareholders must control or hold at least one half of the issued shares of that class. A share shall be a share of a different class from another share if the two shares do not rank *pari passu* in every respect.

Changes in Capital or Objects and Powers of Harmony

The provisions of our Memorandum and Articles of Association pertaining to changes in our share capital and powers are substantially equivalent to the provisions of the Companies Act. We may by special resolution:

increase our authorized or paid-up share capital;

consolidate and divide all or any part of our shares into shares of a larger amount;

increase the number of our no par value shares without an increase of our stated capital;

sub-divide all or any part of our shares having a par value;

convert all of our ordinary or preference share capital consisting of shares having a par value into stated capital constituted by shares of no par value and vice versa;

convert our stated capital constituted by ordinary or preference shares of no par value into share capital consisting of shares having a par value;

vary the rights attached to any shares whether issued or not yet issued;

convert any of our issued or unissued shares into shares of another class;

convert any of our paid-up shares into stock, and reconvert any stock into any number of paid-up shares of any denomination;

convert any of our issued shares into preference shares which can be redeemed;

cancel shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person, and diminish the amount of the authorized share capital by the amount of the shares so cancelled; or

reduce the authorized share capital.

We may by ordinary resolution:

reduce our issued share capital;

reduce our stated capital; or

reduce our capital redemption reserve fund and share premium account.

Meetings of Shareholders

Our directors may at any time convene general meetings of our shareholders. The directors shall convene a general meeting upon request of shareholders in accordance with the provisions of the Companies Act. No more than fifteen months may elapse between the date of one annual general meeting and the next, and the annual general meeting shall be held within six months after the expiration of each of our financial years.

We are required to provide our members with written notice of meetings, which shall specify the place, the day and time of the meeting. In every notice calling a meeting of Harmony or of any class of members of Harmony, there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote in lieu of such person and that a proxy need not also be a member. Notice of a general meeting shall be given to the JSE and to the following persons and no other person shall be entitled to receive notice of general meetings:

to every member of Harmony except any member who has not supplied to Harmony a registered address for the giving of notices;

to every person entitled to a share in consequence of the death or insolvency of a member;

to the directors and auditor for the time being of Harmony; and

by advertisement to the holders of share warrants to bearer.

Annual general meetings and meetings calling for the passage of a special resolution require twenty-one days notice in writing. Any other general meeting requires no less than fourteen days notice in writing. A meeting called upon shorter notice shall be deemed to have been duly called if a majority in number of the members having a right to attend and vote at the meeting agree to such a shortened notice period, and if such members hold no less than 95% of the total voting rights of all members.

Our business may be transacted at a general meeting only when a quorum of members is present. Three members present personally or by representative and entitled to vote are a quorum.

The annual general meeting deals with and disposes of all matters prescribed by our Articles of Association and by the Companies Act, including:

the consideration of the annual financial statements and report of the auditors;

the election of directors;

the appointment of auditors; and

any business arising from the annual financial statements considered at the meeting.

The holder of a general or special power of attorney given by a member, whether the holder is a member or not, shall be entitled to attend meetings of Harmony or of any class of members of Harmony and to vote at such meetings if so authorized by the power of attorney. Any member may appoint a proxy, who need not be a member, to attend, speak and, subject to the provisions of the Companies Act, to vote in his place on a show of hands and on a poll at any general meeting or at any meeting of any class of members. The instrument appointing a proxy to vote at a meeting of Harmony and the power of attorney or other authority shall be deposited at our transfer office not later than 48 hours (excluding Saturdays, Sundays and Public Holidays) before the meeting at which the person empowered proposes to vote. No instrument appointing a proxy shall be valid after the end of a period of 6 months commencing on the date on which it is signed unless otherwise expressly stated in the proxy.

Title to Shares

The registered holder or holders of any shares shall, during his or their respective lifetimes and while not subject to any legal incapacity, be the only person or persons recognized by us as having any right to, or in respect of, such shares and, in particular, we shall not be bound to recognize:

that the registered holder or holders hold such shares upon trust for, or as the nominee of, any other person; or

that any person, other than the registered holder or holders, holds any contingent, future or partial interest in such shares or any interest in any fractional part of any of such shares.

Where any share is registered in the names of two or more persons they shall be deemed to be joint holders. Accordingly where any member dies, the survivor or survivors, where the deceased was a joint holder, and the executor of the deceased, where the deceased was the sole holder, shall be the only persons recognized by us as having any right to the interest of the deceased in any of our shares.

We may enter in the register as member, no mine official, of Harmony, the name of any person who submits proof of his appointment as the executor, administrator, trustee, curator or guardian in respect of the estate of a deceased member of Harmony or of a member whose estate has been sequestrated or of a member who is otherwise under disability or as liquidator of any body corporate in the course of being wound up which is a member of Harmony, and any person whose name has been so entered in the register shall be deemed to be a member of Harmony.

Non-South African Shareholders

There are no limitations imposed by South African law or by our Articles of Association on the rights of non-South African shareholders to hold or vote our ordinary shares or securities convertible into ordinary shares.

Disclosure of Interest in Shares

Pursuant to the Companies Amendment Act Number 37 of 1999, where securities of an issuer are registered in the name of a person and that person is not the holder of the beneficial interest in all of the securities so held, it is obliged, at the end of every three-month period after June 30, 1999 (i.e., commencing on September 30, 1999), to disclose to the issuer the identity of each person on whose behalf the registered holder holds securities and the number and class of securities issued by that issuer held on behalf of each such person. Moreover, an issuer of securities may, by notice in writing, require a person who is a registered shareholder, or whom the issuer knows or has reasonable cause to believe to have a beneficial interest in, a security issued by the issuer, to confirm or deny whether or not such person holds that beneficial interest and, if the security is held for another person, to disclose to the issuer the identity of the person on whose behalf a security is held. The addressee of the notice may also be required to give particulars of the extent of the beneficial interest held during the three years preceding the date of the notice. All issuers of securities are obliged to establish and maintain a register of the disclosures described above and to publish in their annual financial statements a list of the persons who hold beneficial interests equal to or in excess of 5% of the total number of securities of that class issued by the issuer together with the extent of those beneficial interests.

Changes in Control

There are various procedures under the Companies Act whereby mergers and takeovers can be effected. These procedures are not exclusive and there are a variety of techniques that can be used to acquire control. All of these procedures are, however, subject to control by the Securities Regulation Panel and the requirements embodied in the Securities Regulation Code on Takeovers and Mergers shall be adhered to. The JSE Listing Requirements also contain certain requirements with regard to the process involved in a merger or takeover. While the requirements of the Securities Regulation Panel and the JSE Listings Requirements might have the general effect of delaying, deferring or preventing a change in control of a company, our Memorandum and Articles of Association do not impose additional restrictions on mergers or takeovers.

Register of Members

We keep a register of shareholders at our office and at the office of our transfer secretaries in South Africa, and our transfer secretaries in the United Kingdom keep a branch shareholders register at their offices.

The register of members includes:

the names and address of the members;

the shares held by each member, distinguishing each share by its denoting number, if any, by its class or kind, and by the amount paid or deemed to be paid thereon;

the date on which the name of any person was entered in the register as a member; and

the date on which any person ceased to be a member.

Annual Report and Accounts

The board is required to keep such accounting records and books of account as are prescribed by the Companies Act.

The directors will cause to be prepared annual financial statements and a South African annual report as required by the Companies Act and the JSE rules. We will deliver a copy of the South African annual report and annual financial statements to every member not less than twenty-one days prior to the date of each annual general meeting.

Our annual report on Form 20-F is available on our website at www.harmony.co.za. We will deliver a paper copy of the annual report containing our IFRS audited financial statements, free of charge, to any shareholder upon request.

Material Contracts

We enter into material contracts in connection with our business, as described in *Item 4. Information on the Company Business* and in connection with financing arrangements, as described in *Item 5. Operating and Financial Review and Prospects Liquidity and Capital Resources* .

Exchange Controls

Introduction

The following is a general outline of South African exchange controls. Investors should consult a professional adviser as to the exchange control implications of their particular investments.

The Republic of South Africa s exchange control regulations provide for restrictions on exporting capital from a Common Monetary Area consisting of South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland. Transactions between South African residents (including corporations) and between residents of the Common Monetary Area are subject to these exchange controls, which are regulated by the South African Reserve Bank (**SARB**).

Since 1995 a number of exchange control regulations have been relaxed with regard to both residents and non-residents. The government remains committed to the total abolition of exchange controls, but has stated its intention of following a gradual approach. This gradual approach to the abolition of exchange controls adopted by the South African government is designed to allow the economy to adjust more smoothly to the removal of controls that have been in place for a considerable period of time. The stated objective of the authorities is to reach a point where there is equality of treatment between residents and non-residents in relation to inflows and outflows of capital. South Africa, being classified as an emerging market, is therefore still regarded as a capital importer, hence the controls over capital flows. Unlimited outward transfers of capital are not permitted at this stage, but the emphasis of regulation is expected to be increasingly on the positive aspects of prudential financial supervision.

A considerable degree of flexibility is built into the system of exchange controls, and the SARB possesses substantial discretionary powers in approving or rejecting the applications that fall outside the authority granted to authorized dealers.

The main purpose of exchange controls is to ensure the timely repatriation of funds into the South African banking system of certain foreign currency acquired by residents of South Africa, whether through transactions of a current or of a capital nature. Timely repatriation of funds will help avoid undue pressure on the country s gold and foreign reserves and an undue depreciation of the exchange rate of the Rand. Payment of foreign currency and the use of gold and foreign reserves for importation of goods and services into the country are relatively freely allowed.

These comments relate to exchange controls in force at June 30, 2010. These controls are subject to change at any time without notice. It is not possible to predict whether existing exchange controls will be abolished, continued or modified by the South African government in the future.

Government Regulatory Considerations

Shares

A foreign investor may invest freely in shares in a South African company, whether listed on the JSE or not. The foreign investor may also sell his or her share investment in a South African company and transfer the proceeds out of South Africa without restriction. However, when the company is not listed on the JSE, the SARB must be satisfied that the sales price of any shares reflects fair market value.

Under present South African exchange control regulations, our ordinary shares and ADSs are freely transferable outside the Common Monetary Area between non-residents of the Common Monetary Area. No prior SARB approval is required for the transfer of proceeds to South Africa, in respect of shares listed on the JSE, provided these funds enter the country through the normal banking channels. In addition, the proceeds from the sale of ordinary shares on the JSE on behalf of those holders of ordinary shares who are not residents of the Common Monetary Area are freely remittable to those holders. Share certificates and warrant certificates held by non-residents will be endorsed with the words non-resident.

Loans

Generally, the making of loans to us or our subsidiaries, our or our subsidiaries ability to borrow from non-South African sources and the repatriation of dividends, interest and royalties by Harmony will be regulated by the Exchange Control Department of the SARB. If a foreign investor wishes to lend capital to a South African company, the prior approval of the SARB must be sought mainly in respect of the interest rate and terms of repayment applicable to such loan.

Interest on foreign loans is freely remittable abroad, provided the loans received prior approval from the SARB.

Investments

We are also required to seek approval from the SARB to use funds held in South Africa to make investments outside of South Africa.

Dividends

Dividends declared by a quoted company are freely transferable out of South Africa from both trading and non-trading profits earned in South Africa through a major bank as agent for the SARB.

Where 75% or more of a South African company s capital, voting power, power of control or earnings is directly or indirectly controlled by non-residents, such a company is designated an affected person by the SARB, and certain restrictions are placed on its ability to obtain local financial assistance. We are not, and have never been, designated an affected person by the SARB.

If an affected person made use of local borrowing facilities, the affected persons must apply for SARB approval prior to remitting dividends offshore. As a general matter, an affected person that has accumulated historical losses may not declare dividends out of current profits unless and until such time that the affected person s local borrowings do not exceed the local borrowing limit.

Certain South African Tax Considerations

The discussion in this section is based on current law and our interpretation thereof. Changes in the law may alter the tax treatment of our ordinary shares or ADSs, as applicable, possibly on a retroactive basis. The following summary is not a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of our ordinary shares or ADSs, and does not cover the tax consequences that depend upon your particular tax circumstances. In particular, the following summary addresses tax consequences for holders of ordinary shares or ADSs who are not tax residents of South Africa. It specifically excludes the tax consequences for non-tax residents whose holding of shares or ADSs is effectively connected with a permanent establishment in South Africa through which the holder carries on business activities, or who is not a beneficial recipient of the dividends, or where the source of the transaction is to be in South Africa. In addition, it does not cover the tax consequences for the holder that is not entitled to the benefits of the double taxation agreement concluded between the Republic of South Africa and the United States of America signed on February 17, 1997 (**U.S. Treaty**). It also assumes that the holders would hold the ordinary shares or ADSs on capital account (that is, for investment purpose). We recommend that you consult your own tax adviser about the consequences of holding our ordinary shares or ADSs, as applicable, in your particular situation.

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Dividends

South Africa does not currently levy any withholding tax on dividends. Rather, it currently imposes a corporate tax known as Secondary Tax on Companies (**STC**) at a rate of 10% on dividends declared by a South African company. It is important to appreciate that STC is not a withholding tax on dividends, but a tax on profits of a company. However, it was announced that STC would be abolished and be replaced by a traditional dividend withholding tax. At this stage it is expected that the new dividend withholding tax will be introduced in the near future. The rate of the new dividend withholding tax will be 10%. The new withholding tax will be imposed on, amongst others, non-resident shareholders, and it would be withheld by the company declaring and paying the dividend to its shareholders or the regulatory intermediary, as the case may be.

Article 10 of the U.S. Treaty provides that a dividend withholding tax may be levied by South Africa. However, it may not exceed 5% of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 10% of the voting stock of the South African company paying the dividends. Although the U.S. Treaty refers to a maximum withholding tax rate of 15% in other cases, the rate would be 10%.

Capital Gains Tax

A Capital Gains Tax (**CGT**) was introduced with effect from October 1, 2001. In the case of an individual, 25% of the capital gain is included in its taxable income. In the case of a corporate entity, 50% of such gain is included in its taxable income. CGT is only applicable to non-residents if the proceeds from the sale are attributable to a permanent establishment of the non-resident shareholder. The terms of the U.S. Treaty (which will prevail in case of conflict) provides that the U.S. holder of ordinary shares or ADSs will not be subject to CGT if the assets have been held as capital assets, unless they are linked to a permanent establishment of such non-resident shareholder in South Africa. To the extent that shares or ADSs are held on revenue account, a similar principle would apply with reference to the payment of income tax, and income tax will only be payable to the extent that the holder carries on business in South Africa through a permanent establishment situation therein. The current corporate rate is equal to 28%. Any gains realized on the disposal of equity shares are automatically deemed to be of a capital nature if they have been held for a continuous period of 3 years. Such provision applies automatically and is not elective.

Generally the domestic laws of South Africa provide that a capital gain will be deemed to have been sourced in South Africa and be subject to South African tax to the extent that the asset related to an interest in immovable property situated in South Africa. It includes any equity shares held by a person in a company if

80% or more of the market value of the equity shares at the time of disposal thereof is attributable directly or indirectly to immovable property held otherwise than as trading stock; and

The person directly or indirectly holds at least 20% of the equity share capital of that company.

The provisions of the U.S. Treaty will override the deemed source rules to the extent applicable. Article 13 of the U.S. Treaty provides that South Africa may tax a gain that is attributable to the alienation of real property situated in South Africa, which concept includes the equivalent of a U.S. real property interest, even if held through shares.

Security Transfer Tax

A Security Transfer Tax (**STT**) is applicable in respect of the transfer of any security issued by a South African company at a rate of 0.25% of the taxable amount of the security concerned (generally the market value thereof). A security is defined to include depository receipt in a company, in addition to company shares. STT is not payable on the issue of any security.

Although ADSs in respect of our shares are not listed on the JSE, reference is specifically made to the transfer of depository receipts in a South African company. As a consequence, STT will therefore be payable on the transfer of ADSs. In addition, the process of depositing shares listed on the JSE in return for ADSs, or withdrawing such shares from the deposit facility, may attract STT as and when the shares are transferred to or from the depository institution.

STT is payable by the broker or participant if a transaction is effected through a stockbroker or a strata participant, but it may be recovered from the person acquiring the beneficial ownership of the rights concerned. In other instances, STT is payable by the person acquiring beneficial ownership.

STT is also payable on the subsequent redemption or cancellation of shares or cancellation of shares or ADSs.

Interest

It was recently announced that South Africa will ignore a traditional withholding tax on interest at the rate of 10%, which would be reduced to zero in the case of the U.S. Treaty. However, the South African government announced that the treaties will be renegotiated to refer generally to a minimum 5% withholding tax on interest unless one is dealing with a developed tax system such as the U.S.

Capitalization Shares

Capitalization shares distributed at the option of holders of shares in lieu of cash dividends are currently not subject to STC. However, this position may change to the extent that the new withholding tax on dividends is introduced.

Voting Rights

There are no limitations imposed by South African law or by our charter on the right of non-resident or foreign owners to hold or vote our ordinary shares.

Certain United States Federal Income Tax Considerations

Except as described below under the heading Non-U.S. Holders, the following is a discussion of certain material U.S. federal income tax consequences for a U.S. holder of purchasing, owning and disposing of the ordinary shares (for purposes of this summary, references to the ordinary shares include the ADSs, unless the context otherwise requires). This summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase the ordinary shares. In particular, this summary deals only with U.S. holders that will hold the ordinary shares as capital assets. It does not address considerations that may be relevant to you if you are an investor that is subject to special tax rules, such as a bank, real estate investment trust, regulated investment company, insurance company, dealer in securities or currencies, trader in securities or commodities that elects mark-to-market treatment, person that will hold the ordinary shares as a hedge against currency risk or as a position in a straddle or conversion transaction, tax-exempt organization, person whose functional currency is not the U.S. dollar, person liable for alternative minimum tax, or a person who owns directly, indirectly or by attribution, at least 10 percent of our stock.

You will be a U.S. holder if you are a beneficial owner of ordinary shares and you are:

- an individual who is a citizen or resident of the United States;
- a U.S. domestic corporation, or other entity treated as a domestic corporation for U.S. federal income tax purposes;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust if a U.S. court can exercise primary supervision over the trust s administration and one or more U.S. persons are authorized to control all substantial decisions of the trust.

If a partnership (including for this purpose any entity treated as a partnership for U.S. tax purposes) is a beneficial owner of the ordinary shares, the U.S. tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. A holder of the ordinary shares that is a partnership and partners in such a partnership should consult their own tax advisors about the U.S. federal income tax consequences of holding and disposing of the ordinary shares.

A non-U.S. holder is a beneficial owner of ordinary shares that is not a U.S. person for U.S. federal income tax purposes. If you are a non-U.S. holder, the discussion below under Non-U.S. Holders will apply to you.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, its legislative history, existing and proposed U.S. Treasury regulations, rulings, and decisions, all as now in effect and all of which may change. Any change could apply retroactively and could affect the continued validity of this summary.

In general, if you hold ADSs, you will be treated as the holder of the ordinary shares represented by those ADSs for U.S. federal income tax purposes.

We believe that we will not be a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for the current taxable year. However, we cannot assure you that we will not be considered a PFIC in the current or future years. The determination whether or not we are a PFIC is a factual determination that is based on the types of income we earn and the value of our assets and cannot be made until the

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close of the applicable tax year. If we were currently or were to become a PFIC, U.S. holders of ordinary shares would be subject to special rules and a variety of potentially adverse tax consequences under the Code.

Taxation of Dividends

Subject to the PFIC rules referred to below, under U.S. federal income tax laws, if you are a U.S. holder, the gross amount of dividends that you receive in cash (or that are part of a distribution that any shareholder has the right to receive in cash) in respect of the ordinary shares generally will be subject to U.S. federal income taxation as dividend income to the extent paid out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). You must include the amount of any South African tax withheld from the dividend payment in this gross amount even though you do not in fact receive it. Dividends received by an individual taxpayer during taxable years beginning before January 1, 2011 will be taxed at a maximum rate of 15% where certain holding period and other requirements are satisfied, if such dividends constitute qualified dividend income. Qualified dividend income includes dividends paid by a Qualified Foreign Corporation, and we believe that we are, and will continue to be, a Qualified Foreign Corporation. Holders of ordinary shares should consult their own tax advisors regarding the availability of the reduced dividend tax rate in light of their own particular circumstances. Dividends will not be eligible for the dividends-received deduction generally allowed to U.S. corporations in respect of dividends received from other corporations.

Dividends paid in South African Rand will be includible in your gross income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day you receive (or the depository receives, in the case of the ADSs) the dividend, regardless of whether the payment is in fact converted into U.S. dollars. If the foreign currency received as a dividend is not converted into U.S. dollars on the date of receipt, a U.S. holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into U.S. dollars will be treated as ordinary income or loss. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitations. You generally should not be required to recognize any foreign currency gain or loss to the extent such dividends paid in South African Rand are converted into U.S. dollars immediately upon receipt by the applicable party. If we distribute non-cash property as a dividend, you generally will include in income an amount equal to the fair market value of the property, in U.S. dollars, on the date that it is distributed. Subject to certain limitations, a U.S. holder may be entitled to a credit or deduction against its U.S. federal income taxes for the amount of any South African taxes that are withheld from dividend distributions made to such U.S. holders. The decision to claim either a credit or deduction must be made annually, and will apply to all foreign taxes paid by the U.S. holder to any foreign country or U.S. possession with respect to the applicable tax year.

Dividends received from us will generally be income from non-United States sources, for U.S. foreign tax credit purposes, subject to various classifications and other limitations. The rules relating to computing foreign tax credits are complex. You should consult your own tax advisor to determine the foreign tax credit implications of owning ordinary shares.

Distributions in excess of current and accumulated earnings and profits, as determined for U.S. federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your basis in the ordinary shares and thereafter as capital gain.

Capital Gains

Subject to the PFIC rules referred to below, if you are a U.S. holder and you sell your ordinary shares, you will recognize capital gain or loss in an amount equal to the difference between the U.S. dollar value of the amount you realize on the sale and your adjusted tax basis in the ordinary shares, determined in U.S. dollars. Such gain or loss generally will be long-term capital gain or loss if you held the ordinary shares for more than one year. Prior to January 1, 2011, long-term capital gain recognized by a non-corporate U.S. holder is generally subject to a maximum tax rate of 15%. In general, any capital gain or loss recognized upon the sale or exchange of ordinary shares will be treated as U.S. source income or loss, as the case may be, for U.S. foreign tax purposes. Your ability to offset capital losses against income is subject to limitations.

Deposits and withdrawals of ordinary shares by U.S. holders in exchange for ADSs will not result in the realization of gain or loss for U.S. federal income tax purposes.

To the extent that you incur South African stamp duty, MST or uncertified securities tax (to be replaced with STT) in connection with a *transfer or withdrawal of ordinary shares as described under Certain South African Tax Considerations Security Transfer Tax* above, such stamp duty, MST or uncertified securities tax will not be a creditable tax for U.S. foreign tax credit purposes.

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Medicare Tax on Unearned Income

Newly enacted legislation requires certain U.S. holders that are individuals, estates or trusts to pay an additional 3.8% tax on, among other things, dividends on and capital gains from the sale or other disposition of ordinary shares for taxable years beginning after December 31, 2012. U.S. holders that are individuals, estates or trusts should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of our ordinary shares.

Non-U.S. Holders

If you are a non-U.S. holder of the ordinary shares, you generally will not be subject to U.S. federal income or withholding tax on dividends received on such ordinary shares, unless such income is effectively connected with your conduct of a trade or business in the United States, and the dividends are attributable to a permanent establishment (or in the case of an individual, a fixed place of business) that you maintain in the United States if that is required by an applicable income tax treaty as a condition for subjecting you to U.S. taxation on a net income basis. In such cases, you generally will be taxed in the same manner as a U.S. holder, and will not be subject to U.S. federal income tax withholding. If you are a corporate non-U.S. holder, effectively connected dividends may, under certain circumstances, be subject to an additional branch profits tax at a 30% rate or a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

If you are a non-U.S. holder of the ordinary shares, you will also generally not be subject to U.S. federal income or withholding tax in respect of gain realized on the sale of such ordinary shares, unless (i) such gain is effectively connected with your conduct of a trade or business in the United States, and the gain is attributable to a permanent establishment (or in the case of an individual, a fixed place of business) that you maintain in the United States if that is required by an applicable income tax treaty as a condition for subjecting you to U.S. taxation on a net income basis; or (ii) in the case of gain realized by an individual non-U.S. holder, you are present in the United States for 183 days or more in the taxable year of the sale and certain other conditions are met. In the first case, the non-U.S. holder will be taxed in the same manner as a U.S. holder. In the second case, the non-U.S. holder will be subject to U.S. federal income tax at a rate of 30% on the amount by which such non-U.S. holder s U.S.-source capital gains exceed such non-U.S. holder s U.S.-source capital losses. If you are a corporate non-U.S. holder, effectively connected dividends may, under certain circumstances, be subject to an additional branch profits tax at a 30% rate or a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

PFIC Rules

We believe that our ordinary shares will not be treated as stock of a PFIC for U.S. federal income tax purposes for the current tax year. The determination of whether or not we are a PFIC is a factual determination that cannot be made until the close of the applicable tax year and that is based on the types of income we earn and the value of our assets (including goodwill), both of which are subject to change. In calculating goodwill for this purpose, we will value our total assets based on the total market value, determined with reference to the then market price of the ordinary shares, and will make determinations regarding the amount of this value allocable to goodwill. Because the determination of goodwill will be based on the market price of the ordinary shares, it is subject to change. It is possible that the U.S. Internal Revenue Service may challenge our valuation of our assets (including goodwill), which may result in us being classified as a PFIC. Thus, it is possible that we may be or become a PFIC in the current or any future taxable year and we cannot assure you that we will not be considered a PFIC in any such tax year.

In general, if you are a U.S. holder, we will be a PFIC with respect to you if for any taxable year in which you held the ordinary shares:

- at least 75% of our gross income for the taxable year is passive income; or

- at least 50% of the value, determined on the basis of a quarterly average, of our assets is attributable to assets that produce or are held for the production of passive income.

Passive income generally includes dividends, interest, royalties, rents (other than certain rents and royalties derived in the active conduct of a trade or business), the excess of gains over losses from certain types of transactions in commodities, annuities and gains from assets that produce passive income. If a foreign corporation owns at least 25% by value of the stock of another corporation, the foreign corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation, as receiving directly its proportionate share of the other corporation s income.

If we are treated as a PFIC, and you are a U.S. holder that did not make a mark-to-market election, as described below, you will be subject to special rules with respect to:

- any gain you realize on the sale or other disposition of your ordinary shares; and

- any excess distribution that we make to you (generally, any distributions to you during a single taxable year that are greater than 125% of

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the average annual distributions received by you in respect of the ordinary shares during the three preceding taxable years or, if shorter, your holding period for the ordinary shares).

Under these rules:

the gain or excess distribution will be allocated ratably over your holding period for the ordinary shares;

the amount allocated to the taxable year in which you realized the gain or excess distribution will be taxed as ordinary income;

the amount allocated to each prior year, with certain exceptions, will be taxed at the highest tax rate in effect for that year; and

the interest charge generally applicable to underpayments of tax will be imposed in respect of the tax attributable to each such year.

Special rules apply for calculating the amount of the foreign tax credit with respect to excess distributions by a PFIC.

If you own shares in a PFIC that are treated as marketable stock, you may make a mark-to-market election. If you make this election in a timely fashion, you will not be subject to the PFIC rules described above. Instead, in general, you will include as ordinary income each year the excess, if any, of the fair market value of your ordinary shares at the end of the taxable year over your adjusted basis in your ordinary shares. You will also be allowed to take an ordinary loss in respect of the excess, if any, of the adjusted basis of your ordinary shares over the fair market value at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). Your basis in the ordinary shares will be adjusted to reflect any such income or loss amounts.

We do not intend to furnish you with the information that you would need in order to make a qualified electing fund election to include your share of its income on a current basis.

If you own ordinary shares during any year that we are a PFIC, you must file U.S. Internal Revenue Service Form 8621 that describes the distribution received on the ordinary shares and the gain realized on the disposition of the ordinary shares. The reduced tax rate for dividend income, discussed in Taxation of Dividends, is not applicable to dividends paid by a PFIC.

U.S. Information Reporting and Backup Withholding Rules

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries are subject to information reporting and may be subject to backup withholding at a rate currently of 28% unless the holder (i) is a corporation or other exempt recipient or (ii) provides a taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred. Backup withholding is not an additional tax, and the amount of any backup withholding from a payment to a U.S. holder will be allowed as a credit against the U.S. holder s U.S. federal income tax liability provided that the appropriate returns are filed. A non-U.S. holder generally may eliminate the requirement for information reporting and backup withholding by providing certification of its foreign status to the payor, under penalties of perjury, on IRS Form W-8BEN.

Recently Enacted Legislation Related to Disclosure of Information with Respect to Foreign Financial Assets

Recently enacted legislation requires a U.S. holder that holds an interest in specified foreign financial assets to disclose certain information related to these holdings. This applies for any year in which the aggregate value of all such holdings is greater than US$50,000. For these purposes, specified foreign financial assets include (i) any depository or custodial account maintained by certain foreign financial institutions and foreign investment vehicles, (ii) certain interest in, or securities issued by, non-U.S. persons, and (iii) certain other financial instruments or contracts held for investment where the issuer or counterparty is a non-U.S. person. In addition, a U.S. holder may be required to furnish certain information to avoid a presumption that the aggregate value of the U.S. holder s holdings of specified foreign financial assets are in excess of US$50,000. Penalties may apply in the event of noncompliance.

These disclosure requirements are effective for taxable years beginning after March 18, 2010. As with all new legislation, the application of certain of these requirements in any particular circumstance may not be entirely clear. Prospective investors should consult their own tax advisors regarding the effect of this legislation in their particular circumstances.

THE PRECEDING DISCUSSION OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES IS INTENDED FOR GENERAL INFORMATION ONLY AND DOES NOT CONSTITUTE TAX ADVICE. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER AS TO PARTICULAR TAX CONSEQUENCES TO IT OF PURCHASING, HOLDING AND DISPOSING OF THE ORDINARY SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN LAWS, AND PROPOSED CHANGES IN APPLICABLE LAWS.

DIVIDENDS AND PAYING AGENTS

Not applicable.

STATEMENTS BY EXPERTS

Not applicable.

DOCUMENTS ON DISPLAY

Our Memorandum and Articles of Association may be examined at our principal place of business at: Randfontein Office Park, Corner of Main Reef Road and Ward Avenue, Randfontein, 1760, South Africa. We also file annual and furnish interim reports and other information with the Securities and Exchange Commission, or the SEC. You may read and copy any reports or other information on file at the SEC s public reference room at the following location:

Public Reference Room
100 F Street, NW
Room 1580
Washington D.C. 20549

Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. The SEC filings are also available to the public from commercial document retrieval services. We file electronically with the SEC, and the documents it files are available on the website maintained by the SEC at *www.sec.gov.*

SUBSIDIARY INFORMATION

Not applicable.

Item 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

General

We are exposed to market risks, including credit risk, foreign currency risk, commodity price risk and interest rate risk associated with underlying assets, liabilities and anticipated transactions. Following periodic evaluation of these exposures, we may enter into derivative financial instruments to manage these exposures. We have policies in areas such as counterparty exposure and hedging practices, which have been approved by our senior management. We do not hold or issue derivative financial instruments for trading or speculative purposes.

We did not apply hedge accounting to incidental hedges held in the past.

In accordance with IAS 39 Financial Instruments: Recognition and Measurement, we account for our derivative financial instruments as hedging transactions if the following criteria are met:

in the case of a hedge of an anticipated future transaction, there is a high probability that the transaction will occur.

Foreign Currency Sensitivity

In the ordinary course of business, we enter into transactions denominated in foreign currencies (primarily U.S. dollars, Australian dollars and Kina). In addition, we incur investments and liabilities in U.S. dollars, Canadian dollars, British pounds sterling and Australian dollars from time to time. As a result, we are subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. We do not generally hedge our exposure to foreign currency exchange rates.

Our revenues and costs are very sensitive to the exchange rate of the Rand and other non-U.S. currencies to the U.S. dollar because gold is generally sold throughout the world in U.S. dollars, but most of our operating costs are incurred in Rand and other non-U.S. currencies. Appreciation of the Rand and other non-U.S. currencies against the U.S. dollar increases working costs at our operations when those costs are translated into U.S. dollars, which reduces operating margins and net income from our operations. Depreciation of the Rand and other non-U.S. currencies against the U.S. dollar reduces these costs when they are translated into U.S. dollars, which increases operating margins and net income from our operations. See *Item 3. Key Information Exchange Rates* and *Item 3. Key Information Risk Factors Because most of Harmony s production costs are in Rand and other non-U.S. currencies, while gold is generally sold in U.S. dollars, Harmony s financial condition could be materially harmed by an appreciation in the value of the Rand and other non-U.S. currencies* .

We did not have any currency contracts in place as of June 30, 2010, 2009 or 2008.

Commodity Price Sensitivity

General

The market price of gold has a significant effect on our results of operations, our ability to pay dividends and undertake capital expenditures, and the market prices of our ordinary shares.

Gold prices have historically fluctuated widely and are affected by numerous industry factors over which we do not have any control. See *Item 3. Key Information Risk Factors The profitability of Harmony s operations, and the cash flows generated by those operations, are affected by changes in the market price for gold, which in the past has fluctuated widely* . The aggregate effect of these factors, all of which are beyond our control, is impossible for us to predict.

Harmony s Hedging Policy

As a general rule, we sell our gold production at market prices. We generally do not enter into forward sales, commodity, derivatives or hedging arrangements to establish a price in advance for the sale of our future gold production, although we may do so in the future. For more detailed information on our hedging policy, see *Item 4. Information on the Company Business Hedge Policy* .

Commodity Sales Agreements

We did not have any forward commodity sales agreements in place during fiscal 2010, 2009 and 2008.

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Interest Rate Sensitivity

Our interest rate risk arises mainly from long-term borrowings. We have variable interest rate borrowings. Variable rate borrowings expose us to cash flow interest rate risk. We have not entered into interest rate swap agreements in fiscal years 2008, 2009 and 2010.

Sensitivity analysis

A change of 100 basis points in interest rates at June 30, 2010, 2009 and 2008 would have increased (decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

		June 30,	
	2010	**2009**	**2008**
		($ in millions)	
Increase in 100 basis points	2		3
Decrease in 100 basis points	(2)		(3)

The above table excludes the fixed rate convertible bond for fiscal 2009 and 2008. As it was accounted for at amortized cost, and had a fixed coupon interest rate rather than a floating coupon interest, interest rate changes did not affect reported profit and loss.

For further information on sensitivities, see note 4 of the consolidated financial statements in Item 18.

Item 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

GLOSSARY OF MINING TERMS

The following explanations are not intended as technical definitions, but rather are intended to assist the general reader in understanding certain terms as used in this annual report.

Alluvial: the product of sedimentary processes in rivers, resulting in the deposition of alluvium (soil deposited by a river).

Arenaceous: said of a sediment or sedimentary rock consisting wholly or in part of sand-sized fragments or having a sandy texture or the texture of such a sediment or rock.

Auriferous: a substance that contains gold (AU).

Beneficiation: the process of adding value to gold products by transforming gold bullion into fabricated gold products.

By-products: Any products that emanate from the core process of producing gold, including silver and uranium in South Africa and copper, silver and molybdenum in Papua New Guinea.

Calc-silicate rock: A metamorphic rock consisting mainly of calcium-bearing silicates such as diopside and wollastonite, and formed by metamorphism of impure limestone or dolomite.

Carbon in leach (CIL): Gold is leached from a slurry of gold ore with cyanide in agitated tanks and adsorbed on to carbon granules in the same circuit. The carbon granules are separated from the slurry and treated in an elution circuit to remove the gold.

Carbon In Pulp (CIP): a common process used to extract gold from cyanide leach slurries. The process consists of carbon granules suspended in the slurry and flowing counter-current to the process slurry in multiple-staged agitated tanks. The process slurry, which has been leached with cyanide prior to the CIP process, contains solubilized gold. The solubilized gold is absorbed onto the carbon granules, which are subsequently separated from the slurry by screening. The gold is then recovered from the carbon by electrowinning onto steel wool cathodes or by a similar process.

Carbon In Solution (CIS): a process similar to CIP except that the gold, which has been leached by the cyanide into solution, is separated by the process of filtration (solid/liquid separation). The solution is then pumped through six stages where the solution comes into contact with the activated carbon granules.

Cash cost: a measure of the average cost of producing an ounce of gold, calculated by dividing the total cash working costs in a period by the total gold production over the same period. Working costs represent total operating costs less certain administrative expenses, royalties and depreciation. In determining the cash cost of different elements of the operations, production overheads are allocated pro rata.

Conglomerate: a coarse-grained classic sedimentary rock, composed of rounded to sub-angular fragments larger than 2mm in diameter (granules, pebbles, cobbles, boulders) set in a fine-grained matrix of sand or silt, and commonly cemented by calcium carbonate, iron oxide, silica or hardened clay.

Crosscut: a mine working that is driven horizontally and at right angles to an adit, drift or level.

Cut and fill: a method of underground mining in which a stope is excavated and refilled with material (waste or tailings).

Cut-off grade: the grade at which the total profit from mining the orebodies, under a specified set of mining parameters, is maximized.

Cyanide leaching: the extraction of a precious metal from an ore by its dissolution in a cyanide solution.

Decline: an inclined underground access way.

Deferred Stripping: the removal of overburden through stripping in the current period to access ore expected to be exploited in a future period. Costs incurred with deferred stripping are deferred until the ore is accessed, in order to ensure matching of costs and revenues.

Depletion: the decrease in quantity of ore in a deposit or property resulting from extraction or production.

Development: activities (including shaft sinking and on-reef and off-reef tunneling) required to prepare for mining activities and maintain a planned production level and those costs to enable the conversion of mineralized material to reserves.

Electro-winning: the process of removing gold from solution by the action of electric currents.

Elution: removal of the gold from the activated carbon before the zinc precipitation stage.

Exploration: activities associated with ascertaining the existence, location, extent or quality of mineralized material, including economic and technical evaluations of mineralized material.

Fabricated gold: gold on which work has been performed to turn it into a product, such as jewelry, which differs from a pure investment product, such as a gold bullion bar.

Fatal injury frequency rate: the number of fatal injuries per million hours worked.

Fluvial: produced by the action of a stream or river.

Footwall: the underlying side of a fault, orebody or stope.

Forward purchase: an agreement for the purchase of a commodity at a specified future date at a fixed price.

Forward sale: the sale of a commodity for delivery at a specified future date and price.

Gold reserves: the gold contained within proven and probable reserves on the basis of recoverable material (reported as mill delivered tons and head grade).

Gold lease rate swap: an agreement to pay a floating lease rate in exchange for the fixed lease rate inherent in establishing the fixed price in one or more forward gold sales.

Grade: the quantity of metal per unit mass of ore expressed as a percentage or, for gold, as ounces of gold per ton of ore.

Greenfield: a potential mining site of unknown quality.

Greenstone: a field term applied to any compact dark-green altered or metamorphosed basic igneous rock that owes its color to the presence of chlorite, actinolite or epidote.

Grinding: reducing mineralized rock to the consistency of fine sand by crushing and abrading in a rotating steel grinding mill.

Head grade: the grade of the ore as delivered to the metallurgical plant.

Heap leaching: a low-cost technique for extracting metals from ore by percolating leaching solutions through heaps of ore placed on impervious pads. Generally used on low-grade ores.

Leaching: dissolution of gold from the crushed and milled material, including reclaimed slime, for absorption and concentration on to the activated carbon.

Level: the workings or tunnels of an underground mine that are on the same horizontal plane.

Littoral: of or pertaining to a shore.

Longhole sub-level caving: a process for removing ore in which relatively thin blocks of ore are caused to cave in by successively undermining small panels of ore. The broken and caved ore is then extracted by mechanical means.

Lost time injury frequency rate: the number of lost time injuries per million hours.

Measures: conversion factors from metric units to U.S. units are provided below.

Metric unit		U.S. equivalent
1 tonne	= 1 t	= 1.10231 short tons
1 gram	= 1 g	= 0.03215 ounces
1 gram per tonne	= 1 g/t	= 0.02917 ounces per short ton
1 kilogram per tonne	= 1 kg/t	= 29.16642 ounces per short ton
1 kilometer	= 1 km	= 0.621371 miles
1 meter	= 1 m	= 3.28084 feet
1 centimeter	= 1 cm	= 0.3937 inches
1 millimeter	= 1 mm	= 0.03937 inches
1 hectare	= 1 ha	= 2.47105 acres

Metallurgical plant: a processing plant used to treat ore and extract the contained gold.

Mill delivered tons: a quantity, expressed in tons, of ore delivered to the metallurgical plant.

Milling/mill: the comminution of the ore, although the term has come to cover the broad range of machinery inside the treatment plant where the gold is separated from the ore.

Mineable: that portion of a mineralized deposit for which extraction is technically and economically feasible.

Mineralization: the presence of a target mineral in a mass of host rock.

Mineralized material: a mineralized body that has been delineated by appropriately spaced drilling and/or underground sampling to support a sufficient tonnage and average grade of metals to warrant further exploration. Such a deposit does not qualify as a reserve until a comprehensive evaluation based upon unit cost, grade, recoveries, and other material factors conclude legal and economic feasibility.

Morphology: the form or shape of a crystal or mineral aggregate.

Open-pit/Open cast/Open cut: mining in which the ore is extracted from a pit. The geometry of the pit may vary with the characteristics of the orebody.

Ore: a mixture of mineralized material from which at least one of the contained minerals can be mined and processed at an economic profit.

Ore grade: the average amount of gold contained in a ton of gold bearing ore expressed in ounces per ton.

Mineral reserves: that part of mineralized material which at the time of the reserve determination could be economically and legally extracted or produced. Mineral reserves are reported as general indicators of the life of mineralized materials. Changes in reserves generally reflect:

- development of additional reserves;
- depletion of existing reserves through production;
- actual mining experience; and
- price forecasts.

Grades of ore actually processed may be different from stated reserve grades because of geologic variation in different areas mined, mining dilution, losses in processing and other factors. Recovery rates vary with the metallurgical characteristics and grade of ore processed. Neither reserves nor projections of future operations should be interpreted as assurances of the economic life of mineralized material nor of the profitability of future operations.

Orebody: a well defined mass of mineralized material of sufficient mineral content to make extraction economically viable.

Ounce: one Troy ounce, which equals 31.1035 grams.

Overburden: the soil and rock that must be removed in order to expose an ore deposit.

Overburden tons: tons that need to be removed to access an ore deposit.

Palaeotopography: the topography implied at some time in the past.

Pay limit: the breakeven grade at which the orebody can be mined without profit or loss, calculated using the forecast gold price, working costs and recovery factors.

Placer: a sedimentary deposit containing economic quantities of valuable minerals mainly formed in alluvial environments.

Precipitate: the solid product of chemical reaction by fluids such as the zinc precipitation referred to below.

Probable reserves: reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

Prospect: an area of land with insufficient data available on the mineralization to determine if it is economically recoverable, but warranting further investigation.

Prospecting license: an area for which permission to explore has been granted.

Proven reserves: reserves for which: (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling; and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.

Pyrite: a brassy-colored mineral of iron sulphide (compound of iron and sulfur).

Quartz: a mineral compound of silicon and oxygen.

Recovery grade: the actual grade of ore realized after the mining and treatment process.

Reef: a gold-bearing sedimentary horizon, normally a conglomerate band, that may contain economic levels of gold.

Refining: the final stage of metal production in which final impurities are removed from the molten metal by introducing air and fluxes. The impurities are removed as gases or slag.

Rehabilitation: the process of restoring mined land to a condition approximating its original state.

Sampling: taking small pieces of rock at intervals along exposed mineralization for assay (to determine the mineral content).

Shaft: a shaft provides principal access to the underground workings for transporting personnel, equipment, supplies, ore and waste. A shaft is also used for ventilation and as an auxiliary exit. It is equipped with a surface hoist system that lowers and raises conveyances for men, materials and ore in the shaft. A shaft generally has more than one conveyancing compartment.

Slimes: the finer fraction of tailings discharged from a processing plant after the valuable minerals have been recovered.

Slurry: a fluid comprising fine solids suspended in a solution (generally water containing additives).

Smelting: thermal processing whereby molten metal is liberated from beneficiated mineral or concentrate with impurities separating as lighter slag.

Spot price: the current price of a metal for immediate delivery.

Stockpile: a store of unprocessed ore.

Stockwork: mineralized material consisting of a three-dimensional network of planar to irregular veinlets closely enough spaced that the whole mass can be mined.

Stope: the underground excavation within the orebody where the main gold production takes place.

Stripping: the process of removing overburden to expose ore.

Sulphide: a mineral characterized by the linkages of sulfur with a metal or semi-metal, such as pyrite, FeS.

Syncline: a basin-shaped fold.

Tailings: finely ground rock from which valuable minerals have been extracted by milling.

Tailings dam (slimes dam): Dam facilities designed to store discarded tailings.

Ton: one ton is equal to 2,000 pounds (also known as a short ton).

Tonnage: quantities where the ton or tonne is an appropriate unit of measure. Typically used to measure reserves of gold-bearing material in situ or quantities of ore and waste material mined, transported or milled.

Tonne: one tonne is equal to 1,000 kilograms (also known as a metric ton).

Trend: the arrangement of a group of ore deposits or a geological feature or zone of similar grade occurring in a linear pattern.

Unconformity: the structural relationship between two groups of rock that are not in normal succession.

Waste: ore rock mined with an insufficient gold content to justify processing.

Waste rock: the non-mineralized rock and/or rock that generally cannot be mined economically that is hoisted to the surface for disposal on the surface normally close to the shaft on an allocated dump.

Yield: the actual grade of ore realized after the mining and treatment process.

Zinc precipitation: a chemical reaction using zinc dust that converts gold solution to a solid form for smelting into unrefined gold bars.

PART II

Item 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

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Item 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS

At a general meeting held on November 23, 2009, our shareholders authorized the board to (i) place 10% of the unissued ordinary shares of the company under directors control and (ii) authorizing the board to allot and issue up to 5% of all or any of our authorized but unissued ordinary shares for cash to such persons and on such terms as the board may, without restriction, from time to time, deem fit as and when suitable opportunities arise, but subject to the requirements of the JSE.

At a general meeting held on November 24, 2008, our shareholders authorized the board to (i) place 10% of the unissued ordinary shares of the company under directors control and (ii) authorizing the board to allot and issue up to 10% of all or any of our authorized but unissued ordinary shares for cash to such persons and on such terms as the board may, without restriction, from time to time, deem fit as and when suitable opportunities arise, but subject to the requirements of the JSE.

At a general meeting held on November 26, 2007, our shareholders authorized the board to (i) place 10% of the unissued ordinary shares of the company under directors control and (ii) authorizing the board to allot and issue up to 10% of all or any of our authorized but unissued ordinary shares for cash to such persons and on such terms as the board may, without restriction, from time to time, deem fit as and when suitable opportunities arise, but subject to the requirements of the JSE.

USE OF PROCEEDS

Not applicable.

Item 15. DISCLOSURE CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

As of June 30, 2010, our management, with the participation of our Chief Executive Officer (**CEO**) and Chief Financial Officer (**CFO**), carried out an evaluation, pursuant to Rule 13a-15 promulgated under the Exchange Act of the effectiveness of our disclosure controls and procedures . Based on the foregoing, our management, including the CEO and CFO, concluded that our disclosure controls and procedures were effective as of June 30, 2010.

(b) Management s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Harmony s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company s assets that could have a material effect on the financial statements. Where appropriate, the necessary actions are taken to remedy any failings or weaknesses identified from review of the effectiveness of the internal control system.

Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human error. Internal control over financial reporting also can be circumvented by collusion or improper management override. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of change in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Management conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (**COSO**). Management has assessed the effectiveness of internal control over financial reporting, as of June 30, 2010, and has concluded that such internal control over financial reporting was effective based upon those criteria.

PricewaterhouseCoopers Inc, an independent registered public accounting firm, which has audited the consolidated financial statements included in this Annual Report, has issued an attestation report on the effectiveness of Harmony s internal control over financial reporting as of June 30, 2010.

(c) Attestation Report of the Registered Public Accounting Firm

See report of PricewaterhouseCoopers Inc, an independent registered public accounting firm, on page F-2.

(d) Changes in Internal Control over Financial Reporting

There has been no change in Harmony s internal control over financial reporting that occurred during fiscal 2010 that has materially affected or is reasonably likely to materially affect, Harmony s internal control over financial reporting.

Item 16A. AUDIT COMMITTEE FINANCIAL EXPERT

At this time, we do not have an individual audit committee financial expert as defined by the rules of the SEC.

The audit committee members through their collective experience do meet a majority of the definitions of the SEC for an audit committee financial expert in both the private and public sectors. The members have served as directors and officers of numerous public companies and have over the years developed a strong knowledge and understanding of IFRS as issued by the IASB, overseeing the preparation, audit and evaluation of financial statements. We believe that the combined knowledge, skills and experience of the Audit Committee, and their authority to engage outside experts as they deem appropriate to provide them with advice on matters related to their responsibilities, enable them, as a group, to act effectively in the fulfillment of their tasks and responsibilities required under the Sarbanes-Oxley Act of 2002. See *Item 7. Directors and Management Board Practices Audit Committee* .

Item 16B. CODE OF ETHICS

The Harmony Code of Ethics has been developed to respond to the challenge of ethical conduct in a business environment. The Code of Ethics goes beyond the company s legal and institutional responsibilities by formalizing our values. The purpose of the code is to guide employees behavior, not to provide specific answers to every conceivable situation in the workplace. We approached the development and the annual review of the Code of Ethics in a fully inclusive manner, with broad consultation and information gathering at all levels of the company. Employees have been kept fully informed about the Code of Ethics and all employees are expected to comply with its contents. (The term employees is used in the broadest sense and includes all staff with which a service contract exists, including management, non-management, directors, contractors, consultants, suppliers and temporary staff.) An Ethics Committee was formed in May 2006, which consists of five executive managers and the Company Secretary (who chairs the meeting). This committee is required to meet quarterly to monitor the gift registers and any reported unethical behavior. The Code of Ethics is available on our website at www.harmony.co.za.

Item 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

AUDIT FEES

The following sets forth the aggregate fees billed for each of the two past fiscal years for professional fees to our principal accountants for the audit of the annual financial statements or for services normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years.

Fiscal year ended June 30, 2009	US$1.631 million
Fiscal year ended June 30, 2010	US$2.128 million

AUDIT-RELATED FEES

The following sets forth additional aggregate fees to those reported under Audit Fees in each of the last two fiscal years that were provided by the principal accountant that are reasonably related to the performance of the audit or review of the financial statements:

Fiscal year ended June 30, 2009	US$0.331 million
Fiscal year ended June 30, 2010	US$0.413 million

Fees related to interim reviews and review of interim reports, other SEC filings as well as guidance on section 404 Sarbanes Oxley compliance.

TAX FEES

The following sets forth the aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice and tax planning:

Fiscal year ended June 30, 2009	US$0.038 million
Fiscal year ended June 30, 2010	US$0.107 million

Services comprised advice on capital gains tax issues, treatment of tax in respect of acquisitions, guidance on share option schemes.

ALL OTHER FEES

The following sets forth the aggregate fees billed in each of the last two fiscal years for products and services provided by the principal accountant not described above:

Fiscal year ended June 30, 2009	US$0.300 million
Fiscal year ended June 30, 2010	US$0.066 million

AUDIT COMMITTEE APPROVAL

Our audit committee pre-approves our engagement of PricewaterhouseCoopers Inc to render audit or non-audit services. All of the services described above were approved by the audit committee.

Item 16D. EXEMPTIONS FROM LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

Item 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

Item 16F. CHANGE IN REGISTRANT S CERTIFYING ACCOUNTANT

Not applicable.

Item 16G. CORPORATE GOVERNANCE

Significant ways in which Harmony s corporate governance practices differ from practices followed by publicly-listed US companies.

Foreign private issuers, such as Harmony, must briefly highlight any significant ways in which their corporate governance practices differ from those following by US-listed companies. Set out below is a brief, general summary of the significant differences:

US-listed companies are required to have a nominating/corporate governance committee and all members of this committee must be non-executive directors. Harmony has a Nomination Committee which comprises three non-executive board members. Post-financial year end an independent non-executive director was appointed Chairman of the Nomination Committee.

For US-listed companies, the chairperson of this committee is required to be the chairperson of the Board of Directors. The current chairman of the Harmony Board of Directors, Patrice Motsepe, is Chairman of one of Harmony s largest shareholders, African Rainbow Minerals Limited, and is thus not independent. A lead independent non-executive director was appointed in August 2010.

US-listed companies are required to have a remuneration committee composed entirely of independent directors. Harmony has appointed a Remuneration Committee, comprising three board members, all of whom are non-executive and two of whom are independent.

The non-management directors of US-listed companies must meet at regularly scheduled executive sessions without management. Although Harmony does not specifically require such meetings of its non-executive directors, the board has unrestricted access to all company information, records, documents and property. Directors may, if necessary, take independent professional advice at the company s expense and non-executive directors have access to management and may meet separately with management, without the attendance of executive directors.

US-listed companies are required to publish and distribute to shareholders an annual report within 120 days from the end of its fiscal year. Non-US companies such as Harmony are given 225 days from the end of the fiscal year.

PART III

Item 17. FINANCIAL STATEMENTS

We have elected to provide financial statements for the fiscal year ended June 30, 2010 and the related information pursuant to Item 18.

Item 18. FINANCIAL STATEMENTS

Financial Statements

The financial statements appear in this annual report on Form 20-F beginning on page F-4. The report of the independent registered public accounting firm appears on page F-2.

Item 19. EXHIBITS

1.1 Memorandum of Association of Harmony, as amended (incorporated by reference to Harmony s Registration Statement (file no. 333-13516) on Form F-3 filed on June 21, 2001).

1.2 Articles of Association of Harmony, as amended (incorporated by reference to Harmony s Annual Report on Form 20-F for the fiscal year ended June 30, 2005, filed on November 3, 2005).

*2.1 Notice to shareholders dated October 26, 2009 in respect of the Annual General Meeting held on November 23, 2009.

2.2 Deposit Agreement among Harmony, The Bank of New York, as Depositary, and owners and holders of American Depositary Receipts, dated as of August 12, 1996, as amended and restated as of October 2, 1996, as further amended and restated as of September 15, 1998 (incorporated by reference to Post-Effective Amendment No. 1 to Harmony s Registration Statement (file no. 333-5410) on Form F-6 filed on May 17, 2001).

2.3 Form of ADR (included in Exhibit 2.2).

4.1 Harmony (2003) Share Option Scheme, as amended (incorporated by reference to Harmony s Annual Report on Form 20-F for the fiscal year ended June 30, 2005, filed on November 3, 2005).

4.2 Harmony 2006 Share Scheme (incorporated by reference to Harmony s Annual Report on Form 20-F for the fiscal year ended June 30, 2007, filed on December 7, 2007).

4.3 Draw Down Facility Agreement with Westpac Bank dated June 27, 2007 (incorporated by reference to Harmony s Annual Report on Form 20-F for the fiscal year ended June 30, 2007, filed on December 7, 2007).

4.4 Sale Agreement with Randfontein Estates Limited, Clidet No. 726 (Proprietary) Limited and Clidet No. 770 (Proprietary) Limited dated December 18, 2007 (incorporated by reference to Harmony s Annual Report on Form 20-F for the fiscal year ended June 30, 2008, filed on October 29, 2008).

4.5 Shareholders Agreement between ARMGold/Harmony Joint Investment Company (Proprietary) Limited, Clidet No. 770 (Proprietary) Limited and Clidet No. 726 (Proprietary) Limited dated December 18, 2007 (incorporated by reference to Harmony s Annual Report on Form 20-F for the fiscal year ended June 30, 2008, filed on October 29, 2008).

4.6 Sale of Shares and Claim Agreement with Randfontein Estates Limited, ARMGold/Harmony Joint Investment Company (Proprietary) Limited and Clidet No. 770 (Proprietary) Limited dated December 18, 2007 (incorporated by reference to Harmony s Annual Report on Form 20-F for the fiscal year ended June 30, 2008, filed on October 29, 2008).

4.7 Deed of Extinguishment of Royalty (Hidden Valley Project) dated May June 11, 2008 (incorporated by reference to Harmony s Annual Report on Form 20-F for the fiscal year ended June 30, 2008, filed on October 29, 2008).

4.8 Senior Facility Agreement with Nedbank Limited dated September 28, 2007 (incorporated by reference to Harmony s Annual Report on Form 20-F for the fiscal year ended June 30, 2008, filed on October 29, 2008).

4.9 Master Lease Facility Agreement between Morobe Consolidated Goldfields Limited and Westpac Bank PNG Limited (Hidden Valley Project) dated June 14, 2007 (incorporated by reference to Harmony s Annual Report on Form 20-F for the fiscal year ended June 30, 2008, filed on October 29, 2008).

4.10 Deed of Extinguishment of Royalty (Wafi-Golpu Project) dated February 16, 2009.

4.11 Master Purchase and Farmin Agrement dated May 22, 2008 between Morobe Consolidated Goldfields Limited, Wafi Mining Limited, Morobe Exploration Limited, Newcrest PNG 1 Limited, Newcrest PNG 2 Limited and Newcrest PNG 1 Limited.

4.12 Hidden Valley Joint Venture Agreement dated May 22, 2008 between Morobe Consolidated Goldfields Limited, Newcrest PNG 1 Limited and Hidden Valley Services Limited.

4.13 Master Co-operation Agreement dated on or about August 5, 2008 between Hidden Valley Services Limited, Wafi-

	Golpu Services Limited, Morobe Exploration Services Limited, Harmony Gold (PNG Services) Pty Limited and Newcrest Mining Limited.
*4.14	Administration Expenses Agreement dated August 11, 2009 between Pamodzi Gold Free State (Proprietary) Limited (in provisional liquidation) and Harmony Gold Mining Company Limited
*4.15	Sale of Assets Agreement (South) dated September 8, 2009 between Pamodzi Gold Free State (Proprietary) Limited (in provisional liquidation) and Harmony Gold Mining Company Limited
*4.16	Sale of Assets Agreement (Waste Rock Dump) dated September 8, 2009 between Pamodzi Gold Free State (Proprietary) Limited (in provisional liquidation) and Avgold Limited
*4.17	Sale of Assets Agreement (North) dated September 8, 2009 between Pamodzi Gold Free State (Proprietary) Limited (in provisional liquidation), Avgold Limited and Harmony Gold Mining Company Limited
*4.18	Sale of Assets Agreement (Plant) dated September 8, 2009 between Pamodzi Gold Free State (Proprietary) Limited (in provisional liquidation) and Harmony Gold Mining Company Limited
*4.19	Facilities Agreement dated December 11, 2009 between Nedbank Limited, Harmony Gold Mining Company Limited and the Guarantors listed in Schedule 2
*4.20	Amended and Restated Sale Agreement dated March 18, 2010 between Harmony Gold Mining Company Limited, Africa Vanguard Resources (Doornkop) (Proprietary) Limited and Randfontein Estates Limited
8.1	Significant subsidiaries of Harmony Gold Mining Company Limited (incorporated by reference to Harmony s Annual Report on Form 20-F for the fiscal year ended June 30, 2009, filed on October 26, 2009).
*12.1	Certification of the principal executive officer required by Rule 13a-14(a) or Rule 15(d)-14(a), pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
*12.2	Certification of the principal financial officer required by Rule 13a-14(a) or Rule 15(d)-14(a), pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
*13.1	Certification of the principal executive officer, pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
*13.2	Certification of the principal financial officer, pursuant to Section 906 of the Sarbanes Oxley Act of 2002.

* Filed herewith

SIGNATURE

Pursuant to the requirements of Section 12 of the Exchange Act, we hereby certify that we meets all of the requirements for filing on Form 20-F and that we have duly caused this annual report to be signed on our behalf by the undersigned, thereunto duly authorized.

HARMONY GOLD MINING COMPANY LIMITED

By: /s/ Graham Briggs
Graham Briggs
Chief Executive Officer
Date: October 25, 2010

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Harmony Gold Mining Company Limited

In our opinion, the accompanying consolidated balance sheets and the related consolidated income statements, statements of other comprehensive income, of changes in shareholders equity and cash flows present fairly, in all material respects, the financial position of Harmony Gold Mining Company Limited and its subsidiaries at June 30, 2010 and 2009 and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2010 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2010, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management s Annual Report on Internal Control over Financial Reporting appearing under Item 15 (b). Our responsibility is to express opinions on these financial statements and on the Company s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers Inc

Johannesburg, Republic of South Africa

October 25, 2010

Consolidated income statements
For the years ended June 30, 2010

Figures in million	Note	2010	US Dollar 2009 *	2008 *
Continuing operations				
Revenue		1,489	1,277	1,269
Cost of sales	5	(1,383)	(1,083)	(1,122)
Production costs		(1,103)	(850)	(918)
Amortization and depreciation		(181)	(139)	(117)
Impairment of assets		(43)	(71)	(40)
Employment termination and restructuring costs		(27)	(4)	(29)
Other items		(29)	(19)	(18)
Gross profit		**106**	**194**	**147**
Corporate, administration and other expenditure		(50)	(36)	(30)
Social investment expenditure		(11)	(4)	(1)
Exploration expenditure		(29)	(29)	(28)
Profit on sale of property, plant and equipment	6	14	114	
Other expenses net	7	(8)	(3)	(15)
Operating profit	8	**22**	**236**	**73**
Profit/(loss) from associates	21	7	1	(11)
Impairment of investment in associate	21		(14)	(12)
Loss on sale of investment in subsidiary	9	(3)		
Net gain/(loss) on financial instruments	10	5	(10)	(58)
Investment income	11	25	49	39
Finance cost	12	(32)	(24)	(70)
Profit/(loss) before taxation		**24**	**238**	**(39)**
Taxation	13	(44)	(22)	(65)
Net (loss)/profit from continuing operations		**(20)**	**216**	**(104)**
Discontinued operations				
(Loss)/profit from discontinued operations	14	(4)	95	74
Net (loss)/profit		**(24)**	**311**	**(30)**
Attributable to:				
Owners of the parent		(24)	311	(30)
Non-controlling interest				

(Loss)/earnings per ordinary share (cents):	15			
(Loss)/earnings from continuing operations		(5)	52	(26)
(Loss)/earnings from discontinued operations		(1)	23	18
Total (loss)/earnings for the period		**(6)**	**75**	**(8)**
Diluted (loss)/earnings per ordinary share (cents):	15			
(Loss)/earnings from continuing operations		(5)	51	(26)
(Loss)/earnings from discontinued operations		(1)	23	18
Total diluted (loss)/earnings for the period		**(6)**	**74**	**(8)**

* *The comparative periods have been re-presented for a change in discontinued operations. Refer to note 14.*

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

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Consolidated statements of other comprehensive income
For the years ended June 30, 2010

			US Dollar	
Figures in million	**Note**	**2010**	**2009**	**2008**
Net (loss)/profit for the year		**(24)**	**311**	**(30)**
Other comprehensive income/(loss) for the year, net of income tax		25	111	(204)
Foreign exchange translation	26	25	105	(246)
Fair value movement of available-for-sale investments	26		6	42
Total comprehensive income/(loss) for the year		**1**	**422**	**(234)**
Attributable to:				
Owners of the parent		1	422	(234)
Non-controlling interest				

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

Consolidated balance sheets
As at June 30, 2010

		US Dollar	
Figures in million	**Note**	**2010**	**2009**
Assets			
Non-current assets			
Property, plant and equipment	16	3,874	3,614
Intangible assets	17	290	288
Restricted cash	18	19	21
Restricted investments	19	228	212
Investment in financial assets	20	2	7
Investment in associates	21	50	43
Deferred tax asset	13	246	222
Inventories	23	28	
Trade and other receivables	24	10	10
Total non-current assets		**4,747**	**4,417**
Current assets			
Inventories	23	129	134
Trade and other receivables	24	122	115
Income and mining taxes		10	6
Cash and cash equivalents		101	253
		362	508
Assets of disposal groups classified as held for sale	14	32	
Total current assets		**394**	**508**
Total assets		**5,141**	**4,925**
Equity and liabilities			
Share capital and reserves			
Share capital	25	4,027	4,004
Other reserves	26	(40)	(72)
Accumulated loss		(159)	(108)
Total equity		**3,828**	**3,824**
Non-current liabilities			
Deferred tax	13	709	643

Provision for environmental rehabilitation	27	222	198
Retirement benefit obligation and other provisions	28	22	22
Borrowings	29	129	14
Total non-current liabilities		**1,082**	**877**
Current liabilities			
Borrowings	29	27	33
Income and mining taxes		1	2
Trade and other payables	30	185	189
		213	224
Liabilities of disposal groups classified as held for sale	14	18	
Total current liabilities		**231**	**224**
Total equity and liabilities		**5,141**	**4,925**

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

Consolidated statements of changes in shareholders equity
For the years ended June 30, 2010

	Number of ordinary shares issued	Share capital	Share premium	Accumulated loss	Other reserves	Total
			Figures in million (US Dollar)			
Note		*25*			*26*	
Balance June 30, 2007	**399,608,384**	**32**	**3,720**	**(388)**	**2**	**3,366**
Dividends declared				(1)		(1)
Issue of shares						
- Exercise of employee share options	1,786,213		12			12
- Exchange for PNG Royalty	1,859,159		20			20
Share-based payments			3		6	9
Total comprehensive loss for the year				(30)	(204)	(234)
Balance June 30, 2008	**403,253,756**	**32**	**3,755**	**(419)**	**(196)**	**3,172**
Issue of shares						
- Exercise of employee share options	1,322,964		7			7
- Exchange for PNG Royalty	3,364,675		23			23
- Capital raising	18,045,441	1	186			187
Share-based payments					13	13
Total comprehensive income for the year				311	111	422
Balance June 30, 2009	**425,986,836**	**33**	**3,971**	**(108)**	**(72)**	**3,824**
Issue of shares						
- Exercise of employee share options	505,584		3			3
- Issued for AVRD investment	2,162,359		21			21
Share-based payments			(1)		20	19
Repurchase of equity interest (note 26(f))					(13)	(13)
Total comprehensive income for the year				(24)	25	1
Dividends paid [1]				(27)		(27)
Balance June 30, 2010	**428,654,779**	**33**	**3,994**	**(159)**	**(40)**	**3,828**

(1) Dividend per share is disclosed under the earnings per share note. Refer to note 15

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

Consolidated cash flow statements
For the years ended June 30, 2010

Figures in million	Notes	US Dollar *2010*	*2009*	*2008*
Cash flow from operating activities				
Cash generated by operations	31	214	319	268
Interest received		25	51	38
Dividends received				5
Interest paid		(12)	(31)	(57)
Income and mining taxes paid		(17)	(85)	(18)
Cash generated by operating activities		**210**	**254**	**236**
Cash flow from investing activities				
Increase in amounts invested in environmental trusts		(1)		(11)
Decrease/(increase) in restricted cash		2	(9)	28
Proceeds on disposal of Big Bell operation	31	3		
Acquisition of Steyn 2 and Target 3	31	(36)		
Proceeds on disposals of Papua New Guinea joint venture	31		235	
Proceeds on disposals of Randfontein Cooke assets	31		209	
Proceeds on disposal of South Kal Mine operation	31			18
Proceeds on disposal of available-for-sale financial assets		7		184
Increase in intangible assets		(2)	(4)	(3)
Decrease/(increase) in other non-current investments		1	(4)	(11)
Proceeds on disposal of property, plant and equipment		16	6	18
Additions to property, plant and equipment		(443)	(339)	(552)
Cash (utilised)/generated by investing activities		**(453)**	**94**	**(329)**
Cash flow from financing activities				
Borrowings raised		168		323
Borrowings paid		(57)	(427)	(256)
Ordinary shares issued		3	194	12
Dividends paid		(29)		(1)
Cash generated/(utilised) by financing activities		**85**	**(233)**	**78**
Foreign currency translation adjustments		**6**	**85**	**(2)**
Net (decrease)/increase in cash and equivalents		(152)	200	(17)
Cash and equivalents beginning of period		253	53	70

Cash and equivalents end of period	**101**	**253**	**53**

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

Notes to the consolidated financial statements
For the years ended June 30, 2010

1 General information

Harmony Gold Mining Company Limited (**the Company**) and its subsidiaries (collectively **Harmony** or the **group**) are engaged in gold mining and related activities, including exploration, extraction and processing. Gold bullion, the group s principal product, is currently produced at its operations in South Africa and Papua New Guinea, where the construction of the Hidden Valley Mine is substantially complete. Hidden Valley Mine reached commercial levels of production during May 2010.

The Company is a public company, incorporated and domiciled in South Africa. The address of its registered office is Randfontein Office Park, Corner Main Reef Road and Ward Avenue, Randfontein, 1759.

The consolidated financial statements were authorized for issue by the board of directors on October 11, 2010

2 Accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied in all years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the group have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (**IFRS**), IFRIC Interpretations and the Companies Act of South Africa applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

New standards, amendments to standards and interpretations to existing standards adopted by the group:

* The following amendment to a standard has become effective and the effect has been disclosed by the group:

IFRS 7 (Amendment) Financial Instruments disclosures: Improving Disclosures about Financial Instruments (effective from periods beginning January 1, 2009).

The amendment increases the disclosure requirements about fair value measurement and reinforces existing principles for disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosure and requires some specific quantitative disclosures for financial instruments in the lowest level in the hierarchy. In addition, the amendment clarifies and enhances existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. The effect of the amendment has been disclosed in note 4, Financial Risk Management.

* The following standards or amendments to standards have become effective but was not relevant to the group:

IFRS 1 and IAS 27 (Amendment) IFRS 1 First-Time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate.

IAS 39 (Amendment) IAS 39 Financial Instruments: Recognition and Measurement Exposures Qualifying for Hedge Accounting.

IFRIC 15 Agreements for the Construction of Real Estate.

* The following standards or amendments to standards have become effective but had no impact on the results of the group:

IFRS 2 (Amendment) Share-Based Payment: Vesting Conditions and Cancellations (effective from periods beginning January 1, 2009).

The amendment deals with two matters. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

IFRS 3 (Revised) Business Combinations (effective from periods beginning July 1, 2009).

The new standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured at fair value through income. Goodwill may be calculated based on the parent s share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed.

Notes to the consolidated financial statements
For the years ended June 30, 2010

IAS 18 (Amendment) Revenue (no effective date, amendment is made to the appendix which is not part of the standard, effective on date of publication)

The amendment is part of the International Accounting Standards Board (**IASB**) annual improvements project published in April 2009. An additional paragraph has been added to the appendix to IAS 18, providing guidance on whether an entity is acting as principal or agent.

IAS 27 (Revised) Consolidated and separate financial statements (effective from periods beginning July 1, 2009)

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognized in profit or loss. A corresponding amendment to IAS 21 was made as a result of IAS 27 (Revised) that clarifies that upon partial disposal of a subsidiary that includes a foreign operation, the group is required to re-attribute the proportionate share of the cumulative exchange differences recognized in other comprehensive income to the non-controlling interests in that foreign operation (i.e. the transaction is recognized in equity). Only upon loss of control of a subsidiary that includes a foreign operation is the cumulative amount of exchange differences relating to that foreign operation reclassified from other comprehensive income to profit or loss.

IAS 32 and IAS 1 (Amendment) IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of financial statements: Puttable Financial Instruments and Obligations Arising on Liquidation (effective from periods beginning January 1, 2009).

The amendments require entities to classify the following types of financial instruments as equity, provided they have particular features and meet specific conditions: a) puttable financial instruments (for example, some shares issued by co-operative entities); b) instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation (for example, some partnership interests and some shares issued by limited life entities). Additional disclosures are required about the instruments affected by the amendments.

IFRIC 9 and IAS 39 Embedded Derivatives (effective from periods beginning 1 July 2009)

The amendment results in a mandatory assessment of an embedded derivative following reclassification of a financial assets out of the fair value through profit or loss category. The assessment will not have taken place at initial recognition, as the entire asset was accounted for at fair value. The amendment is necessary to ensure that, following a reclassification from the fair value category, entities apply the requirements for the separation of an embedded derivative that is not closely related to the host contract. The assessment should be made on the basis of the circumstances that existed when the entity first became a party to the contract. In addition, if the fair value of the embedded derivative that would have to be separated cannot be reliably measured, the hybrid financial asset in its entirety should remain in the fair value through profit or loss category.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective from periods beginning October 1, 2008)

IFRIC 16 provides guidance on identifying the foreign currency risks that qualify as a hedged risk (in the hedge of a net investment in a foreign operation). It secondly provides guidance on where, within a group, hedging instruments that are hedges of a net investment in a foreign operation can be held to qualify for hedge accounting. Thirdly, it provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

IFRIC 17 Distributions of Non-cash Assets to Owners (effective from periods beginning July 1, 2009)

IFRIC 17 applies to the accounting for distributions of non-cash assets (commonly referred to as dividends in specie) to the owners of the entity. The interpretation clarifies that: a dividend payable should be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity; an entity should measure the dividend payable at the fair value of the net assets to be distributed; and an entity should recognize the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.

IFRIC 18 Transfers of assets from customers (effective from periods beginning July 1, 2009)

The interpretation clarifies the accounting treatment for transfers of property, plant and equipment received from customers. This Interpretation applies to agreements with customers in which the entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment and the entity must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with on-going access to a supply of goods and services, or to do both.

Improvements projects

These amendments are the result of conclusions the Board reached on proposals made in its annual improvement project. Unless otherwise specified, the amendments are effective for annual accounting periods beginning on or after January 1, 2009, although entities are permitted to adopt them earlier. The group does not expect the new or revised statements and revised interpretations to have a significant effect on the financial statements.

Notes to the consolidated financial statements
For the years ended June 30, 2010

Standards, amendments to standards and interpretations to existing standards that are not yet effective and have not been early adopted by the group:

At the date of authorization of these financial statements, the standards, amendments to standards and interpretations listed below were in issue but not yet effective. These new standards and interpretations have not been early adopted by the group and a reliable estimate of the impact of the adoption thereof for the group cannot yet be determined for all of them, as management is still in the process of determining the impact of these standards and interpretations on future financial statements. The group plans on adopting these standards, amendments to standards and interpretations on the dates when they become effective.

IFRS 1 (Amendment): First-time Adoption of International Financial Reporting Standards Additional Exemptions for First-time Adopters (effective for periods beginning on or after January 1, 2010)

The amendment addresses the retrospective application of IFRSs to particular situations including: the use of deemed cost for oil and gas assets; determination of whether an arrangement contains a lease; and decommissioning liabilities included in the cost of property, plant and equipment and is aimed at ensuring that the entities applying IFRSs will not face undue cost or effort in the transition process. This amendment will not have an impact on the group.

IFRS 1 (Amendment): First-time Adoption of International Financial Reporting Standards Limited Exemptions from Comparative IFRS 7 Disclosures for First-time Adopters (effective for periods beginning on or after July 1, 2010)

The additional amendment relieves first-time adopters of IFRSs from presenting comparative information for new three level classification disclosures required by the March 2009 amendments to IFRS 7 Financial Instruments: Disclosures . It thereby ensure that first-time adopters benefit from the same transition provisions that amendments to IFRS 7 provides to current IFRS preparers. This amendment will not have an impact on the group.

IFRS 2 (Amendment) Group cash-settled and share-based payment transactions (effective from periods beginning January 1, 2010)

The amendment provide a clear basis to determine the classification of share based payments in consolidated and separate financial statements. In addition to incorporating IFRIC 8, Scope of IFRS 2 , and IFRIC 11, IFRS 2 group and treasury share transactions , the amendment also expand on the guidance in IFRIC 11 to address group arrangements that were not considered by that interpretation. The group does not have a cash settled share based payments scheme.

IFRS 5 (Amendment) Measurement of non-current assets (or disposal groups) classified as held for sale (effective from periods beginning January 1, 2010)

The amendment is part of the IASB s annual improvements project published in April 2009. The amendment provides clarification on disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty). The group is still in process of determining the effect of this amendment on the financial statements.

IFRS 9 Financial instruments (effective from periods beginning January 1, 2013)

IFRS 9 simplifies accounting for financial assets as requested by many constituents and stakeholders. In particular, it replaces multiple measurement categories in IAS 39 with a single principle-based approach to classification. IFRS 9 removes complex rule-driven embedded derivative guidance in IAS 39 and requires financial assets to be classified in their entirety. IFRS 9 eliminates the need for multiple impairment models, such that only one impairment model for financial assets carried at amortized cost will be required. The group is still in the process of determining the effect of this standard on the financial statements.

IAS 1 (Amendment) Presentation of financial statements (effective from periods beginning January 1, 2010)

The amendment is part of the International Accounting Standards Board s (IASB) annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

IAS 7 (Amendment) Statement of cash flows (effective from periods beginning January 1, 2010)

The amendment is part of the IASB s annual improvements project published in April 2009. The amendment clarifies that only expenditure that results in a recognized asset in the statement of financial position can be classified as a cash flow from investing activities. The group currently does not expect the amendment to impact the financial statements.

Notes to the consolidated financial statements
For the years ended June 30, 2010

IAS 17 (Amendment) Leases (effective from periods beginning January 1, 2010)

The amendment is part of the IASB s annual improvements project published in April 2009. The amendment deletes relevant guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating, using the general principles of IAS 17.

IAS 24 (Revised) Related-party disclosures (effective from periods beginning January 1, 2011)

The revised standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of a related party.

IAS 32 (Amendment) Classification of rights issues (effective from periods beginning February 1, 2010)

The amendment recognizes that the previous requirement to classify foreign-currency denominated rights issued to all existing shareholders on a pro rata basis as derivative liabilities is not consistent with the substance of the transaction, which represents a transaction with owners acting in their capacity as such. The amendment therefore creates an exception to the fixed for fixed rule in IAS 32 and requires rights issues within the scope of the amendment to be classified as equity.

IAS 36 (Amendment) Impairment of Assets (effective from periods beginning January 1, 2010)

The amendment is part of the IASB s annual improvements project published in April 2009. The amendment clarifies that the largest cash generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined by paragraph 5 of IFRS 8 Operating segments , that is; before the aggregation of segments with similar economic characteristics permitted by paragraph 12 of IFRS 8.

IAS 38 (Amendment) Intangible assets (effective from periods beginning January 1, 2010)

The amendment is part of the IASB s annual improvements project published in April 2009. The amendment clarifies the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination, where there is no active market. The effect of the amendment will be recorded in future periods when such transactions are entered into.

IAS 39 (Amendment) Financial instruments: Recognition and measurement (effective from periods beginning January 1, 2010)

There were 3 amendments made to IAS 39 as part of the IASB s annual improvements project published in April 2009.

(i) The scope exemption within IAS 39.2(g) was amended to clarify that it only applies to forward contracts that will result in a business combination at a future date, as long as the term of the forward contract does not exceed a reasonable period normally necessary to obtain any required approvals and to complete the transaction .

(ii)

Clarification that amounts deferred in equity are only reclassified to profit or loss when the underlying hedged cash flows affect profit or loss.

(iii) An additional example of a closely related embedded prepayment option in a debt instrument was added to the adoption guidance in IAS 39 AG 30. Wording with respect to the assessment of put and call features in convertible instruments was clarified.

IFRIC 14 (Amendment): The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction Prepayment of Minimum Funding Requirements (effective for financial periods beginning on or after January 1, 2011).

This amendment applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset. The group does not believe the amendment will have an impact on the group.

IFRIC 19 Extinguishing financial liabilities with equity instruments (effective from periods beginning July 1, 2010)

This interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. It does not address the accounting by the creditor, nor does it apply to situations where the liability may be extinguished with equity instruments in accordance with the agreed terms of the instrument (for example, convertible bonds). The group currently does not expect this interpretation to have a material effect on the financial statements.

Improvements projects

Certain improvements to IFRS 2009 (periods beginning on or after January 1, 2010) and IFRS 2010 (each has its own effective date, the earliest being periods beginning on or after July 1, 2010).

Notes to the consolidated financial statements
For the years ended June 30, 2010

2.2 Consolidation

The consolidated financial information includes the financial statements of the Company, its subsidiaries, its proportionate interest in joint ventures, special purpose entities (**SPEs**) and its interests in associates.

(i) **Subsidiaries,** which are those entities in which the group generally has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated. Subsidiaries are consolidated from the date on which control is transferred to the group and are no longer consolidated when control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, shares issued or liabilities assumed at the date of exchange plus costs directly attributable to the exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests. Non-controlling interests are carried at a proportion of the net identifiable assets acquired.

The excess of the cost of acquisition over the fair value of the group s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

In situations of successive share purchases when control already existed at the date of further acquisition, no fair value adjustment is made to the identifiable net assets acquired and any excess/deficit purchase price over the carrying value of non-controlling interests acquired is accounted for in equity.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated on consolidation. Unrealized losses are also eliminated and may provide evidence of an impairment that should be recognized. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the group.

(ii) **Associates** are those entities over in which the group has significant influence, but not control over operational and financial policies, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for by using the equity method of accounting, and are initially recognized at cost. The cost of an acquisition is measured as the fair value of the assets given, shares issued or liabilities assumed at the date of exchange plus costs directly attributable to the acquisition.

The group s share of the associates post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movement in reserves is recognized in other reserves. Cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group s shares of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

The group s investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses.

The carrying value of an associate is reviewed on a regular basis and, if an impairment in the carrying value has occurred, it is written off in the period in which such impairment is identified.

Unrealized gains on transactions between the group and its associates are eliminated to the extent of the group s interest in the associates. Unrealized losses are also eliminated unless the transaction provide evidence of an impairment that should be recognized.

Accounting policies of associates have been reviewed to ensure consistency with the policies adopted by the group.

(iii) **Joint venture** entities are those entities in which the group holds an interest and shares joint control over strategic, financial and operating decisions with one or more other ventures under a contractual arrangement. The group s interest in jointly controlled entities is accounted for by proportionate consolidation. Under this method, the group includes its share of the joint venture s individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the group s financial statements.

The group recognizes the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other ventures. The group does not recognize its share of profits or losses from the joint venture that result from the purchase of assets by the group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realizable value of current assets or an impairment loss, the loss is recognized immediately.

Notes to the consolidated financial statements
For the years ended June 30, 2010

Joint ventures operations and assets: The group and company has contractual arrangements with other participants to engage in joint activities or invest in joint assets other than through a separate entity. The group and company includes its assets, liabilities and share of income and expenditure in such joint venture operations with similar items in its financial statements.

(iv) **Special purpose entities** (SPEs) are those undertakings that are created to satisfy specific business needs of the group, These are consolidated where the group has the right to the majority of the benefits of the SPE and/or is exposed to the majority of the risk thereof. SPEs are consolidated in the same manner as subsidiaries when the substance of the relationship indicates that the SPE is controlled by the group.

(v) **Transactions with non-controlling interests.** The group applies a policy of treating transactions with minority interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.3 Foreign currency translation

(i) **Functional and presentation currency**: Items included in the financial statements of each of the group s entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in South African Rand and US dollars for the benefit of local and international users. The Company s financial statements are presented in its functional currency, being South African Rand.

For translation of the Rand financial statement items to US dollar, the average of R7.58 (2009 :R9.00) (2008: R7.26) per US$1 was used for income statement items (unless this average was not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case these items were translated at the rate on the date of the transactions) and the closing rate of R7.63 (2009: R7.72) per US$1 for asset and liability items. Equity items were translated at historic rates.

References to A$ refers to Australian currency, R to South African currency, $ or US$ to United States currency and K or Kina to Papua New Guinean currency.

(ii) **Transactions and balances:** Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation to year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except where deferred in equity as qualifying cash flow hedges and qualifying investment hedges. Gains and losses recognized in the income statement are included in the determination of other expenses net .

Changes in the fair value of monetary securities denominated in a foreign currency classified as available for sale are analyzed between translation differences resulting from changes in the amortized cost of the security, and other changes in the carrying amount of the security. Translation differences related to the changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in other comprehensive income.

(iii) **Group companies:** The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the date of the transactions);

c) all resulting exchange differences are recognized as a separate component of other comprehensive income;

d) equity items are translated at historic rates.

Notes to the consolidated financial statements
For the years ended June 30, 2010

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is sold or control is otherwise lost, exchange differences that were recorded in other comprehensive income are recognized in profit or loss in the period in which the foreign operation is sold or control is otherwise lost.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the executive committee. Refer to note 38 for detailed guidance on the identification of an operating and reportable segment.

2.5 Property, plant and equipment

(i) **Mining assets** including mine development costs and mine plant facilities are initially recorded at cost, where after it is measured at cost less accumulated depreciation and impairment. Costs includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset s carrying amount or recognized as a separate assets as appropriate only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

At the group s surface mines, when it has been determined that a mineral property can be economically developed as a result of establishing proved and probable reserves, costs incurred to develop the property are capitalized as incurred until the mine is considered to have moved into the production phase. These costs include costs to further delineate the ore body and remove overburden to initially expose the ore body. Stripping costs incurred during the production phase to remove waste ore are deferred and charged to production costs on the basis of the average life-of-mine stripping ratio. The average stripping ratio is calculated as the number of tonnes of waste material removed per tonne of ore mined. The average life-of-mine ratio is revised annually in the light of additional knowledge and change in estimates. The cost of excess stripping is capitalized as mine development costs when the actual stripping ratio exceeds the average life-of-mine stripping ratio. Where the average life-of-mine stripping ratio exceeds the actual stripping ratio, the cost is charged to the income statement.

At the group s underground mines, all costs incurred to develop the property, including costs to access specific ore blocks or other areas of the underground mine, are capitalized to the extent that such costs will provide future economic benefits. These costs include the cost of shaft sinking and access, the costs of building access ways, lateral development, drift development, ramps, box cuts and other infrastructure development.

During the development stage, the group may enter into arrangements whereby it agrees to transfer a part of its mineral interest in consideration for an agreement by another party (the farmee) to meet certain expenditure which would otherwise have to be undertaken by the group. Such arrangements, referred to as farm-in transactions, are accounted for as executory contracts particularly when the expenditures to be incurred by the farmee are discretionary in nature, and the mineral interest to be transferred may vary depending upon such discretionary spend. At the date of completion of each party s obligations under the farm-in arrangement, the group derecognizes the proportion of the mining assets and liabilities associated with the joint venture that it has sold to the farmee, and recognizes its interest in the capital expenditure (consideration received) at fair value within operating assets. The difference between the net disposal proceeds and the carrying amount of the asset disposed of is recognized in profit or loss.

Borrowing costs are capitalized to the extent that they are directly attributable to the acquisition and construction of qualifying assets. Qualifying assets are assets that take a substantial time to get ready for their intended use. These costs are capitalized until the asset moves into the production phase. Other borrowing costs are expensed.

The net assets of operations placed on care and maintenance are impaired to their recoverable amount. Expenditure on the care and maintenance of these operations is charged against income, as incurred.

Where a depreciable asset is used in the construction or extension of a mine, the depreciation is capitalized against the mines cost.

(ii) **Non-mining assets:** Land is shown at cost and not depreciated. Other non-mining fixed assets are shown at cost less accumulated depreciation and accumulated impairment losses.

Notes to the consolidated financial statements
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(iii) **Undeveloped properties** are initially valued at the fair value of resources obtained through acquisitions. The carrying value of these properties are annually tested for impairment. Once development commences, these properties are transferred to mining properties and accounted for in accordance with the related accounting policy.

(iv) **Mineral and surface use rights** represent mineral and surface use rights for parcels of land both owned and not owned by the group. Mineral and surface rights include acquired mineral use rights in production, development and exploration phase properties. The amount capitalized related to a mineral and surface right represents its fair value at the time it was acquired, either as an individual asset purchase or as part of a business combination, and is recorded at cost of acquisition.

Production phase mineral interests represent interests in operating properties that contain proved and probable reserves. Development phase mineral interests represent interests in properties under development that contain proved and probable reserves. Exploration phase mineral interests represent interests in properties that are believed to potentially contain (i) other mineralized material such as inferred material within pits; measured, indicated and inferred material with insufficient drill spacing to qualify as proved and probable reserves; (ii) around-mine exploration potential such as inferred material not immediately adjacent to existing reserves and mineralization but located within the immediate mine infrastructure; (iii) other mine-related exploration potential that is not part of measured, indicated or inferred material and is comprised mainly of material outside of the immediate mine area; or (iv) greenfield exploration potential that is not associated with any production, development or exploration phase property as described above.

The group s mineral use rights are enforceable regardless of whether proved or probable reserves have been established. In certain limited situations, the nature of a use changes from an exploration right to a mining right upon the establishment of proved and probable reserves. the group has the ability and intent to renew mineral use rights where the existing term is not sufficient to recover all identified and valued proved and probable reserves and/or undeveloped mineral interests.

(v) **Leased assets:** The group leases certain property, plant and equipment. Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. The assets are capitalized at the lease s commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Finance lease payments are allocated using the rate implicit in the lease, which is included in finance costs, and the capital repayment, which reduces the liability to the lessor. The corresponding rental obligations, net of finance charges, are included in non current Borrowings, with the current portion included under Current Liabilities.

Capitalized lease assets are depreciated over the shorter of their estimated useful lives and the lease terms.

(vi) **Depreciation and amortization** of mineral property interests, mineral and surface rights, mine development costs and mine plant facilities are computed principally by the units of production method over the life of mine based on estimated quantities of economically recoverable proved and probable reserves, which can be recovered in future from known mineral deposits.

In most instances, proved and probable reserves provide the best indication of the useful life of the Group s mines (and related assets). However, in some instances, proved and probable reserves may not provide a realistic indication of the useful life of the mine (and related assets). This may be the case, for example, where management is confident that further resources will be converted into reserves and are approaching economic decisions affecting the mine on this basis, but has chosen to delay the work required to designate them formally as reserves. Management s confidence in the economical recovery of such resources may be based on historical experience and available geological information. In instances where management is able to demonstrate the economic recovery of such resources with a high level of confidence, such additional resources, as well as the associated future development costs of accessing those resources, are included in the calculation of depreciation and amortization.

Changes in management s estimates of economically recoverable reserves and resources impact depreciation and amortization on a prospective basis. During fiscal 2010, the Group revised its estimate of the useful lives of the Doornkop and Masimong operations to include certain resources in addition to proved and probable reserves. The inclusion of such resources resulted from increased confidence in the economic extraction of resources due to additional surface and underground drilling undertaken in the current year. The effect of including such resources in the useful life of these operations decreased annual depreciation by approximately US$1 million.

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(vii) Depreciation and amortization of non-mining fixed assets: Other non-mining fixed assets are depreciated on a straight line basis over their estimated useful lives as follows:

Vehicles at 20% per year;

Computer equipment at 33.3% per year; and

Commercial, off-the-shelf software at 50% per year; and

Furniture and equipment at 16.67% per year.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in the income statement.

(viii) Depreciation and amortization of mineral and surface use rights: Mineral rights associated with production phase mineral interests are amortized over the life of mine using the units-of-production method in order to match the amortization with the expected underlying future cash flows. Mineral interests associated with development and exploration phase mineral interests are not amortized until such time as the underlying property is converted to the production stage.

For details on the group s accounting policy on impairments, refer to note 2.8.

2.6 Exploration costs

The group expenses all exploration and evaluation expenditures until it is concluded that a future economic benefit is more likely to be realized than not, i.e. probable . The information used to make that determination depends on the level of exploration as well as the degree of confidence in the ore body.

Exploration and evaluation expenditure on greenfield sites, being those where the group does not have any mineral deposits which are already being mined or developed, is expensed as incurred until a final feasibility study has been completed, after which the future pre-commercial production expenditure is capitalized within development costs if the final feasibility study demonstrates that future economic benefits are probable. Capitalization of pre-production cost ceases when commercial levels of production are reached. Commercial levels of production is discussed under production start date in note 3.12.

Exploration and evaluation expenditure on brownfield sites, being those adjacent to mineral deposits which are already being mined or developed, is expensed as incurred until the group is able to demonstrate that future economic benefits are probable through the completion of a feasibility study, after which the expenditure is capitalized as mine development cost. A feasibility study consists of a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating economic factors and the evaluation of other relevant factors. The feasibility study, when combined with existing knowledge of the mineral property that is adjacent to mineral deposits that are already being mined or developed, allows the group to conclude that it is more likely than not that it will obtain future economic benefit from the expenditures.

Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralization of such mineral deposits, is capitalized as a mine development cost following the completion of an economic evaluation equivalent to a feasibility study. This economic evaluation is distinguished from a feasibility study in that some of the information that would normally be determined in a feasibility study is instead obtained from the existing mine or development. This information when combined with existing knowledge of the mineral property already being mined or developed allow the directors to conclude that more likely than not the group will obtain future economic benefit from the expenditures.

Exploration properties acquired are recognized in the balance sheet within development cost and are shown at cost less provisions for impairment determined in accordance with the group s accounting policy on impairment of non-financial assets (note 2.8).

2.7 Intangible assets

Intangible assets consist of all identifiable non-monetary assets without physical substance. They are stated at cost less accumulated amortization and accumulated impairment losses, if any. The following are the main categories of intangible assets:

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(i) Intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life are not amortized but tested for impairment on an annual basis. Goodwill represents the excess of the cost of an acquisition over the fair value of the group s share of the net identifiable assets of the acquired subsidiary, associate, joint venture or business at the date of acquisition. Goodwill on acquisition of subsidiaries, joint ventures and businesses are included in intangible assets. Goodwill on acquisition of associates is included in investments in associates and tested for impairment as part of the overall balance.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are recognized immediately in the income statement and are not reversed. The impairment testing is performed annually on June 30 or when events or changes in circumstances indicate that it may be impaired.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. If the composition of one or more cash-generating units to which goodwill has been allocated changes due to a re-organization, the goodwill is re-allocated to the units affected.

The gain or loss on disposal of an entity includes the carrying amount of goodwill relating to the entity sold.

(ii) Intangible assets with a finite useful life

Acquired computer software licenses that requires further internal development are capitalized on the basis of costs incurred to acquire and bring to use the specific software. Cost to bring to use the specific software, includes software development employee costs and attributable overheads. Development expenditure incurred that will not likely generate probable future economic benefits and cannot be reliability measured are recognized as an expense as incurred. Intangible assets with a finite useful life are amortized on a straight line basis of over their estimated useful lives, which are reviewed annually, as follows:

Computer software at 20% per year.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Assets that are subject to amortization are reviewed annually on June 30 for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized in the income statement for the amount by which the asset s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Each operating shaft, along with allocated common assets such as plants and administrative offices, is considered to be a cash generating unit as each shaft is largely independent from the cash flows of other shafts and assets belonging to the group.

Fair value less cost to sell is generally determined by using discounted estimated future cash flows. Future cash flows are estimated based on quantities of recoverable minerals, expected gold prices (considering current and historical prices, price trends and related factors), production levels and cash costs of production, all based on life-of-mine plans. Future cash flows are discounted to their present value using a post tax discount rate that reflect current market assessments of the time value of money and risk specific to the asset.

The term recoverable minerals refers to the estimated amount of gold that will be obtained from reserves and resources and all related exploration stage mineral interests (except for other mine-related exploration potential and greenfields exploration potential discussed separately below) after taking into account losses during ore processing and treatment. Estimates of recoverable minerals from such related exploration stage mineral interests will be risk adjusted based on management s relative confidence in such materials. In estimating future cash flows, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of cash flows from other asset groups. With the exception of other mine-related exploration potential and greenfields exploration potential, estimates of future undiscounted cash flows are included on an area of interest basis, which generally represents an individual operating mine, even if the mines are included in a larger mine complex.

In the case of mineral interests associated with other mine-related exploration potential and greenfields exploration potential, cash flows and fair values are individually evaluated based primarily on recent exploration results and recent transactions involving sales of similar properties, if any. Assumptions underlying future cash flow estimates are subject to significant risks and uncertainties.

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Non-financial assets other than goodwill that suffered an impairment are reviewed annually for possible reversal of the impairment at June 30. Reversal of impairments is also considered when there is objective evidence to indicate that the asset is no longer impaired. Where an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but not higher than the carrying value that would have been determined had no impairment been recognized in prior years.

2.9 Financial instruments

Financial instruments are initially measured at fair value when the group becomes a party to their contractual arrangements. Transaction costs are included in the initial measurement of financial instruments, with the exception of financial instruments classified as at fair value through profit or loss. The subsequent measurement of financial instruments is discussed below.

A financial asset is derecognized when the right to receive cash flows from the asset has expired or the group has transferred its rights to receive cash and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss recognized in equity is recognized in profit and loss.

On derecognition of a financial liability, the difference between the carrying amount of the liability extinguished or transferred to another party and the amount paid is recognized in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Financial assets

The group classifies its financial assets in the following categories: loans and receivables, available-for-sale, held-to-maturity and at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Purchases and sales of financial assets are recognized on trade-date, the date on which the group commits to purchase or sell the asset.

(i) **Loans and receivables,** are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are subsequently measured at amortized cost using the effective interest method. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables include trade and other receivables (excluding VAT and prepayments), restricted cash and cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, deposits held at call with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents exclude restricted cash (discussed below).

Restricted cash

Restricted cash consists of cash collateral posted for guarantees and performance bonds related to environmental rehabilitation and as security deposits on mining tenements.

Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. A provision for impairment of receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of a provision for impairment (allowance account) and the amount of the loss is recognized in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

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(ii) **Available-for-sale financial assets**, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the balance sheet date.

Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analyzed between translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in profit or loss, while translation differences on non-monetary securities are recognized in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are reclassified in the income statement as profit or loss from investment securities. Dividends on available-for-sale equity instruments are recognized in the income statement as part of investment income when the group s right to receive payments is established. Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of investment income.

The fair values of quoted investments are based on current bid prices. If the value for a financial instrument cannot be obtained from an active market, the group establishes fair value by using valuation techniques. These include the use of recent arm s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer s specific circumstances. The valuation techniques make maximum use of market inputs and rely as little as possible on entity-specific inputs.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If considered impaired, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss is removed from other reserves and recognized in the income statement. Subsequent increases in the fair value are recognized in equity impairment losses recognized in the income statement on equity instruments are not reversed through the income statement.

(iii) **Held-to-maturity investments** are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group s management has the positive intention and ability to hold to maturity. The group s held-to-maturity investments are subsequently measured at amortized cost using the effective interest method.

A portion of restricted investments held by the trust funds (refer note 19) are classified as held-to-maturity investments.

The group assesses at the end of each reporting period whether there is objective evidence that a held-to-maturity investment is impaired as a result of an event. The amount of the loss is measured as the difference between the asset s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the held-to-maturity investment s original effective interest rate. The asset s carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

(iv) **Financial assets at fair value through profit or loss have two sub-categories:** financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management in terms of specified criteria. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date. These assets are subsequently measured at fair value with gains or losses arising from changes in fair value recognized in the income statement in the period in which they arise. Dividend income from these assets is recognized in the income statement as part of investment income when the group s right to receive payment is established.

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Financial liabilities

Borrowings

Borrowings are initially recognized at fair value net of transaction costs incurred and subsequently measured at amortized cost, comprising original debt less principal payments and amortization, using the effective yield method. Any difference between proceeds (net of transaction cost) and the redemption value is recognized in the income statement over the period of the borrowing using the effective interest rate method.

Fees paid on the establishment of loan facilities are capitalized as a pre-payment and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Payables are classified as current liabilities if payment is due within a year or less. If not, they are presented as non-current liabilities.

2.10 Inventories

Inventories which include bullion on hand, gold in process, gold in lock-up, ore stockpiles and stores and materials, are measured at the lower of cost and net realizable value after appropriate allowances for redundant and slow moving items. Cost of bullion, gold in process and gold in lock-up is determined by reference to production cost, including amortization and depreciation at the relevant stage of production. Ore stockpiles are valued at average production cost. Stockpiles and gold in lock-up are classified as a non current asset where the stockpile exceeds current processing capacity and where a portion of static gold in lock-up is expected to be recovered more than 12 months after balance sheet date.

Stores and materials consist of consumable stores and are valued at weighted average cost.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to perform the sale.

Gold in process inventories represent materials that are currently in the process of being converted to a saleable product. Conversion processes vary depending on the nature of the ore and the specific mining operation, but include mill in-circuit, leach in-circuit, flotation and column cells, and carbon in-pulp inventories. In-process material is measured based on assays of the material fed to process and the projected recoveries at the respective plants. In-process inventories are valued at the average cost of the material fed to process attributable to the source material coming from the mine, stockpile or leach pad plus the in-process conversion costs, including the applicable depreciation relating to the process facility, incurred to that point in the process. Gold in process includes gold in lock-up which is generally measured from the plants onwards. Gold in lock-up is estimated as described under the section dealing with critical accounting estimates and judgements (refer to note 3). It is expected to be extracted when plants are demolished at the end of its useful lives, which is largely dependant on the estimated useful life of the operations feeding the plants. Where mechanized mining is used in underground operations, in-progress material is accounted for at the earliest stage of production when reliable estimates of quantities and costs are capable of being made. Given the varying nature of the group s open pit operations, gold in process represents either production in broken ore form or production from the time of placement on heap leach pads.

2.11 Non-current assets or disposal group held for sale and discontinued operations

A non-current asset or disposal group (a business grouping of assets and their related liabilities) is designated as held for sale and stated at lower of carrying value and fair value less cost to sell, when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The classification as held for sale of a non-current asset or disposal group occurs when it is available for immediate sale in its present condition and the sale is highly probable. A sale is considered highly probable if management is committed to a plan to sell the non-current asset or disposal group, an active divestiture programme has been initiated, the non-current assets or disposal group is marketed at a price reasonable to its fair value and the disposal will be completed within one year from classification.

Upon classification of a non-current asset or disposal group as held for sale, it is reviewed for impairment. The impairment charged to the income statement is the excess of the carrying value of the non-current asset or disposal group over its expected net selling price (fair value less costs to sell). At each subsequent reporting date, the carrying values are remeasured for possible impairment. A reversal of impairment is recognized for any subsequent increase in net selling price but not in excess of the cumulative impairment loss already recognized.

No depreciation is provided on non-current assets from the date they are classified as held for sale.

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When a disposal group is classified as held for sale it is also necessary to assess whether or not the criteria for discontinued operations are met. If the criteria are met, the results of the disposal group are classified as discontinued operations in the income statement and the comparative amounts restated for all periods presented. No restatement of balance sheet comparative amounts are done.

If a non-current asset or disposal group is classified as held for sale but the criteria for classification as held for sale are no longer met, the disclosure of such non-current asset or disposal group as held for sale is ceased.

On ceasing such classification, the non-current assets are reflected at the lower of:

- the carrying amount before classification as held for sale adjusted for any depreciation or amortization that would have been recognized had the assets not been classified as held for sale; or

- the recoverable amount at the date the classification as held for sale ceases. The recoverable amount is the amount at which the asset would have been recognized after the allocation of any impairment loss arising on the cash generating unit as determined in accordance with the group s policy on impairment of non-financial assets.

Any adjustment required to be made on reclassification is charged to the income statement on reclassification, and included in income from continuing operations.

Where the disposal group was also classified as a discontinued operation, the subsequent classification from held for sale also requires that the discontinued operation be included in continuing operations. Comparative information in the income statement and cash flow note disclosures relating to the classification as a discontinued operation is re-presented accordingly. Comparative information in the balance sheet is not re-presented for this change.

2.12 Environmental obligations

Estimated long-term environmental obligations, comprising pollution control, rehabilitation and mine closure, are based on the group s environmental management plans in compliance with current technological, environmental and regulatory requirements.

Based on disturbances to date, the net present value of expected rehabilitation cost estimates are recognized and provided for in full in the financial statements. The estimates are reviewed annually and are discounted using a pre-tax risk-free rate that is adjusted to reflect the current market assessments of the time value of money and the risks specific to the obligation.

Annual changes in the provision consist of finance costs relating to the change in the present value of the provision and inflationary increases in the provision estimate, as well as changes in estimates. The present value of environmental disturbances created are capitalized to mining assets against an increase in the rehabilitation provision. If a decrease in liability exceed the carrying amount of the asset, the excess is recognized immediately in the income statement. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed in accordance with the accounting policy dealing with impairments of non financial assets. Rehabilitation projects undertaken, included in the estimates are charged to the provision as incurred. The cost of on-going current programmes to prevent and control pollution is charged against income as incurred. Over time, the liability is increased to reflect an interest element, and the capitalized cost is depreciated over the life of the related asset.

2.13 Environmental trust funds

Contributions are made to the group s trust funds, created in accordance with statutory requirements, to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the life of the group s mines. The trusts are consolidated into the group as the group exercises full control of the trust. Income earned on investments classified as held-to-maturity is accounted for as investment income and accrues on a time proportion basis. Fair value movements on investments designated as fair value through profit or loss are reflected in the net gain/(loss) on financial instruments. The funds in the trust funds are included under restricted investments on the balance sheet.

2.14 Provisions

Provisions are recognized when the group has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the present value of the best estimate of the expenditure required to settle the present obligation at balance sheet date using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. This estimate takes into account the associated risks and uncertainties. The increase in the provision due to the passage of time is recognized as interest expense.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed.

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2.15 Current and deferred taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The group follows the comprehensive liability method of accounting for deferred tax using the balance sheet approach. Under this method deferred income taxes are recognized for the tax consequences of temporary differences by applying expected tax rates to the differences between the tax base of all assets or liabilities and its balance sheet carrying amount, except to the extent that deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and does not affect the accounting or taxable profit or loss at the time of the transaction. Deferred tax is charged to profit or loss, except where the tax relates to items recognized in other comprehensive income or directly in equity in which case the tax is also recognized in other comprehensive income or directly in equity. The effect on deferred tax of any changes in tax rates is recognized in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

The principal temporary differences arise from amortization and depreciation on property, plant and equipment, provisions, post retirement benefits, unutilized tax losses and unutilized capital allowances carried forward. Deferred tax assets relating to the carry forward of unutilized tax losses and unutilized capital allowances are recognized to the extent that it is probable that future taxable profit will be available against which the unutilized tax losses and unutilized capital allowances can be utilized.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.16 Employee benefits

(i) **Pension and provident plans are funded through annual contributions**. The group pays fixed contributions into a separate entity in terms of the defined contribution pension and provident plans which is charged to the income statement in the year to which they relate. The group s liability is limited to its annually determined contributions and has no further liability, legally or constructive if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(ii) **Medical plans:** The group provides medical cover to current employees and certain retirees through certain funds. The medical accounting costs for the defined benefit plan are assessed using the projected unit credit method. The health care obligation is measured as the present value of the estimated future cash outflows using high quality government bond interest rates consistent with the term and risks of the obligation less the fair value of plan assets together with adjustments for unrecognized past service cost. Actuarial gains and losses as a result of these valuations are recognized in the income statement at revaluation date. The future liability for current and retired employees and their dependents is accrued in full based on actuarial valuations obtained annually.

(iii) **Equity compensation benefits:** The group operates an equity-settled, share-based payments plan, where the group grants share options to certain employees in exchange for services received. Equity share-based payments are measured at fair value that includes market performance conditions but excluded the impact of any service and non market performance conditions of the equity instruments at the date of the grant. The share-based payments are expensed over the vesting period, based on the group s estimate of the shares that are expected to eventually vest. the group used an appropriate option pricing model in determining the fair value of the options granted. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the estimates of the number of options that are expected to become exercisable are revised. The impact of the revision of original estimates, if any, are recognized in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(iv) **Termination benefits** are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. the group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

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(v) **Leave pay:** The group accrues for the cost of the leave days granted to employees during the period in which the leave days accumulate.

2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.18 Leases

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

For the group s policy on finance leases, refer to note 2.5 (v).

2.19 Revenue recognition

(i) **Revenue** arising from gold sales is recognized when the price is determinable, the product has been delivered in accordance with the terms of the contract, the significant risks and rewards of ownership have been transferred to the customer and collection of the sales price is reasonably assured. These criteria are typically met when the gold arrives at the refinery.

Revenue further excludes value-added tax. Revenues from silver and other by-products sales are credited to production costs as a by-product credit.

(ii) **Interest income**: Interest is recognized on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the group.

(iii) **Dividend income** is recognized when the shareholder s right to receive payment is established. This is recognized at the last date of registration.

2.20 Dividends declared

Dividends declared are recognized in the period in which they are approved by the Board of directors. Dividends are payable in South African Rand.

3 Critical accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the group s management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates may differ from actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

3.1 Impairment of mining assets

The recoverable amount of mining assets is generally determined utilizing discounted future cash flows. Management also considers such factors as the quality of the individual orebody, market risk, asset specific risks and country risk in determining the fair value.

Key assumptions for the calculations of the mining assets recoverable amounts are the gold price, marketable discount rates (cost-to-sell), exchange rates and the annual life-of-mine plans. In determining the gold price to be used, management assess the long-term views of several reputable institutions on the gold price and based on this, derive the gold price. The life-of-mine plans are based on the proved and probable reserves as included in the Reserve Declaration, which are determined in terms of SAMREC and JORC, as well as resources where management has high confidence in the ore-body and economical recovery of gold, based on historic and similar geological experience. The marketable discount rate was estimated at 2%.

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During the year under review, the group calculated the recoverable amounts (generally fair value less costs to sell) based on updated life of mine plans, a gold price of R275 000 per kilogram (US$1050 per ounce) and a post tax real discount rate, which ranges between 5.92% and 10.72% depending on the asset (2009: R225 000 per kilogram (US$750 per ounce) and a 9.34% discount rate) (2008: R180 000 per kilogram (US$750 per ounce) and a discount rate of 11.36%). Cash flows used in the impairment calculations are based on life-of-mine plans which exceed five years for the majority of the mines. Refer to note 5 for details of impairments recorded.

Should management s estimate of the future not reflect actual events, further impairments may be identified. Factors affecting the estimates include:

- changes to proved and probable ore reserves;
- economical recovery of resources
- the grade of the ore reserves may vary significantly from time to time;
- review of strategy;
- differences between actual commodity prices and commodity price assumptions;
- unforeseen operational issues at the mines;
- changes in capital, operating mining, processing and reclamation costs.

Sensitivity analysis

One of the most significant assumptions that influence the life-of-mine plans and therefore impairments is the expected gold price. A 10% decrease in the gold price at June 30, 2010 would have resulted in an additional impairment at Steyn 2 Shaft of US$1.8 million. This analysis assumes that all other variables remain constant.

3.2 Impairment of investment in associate

The investments in associates are evaluated annually for impairment by comparing the entire carrying value of the investment to the recoverable amount, which is the higher of value in use or fair value less costs to sell.

3.3 Valuation of available-for-sale financial assets

If the value of financial instruments cannot be obtained from an active market, the group establishes fair value by using valuation techniques. These include the use of recent arm s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models refined to reflect the issuer s specific circumstances. When considering indications of an impairment, management considers a prolonged decline to be longer than 12 months. The significance of the decline is assessed for each security individually.

3.4 Estimate of exposure and liabilities with regard to rehabilitation costs

Estimated long-term environmental obligations, comprising pollution control, rehabilitation and mine closure, are based on the group s environmental management plans in compliance with current technological, environmental and regulatory requirements.

Significant judgement is applied in estimating ultimate rehabilitation cost that will be required in future to rehabilitate the group s mines. Ultimate cost may significantly differ from current estimates.

Management used an inflation rate of 6.23% (2009: 6%) (2008: short-term (two years): 9% and long term: 6%) and the expected life of the mines according to the life-of-mine plans in the calculation of the estimated net present value of the rehabilitation liability. The discount rates used for the calculation are dependant on the shaft s life of mine and are as follows: for 12 months 6.75% (2009: 6.75%) (2008: 12.25%); for 1 5 years 8% (2009: 8.25%) (2008: 11.75%); for 6 9 years 8.5% (2009: 8.25%) (2008: 10.5%) and for 10 years or more 9% (2009: 8.75%) (2008: 10.25%). These estimates were based on recent yields determined on government bonds.

3.5 Estimate of employee benefit liabilities

An updated actuarial valuation is carried out at the end of each financial year. Assumptions used to determine the liability included a discount rate of 10.3%, no increases in employer subsidies (in terms of the agreement) and mortality rates according to the SA 1956/62 mortality table (SA a mf tables) (60 years) and a medical inflation rate of 8.14% (2009: discount rate of 10%, 60 years and 7.8% inflation rate) (2008: discount rate of 12%, 60 years and 9.8% inflation rate).

Management determined the discount rate by assessing financial instruments with similar terms to the liability. The changes to the discount rate and medical inflation rate are similar to changes in interest and inflation rates in South Africa.

3.6 Estimate of taxation

The group is subject to income tax in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognizes liabilities for anticipated tax audit queries based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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Management has to exercise judgement with regards to deferred tax assets. Where the possibility exists that no future taxable income may flow against which these assets can be offset, the deferred tax assets are not recognized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which the temporary differences are expected to reverse. At the group s South African operations, such average tax rates are directly impacted by the profitability of the relevant mine. The deferred tax rate is therefore based on the current estimate of future profitability of an operation when temporary differences will reverse, based in tax rates and tax laws that have been enacted at the balance sheet date.

The future profitability of each mine, in turn, is determined by reference to the Life-of-Mine (LoM) plan for that operation. The LoM plan is influenced by factors as disclosed in note 3.1, which may differ from one year to the next and ultimately result in the deferred tax rate changing from one year to the next. Refer to note 13 for further detail.

3.7 Fair value of share-based payments

The fair value of options granted are being determined using either a binominal, Black-Scholes or a Monte Carlo valuation model. The significant inputs into the model are: vesting period, risk free interest rate, volatility, price on date of grant and dividend yield. (Refer to note 34 for detail on each of the share option schemes.)

3.8 Impairment of goodwill

Due to the wasting nature of mining assets and the finite life of a mine s reserves, the allocation of goodwill to a shaft will eventually result in an impairment charge for the goodwill. The group tests annually whether separately identifiable goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.8. These calculations require the use of estimates as stated in note 3.1.

3.9 Gold in lock-up

Gold in lock-up is estimated based on the expected volumes treated and calculated plant call factor. Plant call factor is the efficiency measurement of the percentage of gold extracted from the ore. Management need to exercise judgement with regards to lock-up volumes, life-of-mine plans, gold prices, exchange rates and post tax real discount rates.

3.10 Assessment of contingencies

Contingencies will only realize when one or more future events occur or fail to occur. The exercise of significant judgement and estimates of the outcome of future events are required during the assessment of the impact of such contingencies.

3.11 Gold mineral reserves and resources

Gold mineral reserves and resources are estimates of the amount of ounces that can be economically and legally extracted from the group s properties. In order to calculate the gold mineral reserves and resources, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, commodity prices and exchange rates.

Estimating the quantities and/or grade of the reserves and resources requires the size, shape and depth of the ore bodies to be determined by analyzing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

Because the economic assumptions used to estimate the gold mineral reserves and resources change from year to year, and because additional geological data is generated during the course of operations, estimates of the mineral reserves and resources may change from year to year. Changes in the reserves and resources may affect the group s financial results and financial position in a number of ways, including:

- asset carrying values may be affected due to changes in estimated cash flows;
- depreciation and amortization charged in the income statement may change as they are calculated on the units-of-production method; and
- environmental provisions may change as the timing and/or cost of these activities may be affected by the change in mineral reserves.

At the end of each financial year, the estimate of proved and probable gold mineral reserves and resources is updated. Depreciation of mining assets is prospectively adjusted, based on these changes.

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3.12 Production start date

Various relevant criteria are considered in order to assess when the mine is substantially complete and ready for its intended use and moves into the production phase. Some of the criteria would include but are not limited to the following:

- the level of capital expenditure compared to the total project cost estimates;
- the ability to produce gold in a saleable form (where more than an insignificant amount of gold has been produced); and
- the ability to sustain the on-going production of gold.

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4 Financial risk management

The group s financial instruments expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and other price risk), credit risk and liquidity risk. The group may use derivative financial instruments to hedge certain risk exposures.

The group s financial instruments are set out below:

Figures in million (US Dollar)	Loans and receivables	Available-for-sale financial assets	Held-to-maturity investments	Fair value through profit or loss	Financial liabilities at amortized cost
At June 30, 2010					
Restricted cash	19				
Restricted investments			53	175	
Investments in financial assets		2			
Trade and other receivables	97				
Cash and cash equivalents	101				
Borrowings					156
Trade and other payables					59
At June 30, 2009					
Restricted cash	21				
Restricted investments			212		
Investments in financial assets		7			
Trade and other receivables	90				
Cash and cash equivalents	253				
Borrowings					47
Trade and other payables					71

The carrying amount of loans and receivables, held-to-maturity investments and financial liabilities at amortized cost approximate their fair value.

Risk management is carried out by a central treasury department (group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges certain selected financial risks in close co-operation with the group s operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar (US$). Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity s functional currency. Harmony s revenues are sensitive to the R/US$ exchange rate as all revenues are generated by gold sales denominated in US$. Harmony generally does not enter into forward sales, derivatives or other hedging arrangements to establish exchange rates in advance for the sale of its future gold production.

The group is exposed to foreign exchange risk arising from intercompany loans denominated in a currency other than the functional currency of that entity. Harmony generally does not enter into forward sales, derivatives or other hedging arrangements to manage this risk.

Notes to the consolidated financial statements
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Sensitivity analysis

The group has reviewed its foreign currency exposure on financial assets and financial liabilities and has identified the following sensitivities for a 10% change in the exchange rate.

	US Dollar	
Figures in million	***2010***	***2009***
A$ against US$		
Increase by ten percent	1	1
Decrease by ten percent	(1)	(1)
Closing rate	0.85	0.81
Kina against A$		
Increase by ten percent	30	17
Decrease by ten percent	(30)	(17)
Closing rate	2.31	2.71

(ii) Other price risk

The group is exposed to the risk of fluctuations in the fair value of the available-for-sale financial assets as a result of changes in market prices (other than changes in interest rates and foreign currencies). Harmony generally does not use any derivative instruments to manage this risk.

Sensitivity analysis

A one percent increase in the share price at the reporting date, with all other variables held constant, would have increased other comprehensive income by US$1.8 million (2009: US$0.1 million); an equal change in the opposite direction would have decreased other comprehensive income by US$1.8 million (2009: US$0.1 million). The analysis is performed on the same basis for 2009.

Commodity price sensitivity

The profitability of the group s operations, and the cash flows generated by those operations, are affected by changes in the market price of gold. Harmony generally does not enter into forward sales, derivatives or other hedging arrangements to establish a price in advance for the sale of future gold production.

(iii) Cash flow and fair value Interest rate risk

The group s interest rate risk arises mainly from long-term borrowings. The group has variable interest rate borrowings. Variable rate borrowings expose the group to cash flow interest rate risk. The group has not entered into interest rate swap agreements.

Sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2009.

	US Dollar	
Figures in million	***2010***	***2009***
Increase by 100 basis points	2	
Decrease by 100 basis points	(2)	

(b) Credit risk

Credit risk is the risk that a counterparty may default or not meet its obligations timeously. Financial instruments, which subject the group to concentrations of credit risk, consist predominantly of restricted cash, restricted investments, trade and other receivables (excluding non-financial instruments) and cash and cash equivalents.

Exposure to credit risk on trade and other receivables is monitored on a regular basis. The credit risk arising from restricted cash, cash and cash equivalents and restricted investments is managed by ensuring amounts are only invested with financial institutions of good credit quality. The group has policies that limit the amount of credit exposure to any one financial institution.

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Cash and cash equivalents and restricted cash

Financial institutions credit rating by exposure:

	US Dollar	
Figures in million	*2010*	*2009*
Credit rating		
South African operations		
AAA	57	92
AA(1)	7	13
AA-(1)	25	81
A+	5	47
A	2	
Total South African operations	**96**	**233**
International operations		
AA(1)	24	40
Total International operations	**24**	**40**
Total cash and cash equivalents and restricted cash	**120**	**273**
(1) Includes restricted cash		
AA	7	9
AA-	12	12
Total restricted cash	19	21

It is the policy of the group to renegotiate credit terms with long-standing customers who have a good credit history with the group. These customers are monitored on an ongoing basis to ensure that the customer remains within the renegotiated terms.

The group s maximum exposure to credit risk is represented by the carrying amount of all financial assets determined to be exposed to credit risk, amounting to US$445.5 million as at June 30, 2010 (2009: US$575.8 million).

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

In the ordinary course of business, the group receives cash from its operations and is required to fund working capital and capital expenditure requirements. The cash is managed to ensure that surplus funds are invested in a manner to achieve market-related returns and to provide sufficient liquidity at the minimum risk. The group is able to actively source financing at competitive rates.

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The following are the contractual maturities of financial liabilities (including principle and interest payments):

	US Dollar	
Figures in million	***Current***	***More than 1 year***
2010		
Borrowings(1)(2)(3)	41	152
Trade and other payables (excluding non-financial liabilities)	59	
	100	**152**
2009		
Borrowings(1)(2)	33	15
Trade and other payables (excluding non-financial liabilities)	71	
	104	**15**

(1) US$21 million is due between 0 to 6 months. (2009: nil).

(2) US$20 million is due between 6 to 12 months. (2009: US$32.9 million).

(3) US$40 million is due between 1 to 2 years. (2009: US$4.6 million).

(d) Capital risk management

The primary objective of managing the group s capital is to ensure that there is sufficient capital available to support the funding requirements of the group, in a way that optimizes the cost of capital and matches the current strategic business plan.

The group manages and makes adjustments to the capital structure, which consists of debt and equity as and when borrowings mature or when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof. The group may also adjust the amount of dividends paid, sell assets to reduce debt or schedule projects to manage the capital structure.

There were no changes to the group s approach to capital management during the year.

(e) Fair value determination

Effective July 1, 2009, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

1) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

2) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

3) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the group s assets and liabilities that are measured at fair value at June 30, 2010.

Figures in million	US Dollar		
Assets	**Level 1**	**Level 2**	**Level 3**
Available-for-sale financial assets			2
Fair value through profit or loss		175	

The following table presents the group s assets and liabilities that are measured at fair value at June 30, 2009.

Figures in million	US Dollar		
Assets	**Level 1**	**Level 2**	**Level 3**
Available-for-sale financial assets		6	1
Fair value through profit or loss			

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	US Dollar		
Figures in million	***2010***	***2009***	***2008***
5 Cost of sales			
Production costs (a)	1,103	850	918
Amortization and depreciation of mining properties, mine development costs and mine plant facilities	175	130	107
Amortization and depreciation of assets other than mining and mining related assets (b)	6	9	10
Rehabilitation expenditure (c)	4	1	1
Care and maintenance cost of restructured shafts	8	5	10
Employment termination and restructuring costs (d)	27	4	29
Share-based payments (e)	20	13	6
Impairment of assets (f)	43	71	40
Provision for post retirement benefits (g)	(3)		1
Total cost of sales	**1,383**	**1,083**	**1,122**

(a) Production costs include mine production, transport and refinery costs, applicable general and administrative costs, movement in inventories and ore stockpiles and ongoing environmental rehabilitation costs as well as transfers to and from deferred stripping. Ongoing employee termination costs are included, however employee termination costs associated with major restructuring and shaft closures are excluded. Production costs, analyzed by nature, consist of the following:

	US Dollar		
Figures in million	***2010***	***2009***	***2008***
Labor costs, including contractors	762	540	632
Stores and materials	302	215	229
Water and electricity	160	93	90
Insurance	24	25	19
Transportation	19	15	9
Changes in inventory	(3)	(2)	11
Capitalization of mine development costs	(157)	(106)	(109)
Deferred stripping	1		
By-products sales	(5)	(3)	(4)
Royalty expense	4		
Other	(4)	73	41
Total production cost	**1,103**	**850**	**918**

(b) Amortization and depreciation of assets other than mining and mining related assets consist of the following:

US Dollar

Figures in million	*2010*	*2009*	*2008*
Other non-mining assets	2	1	4
Intangible assets	4	3	2
Amortization of issue costs		5	4
Total amortization and depreciation	**6**	**9**	**10**

(c) For the assumptions used to calculate the rehabilitation costs, refer to note 3.4.

This expense includes the change in estimate for the rehabilitation provision as well as ongoing rehabilitation cost.

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Figures in million	2010	US Dollar 2009	2008

(d) Employment termination and restructuring costs consist of the following:

Harmony Gold Mining Company Limited (Harmony)	9	1	10
Randfontein Estates Limited (Randfontein)	1	1	5
Evander Gold Mines Limited (Evander)	15	1	3
ARMGold/Harmony Freegold Joint Venture Company (Proprietary) Limited (Freegold)	2	1	10
Avgold Limited (Avgold)			1
Total employment termination and restructuring cost	**27**	**4**	**29**

During fiscal 2010 certain shafts in Virginia (included in Harmony) and Evander were closed and placed on care and maintenance. These closures was due to mining no longer being economically viable as a result of the current economic situation. The group also engaged in a voluntary retrenchment process during the year, resulting in retrenchment costs for various operations.

(e) Refer to note 34 for details on the share-based payments schemes operated by the group.

(f) Impairment consist of the following:

Figures in million	2010	US Dollar 2009	2008
Virginia [1]	33	7	
Target [1]	1	31	
Evander [1]	9	33	16
Kalgold [1]			8
Other underground assets [2]			3
Other underground goodwill [2]			13
Total impairment of assets	**43**	**71**	**40**

[1] During fiscal 2010 impairments to the value of US$40 million were recognized mainly as a result of the shaft closures

discussed under note 5(d) above. The remaining balance for 2010 and the impairment recognized in 2009 resulted from revised business (life-of-mine) plans, which are completed in June of each year and included increases in electricity cost and labor cost. Included in the business plans in 2009 for Evander and Target was additional capital expenditure that was needed to access reserve ounces in areas where geological anomalies have been discovered.

These adjustments impacted negatively on the recoverable amount of property, plant and equipment and contributed to the recognition of the impairments at the shafts. Impairment tests were performed as required by IAS 36, *Impairment of Assets*, and as a result these impairments were recorded. For assumptions used to calculate the recoverable amount, refer to note 3.1.

(2) During 2008 certain underground operations, classified as Other underground, was also impaired. For further details on the allocation of goodwill, refer to note 17.

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(g) The net credit of US$2.5 million is a result of curtailments in 124 members post employment subsidies due to renegotiation of employment contracts. These members were transferred from Freegold employment conditions to Harmony employment conditions.

		US Dollar	
Figures in million	***2010***	***2009***	***2008***

6 Profit on sale of property, plant and equipment

Profit on sale of property, plant and equipment	14	114	

During fiscal 2010 the group concluded the sale of the Jeanette prospecting rights to Taung Gold Limited for a total consideration and profit of US$10 million.

During June 2010 the group concluded a sale of royalty rights in Australia to Regis Resources Limited for a total consideration and profit of US$3.5 million.

Included in the total for 2009 is US$111.9 million profit on sale of 50% of Harmony s gold and copper assets in Morobe province, PNG, to Newcrest Mining Limited (**Newcrest**) in terms of the Master Purchase and Farm-in agreement. The sale was concluded in three stages. Refer to note 22.

		US Dollar	
Figures in million	***2010***	***2009***	***2008***

7 Other expenses net

Foreign exchange loss/(gain) net (a)	10	(14)	(13)
Loss on financial instruments			1
Bad debts provision (credit)/expense (b)	(2)	11	14
Bad debts written off (b)	4	3	
Other (income)/expenses net	(4)	3	13
Total other expenses net	**8**	**3**	**15**

(a) (i) During fiscal 2010, foreign exchange losses relating to the Australasian intercompany loans amounting to US$12.2 million (2009: loss of US$22.3 million) (2008: gain of US$15.3 million) were recognized in the consolidated income statement.

During fiscal 2008, two intercompany loans, previously designated as forming part of the net investment of the group s international operations, were de-designated, mainly as a result of the expected repayment of these loans. In accordance with the group s accounting policies, accumulated exchange gains that arose while the loans were considered to form part of the group s net investment in its international operations remain in equity and are only reclassified to the consolidated income statements as and when the loans are repaid. The repayment of these loans resulted in an exchange gain of US$53.1 million being recognized in the consolidated income statement in the 2009 financial year. Following the adoption of the amendment to IAS 21, *The Effects of Changes in Foreign Exchange Rates,* on 1 July 2009, the remaining accumulated exchange reserves relating to these de-designated loans will remain in equity until the Australian and or

PNG operations are sold, or control is otherwise lost.

Notes to the consolidated financial statements
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(ii) In fiscal 2010 foreign exchange gains amounting to US$2.9 million were realized on the liquidation of Harmony Gold Peru SA and Harmony Precious Metal Services SAS, wholly owned subsidiaries of Harmony.

(iii) During fiscal 2009, foreign exchange losses of US$30.0 million were recognised relating to the exchange movements on the US$ denominated Pamodzi Resources Fund 1 LLP (PRF) loan for the Cooke transaction. Refer to note 21 for further detail.

In anticipation of the receipt of the purchase consideration for the Cooke assets, the group arranged a forward exchange contract, allowing the group to sell the proceeds at R10.27 per US$1 on 21 April 2009. The gain on this arrangement was US$21.1 million.

(b) In 2010 financial year, trade debt and loans of US$3.8 million) (2009: US$3.4 million) was written off as the group considered the debts irrecoverable. During 2010 a net credit to the doubtful debt provision of US$2.1 million was made, where debt was no longer considered doubtful. During the 2009 financial year a provision of US$11.2 million was made where the group considered the recoverability of the debts to be doubtful. Refer to note 24.

The provision amount in 2008 includes a provision for the outstanding balance of US$6.4 million on the sale of Deelkraal to Ogoerion Construction CC.

		US Dollar	
Figures in million	***2010***	***2009***	***2008***
8 Operating profit			
The following have been included in operating profit:			
Auditors remuneration	3	3	4
External			
Fees current year	2	2	2
Fees prior year under provision			
Fees other services			1
Internal			
Fees current year	1	1	1
9 Loss on sale of investment in subsidiary			
Loss on sale of Big Bell Operations (Proprietary) Limited	3		

During January 2010 the group concluded the sale of Big Bell Operations (Proprietary) Limited (Big Bell), an operation in Western Australia, for a total consideration of US$3.2 million. The group realized a net loss of US$3.3 million after recycling a foreign currency reserve of US$4 million on disposal date from other comprehensive income to the consolidated income statement. An amount of US$3.0 million was released to the group as a result of the performance bonds being replaced by the purchaser.

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	US Dollar		
Figures in million	***2010***	***2009***	***2008***
10 Net gain/(loss) on financial instruments			
Available-for-sale			
Impairment recognized in profit or loss (a)		(12)	
Loss on sale of investments (b)			(63)
Realized portion of fair value movement (b)	1	2	
	1	(10)	(63)
Fair value through profit or loss			
Fair value gain on environmental trust funds	4		
Fair value adjustment (c)			5
	4		5
Total net gain/(loss) on financial instruments	**5**	**(10)**	**(58)**

(a) The impairment in the 2010 and 2009 financial years relates to the portion of fair value losses reclassified from other reserves to the income statement when certain investments were considered to be permanently impaired. The amount in 2010 relates to several small investments, while the amount in 2009 relates to the Dioro Exploration NL (Dioro) investment.

(b) The group disposed of its entire shareholding in Avoca Resources Limited (Avoca), Alloy Resources Limited (Alloy) and various other smaller investments during the 2010 financial year for a total consideration of US$6.6 million. Total fair value gains of US$1 million relating to these investment were reclassified from other reserves to the income statement. Refer to note 20 and 26 in this regard.

The amount in the 2009 financial year relates to the realised portion of the fair value gains reclassified from other reserves to the income statement on the disposal of the Dioro investment. Refer to note 20(b) and 26 for further detail.

During the 2008 financial year the group disposed of its remaining investment (7 348 079 shares) in Gold Fields Limited for a loss of US$63 million, which was acquired in December 2006 in exchange for its interest in Western Areas Limited.

(c) The sale agreement of African Rainbow Minerals Limited (**ARM**) shares gave rise to a non-derivative financial instrument that was designated as at fair value through profit or loss . The fair value movement recognized is equivalent to the interest paid on the Nedbank loans, which were guaranteed by the group. These guarantees were cancelled in September 2007.

	US Dollar		
Figures in million	***2010***	***2009***	***2008***

11 Investment income

Interest received	25	49	34
Loans and receivables	3	10	5
Held-to-maturity investments	10	19	18
Cash and cash equivalents	12	20	11
Dividend income on available-for-sale investments			5
Total investment income	**25**	**49**	**39**

Notes to the consolidated financial statements
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		US Dollar	
Figures in million	***2010***	***2009***	***2008***
12 Finance costs			
Financial liabilities			
Bank and short-term facilities		2	5
Convertible unsecured fixed rate bonds		15	22
Nedbank Limited	11	23	38
Westpac Bank			
Rand Merchant Bank			2
Other creditors			1
Total finance costs from financial liabilities	11	40	68
Non-financial liabilities			
Post-retirement benefits	2	2	1
Time value of money and inflation component of rehabilitation costs	17	11	15
South African Revenue Services (SARS)	2	2	8
Total finance costs from non-financial liabilities	21	15	24
Total finance cost before interest capitalized	**32**	**55**	**92**
Interest capitalized		(31)	(22)
Total finance costs	**32**	**24**	**70**

The capitalization rate used to determine the amount of borrowing costs eligible for capitalization during the year is 10.6% (2009: 12.3% and 2008: 11.7%).

		US Dollar	
Figures in million	***2010***	***2009***	***2008***
13 Taxation			
SA normal taxation			
Mining tax (a)			
- current year	6	14	5
- prior year		5	15
Non-mining tax (b)			
- current year	5	18	1
- prior year		1	1

Deferred tax (c)			
- deferred tax	48	40	55
Foreign normal taxation			
- deferred tax (d)	(15)	(56)	(12)
Total normal taxation	**44**	**22**	**65**

(a) Mining tax on gold mining income in South Africa is determined according to a formula, based on the taxable income from mining operations. Gold mining companies within the group that have elected to be exempt from Secondary Tax on Companies (STC) are taxed at higher rates than those that have not made the election.

All qualifying mining capital expenditure is deducted from taxable mining income to the extent that it does not result in an assessed loss. Accounting depreciation is eliminated when calculating the South African mining tax income. Excess capital expenditure is carried forward as unredeemed capital to be claimed from future mining taxable income. The group has several tax paying entities in South Africa. In terms of the mining ring-fencing application, each ring-fenced mine is treated separately and deductions can normally only be utilized against mining income generated from the relevant ring-fenced mine.

Notes to the consolidated financial statements
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The formulas for determining the South African gold mining tax rates for the 2008, 2009 and 2010 financial years are:

Y = 43 - 215/X (entities whom elected not to pay STC)

Y = 34 - 170/X (entities whom did not make the election)

Where Y is the percentage rate of tax payable and X is the ratio of taxable income, net of any qualifying capital expenditure that bears to mining income so derived, expressed as a percentage.

(b) Non-mining income is taxed at 35% (exempt from STC) and 28% (no election made). Non-mining companies are taxed at the statutory corporate rate of 28%.

(c) The deferred tax rate used to calculate deferred tax is based on the current estimate of future profitability when temporary differences will reverse, based on tax rates and tax laws that have been enacted at balance sheet date. Depending on the profitability of the operations, the deferred tax rate can consequently be significantly different from year to year.

(d) Mining and non-mining income of Australian and PNG operations are taxed at a standard tax rate of 30%.

Income and mining tax rates

The tax rates remained unchanged for the 2010 and 2009 financial years.

Major items causing the group s income tax provision to differ from the maximum mining statutory tax rate of 43% (2009: 43% and 2008: 43%) were:

		US Dollar	
Figures in million	***2010***	***2009***	***2008***
Tax on net profit from continuing operations at the maximum mining statutory tax rate	(10)	(102)	17
Non-allowable deductions	(19)	(33)	(93)
Profit/(loss) from associates	3	1	(5)
Difference between effective mining tax rate and statutory mining rate on mining income	2	14	4
Difference between non-mining tax rate and statutory mining rate on non-mining income	3	11	
Effect on temporary differences due to changes in effective tax rates	(95)	53	(10)
Prior year adjustment mining and non-mining tax		(5)	(16)
Capital allowance, sale of business and other rate differences	72	39	38
Income and mining taxation	**(44)**	**(22)**	**(65)**
Effective income and mining tax rate	**183%**	**9%**	**-167%**

Notes to the consolidated financial statements
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	US Dollar	
Figures in million	***2010***	***2009***

Deferred tax

Deferred tax liabilities and assets on the balance sheet as at June 30, 2010 and June 30, 2009 relate to the following:

Gross deferred tax liability	711	643
Amortization and depreciation	709	620
Product inventory not taxed		12
Other	2	11
Gross deferred tax asset	(248)	(222)
Unredeemed capital expenditure	(198)	(183)
Provisions, including non-current provisions	(35)	(30)
Tax losses	(15)	(9)
Disposal groups classified as held for sale		
Net deferred tax liability	**463**	**421**

Movement in the net deferred tax liability recognized in the balance sheet is as follows:

Balance at beginning of year	421	383
Total charge per income statement	33	29
Foreign currency translation	9	9
Tax directly charged to equity		
Balance at end of year	**463**	**421**

The following amounts that is expected to realize or be recovered in the next 12 months have been included in the deferred tax liabilities and assets:

Deferred tax liabilities	37	15
Deferred tax assets	(25)	(12)
Net current deferred tax liability	**12**	**3**

As at June 30, certain subsidiaries in the group had the following tax credits:

Unredeemed capital expenditure available for utilization against future mining taxable income

	1,783	1,586
Tax losses carried forward utilizable against taxable income	52	25
Capital Gains Tax (CGT) losses available to be utilized against future CGT gains.	61	74
As at June 30, the group has not recognized the following deferred tax asset amounts		
	386	379

The unrecognized temporary differences are:

Unredeemed capital expenditure	1,070	926
Tax losses	15	27
CGT losses	61	74
Temporary differences relating to investments in associates	156	154

Secondary Taxation on Companies

STC is a tax levied on South African companies at a rate of 10% with effect from October 1, 2007 on dividends distributed.

Notes to the consolidated financial statements
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Current and deferred tax are measured at the tax rate applicable to undistributed income and therefore only take STC into account to the extent that dividends have been received or paid.

On declaration of a dividend, the Company includes the STC on this dividend in its computation of the income tax expense in the period of such declaration.

	US Dollar	
Figures in million	***2010***	***2009***
Available STC credits at end of year	18	35

On August 13, 2010, the Board of Directors approved a final dividend for the 2010 financial year of 50 SA cents per share. The total dividend amounts to US$29.3 million As the dividends declared exceed the STC credits available, STC on the amount of US$9.6 million is payable at a rate of 10%.

14 Disposal groups classified as held for sale and discontinued operations

i) The assets and liabilities relating to the Mount Magnet operation (operation in Western Australia) have been presented as held for sale following the approval of the group s management on May 17, 2010, on which date the formal process was started to find a willing buyer. These operations also met the criteria to be classified as discontinued operations. Consequently, the consolidated income statements, earnings per share and related notes for comparative periods have been re-presented to include income and expenses relating to the Mount Magnet operation in discontinued operations.

The conditions precedent for the sale of Mount Magnet assets were fulfilled and the transaction became effective on July 20, 2010. Refer to note 37.

ii) The assets and liabilities relating to the Cooke 1, Cooke 2, Cooke 3, Cooke plant and relating surface operations (operations in the Gauteng province) have been presented as held for sale following the approval of the group s management on October 16, 2007 to sell these assets to Rand Uranium (Proprietary) Limited (Rand Uranium). These operations were also deemed to be discontinued operations. The two part sale was concluded on November 21, 2008 and April 22, 2009. Refer to note 21.

(iii) During 2008, the assets and liabilities related to South Kal (operation in Australia) and Orkney operations (operations in Northwest province) have been presented as held for sale following approval of the group s management and Board of Directors on April 20, 2007. The operations met the criteria to be classified as discontinued operations and were reported in the Discontinued Operations other segment in the segment report.

On December 6, 2007, the sale relating to the South Kal operation (operation in Australia) was concluded at a loss, net of tax, of US$7.6 million and the assets were derecognized.

On February 27, 2008, the sale relating to the Orkney operations (operations in the Northwest province) was concluded at a profit of US$8.9 million and the assets were derecognized.

Notes to the consolidated financial statements
for the years ended June 30, 2010

The assets and liabilities for the operations classified as held for sale at the reporting dates are as follows:

	US Dollar	
Figures in million	*2010*	*2009*
Balance sheet		
Assets of disposal groups classified as held for sale		
Property, plant and equipment	29	
Deferred income tax	2	
Inventories	1	
Total assets of disposal groups classified as held for sale	**32**	
Balance sheet		
Liabilities of disposal groups classified as held for sale		
Deferred income tax	2	
Provision for environmental rehabilitation	16	
Trade and other payables		
Total liabilities of disposal groups classified as held for sale	**18**	

The analysis of the results and cash flows of discontinued operations are disclosed in the tables below:

		US Dollar	
Figures in million	*2010*	*2009*	*2008*
Income statement			
Revenue		69	312
Reversal of impairment (a)		28	5
Expenses net	(4)	(103)	(251)
Profit on sale of shares		171	9
Profit on sale of property, plant and equipment		2	4
(Loss)/profit from discontinued operations before tax	(4)	167	79
Taxation		(72)	(5)
(Loss)/profit for the year from discontinued operations	**(4)**	**95**	**74**
Cash flows			
Operating cash flows	(6)	8	71
Investing cash flows		202	(16)
Foreign exchange translation adjustment		77	(7)
Total cash flows	**(6)**	**287**	**48**

a) Mount Magnet was previously classified as held for sale for a period until June 2009. On ceasing to be classified as held for sale, the carrying value was re-measured as per IFRS 5 (see note 2.11) and depreciation amounting to US$28 million was recorded in 2009. This also lead to the recording of a reversal of impairment of US$28 million.

15 (Loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the net income attributable to shareholders by the weighted number of ordinary shares in issue during the year.

		US Dollar	
Figures in million	***2010***	***2009***	***2008***
Weighted average number of ordinary shares in issue (000)	426,382	414,121	400,750
Net (loss)/profit from continuing operations	(20)	216	(104)
Net (loss)/profit from discontinued operations	(4)	95	74
Total net (loss)/profit attributable to shareholders	**(24)**	**311**	**(30)**

Notes to the consolidated financial statements
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Figures in million	2010	US Dollar 2009	2008
Basic (loss)/earnings per share from continuing operations (cents)	(5)	52	(26)
Basic (loss)/earnings per share from discontinued operations (cents)	(1)	23	18
Total basic (loss)/earnings per share (cents)	**(6)**	**75**	**(8)**

Fully diluted (loss)/earnings per share

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares as a result of share options granted to employees under the share option schemes in issue. A calculation is performed to determine the number of shares that could have been acquired at fair value, determined as the average annual market share price of the Company s shares, based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Figures in million	2010	US Dollar 2009	2008
Weighted average number of ordinary shares in issue (000)	426,382	414,121	400,750
Potential ordinary shares (000)	1,465	1,842	2,144
Weighted average number of ordinary shares for fully diluted earnings per share (000)	**427,847**	**415,963**	**402,894**
Fully diluted (loss)/earnings per share from continuing operations (cents)	(5)	51	(26)
Fully diluted (loss)/earnings per share from discontinued operations (cents)	(1)	23	18
Total fully diluted (loss)/earnings per share (cents)	**(6)**	**74**	**(8)**

The inclusion of share options issued to employees, as potential ordinary shares, has a dilutive effect on the earnings per share.

Dividend per share

Dividend declared in terms of dividend notice no. 79 to all registered shareholders on the recording date of August 13, 2009.	6.2 US cents

Figures in million	2010	US Dollar 2009

16 Property, plant and equipment

Mining properties, mine development costs and mine plant facilities	2,910	1,628
Mining assets under construction	108	725
Undeveloped properties	839	1,253
Deferred stripping	9	
Other non-mining assets	8	8
Total property, plant and equipment	**3,874**	**3,614**

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	US Dollar	
Figures in million	***2010***	***2009***
Mining properties, mine development costs and mine plant facilities		
Cost		
Balance at beginning of year	3,236	2,521
Acquisition Pamodzi Gold Free State (Proprietary) Limited (Pamodzi FS) assets (a)	37	
Additions	379	219
Disposals	(52)	(324)
Adjustment to rehabilitation asset	24	27
Transfers and other movements	1,060	160
Translation	82	(113)
Net reclassification (to)/from held for sale	(226)	746
Balance at end of year	4,540	3,236
Accumulated depreciation and impairments		
Balance at beginning of year	1,608	989
Impairment of assets	43	71
Disposals	(17)	(141)
Depreciation (b)	175	153
Depreciation capitalized to mining assets under construction	6	5
Translation	35	(89)
Net reclassification (to)/from held for sale	(220)	620
Balance at end of year	1,630	1,608
Net book value	2,910	1,628
Mining assets under construction		
Cost		
Balance at beginning of year	725	561
Additions (c)	51	300
Finance costs capitalized		31
Disposals		(186)
Transfers and other movements	(667)	13
Translation	(1)	6
Book value	**108**	**725**

Undeveloped property

Cost		
Balance at beginning of year	1,320	1,436
Additions		23
Disposals	(9)	(39)
Transfers and other movements	(393)	(173)
Translation	15	(40)
Net reclassification (to)/from held for sale	(28)	113
Balance at end of year	**905**	**1,320**
Accumulated depreciation and impairment		
Balance at beginning of year	67	2
Reversal on impairment of assets (b)		(10)
Translation	3	(12)
Net reclassification (to)/from held for sale	(4)	87
Balance at end of year	**66**	**67**
Net book value	**839**	**1,253**

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Figures in million	US Dollar 2010	2009
Deferred stripping		
Cost		
Balance at beginning of year		
Additions	10	
Transferred to production cost	(1)	
Book value	**9**	
Other non-mining assets		
Cost		
Balance at beginning of year	49	44
Additions	3	4
Disposals	(1)	
Translation	1	
Net reclassification from held for sale		1
Balance at end of year	**52**	**49**
Accumulated depreciation and impairments		
Balance at beginning of year	41	40
Disposals		
Depreciation for the year	2	1
Impairment of fixed assets		
Translation	1	
Balance at end of year	**44**	**41**
Net book value	**8**	**8**
Total net book value	**3,874**	**3,614**

(a) During the 2010 financial year the group concluded separate purchase agreements with the liquidators of Pamodzi FS for the purchase of its Free State assets and inventories (refer to note 23). The consideration paid for the mining assets was US$36.6 million and US$16.0 million was paid for the inventories.

(b) For 2009 and 2010 the amounts include both continuing and discontinued operations.

(c) On 1 December 2008, Harmony issued 3.4 million shares to Rio Tinto Limited to cancel the Rio Tinto royalty rights over Wafi-Golpu in Papua New Guinea. The value of the issued shares were

US$23.4 million.

(d) Additional disclosures

Figures in million	US Dollar 2010	2009
Leased assets		
Carrying value of capitalized leased assets (included in mining properties, mine development costs and mine plant facilities)	14	17
Cost	21	21
Accumulated depreciation	(7)	(4)
Finance lease additions	2	1

Except for the leased assets mentioned above, none of the assets listed above have been pledged or otherwise committed as security for any liabilities.

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Figures in million	US Dollar 2010	2009
17 Intangible assets		
Goodwill		
Cost		
Balance at beginning of year	307	304
Acquired through purchase of subsidiaries		
Translation	4	3
Balance at end of year	**311**	**307**
Accumulated amortization and impairments		
Balance at beginning of year	27	27
Translation	1	
Balance at end of year	**28**	**27**
Net book value (a)	**283**	**280**
Computer software (b)		
Cost		
Balance at beginning of year	13	8
Acquired during the year	2	4
Translation	1	1
Balance at end of year	**16**	**13**
Accumulated amortization and impairments		
Balance at beginning of year	5	2
Amortization charge for the year	4	3
Balance at end of year	**9**	**5**
Net book value	**7**	**8**
Total net book value	**290**	**288**

(a) The net book value of goodwill has been allocated to the cash generating units:

Bambanani	29	29
Tshepong	73	72
Phakisa	174	172
Joel	5	5
Other	2	2
	283	**280**

(b) The amount relates to the implementation of an Oracle ERP software application.

	US Dollar	
Figures in million	***2010***	***2009***
18 Restricted cash		
Environmental guarantees call account (a)	15	15
Security deposits (b)		
Cash management account (c)	4	6
Total restricted cash	**19**	**21**

(a) The amount relates to funds set aside for guarantees made to the Department of Mineral Resources in South Africa for environmental and rehabilitation obligations.

(b) The amount relates to security deposits on mining tenements.

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(c) The amount relates to funds set aside by the international operations for guarantee related performance bonds for Australia environmental obligations. Following the sale of Mount Magnet this cash will again be available for general corporate purposes. Refer to note 37.

	US Dollar	
Figures in million	***2010***	***2009***
19 Restricted investments		
Investments held by Environmental Trust Funds (a)	223	207
Investments held by Social Trust Fund (b)	5	5
Total restricted investments	**228**	**212**
(a) ***Environmental Trust Funds consist of:***		
- Held-to-maturity financial assets	48	207
- Fair value through profit or loss financial assets	175	
Total Environmental Trust Funds	**223**	**207**

The environmental trust funds are irrevocable trusts under the group s control. Contributions to the trusts are invested in interest-bearing short term investments or medium term equity-linked notes issued by commercial banks that provide guaranteed interest and additional interest or growth linked to the growth of the Shareholder Weighted Top 40 index (SWIX 40) of the JSE. The equity-linked notes are designated fair value through profit or loss investments and recorded at fair value whilst the interest-bearing short term investments are classified as held-to-maturity and recorded at amortized cost. These investments provide for the estimated cost of rehabilitation at the end of the life of the group s mines. Income earned on the investments is retained in the funds and reinvested.

Reconciliation of the movement in the Environmental Trust Funds:

	US Dollar	
Figures in million	***2010***	***2009***
Balance at beginning of year	207	206
Interest income	9	21
Fair value movement	4	
Disposal of business		(20)
Contributions made	1	
Translation	2	
Balance at end of year	**223**	**207**

(b) The social trust fund is an irrevocable trust under the group s control and is classified as a held to maturity investment. The group has undertaken to donate over a period of 10 years to The Harmony Gold Mining Group Social Plan Trust in terms of an agreement signed on 3 November 2003. An initial donation of

R19 million (US$2.7 million) was made during the 2004 year. Thereafter installments of R3.5 million (US$0.45 million) per annum was and will be made with the final installment to be made in 2013. The purpose of the Trust is to fund the social plan to reduce the negative effects of restructuring on the group s workforce, to put measures in place to ensure that the technical and life skills of the group s workforce are developed and to develop the group s workforce in such a manner to avoid or minimize the effect of job losses and a decline in employment through turnaround or redeployment strategies.

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Figures in million	US Dollar *2010*	*2009*
Reconciliation of the movement in the Social Trust Fund:		
Balance at beginning of year	5	5
Contributions made*	1	
Interest accrued*		
Claims paid*	(1)	
Balance at end of year	**5**	**5**

* Please note that for the 2009 financial year when these amounts were translated into US dollars, the amounts were less than US$0.5 million and were rounded down, resulting in no movement being shown for the year.

Figures in million	US Dollar *2010*	*2009*
20 Investment in financial assets		
Balance at beginning of year	7	9
Additions		8
Disposals	(6)	(4)
Fair value movement of available-for-sale investments		(3)
Translation	1	(3)
Balance at end of year	**2**	**7**
The carrying amount consists of the following:		
Available-for-sale financial assets		
Investment in Alloy (a)		
Investment in Avoca (b)		5
Investment in other listed and unlisted shares (c)	2	2
Total available-for-sale financial assets	**2**	**7**

(a) During 2006, the group received 5 million shares, valued at A$0.20 per share in Alloy as consideration for the sale of mining tenements. During fiscal 2009, the investment was considered permanently impaired, resulting in a cumulative loss of US$0.4 million, net of tax, recognized in other reserves, being reclassified from other reserves to the consolidated income statement. Subsequent to the impairment, a gain of US$0.04 million) was recognized in other comprehensive income. Tax on this revaluation amounted to R0.1 million (US$0.01 million), which has been charged directly to equity.

During fiscal 2010 these shares were sold resulting in a net loss of US$0.1 million. Refer to note 10.

(b) On 17 April 2009, the group received 3 809 524 Avoca shares, valued at A$1.50 per share, as consideration for the disposal of its Dioro shares. During fiscal 2010 a fair value loss of US$0.3 million (2009: US$0.5 million fair value gain) have been recognized in other comprehensive income, net of tax.

During fiscal 2010 these shares were sold resulting in a net profit of US$0.1 million. Refer to note 10.

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(c) These investments are evaluated by the directors on an annual basis to ensure that no significant prolonged decline in the value of the investments has occurred. During fiscal 2010 the group disposed of certain listed investments for a net loss of US$0.2 million. Refer to note 10. Fair value gains recognized in other comprehensive income for the year totaled US$0.8 million (2009: Nil). During fiscal 2010 the group did not receive any income from these investments (2009: Nil).

21 Investment in associates

	US Dollar	
Figures in million	***2010***	***2009***
Balance at beginning of year	43	19
Subsidiary becoming associate		25
Share of profit after tax	7	1
Impairment of share in associate		(14)
Translation		12
Balance at end of year	**50**	**43**
The carrying amount consists of:		
Pamodzi Gold Limited (a)		
Rand Uranium (Proprietary) Limited (b)	50	43
Total investment in associates	**50**	**43**

(a) On February 27, 2008, Pamodzi Gold Limited (**Pamodzi**) bought the Orkney operations from the group for a consideration of 30 million Pamodzi shares. This resulted in Harmony owning 32.4% of Pamodzi valued at US$46.5 million being US$1.54 per share on acquisition date. Pamodzi was listed on the JSE and had interests in operating gold mines in South Africa.

An impairment of the investment in associate of US$12.3 million was recognized at June 30, 2008, as the market value of the share had decreased to US$0.62 per share. The fair value of the investment was US$18.6 million. For the four months to June 30, 2008, the group recognized US$10.6 million as its share of losses from associates.

On September 30, 2008, an impairment test was performed and an impairment of US$13.5 million was recorded, bringing the total impairment recorded on the investment to date to US$25.8 million. After taking into account the Group s share of losses of US$3.7 million, the carrying value at December 31, 2008 was R0. Total share in losses to date was US$14.3 million. Subsequently, the Group has not recognized its share of any further losses. Pamodzi was placed in liquidation and the trading of its shares on the JSE was suspended.

At the time of this report being finalized no audited financial statements were available for years ending December 31, 2009 and 2008. The extract below represents unaudited information for the nine months ended March 31, 2009. No financial information subsequent to this date is available, and therefore no information has been disclosed for 2010.

Notes to the consolidated financial statements
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Figures in million	US Dollar 2010	2009
		100%
Revenue		69
Production costs		(89)
Operating loss		(20)
Net loss		**(40)**

The financial position as at March 31, 2009 is disclosed below:

Non-current assets		260
Current assets		18
Total assets		**278**
Current liabilities		241
Non-current liabilities		62
Total liabilities		**303**

(b) The group owns a 40% share of Rand Uranium, which is an unlisted company registered in South Africa, with gold mining operations in the Gauteng province of South Africa.

The group s interest was obtained by the completion of two transactions, discussed below.

On November 21, 2008, the company s wholly-owned subsidiary Randfontein Estates Limited disposed of its Randfontein Cooke assets to a newly formed wholly-owned subsidiary Rand Uranium, for a consideration of US$328 million, settled with Rand Uranium shares. In a related transaction on the same date, 60% of these shares were sold to PRF for US$197 million. US$40 million was paid on the effective date and the balance of US$157 million was paid on April 20, 2009. Interest was charged on the outstanding balance at 5% per annum, resulting in US$3.3 million being recognized in the income statement. The interest was also received on April 20, 2009.

The conditions precedent for the second part of the Rand Uranium transaction relating to the sale of the Old Randfontein assets to Rand Uranium were fulfilled on April 22, 2009. These assets were valued at US$20 million. Additional shares were issued in settlement and 60% of these shares were sold to PRF in terms of the agreement. PRF paid its portion of the purchase price, US$12 million, in cash on April 20, 2009.

The shareholders agreement includes certain restrictions on the group s ability to dispose of its shares in Rand Uranium for a period of up to four years from the effective date, being November 21, 2008. In addition, PRF has the right, for a period of up to four years after the effective date, to have first claim on the proceeds, up to a specified amount, in the event of a disposal of the operations. Harmony has first right of refusal in such an event. However due to the contingent nature of the provision, the group has made no adjustments to the associate s carrying amount.

The group recognised a profit of US$171.1 million (before tax) on these transactions during the 2009 year. This profit is included in the profit from discontinued operations. Refer to note 14.

Notes to the consolidated financial statements
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The group recognized its share of the post-acquisition profits of US$7 million (7 months ending June 30, 2009: US$5.1 million).

Rand Uranium has a year end of June 30. The audited financial information of Rand Uranium for the years ended June 30, 2010 and at June 30, 2010 and June 30, 2009 are as follows:

	US Dollar	
Figures in million	***2010***	***2009***
	100%	100%
Revenue	223	101
Production costs	(172)	(75)
Gross profit	51	26
Net profit	**18**	**12**
Non-current assets	612	577
Current assets	27	29
Total assets	**639**	**606**
Current liabilities	23	24
Non-current liabilities	100	91
Total liabilities	**123**	**115**

22 Investment in Joint Venture

Morobe Mining Joint Venture (MMJV) Partnership agreement (50%)

The group has a 50% interest in gold and copper assets located in the Morobe province. Newcrest owns the remaining 50% interest in these assets. This partnership was formed during the 2009 financial year through a range of transactions, which are discussed below.

On April 22, 2008 Morobe Consolidated Goldfields Limited and Wafi Mining Limited, subsidiaries of Harmony Australia, entered into a Master Purchase and Farm-in Agreement with Newcrest. This agreement provided for Newcrest to purchase a 30.01% participating interest (stage 1) and a further farm-in of an additional 19.99% participating interest in Harmony s Morobe gold and copper assets, giving them a 50% interest. The total value of the transaction was estimated at US$530 million.

On July 16, 2008, the conditions to the Master Purchase and Farm-in agreement were finalized, which included regulatory and statutory approvals by the PNG Government. Stage 1 completion took place on July 31, 2008, and a total consideration of US$229.8 million was received on August 7, 2008, of which US$50.0 million was placed in a jointly controlled escrow account. This amount was subsequently released to Harmony following confirmation of approval of an exploration license during September 2008 by the PNG Mining authorities.

Harmony recognized a profit of US$57.9 million on the completion of stage 1, which represented a sale of a 30.01% undivided interest of Harmony s PNG gold and copper assets and liabilities comprising the joint venture.

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During the farm-in period, Harmony agreed to transfer a further 19.99% interest to Newcrest in consideration for an agreement by Newcrest to meet certain expenditure which would otherwise have to be undertaken by Harmony. The interest to be transferred was conditional on the level of capital expenditures funded by Newcrest at certain milestones, and by the end of February 2009, Newcrest acquired another 10% through the farm-in arrangement. The final 9.99% was acquired by June 30, 2009.

At the date of completion of each party s obligations under the farm-in arrangement, Harmony derecognized the proportion of the mining assets and liabilities in the joint venture that it had sold to Newcrest, and recognized its interest in the capital expenditure at fair value. The difference between the net disposal proceeds and the carrying amounts of the asset disposed of during the farm-in arrangement amounted to a gain of US$54 million, which has been included in the consolidated income statement for 2009.

The following are the group s effective share of income, expenses, assets and liabilities, which are included in the 2010 consolidated financial statements:

	US Dollar	
Figures in million	***2010***	***2009***
	50%	50%
Revenue	10	
Production costs	(8)	
Gross profit	2	
Other costs	(40)	(12)
Net loss	**(38)**	**(12)**
Non-current assets	382	185
Current assets	48	44
Total assets	**430**	**229**
Non-current liabilities	22	161
Current liabilities	19	36
Total liabilities	**41**	**197**

	US Dollar	
Figures in million	***2010***	***2009***

23 Inventories

Gold in lock-up	27	37
Gold in process, ore stockpiles and bullion on hand	68	43
Stores and materials at weighted average cost	63	54
Total inventories	158	134
Non-current portion of gold in lock-up and gold in-process	(28)	
	130	**134**
Net reclassification to held for sale	(1)	
Total current portion of inventories	**129**	**134**
Included in the balance above is:		
Inventory valued at net realizable value	**27**	**30**

During the year the group acquired a waste rock dump valued at US$2.7 million and a gold plant containing gold in lock-up valued at US$13.3 million from Pamodzi FS, which have been included in the cost of inventory.

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During the year, US$3.9 million (2009:US$0.6 million) was provided for slow moving stock. The total provision at June 30, 2010 was US$7.5 million (2009:US$3.6 million).

	US Dollar	
Figures in million	***2010***	***2009***
24 Trade and other receivables		
Current		
Financial assets:		
Trade receivables (gold)	44	33
Other trade receivables (a)	30	34
Provision for impairment	(13)	(15)
Trade receivables net	61	52
Loans to associates and joint ventures (b)	5	15
Interest and other receivables (c)	12	11
Employee receivables	2	2
Insurance claims receivable (d)	7	
Non-financial assets:		
Prepayments	9	10
Value added tax	26	25
Total current trade and other receivables	**122**	**115**
Non-current		
Financial assets:		
Loans to associates (e)	23	24
Other loans receivable	2	2
Provision for impairment (f)	(15)	(16)
Total non-current trade and other receivables	**10**	**10**

(a) Included in other trade receivables is an amount of US$0.7 million (2009: US$9.1 million) owed by Rand Uranium.

(b) An amount of US$5 million (2009: US$4.8 million) is due from Rand Uranium for services and goods supplied in terms of the service level agreements entered into between the group and Rand Uranium. Also included in 2009 is an amount of US$9.7 million receivable by Harmony s Australian operations, from Newcrest for their portion of the loan to the MMJV companies.

(c) Included in interest and other receivables is an amount of US$2.2 million owing by Pamodzi FS in terms of the asset purchase agreements, for rehabilitation trust funds to be released to the group.

(d) The insurance claim receivable of US$7.1 million relates to damage caused by an underground fire at the Bambanani operation. The claim was settled subsequent to the 2010 financial year end.

(e) Included in the balance for 2010 is a loan of US$8.3 million (2009: US$8.5 million) to Rand Uranium. The loan bears interest at a 3 month JIBAR plus 250 basis points and is repayable on November 21, 2015. The loan has been subordinated. Also included in this balance is a loan of US$15.2 million, (2009: US$15.0 million) owed by Pamodzi. The loan bore interest at prime rate until March 2009 when Pamodzi was placed into liquidation. Harmony is a concurrent creditor in the Pamodzi Orkney liquidation.

Notes to the consolidated financial statements
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(f) Included in this balance is the amount of US$15.2 million, (2009: US$15.0 million) relating to the loan owed by Pamodzi. In 2009 an amount of US$1.1 million relating to the loan owed by Ubuntu, included in other loans receivable, was also provided for and subsequently written off during the 2010 financial year. Interest of US$1.5 million was charged on these loans in fiscal 2009. No interest was charged in fiscal 2010.

The movement in the provision for impairment of trade receivables during the year was as follows:

	US Dollar	
Figures in million	***2010***	***2009***
Balance at beginning of year	15	17
Provision for impairment of receivables	2	4
Unused amounts reversed	(4)	(6)
Receivables written off during the year		
Balance at end of year	**13**	**15**

The movement in the provision for impairment of loans receivables during the year was as follows:

Balance at beginning of year	16	2
Provision for impairments of loans		13
Loans written off during the year	(1)	(1)
Translation		2
Balance at end of year	**15**	**16**

The ageing of trade receivables at the reporting date was:

	Gross	*Impairment*
June 30, 2010		
Fully performing	55	
Past due by 1 to 30 days	3	
Past due by 31 to 60 days	2	
Past due by 61 to 90 days	1	
Past due by more than 90 days	4	4
Past due by more than 361 days	9	9
	74	**13**

	Gross	*Impairment*
June 30, 2009		
Fully performing	35	
Past due by 1 to 30 days	14	

Past due by 31 to 60 days	1	
Past due by 61 to 90 days	1	
Past due by more than 90 days	7	6
Past due by more than 361 days	9	9
	67	**15**

The ageing of loans receivable at the reporting date was:

	Gross	*Impairment*
June 30, 2010		
Fully performing	10	
Past due by 1 to 30 days		
Past due by 31 to 60 days		
Past due by 61 to 90 days		
Past due by more than 90 days		
Past due by more than 361 days	15	15
	25	**15**

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Figures in million	US Dollar *2010*	*2009*
	Gross	*Impairment*
June 30, 2009		
Fully performing	10	
Past due by 1 to 30 days		
Past due by 31 to 60 days		
Past due by 61 to 90 days		
Past due by more than 90 days	2	2
Past due by more than 361 days	14	14
	26	**16**

Based on past experience, the group believes that no impairment allowance is necessary in respect of fully performing receivables as the amount relates to customers that have a good track record with the group. Similarly, the other loans and receivables noted above, other than those provided for, are fully performing and considered to be a low credit risk.

During fiscal 2008, the balance of US$6 million due from Ogoerion Construction CC for the purchase of the Deelkraal surface assets was impaired. In fiscal 2009, the deal was renegotiated and the Deelkraal plant was excluded from the transaction. The purchase price was revised and as a result, the balance due and the related provision for impairment of trade receivables was reversed.

During fiscal 2010 and 2009 there was no renegotiation of the terms of any receivable, other than as discussed above.

As at June 30, 2010 and June 30, 2009, there was no collateral pledged or held for any of the receivables.

25 Share capital

Authorized

1 200 000 000 (2008: 1 200 000 000) ordinary shares of SA 50 cents each

10 958 904 (2009: 10 958 904) redeemable convertible preference shares of SA 50 cents each

Issued

428 654 779 (2009: 425 986 836) ordinary shares of SA 50 cents each. All issued shares are fully paid. Included in the total of issued shares is an amount of 2 314 shares held by Lydenburg Exploration Limited, a wholly owned subsidiary of the Company.

10% of the authorised but unissued shares are under the control of the directors until the forthcoming annual general meeting. Note 34 set out details in respect of the share option scheme and shares held in trust for employees of the group.

The directors of the Company has a general authority to issue shares for cash up to a maximum of 5% of the issued share capital in any one financial year. This is in terms of the annual general meeting of shareholders on November 23, 2009 and valid until the forthcoming annual general meeting. The general authority is subject to the Listings Requirements of the JSE Securities Exchange South Africa and the Companies Act no 61 of 1973 of South Africa, as amended.

Notes to the consolidated financial statements
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Share issues

2010 Financial year

On March 19, 2010, Harmony concluded an agreement with Africa Vanguard Resources (Doornkop) (Proprietary) Limited (AVRD) for the purchase of its 26% share of the mining titles on the Doornkop South Reef. Part of the purchase consideration was the issuance of 2 162 359 Harmony shares to AVRD. In terms of the purchase agreement 975 419 Harmony shares are held in escrow until May 1, 2014. Refer to note 26

2009 Financial year

On December 1, 2008, Harmony issued 3 364 675 shares to Rio Tinto. The Harmony shares were issued to cancel the Rio Tinto royalty rights over Wafi-Golpu in PNG. The value of issued shares was US$23 million at R71.98 per share.

Harmony engaged in capital raising by issuing two tranches of shares following the resolution passed by shareholders at the Annual General Meeting held on November 24, 2008. The first tranche was issued into the open market between November 25, 2008 and December 19, 2008. In this tranche, 10 504 795 Harmony shares were issued at an average subscription price of R93.20, resulting in US$97.9 million before costs being raised. The cost of the issue was US$1.9 million, or 1.5%, of the value of shares issued.

A second tranche of shares was issued for cash into the open market between February 10, 2009 and March 6, 2009. This tranche consisted of 7 540 646 Harmony shares at an average subscription price of R124.45, resulting in US$93.5 million before costs being raised. The cost of the issue was US$1.6 million or 1.6% of the value of shares issued. The combined share issue amounts to US$192 million, or 4.5%, of the issued share capital as at September 30, 2008.

	US Dollar	
Figures in million	***2010***	***2009***
26 Other reserves		
Foreign exchange translation reserve (a)	(86)	(111)
Fair value movement of available-for-sale financial assets (b)	4	4
Equity component of convertible bond (c)	41	41
Acquisition of non-controlling interest in subsidiary (d)	(57)	(57)
Share-based payments (e)	75	55
Repurchase of equity interest (f)	(13)	
Other	(4)	(4)
Total other reserves	**(40)**	**(72)**

The different categories of other reserves are made up as follows:

Foreign exchange translation reserve		
Balance at beginning of year	(111)	(216)
Realized portion reclassified through profit or loss	1	(53)
Current year s foreign exchange movement	24	158

Balance at end of year	**(86)**	**(111)**

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	US Dollar	
Figures in million	*2010*	*2009*
Fair value movement of available-for-sale financial assets		
Balance at beginning of year	4	(2)
Impairment recognized in profit or loss		12
Tax on impairment		(3)
Realized portion reclassified through profit or loss	(1)	(2)
Tax on realized portion		
Fair value movement unrealized		(3)
Tax on fair value movement		1
Translation	1	1
Balance at end of year	**4**	**4**
Equity component of convertible bond		
Balance at beginning/end of year	41	41
Acquisition of non-controlling interest in subsidiary		
Balance at beginning/end of year	(57)	(57)
Share-based payments		
Balance at beginning of year	55	42
Share-based payments expensed	20	13
Balance at end of year	**75**	**55**
Repurchase of equity interest		
Acquired equity interest during the year	(13)	
Balance at end of year	**(13)**	
Other reserves		
Balance at beginning/end of year	(4)	(4)

(a) The balance of the foreign exchange translation reserve movement represents the cumulative translation effect of the group s off-shore operations. The US dollar amount includes the translation effect from Rand to US dollar.

The realized portion reclassified through profit or loss relates to the sale of Big Bell operations in Australia and the liquidation of Harmony Gold Peru SA and Harmony Precious Metal Services SAS. Refer to note 7 for further detail.

(b) The balance of the fair value movement reserve represents the movement in the fair value of the available-for-sale financial assets. For details on the movement, refer to note 20. For details regarding the realised portion reclassified to profit or loss refer to note 10(b).

(c) On May 24, 2004, the group issued a convertible bond. The amount representing the value of the equity conversion component is included in other reserves, net of deferred income taxes. The equity conversion component is determined on the issue of the bonds and is not changed in subsequent periods.

(d) On March 15, 2004 Harmony announced that it had made an off market cash offer to acquire all the ordinary shares, listed and unlisted options of Abelle, held by non-controlling interests. The excess of the purchase price of US$86.5 million over the carrying amount of the non-controlling interest acquired, amounting to US$55 million, has been accounted for under other reserves.

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(e) The group issues equity-settled instruments to certain qualifying employees under an Employee Share Option Scheme to purchase shares in the Company s authorised but unissued ordinary shares. Equity share-based payments are measured at the fair value of the equity instruments at the date of the grant. Share-based payments are expensed over the vesting period, based on the group s estimate of the shares that are expected to eventually vest. During fiscal 2010 a share-based payment expense of US$19.5 million (2009: US$12.6 million) was charged to the income statement. (Refer to note 34 for more detail).

(f) On March 19, 2010, Harmony Gold Mining Company Limited concluded an agreement with AVRD, for the purchase of its 26% share of the mining titles of the Doornkop South Reef. From an accounting perspective, the sale of the 26% share in the mining titles was never recognized and accounted for as an in-substance call option by AVRD over the 26% mineral right. This was due to AVRD not being exposed to any losses relating to the Doornkop mineral right, and entitled at any point in time to repay the Nedbank loan guaranteed by Harmony thereby becoming unconditionally entitled to the upside in the mineral right. The agreement to purchase AVRD s 26% interest during fiscal 2010 is therefore considered to be a repurchase of the option (equity interest). The difference between the value of the shares issued of US$20.5 million (see note 25), the liability to African Vanguard Resources (Proprietary) Limited (see note 29(a)) and transaction costs, have been taken directly to equity.

27 Provision for environmental rehabilitation

The group s mining and exploration activities are subject to extensive environmental laws and regulations. These laws and regulations are continually changing and are generally becoming more restrictive. The group has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements. The following is a reconciliation of the total liability for environmental rehabilitation:

	US Dollar	
Figures in million	***2010***	***2009***
Provision raised for future rehabilitation		
Balance at beginning of year	198	196
Disposal of assets	(6)	(32)
Change in estimate Balance sheet	7	27
Change in estimate Income statement	4	
Additions to assets	17	
Time value of money and inflation component of rehabilitation costs (a)	16	13
Translation	2	(6)
Balance at end of year	238	198
Disposal groups classified as held for sale	(16)	
Total provision for environmental rehabilitation	**222**	**198**

(a) Includes both continuing and discontinued operations. During fiscal 2010 the group recognized time value of money credit adjustments of US$2.2 million relating to both the sale of Big Bell and reclassification of Mount Magnet to held for sale.

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, the group has estimated that, based on current environmental and regulatory requirements, the total cost for the mines, in current monetary terms, is approximately US$346.6 million (2009: US$285.4 million). Refer to note 3.4 for the estimations and judgements used in the calculations.

Included in the charge to the income statement is an amount of US$3 million (2009: US$4 million) relating to the time value of money.

	US Dollar	
Figures in million	***2010***	***2009***
Future net obligations		
Ultimate estimated rehabilitation cost	347	285
Amounts invested in environmental trust funds (Refer to note 19)	(223)	(207)
Total future net obligations	**124**	**78**

The group intends to finance the ultimate rehabilitation costs from the money invested in environmental trust funds, ongoing contributions, as well as the proceeds on sale of assets and gold from plant clean-up at the time of mine closure. The group has guarantees in place relating to the environmental liabilities. Refer to notes 19 and 36.

	US Dollar	
Figures in million	***2010***	***2009***
28 Retirement benefit obligation and other provisions		
Non-current		
Retirement benefit obligation (Refer to note 32)	20	20
Other	2	2
Total non-current provisions	**22**	**22**
29 Borrowings		
Unsecured borrowings		
Africa Vanguard Resources (Proprietary) Limited (a)		4
Total unsecured non-current borrowings		**4**
Secured borrowings		
Nedbank Limited (b)		
Liability amount		29
Less: current portion		(29)

Westpac Bank (c)	8	10
Liability amount	12	14
Less: current portion	(4)	(4)
Nedbank Limited (d)	121	
Principal amount	146	
Less: unamortized issue costs	(2)	
Less: current portion	(23)	
Total secured non-current borrowings	**129**	**10**
Total non-current borrowings	129	14
Total current portion of borrowings	27	33
Total borrowings	**156**	**47**

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(a) The loan to AVRD from its holding company African Vanguard Resources (Proprietary) Limited has been derecognized during the year. Refer to note 26(f). The loan was unsecured and interest free.

(b) On July 30, 2003, AVRD partially funded the purchase of an undivided 26% share of the Mining titles relating to the Doornkop South Reef project, with a R140 million (US$19.1 million) Nedbank term loan facility. This facility to AVRD was guaranteed by Harmony and certain of its subsidiaries. As a result of this guarantee and other factors, the company was required to consolidate AVRD into the group.

On March 31, 2010, the company settled this facility as part of the purchase consideration. Refer to note 26(f). Interest on the loan facility accrued at a variable rate equal to JIBAR plus 2% and was payable on settlement of the loan amount. Interest accrued and capitalized during the year, up to settlement date, amounted to US$2.2 million (2009: US$3.3 million).

Following the settlement of the loan facility Harmony is no longer required to consolidate AVRD as part of the group.

(c) In July 2007, Morobe Consolidated Goldfields (MCG) entered into a finance lease agreement with Westpac Bank for the purchase of mining fleet to be used on the Hidden Valley project.

During the 2009 financial year, MCG sold 50% of the finance lease liability to Newcrest in terms of the Master Purchase and Farm-In agreement.

Interest is charged at US LIBOR plus 1.25% per annum. Interest is accrued monthly and lease installments are repayable quarterly terminating June 30, 2013. The mining fleet financed is used as security for these loans.

The future minimum lease payments are as follows:

	US Dollar	
Figures in million	***2010***	***2009***
Due within one year	**4**	4
Due between one and two years	**5**	5
Due between two and five years	**3**	6
	12	15
Future finance charges		(1)
	12	**14**

(d) On December 11, 2009, the Company entered into a loan facility with Nedbank Limited, comprising a term facility of R900 million (US$119.4 million) and a revolving credit facility of R600 million (US$79.6 million). The facility was utilized to fund the acquisition of the Pamodzi FS assets (refer note 16) as well as the group s major capital projects and working capital requirements. Interest accrues on a day to day basis over the term of the loan at a variable interest rate, equal to 3 month JIBAR plus 3.5%. Interest is repayable quarterly.

The term facility is repayable bi-annually in equal installments of R90 million (US$11.8 million) over five years. The revolving credit facility is repayable after three years. The term facility is fully drawn and R300 million (US$40.5 million) was drawn on the revolving credit facility.

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(e) On November 12, 2009 the Australian operations raised a new loan with BMW Finance of US$3.6 million for insurance premium funding. A deposit of US$0.7 million was paid. The loan bore interest at 6.1% and was repayable monthly in equal installments of US$0.4 million with the last installment paid in June 2010.

	US Dollar	
Figures in million	***2010***	***2009***

The exposure of the group s borrowings to changes in interest rates and contractual repricing is as follows:

Variable	156	10
Current		33
Between 1 to 2 years		
Between 2 to 5 years		
Over 5 years		4
Total borrowings	**156**	**47**

Variable	100.0%	21.6%
Current	0.0%	69.6%
Between 1 to 2 years	0.0%	0.0%
Between 2 to 5 years	0.0%	0.0%
Over 5 years	0.0%	8.8%
Total borrowings	**100.0%**	**100.0%**

The maturity of borrowings is as follows:

Current	27	33
Between 1 to 2 years	28	4
Between 2 to 5 years	101	6
Over 5 years		4
Total borrowings	**156**	**47**

The effective interest rates at the balance sheet date were as follows:

Africa Vanguard Resources (Proprietary) Limited (a) #	0.0%	0.0%
Nedbank Limited (b)*	0.0%	11.9%
Westpac Bank (c)	2.0%	2.0%
Nedbank Limited (d)	10.1%	0.0%
BMW Financing (e) *	0.0%	0.0%

\# Derecognized as AVRD is no longer a SPE

* Loan repaid in full

Other borrowings

The level of the Harmony s borrowing powers, as determined by its Articles of Association, shall not except with the consent of the Harmony s general meeting, exceed R40 million or the aggregate from time to time of the issued and paid-up share capital of the company, together with the aggregate of the amounts standing to the credit of all distributable and non-distributable reserves (including minority interests in subsidiary companies and provisions for deferred taxation) and any share premium accounts of the group.

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30 Trade and other payables

	US Dollar	
Figures in million	***2010***	***2009***
Financial liabilities:		
Trade payables	54	63
Other liabilities	5	8
Non-financial liabilities:		
Payroll accruals	44	39
Leave liabilities	34	31
Shaft related accruals	21	20
Other accruals	23	27
Value added tax	4	1
	185	189
Disposal groups classified as held for sale		
Total trade and other payables	**185**	**189**

Leave liability

Employee entitlements to annual leave are recognized on an ongoing basis. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. The movement in the liability recognized in the balance sheet is as follows:

	US Dollar	
Figures in million	***2010***	***2009***
Balance at beginning of year	31	29
Benefits paid	(35)	(27)
Movement due to sale of business		(2)
Translation		(1)
Total expense per income statement	38	32
	34	31
Disposal groups classified as held for sale		
Balance at end of year	**34**	**31**

31 Cash generated by operations

All amounts disclosed include discontinued operations.

Reconciliation of profit before taxation to cash generated by operations:

US Dollar

Figures in million	***2010***	***2009***	***2008***
Profit before taxation [1]	20	405	33
Adjustments for:			
Amortization and depreciation	181	167	123
Impairment of assets	43	61	36
Loss on financial instruments			1
Profit on sale of mining assets	(14)	(287)	(15)
Net (decrease)/increase in provision for post retirement benefits	(3)	1	1
Net increase in provision for environmental rehabilitation	2		2
(Profit)/loss from associates	(7)	(1)	11
Impairment of investment in associate		14	12
Share-based payments	20	13	6
Net (gain)/loss on financial instruments	(5)	10	59
Loss on sale of investment of subsidiary	3		
Dividends received			(5)
Interest received	(25)	(51)	(38)
Interest paid	30	26	76
Provision for doubtful debts	(2)	11	
Bad debts written off	4	3	
Other non cash transactions	8		
Effect of changes in operating working capital items:			
Receivables	(13)	(15)	4
Inventories	(20)	(20)	7
Accounts payable and accrued liabilities	(8)	(18)	(45)
Cash generated by operations	**214**	**319**	**268**

Notes to the consolidated financial statements
for the years ended June 30, 2010

(1) Includes discontinued operations

Additional cash flow information

The income and mining taxes paid in the statement of cash flow represents actual cash paid less refunds received.

Acquisitions and disposals of Subsidiaries / Businesses:

For the financial year ended June 30, 2010

(a) Disposal of Big Bell Operations

During January 2010 the group concluded the sale of Big Bell Operations (Proprietary) Limited, a wholly owned subsidiary and operation in Western Australia, for a total consideration of US$3.2 million.

The aggregate fair values of assets and liabilities sold were:

		US Dollar	
Figures in million	***2010***	***2009***	***2008***
Property, plant and equipment	8		
Rehabilitation liability	(6)		
Profit on disposal	1		
Proceeds received in cash	**3**		

(b) Acquisition of Pamodzi FS assets

On February 18, 2010 the group concluded the acquisition of the Pamodzi FS assets for a total consideration of R405 million (US$53 million), of which R280 million (US$36 million) is attributable to property, plant and equipment and R120 million (US$16 million) to inventories.

The principal non-cash transactions for the year were the issue of shares for the acquisition of 26% share of the mining titles on Doornkop South Reef from AVRD (refer to note 25) and the share based-payments (refer to note 34).

For the financial year ended June 30, 2009

(a) Disposal of Randfontein Cooke Assets

During the year, the group disposed of its Cooke and Old Randfontein assets to Rand Uranium, a wholly owned subsidiary. In a related transaction, 60% of Rand Uranium shares were disposed of to PRF in two tranches. For detail, refer to note 21(b).

The aggregate fair value of the assets and liabilities sold were:

US Dollar

Figures in million	*2010*	*2009*	*2008*
Transaction one			
Property, plant and equipment		42	
Environmental trust fund		3	
Rehabilitation liability		(4)	
Other costs		(2)	
Foreign exchange movements		5	
Profit on disposal		153	
Proceeds received in cash		197	

Notes to the consolidated financial statements
for the years ended June 30, 2010

Figures in million	2010	US Dollar 2009	2008
Transaction two			
Property, plant and equipment		1	
Environmental trust fund		8	
Rehabilitation liability		(13)	
Foreign exchange movements		(2)	
Profit on disposal		18	
Proceeds received in cash		**12**	

(b) MM Joint Venture

During the year Harmony and Newcrest entered into a joint venture agreement, which provided that Newcrest would purchase a 30.01 participating interest and a further buy-out of an additional 19.99% participating interest in Harmony s MMJV gold and copper assets.

The aggregate fair value of the assets and liabilities sold were:

Figures in million	2010	US Dollar 2009	2008
Stage 1: 30.01% Participating interest			
Property, plant and equipment		185	
Trade and other receivables		6	
Inventory		1	
Non-current loans		(10)	
Rehabilitation liability			
Foreign exchange movements		(11)	
Profit on disposal		58	
Proceeds received in cash		**229**	
Stage 2: 10% Participating interest			
Property, plant and equipment		52	
Trade and other receivables		1	
Inventory		1	
Non-current loans		(3)	
Trade and other payables		(5)	
Rehabilitation liability			
Profit on disposal		44	

Disposal proceeds	90
Proceeds received in cash	
Proceeds received by way of the farm-in agreement	**90**
Stage 3: 9.99% Participating interest	
Property, plant and equipment	72
Trade and other receivables	2
Inventory	3
Non-current loans	(3)
Trade and other payables	(6)
Rehabilitation liability	(3)
Profit on disposal	10
Disposal proceeds	75
Proceeds received in cash	(6)
Proceeds received by way of the farm-in agreement	**69**

The principal non-cash transactions for the year were the acquisition of PNG royalty agreement (refer to note 16(c), share-based payments (refer to note 34) and share exchange of Dioro for Avoca (refer to note 20(b)).

Notes to the consolidated financial statements
for the years ended June 30, 2010

For the financial year ended June 30, 2008

(a) On December 6, 2007, the group disposed of its assets and liabilities in South Kal Mine to Dioro. The aggregate fair value of the assets and liabilities sold were:

		US Dollar	
Figures in million	***2010***	***2009***	***2008***
Property, plant and equipment			50
Consumables			3
Shares			3
Rehabilitation liability			(8)
Loss on disposal			(12)
Disposal proceeds			36
Proceeds received by way of shares			(18)
Proceeds received in cash			**18**

(b) On February 27, 2008, the group disposed of its assets and liabilities in its Orkney operations to Pamodzi Gold Limited. The aggregate fair value of assets and liabilities sold were:

		US Dollar	
Figures in million	***2010***	***2009***	***2008***
Property, plant and equipment			38
Environmental trust fund			4
Leave liability			(2)
Rehabilitation liability			(7)
Profit on disposal			13
Disposal proceeds			46
Proceeds received by way of shares			(46)
Cash and cash equivalent at disposal			

The principal non-cash transactions for the year were the acquisition of the PNG royalty agreement (refer to note 16(b)), share-based payments (refer to note 34) and the purchase of assets under finance lease (refer to note 27).

32 Retirement benefit obligations

(a) **Pension and provident funds:** The group contributes to several pension and provident funds governed by the Pension Funds Act, 1956 for the employees of its South African subsidiaries. The pension funds are multi-employer industry plans. The group s liability is limited to its annually determined contributions.

The provident funds are funded on the money accumulative basis with the member s and employer s contributions having been fixed in the constitution of the funds.

The Australian group companies make contributions to each employee s Superannuation (pension) funds in accordance with the Superannuation Guarantee Scheme (SGS). The SGS is a Federal Government initiative enforced by law which compels employers to make regular payments to regulated funds providing for each employee on their retirement. The SGS were set at a minimum of 9% of gross salary and wages for the 2010 financial year (2009: 9%). The fund is a defined contribution plan.

Substantially all the group s employees are covered by the above mentioned retirement benefit plans. Funds contributed by the group for the 2010 financial year amounted to US$55.2 million (2009: US$39.8 million).

Notes to the consolidated financial statements
for the years ended June 30, 2010

(b) **Post-retirement benefits other than pensions**: Most of the supervisory and managerial workers in South Africa participate in the Minemed medical scheme, as well as other medical schemes. The group contributes to these schemes on behalf of current employees and retired employees who retired prior to December 31, 1996 (Minemed scheme). The annual contributions for these retired employees are fixed. The group s contributions to these schemes on behalf of current employees amounted to US$13.9 million for 2010 and US$8.6 million for 2009.

Harmony inherited a post-retirement medical benefit obligation, which existed at the time of the Freegold acquisition in 2002. The group s obligation in this regard is to pay a subsidy of 2% for every completed year of employment up to a maximum of 50% of total medical aid contributions, commencing on date of retirement. Should the employee die, either in service or after retirement, this benefit will transfer to his/her dependents. The medical aid tariffs are based on the Minemed medical scheme options. Except for the pre-mentioned employees, Harmony has no other post-retirement obligation for the other group employees.

Assumptions used to determine this liability include, a discount rate of 10.3%, a mortality rate according to the SA 1956/62 mortality table and a medical inflation rate of 8.1%. It is also assumed that all members will retire at the age of 60 and will remain on the current benefit option.

The liability is based on an actuarial valuation conducted during the financial year ended June 30, 2010, using the projected unit credit method. The next actuarial valuation will be performed on June 30, 2011.

	US Dollar	
Figures in million	***2010***	***2009***
Present value of unfunded obligations	20	20
Movement in the liability recognized in the balance sheet		
Balance at beginning of year	20	17
Contributions paid	(1)	
Other expenses included in staff costs/current service cost	1	1
Interest cost	2	2
Net actuarial loss recognized during the year (1)	1	
Curtailments (2)	(3)	
Balance at end of year	**20**	**20**

(1) The net actuarial loss recognized during the 2008 financial year was US$2 million, in the 2007 financial year a

gain of US$2 million and in the 2006 financial year a loss of US$1.3 million.

(2) The terms of employment of 124 members changed, resulting in a reduction of the liability of US$2.8 million.

Notes to the consolidated financial statements
for the years ended June 30, 2010

The principal actuarial assumptions used for accounting purposes were:

	US Dollar	
Figures in million	***2010***	***2009***
Discount rate	10.3%	10.0%
Healthcare inflation rate	8.1%	7.8%
Normal retirement age	60	60
The net liability of the defined benefit plan is as follows:		
Present value of defined benefit obligation	20	20
Fair value of plan assets		
Net liability	**20**	**20**

The present value of the defined benefit obligation was US$17 million in the 2008 financial year, US$15.2 million in the 2007 financial year and US$14.9 million in 2006 financial year.

The effect of a one percentage point increase and decrease in the assumed medical cost trend rates is as follows:

	1% Increase	*1% Increase*
Effect on:		
Aggregate of service cost and interest cost	1	
Defined benefit obligation	4	3

	1% Decrease	*1% Decrease*
Effect on:		
Aggregate of service cost and interest cost	1	
Defined benefit obligation	4	3

The group expects to contribute approximately US$0.6 million to its benefit plan in 2011.

	US Dollar	
Figures in million	***2010***	***2009***
33 Employee benefits		
Number of permanent employees as at June 30:		
South African operations*	36,204	37,316
International operations**	1,105	979
Total number of permanent employees	**37,309**	**38,295**

Aggregated earnings

The aggregate earnings of employees including directors were:		
Salaries and wages and other benefits	716	509
Retirement benefit costs	55	40
Medical aid contributions	14	9
Total aggregated earnings	**785**	**558**

* There was no employees attributable to the discontinued operations at June 30, 2010 (2009: 0; 2008: 3 618).

** The total employees at Australian operations at June 30, 2010 was 56 (2009: 48, 2008: 873). Of this total, 12 employees (2009: 0; 2008: 0) were attributable to the discontinued operations. The total for the international operations includes the MMJV employees.

During fiscal 2010, US$5 million (2009: US$2 million; 2008: US$0.7 million) was included in the payroll cost for termination costs. This excludes the cost for voluntary retrenchment process (refer to note 5).

Notes to the consolidated financial statements
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Directors remuneration

During fiscal 2010, the directors received remuneration of US$1.8 million, comprising of US$1.3 million for salaries, US$0.03 million for retirement contributions and US$0.31 million for bonuses. The non-executive directors received US$0.6 million in directors fees. The aggregate of remuneration received by senior management was US$3.2 million.

During fiscal 2009, the directors received remuneration of US$1.1 million, comprising of US$0.74 million for salaries, US$0.03 million for retirement contributions and US$0.33 million for bonuses. The non-executive directors received US$0.4 million in directors fees. The aggregate of remuneration received by senior management was US$2.7 million.

34 Share option scheme

The group currently has the 2001, 2003 schemes and the 2006 share plan that are active. The objective of these schemes is to recognise the contributions of senior staff to the group s financial position and performance and to retain key employees.

The options granted under the 2001 and 2003 schemes

A fifth of the options granted under the 2001 and 2003 schemes are exercisable annually from the grant date with an expiry date of 10 years from the grant date. The offer price of these options equaled the closing market price of the underlying shares on the trading date immediately preceding the granting of the options.

On resignation and retirement, share options which have not yet vested will lapse and share options which have vested may be taken up at the employee s election before the last day of service. Payment of shares forfeited will therefore not be required. On death, all options vest immediately and the deceased estate has a period of twelve months to exercise these options.

Following the introduction of the 2006 share plan, no further options are expected to be allocated under these two schemes.

Number of share options relating to the 2001 and 2003 option schemes	***2010***	***2009***
Share options granted	28,442,420	28,442,420
Exercised	19,133,887	18,570,971
Vested but not exercised	2,264,585	1,791,215
Unvested		1,059,343
Forfeited and lapsed	7,043,948	7,020,891
Vesting periods of unvested shares		
Within one year		1,059,343
Total number of shares unvested		**1,059,343**

No options were granted in fiscal 2010 and 2009 for the 2001 and 2003 option schemes.

Notes to the consolidated financial statements
for the years ended June 30, 2010

Activity on share options granted but not yet exercised	*Shares*	*Weighted average option price (SA Rand)*
For the year ended June 30, 2010		
Balance at beginning of year	2,850,558	47.58
Options exercised	(562,916)	44.16
Options forfeited and lapsed	(23,057)	43.75
Balance at end of year	**2,264,585**	**48.47**
For the year ended June 30, 2009		
Balance at beginning of year	4,528,239	49.14
Options exercised	(1,321,303)	51.42
Options forfeited and lapsed	(356,378)	53.12
Balance at end of year	**2,850,558**	**47.58**

List of options granted but not yet exercised (listed by grant date)	*At June 30, 2010*	*Option price (SA Rand)*	*Remaining life (years)*
April 24, 2001	17,000	36.50	0.8
November 20, 2001	167,901	49.60	1.4
September 23, 2002		66.00	2.2
March 27, 2003	125,300	91.60	2.7
August 10, 2004	482,967	66.15	4.1
April 26, 2005	1,471,417	39.00	4.8
Total option granted but not yet exercised	**2,264,585**		

The number of shares held by the Harmony Share Trust at year end amounted to 63 500 (2009: 63 500). This trust is considered to be an SPE and is therefore consolidated in accordance with the group s accounting policies.

List of options granted but not yet vested (listed by grant date)	*2010*	*2009*
August 10, 2004		316 498
April 26, 2005		742 845

Total options granted but not yet vested	**1,059,343**

	US Dollar	
Figures in million	***2010***	***2009***
Average market price options traded during the year	6	11
Average fair value of share options vested during the year	8	14
Share based cost recognised		1

The share based cost is calculated using the binominal valuation model based on the following assumptions at grant date:

	Option allocation	
	August 10, 2004	***April 26, 2005***
Price at date of grant (SA Rand per share)	66.15	39.00
Risk-free interest rate:	9.9%	8.4%
Expected volatility:	40.0%	35.0%
Expected dividend yield:	0.0%	0.0%
Vesting period:	5 years	5 years

Share based payments are measured at the fair value of the equity instruments at the date of the grant. The cost is expensed over the vesting period, based on the group s estimate of the options that are expected to eventually vest. The only vesting conditions for the 2001 and 2003 schemes is that the employees should be in the employment of the group.

The volatility measured at the standard deviation of expected share price returns were based on statistical analysis of daily share prices over the last three years before grant date.

Notes to the consolidated financial statements
for the years ended June 30, 2010

The shares granted under the 2006 share plan

The 2006 share plan consist of both performance shares (PS) and share appreciation rights (SARs). The PS will vest after three years from the grant date, if and to the extent that the performance conditions have been satisfied. The SARs will vest in equal thirds in year 3, 4 and 5 after grant date, subject to the performance conditions having been satisfied. The SARs have an expiry date of 6 years from the grant date and the offer price equals the closing market price of the underlying shares on the trading date immediately preceding the grant.

The aggregate number of shares which may be allocated to the share plan on any day, when added to the total number of unexercised SARs, unvested performance shares, and restricted shares which have been allocated for SAR s and PS, and any other employee share scheme operating by the company, shall not exceed 14% of the number of issued ordinary shares of the company from time to time. On June 30, 2010, 4 361 937 PS and 7 992 023 SARS (2009: 3 718 127 PS and 5 284 500 SARs) had been allocated to participating employees.

Termination of employees participation in the share plan is based on No Fault and Fault definitions.

In the case of SARs, if employment is terminated for No Fault reasons, then the value of the appreciation in all unvested and un-exercised SARs is settled in shares or cash at the option of the employer as at the date of termination of employment, after the deduction of any tax payable. The employer has no past practice of settling in cash.

In the case of performance shares, if employment is terminated for No Fault reasons, then

First the maximum number conditionally awarded is pro-rated for the time period until the termination date;

Then this adjusted number is reduced to a third on the assumption that Harmony s performance was a median one with one third vesting, after taking into account any portion of shares that have banked already in terms of the 2009 issue;

And then settled in shares sold on the market for cash, and paid to the participant after the deduction of any tax payable.

In either case, if employment is terminated for Fault reasons, all unvested and un-exercised SARs and all PS not yet vested are lapsed and cancelled.

Number of shares relating to the 2006 share plan at June 30,	***2010***	***2009***
Shares granted	12,353,960	9,002,627
Vested	185,473	
Performance shares		
Share appreciation rights	185,473	
Unvested	10,082,512	7,854,749
Performance shares	3,492,402	3,302,163
Share appreciation rights	6,590,110	4,552,586
Shares forfeited	2,085,975	1,147,878
Performance shares	869,536	415,964

Share appreciation rights	1,216,439	731,914
Vesting periods of unvested shares:		
Within one year	1,550,416	503,589
One to two years	3,463,496	1,651 892
Two to three years	2,728,330	3,675 954
Three to four years	1,492,598	1,329 960
Four to five years	847,672	693,354
Total number of unvested shares	**10,082,512**	**7,854,749**

Notes to the consolidated financial statements
for the years ended June 30, 2010

For the year ended June 30,	***2010***		***2009***	
Activity on PS and SARs granted but not yet exercised	***Shares***	***Weighted average option price (SA Rand)***	***Shares***	***Weighted average option price (SA Rand)***
Balance at beginning of year	7,854,749		4,236,938	
Performance shares	3,302,164	n/a	1,341,444	n/a
Share appreciation rights	4,552,585	79.38	2,895,494	81.04
Options granted	3,351,333		4,325 907	
Performance shares	643,810	n/a	2,206,026	n/a
Share appreciation rights	2,707,523	77.28	2,119,881	77.81
Options lapsed	(938,097)		(708,096)	
Performance shares	(453,572)	n/a	(245,306)	n/a
Share appreciation rights	(484,525)	78.54	(462,790)	92.79
Options vested	(185,473)			
Performance shares		n/a		
Share appreciation rights	(185,473)	112.64		
Balance at end of year	10,082,512		7,854,749	
Performance shares	3,492,402	n/a	3,302,164	n/a
Share appreciation rights	6,590,110	77.65	4,552,585	79.38

List of shares granted but not yet exercised (listed by grant date)	***At June 30, 2010***	***Strike price (SA Rand)***	***Remaining life (years)***
Performance shares			
November 15, 2007	777,910	n/a	0.40
March 07, 2008	12,308	n/a	0.70
December 05, 2008	2,058,372	n/a	1.40
November 15, 2009	643,810	n/a	2.40

Share appreciation rights			
November 15, 2006	336,552	112.64	2.38
November 15, 2007	1,729,611	70.54	3.38
March 07, 2008	46,154	102.00	3.69
December 05, 2008	1,934,780	77.81	4.44
November 16, 2009	2,543,015	77.28	5.40
Total options granted but not yet exercised	**10,082,512**		

	US Dollar	
Figures in million	***2010***	***2009***
Average fair value of share options vested during the year	3	0
Share based cost recognised	19	12

Notes to the consolidated financial statements
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The share based cost is calculated using the Monte Carlo simulation on the market-linked PS and Black-Scholes on the SARs. For the 2009 PS allocation the group linked 50% of the share allocation to market conditions and the remaining 50% to non-market internal conditions. The following assumptions were applied at grant date:

	Performance shares	SAR s
Price at date of grant (SA Rand per share)		
- November 15, 2006 share allocation	n/a	112.64
- November 15, 2007 share allocation (valuation date December 21, 2007)	n/a	68.44
- November 15, 2007 share allocation (valuation date April 21, 2008)	n/a	92.25
- March 7, 2008 share allocation	n/a	102.00
- December 5, 2008 share allocation (valuation date December 5, 2008)	n/a	77.81
- December 5, 2008 share allocation (valuation date February 16, 2009)	n/a	116.90
- November 16, 2009 share allocation (valuation date November 27, 2009)	n/a	81.50
- November 16, 2009 share allocation (valuation date December 23, 2009)	n/a	75.60
- November 16, 2009 share allocation (valuation date May 3, 2010)	n/a	72.14
Risk-free interest rate:		
- November 15, 2006 share allocation	9.58%	8.79%
- November 15, 2007 share allocation (valuation date December 21, 2007)	10.81%	9.84%
- November 15, 2007 share allocation (valuation date April 21, 2008)	11.71%	10.68%
- March 7, 2008 share allocation	11.04%	10.44%
- December 5, 2008 share allocation (valuation date December 5, 2008)	8.55%	8.43%
- December 5, 2008 share allocation (valuation date February 16, 2009)	8.18%	8.30%
- November 16, 2009 share allocation (valuation date November 27, 2009)	0.00%	8.63%
- November 16, 2009 share allocation (valuation date December 23, 2009)	0.00%	8.57%
- November 16, 2009 share allocation (valuation date May 3, 2010)	7.29%	0.00%
Expected volatility*:		
- November 15, 2006 share allocation	34.71%	26.37%
- November 15, 2007 share allocation (valuation date December 21, 2007)	46.32%	35.10%
- November 15, 2007 share allocation (valuation date April 21, 2008)	49.52%	41.72%
- March 7, 2008 share allocation	50.49%	54.50%
- December 5, 2008 share allocation (valuation date December 5, 2008)	56.62%	48.61%
- December 5, 2008 share allocation (valuation date February 16, 2009)	70.86%	49.03%
- November 16, 2009 share allocation (valuation date November 27, 2009)		49.29%
- November 16, 2009 share allocation (valuation date December 23, 2009)		49.21%
- November 16, 2009 share allocation (valuation date May 3, 2010)	37.34%	
Expected dividend yield:		
- for all allocations	0.00%	0.00%
Vesting period (from grant date):		
- for all allocations	3 years	5 years

* The volatility is measured as an annualised standard deviation of historical share price returns, using an exponentially weighted moving average (EWMA) model, with a lambda of 0.99. The volatility is calculated on the grant date, and takes into account the previous three years of historical data.

Notes to the consolidated financial statements
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Share based costs are measured at the fair value of the equity instruments at the date of the grant as defined in IFRS 2. The grant date is the date of which the entity and counterparty have a shared understanding of the terms and conditions of the share-based payment arrangement. The cost is expensed over the vesting period, based on the group s estimate of the options that are expected to eventually vest, within the rules of IFRS2.

For November 15, 2006, November 15, 2007 and March 7, 2008 issue:

The performance criteria imposed by the board and which must be satisfied before settlement of any PS under these awards are linked to the Company s TSR in comparison to the Philadelphia XAU index of international gold and precious metal mining companies (50%) and the JSE Gold Mining index (50%).

The following performance criteria was imposed per the Harmony (2006) Share Plan which must be satisfied before the settlement of any SARs:

that the Company s headline earnings per share have grown since the allocation date by a minimum of CPI plus 3%;

that the Company s performance has since the allocation date been a satisfactory achievement in terms of the Company s sustainability index.

For December 5, 2008 issue:

The Performance Criteria imposed by the Board and which must be satisfied before the Settlement of any PS under this Award are linked to the Company s TSR (Total Shareholder Return) in comparison to the SA Gold Index (50%) and the SA Resource Index (50%);

The following performance criteria was imposed per the Harmony (2006) Share Plan which must be satisfied before the settlement of any SARs:

that the Company s headline earnings per share have grown since the allocation date by more than the CPI.

For November 16, 2009 issue:

The Performance Criteria imposed by the Board, and which must be satisfied before the Settlement of any Performance Shares under this Award, are as follows:

50% of the number shares awarded are to be linked to the annual gold production of the company in relation to the targets set annually.

50% of the number shares awarded are linked to the Company s TSR (Total Shareholder Return) in comparison to the South African Gold peers.

The following performance criteria was imposed per the Harmony (2006) Share Plan which must be satisfied before the settlement of any SARs:

the Company s headline earnings per share should grow, since the allocation date, by more than the CPI.

For options granted during the year, the following fair values were used as a basis to recognise share-based payment cost:

For options measured on November 27, 2009, the value is R44.52 per share for SARs.

For options measured on December 23, 2009, the value is R39.26 for SARs.

For options measured on May 3, 2010, the value is R38.49 for PS.

35 Related parties

None of the directors or major shareholders of Harmony or, to the knowledge of Harmony, their families, had interest, direct or indirectly, in any transaction since July 1, 2007 or in any proposed transaction that has affected or will materially affect Harmony or its subsidiaries, other than as stated below.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the group.

Directors and executive management s remuneration is disclosed in note 33.

African Rainbow Minerals Limited (ARM) currently holds 14.6% of Harmony s shares. Patrice Motsepe, Andre Wilkens, Joaquim Chissano and Frank Abbott are directors of ARM.
Harmony currently holds 40% of the shares of Rand Uranium. Graham Briggs, Hannes Meyer and Fikile De Buck are directors of Rand Uranium. Dr Simo Lushaba is a member of the Rand Uranium Investment Committee.

A list of the group s subsidiaries, associates and joint ventures has been included in Annexure A.

Notes to the consolidated financial statements
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Material transactions with associates and joint ventures:

Besides the transactions disclosed below, the group concluded the following transactions with related parties:

Pamodzi Refer to note 16.

AVRD Refer to note 26.

On July 10, 2008, the group disposed of its interest in Village Reef Gold Mining Company to To the Point Growth Specialists Investments 2 (Pty) Ltd (To the Point). Bernard Swanepoel was an executive director of both Harmony and To the Point during 2008.

	US Dollar	
Figures in million	***2010***	***2009***
Sales and services rendered to related parties		
Associates	58	24
Joint Venture	1	
	59	**24**
Purchases and services acquired from related parties		
Associates	4	1
Outstanding balances due by related parties		
Associates	16	22
Joint Ventures	130	10
	146	**32**
Outstanding balances due to related parties		
Associates	4	

Refer to note 24 for detail on the items relating to the loans to/(from) associates and joint ventures and provisions raised against these loans.

	US Dollar	
Figures in million	***2010***	***2009***

36 Commitments and Contingencies

Capital expenditure commitments		
Contracts for capital expenditure	17	32
Share of Joint Venture s contract for capital expenditure	27	30
Authorised by the directors but not contracted for	132	95

Total capital commitments	**176**	**157**

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

The group is contractually obliged to make the following payments in respect of operating leases, including for land and buildings, and for mineral tenement leases:

	US Dollar	
Figures in million	***2010***	***2009***
Within one year	4	5
Between one year and five years	1	1
	5	**6**

This includes US$0.9 million for the MMJV. For details on the group s finance leases, refer to note 29.

	US Dollar	
Figures in million	***2010***	***2009***
Contingent liabilities		
Guarantees and suretyships	3	3
Environmental guarantees (i)	67	39
	70	**42**

(i) Included in the balance for fiscal 2010 is an amount of US$17.0 million (2009: US$16.8 million) relating to guarantees provided for the Rand Uranium transaction. These guarantees will be cancelled once Rand Uranium puts its own guarantees in place. US$14.6 million has been pledged as collateral for environmental guarantees in favour of certain financial institutions. Refer to note 18.

Notes to the consolidated financial statements
for the years ended June 30, 2010

Contingent liability

(a) **Class action:** On April 18, 2008, Harmony Gold Mining Company Limited was made aware that it has been named or may be 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) and options with regard to certain of its business practices. 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 March 19, 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 April 27, 2010 and the Company s request for reconsideration of judgement was denied. The Company is defending the matter and the legal process is taking its course. It is currently not possible to estimate if there will be a financial effect, or what that effect might be.

(b) The group may have a potential exposure to rehabilitate groundwater and radiation that may exist where the group has and/or continues to operate. The group has initiated analytical assessments to identify, quantify and mitigate impacts if and when (or as and where) they arise. Numerous scientific, technical and legal studies are underway to assist in determining the magnitude of the contamination and to find sustainable remediation solutions. The group has instituted processes to reduce future potential seepage and it has been demonstrated that Monitored Natural Attenuation (MNA) by the existing environment will contribute to improvement in some instance. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements. Should the Group determine that any part of these contingencies require them being recorded and accounted for as liabilities, i.e. where they become quantifiable and probable, it could have a material impact on the financial status of the Group.

(c) Due to the interconnected nature of mining operations, any proposed solution for potential flooding and potential rdecant risk posed by deep groundwater needs to be a combined one, supported by all the mines located in these goldfields. As a result, the Department of Mineral Resource and affected mining companies are involved in the development of a Regional Mine Closure Strategy. In view of the limitation of current information for the accurate estimation of a liability, no estimate can be made for the obligation.

(d) On December 1, 2008, the group issued 3 364 675 to Rio Tinto for the purchase of Rio Tinto s rights to the royalty agreement entered into prior ro the group s acquisition of the Wafi deposits in PNG. The shares were valued at US$23 million on the transaction date. An additional US$10 million in cash will be payable when the decision to mine is made. Of this amount, Harmony is responsible for paying the first US$6 million, with the balance of US$4 million being borne equally by the joint venture partners.

(e) In terms of the sale agreements entered into with Rand Uranium (refer note 14), Harmony retained financial exposure relating to environmental disturbances and degradation caused by the group before the effective date, in excess of US$10 million of potential claims. Rand Uranium is therefore liable of all claims up to US$10 million and retains legal liability. The likelihood of potential claims cannot be determined presently and no provision for any liability has been made in the financial statements.

37 Subsequent events

Sale of Mount Magnet

On July 20, 2010, the group concluded an agreement with Ramelius Resources Limited to sell its 100% share in Mount Magnet Gold NL (Mount Magnet) for a total consideration of US$35 million. The group recognised a profit of US$18.4 million. Refer to note 14 in this regard.

Notes to the consolidated financial statements
for the years ended June 30, 2010

Dividends

On August 13, 2010, the Board of Directors approved a final dividend for the 2010 financial year of 50 SA cents per share. The total dividend amounts to US$29.3 million. As this dividend was declared after the reporting date, it has not been reflected in the financial statements for the period ended June 30, 2010. The dividend was paid on September 20, 2010.

Merriespruit South region and Freegold option

On September 3, 2010, Harmony Gold Mining Company Limited (Harmony) concluded two transactions with Witwatersrand Consolidated Gold Resources Limited (**Wits Gold**), in which Wits Gold will obtain a prospecting right over Harmony s Merriespruit South area and the option held by ARMGold/Harmony Freegold Joint Venture Company (Proprietary) Limited (Freegold), a wholly owned subsidiary of Harmony. The option was to acquire a beneficial interest of up to 40% in any future mines established by Wits Gold on certain properties in the Southern Free State (Freegold option), which will be cancelled. Harmony will abandon a portion of its mining right in respect of the Merriespruit South area to enable Wits Gold to include this area in its prospecting right, which is located immediately south of the Merriespruit South area.

The total consideration was US$47 million, (US$9 million for the prospecting area and US$38 million for the cancellation of the option agreement), which will be settled in cash or in a combination of cash and shares in Wits Gold, when all remaining conditions precedent to the transaction have been fulfilled.

Evander 6 and Twistdraai

On September 10, 2010, Harmony concluded a sale of assets agreement with Taung Gold Limited (**Taung**), in which Taung acquired the Evander 6 shaft, the related infrastruture and surface right permits as well as a mining right over the Evander 6 and Twistdraai areas. The total purchase consideration is US$29 million, which will be settled in cash when all remaining conditions precedent to the transaction have been fulfilled.

Closure of Merriespruit 1

On October 4, 2010, the decision was made to finally close Merriespruit 1 shaft, under the Section 189 (of the Labour Relations Act) already in place. The closure was postponed in terms of an agreement reached with organized labour to keep the shaft open while it remained profitable.

38 Segment report

The group has only one product, being gold. In order to determine operating and reportable segments, management reviewed various factors, including geographical location as well as managerial structure. It was determined that an operating segment consists of a shaft or a group of shafts managed by a single general manager and management team.

After applying the quantitative thresholds from IFRS 8, the reportable segments were determined as:

Bambanani, Doornkop, Evander, Joel, Kusasalethu, Masimong, Phakisa, Target, Tshepong, Virginia, Papua New Guinea and Mount Magnet (classified as held for sale and discontinued operation). In 2008 and 2009 the Cooke operations were also classified as held for sale and discontinued operations. All other operating segments have been grouped together under *All other surface operations*, under their classification as either continuing or discontinued.

When assessing profitability, the chief operating decision maker (**CODM**) considers the revenue and production costs of each segment. The net of these amounts is the operating profit or loss. Therefore, operating profit has been disclosed in the segment report as the measure of profit or loss.

The CODM does not consider depreciation or impairment and therefore these amounts have not been disclosed in the segment report, but does consider capital expenditure which has been disclosed.

Segment assets consist of mining assets included under property, plant and equipment which can be attributed to the shaft or group of shafts. Current and non-current group assets that are not allocated at a shaft level, form part of the reconciliation to total assets.

A reconciliation of the segment totals to the group financial statements has been included in note 39.

Notes to the consolidated financial statements
for the years ended June 30, 2010
Segment report 2010 (US dollar)

	Revenue *US$m*	Production cost *US$m*	Production profit *US$m*	Mining assets *US$m*	Capital expenditure *US$m*	Ounces produced* *oz*	Tons milled* *t 000*
Continuing operations							
South Africa							
Underground							
Bambanani	147	98	49	125	28	133,007	582
Doornkop	68	54	14	372	45	62,694	595
Evander operations	120	113	7	121	23	111,724	869
Joel	69	50	19	23	10	64,495	484
Kusasalethu	184	144	40	390	57	175,029	1,141
Masimong	168	93	75	105	23	155,609	991
Phakisa	50	43	7	533	64	44,079	374
Target	116	88	28	333	51	113,782	857
Tshepong	241	151	90	478	35	216,986	1,674
Virginia operations	187	177	10	89	24	170,013	1,826
Surface							
All other surface operations	129	84	45	17	11	119,954	10,077
Total South Africa	**1,479**	**1,095**	**384**	**2,586**	**371**	**1,367,372**	**19,470**
International							
Papua New Guinea	10	8	2	494	71	61,173	335
Total international	**10**	**8**	**2**	**494**	**71**	**61,173**	**335**
Total continuing operations	**1,489**	**1,103**	**386**	**3,080**	**442**	**1,428,545**	**19,805**
Discontinued operations							
Mount Magnet				29			
Total discontinued operations				**29**			
Total operations	**1,489**	**1,103**	**386**	**3,109**	**442**	**1,428,545**	**19,805**

Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 39)				2,032
	1,489	**1,103**		**5,141**

* Production statistics are unaudited.

Notes to the consolidated financial statements
for the years ended June 30, 2010
Segment report 2009 (US dollar)

	Revenue *US$m*	Production cost *US$m*	Production profit *US$m*	Mining assets *US$m*	Capital expenditure *US$m*	Ounces produced* *oz*	Tons milled* *t 000*
Continuing operations							
South Africa							
Underground							
Bambanani	103	72	31	91	6	121,530	570
Doornkop	38	31	7	330	44	42,150	605
Evander operations	168	111	57	122	24	190,075	1,241
Joel	56	41	15	31	6	65,684	566
Kusasalethu	158	117	41	352	47	174,321	1,061
Masimong	135	73	62	86	14	154,034	981
Phakisa	19	12	7	474	51	22,216	204
Target	76	60	16	287	38	87,225	710
Tshepong	198	109	89	471	28	230,778	1,516
Virginia operations	226	165	61	116	22	258,170	2,493
Surface							
All other surface operations	100	59	41	18	9	114,648	9,778
Total South Africa	**1,277**	**850**	**427**	**2,378**	**289**	**1,460,831**	**19,725**
International							
Papua New Guinea				458	198		
Total international				**458**	**198**		
Total continuing operations	**1,277**	**850**	**427**	**2,836**	**487**	**1,460,831**	**19,725**
Discontinued operations							
Cooke operations	69	50	19		10	80,377	1,419
Mount Magnet				34			
Total discontinued operations	**69**	**50**	**19**	**34**	**10**	**80,377**	**1,419**
Total operations	**1,346**	**900**	**446**	**2,870**	**497**	**1,541,208**	**21,144**

Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 39)	(69)	(50)	2,055
	1,277	**850**	**4,925**

* Production statistics are unaudited.

Notes to the consolidated financial statements
for the years ended June 30, 2010
Segment report 2008 (US dollar)

	Revenue *US$m*	Production cost *US$m*	Production profit *US$m*	Mining assets *US$m*	Capital expenditure *US$m*	Ounces produced* *oz*	Tons milled* *t 000*
Continuing operations							
South Africa							
Underground							
Bambanani	128	102	26	98	15	154,879	912
Doornkop	35	31	4	273	48	44,038	494
Kusasalethu	133	103	30	304	44	164,215	981
Evander operations	193	127	66	131	33	231,799	1,447
Joel	52	39	13	16	5	59,557	449
Masimong	96	88	8	94	16	116,424	892
Phakisa	4	2	2	312	40	4,024	34
Target	69	51	18	275	35	79,602	686
Tshepong	223	125	98	404	27	265,914	1,649
Virginia operations	204	180	24	107	20	247,820	2,349
Other operations	6	13	(7)	13	1	8,305	86
Surface							
All other surface operations	126	57	69	19	19	147,980	9,524
Total South Africa	**1,269**	**918**	**351**	**2,046**	**303**	**1,524,557**	**19,503**
International							
Papua New Guinea				580	197		
Total international				**580**	**197**		
Total continuing operations	**1,269**	**918**	**351**	**2,626**	**500**	**1,524,557**	**19,503**
Discontinued operations							
Cooke operations	194	123	71	86	22	236,170	3,906
Mount Magnet	56	41	15	66	4	75,297	966
Other operations	59	66	(7)		16	74,433	1,048
Total discontinued operations	**309**	**230**	**79**	**152**	**42**	**385,900**	**5,920**
Total operations	**1,578**	**1,148**	**430**	**2,778**	**542**	**1,910,457**	**25,423**

Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 39)	(309)	(230)	1,932
	1,269	**918**	**4,710**

* Production statistics are unaudited.

Notes to the consolidated financial statements
for the years ended June 30, 2010

39 Reconciliation of segment information to consolidated income statements and balance sheet:

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

Revenue from:

		US Dollar	
Figures in million	***2010***	***2009***	***2008***
Discontinued operations		69	309
Production costs from:			
Discontinued operations		50	230

Reconciliation of cash operating profit to consolidated profit/(loss) before taxation and discontinued operations:

Total segment revenue	1,489	1,346	1,578
Total segment production costs	(1,103)	(900)	(1,148)
Cash operating profit	386	446	430
Less discontinued operations		(19)	(79)
	386	427	351
Cost of sales items other than production costs	(280)	(233)	(204)
Amortisation and depreciation of mining properties, mine development cost and mine plant facilities	(175)	(130)	(107)
Amortisation and depreciation of other than mining and mining related assets	(6)	(9)	(10)
Rehabilitation expenditure	(4)	(1)	(1)
Care and maintenance cost of restructured shafts	(8)	(5)	(10)
Employment termination and restructuring costs	(27)	(4)	(29)
Share-based payments	(20)	(13)	(6)
Impairment of assets	(43)	(71)	(40)
Provision for post retirement benefits	3		(1)
Gross profit	**106**	**194**	**147**
Corporate, administration and other expenditure	(50)	(36)	(30)
Social investment expenditure	(11)	(4)	(1)
Exploration expenditure	(29)	(29)	(28)
Profit on sale of property, plant and equipment	14	114	
Other expenses net	(8)	(3)	(15)

Operating profit	**22**	**236**	**73**
Profit/(loss) from associates	7	1	(11)
Impairment of investment in associate		(14)	(12)
Loss on sale of investment in subsidiary	(3)		
Net gain/(loss) on financial instruments	5	(10)	(58)
Investment income	25	49	39
Finance cost	(32)	(24)	(70)
Profit/(loss) before taxation and discontinued operations	**24**	**238**	**(39)**

Notes to the consolidated financial statements
for the years ended June 30, 2010

Reconciliation of total segment assets to consolidated assets includes the following:

		US Dollar	
Figures in million	***2010***	***2009***	***2008***
Non-current assets			
Property, plant and equipment	794	744	906
Intangible assets	290	288	283
Restricted cash	19	21	10
Restricted investments	228	212	188
Investment in financial assets	2	7	9
Investment in associates	50	43	19
Deferred tax asset	246	222	190
Inventories	28		
Trade and other receivables	10	10	18
Current assets			
Inventories	129	134	89
Trade and other receivables	122	115	112
Income and mining taxes	10	6	11
Cash and cash equivalents	101	253	53
Restricted cash			
Assets of disposal groups classified as held for sale	3		44
	2,032	**2,055**	**1,932**