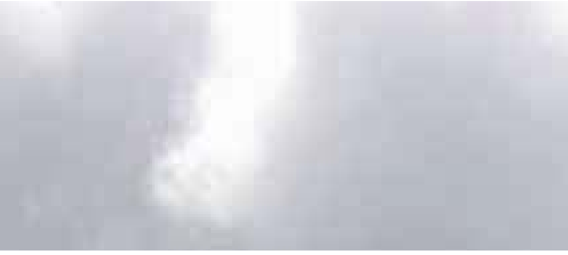
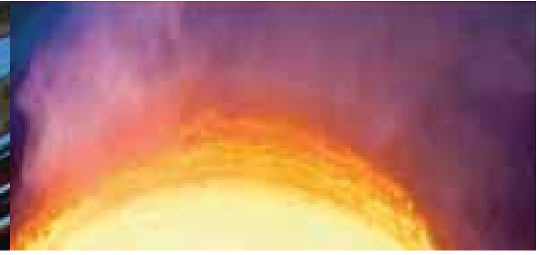


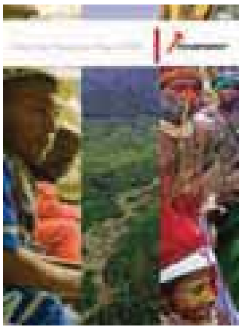


Annual Report 2008

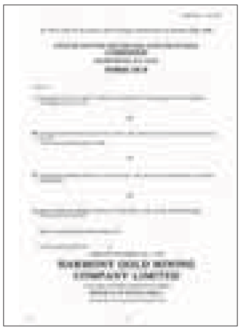
HARMONY™



Scope of the report



Sustainable Development Report



Harmony's 20-F

This Annual Report has been produced by Harmony Gold Mining Company Limited (Harmony) for the 2008 financial period, that is from 1 July 2007 to 30 June 2008. In addition the company has:

- Filed with the US Securities and Exchange Commission the requisite annual report on the Form 20-F, in compliance with the listings regulations on the NYSE; and
- Produced a Sustainable Development Report on the economic, social and environmental impacts of the company's activities.

All three of these documents are available on the company's website at www.harmony.co.za. In addition to these annual company documents, the website hosts a range of other publications, announcements and presentations that will be of interest to both shareholders and stakeholders.

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), the South African Companies Act, the listings requirements of the JSE Limited and the guidelines of the King Report on Corporate Governance 2002 (King II). The Mineral Resources and Ore Reserves information provided in this report has been compiled in accordance with the South African Code for Reporting of Mineral Reserves and Ore Resources (SAMREC), the Australian Code for Reporting Mineral Resources and Ore Reserves (JORC) and Industry Guide 7 of the United States' Security Exchange Commission. This information has been gathered, reviewed and confirmed by the relevant Competent Persons as defined by SAMREC. The Sustainable Development Report and portions of the Annual Report have been developed in accordance with the Global Reporting Initiative's (GRI) G3 guidelines.

All use of $ refers to US dollars, unless otherwise stated. In addition, all productions volumes are reported in metric tonnes (t) unless otherwise specifically referred as being Imperial tons.

Forward-looking statements

Statements in this report include "forward-looking statements" that express or imply expectations of future events or results. Forward-looking statements are statements that are not historical facts. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance.

Forward-looking statements are generally identified by the words "expect," "anticipates," "believes," "intends," "estimates" and other similar expressions. All forward-looking statements involve a number of risks, uncertainties and other factors, and Harmony cannot give assurances that such statements will prove to be correct. Risks, uncertainties and other factors could cause actual events or results to differ from those expressed or implied by the forward-looking statements.

Although Harmony's management believes that the expectations reflected in such forward-looking statements are reasonable, investors are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Harmony, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

Certain of these risks and uncertainties are discussed in the Form 20-F that Harmony has filed with the US SEC. The Form 20-F may be downloaded from the company's website at www.harmony.co.za. For convenience this discussion on risk factors is repeated in this annual report on pages 124 to 133.

Hidden Valley, Papua New Guinea

Doornkop, South Africa

Phakisa, South Africa

Key features for the year

Annual performance		FY08	FY07	% change
Production data				
Ore milled	000t	17 686	14 781	19.7
- underground	000t	9 049	10 639	(14.9)
- surface	000t	8 637	4 142	108.5
Gold produced	kg	48 227	54 340	(11.2)
	000oz	1 550	1 747	(11.2)
- underground	kg	43 595	51 720	(15.7)
	oz	1 402	1 663	(15.7)
- surface	kg	4 632	2 620	76.8
	oz	149	84	76.8
Average gold price received	R/kg	190 958	147 808	29.2
	$/oz	818	639	28.0
Operating cost	R/kg	138 319	110 785	(24.8)
Yield	g/t	2.73	3.68	(25.8)
- underground	g/t	4.82	4.86	(0.8)
- surface	g/t	0.54	0.63	(14.3)
Financial data				
Revenue*	Rm	9 210	8 037	14.6
Production costs*	Rm	6 673	6 021	(10.8)
Cash operating profit*	Rm	2 537	2 016	25.8
Operating margin	%	27.6	25.1	10.0
Net (loss)/profit from continuing operations	Rm	(796)	820	(197.0)
Profit/(loss) is from continuing operations	Rm	551	(473)	(216.5)
Net (loss)/profit for the year	Rm	(245)	382	(164.1)
Total basic (loss)/earnings per share	SA cents	(62)	96	(164.6)
Total headline earnings per share	SA cents	126	53	137.7
Capital expenditure	Rm	3 647	2 301	58.5
R/$ exchange rate				
- average for the year	R/$	7.26	7.20	(0.8)
- at year-end	R/$	7.80	7.04	(10.8)
Shareholder information				
Shares in issue	millions	403.25	398.11	1.3
Share price – at year-end				
JSE	R/share	95.00	100.27	(5.3)
NYSE	$/share	12.25	14.27	(40.6)
Market capitalisation – at year-end				
	Rbn	38.3	39.9	(4.0)
	$bn	4.9	5.7	(14.0)

* Includes results from continuing operations only (ie excludes discontinued operations)

SAFETY

- Regrettably, 21 fatalities
- Overall, safety performance improved
  – FIFR by 18%
  – LTIFR by 16%

FINANCIAL

- Average annual gold price improved to $818/oz
- Group revenue rose by 15% to R9.21 billion
- Cash operating profit of R2.54 billion
- Total basic loss of 62 SA cents per share
- Total headline profit of 126 SA cents per share

Elandsrand, South Africa

OPERATIONAL

- 1.55 million ounces of gold produced (48 227kg)
- A number of major projects continue to advance
  – Tshepong sub 66 decline now in production
  – Doornkop, Phakisa and Elandsrand in development build-up phase
- Eskom crisis affects performance

CORPORATE

- Extensive operational restructuring completed
- Conops ceased
- Formation of Rand Uranium
- Partnership with Newcrest in Papua New Guinea finalised

OUTLOOK

- Focus on sustained organic growth

Harmony at a glance

South Africa

Underground operations

Free State

Bambanani
Production: 4 945kg
Cash cost per kg: R149 792
Ore reserves at year-end: 37t
Cash operating profit: R191 million
Capital expenditure: R107 Million

Joel
Production: 1 904kg
Cash cost per kg: 149 305
Ore reserves at year-end: 13t
Cash operating profit: R91 million
Capital expenditure: R39 million

Masimong
Production: 3 657kg
Cash cost per kg: R174 080
Ore reserves at year-end: 23t
Cash operating profit: R61 million
Capital expenditure:R114 million

Phakisa
Production: 131kg
Cash cost per kg: R130 221
Ore reserves at year-end: 166t
Cash operating profit: R11 million
Capital expenditure: R293 million

Target
Production: 2 644kg
Cash cost per kg: R141 027
Ore reserves at year-end: 132t
Cash operating profit: R129 million
Capital expenditure: R256 million

Tshepong
Production: 8 495kg
Cash cost per kg: R106 658
Ore reserves at year-end: 142t
Cash operating profit: R715 million
Capital expenditure: R195 million

Virginia operations*
Production: 7 786kg
Cash cost per kg: R174 091
Ore reserves at year-end: 35t
Cash operating profit: R180 million
Capital expenditure: R152 million

* Virginia includes Harmony 2, Merriespruit 1 and 3, Brand and Unisel

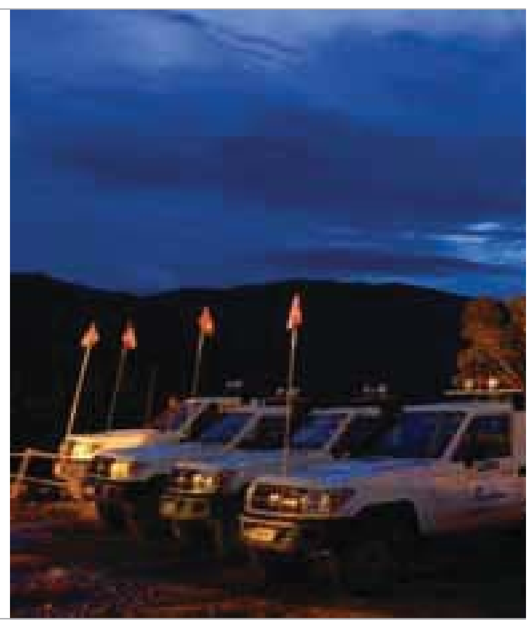
Papua New Guinea

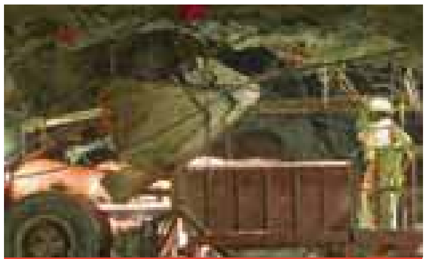
Morobe Province
Morobe Mining Joint Venture

Hidden Valley (open cast)
A gold-silver project
Production to begin: mid-2009
Forecast annual full production:
250 000oz of gold
4 million ounces of silver
Expected life-of-mine: 14 years

Wafi-Golpu
A gold-copper deposit
Pre-feasibility study began: FY08

Tenements
3 276km² of exploration tenements





Surface operations

Gauteng

Doornkop
Production: 1 373kg
Cash cost per kg: R164 099
Ore reserves at year-end: 6t
Cash operating profit: R33 million
Capital expenditure: R349 million

Elandsrand
Production: 4 934kg
Cash cost per kg: R152 171
Ore reserves at year-end: 268t
Cash operating profit: R213 million
Capital expenditure: R318 million

Mpumalanga

Evander**
Production: 7 466kg
Cash cost per kg: R122 598
Ore reserves at year-end: 440t
Cash operating profit: R486 million
Capital expenditure: R242 million

** Evander includes Evander 2, 5, 7 and 8 shafts

Kalgold (open cast)
Production: 2 898kg
Cash cost per kg: R95 939
Ore reserves at year-end: 12t
Cash operating profit: R279 million
Capital expenditure: R10 million

Phoenix Project (Surface)
Production: 1 002kg
Cash cost per kg: R75 184
Cash operating profit: R102 million
Capital expenditure: R4 million

Other (Surface)
Production: 732kg
Cash cost per kg: R98 100
Cash operating profit: R97 million
Capital expenditure: R136 million

Corporate profile

In FY08, Harmony produced 1.55 million ounces of gold, making it one of the world's largest gold mining companies. The group's operations are located primarily on the Witwatersrand Basin in South Africa, encompassing ten underground operations, an open-pit mine and surface operations that encompass four provinces, Gauteng, North West Province, Mpumalanga and the Free State.

In FY08, Harmony announced the formation of Rand Uranium (Pty) Ltd (Rand Uranium), a focused uranium company that will turn to account the substantial uranium-rich material held by the group at its Randfontein operations.

Also in FY08, the group announced the Morobe Mining Joint Venture entered into with Newcrest Mining Limited (Newcrest) of Australia, in which Newcrest will earn up to 50% of Harmony's projects in Papua New Guinea (PNG) by contributing a maximum of $525 million in two phases (refer to page 13, 'A new partnership: Harmony and Newcrest in PNG').

Harmony's exploration portfolio is largely focused on highly prospective areas in PNG, including the Wafi-Golpu project, although renewed exploration activity has begun in South Africa.

As at the end of June 2008, the company employed 48 676 people, largely in South Africa, comprising 41 521 full-time employees and 7 155 contractors.

The group's primary listing is on the JSE Limited (share code: HAR) in South Africa. Harmony's ordinary shares are also listed on stock exchanges in London (HRM), Paris (HG) and Berlin (HAM1), and are quoted in the form of American Depositary Receipts on the New York and Nasdaq exchanges (HMY), and as International Depositary Receipts on the Brussels exchange (HMY). Harmony's' shareholders are located around the world, with the largest bases being in South Africa (39%), North America (39%), the United Kingdom (14%) and Switzerland (4%).

Letter from the chairman

Dear shareholder

Patrice Motsepe, Chairman

A year of consolidation

The year under review was one of change and restructuring, in the midst of tough market circumstances.

The changes brought about within the company reflect a return to the old ethos of Harmony, with increased emphasis placed on planning, on understanding the orebodies that we mine, on controlling the mining process, on reducing costs, on motivating management and employees, and on paying bonuses – in short, on the delivery of results.

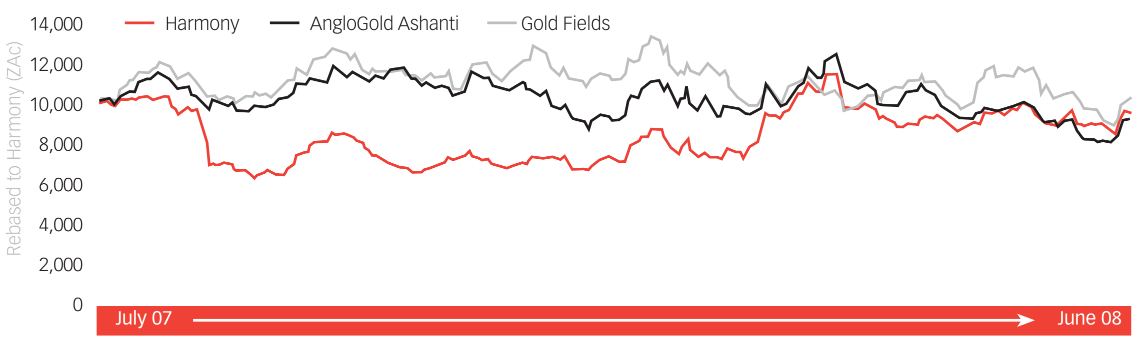
A due diligence was conducted on our mines towards the end of 2007 and, based on the findings, we embarked on a restructuring strategy. We recognised that stringent cost measures had to be implemented to return the company to profitability and to motivate and incentivise management appropriately. Furthermore, all capital expenditure was stringently reviewed, without disrupting delivery on our projects. In fact, we have formulated an aggressive plan to bring all our projects to full production by 2012.

These actions have been reflected in the operational results and a new baseline formulated from which the company can move forward and be competitive.

The company's performance was hampered by the national electricity crisis in South Africa. The South African economy as a whole suffered a setback when Eskom – the national electricity utility – announced that it was unable to supply uninterrupted power to the mining industry. This affected our strategic planning. New plans, incorporating the reduced power consumption, were devised and implemented. The company continues to operate at 90% electricity consumption, 10% down from its previous levels of consumption. This has led, however, to shafts and mining areas with high levels of electricity consumption being closed down.

Harmony's management has created further flexibility and opportunity for the company with the Rand Uranium and Papua New Guinea transactions. The transaction that led to the formation of Rand Uranium will deliver significant value to the company, while the introduction of Newcrest to the Papua New Guinea operations will see the pooling of the skills and expertise of two leading gold companies into an asset that has tremendous long-term potential.

Comparison of share price performance



Elandsrand, South Africa

Doornkop, South Africa

Capital expenditure

Attributable capital expenditure during FY08 amounted to R3.6 billion, of which R1.4 billion was incurred at the Hidden Valley mine in Papua New Guinea. It is anticipated that Hidden Valley will require significant further capital investment in FY09. In terms of the joint venture agreement, Newcrest is liable for the next $296 million of capital for the project.

International markets

The year under review has been one in which external factors have played a significant role. In the midst of tumultuous global investment markets, gold shares have not performed well, despite the fact that the gold market has demonstrated great resilience and a positive upside. Gold traded in a range between $649 per ounce and $1 011 per ounce during the year, with an average price of $821 per ounce. Our received gold price rose to an average of $818 per ounce, an increase of some 28% on the previous year.

Our share price, as well as those of our peers, has been disappointing in this environment. Nonetheless, the fact that Harmony has significantly outperformed its two key South African competitors provides some indication of the market's view of the company's performance.

Safety

Safety in the mining industry has been receiving a lot of urgent attention and focus. This was precipitated to some extent by the incident at Elandsrand in October 2007. This incident highlighted the calibre of people we have in Harmony and the way in which management works together, in partnership with labour and government, in the interest of safety.

I congratulate all those involved in dealing with this incident and ensuring the safety of the Elandsrand workforce.

It is with great regret that we report that 21 employees lost their lives as a result of work-related accidents during the year. Our sincerest sympathies are extended to their families, friends and colleagues.

It is encouraging though to note that there was an 18% decrease in our fatal injury frequency rate (FIFR), which reflects the continuing improvement we are striving to achieve.

Financial performance

On the back of lower production and a much-improved gold price of $818 per ounce, revenue for the year from continuing operations was up by 14.6% to R9.2 billion for the 2008 financial year. The exchange rate remained steady at an average rate of R7.26/$ for the year.

Cash operating costs increased year-on-year by 11% to R6.7 billion, reflecting the increased pressure from rising input costs, particularly steel, fuel, labour and, more recently, energy.

Cash operating profit for the 2008 financial year increased by 26% to R2.5 billion, with operating profit declining by 53% to R503 million.

Harmony reported a total basic loss of 62 cents per share for FY08 compared to a profit of 196 cents per share for FY07. This was primarily as a result of losses incurred on the sale of the Gold Fields' shares, those associated with Pamodzi Gold and the impairment of assets. Total headline earnings of 126 cents per share for FY08 compared to headline earnings of 53 cents per share for FY07.

As Harmony's capital programme continues to require extensive cash resources, no dividend was declared for the year. However, the board has indicated its commitment to paying dividends when circumstances permit.

Mineral rights conversions

The year also saw the culmination of a great deal of work and extensive engagement with government, labour and those communities adjacent to our mines in the development of our Social and Labour Plans (SLPs) as well as various environmental and other reports. The Department of Minerals and Energy (DME) has granted Harmony its mining rights conversions for all of its applications.

Letter from the chairman (continued)

Strategy

The company's business strategy has now been rolled out and each operation has been separately assessed. Individual benchmarks and targets which must be achieved by each operation, have been set. We are confident that improvements in costs, safety, productivity grade and mine call factors will become evident in the quarters and year ahead.

We have also started with training programmes and related development initiatives, especially in the fields of leadership development and team training. These programmes are already showing improvements in attitude and morale.

Prospects

Looking forward, shareholders can expect to see still further growth and progress on Harmony's 'back to basics' management philosophy and the results of the innovative solutions that the company has come up with during the year. The operating environment is expected to remain tough, with global financial markets expected to remain subdued despite the impetus for growth stemming from Asia, and China and India in particular.

Cost pressures are expected to continue in the year ahead, as are the ramifications of an energy supply shortage that will continue to affect us until at least 2012. The dire skills shortage in the industry is also likely to impact on our growth strategy. Nonetheless, increased production is expected with Harmony's new mines and Hidden Valley coming into production at the end of the 2009 financial year.

The company's financial position should continue to improve as the proceeds from various transactions are used to repay debt.

Harmony is on track to becoming a profitable and globally competitive gold company.

Conclusion

I would like to extend my appreciation to Graham Briggs, who was appointed chief executive officer with effect from 1 January 2008, after holding the fort in an acting position for five months. Graham and his management team have done an excellent job on restructuring and refocusing Harmony on our 'back to basics' philosophy which previously made Harmony globally competitive and successful.

I would also like to thank the board for their continued support and hard work. In particular I would like to welcome two new board members, both of whom bring significant expertise and experience to Harmony. Ken Dicks, a veteran mining engineer, was appointed to the board in February 2008, and Dr Cheick Diarra, a respected scientist and global business leader, was appointed in March 2008.

We would also like to thank our employees, managers and all stakeholders for their co-operation and assistance in building and growing Harmony.

Patrice Motsepe
Chairman
10 October 2008

Seizing opportunities: The birth of Rand Uranium

Tailings dam, Randfontein, South Africa

An integral part of Harmony's 'back to basics' strategy is the realisation of value from all of its assets and, as part of this, to identify new opportunities and partnerships. In December 2007, Harmony announced a significant step forward in turning to account the company's uranium resources, when the company established Rand Uranium, which will hold its Randfontein uranium and gold assets.

The assets that form part of Rand Uranium are the Cooke Section (which include Cooke 1, 2 and 3 Shafts, the Cooke Plant, other fixed assets and immovable property and tailings dams) and the Old Randfontein Section assets (which include Lindum Dumps and the Old Randfontein immovable property).

With the significant increase in the uranium spot price over the past four years, from approximately $10 per pound in 2003, to the spot price at financial year-end of around $60 per pound, the formation of Rand Uranium provides a new lease of life and value realisation for these operations.

It is planned that, post the project development stage, Rand Uranium will be publicly listed, presenting an attractive investment opportunity to investors seeking dual exposure to both uranium and gold.

Chief executive officer's review of the year

I am pleased to present this annual review of the 2008 financial year, the first in which I report for the full year as chief executive officer. The Harmony 2007 Annual Report published in September 2007, when I had spent less than a month as acting chief executive officer, had as its theme 'back to basics'. We knew then that this was the strategy we should adopt and pursue to rediscover some of the magic that was Harmony and to return the company to sustained profitability.

Graham Briggs, Chief executive officer

For the 2008 financial year, we have been true to this strategy and, while we still have a way to go, we are most certainly seeing good results emanating from its implementation.

Delivering on our promises

At the outset, we endeavoured to focus on three key aspects, all of which we have delivered on during the year under review.

- We undertook to review our operational performance and maintain a clear operational focus. This entailed developing an understanding of what our operations were capable of delivering, devising and putting in place the plans to ensure delivery, and holding management responsible for that delivery.
- We took a long and hard look at our assets, to focus our attention on those operations that were core to the business and had the ability to be profitable. At the same time, we identified and initiated joint ventures, where these assets could better cater for the medium- and longer-term health of the company and bring about greater value.
- We undertook to improve the financial viability of the business and to substantially overhaul the balance sheet. In so doing, we focused on improving operational performance, combined with the sale of non-core assets and partnering in joint ventures. We undertook to identify opportunities to sustain and grow production. Harmony was in the midst of a large capital expenditure programme, with several growth projects at crucial stages of development. While we knew that these would present cashflow challenges, we recognised that this pipeline of projects is in fact the future of our company and therefore projects continued unabated. While our exploration work in Papua New Guinea (PNG) continues, we are also about to begin with some organic exploration work at Evander in South Africa. This element of our strategy is at an early stage and will be an area of increased attention during the year ahead.

The gold market

This has truly been an excellent year as far as the gold market is concerned. As an unhedged company, we are highly geared and directly

Bambanani, South Africa

Hidden Valley, Papua New Guinea

exposed to the rise in the rand/dollar gold price, something that our investors seek in Harmony.

The gold price hit a high of $1 030 per ounce on 17 March 2008 and, while it was a more subdued $880 per ounce at the end of September, this is 18% higher than it was for the same time the previous year.

I am inclined to agree with the sentiment of some gold principals that the gold price still has some way to run given the fundamentals underpinning the market and the fact that gold remains a source of monetary value in times of global market and political uncertainty. Furthermore, concern about the future supply of gold is drawing more attention and this should positively affect the gold price as reserves diminish with no significant new resources being found worldwide.

The average gold price received for the year by Harmony was $818 per ounce, 28% higher than the $639 per ounce achieved in FY07. The rand/dollar exchange rate was stable, trading in a reasonably narrow range, with an average exchange rate for the year of R7.26/$ (FY07: R7.20/$).

Safety

One of the most significant issues faced during the year was the accident at Elandsrand on 3 October 2007, when over 3 000 people were stranded underground following the fall of a compressed air column into the shaft. Not a single person was hurt in this incident for which we are very grateful, but, ironically, this significant incident brought unexpected benefits to the fore.

First, there was an unprecedented level of co-operation amongst management, employees, unions and government in getting people out of the mine as quickly and safely as possible and subsequently, much attention was paid to analysing the cause of the incident. In addition, a technical programme was put in place to prevent the recurrence of such an incident.

The second positive outcome of the incident was the spotlight focused on safety which has now been accorded much significance by the mining industry, government, unions and others.

It is with deep regret that we report that 21 employees died in mine-related accidents during the FY08. Our condolences and sympathies are extended to their families and colleagues.

Despite these unfortunate incidents, Harmony recorded its best-ever overall safety performance. The fatal injury frequency rate (FIFR) was 0.18 per million man-hours worked for the year, an improvement of 18% when compared with 0.22 in FY07, while the lost-time injury frequency rate (LTIFR) was 12.83 per million man-hours worked (FY07: 15.27), an improvement of 16%.

Significant safety achievements during the year included:

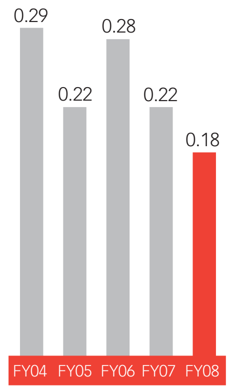
- Three-and-a-half years without a fatal accident at Target.
- 1.5 million fatality-free shifts at Evander over a period of 19 months.
- 1 million fatality-free shifts at the original Virginia operations (Merriespruit 1, 2 and 3) over a period of 13 months.
- 1.75 million at Brand 1 and 3 over 6 years and 2 months.
- 1 million at Unisel over 2 years and 8 months.
- 500 000 fatality-free shifts at Harmony 2 over 16 months.
- 500 000 fatality-free shifts at Tshepong, over a period of more than five months.

Safety is not something we can be complacent about and, for me, safety enjoys priority status. Not only have audits been intensified but the safety standards at our mines are not negotiable. For further discussion on safety, see our Sustainable Development Report at www.harmony.co.za.

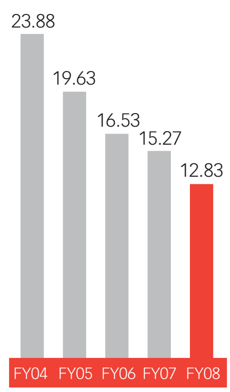
Operating and financial results

As expected with the shaft closures and the impact of the electricity crisis, gold production in the 2008

FIFR –
(per million man hours worked)



LTIFR –
(per million man hours worked)



Chief executive officer's review of the year (continued)

financial year declined by 11.2% to 1.6 million ounces from 1.7 million ounces in FY07. Despite the significantly higher gold price achieved, the reduced level of production, the once-off restructuring costs incurred and the effect of non-cash operating items combined to contribute to a disappointing financial performance overall.

Revenue generated from continuing operations rose by 14.6% to R9.2 billion (FY07: R8.0 billion) on the back of an improved average gold price received. Cash operating costs rose by 11%, a credible performance given the inflationary environment in which we operate.

The group's cash operating profit increased by 25.8% to R2.5 billion (FY07: R2.0 billion).

Nonetheless, a net loss of R245 million was recorded compared to a R382 million profit the previous year, with the primary reasons being the sale of the Gold Fields shares, a R459 million loss; the R79 million loss of associate, Pamodzi Gold; the R95 million impairment of investments in associates, again Pamodzi Gold; and the R316 million impairment of mining assets. R212 million was also spent on restructuring (retrenchment costs) during the year.

Total headline earnings amounted to 126 cents per share compared to 53 cents per share for FY07. The total basic loss reported was 62 cents per share versus 96 cents per share profit for FY07.

Highlights and challenges

A detailed review of operations, a financial review and an exploration review appear on the pages that follow. I would, however, like to comment on some of the highlights and challenges of the year.

Internal due diligence pays dividends

One of the first things the new management team embarked on at Harmony was, in essence, an internal due diligence of each and every operation. This review, and the accompanying review of all capital projects, gave us a clearer picture of what we are, and what we could be.

An important step in that process was the strengthening of the management teams and their decentralisation which will ensure that key activities and decisions about each operation are made where, when and by whom they should be made. In step with this, however, has been the need for accountability in terms of delivery. The subsequent restructuring was necessary, although sometimes painful and far-reaching. At an operational level, for example, we replaced the ineffective position of coaches with the more conventional posts of mine captains and shift bosses to ensure that we remain focused on production.

Seeking value from our uranium assets

Rand Uranium (Pty) Ltd (Rand Uranium) was formed in December 2007 to turn to account Harmony's uranium resources. The dual commodity (gold and uranium) mix should combine to make the Cooke assets a viable low-cost operation.

Hidden Valley gains momentum

The Morobe Mining Joint Venture, which involves the creation of a 50:50 partnership in our PNG assets with Newcrest Mining Limited, Australia, brings with it significant immediate benefits and long-term upside potential. Announced on 22 April 2008, the transaction is already well under way:

- The first phase, in which Newcrest acquired a 30,01% interest for a consideration of $229 million, was consummated with the receipt of cash post the balance sheet date on 7 August 2008.
- The second phase, the earn-in stage, in which Newcrest solely funds the joint venture by spending $296 million on a capital expenditure programme to bring the Hidden Valley mine into production has begun.

In addition to the obvious benefit to our balance sheet, Newcrest is an attractive partner, and has significant technical and management expertise (in the midst of a dire skills shortage), thus reducing our operational risk and capital expenditure burden, and substantially augmenting our ability to turn to account the highly prospective Wafi-Golpu area and adjacent exploration tenements.

Completing the corporate transactions

The transaction previously entered into with Pamodzi Gold on sale of the Orkney 2, 4 and 7 shafts was renegotiated and finally concluded in February 2008. The sale of South Kal mines in Western Australia to Dioro Exploration NL was completed in November 2007. The sale of Mt Magnet in Western Australia was not concluded and we have renewed our search for interested parties to conclude the sale. Meanwhile the mine remains on care and maintenance and exploration in the area continues.

Major projects into production

Importantly, the 2008 financial year was also the year in which all but one of our major projects commenced production. With the exception of Hidden Valley, which will start producing in the next financial year, the

Continued on page 14

A new partnership: Harmony and Newcrest in PNG

Hidden Valley, Papua New Guinea

Hidden Valley, Papua New Guinea

The Hidden Valley Mine has been under development by Harmony over the past four years. Additionally, the Morobe province, where the mine is located, has proven to be highly prospective, and a substantial exploration programme has been undertaken. In FY07, Harmony indicated that the company would probably seek a partner in developing this operation to its full potential and, in April 2008, announced the introduction of Australasia's largest gold company, Newcrest Mining Limited, as a partner in Harmony's PNG assets.

The agreement between the companies will allow Newcrest to earn a 50% interest in Harmony's PNG assets which include:

- The Hidden Valley mining operation, a gold and silver project, expected to produce over 250 000 ounces of gold and 4 million ounces of silver per annum over a 14-year mine life, peaking at over 275 000 ounces of gold per annum in 2009. Production is scheduled to begin around mid-2009.
- The highly-prospective Wafi-Golpu gold-copper deposit and its surrounding exploration tenements.
- More than 3 400km^2 of Harmony's exploration tenements in Morobe province, 300km north-west of Port Moresby, the capital of PNG.

The PNG assets have a significant resource inventory, with a JORC-compliant resource base of approximately 31 million ounces of contained gold equivalent. Current resources total 15.2 million ounces of gold, 90 million ounces of silver, 1 760 000 tonnes of copper and 22 000 tonnes of molybdenum.

Newcrest will earn its 50% interest in the new partnership, the Morobe Mining Joint Venture, by contributing a maximum of $525 million in two stages:

- Stage 1: an initial payment of $180 million to acquire a 30.01% interest, together with a reimbursement to Harmony of $49 million in project expenditure; and
- Stage 2: a farm-in commitment for the remaining 19.99% of approximately $300 million, to fund projects, and other PNG expenditure up to the commencement of mining at Hidden Valley.

The joint venture officially commenced operation on 8 August 2008, and has been named the Morobe Mining Joint Venture.

Says Harmony chief executive officer, Graham Briggs, "For Harmony, the creation of a joint venture facilitates significant capital investment into the PNG assets and substantially removes Harmony's obligation to continue funding the development of these assets during the farm-in period. Importantly, the introduction of a quality partner such as Newcrest, with significant technical skills, particularly in copper mining and bulk underground mining techniques (including block caving), will provide additional expertise to Harmony's PNG team and will add to the development potential of the PNG assets.

Both companies are committed to the continued application of industry best practice in PNG, which includes bringing new jobs, social benefits and sound environmental management to PNG, enhancing the economy in the Morobe region and supporting local communities.

PNG ministerial approval for the joint venture was obtained in July 2008.

Chief executive officer's review of the year (continued)

Phakisa project, the Doornkop South Reef project, the Elandsrand New Mine and the Tshepong Sub 66 decline are now all operational. The Phakisa, Doornkop and Elandsrand mines will be in a production build-up phase for the next two and half years. While we have a number of other projects on the drawing board, described in the review of operations, their capital profile and management requirements are far less onerous than those with which we have had to contend in the past.

Attributable capital expenditure in FY08 amounted to R3.6 billion, with around 40% having been spent at Hidden Valley. Capital expenditure of approximately R2.8 billion is planned for FY09, a significant decrease on that of FY08. The reduction in capital expenditure is as a result of Newcrest's funding $300 million of Hidden Valley's capital expenditure.

Mineral rights conversions

We achieved a significant milestone during FY08 when the DME granted the conversion of 13 old order mining rights in terms of the Mineral and Petroleum Resources Development Act (MPRDA) of 2002. The company is now in possession of all of its new order mining rights, not an insignificant feat, given the amount of planning and administrative processes involved in each.

An extensive consultation process between Harmony, the DME and local communities has resulted in the development of Social and Labour Plans for each entity, and local economic development commitments from each operation.

Exploration programme to step up a notch

Our R205 million (FY07: R194 million) exploration programme in FY08 focused largely on PNG with the aim of establishing a viable pipeline to our resource base. The focus of activity was four potential copper-gold porphyry deposits within the Wafi-Golpu tenements.

A limited South African drilling programme in FY08 is being expanded in FY09 and will include further drilling and evaluation of the Evander South project and several underground areas associated with existing operations (mainly the A and B reefs in the Free State).

Determining a way forward for power

The inability of South Africa's power utility, Eskom, to meet its contractual obligations to Harmony and others in the industry at the beginning of the 2008 calendar year sent shockwaves, not only through the country, the mining industry and the local financial market, but also through commodities markets around the globe. The subsequent imposition of an operating regime at 90% of the prior contractual arrangement had a significant impact on our production profile, and this will continue for the foreseeable future. Planning for reduced consumption took place immediately, with energy conservation becoming a key operational driver. While around 100 000 ounces of production were lost as a result of the reduced power supply, we have put in place plans to conserve energy and expect to normalise operations by 2012.

Cessation of Conops at some operations

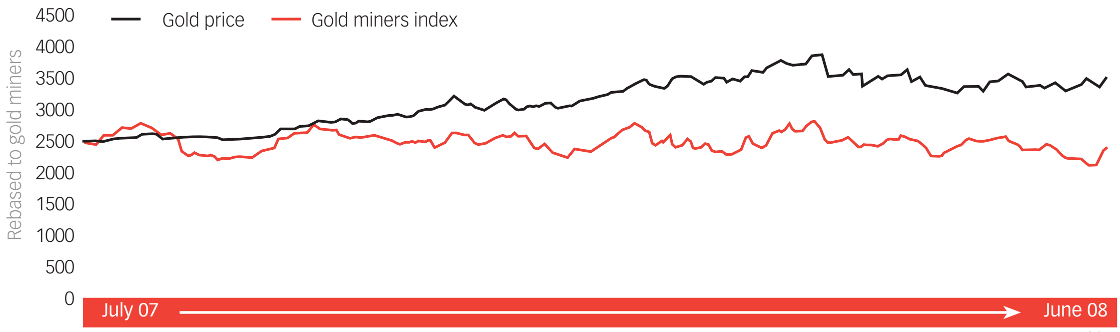
An essential part of the restructuring has been the need to make very hard and very necessary decisions about where and how we focus our activities. Labour is a significant part of our cost structure, accounting for around 50% of total input costs, and management time and accountability cannot be spread too thinly.

While we have had to close some operations that were the highest energy consumers, we have also taken a closer look at the value that was being added in terms of productivity and efficiencies by continuous operations (Conops). Theoretically, Conops is a good idea: the notion that the assets of the company must be used to their full extent and therefore must operate on a continuous basis makes sound sense in many environments, including mining. Nevertheless the concept has to be measured against practical application and results. Conops was not delivering the desired results and a consequence of this was the termination of Conops at Elandsrand, Evander 2 and 5 shafts, Cooke 1, 2 and 3 shafts, Masimong and Tshepong during the course of the year. By the end of the final quarter of the year, the consequent restructuring was essentially complete with employees relocated either to new areas within the same operation or transferred to other operations. With production levels having returned to those existing prior to the disruption caused by the restructuring, our focus now is on improving productivity.

Management: union relations

Given the nature of the South African gold mining industry, good management-union relations are fundamental to the success of our operations. On this, we have had excellent co-operation from the unions in addressing a number of issues, from the restructuring imperatives brought about as a result of the power crisis, to Conops and other restructuring initiatives; and from safety to an understanding of our desire to get back to the basics that can and will make Harmony a successful company. Around 13 000 employees were transferred during the year, with the net departure of around 7 390 people, largely as a result of voluntary severances.

Performance: Gold miners vs gold price



Source: I-Net Bridge

Walking the talk

A great deal of what we are busy with right now requires leadership at all levels in the company. A major challenge encountered at the beginning of the financial year, was that we were missing some of the fundamentals, and that there were important things that we were simply not doing any more. This included actually 'walking the talk' and not just talking about it. Injecting this ethos back into our culture has been painful, and my perception is certainly that we have not yet arrived at a satisfactory level of achievement. Much remains to be done. There is no doubt that greater understanding will come about through face-to-face communication with all levels within the organisation.

The challenge is always communication. This is a significant leadership tool which was lost along the way. At the most basic level, we need to talk and communicate meaningfully with our employees, ensuring that they understand how they should perform in their jobs and then assessing that performance. Then, and only then, will we start getting committed buy-in from the people who actually control the destiny of this company.

In addition, we are placing a great deal of emphasis on planning and re-planning, and on training. The benefits are starting to flow through and there is now more effective management and control of our operations, not only at the stope face but also at a functional level, where better control of our inventories and cash exist.

Spiralling costs

Probably the single biggest challenge has been our ability to control our costs, and this challenge is likely to persist. Typically, for the most part we are cost takers: not only has general inflation continued to rise – CPIX in South Africa was around 11.6% for the year to June 2008 which has fuelled labour costs – but specific input costs have also continued to increase dramatically. Steel prices, in particular, have increased by some 90%, with energy costs climbing by about 30% per unit. To add to all this, there have been significant energy shortages.

The way to offset ever increasing costs will lie in our ability to increase production by getting more tonnes out of our mines and improving grades. We must also instill a work ethos of quality and set higher standards in terms of everything we do. These are our challenges and unfortunately there are no quick fixes; it is going to take time to put things right.

Investment climate

Globally, the investment climate has been a tough one with a very large disconnect between the gold price, the performance of companies and the appetite of investors for gold-producing companies.

Following the extraordinary accounting events of the previous year, we put a campaign in place to regain investor confidence. Rather than trying to persuade investors of the merits of our investment case, we have been striving to provide investors with as much solid information as we can about what we are doing, what is happening in South Africa (on issues such as electricity supply), and what we think is happening in the market. By providing regular and consistent information, we enable them to make their own choices based on fact rather than sentiment. I firmly believe that we have seen the benefits of this as our company has outperformed our competitors. We will continue to maintain a very close relationship with our investors in the year ahead.

Sustainable development

Harmony was again admitted to the JSE's SRI Index. We have also produced, a Sustainable Development Report in line with the Global Reporting Initiative's (GRI) G3 guidelines. This report is available on our website at

Chief executive officer's review of the year (continued)

www.harmony.co.za and reports more broadly on our economic, social and environmental performance. For the first time we have appointed external auditors to review and verify our performance on key parameters.

Key appointments

In line with our need to tighten controls and our revised operational and decentralised focus, we made a number of appointments.

Frank Abbott, who was appointed Interim Finance Director in August 2007, has done a sterling job in implementing the controls that were needed from a financial point of view and in respect of the oversight of our systems. Frank brought with him significant prior experience of the group and has the specific skills and knowledge that were required. We are grateful for his services and he remains on secondment from our major shareholder, African Rainbow Minerals. This will continue for at least the forthcoming financial year.

In my review last year, I stressed the importance of the team that we had put in place to steer the company through its tough times. That team remains in place today. Each member has been enthusiastic and committed, working together and individually to steady this ship. They have endured and indeed driven the many changes that we have implemented, some of which have been quite traumatic. I have been grateful for their support and know I can count on them in the future.

Another key appointment was that of Johannes van Heerden as chief executive officer: South East Asia, International Operations, in January 2008. Alwyn Pretorius, chief operating officer: North Region, was joined by Tom Smith as Chief Operating Officer: South Region early in FY08.

We are also in the process of implementing leadership and training programmes at other levels in the organisation, with the aim of sharing our vision for Harmony, obtaining support for this, and improving employee morale. The latter is inevitably under threat in an organisation undergoing change.

Thanks

My thanks are extended to the board, to our management, to our partners and to our employees. We are also indebted to the unions with whom we have forged constructive relations and for the support received from the all our stakeholders.

The year ahead

In looking ahead, we understand clearly that we have a difficult task on our hands. We must deliver on the company's medium- and longer-term objectives as well as delivering, more immediately, an improved operational performance.

The gold market

We are gold bulls. While demand was sustained, global year-on-year production declined and will continue to do so. In the year in which China became the world's leading gold producer, South African producers saw, and will continue to see, decreased production as a result of electricity constraints and ongoing mine closures. The reality is that once a shaft or operation has been closed, it is very difficult to resume production without incurring significant expenditure. The 2008 to 2009 year-on-year decline in gold production in South Africa is expected to be around 12%. Gold production in other countries is also declining, with global production expected to be at its lowest level in 11 years. Current market circumstances have also resulted in reduced activity among the juniors who have found it difficult to raise money to fund exploration, thus fewer discoveries are likely to be made and fewer new operations will come on stream, particularly given the increasingly stringent permitting regulations being implemented globally.

The current market supports our positive outlook for gold and, given our operational imperatives, we will seek to contain costs, increase output and optimise our margins. In the final quarter of the year, our margin had risen to 28%.

Doornkop, South Africa

Edie Creek, Papua New Guinea

Operational performance

At an operational level we have put in place an intensive process of business planning, with realistic benchmarks and targets. Stringent cost cutting and cost control programmes are in place. Even with the cap on operations imposed by electricity constraints, production in FY09 is expected to rise to around 1.7 million ounces in line with our objective of sustainable organic growth.

Financial performance

We aim to retire a significant amount of debt from the proceeds of the transactions entered into during the year and will endeavour to conclude the 2009 financial year on a sound footing.

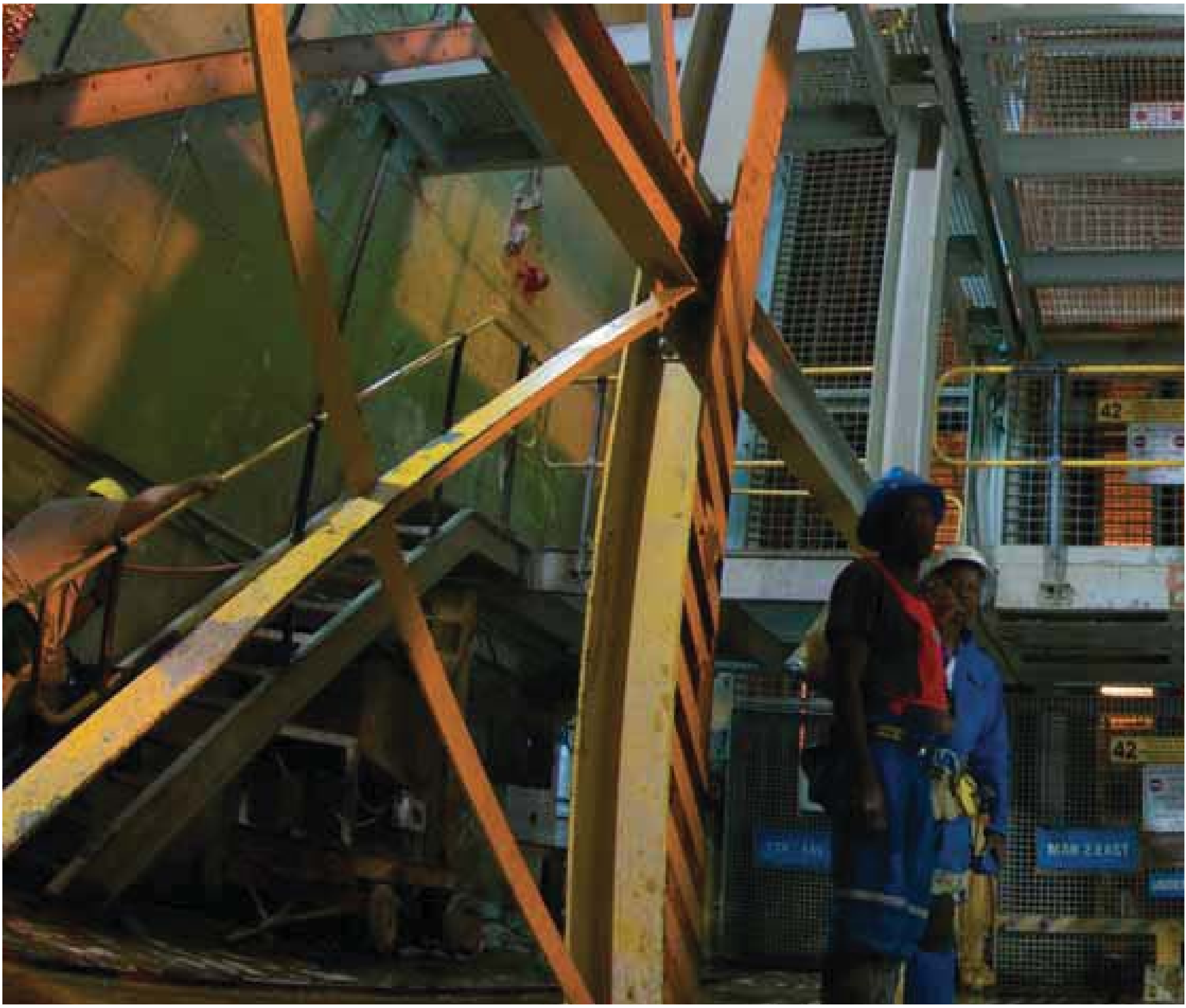
Growth

We will seek during the year ahead to bed down the partnerships created with Rand Uranium and with Newcrest in PNG. Several other opportunities for value creation are being investigated, including bringing to account the 1 billion tonnes of surface tailings held in the Free State. The most prospective of these is the potential for a 12 million tonne per annum project at St Helena. Other value-creating acquisitions will continue to be evaluated.

In all, it promises to be an exciting year.

Graham Briggs
Chief executive officer
10 October 2008

Review of operations



Doornkop, South Africa

Tshepong, South Africa

Elandsrand, South Africa

Harmony's gold mining operations are located in South Africa and Papua New Guinea (PNG). These assets have, during the past financial year, been subject to extensive review, both in terms of what constitutes the current operations and in terms of potential.
The 'back to basics' approach that has been the mantra of the new management team has started to deliver results and has set a firm base from which the company will continue to grow in the future.

A major feature of the year has been the number of projects that have come into production and that will, in the year ahead, start to deliver real returns to the bottom line. In addition, two significant transactions were announced during the year:

- the formation of Rand Uranium; and
- the partnership entered into with Newcrest Mining regarding Harmony's assets in PNG.

These transactions will realise value for Harmony and change the structure of assets under management.

Safety

There has been a significant amount of attention dedicated to safety initiatives at Harmony during the year, and some of these efforts are seen in terms of performance. These initiatives have been a key part of the company's restructuring and refocusing initiative, and also part of the broader transformation of the workplace. The emphasis placed on productivity is inclusive of good safety performance and not an add-on.

The commitment to zero fatalities reaches from the chief executive officer of Harmony to every level of the company with a persistent, deliberate and consistent safety awareness effort. The second round of a comprehensive safety auditing programme was completed in June 2008 that included physical workplace audits, fall of ground regulations audits, shaft audits and metallurgical audits (specifically in relation to compliance with the Cyanide Code). Key non-negotiable principles that have been agreed upon include:

- Management to lead by example
- Continuous verbal communication with all team members
- Visible creation of awareness of safety-related issues
- Award and recognition of safety achievements
- The involvement of all stakeholders

While the workforce is motivated to become involved in taking responsibility for their own safety and that of their colleagues, a key management focus has been to improve underground conditions. In this respect, emphasis has been placed on those areas that are deemed to be of the highest potential risk, namely, shaft infrastructure and physical conditions in the workplace. Again, in respect of the latter, the focus is on compliance with standards, the monitoring and management of ground conditions and improving logistics to and from the workplace.

It is with deep regret that the company has reported the death of 21 people at work this year. Nonetheless, in all the key safety parameters, Harmony has improved its performance. The fatal injury frequency rate (FIFR) has decreased by 18% to 0.18 per million man hours. The lost-time injury frequency rate (LTIFR) has improved by 16% year-on-year to 12.83 per million man hours worked, and has, in fact, steadily decreased every year since 2004. The reportable injury frequency rate (RIFR), which is a good indication of the severity of injuries, has also declined by 20% year-on-year to 6.03 per million man hours worked.

There were also a number of significant safety achievements by the various mines during the year, and foremost among these is the achievement by Target of three years of operation without a fatal accident.

At Hidden Valley, safety performance showed much improvement by year-end. Weekly site inspections and the development and roll-out of several training and proficiency programmes have assisted in this.


Target, South Africa


Bambanani, South Africa

Detailed discussion on safety and health management and performance, HIV/AIDS in the workplace, and Harmony's approach to and management of environmental and community matters, can be found in the company's Sustainable Development Report. This is available on the company's website (www.harmony.co.za) or from the contact persons detailed on the inside back cover of this report.

South Africa – operations

In South Africa, the company has 10 underground operating segments (namely Bambanani, Doornkop, Elandsrand, Evander, Joel, Target, Tshepong, Phakisa, Masimong and Virginia), the Kalgold open pit mine, and the Phoenix slimes treatment operation, along with other surface retreatment operations. In total, these operations produced 1 550 527 ounces (48 227kg) of gold during the year, 1 393 247 ounces (90%) from the continuing underground operations, 93 172 ounces (6%) from open pit operations and 64 108 ounces (4%) from surface sources.

These operations generated revenue of R9 210 million and a cash operating profit of R2 537 million. Operating costs were R138 319/kg (or $591 per ounce). The average grade for the underground operations was 4.82g/t, 1.89g/t for the open pit operations and 0.24g/t for surface sources. In total, the group spent some R2 219 million on capital expenditure at its South African operations in FY08.

On balance, and given the massive restructuring that has taken place, the South African operations delivered a good performance. Key features of the year include:

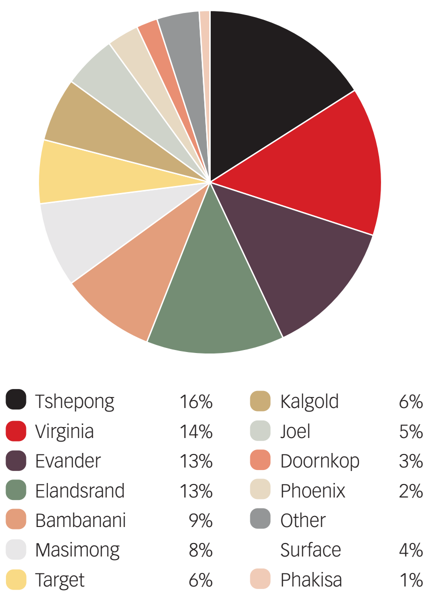
- The unavailability of assets: The accident at Elandsrand in October 2007 meant that the mine's production was halted for two months, while the re-development and re-equipping of the Joel North shaft was only concluded three months into the financial year.

- The cessation of Conops at Masimong, Tshepong and Elandsrand mines and the consequent reduction in the number of employees by some 7 390 people. While this resulted in significant disruptions at these operations, the benefits in costs and efficiencies were already visible by year-end.

- Spiralling inflation at the South African operations, largely a result of input costs (steel, labour, stores, timber, reagents, fuel and electricity) all rising at rates higher than inflation.

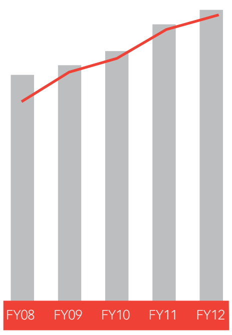
- The electricity supply crisis in late 2007 and early 2008. Eskom's arrangement to supply the mining industry at a level of around 90% of its contractual obligations has resulted in a number of operational changes. Harmony has been engaging directly with Eskom since the 'power crisis' in January 2008 and, although the situation remains serious, there has been an excellent response by the power utility to Harmony's needs. While Harmony is protecting as far as possible the safety of its employees by investing in emergency generators and alternative sources of supply, we have committed to participating in various power-saving initiatives.

Contribution to production by operation



Review of operations (continued)

Forecast production and grade



	Gold production (million ounces)	Underground Grade (g/t)
FY08	1.6	4.88
FY09	1.8	4.95
FY10	2.0	5.60
FY11	2.1	5.86
FY12	2.2	6.07

- The focus is on getting back to basics, particularly in respect of planning and mineral reserves management, mining mix, and in terms of productivity. Every mine and every shaft underwent a replanning exercise, with new targets having been set. We have set ourselves a target of increasing productivity to 30t per total employee costed (TEC). In FY08, this was 23.5t/TEC.

- Cost cutting initiatives, with a particular emphasis on cost controls in respect of consumable materials.

Way forward

Harmony is focused on growth, fundamental to which are the various growth projects, namely Elandsrand, the Tshepong decline, Phakisa and Doornkop in South Africa and Hidden Valley in Papua New Guinea. Harmony's aim is to increase its ounces of production in forthcoming years to up to 2.2m ounces in FY12, as projects reach full production and certain shaft closures occur as some orebodies are depleted.

As indicated in the Exploration review (pages 44 to 57), several opportunities exist in Papua New Guinea and Evander, South Africa, for potential growth. The Phoenix tailings retreatment project has proved itself to be profitable at excellent margins. With this in mind and reference to the Mineral Resources and Ore Reserves section on pages 58 to 97, there is an excellent opportunity to convert these resource ounces into production by developing an additional dedicated retreatment processing facility.

The review that follows deals with our continuing operations.


Target, South Africa


Bambanani, South Africa


Hidden Valley, Papua New Guinea

Bambanani

Key statistics	Units	FY08	FY07	FY06
Production				
Tonnes milled	000t (metric)	827	1 164	1 270
	000t (imperial)	912	1 283	1 402
Gold produced	kg	4 945	6 129	6 244
	oz	158 985	197 060	200 739
Average grade	g/t	5.98	5.27	4.91
	oz/t	0.174	0.154	0.143
Financial				
Revenue	R million	932	902	675
	$ million	128	126	106
Cash costs	R/kg	149 792	135 609	102 643
	$/oz	641	586	502
Cash operating profit	R million	191	71	34
	$ million	26	11	5
Capex	R million	107	125	91
	$ million	15	17	14

Description

The Bambanani mine is located in the Free State Province, near the town of Welkom. It comprises one shaft feeding the Free State One Plant. The mine was acquired by Harmony in 2002. See pages 76 and 77 of the Mineral Resources and Ore Reserves statement for further geological information.

Review of operations

Bambanani delivered a relatively good performance for the year, considering the major transformation this mine has undergone. The mine's southern section of the sub-shaft south area was closed in the third quarter of FY08 in response to the reduced power allocation to Harmony by Eskom, reducing the shaft's tonnages by 50%. The mine's power consumption has decreased from around 82MW to 60MW per month as a result. This strategic decision has had the effect of transforming Bambanani from a high-tonnage lower-grade producer, to a low-tonnage high-grade operation. This also resulted in a significant reduction in the labour complement, with 2 086 people leaving the mine through transfers and voluntary retrenchments.

In total, volumes milled dropped by 29% to 827 000 tonnes, with gold production decreasing by 19% to 4 945kg. Importantly, the grade achieved rose by 13% to 5.98g/t. Cash costs were very well maintained, with unit costs rising by only 10% to R149 792/kg, despite significant inflationary pressures. Capital expenditure decreased to R107 million.

Monitoring seismic activity at Harmony

Doornkop, South Africa

Doornkop, South Africa

South Africa is regarded as one of the most seismically stable regions on the earth with very limited inter-plate natural earthquakes. However with the start of underground gold mining at the turn of the twentieth century, rockbursts have disrupted production and have also been the cause of some serious accidents. Routine seismic monitoring enables seismicity to be quantified and provides a tool to assist in the control of potential rock mass instabilities that could follow as a result of seismicity.

Harmony has put in place significant steps to enable the monitoring of seismic activity at its operations. Each of the mines is rated according to the number of potentially hazardous events recorded as well as the severity of damage experienced during the previous year. It is worth noting that the incidence of seismic activity declined during the past year. This can be significantly attributed to the reduction in the mining of more stressed areas following final extraction as well as the implementation of pro-active seismic interpretations. The high-level of quality control on seismic data acquisition and a diligent and excellent reporting database also assist greatly with the pro-active management of seismicity.

Seismometers that register ground motion are strategically positioned underground at all seismically active mines. All seismicity recorded by the seismometers is processed and analysed daily after which detailed reports are produced and sent to rock engineers and management on these mines to assist with planning. The emphasis is on ensuring the safety of the employees.

The seismic activity monitoring system is upgraded on a continuous basis to ensure that it is kept abreast of emerging technology. The system and the seismic data it produces are frequently audited to ensure absolute effectiveness and accuracy.

While Bambanani and Elandsrand operations are deemed to be more seismically active than Harmony's other operations, the same technologically advanced systems are in place across the board. When undertaking risk assessments at potential future mining sites, seismic monitoring is an essential component of Harmony's production planning- and risk management strategy.

The company is committed to ensuring a safe working environment for all employees and places the utmost importance on the monitoring and pro-active management of seismicity in an effort to reduce seismic activity, injury and damaged caused by seismic events.

Review of operations (continued)

Doornkop

Key statistics	Units	FY08	FY07	FY06
Production				
Tonnes milled	000t (metric)	448	541	467
	000t (imperial)	494	597	515
Gold produced	kg	1 373	1 784	1 356
	oz	44 143	57 364	43 593
Average grade	g/t	3.06	3.30	2.90
	oz/t	0.089	0.096	0.085
Financial				
Revenue	R million	258	263	148
	$ million	35	37	23
Cash costs	R/kg	164 099	101 708	114 145
	$/oz	703	439	558
Cash operating profit/(loss)	R million	33	82	(7)
	$ million	4	12	(1)
Capex	R million	349	270	166
	$ million	48	38	26

Doornkop, South Africa

Doornkop, South Africa

Description

The Doornkop mine is located in the province of Gauteng, near the town of Randfontein. The mine is a joint venture with African Vanguard Resources (Pty) Ltd, a BEE partner that owns 26% of the asset. The Doornkop South Reef Project, which was under development for the past five years, came into production in FY08. While the upper levels of the mine access the lower grade Kimberley Reef, the deepened shaft will access the higher grade South Reef. See pages 82 and 83 of the Mineral Resources and Ore Reserves statement for further geological information.

Review of operations

The South Reef was first mined in the first quarter of FY08. The build-up in volumes was slower than planned, as shaft-equipping and production were in competition for logistical support and infrastructure in the first half of the year. Greater attention was paid to expediting the equipping of the shaft in the third quarter, and mining was suspended for 18 days to be able to achieve this although this did overlap to some degree with the Eskom power shortages. This clearly had an impact on production, however.

During the past year, additional geological information gathered from on-reef development and exploration drilling on the South Reef increased our knowledge of the sedimentology and grade characteristics of this orebody. This new knowledge led to an extensive review of the geological depositional model and a change to this model from one originally based on a more channelised deposit to what is now perceived to be a more sheet-like deposit formed in a lower energy environment where the grade is more evenly distributed across the orebody. Although this change resulted in a reduced grade estimate for the South Reef overall, in practice, because less selective mining will be necessary, more of the orebody can be extracted.

Trackless mining will continue on the Kimberley Reef for the next two years. Operations on the South Reef continued to improve towards the end of the financial year in terms of volumes, grades and costs. Full production of the project will be reached in July 2012.

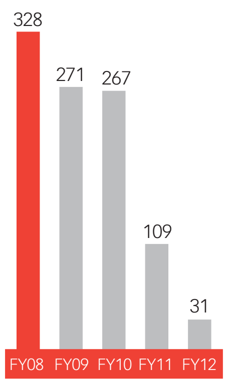
Some 448 000 tonnes were milled at Doornkop during the financial year, down by 17% on the prior year, with 1 373kg of gold produced. The average grade mined declined, by 7% to 3.06g/t. Cash costs, at R164 099/kg, reflect the lower production levels as well as higher input costs. The mine generated a cash operating profit of R33 million for the year. Capital expenditure of R349 million was 29% higher than the previous year.

Doornkop South Reef Project

Key statistics

First production	July 2007	
Full production	July 2012	
Expected annual gold production	10 796kg; 347 000oz	
Capital expenditure	R1 634 million; $225 million	
	R956 million spent to date	
Life of mine	11 years	
Grade	6.60g/t	
Life of mine ounces	3.06 million	
Future milestones	Rock winder commissioned	November 2008
	Pump station on 207 level commissioned	November 2008

Capital expenditure – Doornkop South Reef Project (current year and forecast)
Rm



Review of operations (continued)

Elandsrand

Key statistics	Units	FY08	FY07	FY06
Production				
Tonnes milled	000t (metric)	890	1 013	895
	000t (imperial)	981	1 117	987
Gold produced	kg	4 934	6 056	5 315
	oz	158 631	194 710	170 867
Average grade	g/t	5.54	5.98	5.94
	oz/t	0.162	0.174	0.173
Financial				
Revenue	R million	964	895	573
	$ million	133	124	90
Cash costs	R/kg	152 171	121 884	106 981
	$/oz	652	527	523
Cash operating profit	R million	213	157	4
	$ million	30	21	1
Capex	R million	318	238	194
	$ million	44	33	31

Elandsrand, South Africa

Elandsrand, South Africa

Description

Elandsrand mine straddles both Gauteng and North West Province, and is located near the town of Carletonville. The mine was acquired by Harmony in January 2001. See pages 84 to 86 of the Mineral Resources and Ore Reserves statement for further geological information. The mine comprises a twin vertical and sub-vertical shaft system. The Elandsrand metallurgical plant treats ore from the Elandsrand shaft.

The Elandsrand deepening project, which came into production in FY04, involved the development of a new mine beneath the original Elandsrand mine. The project will target the southern, deeper portion of the higher-grade Ventersdorp Contact Reef pay shoot at depths of between 3 000m and 3 600m. The project was re-started by Harmony in FY01 following the acquisition of Elandsrand.

Review of operations

The Elandsrand mine had a very good first quarter in FY08. However, on 2 October 2007 a compressed air pipe fell down the Elandsrand shaft, damaging infrastructure and hampering the exit of miners through the shaft. The mine was out of operation for 42 days and the return to full-scale operations was a slow process. A fall of ground later in the same quarter (which caused the death of one miner) further impaired this operation's performance. The cessation of Conops during the third quarter provided a further disruption. The mine managed to establish 14 additional production crews (making use of excess labour) and therefore obviated the need for major labour restructuring.

The shaft incident resulted in a delay of two months to the project, although good progress was made in the second half of the year. Major milestones achieved during FY08 included the start of stoping operations on 105 level, intersection of the reef on 109 level and the completion of the 100 level 22kV sub-station. At year-end, 54% of gold production was from the new mine, which is scheduled to be at full production by June 2012.

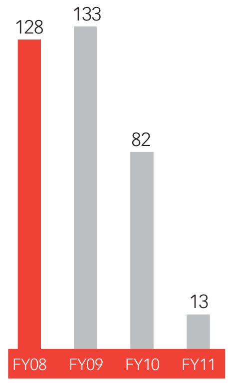
Tonnes milled declined by 12% to 890 000 tonnes. The average grade too was under pressure, at 5.54g/t, from the 5.98g/t the previous year. Consequently, gold production declined by 19% to 4 934kg. Stringent cost control measures implemented at the mine helped to partially limit the increase in cash operating costs (by 25%), to R152 171/kg, despite spiralling input costs, including stores, electricity and contractor wages, and lower production. Cash operating profit rose to R213 million, an increase of 36%, as a result of the received gold price. Capital expenditure of R318 million was 34% higher than in FY07.

Elandsrand New Mine Project

Key statistics

First production	October 2003	
Full production	June 2012	
Expected annual gold production	11 502kg; 370 000 oz	
Capital expenditure	R1 040 million; $139 million	
	R812 million spent to date	
Life of mine	23 years	
Grade (average reserve head grade)	6.46 g/t	
Life of mine ounces	7.95 million	
Future milestones	115 level pump station to be commissioned	December 2008
	Access development on 113 level complete	January 2009

Capital expenditure – Elandsrand New Mine Project (Current year and forecast) Rm



Review of operations (continued)

Phakisa, South Africa

Evander operations

Key statistics	Units	FY08	FY07	FY06
Production				
Tonnes milled	000t (metric)	1 312	1 511	1 541
	000t (imperial)	1 447	1 667	1 700
Gold produced	kg	7 466	7 322	8 536
	oz	240 037	235 443	274 439
Average grade	g/t	5.69	4.85	5.54
	oz/t	0.166	0.141	0.161
Financial				
Revenue	R million	1 402	1 088	903
	$ million	193	151	142
Cash costs	R/kg	122 598	111 433	82 448
	$/oz	525	481	404
Cash operating profit	R million	486	272	199
	$ million	66	38	31
Capex	R million	242	204	167
	$ million	33	28	26

Description

The Evander operations consist of four operating shafts, Evander 2 and 5 (operating as one unit), and Evander 7 and 8. Ore mined and hoisted at the Evander 2 and 5 shafts is milled and thickened at the Winkelhaak plant and the resultant slurry is pumped to the carbon-in leach (CIL) circuit at the Kinross plant. Ore from Evander 7 and 8 shafts is transported underground and hoisted directly into the Kinross plant at the Evander 7 shaft. The complex has one hybrid CIP/CIL plant. These mines are located in the province of Mpumalanga, near the town of Evander. See pages 80 and 81 of the Mineral Resources and Ore Reserves statement for further geological information.

Review of operations

The Evander mines delivered an excellent performance for the year, with improvements achieved in both grade and cost control. The former was as a result of an intensive effort to improve the mining mix by moving operations to more profitable panels, and a labour restructuring exercise at Evander 7 shaft. This improved performance was achieved despite a number of operational challenges, including a two-day loss of production in the first quarter owing to an incident with a service water pipe at Evander 7, poor environmental conditions in the No 2 decline area at 8 shaft, and the closure of the upper pillar section of 7 shaft. Some 600 employees were transferred or opted for voluntary retrenchment. A new production plan for Evander 7 shaft was also implemented in the third quarter, with improvements in efficiencies and profitability as a result, although the restructuring had an initial negative impact on production. Additional ventilation is now available following the completion of the fourth airway at 8 shaft and seven new cooling units were installed in various development ends at Evander 8 shaft to improve environmental conditions.

Overall, volumes decreased during the year to 1 312 000 tonnes, although the grade improved by 17% to 5.69g/t. Consequently, gold production rose by 2% to 7 466kg, while unit cash costs were very well contained to a 10% increase, at R122 598/kg. Cash operating profit of R486 million was recorded. Capital expenditure for the year rose by 19% to R242 million.

Taking hard decisions on Conops

Phakisa, South Africa

Tshepong, South Africa

For some years, mining companies have been trying to implement the concept of continuous operations (Conops) on the basis that it is, in theory, a better practice to utilise the company's capital intensive, fixed assets for every day (excluding public holidays) of the year rather than for 80% of the year. It was estimated that Conops should result in increased production of around 25%, with a cost increase in the region of 18%, which would lead to increased profitability.

Harmony has been one of the few companies that had actually been able to implement Conops, with some degree of success and with the cooperation of the labour unions.

However as part of the complete review of the company in FY08, Harmony's executive took a long and hard look at the real benefits of Conops. In essence, they undertook a due diligence as if the company was evaluating it for the first time. These internal due diligences were conducted at the Tshepong, Elandsrand, Masimong, Evander No 8 and Winkelhaak shafts, as well as at Randfontein's Cooke operations. (Target is the only other shaft in the group that uses Conops.)

The objective of these studies was to:

- Establish whether Conops has been successfully implemented at these mines and to what extent the original objective of improved profitability (without compromising safety) had been met.
- Understand the gap between the actual performance at these operations and the potential performance after implementation of Conops at these operations.
- Understand the reasons for the underperformance versus the Conops potential, and propose actions to the operations to close the gap. These actions were based on best practice and knowledge-sharing within the group.

The assessments were done in three phases.
First, an internal perception survey was undertaken. Responses indicated that management was generally positively disposed towards and understood the strategic importance of Conops. They also showed that mine employees, including unions and associations, partially preferred Conops to the traditional working cycle because of the job creation and Conops allowances. This was especially so for employees who reside far from the operations. However, the fatigue that set in after five days proved to be a negative factor for many and for management. It was at the middle-management level that Conops was not liked for a variety of reasons.

The second phase of the evaluation comprised an evaluation of pre- and post-Conops results against a defined benchmark for the operation. This exercise revealed, amongst other indicators, that productivity pre- and post-Conops implementation increased between a low of 2% at Elandsrand and a high of 18.5% at Evander 8.

In the final phase, a thorough fact-finding process was conducted within the mining, engineering (production as well as shafts and services), human resources and financial disciplines in order to understand the reasons behind the gaps that prevented the full realisation and potential of Conops. As part of the process, all service functions, engineering maintenance, response time to breakdowns, weekend service level requirements as well as commissioning and maintaining of related equipment were scrutinised.

Conops proved to be unsuitable at Masimong and was discontinued here in November 2007, with the additional workforce being transferred to Phakisa. Action plans were drawn up by each shaft management team for the remaining operations to address those issues that were identified as requiring attention. Based on these assessments, Conops was stopped at Tshepong in January 2008, and at Elandsrand in February 2008 and Evander 2 and 5 and at Randfontein's Cooke 1, 2 and 3 operations by the end of FY08. Conops continues to operate successfully at Evander 8.

Review of operations (continued)

Joel

Key statistics	Units	FY08	FY07	FY06
Production				
Tonnes milled	000t (metric)	407	457	395
	000t (imperial)	449	504	436
Gold produced	kg	1 904	2 486	1 823
	oz	61 215	79 923	58 595
Average grade	g/t	4.68	5.44	4.61
	oz/t	0.136	0.158	0.134
Financial				
Revenue	R million	375	366	199
	$ million	52	51	31
Cash costs	R/kg	149 305	96 750	101 846
	$/oz	639	418	498
Cash operating profit	R million	91	125	13
	$ million	13	18	2
Capex	R million	39	28	23
	$ million	5	4	4

Description

The Joel mine is located in the Free State province, near the town of Theunissen. The mine comprises two shafts and ore is transported to the central plant near Virginia. The mine was acquired by Harmony in 2002. See pages 77 and 78 of the Mineral Resources and Ore Reserves statement for further geological information.

Review of operations

Hoisting resumed at Joel's North shaft in the second quarter of the year, following the re-equipping of the shaft bottom, so the annual statistics are not a true reflection of performance. The original development and equipping of the shaft did not allow for the effective removal of spillage from the shaft bottom, and would have halted all operations prematurely if this had not been dealt with. In addition, production was lost in the third quarter when delays were experienced when the North shaft winder motor was changed. Nonetheless, performance improved once the initial restart-up issues had been resolved. The mine also successfully dealt with a significant intersection of water on the 129 level development. Production showed improvement and consistency towards year-end.

As a result of the disruption to production, tonnes milled decreased by 11% to 407 000 tonnes for the year. The grade, at 4.68g/t, was down by 14%, and gold produced consequently decreased by 23% to 1 904kg. In line with the decreased production and inflationary pressures, cash costs rose by some 54%, to R149 305/kg. Cash operating profit decreased to R91 million, while capex for the year was R39 million.

Masimong

Key statistics	Units	FY08	FY07	FY06
Production				
Tonnes milled	000t (metric)	809	974	925
	000t (imperial)	892	1 074	1 020
Gold produced	Kg	3 657	4 602	4 235
	oz	117 575	147 958	136 153
Average grade	g/t	4.52	4.73	4.58
	oz/t	0.132	0.138	0.133
Revenue				
Revenue	R million	698	681	464
	$ million	96	95	73
Cash costs	R/kg	174 080	129 376	100 018
	$/oz	745	559	489
Cash operating profit	R million	61	85	40
	$ million	8	13	6
Capex	R million	114	109	92
	$ million	16	15	14

Description

The Masimong mine is located in the Free State province, near the town of Riebeeckstad. The mine comprises No 5 shaft, which is the operating shaft, and No 4 shaft, which was closed but is still used for ventilation purposes and as a second escape route. Masimong was acquired by Harmony in 2001. See pages 71 to 74 of the Mineral Resources and Ore Reserves statement for further geological information.

Performance during the year

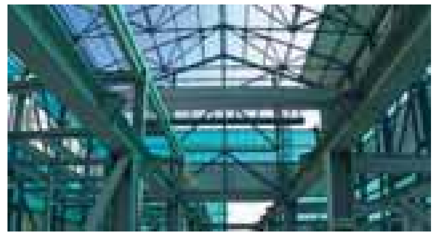
The cessation of Conops at Masimong resulted in labour disruptions, which in turn had an impact on the volumes mined and productivity. An intensive cost restructuring process and people transformation programme had a positive impact towards year-end, with improvements in both production and efficiencies. By the end of the year, productivity levels had risen by 63%, from 16 tonnes per TEC to 26 tonnes per TEC. The people programme, which is based on an aspect of a transformation initiative initially undertaken at Tshepong that was tailored for Masimong, involves the devolvement of responsibility to self-directed work teams, with specific emphasis on safety, team-building and productivity. Employee numbers have dropped dramatically at Masimong, not only as a result of the cessation of Conops, but also as a result of restructuring for better efficiencies.

Notwithstanding these positive interventions, production declined by 21% to 3 657kg, on the back of a 17% decrease in tonnes milled to 809 000 tonnes. Grade declined by 4% to 4.52g/t. Cash costs rose to R174 080/kg as a result of the lower production, and higher input costs. Capital expenditure, at R114 million, increasing by 5% on the previous year.

Phakisa

Key statistics	Units	FY08	FY07	FY06
Production				
Tonnes milled	000 t (metric)	31	–	–
	000t (imperial)	34	–	–
Gold produced	kg	131	–	–
	oz	4 212	–	–
Average grade	g/t	4.23	–	–
	oz/t	0.123	–	–
Financial				
Revenue	R million	28	–	–
	$ million	4	–	–
Cash costs	R/kg	130 221	–	–
	$/oz	558	–	–
Cash operating profit	R million	11	–	–
	$ million	2	–	–
Capex	R million	293	227	147
	$ million	40	32	23

Phakisa, South Africa



Phakisa, South Africa

Description

The Phakisa mine is located in the Free State province, near the town of Odendaalsrus. The mine was brought into production in FY08 and comprises a single shaft system extending to a depth of 2 427 m below surface. Sinking at Phakisa started in February 1994 and was suspended in May 1999, 2 357 m below collar. It was acquired by Harmony in 2002 and sinking recommenced in July 2003. The Nyala shaft, 5.5km away, is used as a second escape route and for the hoisting of rock. See page 77 of the Mineral Resources and Ore Reserves statement for further geological information.

Review of operations

It was an exciting year for Phakisa, as it made the transition from project into operation in the second quarter of the financial year and, by year-end, good momentum had built up. Production build-up was only slightly hampered by power shortages at the end of 2007/beginning of 2008, although the requisite mining mix is expected to take time to achieve, until flexibility can be gained from the developed reserve. Ventilation constraints and issues with cleaning resulted in development being slower than anticipated although, by year-end, these teething problems had largely been overcome. The first modular ice plant to be installed at Phakisa will be commissioned in October 2008 and this will assist in alleviating ventilation constraints. (See box on page 36) The mine is expected to be in full production by June 2011.

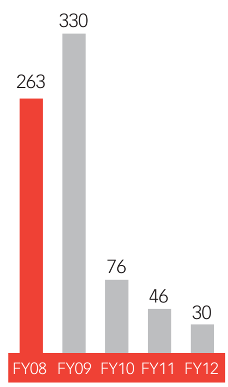
As at the end of the June 2008, a total of 31 000 tonnes had been milled. A grade of 4.23g/t was achieved at this start-up operation and, as a result, 131kg of gold was produced. Cash costs achieved reflect a good performance at R130 221/kg and a maiden operating profit was achieved of R11 million. Significant capital continued to be expended, with capex rising to R293 million, a 29% increase on the prior year.

Phakisa project

Key statistics

First production	September 2008	
Full production	June 2011	
Expected annual gold production	253 360oz	
Capital expenditure	R1 348 million; $185.5 million	
	R866 million spent to date	
Life of mine	22 years	
Grade (average reserve head grade)	8.31 g/t	
Life of mine ounces	5.32 million	
Future milestones	First revenue from 69 level	September 2008
	Start decline project	November 2008

Capital expenditure – Phakisa
(Current year and forecast)
Rm



Review of operations (continued)

Ice at depth – new plant for Phakisa

An ice-based cooling system is to be implemented at Harmony's Phakisa mine. The original proposal for Phakisa, conducted under the management of the then mine owners, AngloGold, allowed for a refrigerated cooling system. However, following the acquisition of the mine by Harmony, plans were put in place to expand and deepen the operation, as a consequence of which the refrigeration requirements were increased and it became apparent that the existing size of the shaft barrel would not be large enough to accommodate the diameter of the pipes that would be necessary to transport sufficient quantities of refrigerated water. This together, with various other benefits, indicated an ice-based cooling system would be more efficient.

Cooling systems are essential aspects of deep-level mining in South Africa where the virgin rock temperature in gold mines is around 56ºC and temperatures in underground working areas must be kept below 27.5ºC. While most mines use refrigerated water for cooling, this has its disadvantages, not least of which is the distances over which the water has to be pumped to the rock face.

The ice plant at Phakisa is located on surface. From here, it is transported on a conveyor belt to the shaft and into a vertical pipe. The ice then free falls 1 677m into a 5 million litre storage dam located underground. The ice in the underground dam serves a dual purpose – it is used firstly for cooling and secondly to provide water at the stope face for drilling purposes.

Ice-based cooling systems have several advantages:

- Although substantial amounts of energy are consumed to change solid water (ice) at 0ºC to liquid water at 0ºC – 334KJ/kg – just 4.187KJ/kg are needed to reduce the temperature of water by 1ºC, this does imply that less ice than water would be required to generate 10MW of cooling: in fact, it takes 26.3kg/s of ice versus 217kg/s of refrigerated water to generate 10MW of cooling.
- The cost of pumping or transporting cooled water is significantly (87.5%) cheaper with the ice-based system than with the refrigerated plant owing to the greatly reduced distance over which the cooled water has to be pumped – 800m as opposed to 2 400m.
- The pipes required to transport the ice in the shaft are half the size of those required to transport water.
- The pressure rating in the pipes is furthermore greatly reduced.
- The ice dam located underground results in a 'leaving water' temperature of 2–3ºC versus that of 9–12ºC with refrigeration.
- Although the costs of refrigeration and the ice plant are comparable, less ice is required.
- Any surplus water either evaporates or is used in the condensers underground.

In all, the savings benefits of the ice plant are estimated to be R23.80/tonne over the life of mine.

The ice plant runs for 24 hours a day and uses 93 cubic metres of water per hour. It consumes 6.3MW of power which is drawn down from Eskom with a performance coefficient of 2.2. In terms of cooling and energy capacity, 25l of ice provides the same amount of cooling as does 400l of water. Furthermore, per unit of ice, the energy count is 322KJ while for a comparable unit of water it is 4.187KJ. The ice thus generates more cooling per litre.

Plant components were sourced from companies around the globe and are currently being assembled by Harmony personnel. Engineers from companies in India, the US and Japan will assist with the commissioning of the plant which is scheduled for November 2008.

Target

Key statistics

	Units	FY08	FY07	FY06
Production				
Tonnes milled	000t (metric)	622	820	737
	000t (imperial)	686	904	813
Gold produced	kg	2 644	4 430	4 672
	oz	85 006	142 433	150 196
Average grade	g/t	4.25	5.41	6.34
	oz/t	0.124	0.158	0.185
Financial				
Revenue	R million	503	657	517
	$ million	69	91	81
Cash costs	R/kg	141 027	85 678	70 699
	$/oz	605	370	346
Cash operating profit	R million	129	277	187
	$ million	18	38	29
Capex	R million	256	121	61
	$ million	35	16	10

Target experienced a dismal year as a combination of falls of ground, flooding, the low availability of mechanised equipment and belt systems, and poor fragmentation in the massive stopes, all conspired to significantly reduce volumes and flexibility. The mine also continued to contend with issues such as grade and grade estimation, an area which received a great deal of attention in the last quarter, and which showed signs of improvement.

More positively, some of the new trackless fleet arrived in the second half of the year and the water handling problems (that caused flooding of the ends) had largely been addressed by year-end. A good performance was achieved from the narrow reef, conventional stoping areas.

For the year, tonnes milled decreased by 24% to 622 000 tonnes and, together with a 21% decline in the average grade to 4.25g/t, gold production was significantly down, at 2 644kg. Consequently, cash operating costs were under pressure, inflated by higher input costs, and rising to R141 027/kg. A cash operating profit of R129 million was reported. Capital expenditure more than doubled during the year to R256 million.

Review of operations (continued)

Tshepong

Key statistics	Units	FY08	FY07	FY06
Production				
Tonnes milled	000t (metric)	1 495	1 654	1 620
	000t (imperial)	1 649	1 824	1 786
Gold produced	kg	8 495	9 919	10 429
	oz	273 119	318 887	335 289
Average grade	g/t	5.68	5.99	6.44
	oz/t	0.166	0.175	0.188
Financial				
Revenue	R million	1 621	1 460	1 144
	$ million	223	203	180
Cash costs	R/kg	106 658	81 324	68 011
	$/oz	457	351	332
Cash operating profit	R million	715	653	435
	$ million	98	92	69
Capex	R million	195	188	150
	$ million	27	26	21

Description

The Tshepong mine is located in the Free State province, near the town of Odendaalsrus. The mine comprises a vertical shaft transporting ore to Free State 1 Plant. The Tshepong sub 66 decline project is currently in a build-up phase, and the Sub 71 Decline project is under development.

Review of operations

Operations at Tshepong mine were hampered by a number of fires and seismic events that significantly affected production in the first half of the year. The termination of Conops in the third quarter initially had a negative impact on volumes and productivity, but improved performance was reported in the fourth quarter.

The Sub 66 Decline project commenced production during the year, although the build-up will continue over the next two years. Emphasis is now being placed on significantly increasing mineable reserves. Poor ground conditions caused some delays to the project, although the final mining component was completed in June 2008, and all project work is scheduled to be concluded by December 2008. The full utilisation of the declines will allow the mine to access the higher grade portion of the orebody and to explore the synergies that will be created through the link with Phakisa. This link will substantially increase flexibility in terms of ventilation, men and material at Phakisa.

Tonnes milled declined by 10% to 1 495 000 tonnes during the year, with gold production decreasing by 14% to 8 495kg. Cash costs rose by 31% to R106 658/kg as a result of decreased production and rising input costs. Cash operating profit, of R715 million, was supported by the rising gold price. Capital expenditure was maintained at a similar level to FY07 at R195 million.

Sub 71 Decline Project

Good progress was also made with the Sub 71 Decline Project, with a total of 1 089m having being developed by year-end. The escalation of input costs, combined with skills shortages (design and engineering draughting personnel) had a negative impact on the project. First production from the project is expected in August 2012, with full production anticipated in July 2017. Total capex for the project is estimated at R132.4 million.

Virginia operations

Key statistics	Units	FY08	FY07	FY06
Production				
Tonnes milled	000t (metric)	2 130	2 274	2 148
	000t (imperial)	2 349	2 507	2 368
Gold produced	kg	7 786	8 303	8 593
	oz	250 324	266 948	276 285
Average grade	g/t	4.00	3.65	4.00
	oz/t	0.107	0.106	0.117
Financial				
Revenue	R million	1 488	1 232	930
	$ million	204	172	146
Cash costs	R/kg	174 091	126 364	99 826
	$/oz	719	546	487
Cash operating profit	R million	180	183	73
	$ million	24	25	11
Capex	R million	152	135	83
	$ million	20	19	14

Description

The Virginia operations comprise the Harmony 2, Merriespruit 1 and 3, Unisel and Brand shafts. They are located in the Free State province, near the town of Virginia. See pages 71 to 73 of the Mineral Resources and Ore Reserves statement for further geological information.

Review of operations

Considering the age of these assets and the nature of mining being undertaken, these operations achieved a solid and safe performance.

Total tonnes mined amounted to 2 130 000 tonnes, at an average grade of 4.0g/t, 10% higher than FY07. Gold production, at 7 786kg, was lower by 6% than that from the same operations in the prior year, reflecting the declining profile of these mines as they reach the end of their lives.

Cash operating costs were higher as input costs such as electricity and stores rose to R174 091/kg. These mines generated a cash operating profit of R180 million. Capital expenditure was R152 million.

Review of operations (continued)

South Africa – open cast and surface operations
Kalgold

Key statistics	Units	FY08	FY07	FY06
Production				
Tonnes milled	000t (metric)	1 530	1 578	1 821
	000t (imperial)	1 687	1 740	2 008
Gold produced	kg	2 898	1 746	2 397
	oz	93 172	56 129	77 071
Average grade	g/t	1.89	1.11	1.32
	oz/t	0.055	0.032	0.038
Financial				
Revenue	R million	557	257	250
	$ million	77	36	39
Cash costs	R/kg	95 939	112 227	84 252
	$/oz	411	485	412
Cash operating profit	R million	279	61	48
	$ million	39	9	8
Capex	R million	10	3	2
	$ million	1	–	–

Description

The Kalgold mine is an open pit operation located near the town of Mafikeng in North West Province. A CIL plant is located on site. The mine was acquired by Harmony in July 1999. See pages 90 and 91 of the Mineral Resources and Ore Reserves statement for further geological information.

Review of operations

Kalgold achieved excellent results for the year. Water shortages were experienced for most of last year and the first quarter of FY08, with a significant impact on production. This was followed by abnormally high rainfall and electricity disruptions, resulting in several days lost production during the year, which was compounded by a number of plant breakdowns. Kalgold is on the domestic electricity grid and was subject to extensive load shedding. Discussions have been held with Eskom on the supply of uninterrupted power to the mine.

While volumes milled declined by 3%, to 1 530 000 tonnes, the grade achieved by the mine was significantly higher, at 1.89g/t. As a result, gold production more than doubled to 2 898kg, and cash operating profit more than quadrupled to R279 million. Cash operating costs declined, largely as a result of increased gold production, by 15% to R95 939/kg. Capex for the year amounted to R10 million.

Phoenix

Key statistics	Units	FY08	FY07	FY06
Production				
Tonnes milled	000t (metric)	6 378	2 148	813
	000t (imperial)	7 033	2 368	897
Gold produced	kg	1 002	664	494
	oz	32 215	21 346	15 902
Average grade	g/t	0.19	0.31	0.61
	oz/t	0.005	0.009	0.018
Financial				
Revenue	R million	191	94	54
	$ million	26	13	9
Cash costs	R/kg	75 184	67 854	82 734
	$/oz	381	293	404
Cash operating profit	R million	102	49	13
	$ million	14	7	3
Capex	R million	4	–	25
	$ million	–	–	4

Description

Phoenix is a tailings retreatment operation, located at and adjacent to Harmony's current and historical mining operations in the Free State province.

Review of operations

Slimes tonnage reclamation steadily increased as the year progressed, to an average 500 000 tonnes per month by year-end, which is at full capacity. The focus during the year was on improving efficiencies, recoveries and ultimately profitability.

In total, throughput more than doubled during the year, to 6 378 000 tonnes milled, while gold production was up by 51% to 1 002kg. The grade, down from 0.31g/t to 0.19g/t, was lower than expected and is proving to be highly variable and dependent on the time at which the original deposition was done.

Cash operating costs were well maintained, with an 11% rise being mainly attributable to the higher cost of reagents. A cash operating profit of R102 million was recorded.

Review of operations (continued)

Papua New Guinea

Key statistics	Units	FY08
Production		
Tonnes milled over LOM	Metric tonnes	42 million
	Imperial tons	46 million
Expected annual production	Gold kg	7931
	Gold oz	255 000
	Silver kg	124 414
	Silver oz	4 000 000
Average grade (of reserve)	g/t	2.2
	oz/t	0.1
Financial		
Expected cash costs	$/oz	255
Capex	$ million	542
	A$ million	605
Life of mine	years	10.3

Description

The Hidden Valley mine is located in Morobe Province in Papua New Guinea (PNG), some 300km north-west of Port Moresby and 90km south-west of Lae. The mine, which is currently under construction, will process some 4.2 million tonnes of ore per year from two open pits: one large open pit processing the Hamata orebody and the second larger open pit processing the Hidden Valley and Kaveroi orebodies. Annual gold production is expected to peak at 275 000 ounces in 2019.

The mine is located in a highly prospective area and it is envisaged that, as exploration continues, the life of the process facility will be extended from other sources. Extending the mine life however would require the construction of a new tailings storage facility (TSF).

In April 2008, Harmony and Newcrest reached agreement on entering into a partnership for the development of Harmony's PNG assets, which include Hidden Valley. This transaction was concluded post financial year-end, with Newcrest buying an initial 30% stake in the project and agreeing to fund development and construction costs of approximately $300 million to earn-in another 20%. See the exploration review (pages 46 to 56) for further information and pages 92 to 94 of the Mineral Resource and Ore Reserve section for geological information.

Review of the year

Heavy rainfall in the first quarter, delays with the construction of the SAG mill in the Czech Republic and a revised engineering design construction schedule for the overland conveyor, had a negative impact on the project timeline during the year. Most of these issues had been resolved or expedited by year-end. The mill segments are expected to begin arriving in PNG in November 2008 and to be fully delivered to site by mid-January 2009. The start of milling is on track for mid-2009. The execution of the design and fabrication of the overland conveyor remains a critical issue and, although the design is progressing well, its completion depends on the rapid ramp-up of construction facilities. A shortage of civil engineering and contract labour is having an effect on this.

Waste removal and the development of the Hamata pit began in 2007. Stripping of the organics and construction of an access road to haul waste to the main dam of the TSF was completed during the year. In respect of mining operations, good progress was made with waste removal, which was 16% ahead of plan by year-end. However, the movement of ore was behind schedule as a result of delayed access.

Most of the plant platforms are in place, with the main civil contractor mobilising on site in the March quarter to begin plant pad preparation and construction. Good progress was also made with the establishment of the TSF.

The first phase of grade drilling was completed during the year at Hamata, with results indicating the continuity of the ore lodes identified in the resource model. This was followed by the start of waste removal and stripping.

Drilling of the Kaveroi resource (~3000m) also confirmed the known mineralisation at depth, as well as continuity of the previously unmodelled supergene zone at the meta-sediment/granodiorite contact. Preliminary geological models have been completed, and are informing the planned stripping programmes.

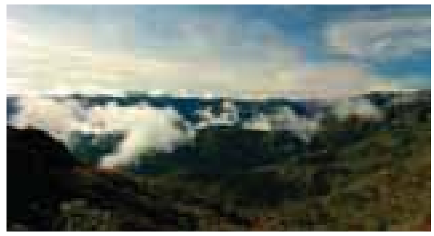
The construction of the permanent camp to house employees was all but completed by year-end. The site will be able to accommodate the 800 people needed to run both mining and processing operations at peak production.

A detailed review of capital cost estimates for Hidden Valley and the construction schedule was undertaken in late FY08. The review confirmed the expected commissioning of the mine in mid-2009. By year-end, engineering design was 91% complete, procurement was 87% complete and the overall project was 57% complete.

The capital cost estimate has increased to A$605 million ($542 million, R3 940 million). As per the joint venture signed with Newcrest and concluded subsequent to year end, Newcrest will fund up to $300 million of expenditure in PNG, including that on project construction coststo earn 50% of the PNG assets, in addition to paying Harmony $229 million for the initial 30% stake in its PNG assets.

Exploration review

Hidden Valley, Papua New Guinea



Watut River Valley, Papua New Guinea

Nambonga North Prospect, Wafi-Golpu Project, Papua New Guinea

Harmony's exploration strategy is to focus on key prospective geological terrains to create shareholder value through the discovery of large long-life gold orebodies.

After prospectivity, investment decisions on new exploration opportunities are also shaped by:

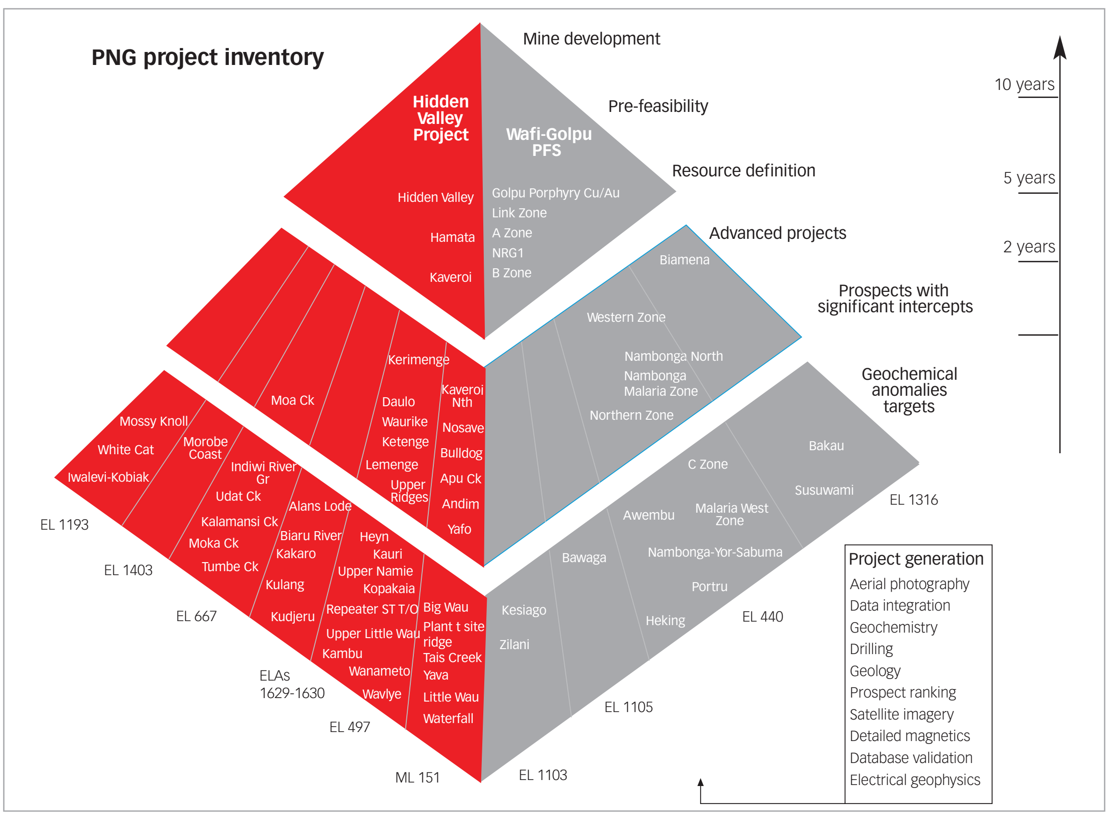
- Project- and country-related risks.
- The ability to meet minimum filter criteria (potential size/production profile).

Harmony has adopted a flexible approach in that exploration can be undertaken in-house or as joint venture partnerships, and can involve both greenfields (no infrastructure) and brownfields (existing mine infrastructure) work.

In FY08, Harmony's greenfields exploration effort focussed almost entirely on Papua New Guinea (PNG). Its approach has been to develop and maintain a balanced project pipeline across all levels of the exploration process, ranging from grassroots geochemical and geophysical anomalies through to advanced prospects, resource definition, and projects moving into feasibility. A total of A$19.2 million ($17 million or R125 million) was spent on PNG exploration during FY08. The group's exploration budget is set for FY09 at R351 million (60% in PNG).

Although this is a long-term process, Harmony has had a successful year of exploration in PNG with two prospects worthy of particular note:

- Nambonga North Prospect. This prospect was generated from base datasets and progressed to advanced prospect stage in less than 12 months. Results have been highly encouraging. It represents a new zone of porphyry style copper-gold mineralisation, which was previously unknown at Wafi-Golpu, and has the potential to have a major positive



PNG project inventory, showing the pipeline of prospects which range from grassroots geochemical and magnetic targets through to deposits undergoing resource definition, prefeasibility studies and the Hidden Valley Project currently in construction. The axis on the right provides a guide to lead times from discovery to development.


Hidden Valley, Papua New Guinea


Hidden Valley, Papua New Guinea

impact on the prefeasibility study. Drilling to define the limits of mineralisation and scope out the size of the deposit continues with three drill rigs on site.

- Biamena Prospect was advanced from a grassroots geochemical target with initial drilling returning ore grade intercepts. This project has the potential to deliver a multi-million ounce deposit similar to that of the Wafi-Golpu project.

The group's exploration programme in South Africa was curtailed in August 2007, although work in the Evander area (discussed below) has recommenced.

Papua New Guinea

The majority of exploration expenditure during FY08 was in PNG on our land holding around the Wafi-Golpu and Hidden Valley projects. This tenement package comprises some 3 276km^2 of tenure located entirely within the Morobe Province.

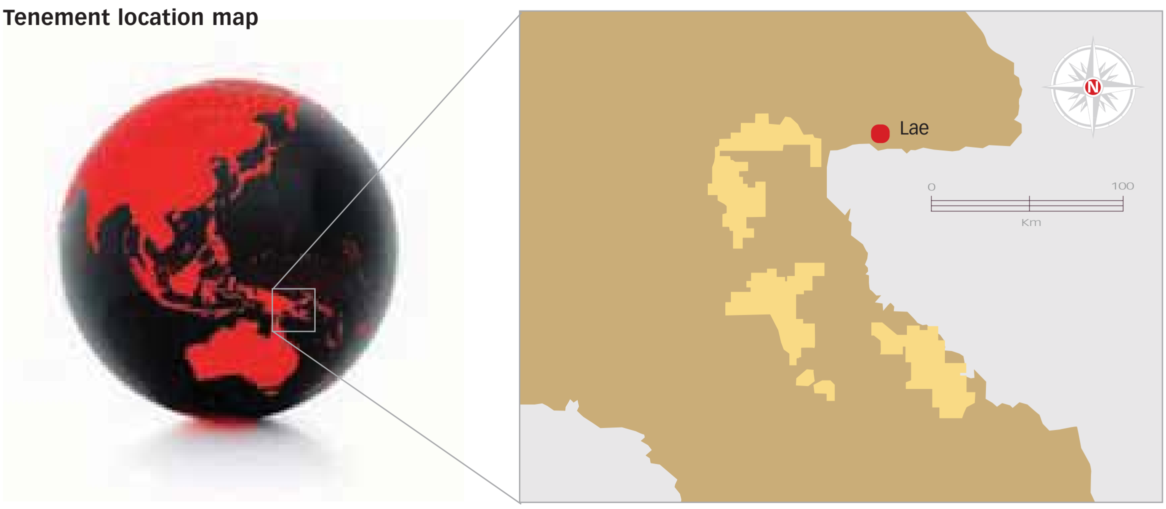
On a regional scale the Morobe district forms part of the New Guinea Mobile belt. This metallogenic belt hosts a number of world-class deposits including the Grasberg-Ertzberg and OK Tedi porphyry copper-gold deposits, and the Porgera gold deposit. In line with the exploration strategy, opportunities to expand further in this highly prospective geological terrain will be monitored closely.

Locally, the Morobe district has a known mineral endowment of over 18 million ounces of gold, 89 million ounces of silver, 3.9 billion pounds of copper and 47 million pounds of molybdenum. The region is underexplored and has demonstrable potential for the discovery of major multi-million ounce gold deposits and copper-gold porphyry deposits. The project pipeline has numerous quality prospects which have had little more than surface sampling or magnetics completed by way of first pass exploration. The group's strategy here is to capitalise on this exploration opportunity and realise value by developing the district into a major mineral province with multiple mines.

During FY08, initiatives to accelerate prospect turnover and development of the pipeline has included building the exploration team numbers to a staff of 16 national geologists, increasing drilling capacity through new drilling contractors, and increasing sample volumes and decreasing turnaround times for assay samples through the laboratory.

This momentum is set to increase in the forthcoming year, as the new joint venture with Newcrest Mining Limited will continue building a strong base for its exploration activities. A budget of $A19.6 million ($18 million) for exploration in Morobe Province (45% for greenfields, 55% for brownfields activities) has been approved for FY09.

Tenement location map



Exploration review (continued)

The New Guinea Mobile Belt spans the core of the Irian Jaya – PNG mainland and represents one of the world's most prospective geological terranes for porphyry copper-gold and epithermal gold mineralisation. This belt of remote and rugged mountainous country contains major gold and copper-gold deposits including OK Tedi (copper-gold), Grasberg-Ertzberg (copper-gold), Porgera (gold), Misima (gold), Frieda River (copper-gold), Bulolo (gold) and Harmony's deposits at Hidden Valley (gold-silver) and Wafi-Golpu (gold and copper-gold). The belt is underexplored and remains a major focus for additional opportunities.

Wafi-Golpu

Wafi brownfields exploration

Exploration in the immediate area surrounding the existing deposits at Wafi and Golpu was the cause of much excitement during the year, particularly with the discovery of porphyry-style copper-gold mineralisation at the Nambonga North Prospect.

Nambonga North

The Nambonga North prospect lies approximately 2km north-west of Golpu. The prospect was prioritised for follow-up work based on a magnetic target coincident with an electromagnetic conductor and anomalous copper-molybdenum geochemistry at surface.

Drilling at the prospect during FY08 comprised 13 holes for 5 827 metres. Porphyry gold-copper intercepts obtained from the programme to date include:

WR262: 178m @ 1.2g/t gold, 0.3% copper from 232m
WR264: 213m @ 1.1g/t gold, 0.3% copper from 300m
WR272: 199m @ 1.1g/t gold, 0.28% copper from 292m
WR268: 30m @ 1.42g/t gold, 0.37% copper from 276m
WR270: 150m @ 0.8g/t gold, 0.23% copper from 320m
WR275: 180m @ 1.0g/t gold, 0.25% copper from 383m

Mineralisation generally occurs as banded quartz, magnetite, chalcopyrite, (± pyrite, ± hematite) vein stockwork developed in both diorite porphyry, and the surrounding metasediments of the Owen Stanley Metamorphics. The host rocks are variably silicified and sericite altered. The association of hydrothermal magnetite with the mineralisation (also at Golpu in the potassic zone) has important implications for the regional prospectivity and exploration programme.

In addition to porphyry gold-copper mineralisation, the drilling at Nambonga North has outlined gold-base metal mineralisation in the form of a massive sulphide lens off the hanging wall contact of the intrusive.

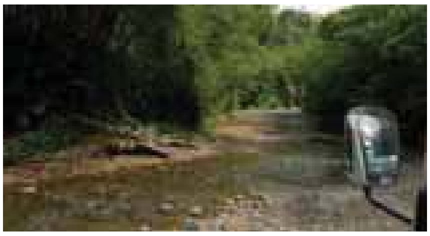
Results include:

WR258: 74m @ 5.6g/t gold, 4.3% zinc, 1.2% lead and 54g/t silver from 125m
WR264: 6m @ 3.6g/t gold, 5.3% zinc, 1.1% lead and 27g/t silver and from 286m
WR269: 12m @ 2.87g/t gold, 4.9% zinc, 0.8% lead and 10.6g/t silver from 156m
WR272: 10m @ 1.6g/t gold, 0.6% zinc, 0.3% lead and 26.7g/t silver from 282m
WR273: 11m @ 5.0g/t gold, 3.8% zinc, 1.2% lead and 14g/t Ag from 201m

Nambonga North has the potential to develop into a major new resource, in excess of one million ounces (with additional copper and base metal credits) for the Wafi-Golpu project.

Drilling to scope out the deposit will remain a priority in the first half of FY09.

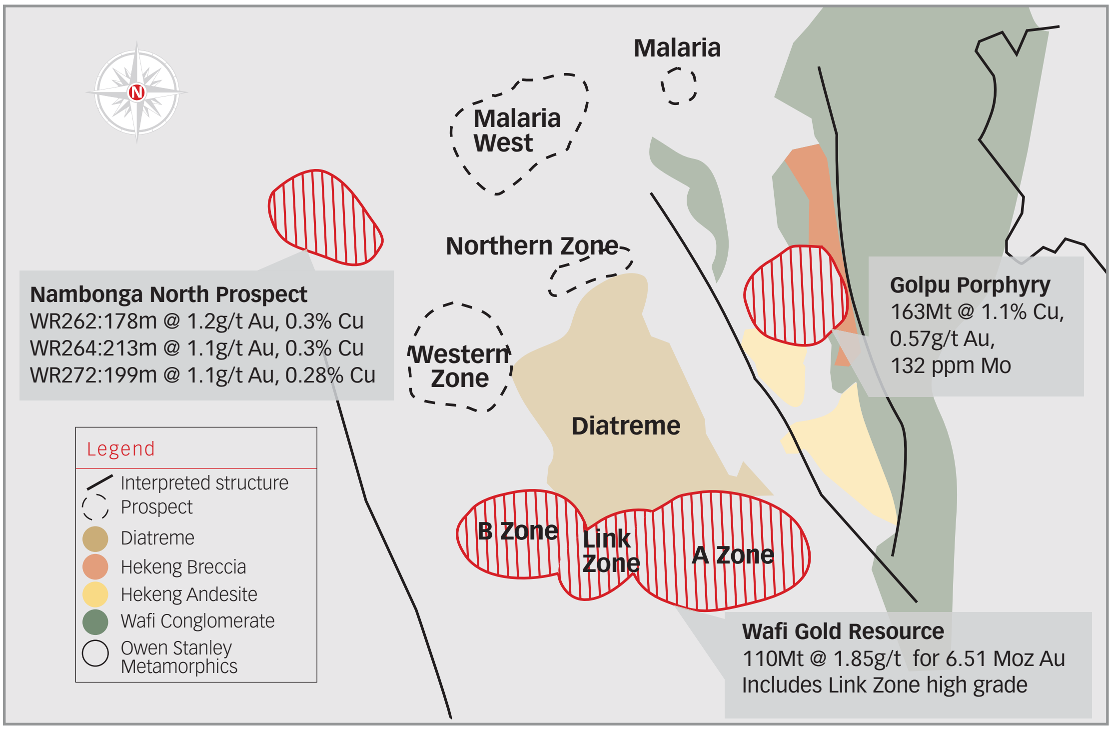
Hidden Valley, Papua New Guinea



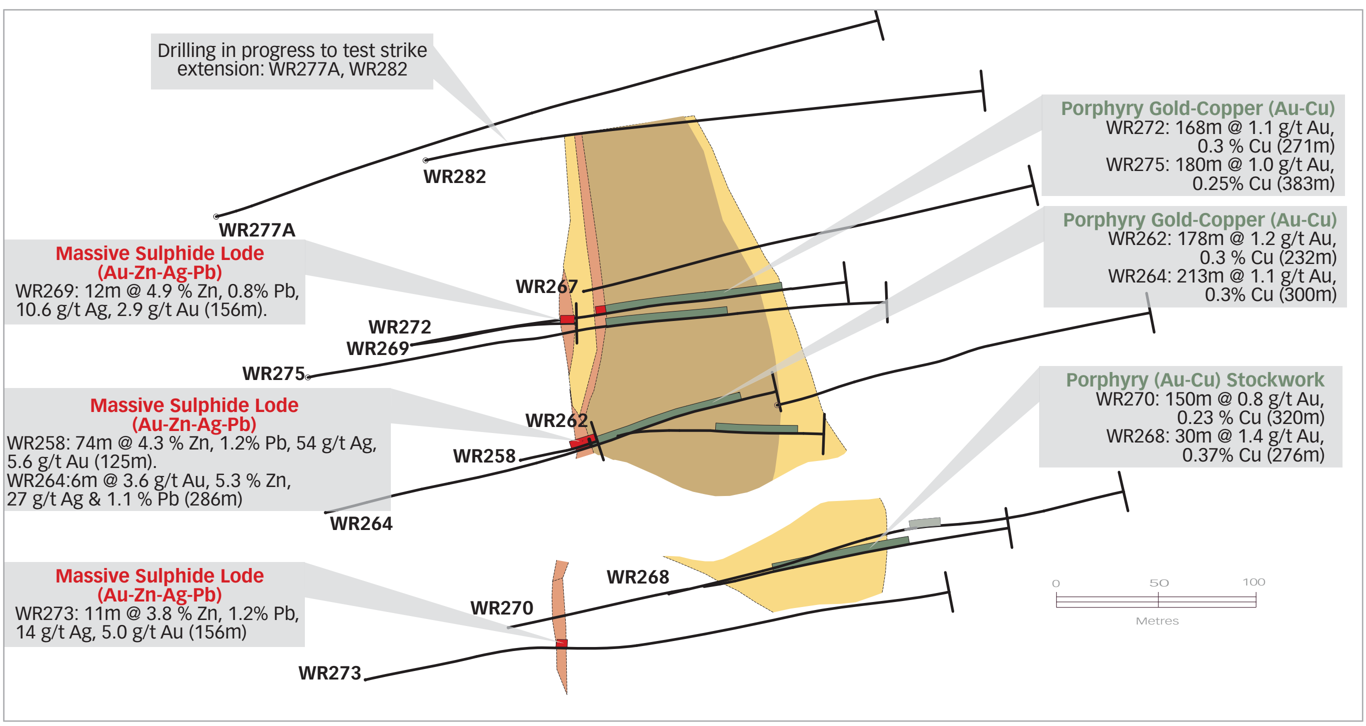
Wafi-Golpu, Papua New Guinea

WR262; 246.5m. Banded quartz magnetite chalcopyrite vein stockwork developed in metasedimentary rocks of the Owen Stanley Metamorphics. Assays for this interval (246 – 247m) returned 2.9 g/t gold and 0.7 % copper.

Exploration review (continued)

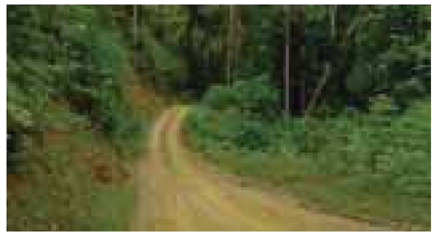


Nambonga North location diagram (North arrow is grid north)



Nambonga North Assay results in context with drill hole geology (Plan view @ 300m below surface)

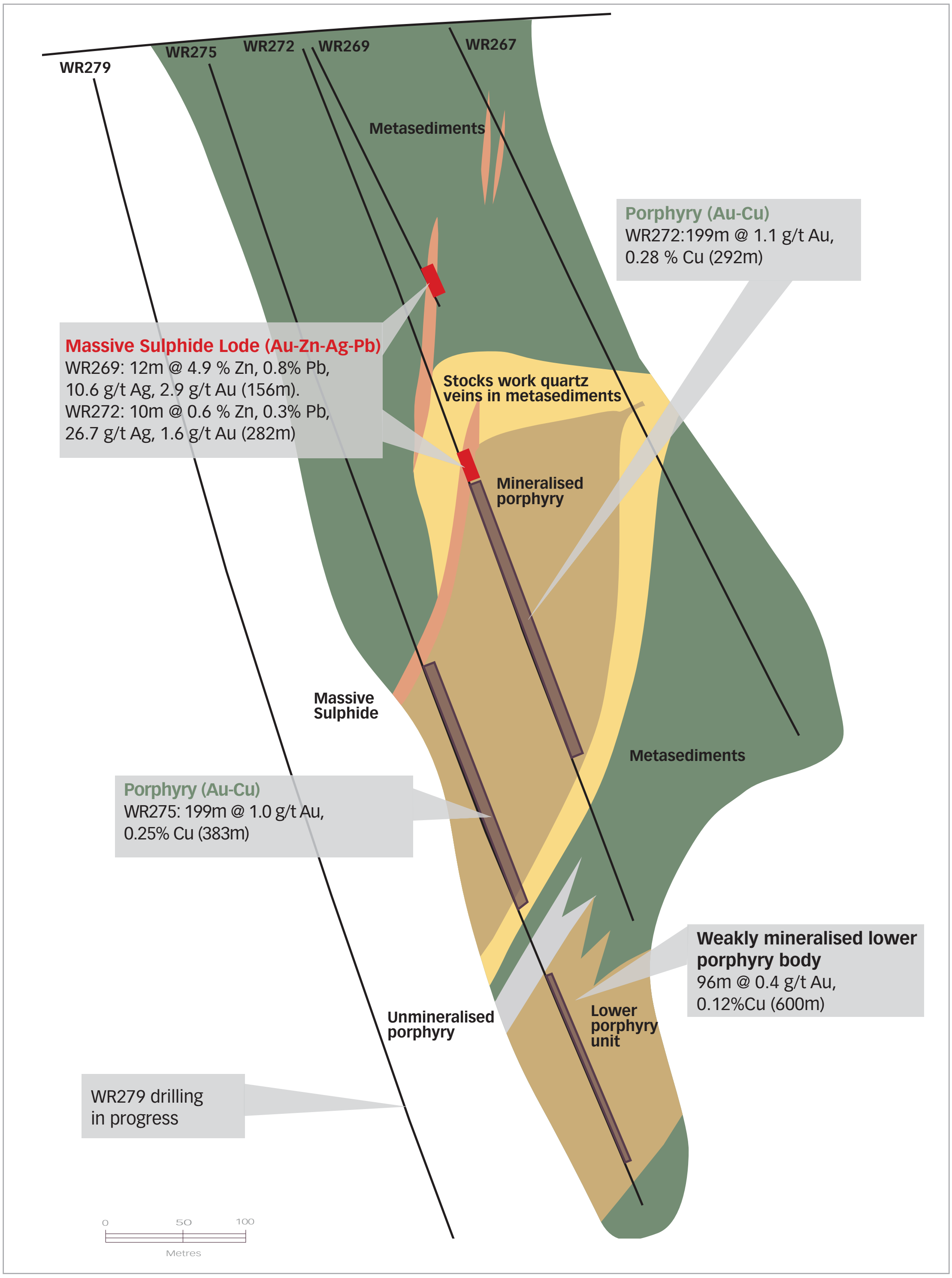
Nambonga North Prospect, Papua New Guinea



Wafi, Papua New Guinea

Nambonga North Prospect, Papua New Guinea

Exploration review (continued)

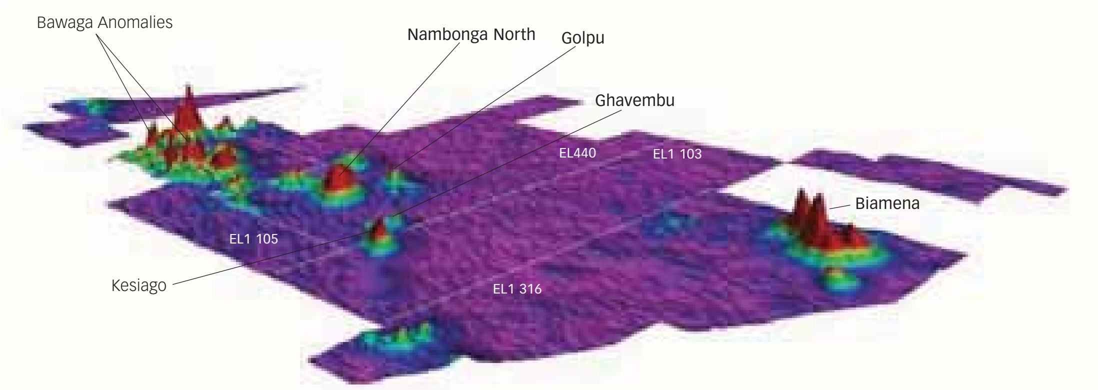


Oblique drill section showing recent intercepts and geology at Nambonga North. Mineralised porphyry remains open to the north and south, off the grid.

Wafi greenfields exploration

Porphyry copper-gold and stand-alone gold targets represent the best potential to crystallise value from the Wafi mining tenement group. Reprocessing of regional magnetics has outlined a number of discrete magnetic targets within a 14km radius of the Wafi-Golpu project. These anomalies all have the potential to deliver major gold or copper-gold systems in areas where there has been little or no previous exploration.

FY08 exploration has focused on the Biamena Prospect. Negotiations to access Ghavembu (on EL440) and Kesiago (EL1103) Prospects were also successful during the year and work programmes including surface trenching, mapping and initial drilling are now underway.



This diagram is an image of the analytic signal of aeromagnetic data with a linear colour stretch. The analytic signal is a filter which tries to force the magnetic peaks to lie directly over the top of the bodies that cause them. The image shows where highly magnetic porphyry and granodiorite bodies have intruded the non-magnetic host rocks of the Owen Stanley Metamorphics. These magnetic targets have had little previous exploration and highlight the prospectivity of the region. Initial exploration comprising mapping, surface sampling and predominantly reconnaissance drilling is planned to test these magnetic targets.

Biamena Prospect

The Biamena prospect is located approximately 12km south-south-east of Wafi and is prospective for epithermal gold and porphyry copper-gold mineralisation.

Work completed during FY07 obtained a number of promising mineralised gold zones from channel sampling of surface trenches. Ridge and spur soil sampling was also completed and outlined a major coincident copper-gold anomaly (open to the south).

Work by Harmony during FY08 included:

- Drilling (2 holes / 749m)
- Surface geophysical surveys including
  – Induced polarisation (IP) survey
  – Electromagnetic (EM) survey
- Reconnaissance geological mapping and rock chip sampling

The work programme has advanced the Biamena prospect from a grassroots magnetic target with anomalous coincident surface geochemistry to a prospect with promising intercepts of ore-grade mineralisation in drill core.

Initial drilling produced a number of significant intercepts including:
BMA002: 24m @ 3.41g/t gold from 177m
Includes: 11m @ 5.38g/t gold from 181m.

This intercept is particularly significant as no previous drilling exists in the area and mineralisation encountered is completely open.

The IP and EM geophysical surveys were designed to outline:

- blind porphyry copper gold-targets at depth (similar to that of Golpu), and
- areas of disseminated sulphide mineralisation and silicification which may be associated with gold mineralisation.

Preliminary results from the 3D inversion of the IP data show a chargeable annulus around a magnetic core. This is consistent with the response expected from a porphyry system. A similar response was recorded at Wafi-Golpu. Data processing and imagery is underway and the geophysical datasets will be integrated with surface geology and geochemistry to highlight targets and guide initial follow-up drilling.

Reconnaissance geological mapping on the lines cut for the geophysical surveys have already outlined several new zones of mineralisation south of the main prospect area. Rock chip sampling obtained high-grade gold, silver and base metal assays up to 88g/t gold, 400g/t silver, 5.8% copper and 2.3% lead. The results more than double the footprint of the anomalous area at Biamena, and highlight the prospectivity of the area for porphyry copper-gold and related epithermal gold mineralisation.

Ghavembu Prospect

The Ghavembu prospect is located 1.5km south of the Wafi-Golpu prospect and is associated with the north-east trending Wafi Transfer. The prospect was initially defined in the 1980s by CRA Exploration (Pty) Ltd with reconnaissance stream sampling. Subsequent

Exploration review (continued)

grid-based soil sampling delineated a porphyry related, multi-element gold-copper-molybdenum anomaly, which is similar in size and tenor to the surface anomaly located over the Golpu deposit. The anomaly is also flanked by several discrete magnetic targets suggesting intrusives at depth.

The footprint of the anomaly, potential size, and proximity to the Wafi-Golpu project combine to rank this prospect as a priority target for follow-up in the first quarter of FY09.

Kesiago

The Kesiago anomaly covers an area of approximately $3km^2$ and is located 2.5km south-west of the Golpu porphyry copper-gold deposit. It is associated with the north-east/south-west trending Wafi transfer structure.

The prospect comprises a magnetic anomaly supported by elevated levels of gold and copper in stream-sediment geochemical results.

Although reconnaissance work including trenching and drilling was planned for the second quarter of 2008, protracted access negotiations delayed the start of the programme. Negotiations to access the ground have now concluded and drill site preparation is currently in progress. Drilling is planned to begin in the first quarter of FY09.

Bawaga

The Bawaga magnetic anomalies lie approximately 5km north of the Wafi-Golpu project and is also highly prospective for epithermal gold and porphyry copper-gold mineralisation. Reprocessed magnetics outline a number of anomalies associated with north-east trending transfer structures in a similar structural setting to that of the Wafi-Golpu system.

Data compilation has highlighted the fact that most of the Bawaga magnetic targets held within EL1105 have had no previous exploration. This represents a major opportunity given the relationships established with the landowner groups during the Wafi prefeasibility studies. Negotiations to access this area are currently under way.

Hidden Valley brownfields exploration

Project generation work was the main focus of the Hidden Valley mining lease exploration programme during FY08. Some 2 824 ridge and spur soil samples, 25 line kilometres of geological mapping and 7 675 rock chip and continuous channel samples were collected from new trenches and exposures associated with new mine infrastructure. Work integrating the geological and geochemical datasets together with detailed helimagnetics is currently being completed to provide a new solid geological interpretation to identify additional targets on the Hidden Valley mining lease.

Results have prioritised Upper Bulolo, Yafo and Big Wau for follow-up work. Both Upper Bulolo and Yafo prospects have good potential for high-grade gold mineralisation to supplement the ore feed from Hidden Valley, and surface trenching and mapping activities at these prospects are under way to outline the full extent of the anomalies to optimise first pass drilling.

Drilling at Salemba was also completed during the year but results have downgraded the prospect.

Hidden Valley greenfields exploration

Exploration in the region around Hidden Valley aims to add value through the discovery of major satellite resources, or to provide a high-grade sweetener to supplement the ore feed for Hidden Valley processing plant. Although the area is highly prospective for bulk-tonnage low-grade deposits similar to Hidden Valley, examples of high-grade deposits in the district include Edie Creek, mined in the 1920s with a historical production of 2.7Mt @ 8.4g/t gold for 730Koz and Wau with a historical production of 2.6Mt @ 6.5g/t gold for 560Koz.

Harmony's exploration work during FY08 was focused on development of the prospect areas surrounding the historical deposit at Kerimenge and understanding mineralisation controls. This included work at the Daulo Prospect.

Kerimenge

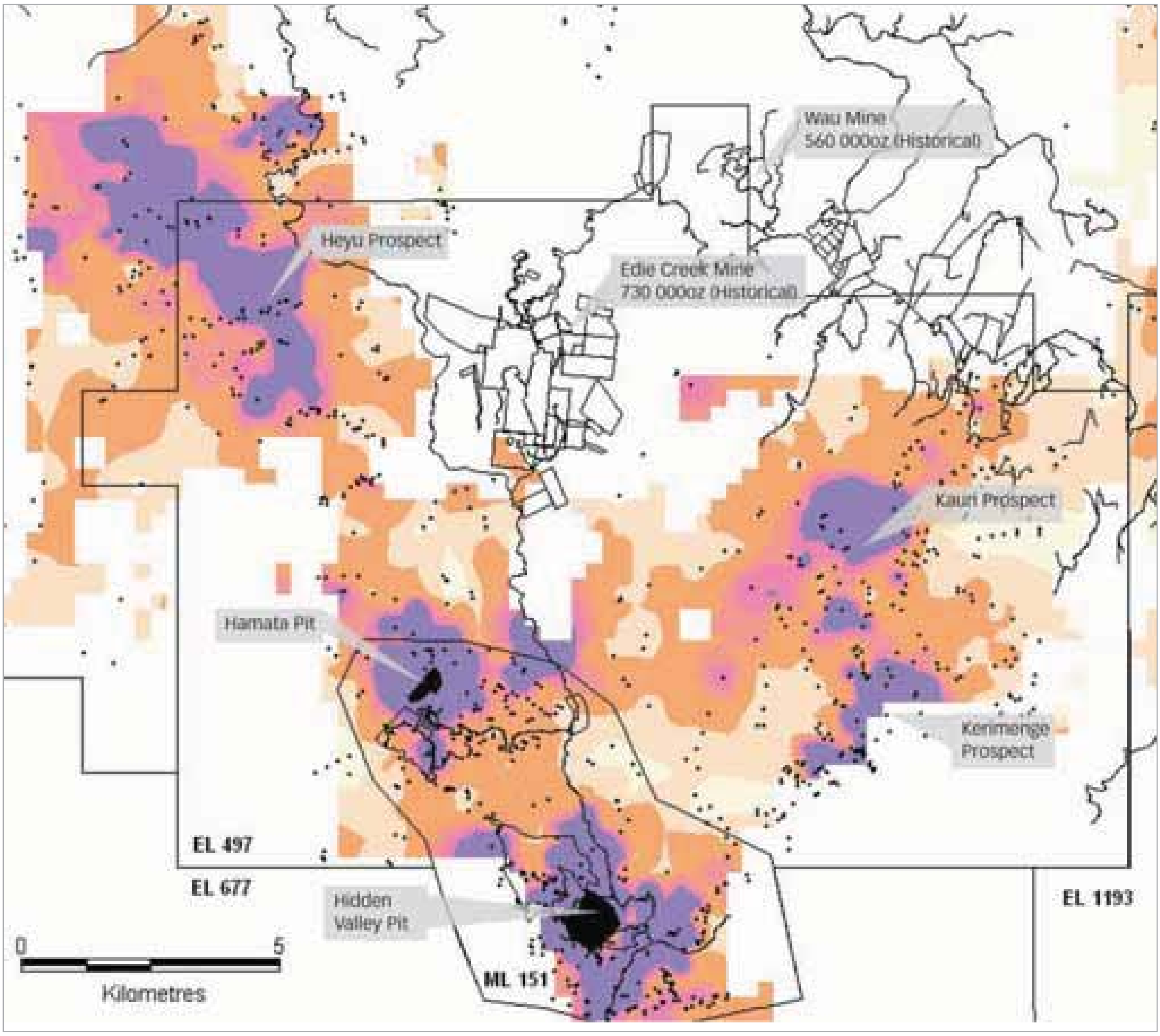
The Kerimenge deposit is located approximately 7km east of the processing plant site currently under construction for the Hidden Valley Project. Historical work has focused on the main mineralised zone at Kerimenge but geometry and grade continuity of mineralisation are poorly understood.

Work during FY08 focused on understanding mineralisation controls by investigating the potential of prospect areas around the deposit. More than four line kilometres of hand dug trenches were completed and mapped, and some 2 036 samples were collected and assayed.

Trenching and mapping activities to the east of the deposit outlined a new zone surface gold mineralisation. The zone was defined over an area over 300m long and up to 30m wide but remains open ended. Results from continuous channel sampling include:

Wafi-Golpu, Papua New Guinea

Hidden Valley, Papua New Guinea



This diagram shows an image compiled from the gold stream sediment geochemistry over the area surrounding the Hidden Valley Project. Purple areas represent the highest order anomalies (98th percentile) and define +0.9 g/t gold anomalies. Clearly deposits at Hamata and Hidden Valley are located central to major anomalies. Importantly, there are a number of high-order anomalies which will be the subject of follow-up exploration work including Heyu, the broader area around Kerimenge, and Kauri. Black points reflect sample locations.

Exploration review (continued)

KTK02: 20m @ 3.4g/t gold; 24m @ 3.2g/t gold; 10m @ 7.07g/t gold
KTK03A: 16m @ 3.2g/t gold; 4m @ 22.5g/t gold; 4m @ 8.23g/t gold
KTK03B: 8m @ 5.7g/t gold; 12m @ 3.88g/t gold

These intercepts are associated with a north-west trending shear zone which has been intruded by porphyry. No previous work has been undertaken in the area and follow-up drill testing is proposed for FY09.

Daulo Prospect

The Daulo prospect is located approximately 1km south-west of the Kerimenge deposit

Historical trench results at the prospect include: 56.8m @ 3.83g/t gold; 27.8m @ 5.76g/t gold. Follow-up drilling was sporadic but included six drill holes (600m) with some significant intercepts including DP01: 12m @ 4.80g/t gold from surface and DP03; 5m @ 5.6g/t gold from 62m (BOH intercept). Mineralisation was associated with sheared and brecciated phyllites of the Owen Stanley Metamorphics.

Work completed by Harmony during FY08 included validation sampling and mapping and some trench work to understand the controls of mineralisation. Continuous channel sampling of trenches returned several significant intercepts including:
DLO1A: 10.8m @ 5.35g/t gold
DLO3A: 45m @ 4.6g/t gold
DLO4B: 23m @ 2.2g/t gold

Mineralisation at Daulo appears fault bounded. Mapping shows the majority of minor structures exposed in the trenches are oriented similar to Edie Creek, dipping 60 to 70 degrees to the south-east.

The work has highlighted good potential for shallow, high-grade, oxide gold mineralisation within a 6km radius of the Hidden Valley plant. A proposal for follow-up drilling to test the size potential of the prospect is under way. A programme of systematic soil sampling, mapping trenching and rock chip sampling, has been designed to tie down mineralised trends, with an allocation for follow-up diamond drill testing in FY09.

Morobe Coast greenfields exploration

The Morobe Coast exploration licence EL1403 encompasses some 1 041km^2 of tenure. The area lies to the south-east of the Morobe goldfield and Harmony believes it presents excellent grassroots exploration potential for high-grade low-sulphidation epithermal mineralisation. With the exception of anomalous gold assays from rock-chip and stream-sediment samples from the Lokaniu volcanics, there has been very little previous exploration on the tenements, and no drill testing has been undertaken on the tenement to date.

Giu Prospect

The Giu Prospect falls approximately 10km south-west of the Morobe township on the east coast of PNG and was the main focus of exploration activities on EL1403. The prospect represents a district-scale anomaly, 20km in diameter with elevated gold rock chip and stream sediment geochemistry. The aim of the work programmes is to identify and develop prospect areas with the potential for stand-alone gold ($\pm$ related metal) orebodies.

Some 400 stream-sediment and rock chip samples were collected during FY08 and several highly anomalous drainage areas were identified where -80 mesh stream-sediment samples returned assays in excess of 0.4g/t gold. This stream-sediment anomaly encompasses an area of over 8km^2.

Mapping and rock chip sampling undertaken in conjunction with the stream-sediment sampling programme has obtained assays of up to 67g/t gold from mineralised coloform-banded infill breccias.

Field work in the form of ridge and spur soil sampling is scheduled for FY09 in order to trace the anomaly to its bedrock source. An airborne magnetic survey is also planned for FY09 to provide additional base data for integration with surface geochemical results and to assist with drill targeting.

Evander, South Africa

Phakisa, South Africa

South Africa

Evander South

In July 2007, a pre-feasibility study was completed on Evander South and a 2.2 million ounce reserve declared. The greater part of the Mineral Resource information was derived from exploration programmes that had been completed in the past by Union Corporation, Gencor and Anglo American. The study noted that considerable opportunity existed to increase the indicated mineral resource by carrying out further drilling.

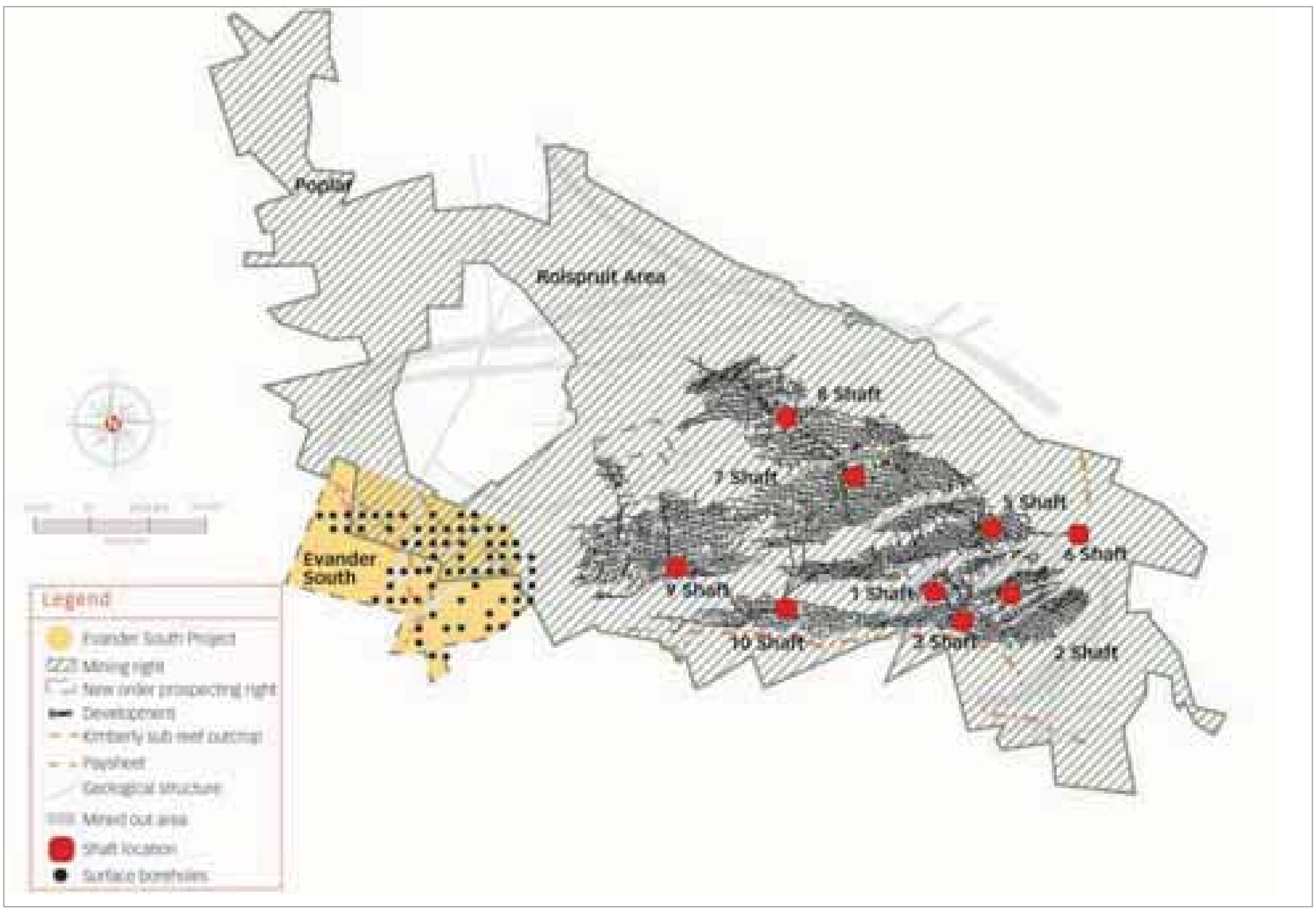
A two-phase drilling programme has been devised that will see approximately 24 000m of drilling being completed. The first phase will target the shallower section of the proposed mine and will take approximately a year to complete. Thereafter, and depending on results from the first phase, the second phase will target the deeper and the outlying areas of the orebody.

In all, 40 holes are planned to be drilled in the two-phase programme which is scheduled to start in FY09.

On completion of the drilling programme, the geological resource will be updated to reflect the results that have been obtained. Due to the expected increase in indicated resource, it is likely that the pre-feasibility will have to be re-visited prior to the project moving forward to feasibility.

Evander operations

Evander South Project



Mineral Resources and Ore Reserves

Target, South Africa

Hidden Valley, Papua New Guinea

Tshepong, South Africa

As of 30 June 2008, Harmony reported Ore Reserves of 50.5 million ounces and Mineral Resources of 256.3 million ounces. The Measured and Indicated Mineral Resources are inclusive of those resources modified to produce the Ore Reserves. Ore Reserves are reported as mill delivered tonnes at the grade delivered to the mill. Of the company's 50.5 million ounces of Ore Reserves, 12.1 million ounces are classified as below infrastructure, i.e. reserves for which capital expenditure has yet to be approved.

We use certain terms in this report such as 'measured', 'indicated' and 'inferred' resources, which the SEC guidelines strictly prohibit US-registered companies from including in their filings with the SEC. US investors are urged to consider closely the disclosure in our Form 20-F.

Commodity prices

A gold price of $750/oz was used for the conversion of Mineral Resources to Ore Reserves at our South African and Papua New Guinea operations. An exchange rate of $/R7.46 for South Africa and A$/$0.80 for Papua New Guinea has been used, resulting in a gold price of R180 000/kg and A$850/oz respectively.

Auditing

The Harmony Mineral Resources and Ore Reserves have been comprehensively audited by a team of internal competent persons that operates independently of the operating units. The internal audit team verifies compliance with the Harmony Code of Resource blocking, valuation, classification, cut-off calculations, development of life of mine plans and SAMREC sheets which support Harmony's Annual Mineral Resource and Ore Reserve statement. This audit process is specifically designed to be aligned with compliance requirements for internationally recognised procedures and standards such as:

- South African Code for Reporting Mineral Resources and Mineral Reserves – SAMREC Code
- Australian Code for Reporting Mineral Resources and Ore Reserves - JORC Code
- Industry Guide 7 of the United States Securities Exchange Commission
- Sarbanes-Oxley requirements

In addition to the internal audits, Harmony made use of independent consultants to verify Resources and Reserves at certain of its operations for the period under review.

Competent person's declaration

Harmony employs an ore reserve manager at each of its operations who takes responsibility for the reporting of the Mineral Resources and Ore Reserves of the mines for which they are responsible.

The competent person responsible for the overall preparation and reporting of the company's Mineral Resources and Ore Reserves in South Africa is Jaco Boshoff (BSc (Hons), MSc (Geology), MBA. Pri.Sci.Nat) who has 13 years' relevant experience, and is registered with the South African Council for Natural Scientific Professions (SACNASP).

The competent person responsible for Papua New Guinea and Australia is Greg Job (BSc, MSc (Min Econ), MAusIMM). Greg has 20 years' experience in mine and resource geology, and is a member of the Australian Institute of Mining and Metallurgy.

Jaco Boshoff

Greg Job

Hidden Valley, Papua New Guinea

Hidden Valley, Papua New Guinea

Edie Creek, Papua New Guinea

Mineral Resources and Ore Reserves (continued)

Summary of Mineral Resources and Ore Reserves

Mineral Resources Statement (Metric)

OPERATIONS	MEASURED RESOURCES			INDICATED RESOURCES			INFERRED RESOURCES			TOTAL RESOURCES		
GOLD **SA Underground**	Tonnes (million)	Grade (g/t)	Gold kg (000)	Tonnes (million)	Grade (g/t))	Gold kg (000)	Tonnes (million)	Grade (g/t)	Gold kg (000)	Tonnes (million)	Grade (g/t)	Gold kg (000)
Elandskraal												
Total	**11.9**	**7.90**	**94**	**34.4**	**9.49**	**327**	**–**	**–**	**–**	**46.4**	**9.08**	**421**
Free State												
Masimong 5	16.0	6.58	105	22.0	5.38	118	140.0	5.27	738	178.0	5.40	961
Virginia Operations	84.0	4.00	336	85.9	3.44	296	192.0	3.29	632	361.9	3.49	1 264
Total	**100.0**	**4.41**	**441**	**107.9**	**3.84**	**414**	**332.1**	**4.13**	**1 370**	**540.0**	**4.12**	**2 225**
Doornkop												
Total	**8.1**	**3.32**	**27**	**8.4**	**3.10**	**26**	**272.7**	**2.27**	**619**	**289.2**	**2.32**	**672**
Evander												
Evander Operations	40.3	6.10	246	22.6	7.26	164	94.5	7.60	718	157.3	7.16	1 127
Evander (below infrastructure)	–	–	–	72.4	8.83	640	73.3	3.42	251	145.7	6.11	890
Total	**40.3**	**6.10**	**246**	**95.0**	**8.46**	**804**	**167.8**	**5.77**	**968**	**303.1**	**6.66**	**2 017**
Target												
Total	**15.6**	**7.87**	**122**	**13.6**	**6.68**	**91**	**6.5**	**6.40**	**41**	**35.6**	**7.15**	**254**
Free Gold												
Bambanani	14.7	10.18	149	5.8	9.33	54	1.6	8.31	13	22.0	9.82	216
Phakisa	0.1	11.25	1	23.3	12.10	282	92.0	5.60	515	115.4	6.91	798
Tshepong	7.7	11.45	88	22.5	11.24	252	19.3	7.55	146	49.5	9.83	486
Joel	5.3	5.48	29	4.1	5.93	24	6.6	7.48	49	16.0	6.42	103
Nyala	4.9	6.58	32	4.0	4.62	19	–	–	–	8.9	5.69	51
Total	**32.6**	**9.19**	**299**	**59.6**	**10.58**	**631**	**119.5**	**6.05**	**723**	**211.7**	**7.81**	**1 654**
Total SA Underground	**208.5**	**5.90**	**1 230**	**318.9**	**7.19**	**2 292**	**898.5**	**4.14**	**3 722**	**1 425.9**	**5.08**	**7 243**
S.A. Surface												
Kalgold	40.6	1.01	41	44.9	1.00	45	32.0	0.98	31	117.5	1.00	117
Free Gold	770.1	0.24	184	94.5	0.38	36	306.3	0.24	74	1 170.9	0.25	293
Total SA Surface	**810.7**	**0.28**	**225**	**139.4**	**0.58**	**81**	**338.3**	**0.31**	**105**	**1 288.3**	**0.32**	**411**
Papua New Guinea [1]												
Hidden Valley and Kaveroi	3.7	2.19	8	32.5	1.89	61	20.8	1.52	32	57.0	1.77	101
Hamata	–	–	–	5.7	2.33	13	0.9	2.54	2	6.5	2.36	15
Wafi	–	–	–	44.6	1.97	88	27.7	1.73	48	72.2	1.88	136
Golpu	–	–	–	61.3	0.63	39	52.8	0.49	26	114.2	0.57	65
Total Papua New Guinea	**3.7**	**2.19**	**8**	**144.0**	**1.40**	**201**	**102.2**	**1.05**	**108**	**249.9**	**1.27**	**317**
GRAND TOTAL	**1 023.0**		**1 463**	**602.3**		**2 573**	**1 338.9**		**3 934**	**2 964.2**		**7 971**

SILVER **Papua New Guinea**	Tonnes (million)	Grade 1 (g/t)	Silver kg (000)	Tonnes (million)	Grade 1 (g/t)	Silver kg (000)	Tonnes (million)	Grade 1 (g/t)	Silver kg (000)	Tonnes (million)	Grade 1 (g/t)	Silver kg (000)
Hidden Valley and Kaveroi	3.7	39.67	149	32.5	33.99	1 103	20.8	27.44	571	57.0	31.97	1 823
Total Papua New Guinea	**3.7**	**39.67**	**149**	**32.5**	**33.99**	**1 103**	**20.8**	**27.44**	**571**	**57.0**	**31.97**	**1 823**

COPPER Papua New Guinea	Tonnes (million)	Grade (%)	Cu t (000)	Tonnes (million)	Grade (%)	Cu t (000)	Tonnes (million)	Grade (%)	Cu t (000)	Tonnes (million)	Grade (%)	Cu t (000)
Golpu	–	–	–	61.3	1.39	853	52.8	0.72	380	114.2	1.08	1 233
Total Papua New Guinea	**–**	**–**	**–**	**61.3**	**1.39**	**853**	**52.8**	**0.72**	**380**	**114.2**	**1.08**	**1 233**

MOLYBDENUM **Papua New Guinea**	Tonnes (million)	Grade (ppm)	Mo t (000)	Tonnes (million)	Grade (ppm)	Mo t (000)	Tonnes (million)	Grade (ppm)	Mo t (000)	Tonnes (million)	Grade (ppm)	Mo t (000)
Golpu	–	–	–	61.3	110.00	7	52.8	157.00	8	114.2	131.75	15
Total Papua New Guinea	**–**	**–**	**–**	**61.3**	**110.00**	**7**	**52.8**	**157.00**	**8**	**114.2**	**131.75**	**15**

URANIUM **SA Surface**	Tonnes (million)	Grade (kg/t)	U_3O_8 t (000)	Tonnes (million)	Grade (kg/t)	U_3O_8 t (000)	Tonnes (million)	Grade (kg/t)	U_3O_8 t (000)	Tonnes (million)	Grade (kg/t)	U_3O_8 t (000)
Free State Region	316.8	0.09	29	24.7	0.10	2	67.5	0.06	4	409.0	0.09	36
Total SA Surface	**316.8**	**0.09**	**29**	**24.7**	**0.10**	**2**	**67.5**	**0.06**	**4**	**409.0**	**0.09**	**36**

1 Represents Harmony's equity portion of 69.9%

NB Rounding of numbers may result in slight computational discrepancies

Note: 1 tonne = 1 000 kg = 2 204 lbs

Mineral Resources Statement (Imperial)

OPERATIONS	MEASURED RESOURCES			INDICATED RESOURCES			INFERRED RESOURCES			TOTAL RESOURCES		
GOLD	Tons	Grade	Gold oz	Tons	Grade	Gold oz	Tons	Grade	Gold oz	Tons	Grade	Gold oz
SA Underground	(million)	(oz/t)	(million)	(million)	(oz/t)	(million)	(million)	(oz/t)	(million)	(million)	(oz/t)	(million)
Elandskraal												
Total	**13.17**	**0.231**	**3.04**	**37.95**	**0.277**	**10.50**	**–**	**–**	**–**	**51.11**	**0.265**	**13.54**
Free State												
Masimong 5	17.64	0.192	3.39	24.25	0.157	3.80	154.37	0.154	23.72	196.26	0.157	30.91
Virginia Operations	92.61	0.117	10.81	94.68	0.100	9.50	211.68	0.096	20.33	398.97	0.102	40.64
Total	**110.25**	**0.129**	**14.19**	**118.93**	**0.112**	**13.30**	**366.05**	**0.120**	**44.04**	**595.23**	**0.120**	**71.54**
Doornkop												
Total	**8.98**	**0.097**	**0.87**	**9.23**	**0.090**	**0.83**	**300.58**	**0.066**	**19.90**	**318.79**	**0.068**	**21.60**
Evander												
Evander Operations	44.40	0.178	7.90	24.91	0.212	5.28	104.14	0.222	23.07	173.45	0.209	36.24
Evander (below infrastructure)	–	–	–	79.83	0.258	20.56	80.82	0.100	8.06	160.65	0.178	28.62
Total	**44.40**	**0.178**	**7.90**	**104.74**	**0.247**	**25.84**	**184.96**	**0.168**	**31.13**	**334.10**	**0.194**	**64.86**
Target												
Total	**17.15**	**0.229**	**3.94**	**14.95**	**0.195**	**2.91**	**7.12**	**0.187**	**1.33**	**39.23**	**0.209**	**8.18**
Free Gold												
Bambanani	16.17	0.297	4.80	6.34	0.272	1.73	1.77	0.242	0.43	24.28	0.286	6.96
Phakisa	0.10	0.329	0.03	25.69	0.353	9.07	101.41	0.163	16.55	127.20	0.202	25.65
Tshepong	8.50	0.334	2.84	24.75	0.328	8.12	21.27	0.220	4.68	54.53	0.287	15.64
Joel	5.81	0.160	0.93	4.50	0.173	0.78	7.29	0.218	1.59	17.60	0.187	3.30
Nyala	5.35	0.192	1.03	4.46	0.135	0.60	–	–	–	9.81	0.166	1.63
Total	**35.93**	**0.268**	**9.63**	**65.74**	**0.309**	**20.29**	**131.75**	**0.176**	**23.25**	**233.42**	**0.228**	**53.17**
Total S.A. Underground	**229.88**	**0.172**	**39.56**	**351.54**	**0.210**	**73.68**	**990.46**	**0.121**	**119.65**	**1 571.87**	**0.148**	**232.88**
S.A. Surface												
Kalgold	44.76	0.029	1.31	49.45	0.029	1.45	35.26	0.029	1.01	129.48	0.029	3.77
Free Gold	848.92	0.007	5.92	104.18	0.011	1.15	337.61	0.007	2.37	1 290.70	0.007	9.44
Total S.A. Surface	**893.68**	**0.008**	**7.23**	**153.63**	**0.017**	**2.60**	**372.87**	**0.009**	**3.38**	**1 420.18**	**0.009**	**13.21**
Papua New Guinea [1]												
Hidden Valley and Kaveroi	4.13	0.064	0.26	35.79	0.055	1.97	22.93	0.044	1.02	62.84	0.052	3.25
Hamata	–	–	–	6.24	0.068	0.42	0.97	0.074	0.07	7.21	0.069	0.50
Wafi	–	–	–	49.15	0.057	2.82	30.48	0.050	1.54	79.63	0.055	4.36
Golpu	–	–	–	67.60	0.018	1.24	58.24	0.014	0.83	125.84	0.016	2.07
Total Papua New Guinea	**4.13**	**0.064**	**0.26**	**158.78**	**0.041**	**6.46**	**112.62**	**0.031**	**3.46**	**275.53**	**0.037**	**10.19**
GRAND TOTAL	**1 127.68**		**47.05**	**663.94**		**82.74**	**1 475.95**		**126.49**	**3 267.58**		**256.28**

SILVER	Tons	Grade	[1] Silver oz	Tons	Grade	[1] Silver oz	Tons	Grade	[1] Silver oz	Tons	Grade	[1] Silver oz
Papua New Guinea	(million)	(oz/t)	(million)	(million)	(oz/t)	(million)	(million)	(oz/t)	(million)	(million)	(oz/t)	(million)
Hidden Valley and Kaveroi	4.13	1.157	4.78	35.79	0.991	35.48	22.93	0.800	18.35	62.84	0.933	58.60
Total Papua New Guinea	**4.13**	**1.157**	**4.78**	**35.79**	**0.991**	**35.48**	**22.93**	**0.800**	**18.35**	**62.84**	**0.933**	**58.60**

COPPER	Tons	Grade	Cu lbs	Tons	Grade	Cu lbs	Tons	Grade	Cu lbs	Tons	Grade	Cu lbs
Papua New Guinea	(million)	(%)	(million)	(million)	(%)	(million)	(million)	(%)	(million)	(million)	(%)	(million)
Golpu	–	–	–	67.61	1.261	1 879.00	58.24	0.653	838.44	125.86	0.980	2 717.45
Total Papua New Guinea	**–**	**–**	**–**	**67.61**	**1.261**	**1 879.00**	**58.24**	**0.653**	**838.44**	**125.86**	**0.980**	**2 717.45**

MOLYBDENUM	Tons	Grade	Mo lbs	Tons	Grade	Mo lbs	Tons	Grade	Mo lbs	Tons	Grade	Mo lbs
Papua New Guinea	(million)	(lbs/t)	(million)	(million)	(lbs/t)	(million)	(million)	(lbs/t)	(million)	(million)	(lbs/t)	(million)
Golpu	–	–	–	67.61	0.220	14.87	58.24	0.314	18.28	125.86	0.263	33.15
Total Papua New Guinea	**–**	**–**	**–**	**67.61**	**0.220**	**14.87**	**58.24**	**0.314**	**18.28**	**125.86**	**0.263**	**33.15**

URANIUM	Tons	Grade	U_3O_8 lbs	Tons	Grade	U_3O_8 lbs	Tons	Grade	U_3O_8 lbs	Tons	Grade	U_3O_8 lbs
SA Surface	(million)	(lbs/t)	(million)	(million)	(lbs/t)	(million)	(million)	(lbs/t)	(million)	(million)	(lbs/t)	(million)
Free State Region	349.26	0.185	64.76	27.23	0.199	5.43	74.41	0.122	9.05	450.90	0.176	79.23
Total SA Surface	**349.26**	**0.185**	**64.76**	**27.23**	**0.199**	**5.43**	**74.41**	**0.122**	**9.05**	**450.90**	**0.176**	**79.23**

1 Represents Harmony's equity portion of 69.9%

NB Rounding of numbers may result in slight computational discrepancies

Note: 1 ton = 907 kg = 2 000 lbs

Mineral Resources and Ore Reserves (continued)

Ore Reserves Statement (Metric)

Gold

OPERATIONS	PROVEN RESERVES			PROBABLE RESERVES			TOTAL RESERVES		
SA Underground	Tonnes (million)	Grade (g/t)	[1] Gold kg (000)	Tonnes (million)	Grade (g/t)	[1] Gold kg (000)	Tonnes (million)	Grade (g/t)	[1] Gold kg (000)
Elandskraal									
Total	**4.4**	**6.37**	**28**	**35.9**	**6.70**	**240**	**40.3**	**6.66**	**268**
Free State									
Masimong 5	3.6	5.03	18	1.0	5.30	5	4.6	5.08	23
Virginia Operations	5.4	4.34	23	2.4	4.93	12	7.8	4.52	35
Total	**9.0**	**4.62**	**42**	**3.4**	**5.04**	**17**	**12.4**	**4.73**	**59**
Doornkop									
Total	**0.3**	**3.98**	**1**	**1.0**	**4.27**	**4**	**1.3**	**4.20**	**6**
Evander									
Evander Operations	2.8	6.91	19	7.4	5.57	41	10.2	5.94	60
Evander (below infrastructure)	–	–	–	51.9	7.31	380	51.9	7.31	380
Total	**2.8**	**6.91**	**19**	**59.3**	**7.10**	**421**	**62.1**	**7.09**	**440**
Target									
Total	**8.4**	**7.32**	**61**	**11.5**	**6.15**	**71**	**19.9**	**6.64**	**132**
Free Gold									
Bambanani	2.9	9.71	28	1.0	9.20	9	3.8	9.58	37
Phakisa	0.1	7.31	1	19.8	8.32	165	19.9	8.31	166
Tshepong	6.0	6.07	37	17.5	6.02	106	23.6	6.03	142
Joel	0.7	4.88	4	1.9	5.10	10	2.7	5.04	13
Nyala	0.1	3.44	0	–	–	–	0.1	3.44	0
Total	**9.8**	**7.03**	**69**	**40.3**	**7.19**	**290**	**50.1**	**7.15**	**358**
Total SA Underground	**34.7**	**6.35**	**220**	**151.4**	**6.89**	**1 043**	**186.1**	**6.79**	**1 263**
S.A. Surface									
Kalgold	11.3	0.90	10	1.6	1.27	2	12.9	0.95	12
Free Gold	728.6	0.24	177	70.2	0.35	25	798.8	0.25	201
Total SA Surface	**739.9**	**0.25**	**187**	**71.8**	**0.37**	**27**	**811.7**	**0.26**	**213**
Papua New Guinea [2]									
Hidden Valley and Kaveroi	3.3	2.29	8	22.2	2.04	45	25.5	2.07	53
Hamata	–	–	–	3.9	2.55	10	3.9	2.55	10
Golpu	–	–	–	49.6	0.61	30	49.6	0.61	30
Total Papua New Guinea	**3.3**	**2.29**	**8**	**75.7**	**1.13**	**86**	**79.0**	**1.18**	**93**
GRAND TOTAL	**777.9**		**414**	**298.9**		**1 155**	**1 076.8**		**1 570**

SILVER **Papua New Guinea**	Tonnes (million)	Grade (g/t)	[1] Silver kg (000)	Tonnes (million)	Grade (g/t)	[1] Silver kg (000)	Tonnes (million)	Grade (g/t)	[1] Silver kg (000)
Hidden Valley and Kaveroi	3.3	41.04	136	22.2	36.94	820	25.5	37.47	955
Total Papua New Guinea	**3.3**	**41.04**	**136**	**22.2**	**36.94**	**820**	**25.5**	**37.47**	**955**

COPPER **Papua New Guinea**	Tonnes (million)	Grade (%)	Cu t (000)	Tonnes (million)	Grade (%)	Cu t (000)	Tonnes (million)	Grade (%)	Cu t (000)
Golpu	–	–	–	49.6	1.13	560	49.6	1.13	560
Total Papua New Guinea	**–**	**–**	**–**	**49.6**	**1.13**	**560**	**49.6**	**1.13**	**560**

MOLYBDENUM **Papua New Guinea**	Tonnes (million)	Grade (ppm)	Mo t (000)	Tonnes (million)	Grade (ppm)	Mo t (000)	Tonnes (million)	Grade (ppm)	Mo t (000)
Golpu	–	–	–	49.6	121.00	6	49.6	121.00	6
Total Papua New Guinea	**–**	**–**	**–**	**49.6**	**121.00**	**6**	**49.6**	**121.00**	**6**

1. Metal figures are fully inclusive of all mining dilutions and gold losses, and are reported as mill delivered tonnes and head grades. Metallurgical recovery factors have not been applied to the reserve figures.
2. Represents Harmony's equity portion of 69.9%

NB Rounding of numbers may result in slight computational discrepancies

Note: 1 tonne = 1 000 kg = 2 204 lbs

Ore Reserves Statement (Imperial)

Gold

OPERATIONS	PROVEN RESERVES			PROBABLE RESERVES			TOTAL RESERVES		
SA Underground	Tons (million)	Grade (oz/t)	[1] Gold oz (million)	Tons (million)	Grade (oz/t)	[1] Gold oz (million)	Tons (million)	[1] Grade (oz/t)	Gold oz (million)
Elandskraal									
Total	**4.83**	**0.186**	**0.90**	**39.56**	**0.195**	**7.73**	**44.39**	**0.194**	**8.63**
Free State									
Masimong 5	4.01	0.147	0.59	1.09	0.155	0.17	5.09	0.148	0.76
Virginia Operations	5.92	0.127	0.75	2.63	0.144	0.38	8.54	0.132	1.13
Total	**9.92**	**0.135**	**1.34**	**3.71**	**0.147**	**0.55**	**13.64**	**0.138**	**1.88**
Doornkop									
Total	**0.37**	**0.118**	**0.04**	**1.11**	**0.124**	**0.14**	**1.48**	**0.123**	**0.18**
Evander									
Evander Operations	3.08	0.202	0.62	8.12	0.163	1.32	11.20	0.173	1.94
Evander (below infrastructure)	–	–	–	57.24	0.213	12.21	57.24	0.213	12.21
Total	**3.08**	**0.202**	**0.62**	**65.36**	**0.207**	**13.53**	**68.45**	**0.207**	**14.15**
Target									
Total	**9.22**	**0.214**	**1.97**	**12.72**	**0.179**	**2.28**	**21.94**	**0.194**	**4.25**
Free Gold									
Bambanani	3.15	0.283	0.89	1.09	0.268	0.29	4.24	0.279	1.18
Phakisa	0.10	0.217	0.02	21.87	0.243	5.30	21.97	0.242	5.33
Tshepong	6.64	0.177	1.18	19.32	0.176	3.39	25.96	0.176	4.57
Joel	0.81	0.143	0.12	2.14	0.149	0.32	2.95	0.147	0.43
Nyala	0.09	0.105	0.01	–	–	–	0.09	0.105	0.01
Total	**10.78**	**0.205**	**2.21**	**44.42**	**0.210**	**9.31**	**55.21**	**0.209**	**11.52**
Total SA Underground	**38.21**	**0.185**	**7.08**	**166.90**	**0.201**	**33.54**	**205.11**	**0.198**	**40.62**
S.A. Surface									
Kalgold	12.46	0.026	0.33	1.79	0.037	0.07	14.25	0.028	0.39
Free Gold	803.16	0.007	5.68	77.39	0.010	0.80	880.55	0.007	6.47
Total SA Surface	**815.62**	**0.007**	**6.00**	**79.18**	**0.011**	**0.86**	**894.80**	**0.008**	**6.86**
Papua New Guinea [2]									
Hidden Valley and Kaveroi	3.64	0.067	0.24	24.46	0.059	1.46	28.10	0.060	1.70
Hamata	–	–	–	4.33	0.074	0.32	4.33	0.074	0.32
Golpu	–	–	–	54.63	0.018	0.97	54.63	0.018	0.97
Total Papua New Guinea	**3.64**	**0.067**	**0.24**	**83.42**	**0.033**	**2.75**	**87.06**	**0.034**	**2.99**
GRAND TOTAL	**857.48**		**13.33**	**329.50**		**37.15**	**1 186.97**		**50.47**

SILVER	Tons	Grade	[1] Silver oz	Tons	Grade	[1] Silver oz	Tons	Grade	[1] Silver oz
Papua New Guinea	(million)	(oz/t)	(million)	(million)	(oz/t)	(million)	(million)	(oz/t)	(million)
Hidden Valley and Kaveroi	3.64	1.197	4.36	24.46	1.077	26.35	28.10	1.093	30.71
Total Papua New Guinea	**3.64**	**1.197**	**4.36**	**24.46**	**1.077**	**26.35**	**28.10**	**1.093**	**30.71**

COPPER	Tons	Grade	Cu lbs	Tons	Grade	Cu lbs	Tons	Grade	Cu lbs
Papua New Guinea	(million)	(%)	(million)	(million)	(%)	(million)	(million)	(%)	(million)
Golpu	–	–	–	54.63	1.025	1 234.00	54.63	1.025	1 234.00
Total Papua New Guinea	**–**	**–**	**–**	**54.63**	**1.025**	**1 234.00**	**54.63**	**1.025**	**1 234.00**

MOLYBDENUM	Tons	Grade	Mo lbs	Tons	Grade	Mo lbs	Tons	Grade	Mo lbs
Papua New Guinea	(million)	(lbs/t)	(million)	(million)	(lbs/t)	(million)	(million)	(lbs/t)	(million)
Golpu	–	–	–	54.63	0.238	13.00	54.63	0.238	13.00
Total Papua New Guinea	**–**	**–**	**–**	**54.63**	**0.238**	**13.00**	**54.63**	**0.238**	**13.00**

1. Metal figures are fully inclusive of all mining dilutions and gold losses, and are reported as mill delivered tonnes and head grades. Metallurgical recovery factors have not been applied to the reserve figures.
2. Represents Harmony's equity portion of 69.9%

NB Rounding of numbers may result in slight computational discrepancies

Note: 1 ton = 907 kg = 2 000 lbs

Mineral Resources and Ore Reserves (continued)

Relationship between Harmony's Mineral Resources and Ore Reserves according to the SAMREC Code

Underground and open pits

Increasing level of geoscientific knowledge and confidence

Mineral Resources (total)

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
1 648	4.12	6 787.4	218 220

Reported as in situ mineralisation estimates

Ore Reserves (total)

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
226.0	4.37	988.8	31 790

Reported as mineable production estimates

Inferred

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
959	3.76	3 609.9	116 063

Indicated

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
435	4.36	1 898.0	61 023

Probable

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
176.8	4.25	750.8	24 138

Measured

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
253	5.06	1 279.4	41 134

Proven

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
49.3	4.83	237.9	7 652

Consideration of mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors).

Surface stockpiles

Increasing level of geoscientific knowledge and confidence

Mineral Resources (total)

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
1 171	0.25	293.5	9 436

Reported as in situ mineralisation estimates

Ore Reserves (total)

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
798.8	0.25	201.2	6 470

Reported as mineable production estimates

Inferred

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
306	0.24	73.7	2 370

Indicated

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
95	0.38	35.8	1 151

Probable

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
70	0.35	24.7	795

Measured

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
770	0.24	184.0	5 915

Proven

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
729	0.24	176.5	5 675

Consideration of mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors).

Elandsrand, South Africa

Doornkop, South Africa

Projects (below infrastructure)

Mineral Resources (total)

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
146	6.11	890.2	28 620

Reported as in situ mineralisation estimates

Ore Reserves (total)

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
52	7.31	379.9	12 212

Reported as mineable production estimates

Increasing level of geoscientific knowledge and confidence

Inferred

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
73	3.42	250.6	8 056

Indicated

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
72	8.83	639.6	20 564

Probable

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
52	7.31	379.9	12 212

Measured

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
–	–	–	–

Proven

Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
–	–	–	–

Consideration of mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors).

Mineral Resources and Ore Reserves (continued)

Reconciliation FY07/FY08

Mineral Resources

The Mineral Resources shows a year-on-year negative variance of 25 million ounces mainly as a result of corporate activity and classifying operations as discontinued. The Resources of the discontinued operations total 32.6 million ounces.

Ore Reserves

There is a year-on-year negative variance of 3.2 million ounces. Corporate activity and discontinued operations contributed to a significant portion of this variance. Table 1 shows more detail of the year on year reserve variance.

As indicated in the table below, Harmony's Ore Reserves as at 30 June 2008 reflect a year-on-year depletion of 1.9 million ounces. Corporate activity, discontinued operations, the restructuring of certain shafts and geological-related changes account for a further decrease of 5.7 million ounces of Reserves. On the positive side there was a net addition of 4.4 million ounces of Reserves from surface stockpiles.

Witwatersrand Basin, South Africa

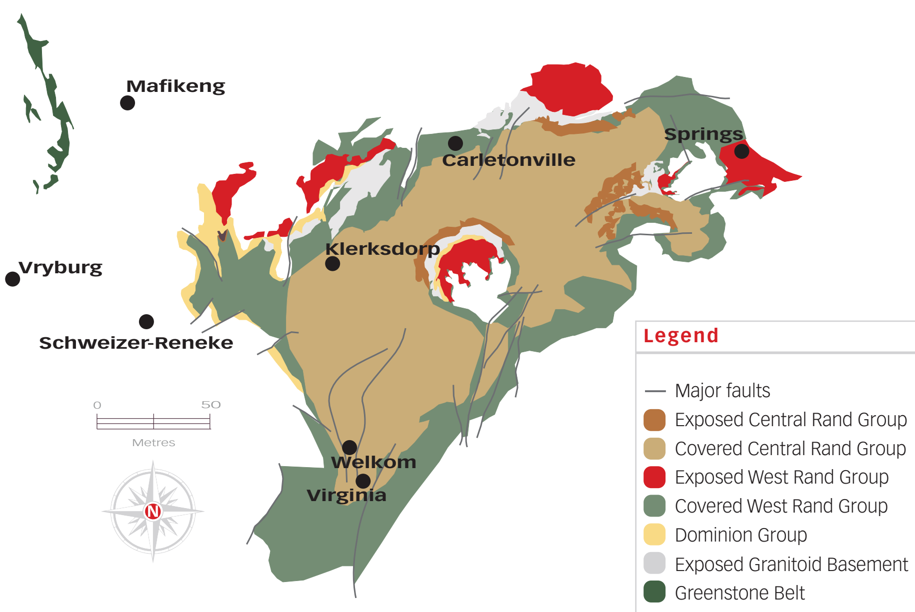
The Witwatersrand Basin, situated on the Kaapvaal Craton, has been filled by a 6-kilometre thick succession of sedimentary rocks, which extends laterally for hundreds of kilometres. Most of the Ore Resource tends to be concentrated in reef bands located on one or two distinct unconformities. A minority of the Resources is located on other unconformities. Mining that has taken place is mostly deep-level underground mining, exploiting the narrow, generally shallow dipping tabular reefs.

Mineral Resources and Ore Reserves Statement per region

The tables in this section report the company's Mineral Resources and Ore Reserves per operation as at 30 June 2008.

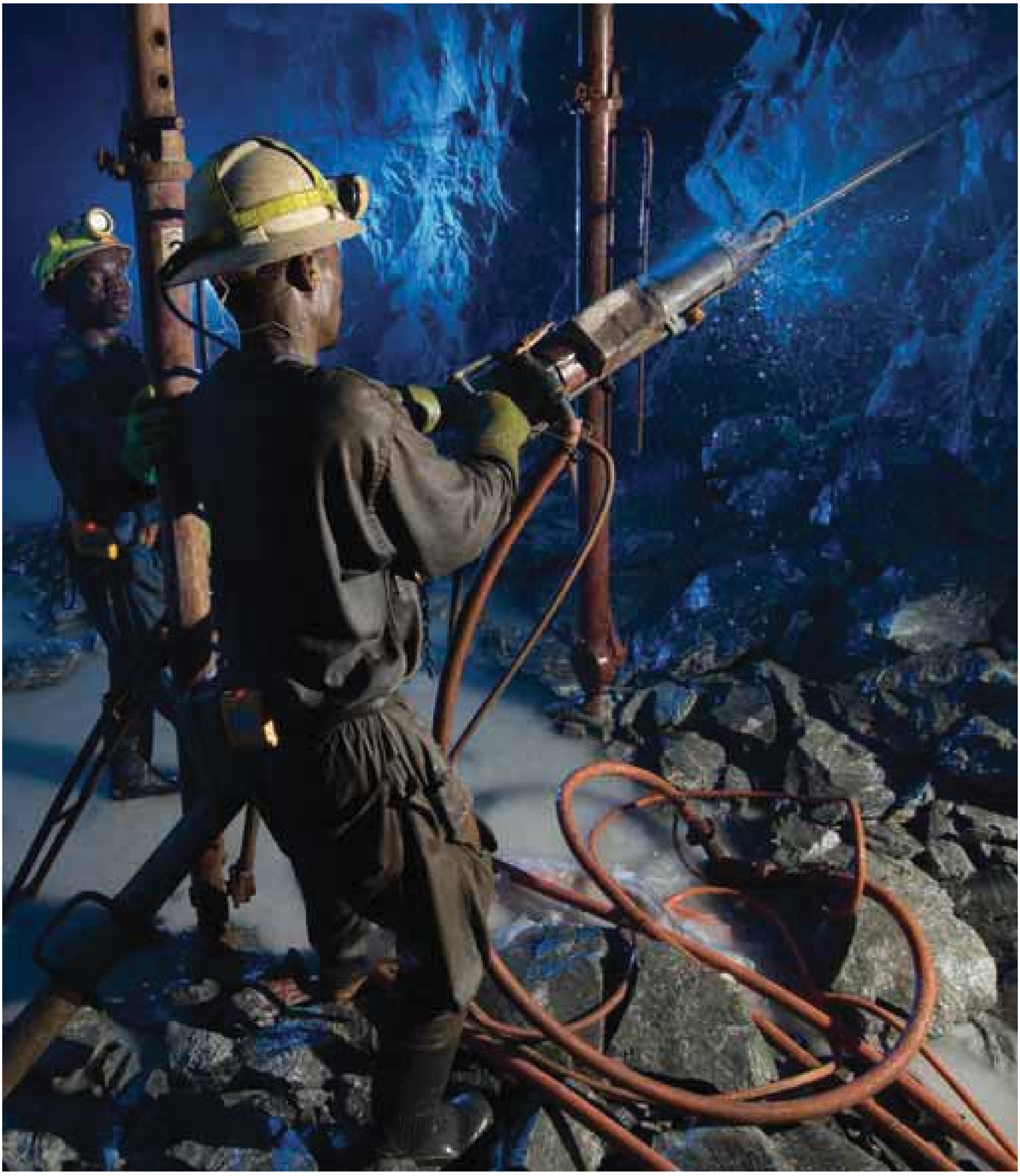
Table 1 Ore Reserve reconciliation: FY07 to FY08

		Gold (tonnes)	Gold (Moz)
	Balance at June 2007	1 666	53.7
Reductions	Mined during FY08	(62)	(1.9)
	Corporate activity and discontinued operations	(93)	(3.0)
	Restructuring	(28)	(0.9)
	Other adjustments	(53)	(1.8)
	Total	1430	46.1
Additions	Free State Surface Sources	140	4.4
	Balance at June 2008	**1 570**	**50.5**



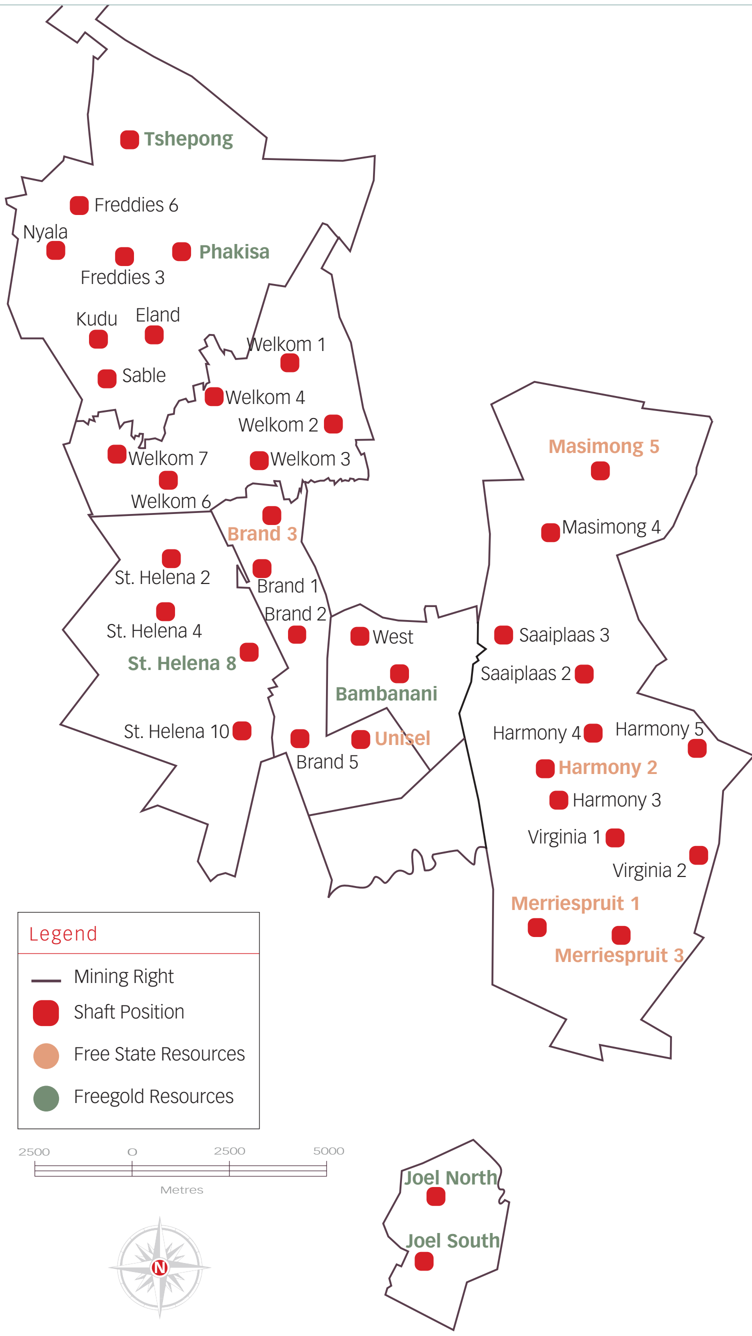

Wafi-Golpu, Papua New Guinea


Hidden Valley, Papua New Guinea


Underground Phakisa, South Africa

Mineral Resources and Ore Reserves (continued)

Free State and Freegold operations



Free State – Masimong and Virginia operations

Geology: These operations, which originally exploited the Basal Reef, are also mining secondary reefs, most notably the Leader Reef (15-20m above the Basal Reef), the B Reef (100m above the Basal Reef) and the A Reef (40m above the B Reef). Harmony 2 is continuing to mine high grade Basal Reef pillars, as well as Leader Reef, but the majority of its production comes from the A Reef. The A Reef is highly channelised and mining is confined to these distinct channels. Dips are shallow towards the east, becoming steeper approaching the De Bron Fault in the west. Merriespruit 1 and 3 are exploiting the Basal and Leader reefs, as well as locally developed high grade Middle Reef pockets. Dips tend to be at 20° to the north with very little structure apart from the De Bron Fault in the west. At Unisel, the Basal, Middle and Leader Reefs are mined, with reefs dipping 30° to the east. The structure is complex due to a number of north-south trending faults as well as sills close to the Basal Reef. Brand 1/3 is mining Basal pillars together with the A Reef. The structure is dominated by north-south trending faults, often with lateral shift. Brand 2 and 5, currently on care and maintenance, have mined mostly Basal and Leader Reefs.

Mineral Resources

	MEASURED				INDICATED				INFERRED				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground																
Harmony 2	26.9	3.12	83.9	2 698	39.4	2.97	117.1	3 765	43.7	2.78	121.8	3 915	110.0	2.93	322.8	10 378
Merriespruit 1	17.9	4.18	74.9	2 408	12.7	3.13	39.9	1 283	8.3	3.03	25.2	809	39.0	3.59	140.0	4 500
Merriespruit 3	22.5	3.96	89.1	2 864	9.3	3.66	34.1	1 096	20.1	3.83	76.9	2 473	51.9	3.86	200.1	6 433
Unisel	11.7	4.44	52.1	1 674	18.5	3.74	69.3	2 230	98.8	3.21	317.5	10 208	129.0	3.40	438.9	14 112
Brand 3	5.0	7.18	36.2	1 163	5.9	5.96	35.0	1 127	21.1	4.31	90.9	2 922	32.0	5.06	162.1	5 212
Masimong 5	16.0	6.58	105.3	3 386	22.0	5.38	118.3	3 803	140.0	5.27	737.7	23 717	178.0	5.40	961.3	30 906
GRAND TOTAL	**100.0**	**4.41**	**441.5**	**14 193**	**107.9**	**3.84**	**413.8**	**13 304**	**332.1**	**4.13**	**1 369.9**	**44 044**	**540.0**	**4.12**	**2 225.2**	**71 541**

Modifying factors

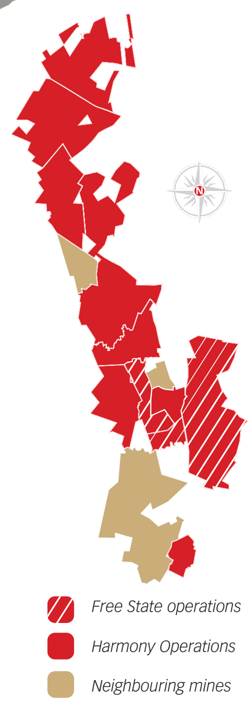
Shaft	(R/kg)	MCF (%)	SW (cm)	MW (cm)	PRF (%)
Harmony 2	180 000	68	151	171	95.1
Merriespruit 1	180 000	65	160	192	95.0
Merriespruit 3	180 000	65	203	234	95.2
Unisel	180 000	82	165	179	92.7
Brand 3	180 000	95	175	214	94.6
Masimong 5	180 000	62	133	148	95.8

MCF = Mine call factor *MW = Milling width* *SW = Stoping width*

PRF = Plant recovery factor

Ore Reserves

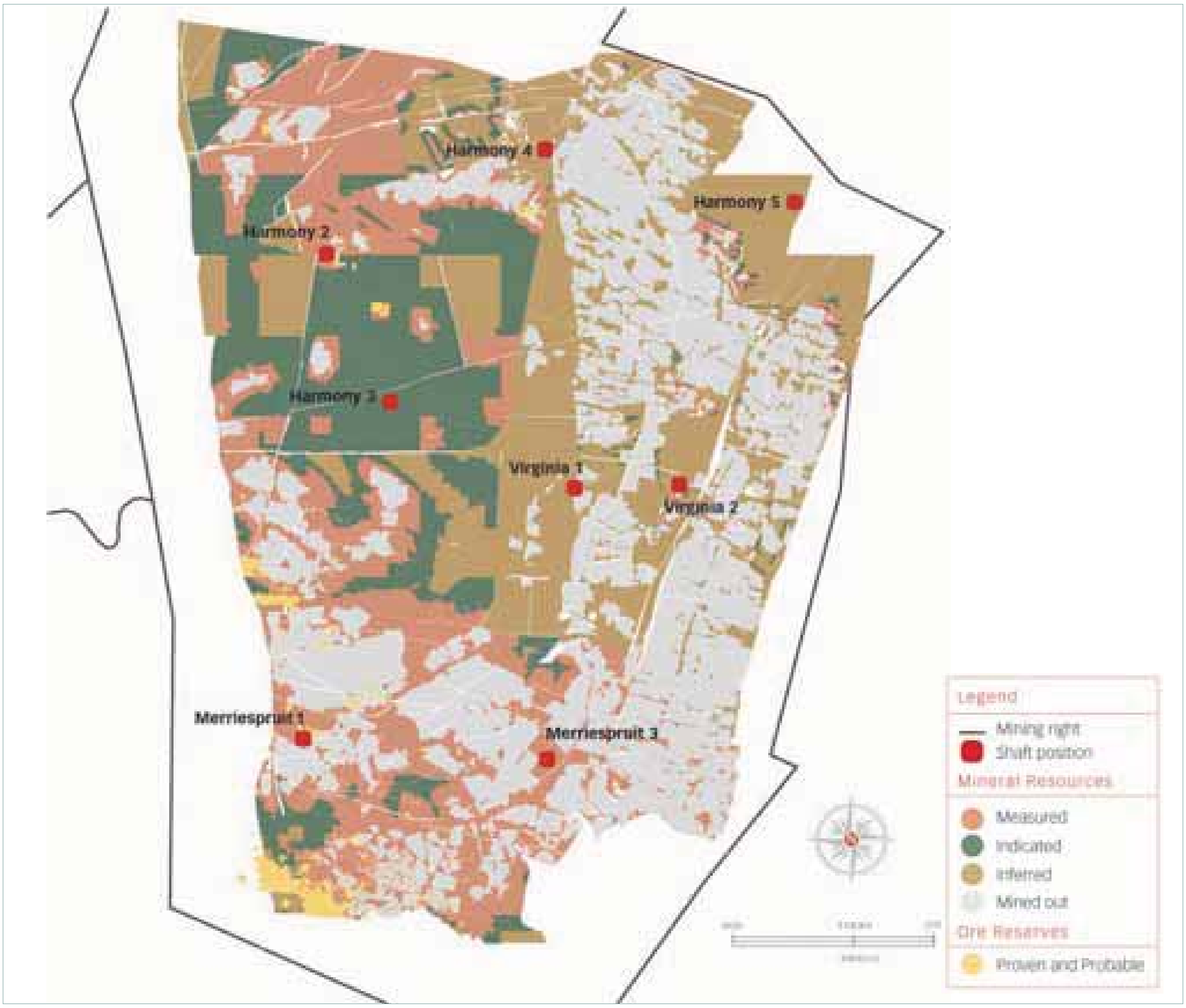
	PROVEN				PROBABLE				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground												
Harmony 2	0.6	3.67	2.3	75	0.2	3.55	0.9	28	0.9	3.63	3.2	103
Merriespruit 1	1.4	4.09	5.7	184	0.2	4.00	1.0	31	1.6	4.08	6.7	215
Merriespruit 3	1.0	3.48	3.4	109	0.2	3.25	0.5	16	1.1	3.44	3.9	125
Unisel	1.8	5.38	9.6	309	1.6	5.44	8.5	272	3.3	5.41	18.1	581
Brand 3	0.6	3.94	2.2	72	0.2	5.14	0.9	30	0.8	4.23	3.2	102
Masimong 5	3.6	5.03	18.3	587	1.0	5.30	5.2	168	4.6	5.08	23.5	755
GRAND TOTAL	**9.0**	**4.62**	**41.6**	**1 336**	**3.4**	**5.04**	**17.0**	**545**	**12.4**	**4.73**	**58.5**	**1 881**



Mineral Resources and Ore Reserves (continued)

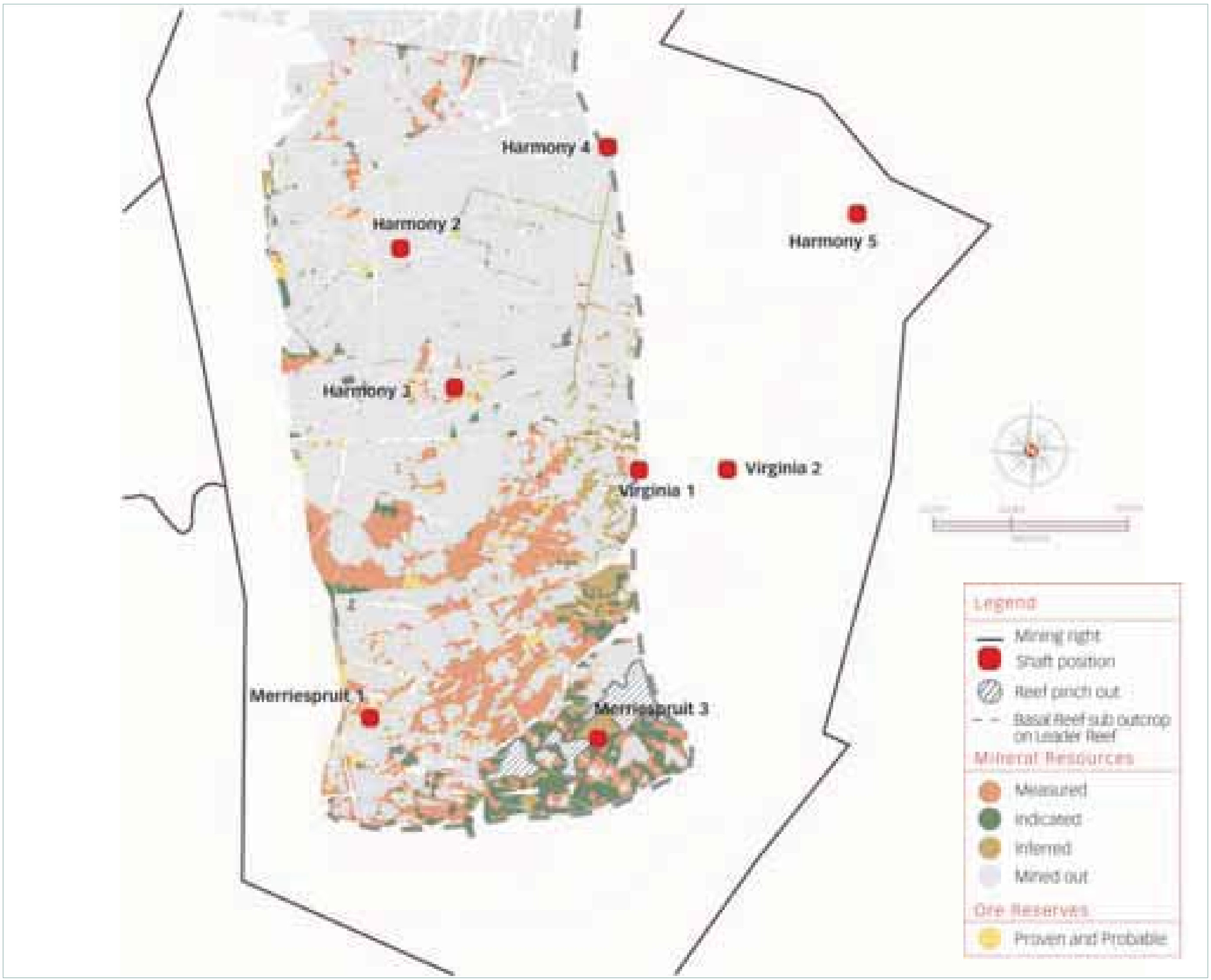
Free State Shafts

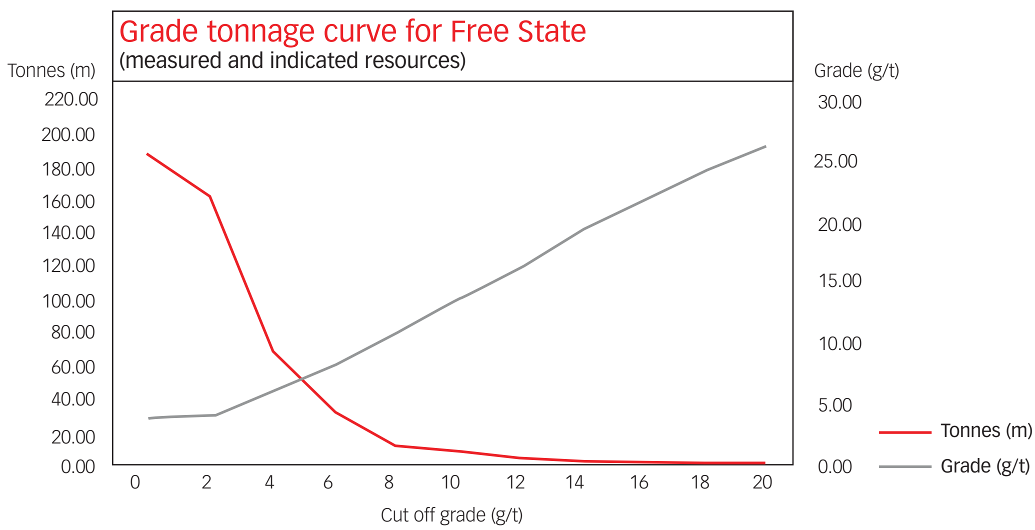
Leader Reef



Target, South Africa

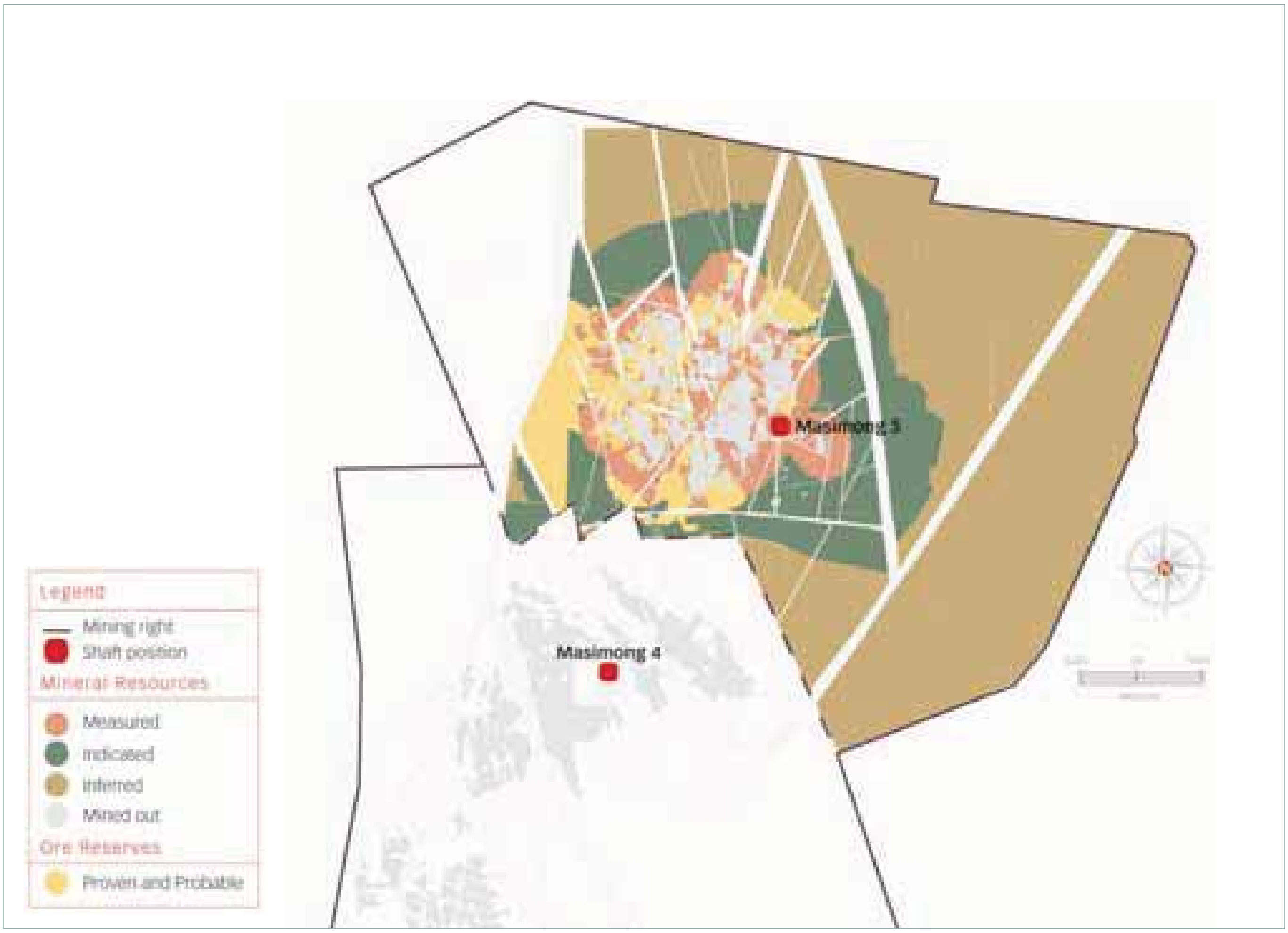
Free State: Merriespruit 1, 3 and Harmony 2 Shafts
Basal Reef





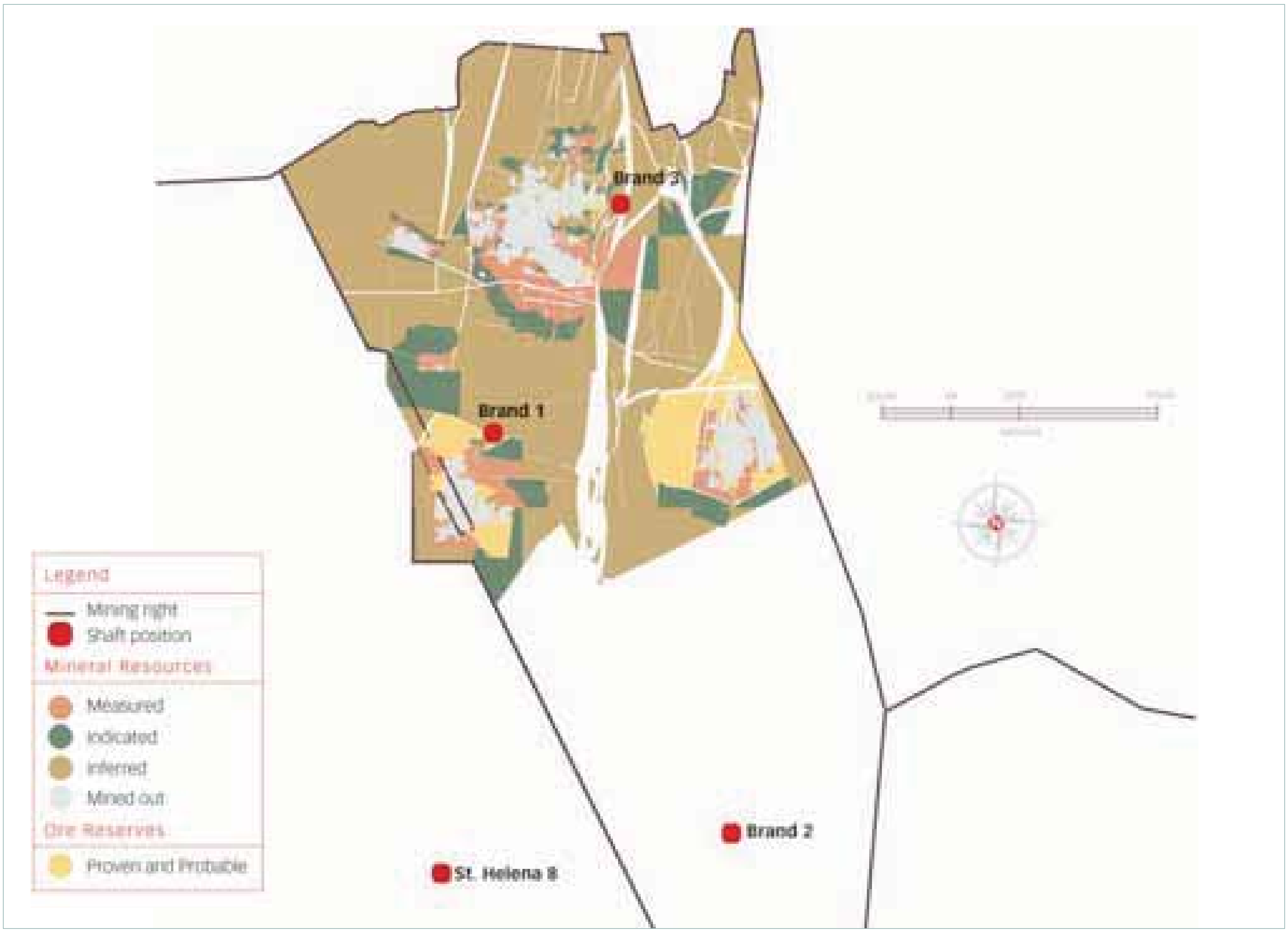
Mineral Resources and Ore Reserves (continued)

Free State: Masimong 4 and Masimong 5 Shafts
Basal Reef



Free State: Brand 3 Shaft

A Reef

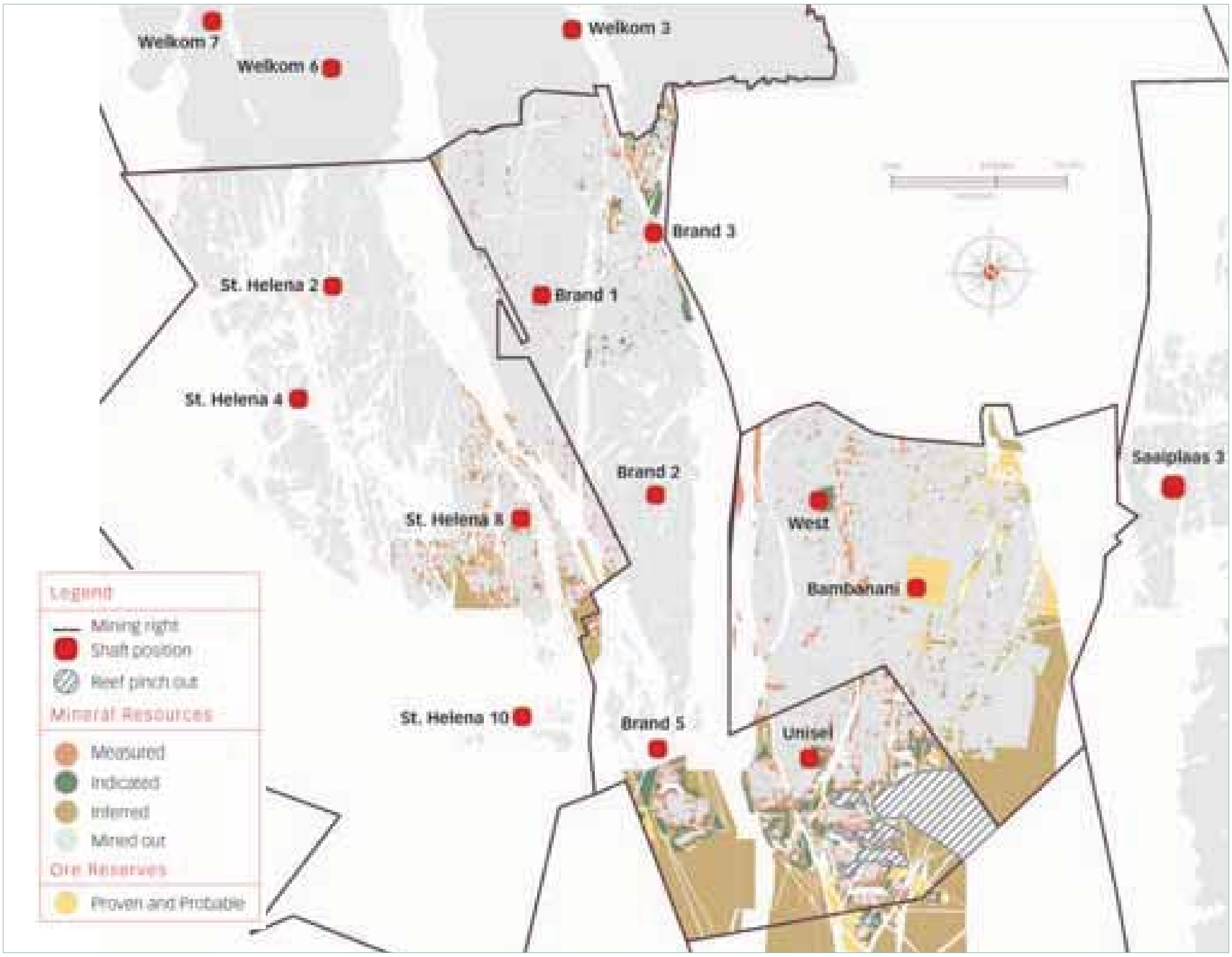


Doornkop, South Africa

Mineral Resources and Ore Reserves (continued)

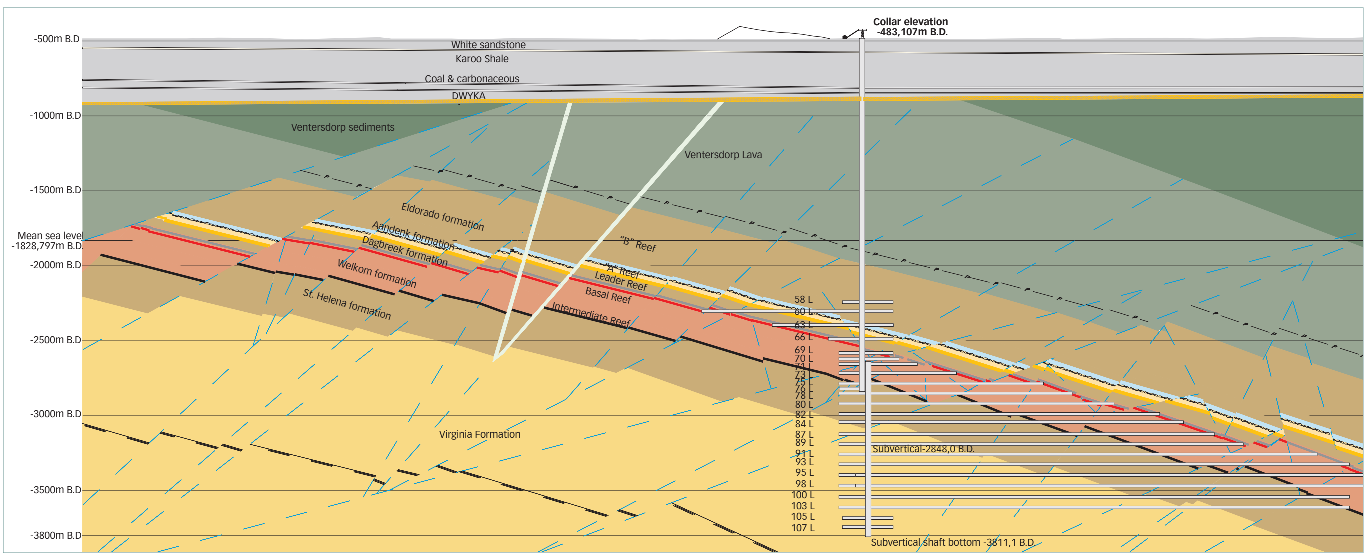
Free State and Freegold Shafts

Basal Reef



Bambanani mine geological section looking north

Not to scale



Freegold operations

Geology: The mines of the Freegold operations – Tshepong, Phakisa, Bambanani, West, Kudu, Sable, Nyala, Eland and St Helena – are located to the north and west of Welkom, while Joel is situated 30km to the south. Joel is mining the shallow flat-dipping Beatrix/VS5 Reef, while the other mines primarily exploit the Basal Reef. Limited mining has taken place on Leader Reef, A Reef and B Reef in the past. Kudu, Sable, Nyala, Eland and St. Helena are characterised by intense faulting, especially towards the western margin. Tshepong, Phakisa, West and Bambanani are cut by the regional north-south trending faults and, mostly, have shallow dips to the east. B Reef is currently being mined at Tshepong and has the potential to be exploited elsewhere.

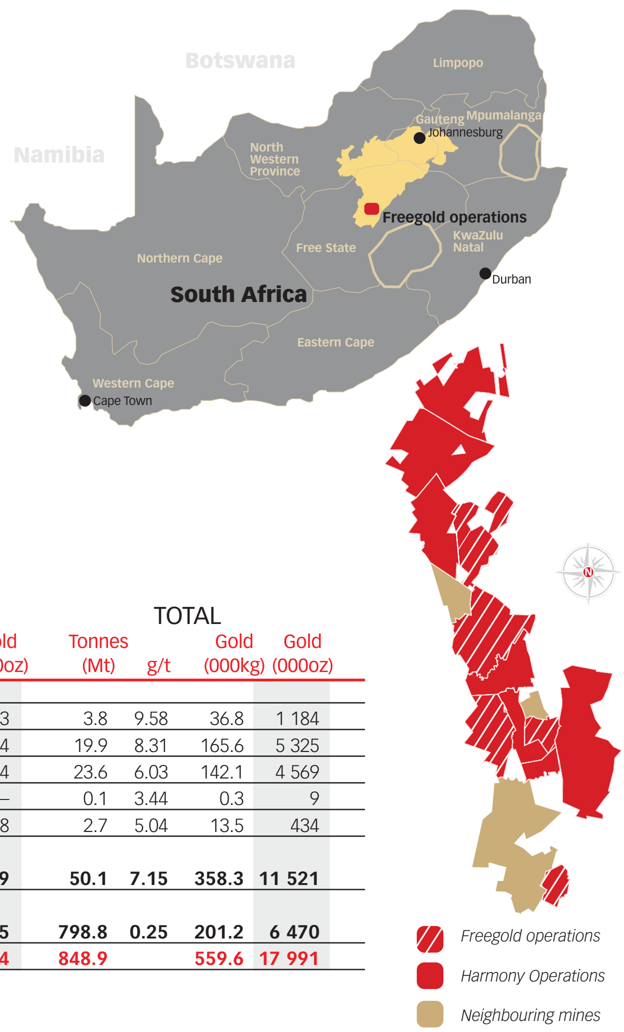
Mineral Resources

	MEASURED				INDICATED				INFERRED				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground																
Bambanani	14.7	10.18	149.3	4 800	5.8	9.33	53.7	1 725	1.6	8.31	13.4	430	22.0	9.82	216.3	6 955
Tshepong	7.7	11.45	88.3	2 840	22.5	11.24	252.4	8 115	19.3	7.55	145.6	4 682	49.5	9.83	486.4	15 637
Phakisa	0.1	11.25	1.0	32	23.3	12.10	282.0	9 066	92.0	5.60	514.8	16 551	115.4	6.91	797.8	25 649
Nyala	4.9	6.58	31.9	1 026	4.0	4.62	18.7	602	–	–	–	–	8.9	5.69	50.6	1 628
Joel	5.3	5.48	28.9	929	4.1	5.93	24.2	777	6.6	7.48	49.4	1 590	16.0	6.42	102.5	3 296
Total	**32.6**	**9.19**	**299.4**	**9 627**	**59.6**	**10.58**	**630.9**	**20 285**	**119.5**	**6.05**	**723.2**	**23 253**	**211.7**	**7.81**	**1 653.6**	**53 165**
Surface Stockpile	**770.1**	**0.24**	**184.0**	**5 915**	**94.5**	**0.38**	**35.8**	**1 151**	**306.3**	**0.24**	**73.7**	**2 370**	**1 170.9**	**0.25**	**293.5**	**9 436**
GRAND TOTAL	**802.7**		**483.4**	**15 542**	**154.1**		**666.7**	**21 436**	**425.8**		**796.9**	**25 623**	**1 382.6**		**1 947.1**	**62 601**

Modifying factors

Shaft	(R/kg)	MCF (%)	SW (cm)	MW (cm)	PRF (%)
Bambanani	180 000	76	187	213	95.1
Phakisa	180 000	81	100	129	97.0
Tshepong	180 000	68	103	141	96.6
Nyala	180 000	75	130	166	95.0
Joel	180 000	88	150	185	96.2
Surface Stockpile	180 000	100			

MCF = Mine call factor *MW = Milling width* *SW = Stoping width*
PRF = Plant recovery factor



Ore Reserves

	PROVEN				PROBABLE				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground												
Bambanani	2.9	9.71	27.7	891	1.0	9.20	9.1	293	3.8	9.58	36.8	1 184
Phakisa	0.1	7.31	0.6	21	19.8	8.32	165.0	5 304	19.9	8.31	165.6	5 325
Tshepong	6.0	6.07	36.6	1 175	17.5	6.02	105.6	3 394	23.6	6.03	142.1	4 569
Nyala	0.1	3.44	0.3	9	–	–	–	–	0.1	3.44	0.3	9
Joel	0.7	4.88	3.6	116	1.9	5.10	9.9	318	2.7	5.04	13.5	434
Total Underground	**9.8**	**7.03**	**68.8**	**2 212**	**40.3**	**7.18**	**289.6**	**9 309**	**50.1**	**7.15**	**358.3**	**11 521**
Surface Stockpile	**728.6**	**0.24**	**176.5**	**5 675**	**70.2**	**0.35**	**24.7**	**795**	**798.8**	**0.25**	**201.2**	**6 470**
GRAND TOTAL	**738.4**		**245.3**	**7 887**	**110.5**		**314.3**	**10 104**	**848.9**		**559.6**	**17 991**

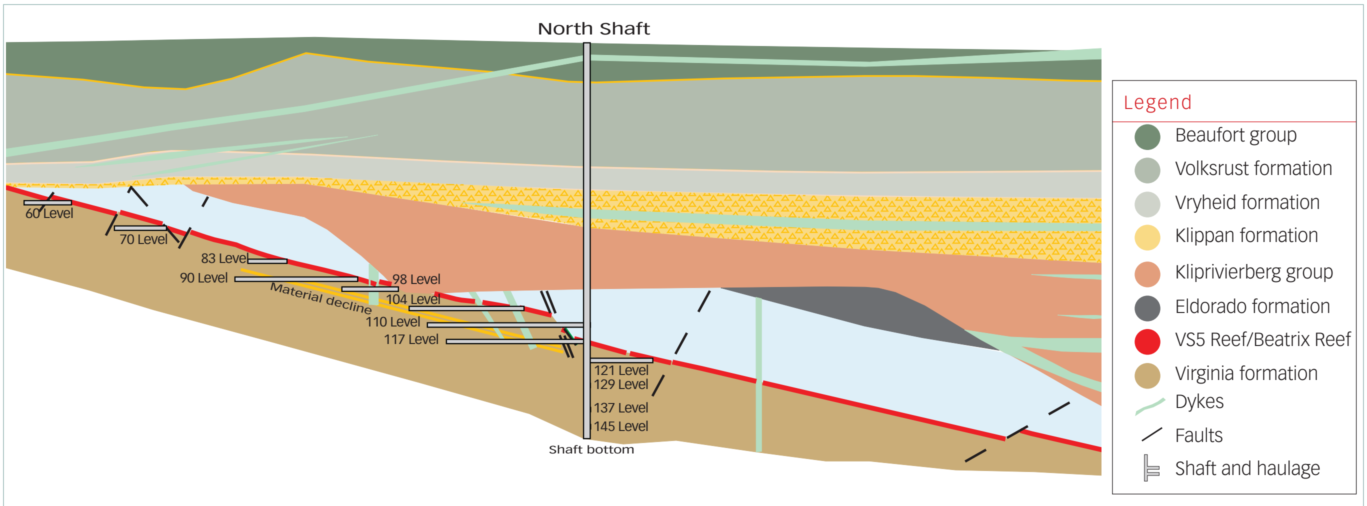
Mineral Resources and Ore Reserves (continued)

Uranium Mineral Resources

	MEASURED				INDICATED				INFERRED				TOTAL			
Mine	Tonnes (Mt)	kg/t	U_3O_8 ('000t)	U_3O_8 (Mlbs)	Tonnes (Mt)	kg/t	U_3O_8 ('000t)	U_3O_8 (Mlbs)	Tonnes (Mt)	kg/t	U_3O_8 ('000t)	U_3O_8 (Mlbs)	Tonnes (Mt)	kg/t	U_3O_8 ('000t)	U_3O_8 (Mlbs)
Free State	316.8	0.09	29.4	65	24.7	0.10	2.5	5	67.5	0.06	4.1	9	409.0	0.09	35.9	79
Total	**316.8**	**0.09**	**29.4**	**65**	**24.7**	**0.10**	**2.5**	**5**	**67.5**	**0.06**	**4.1**	**9**	**409.0**	**0.09**	**35.9**	**79**

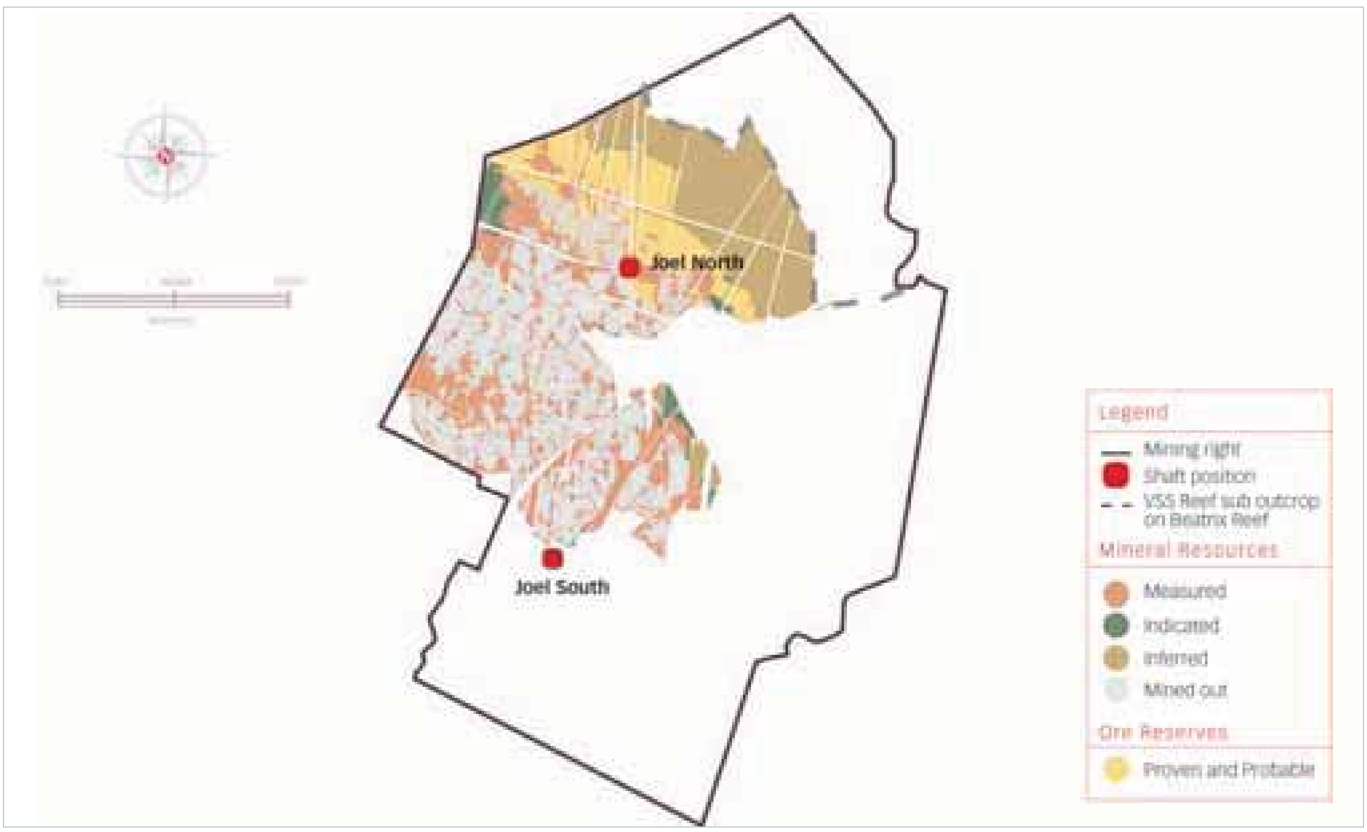
Joel Mine geological section looking west

Not to scale



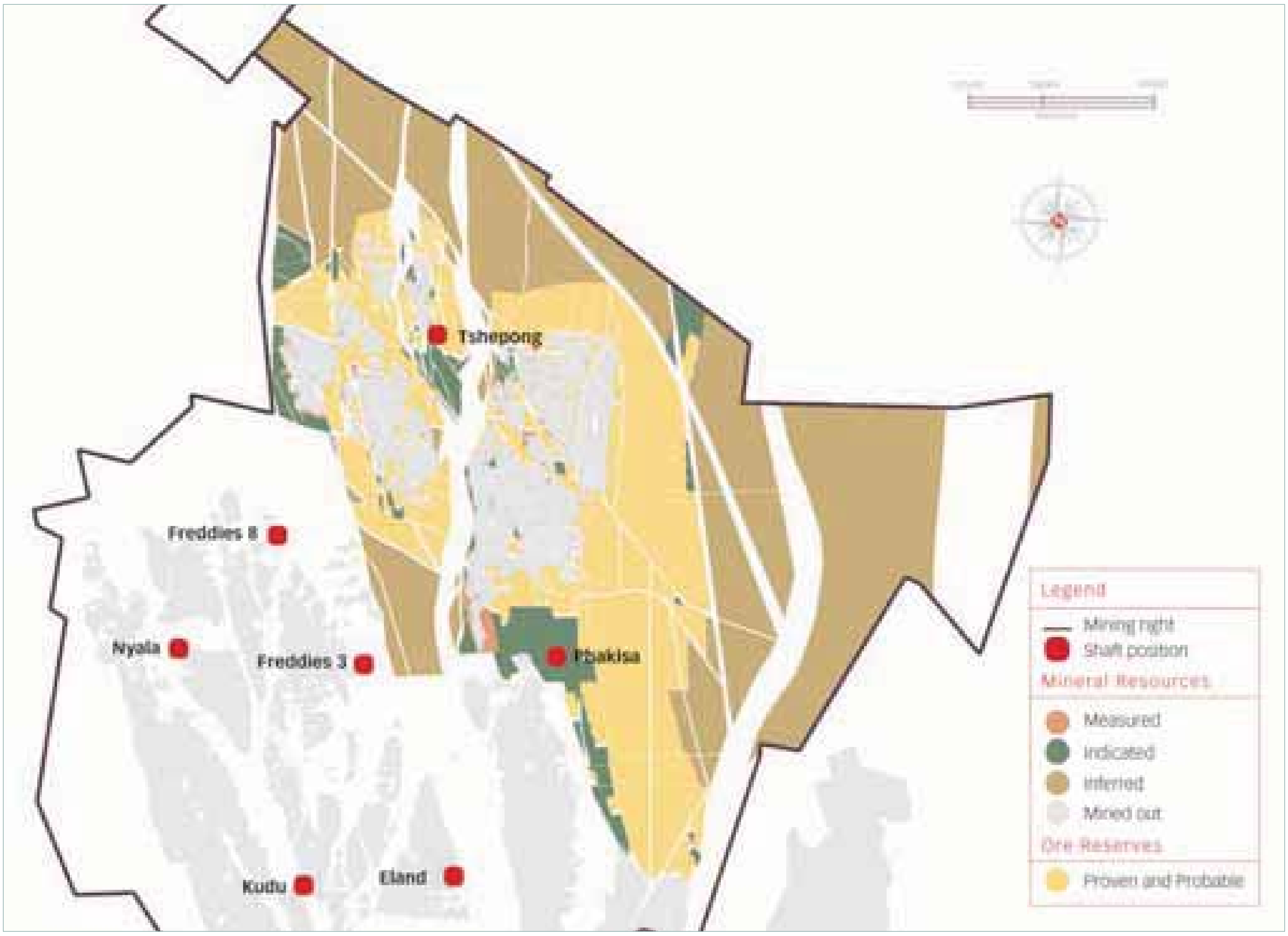
Freegold: Joel North and Joel South Shafts

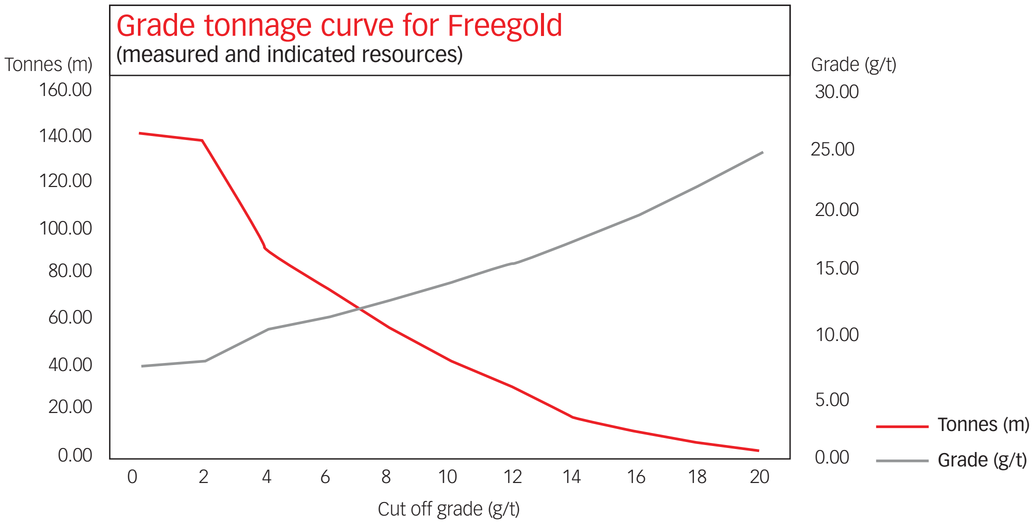
Beatrix Reef



Freegold: Tshepong and Phakisa Shafts

Basal Reef





Mineral Resources and Ore Reserves (continued)

Evander operations

Geology: The Evander Basin is a tectonically preserved sub-basin outside the main Wits Basin and forms an asymmetric syncline, plunging to the north-east. It is structurally complex, with a series of east-north-east striking normal faults, and in the south-east margin of the basin, vertically to locally overturned reef is present. The only economic reef horizon exploited in the Evander Basin is the Kimberley Reef. The Intermediate Reef is generally poorly mineralised, except where it erodes the subcropping Kimberley Reef in the south and west of the basin.

Mineral Resources

	MEASURED				INDICATED				INFERRED				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground																
Evander 2, 3 and 5	8.4	7.97	66.7	2 143	4.0	7.68	30.8	991	31.7	8.56	271.3	8 723	44.1	8.37	368.8	11 857
Evander 7	21.7	4.61	99.8	3 210	5.5	3.83	20.9	672	21.6	6.57	142.1	4 569	48.8	5.39	262.8	8 451
Evander 8	10.3	7.72	79.1	2 544	13.1	8.56	112.4	3 613	41.1	7.40	304.1	9 777	64.5	7.68	495.6	15 934
Total	**40.3**	**6.10**	**245.6**	**7 897**	**22.6**	**7.26**	**164.1**	**5 276**	**94.5**	**7.60**	**717.5**	**23 069**	**157.3**	**7.16**	**1 127.3**	**36 242**
Projects (below infrastructure)																
Evander South	–	–	–	–	17.7	6.11	108.3	3 481	20.6	5.24	107.6	3 460	38.3	5.64	215.9	6 941
Rolspruit	–	–	–	–	29.1	11.59	337.3	10 846	52.8	2.71	142.9	4 596	81.9	5.87	480.3	15 442
Poplar	–	–	–	–	25.6	7.58	194.0	6 237	–	–	–	–	25.6	7.58	194.0	6 237
Total	**–**	**–**	**–**	**–**	**72.4**	**8.83**	**639.6**	**20 564**	**73.3**	**3.42**	**250.6**	**8 056.0**	**145.7**	**6.11**	**890.2**	**28 620**
GRAND TOTAL	**40.3**	**6.10**	**245.6**	**7 897**	**95.0**	**8.46**	**803.7**	**25 840**	**167.8**	**5.77**	**968.1**	**31 125**	**303.1**	**6.66**	**2 017.4**	**64 862**

Modifying factors

Shaft	(R/kg)	MCF (%)	SW (cm)	MW (cm)	PRF (%)
Evander 2, 3 & 5	180 000	73	148	215	97.0
Evander 7	180 000	83	130	172	96.6
Evander 8	180 000	73	120	173	96.6
Evander South	180 000	80	125	131	96.5
Rolspruit	180 000	80	110	129	97.1
Poplar	180 000	80	100	116	97.1

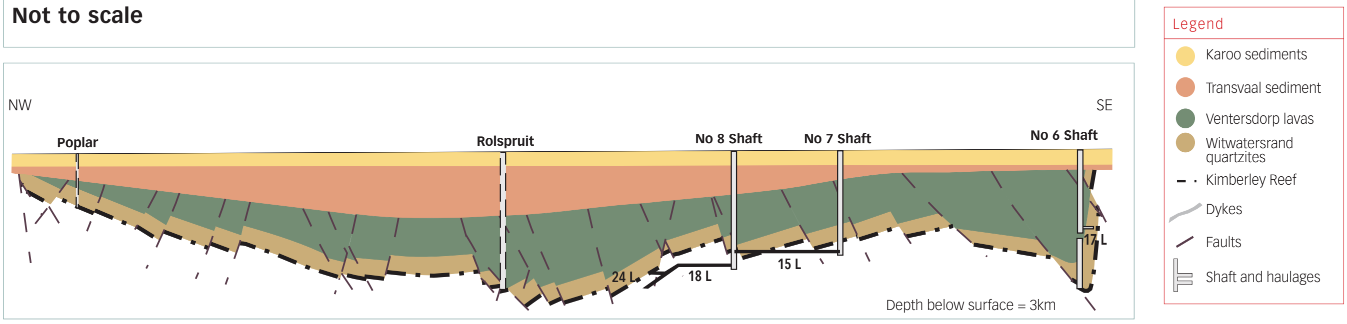
MCF = Mine call factor *MW = Milling width* *SW = Stoping width*
PRF = Plant recovery factor

Ore Reserves

	PROVEN				PROBABLE				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground												
Evander 2,3 and 5	0.4	5.77	2.3	75	0.2	6.02	0.9	29	0.6	5.84	3.2	104
Evander 7	0.1	6.89	0.7	22	–	–	–	–	0.1	6.89	0.7	22
Evander 8	2.3	7.11	16.3	525	7.2	5.56	40.2	1 291	9.5	5.94	56.5	1 816
Total Underground	**2.8**	**6.91**	**19.3**	**622**	**7.4**	**5.57**	**41.1**	**1 320**	**10.2**	**5.94**	**60.4**	**1 942**
Projects - Below Infrastructure												
Evander South	–	–	–	–	14.0	4.75	66.4	2 136	14.0	4.75	66.4	2 136
Rolspruit	–	–	–	–	24.4	8.71	212.8	6 842	24.4	8.71	212.8	6 842
Poplar	–	–	–	–	13.5	7.45	100.6	3 234	13.5	7.45	100.6	3 234
Total projects	–	–	–	–	52	7.31	380	12 212	52	7.31	380	12 212
GRAND TOTAL	**2.8**	**6.91**	**19.3**	**622**	**59.3**	**7.10**	**420.9**	**13 532**	**62.1**	**7.09**	**440.2**	**14 154**

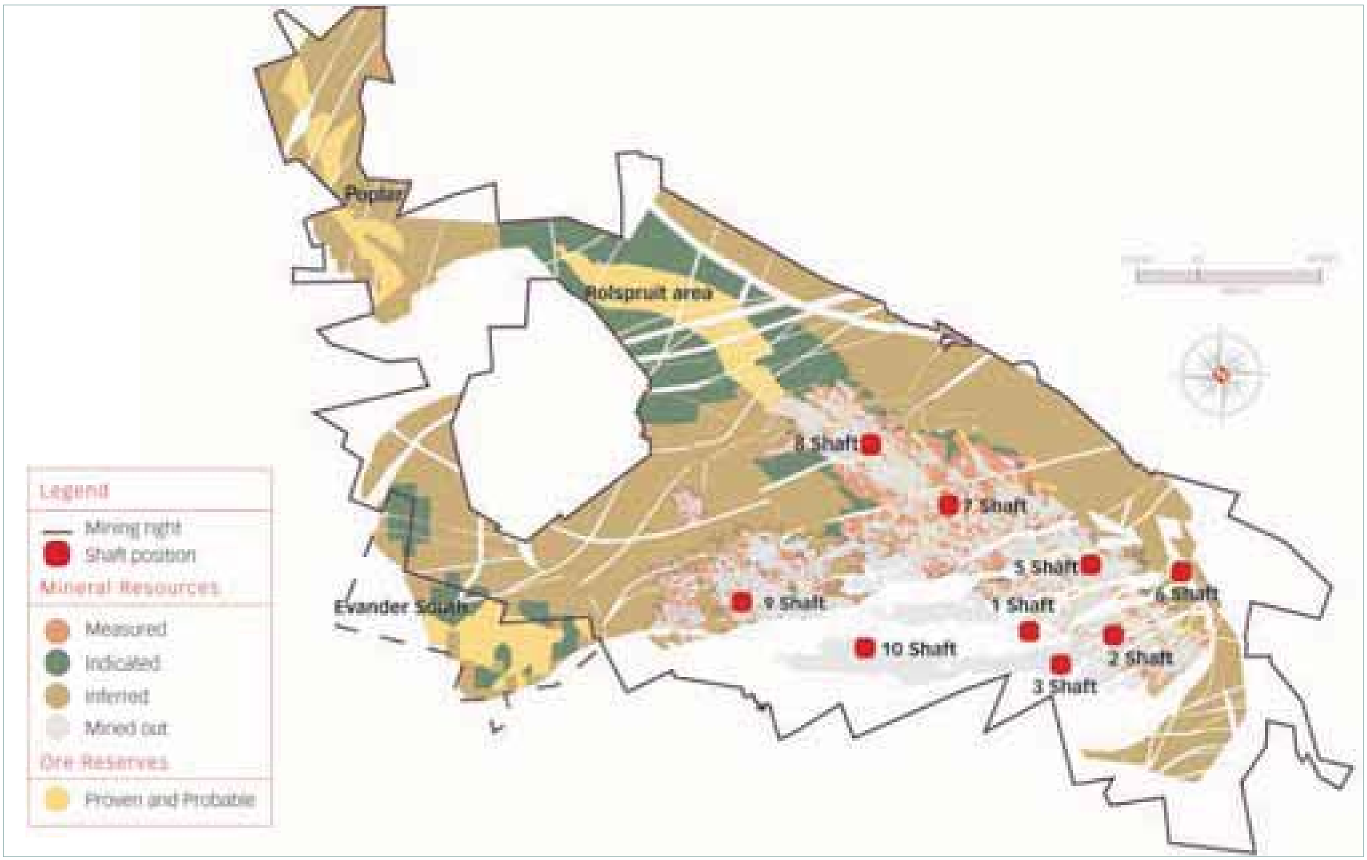
Section across Evander Basin

Not to scale



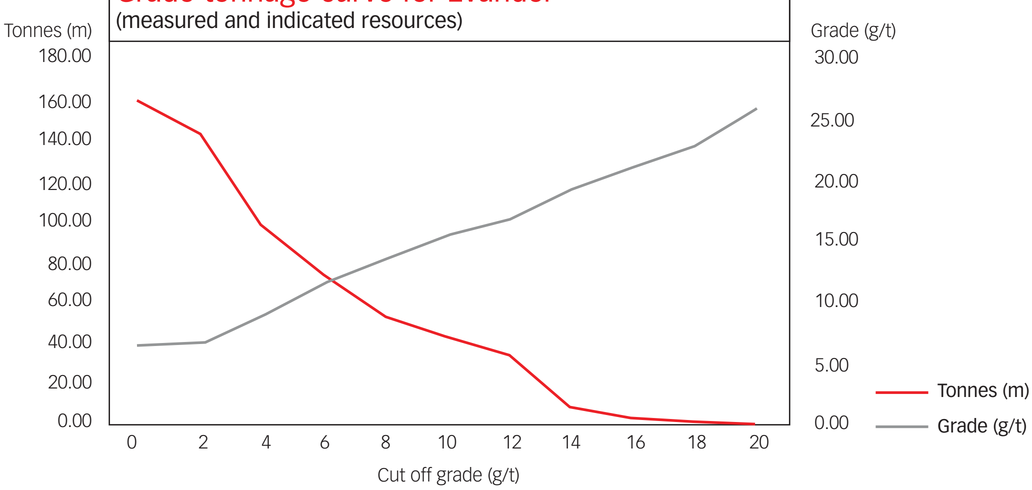
Evander: Evander 2,5,6,7,8 and 9 Shafts. Poplar and Rolspruit areas

Kimberley Reef



Grade tonnage curve for Evander

(measured and indicated resources)



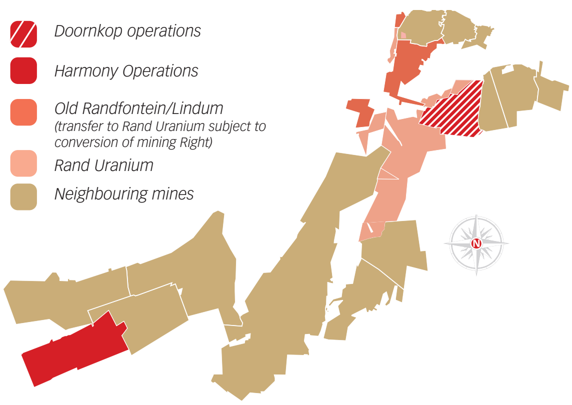
Mineral Resources and Ore Reserves (continued)

Doornkop operation

Geology: The structure of the West Rand Goldfield is dominated by the Witpoortjie and Panvlakte Horst blocks, which are superimposed over broad folding associated with the south-east plunging West Rand syncline. At Doornkop Mine, the Kimberley Reefs and the South Reef are being exploited.

Mineral Resources

	MEASURED				INDICATED				INFERRED				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground																
Doornkop Kimberley Reef	7.8	3.18	24.9	801	7.3	2.54	18.6	598	252.9	1.79	453.3	14 575	268.0	1.85	496.8	15 974
Doornkop South Reef	0.3	6.49	2.1	68	1.1	6.88	7.3	236	19.8	8.37	165.6	5 323	21.2	8.27	175.0	5 627
GRAND TOTAL	**8.1**	**3.32**	**27.0**	**869**	**8.4**	**3.10**	**25.9**	**834**	**272.7**	**2.27**	**618.9**	**19 898**	**289.2**	**2.32**	**671.9**	**21 601**



Modifying factors

Shaft	(R/kg)	MCF (%)	SW (cm)	MW (cm)	PRF (%)
Doornkop Kimberley Reef	180 000	95	380	399	95.0
Doornkop South Reef	180 000	75	124	140	95.0

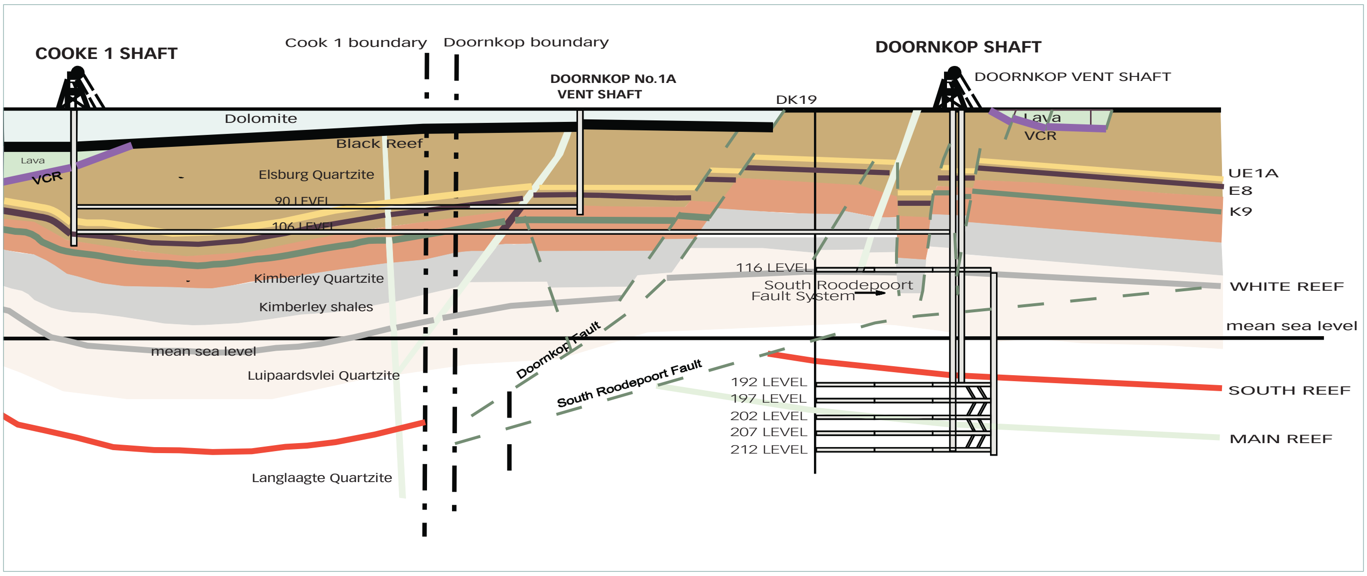
MCF = Mine call factor *MW = Milling width* *SW = Stoping width*
PRF = Plant recovery factor

Ore Reserves

	PROVEN				PROBABLE				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground												
Doornkop Kimberley Reef	0.1	2.48	0.3	9	0.3	2.74	0.7	23	0.4	2.66	1.0	32
Doornkop South Reef	0.2	4.68	1.1	35	0.7	4.81	3.6	115	1.0	4.78	4.7	150
GRAND TOTAL	**0.3**	**3.98**	**1.3**	**44**	**1.0**	**4.27**	**4.3**	**138**	**1.3**	**4.20**	**5.6**	**182**

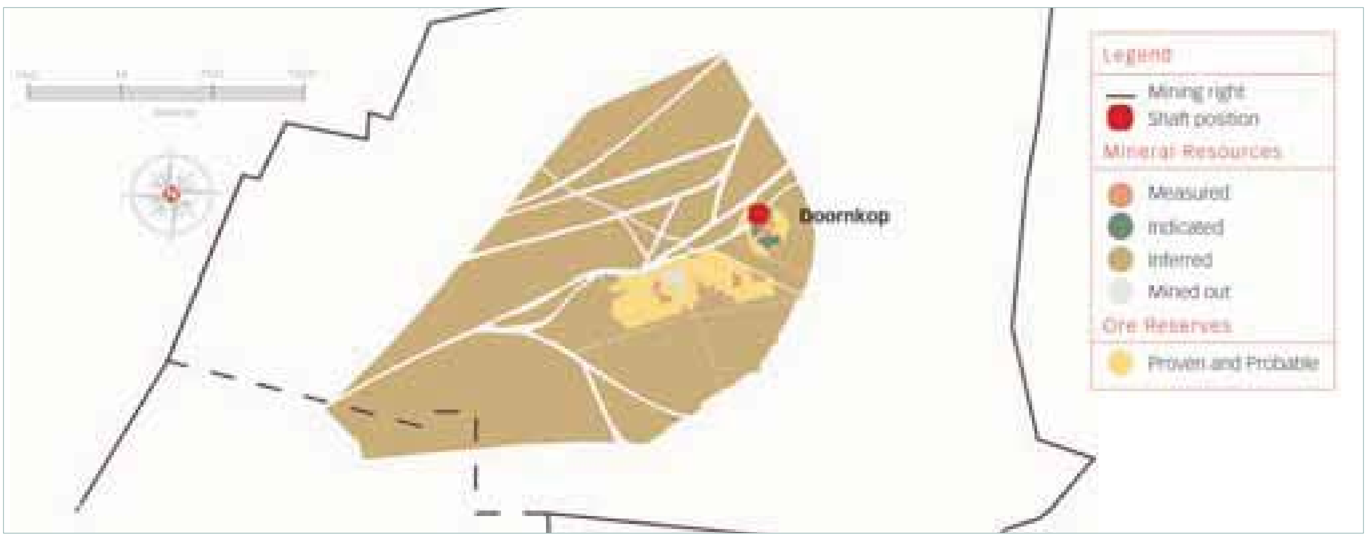
Cooke 1/Doornkop geological section looking west

Not to scale



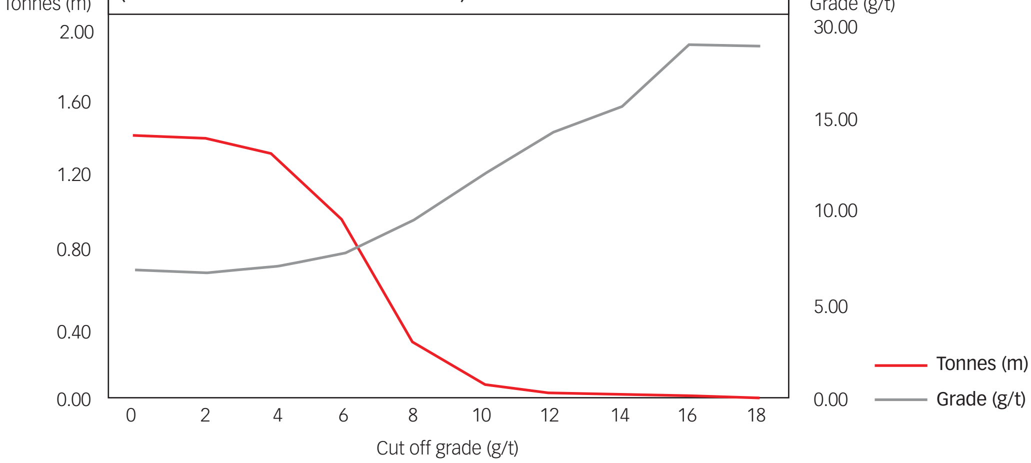
Doornkop Shaft

South Reef



Grade tonnage curve for Doornkop (South Reef)

(measured and indicated resources)



Mineral Resources and Ore Reserves (continued)

Elandsrand

Geology: The structure on the Far West Rand is dominated by a series of east trending normal faults with throws of up to 40m, as well as a series of north-northeast striking normal faults with generally smaller displacements in the north-west. Faulting is generally less prevalent than in other Wits goldfields. The primary reefs exploited are the Ventersdorp Contact Reef and the Carbon Leader, separated by 900 to 1 300m, increasing from east to west. Secondary targets are the Middelvlei Reef (50 to 75m above the Carbon Leader) and the Mondeor Conglomerate Reef Zone, which subcrops beneath the VCR at Deelkraal and the western side of Elandsrand.

Mineral Resources

	MEASURED				INDICATED				INFERRED				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground																
Elandsrand	11.9	7.90	94.4	3 035	34.4	9.49	326.6	10 500	–	–	–	–	46.4	9.08	421.0	13 535
Grand total	**11.9**	**7.90**	**94.4**	**3 035**	**34.4**	**9.49**	**326.6**	**10 500**	**–**	**–**	**–**	**–**	**46.4**	**9.08**	**421.0**	**13 535**

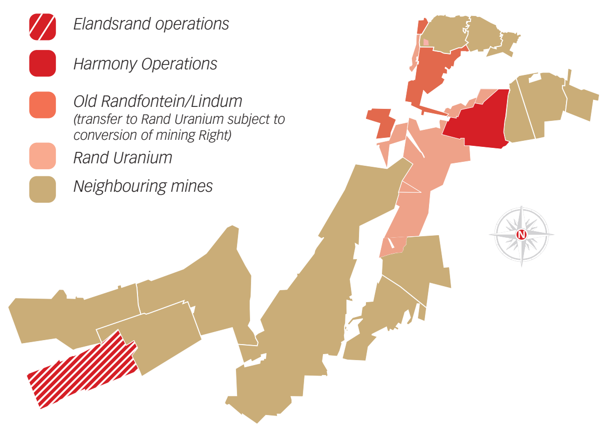
Modifying factors

Shaft	(R/kg)	MCF (%)	SW (cm)	MW (cm)	PRF (%)
Elandsrand – old and new	180 000	88	132	169	96.4

MCF = Mine call factor *MW = Milling width* *SW = Stoping width*
PRF = Plant recovery factor

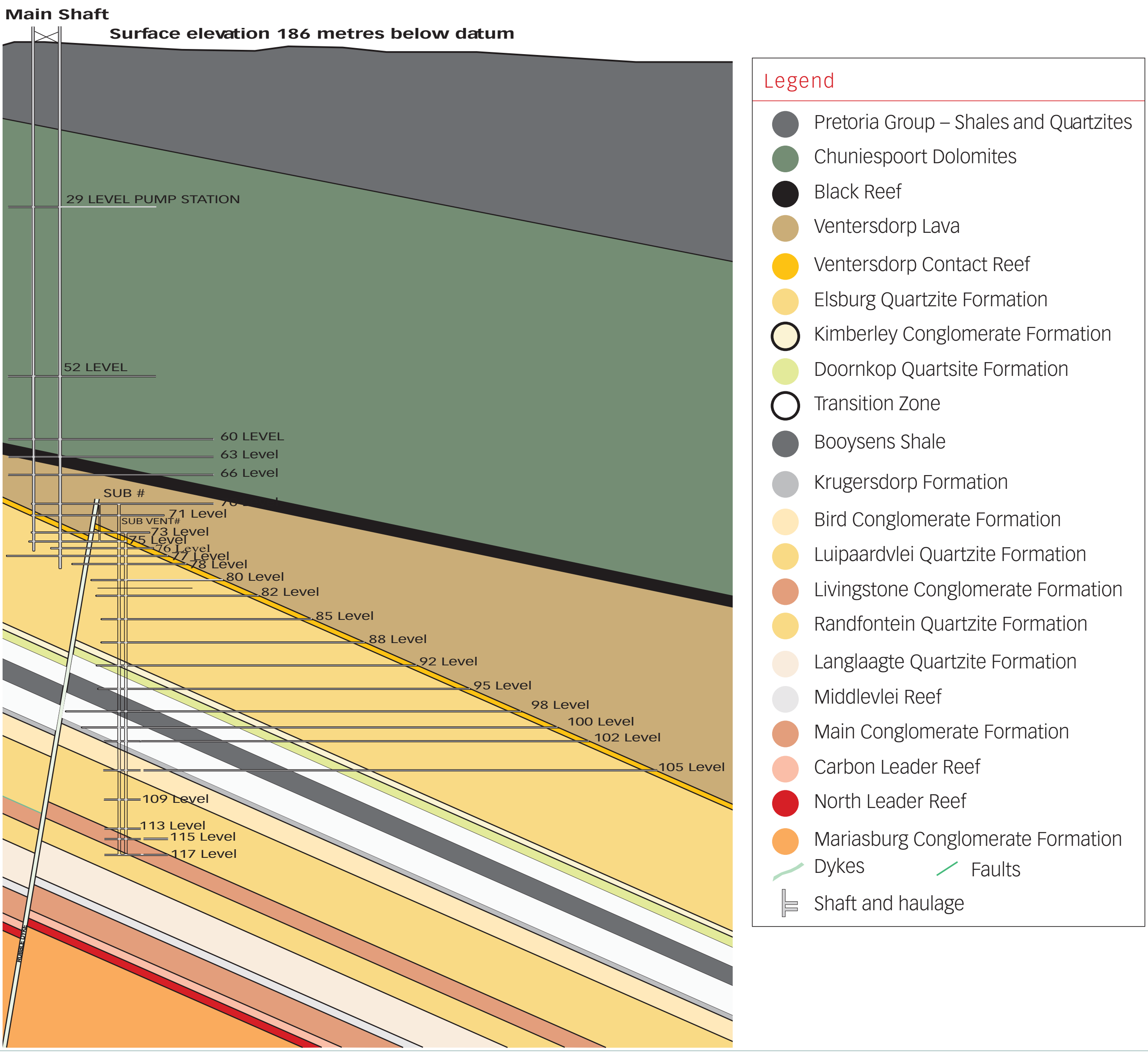
Ore Reserves

	PROVEN				PROBABLE				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground												
Elandsrand	4.4	6.37	27.9	899	35.9	6.70	240.4	7 729	40.3	6.66	268.3	8 628
GRAND TOTAL	**4.4**	**6.37**	**27.9**	**899**	**35.9**	**6.70**	**240.4**	**7 729**	**40.3**	**6.66**	**268.3**	**8 628**



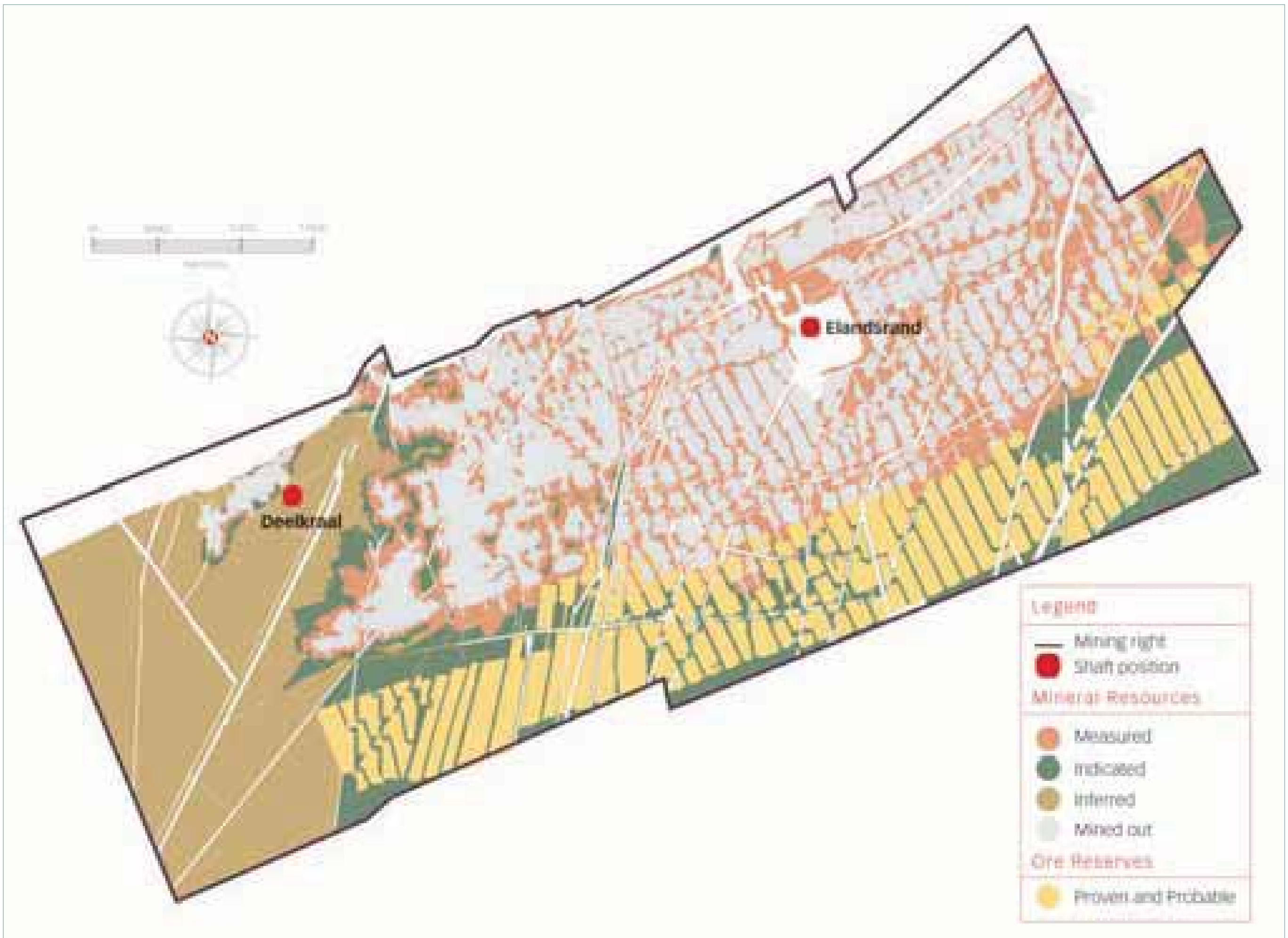
Section through Main Shaft and Sub-Shaft looking east

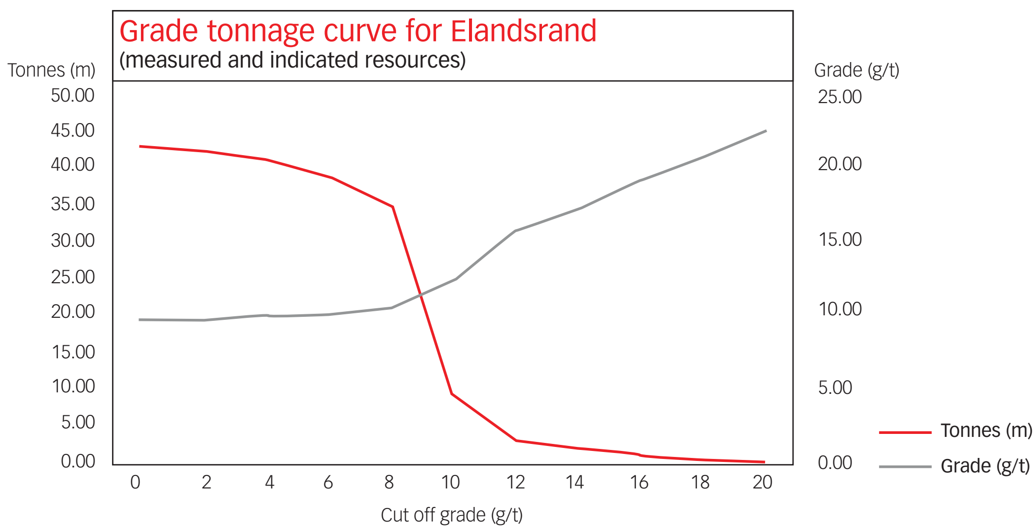
Not to scale



Mineral Resources and Ore Reserves (continued)

Elandsrand: Elandsrand Shaft
Ventersdorp Contact Reef






Elandsrand, South Africa


Hidden Valley, Papua New Guinea


Gold pour, Doornkop, South Africa

Mineral Resources and Ore Reserves (continued)

Target

Geology: The Target operations are located at the northern extent of the Free State Goldfields, some 20 km north of Welkom. The reefs currently exploited are the Elsburg – Dreyerskuil conglomerates, which form a wedge-shaped stacked package, comprising 35 separate reef horizons, often separated by quartzite beds. The Elsburg Reefs are truncated by an unconformity surface at the base of the overlying Dreyerskuil Member. Below the subcrop, the Elsburg dips steeply to the east,with dips becoming progressively shallower down dip. Close to the sub-outcrop, the thickness of the intervening quartzites reduces, resulting in the Elsburg Reefs coalescing to form composite reef packages that are exploited by massive mining techniques at Target Mine. The Dreyerskuil also consists of stacked reefs dipping shallowly to the east. These reefs tend to be less numerous, but more laterally extensive than the underlying Elsburg Reefs. The Big Pebble Reefs, A Reef, B Reef and Basal Reef have been exploited at the old Lorraine shafts in the past and potential exists for opening up these old areas.

Mineral Resources

	MEASURED				INDICATED				INFERRED				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground																
Target	15.6	7.87	122.4	3 936	13.6	6.68	90.6	2 914	6.5	6.40	41.4	1 330	35.6	7.15	254.4	8 180
GRAND TOTAL	**15.6**	**7.87**	**122.4**	**3 936**	**13.6**	**6.68**	**90.6**	**2 914**	**6.5**	**6.40**	**41.4**	**1 330**	**35.6**	**7.15**	**254.4**	**8 180**

Modifying factors

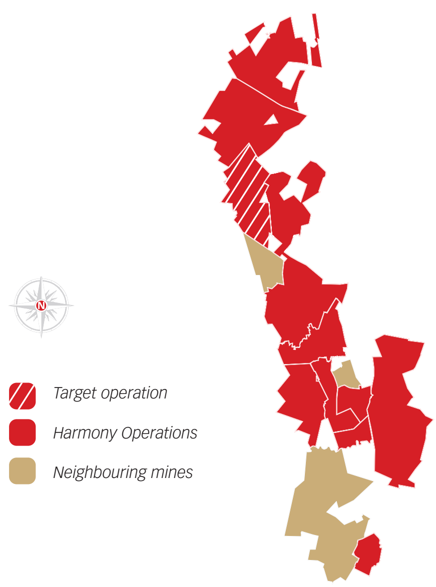
Shaft	(R/kg)	MCF (%)	Dilution (%)	PRF (%)
Underground				
Target	180 000	98	6	97

MCF = Mine call factor

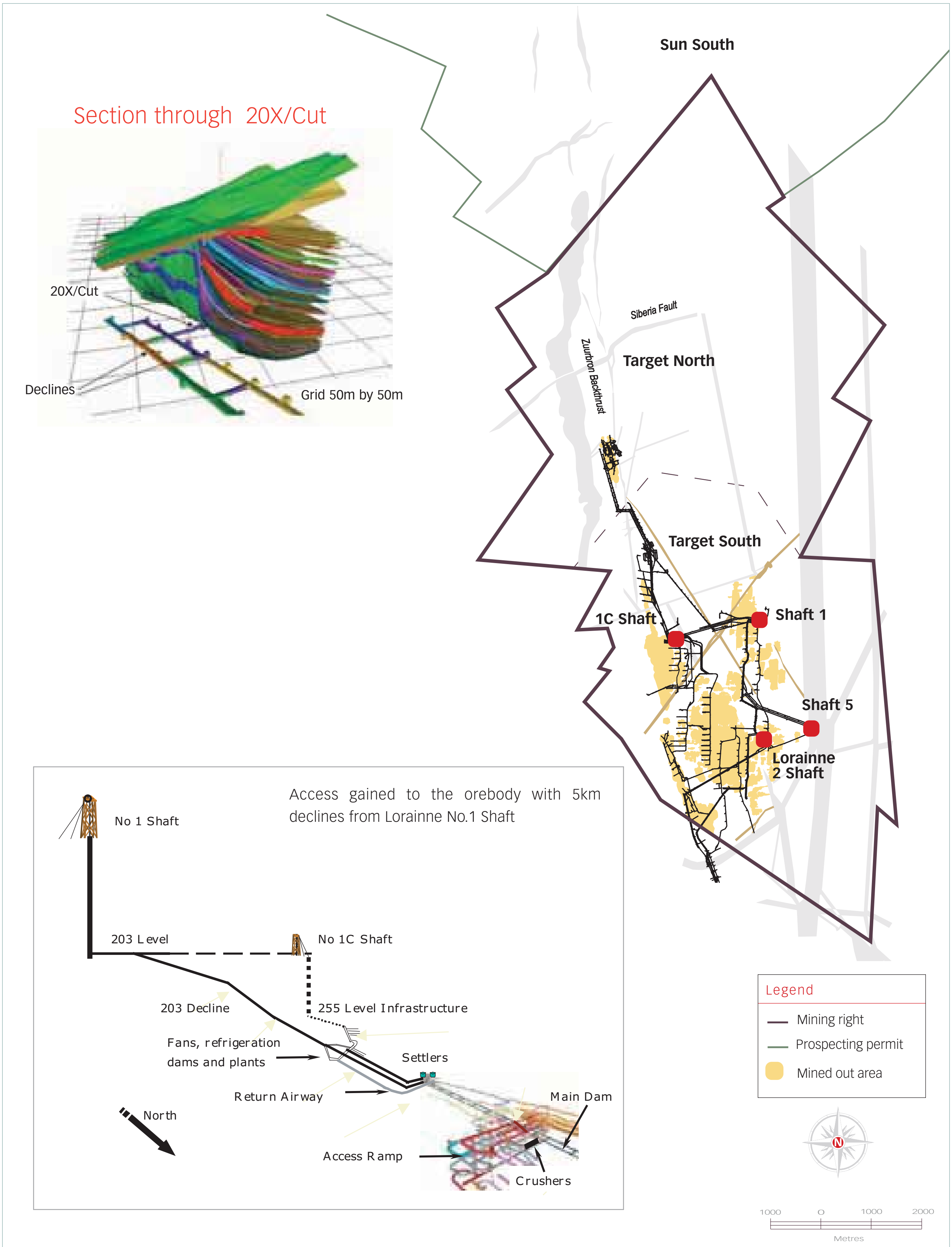
PRF = Plant recovery factor

Ore Reserves

	PROVEN				PROBABLE				TOTAL			
Shaft	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Underground												
Target	8.4	7.32	61.2	1 969	11.5	6.15	71.0	2 282	19.9	6.64	132.2	4 251
GRAND TOTAL	**8.4**	**7.32**	**61.2**	**1 969**	**11.5**	**6.15**	**71.0**	**2 282**	**19.9**	**6.64**	**132.2**	**4 251**



Target
Elsburg and Dreyerskuil Reefs



Mineral Resources and Ore Reserves (continued)

Kalgold

Geology: The Kalgold operations are located within the Kraaipan Greenstone Belt, 60km south of Mafikeng. This is part of the larger Amalia-Kraaipan Greenstone terrain, consisting of north trending linear belts of Archaean meta-volcanic and metasedimentary rocks, separated by granitoid units. Mineralisation occurs in shallow dipping quartz veins, which occur in clusters or swarms, within the steeply dipping magnetite-chert banded iron formation. Disseminated sulphide mineralisation, dominated mostly by pyrite, occurs around and between the shallow dipping quartz vein swarms. The D Zone is the largest orebody encountered and has been extensively mined within a single open pit operation, along a strike length of 1 300m. Mineralisation has also been found in the Mielie Field Zone (adjacent to the D Zone), the A Zone and A Zone West (along strike to the north of the D Zone), and the Watertank and Watermill areas to the north of the A Zone.

Mineral Resources

	MEASURED				INDICATED				INFERRED				TOTAL			
Mine	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Kalgold	40.6	1.01	40.8	1 313	44.9	1.00	45.0	1 447	32.0	0.98	31.4	1 010	117.5	1.00	117.3	3 770
GRAND TOTAL	**40.6**	**1.01**	**40.8**	**1 313**	**44.9**	**1.00**	**45.0**	**1 447**	**32.0**	**0.98**	**31.4**	**1 010**	**117.5**	**1.00**	**117.3**	**3 770**

Modifying factors

Mine	(R/kg)	MCF (%)	Dilution (%)	PRF (%)
Kalgold	180 000	98	2	90

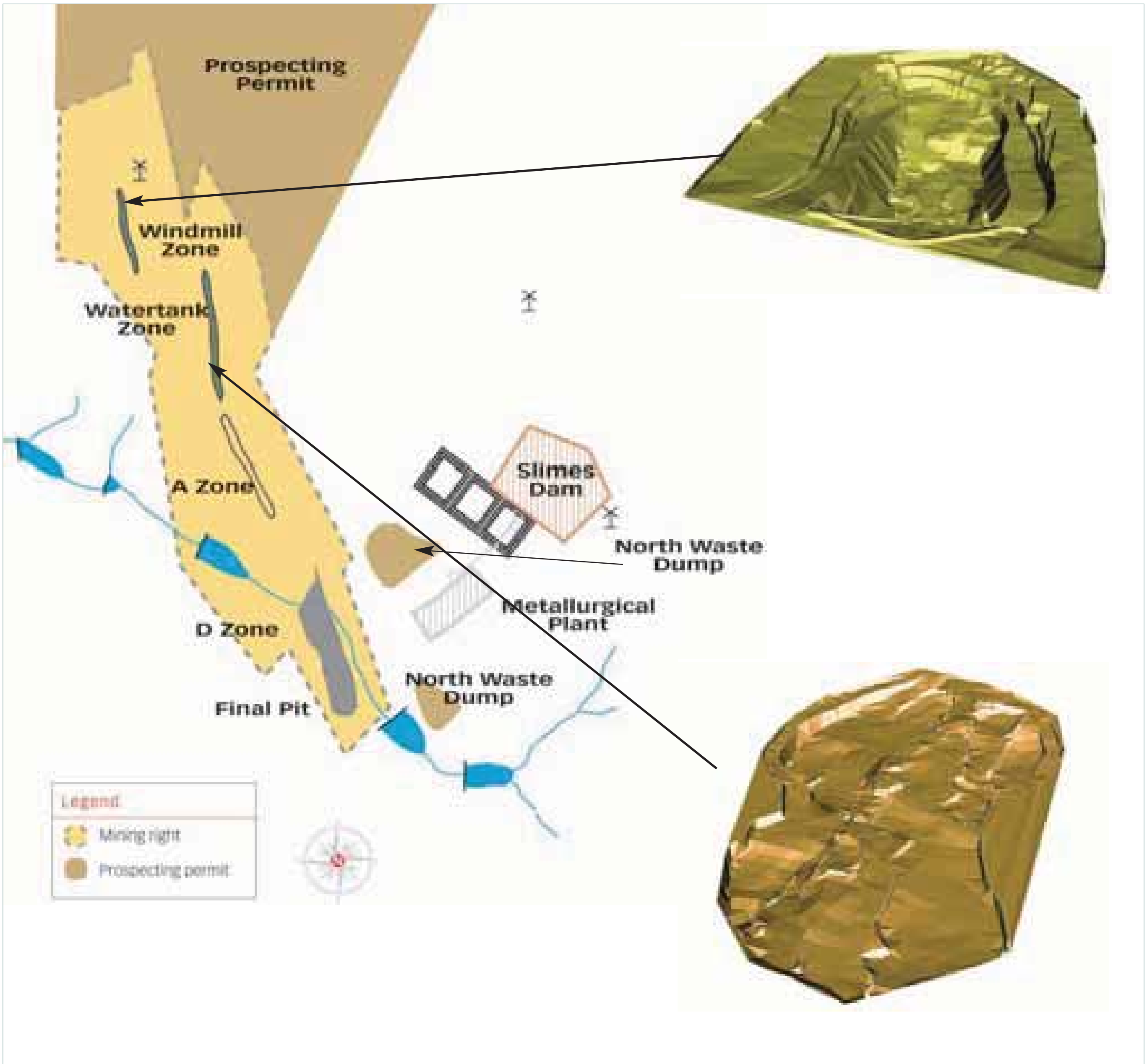
MCF = Mine call factor

PRF = Plant recovery factor

Ore Reserves

	PROVEN				PROBABLE				TOTAL			
Mine	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Kalgold	11.3	0.90	10.2	327	1.6	1.27	2.1	66	12.9	0.95	12.2	393
GRAND TOTAL	**11.3**	**0.90**	**10.2**	**327**	**1.6**	**1.27**	**2.1**	**66**	**12.9**	**0.95**	**12.2**	**393**

Kalgold
Kraaipan, Greenstone Belt



Mineral Resources and Ore Reserves (continued)

Papua New Guinea

Geology: Papua New Guinea (PNG) lies on the northern end of the Australian Plate and has three major components: a continental cratonic platform, an arc of volcanic islands and a central collisional fold belt, consisting of Mesozoic sediments, ophiolite sequences, Tertiary sediments and diorite intrusions. During collision, the Wau Graben, the host of major gold and silver deposits, was formed in the fold belt. It coincided with a phase of volcanic activity, resulting in precious and base metals deposits being formed. These include epithermal gold deposits at Hidden Valley, Hamata, Kerimenge and Wafi and porphyry-style copper deposits such as Golpu. Numerous other gold and copper-gold prospects, which are at various stages of exploration and evaluation, occur at Harmony's leases.

Gold Mineral Resources

	MEASURED				INDICATED				INFERRED				TOTAL			
Mine	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Hidden Valley & Kaveroi	3.7	2.19	8.2	264	32.5	1.89	61.4	1 973	20.8	1.52	31.6	1 017	57.0	1.77	101.2	3 254
Hamata	–	–	–	–	5.7	2.33	13.2	424	0.9	2.54	2.2	72	6.5	2.36	15.4	496
Wafi	–	–	–	–	44.6	1.97	87.8	2 824	27.7	1.73	47.8	1 538	72.2	1.88	135.7	4 362
Golpu	–	–	–	–	61.3	0.63	38.6	1 242	52.8	0.49	25.9	832	114.2	0.57	64.5	2 074
GRAND TOTAL	**3.7**	**2.19**	**8.2**	**264**	**144.0**	**1.40**	**201.0**	**6 463**	**102.2**	**1.05**	**107.6**	**3 459**	**249.9**	**1.27**	**316.8**	**10 186**

Gold Ore Reserves

	PROVEN				PROBABLE				TOTAL			
Mine	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)	Tonnes (Mt)	g/t	Gold (000kg)	Gold (000oz)
Hidden Valley & Kaveroi	3.3	2.29	7.6	243	22.2	2.04	45.3	1 455	25.5	2.07	52.8	1 698
Hamata	–	–	–	–	3.9	2.55	10.0	322	3.9	2.55	10.0	322
Golpu	–	–	–	–	49.6	0.61	30.2	972	49.6	0.61	30.2	972
GRAND TOTAL	**3.3**	**2.29**	**7.6**	**243**	**75.7**	**1.13**	**85.5**	**2 749**	**79.0**	**1.18**	**93.1**	**2 992**

Silver Mineral Resources

	MEASURED				INDICATED				INFERRED				TOTAL			
Mine	Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)	Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)	Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)	Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)
Hidden Valley & Kaveroi	3.7	39.67	148.5	4 775	32.5	33.99	1 103.5	35 477	20.8	27.44	570.8	18 351	57.0	31.97	1,822.8	58 603
GRAND TOTAL	**3.7**	**39.67**	**148.5**	**4 775**	**32.5**	**33.99**	**1 103.5**	**35 477**	**20.8**	**27.44**	**570.8**	**18 351**	**57.0**	**31.97**	**1822.8**	**58 603**

Silver Ore Reserves

	PROVEN				PROBABLE				TOTAL			
Mine	Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)	Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)	Tonnes (Mt)	g/t	Silver (000kg)	Silver (000oz)
Hidden Valley & Kaveroi	3.3	41.04	135.6	4 358	22.2	36.94	819.7	26 354	25.5	37.47	955.3	30 712
GRAND TOTAL	**3.3**	**41.04**	**135.6**	**4 358**	**22.2**	**36.94**	**819.7**	**26 354**	**25.5**	**37.47**	**955.3**	**30 712**

NB Rounding of numbers may result in slight computational discrepancies

* The numbers reported represents Harmony's equity portion of 69.9% of the Reserves and Resources

Copper Mineral Resources

	MEASURED				INDICATED				INFERRED				TOTAL			
Mine	Tonnes (Mt)	Grade (%)	Cu (000 t)	Cu (M lbs)	Tonnes (Mt)	Grade (%)	Cu (000 t)	Cu (M lbs)	Tonnes (Mt)	Grade (%)	Cu (000 t)	Cu (M lbs)	Tonnes (Mt)	Grade (%)	Cu (000 t)	Cu (M lbs)
Golpu	–	–	–	–	61.3	1.39	852.5	1 879	52.8	0.72	380.4	838	114.2	1.08	1 233.0	2 717
GRAND TOTAL	**–**	**–**	**–**	**–**	**61.3**	**1.39**	**852.5**	**1 879**	**52.8**	**0.72**	**380.4**	**838**	**114.2**	**1.08**	**1 233.0**	**2 717**

Copper Ore Reserves

	PROVEN				PROBABLE				TOTAL			
Mine	Tonnes (Mt)	Grade (%)	Cu (000 t)	Cu (M lbs)	Tonnes (Mt)	Grade (%)	Cu (000 t)	Cu (M lbs)	Tonnes (Mt)	Grade (%)	Cu (000 t)	Cu (M lbs)
Golpu	–	–	–	–	49.6	1.13	560.0	1,234	49.6	1.13	560.0	1 234
GRAND TOTAL	**–**	**–**	**–**	**–**	**49.6**	**1.13**	**560.0**	**1,234**	**49.6**	**1.13**	**560.0**	**1 234**

Molybdenum Mineral Resources

	MEASURED				INDICATED				INFERRED				TOTAL			
Mine	Tonnes (Mt)	Grade (ppm)	Mo (000 t)	Mo (M lbs)	Tonnes (Mt)	Grade (ppm)	Mo (000 t)	Mo (M lbs)	Tonnes (Mt)	Grade (ppm)	Mo (000 t)	Mo (M lbs)	Tonnes (Mt)	Grade (ppm)	Mo (000 t)	Mo (M lbs)
Golpu	–	–	–	–	61.3	110.00	6.7	15	52.8	157.00	8.3	18	114.2	131.75	15.0	33
GRAND TOTAL	**–**	**–**	**–**	**–**	**61.3**	**110.00**	**6.7**	**15**	**52.8**	**157.00**	**8.3**	**18**	**114.2**	**131.75**	**15.0**	**33**

Molybdenum Ore Reserves

	PROVEN				PROBABLE				TOTAL			
Mine	Tonnes (Mt)	Grade (ppm)	Mo (000 t)	Mo (M lbs)	Tonnes (Mt)	Grade (ppm)	Mo (000 t)	Mo (M lbs)	Tonnes (Mt)	Grade (ppm)	Mo (000 t)	Mo (M lbs)
Golpu	–	–	–	–	49.6	121.00	6.0	13	49.6	121.00	6.0	13
GRAND TOTAL	**–**	**–**	**–**	**–**	**49.6**	**121.00**	**6.0**	**13**	**49.6**	**121.00**	**6.0**	**13**

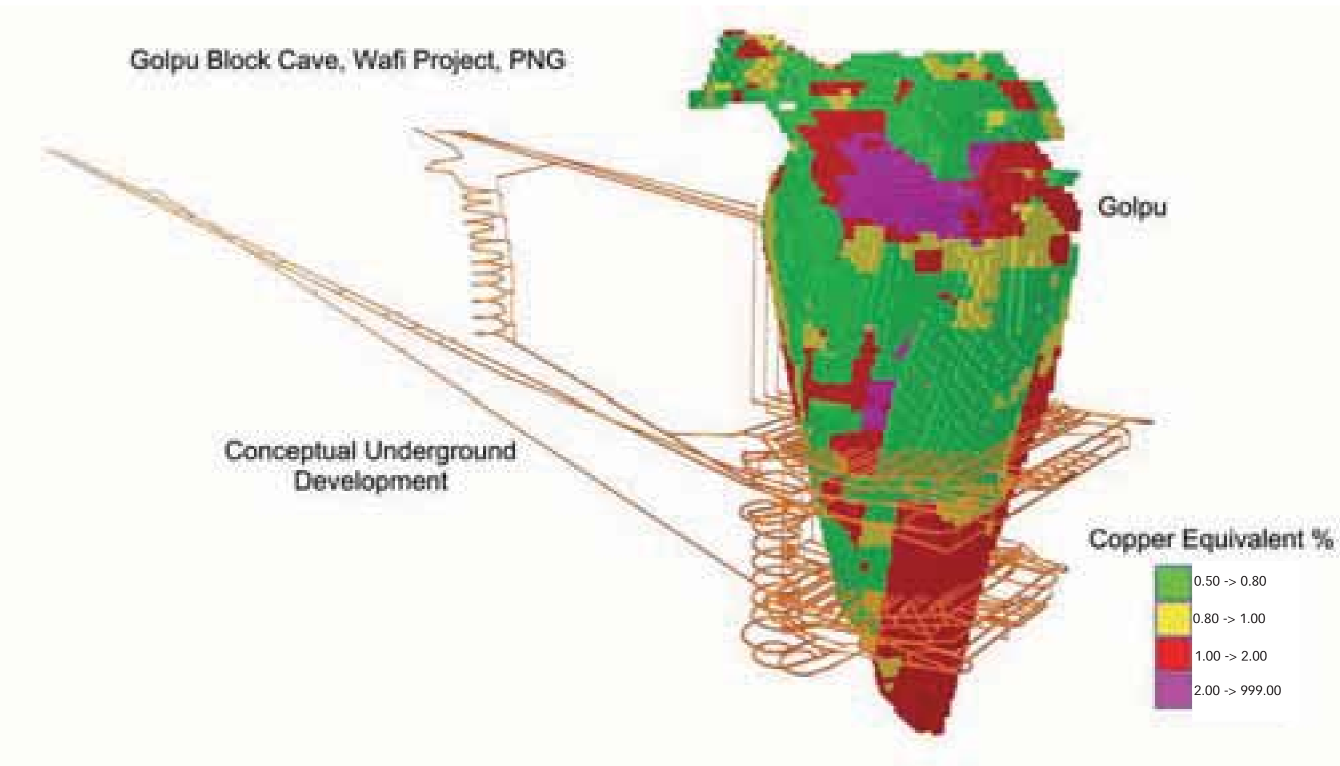
NB Rounding of numbers may result in slight computational discrepancies

* The numbers reported represents Harmony's equity portion of 69.9% of the Reserves and Resources

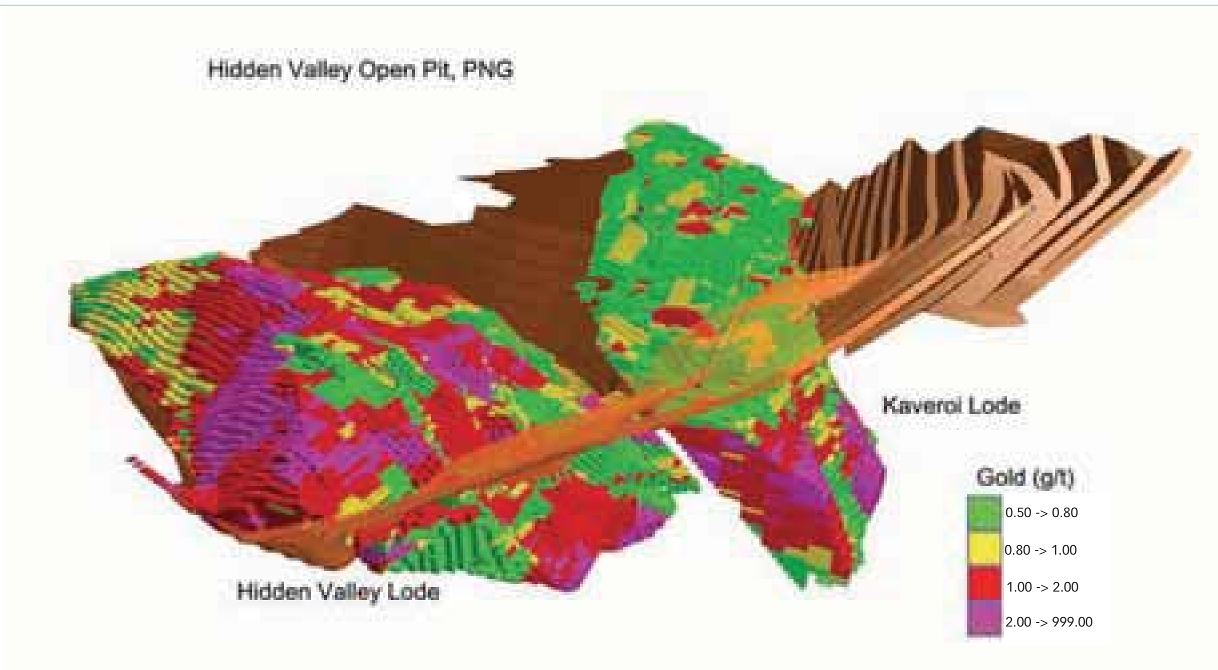
Hidden Valley, Papua New Guinea

Mineral Resources and Ore Reserves (continued)

Wafi-Golpu Project
Oblique section looking north west



Schematic geological section through the Hidden Valley and Kaveroi orebodies looking north-west
Oblique section looking north west



Appendix

Reporting Code

Harmony uses the South African Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (SAMREC Code), which sets out the internationally recognised procedures and standards for reporting of Mineral Resources and Ore Reserves in South Africa. This code was developed by the South African Institute of Mining and Metallurgy and is the recommended guideline for reserve and resource reporting for companies listed on the JSE Limited. Harmony's reporting of its Australian and PNG Mineral Resources and Ore Reserves also complies with the Australian Code for the Reporting of Mineral Resources and Ore Reserves (JORC code) of the Australian Institute of Mining and Metallurgy. This code is materially the same as the SAMREC code. In reporting Reserves, distinct cognisance has also been taken of Industry Guide 7 of the United States Securities Exchange Commission. Harmony uses the term 'Ore Reserves,' which has the same meaning as 'Mineral Reserves', as defined in the SAMREC code.

Definitions as per the SAMREC code

Mineral Resources

A Mineral Resource is a concentration (or occurrence) of material of economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a Mineral Resource are known, estimated from specific geological evidence and knowledge, or are interpreted from a well constrained and portrayed geological model. Mineral Resources are sub-divided in order of increasing confidence in respect of geoscientific evidence into inferred, indicated and measured categories.

An Inferred Mineral Resource is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and sampling, and assumed but not verified geologically and/or through analysis of grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited or of uncertain quality and reliability.

An Indicated Mineral Resource is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and the testing of information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

A Measured Mineral Resource is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

Ore Reserves

An Ore Reserve is the economically mineable material derived from a Measured and/or Indicated Mineral Resource. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a pre-feasibility study for a project, or a life of mine plan for an operation, must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors). Such modifying factors must be disclosed.

A Probable Ore Reserve is the economically mineable material derived from a Measured and/or Indicated Mineral Resource. It is estimated with a lower level of confidence than a Proved Ore Reserve. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a pre-feasibility study for a project, or a life of mine plan for an operation, must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed.

A Proven Ore Reserve is the economically mineable material derived from a Measured Mineral Resource. It is estimated with a high level of confidence. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a pre-feasibility study for a project, or a life of mine plan for an operation, must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed

Mineral Resources and Ore Reserves (continued)

Harmony reporting in compliance with SAMREC

In order to meet the requirements of the SAMREC code that the material reported as a Mineral Resource should have "reasonable and realistic prospects for eventual economic extraction", Harmony has determined an appropriate cut-off grade which has been applied to the quantified mineralised body according to a process incorporating a long-term view on future economic modifying factors. By applying this process, Harmony has derived at a cut-off grade for Mineral Resources of approximately 250cmg/t (approximately 2g/t). Mineral Resources have been estimated on the basis of geoscientific knowledge with input from the company's Ore Reserve managers, geologists and geostatistical staff. Each mine's Mineral Resources are categorised, blocked-out and ascribed an estimated value. At most mines computerised geostatistical estimation processes are used.

In order to define that portion of a measured and indicated Mineral Resource that can be converted to a proven and probable Ore Reserve, Harmony applies the concept of a cut-off grade. At our underground South African mines, this is done by defining the optimal cut-off as the lowest grade at which an orebody can be mined such that the total profits, under a specified set of mining parameters, are maximised. The cut-off grade is determined using the company's Optimiser computer programme which requires the following as input: the database of measured and indicated resource blocks (per shaft section); an assumed gold price which, for this Ore Reserve statement, was taken as R180 000/kg; planned production rates; the Mine Recovery Factor (MRF) which is equivalent to the Mine Call Factor (MCF) multiplied by the Plant Recovery Factor (PRF); and planned cash operating costs (rand per tonne). Rand per tonne cash operating costs are historically based but take cognisance of distinct changes in the cost environment such as restructuring, right-sizing, and other cost reduction initiatives, and for below infrastructure ounces, an estimate of capital expenditure.

The Ore Reserves represent that portion of the measured and indicated Resources above cutoff in the life-of-mine plan and have been estimated after consideration of the factors affecting extraction, including mining, metallurgical, economic, marketing, legal, environmental, social, and governmental factors. A range of disciplines which includes geology, survey, planning, mining engineering, rock engineering, metallurgy, financial management, human resources management and environmental management have been involved at each mine in the life-of- mine planning process and the conversion of Resources into Reserves.

The modifying factors related to the oreflow used to convert the Mineral Resources to Ore Reserves through the life-of-mine planning process are stated for each individual shaft. For these factors, historical information is used, except if there is a valid reason to do otherwise. As a result of the depth at which mining occurs and the resulting rock engineering requirements at our South African underground mines, some shafts design stope support pillars into their mining layouts which accounts for discounts of 7% to 10%. A further 15% discount is applied as a life-of-mine factor to provide for unpay and off-reef mining. In general, life-of-mine plan extraction factors do not exceed 85% and are reflected in the Ore Reserves.

Doornkop, South Africa

Doornkop, South Africa

Glossary of geological terms

Below infrastructure: That part of a company's ore reserve that can only be accessed following certain capital expenditure which has yet to be approved.

Craton: A part of the earth's crust that has attained stability and has been little deformed for a long period of geological time.

Diorite: A group of plutonic rocks intermediate in composition between acidic and basic. Felsic: An igneous rock having abundant light coloured minerals.

Graben: A block of rock that lies between two faults, and has moved downward to form a depression between two adjacent fault blocks.

Greenstone: A field term for any compact dark green altered or metamorphosed basic igneous rock that owes its colour to chlorite.

Horst: A block of rock that lies between two faults and has moved upward relative to the two adjacent fault blocks.

Kaapvaal Craton: The ancient protocontinental basement of South Africa.

Lacustrine: Pertaining to sediments formed in lakes.

Mafic: An igneous rock composed chiefly of dark, ferromagnesium minerals.

Ophiolite: A group of mafic and ultramafic igneous rocks derived by metamorphism, whose origin is associated with an early phase of the development of a geosyncline.

Plunge: The inclination of a fold axis or other linear feature, measured in the vertical plane.

Sub-outcrop: A rock stratum that unconformably underlies another rock stratum.

Syncline: Concave fold in stratified rock, in which strata dip down to meet in a trough.

Witwatersrand Basin: A sedimentary basin in South Africa.

Board of directors

1 2 3

Non-executive chairman

1. Patrice Motsepe (46) *BA (Legal), LLB.*
Appointed to the board in 2003. Patrice was a partner in one of the largest law firms in South Africa, Bowman Gilfillan Inc. He was a visiting attorney in the USA with the law firm, McGuire Woods Battle and Boothe. In 1994 he founded Future Mining, which grew rapidly to become a successful contract mining company. He then formed ARMgold in 1997, which listed on the JSE in 2002. ARMgold merged with Harmony in 2003 and this ultimately led to the takeover of Anglovaal Mining (Avmin). In 2002 he was voted South Africa's Business Leader of the Year by the CEOs of the top 100 companies in South Africa. In the same year, he was winner of the Ernst & Young Best Entrepreneur of the Year Award.

He is also the Executive Chairman of ARM Limited and the Deputy Chairman of Sanlam. His various business responsibilities included being President of Business Unity South Africa (BUSA) from January 2004 to May 2008, which is the voice of organised business in South Africa. He is also President of Mamelodi Sundowns Football Club.

Executive directors

2. Graham Briggs (55), *BSc (Hons) (Geology), PrSciNat –Chief executive officer.* Graham was appointed to the board in August 2007. Graham has 36 years' experience in the mining industry. He joined Harmony as New Business Manager in 1995 and was promoted to chief executive officer of Harmony Australia and Regional Manager for Australasia from 2005 to 2007. He was appointed acting chief executive officer in August 2007 and chief executive officer in January 2008. He began his career in geology as a field assistant in 1972 and was exposed to various exploration projects. Before attending university, Graham spent most of his time on gold exploration in the Free State, South Africa. While at Gengold he spent time on various mines in South Africa including Buffelsfontein, West Rand Consolidated, Grootvlei and ending as an ore reserve manager at Beatrix. Graham serves as a director of Harmony's subsidiaries.

3. Frank Abbott (53), *BCom, CA (SA), MBL – Interim Financial Director.* Frank was appointed an executive director in August 2007. Frank joined the Harmony board as a a non-executive director in 1994, after which he was appointed as financial director of the company in 1997. Following the ARM Limited/ARMI transaction, it was agreed by the board that Frank be appointed financial director of ARM while remaining on Harmony's board as a non-executive director. In August 2007, Frank was seconded to Harmony as interim financial director. Frank serves as a director of Harmony's subsidiaries and is a non-executive director of ARM Limited.

4 5 6

Non-executive directors

4. Dr Cheick Diarra (56), *PHD (Mechanical and Aerospace Engineering) Independent non-executive director.* Dr Cheick Diarra joined the Board as non-executive director on 5 March 2008. He is the chairman for Africa at Microsoft, responsible for Microsoft's broad scale citizenship, education and developmental activities on the continent. Dr Diarra graduated from Pierre & Marie Curie University in Paris, France and went on to attain his PhD in mechanical and aerospace engineering from Howard University, Washington DC, USA. After six years as an Assistant Professor at Howard, he joined the National Aeronautic and Space Association (NASA) Jet Propulsion Laboratory.

As an interplanetary navigator, he oversaw five NASA missions, including the Magellan mission to Venus, the Ulysses mission to the poles of the Sun, the Galileo mission to Jupiter and the Mars Observer mission. He then served as the navigator and public outreach manager for the Mars Pathfinder mission. In 1999, in his personal capacity, Dr Diarra created the Pathfinder Foundation for Education and Development – an organisation that encourages and supports female students in their pursuit of scientific education. In 2002, he was appointed CEO of the African Virtual University (AVU), an internationally respected organisation. Late in 2003, Dr Diarra returned home to Mali and, began working on his farm to find solutions to the continent's challenges with food security and nutrition. He is a member of a number of international and African scientific organisations, and has been awarded the African Lifetime Achievement award for outstanding Contributions to Science.

5. Joaquim Chissano (68), *Independent non-executive director.* Joaquim was appointed to the board in April 2005. He is the former President of Mozambique and has served Mozambique in many capacities, initially as a founding member of the Frelimo movement during that country's struggle for independence. Following independence in 1975, he was appointed foreign minister and, on the death of Samora Machel, assumed the office of President. Frelimo contested and won the multi-party elections in 1994 and 1999, returning Joaquim to the presidency on both occasions. He declined to stand for a further term of office in 2004. His presidency began during a time of devastating civil war and ended with peace in the country and most importantly sustained economic growth. Joaquim served a term as chairman of the African Union from 2003 to 2004. He is also a non-executive director of ARM Limited and TEAL.

6. Fikile De Buck (47), *BA (Economics), FCCA (UK) – Independent non-executive director.* Fikile joined the board on 1 April 2006. A certified chartered accountant, she is a fellow of the Association of Chartered Certified Accountants (ACCA) (UK) and a member of the Association of Chartered Certified Accountants (ACCA) (UK). In 1990, Fikile won the Stuart Crystal Prize, awarded to the best accounting student at the Birmingham Polytechnic in the United Kingdom. She was the chief operations officer and chief financial officer of the Council for Medical Schemes in South Africa where she held various positions from September 2000 until February 2008, when she resigned from her executive position. Prior to that, she was treasurer at the Botswana Development Corporation. Fikile is also a non-executive director of Rand Uranium (Pty) Ltd and Anooraq Resources Corporation.

Board of directors (continued)

7 8 9

7. Ken Dicks (69), *Mine Managers Certificates (Metalliferous and Fiery Coal Mines); Management Development Diploma and Management Diploma - Independent non-executive director.* Appointed to the board with effect from 13 February 2008. He retired from Anglo American in 1997 after 37 years service. Ken has 39 years' experience in the mining industry, 37 of which were spent in gold mining. He has served in various senior management positions as well as on mining companies' boards namely Freegold Limited, Western Deep Levels and Elandsrand. He is also a non-executive director of Aflease Gold Limited.

8. Cathie Markus (51), *BA LLB – Independent non-executive director.* Cathie joined the board with effect from 1 May 2007, bringing with her significant experience and a wealth of knowledge relating to the mining industry. After graduating from the University of the Witwatersrand, Cathie served articles at Bell Dewar and Hall and qualified as an attorney, notary and conveyancer before joining the legal department of Dorbyl Limited. She joined Impala Platinum Holdings Limited (Implats) in 1991 as Legal Adviser and was appointed an Executive Director in 1998, and oversaw, among others, the legal, administrative, public affairs and investor relations functions for the group. She retired from Implats in 2007.

9. Dr Simo Lushaba (42), *BSc (Hon), MBA and DBA – Independent non-executive director.* Simo is an entrepreneur and an executive business coach. He focuses on business and leadership development, and has interests in businesses in telecommunications, financial services, energy, transport and logistics. He has worked as General Manager – Operations (Spoornet), Vice President – Shared Business Services (Lonmin plc) and as Chief Executive (Rand Water). He is also a member of the Board of the Nepad Business Foundation (SA). He is also a non-executive director of Rand Uranium (Pty) Ltd.

10 11 12

10. Cedric Savage (69), *BSc (Eng), MBA, ISMP (Harvard) – Independent non-executive director.* Cedric joined the Board in September 2003. He started his career in the United Kingdom in 1960 as a graduate engineer with Fairey Aviation. He returned to South Africa in 1963 and worked in the oil (Mobil), textile (Felt & Textiles) and chicken (Rainbow Chickens Limited) industries. He was president of the South African Chamber of Business from 1993 to 1994. He has also served as chairman of the Board of Governors of the University of KwaZulu-Natal's Development Foundation and as a member of Council of that university. He joined the Tongaat-Hulett Group Ltd in 1977 as managing director of Tongaat Foods and progressed to executive chairman of the Building Materials Division; he became chief executive officer of the group in 1991. In May 2000, he assumed the dual roles of chief executive officer and executive chairman. He is currently non-executive chairman of the group and serves on a number of other boards including those of the Datatec Limited and Denel (Pty) Ltd. He also served on the Nedbank board from 2002 until 14 May 2008 when he retired as non-executive director.

11. Modise Motloba (42), *BSc, Diploma in Strategic Management – Independent non-executive director.* Modise was appointed to the board in July 2004. Modise, who is currently the chief executive officer of Quartile Capital (Pty) Ltd, has more than 17 years' local and global experience in investment banking, treasury, fund management, management consulting and information technology. He worked for both local and international corporates such as PriceWaterhouseCoopers, Rand Merchant Bank, African Merchant Bank, African Harvest Fund Managers and Goldman Sachs. Modise is a former President of the Association of Black Securities and Investment Professionals (ABSIP) which he led, together with the Black Business Council, in formulating and negotiating the historic Financial Services Charter in October 2003. He is the recipient of the prestigious 2003 Black Business Quarterly Investment Specialist and ABSIP's 2007 Pioneer in the Financial Sector awards. Modise is a member of the South Africa Reserve Banks' Standing Committee on the Revision of the Banks Act 1990. He gained experience in chamber business organisations while serving as President of the Johannesburg Chamber of Commerce in 2005 and as a member of the Trade Committee of Business Unity South Africa. His other key directorships include those at Rand Merchant Bank Structured Insurance, Deutsche Bank Securities SA (Pty) Ltd, the Land Bank and the Small Enterprise Foundation.

12. André Wilkens (59), *Mine Manager's Certificate of Competency, MDPA, RMIIA, Non-executive director.* André was appointed to the Board in August 2007. He is currently the chief executive officer of ARM Limited (ARM) having formerly been the chief executive of ARM Platinum, a division of ARM. Prior to this, he was the chief operating officer of Harmony, following the merger of the company with ARMgold in 2003. He had served as chief executive officer of ARMgold after joining that company in 1998. The balance of his 34 years' experience in the mining industry was gained with Anglo American Corporation of South Africa, where he began his career in 1969 and which culminated in his appointment as mine manager of Vaal Reefs South Mine in 1993.

Management

1 2 3 4 5

1. Mashego Mashego (44), *BA Ed, BA (Hons), GEDP, JMDP. Human Resources Executive.* Mashego joined Harmony in July 2005 as Group Human Resources Development Manager. Mashego, who has more than 19 years' experience in the field of Human Resources, started his career at Eskom where he was Human Resources Manager for nine years. He then moved to JCI as Corporate Human Resources Manager. Thereafter, he was Senior General Manager for three years at Atlantis Diesel Engines and Vice President of Human Resources at Foskor Ltd for six years. He was promoted to General Manager at Harmony's Evander Operations in November 2005. Mashego was appointed Executive, Human Resources in August 2007.

2. Jackie Mathebula (37), *B Admin Honours, MBA, Master of Management (MM, HR). Executive: Corporate Affairs.* Jackie joined Harmony in September 2002 as an employee relations and industrial relations executive. In 2004, his portfolio was changed to that of Training, Human Resource Development and Occupational Health, and in 2005 to the position of Executive, Corporate Affairs. Prior to joining Harmony, he was a General Manager in Human Resources for Gensec Bank, a Human Resources Manager at Gold Fields Ltd and he also occupied various positions within the then Iscor group (now Mittal Steel South Africa). His last position at Iscor was that of Works Manager, human resources for the specialised steel products business. He also worked for the South African government in the Gazankulu Public Service Commission.

3. Bob Atkinson (56), *NHD (Metalliferous Mining). Operations Director.* Bob joined Harmony as a section manager in 1986 and served as Operations Director on the Executive Committee from June 2001 to May 2003. He was then appointed Chief Operating Officer at Harmony Gold Australia and was appointed as Executive, Sustainable Development (Safety and Occupational Health) at Harmony in South Africa in July 2004. He currently serves as Operations Director of Projects and New Business. He has more than 30 years' experience in the mining industry.

4. Jaco Boshoff (39), *BSc (Hons), MSc (Geology), MBA, PrSciNat. Reserves and Resources Executive.* Jaco joined Harmony in April 1996. Since March 2004, he has served as the Reserves and Resources Executive and Competent Person. Prior to this, he was an Ore Reserve Manager from 1998 to 2004 and before that was a geologist at Harmony and at Gengold. Jaco is registered as a professional geological scientist with the South African Council for Natural Scientific Professions and has worked in the mining industry for more than 11 years.

5. Johannes van Heerden (35), *BCompt (Hons), CA(SA). Chief Executive Officer: South East Asia.* Johannes joined Harmony in 1998 as Financial Manager of the Free State operations. Here he obtained broad financial management experience at an operational level. He was subsequently appointed Group Financial Manager in 2001, before being relocated to Harmony Australasia as Chief Financial Officer in 2003. Johannes presently holds the position of Managing Director International Operations.

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6. Tom Smith (52), *NHD (Mine Surveying and Metalliferous Mining). Chief Operating Officer, South Region.* Tom joined Harmony in 2002. Tom began his career in the mining industry in 1975 as a sampler at Anglo American's Vaal Reefs mine. He progressed through the survey department to become chief surveyor in 1988. He made a career change in 1991 to mining and worked as a section manager on Great Noligwa, Elandsrand and Mponeng mines. He was also involved in projects at Tau Lekoa and Moab Khotsong. Tom was promoted to Production Manager at Mponeng in 1998. He was appointed General Manager of Tshepong in 2000. Following the merger with ARMgold he was involved in the Free State restructuring. He acquired work experience in conventional, trackless, pillar- and deep-level mining. He joined the executive team in September 2007 and is the Chief Operating Officer, South Region.

7. Alwyn Pretorius (36), *BSc Mining Engineering & BSc Industrial Engineering (UP). Chief Operating Executive: North Region.* Alwyn, a mine manager at ARMgold, joined the company when Harmony merged with ARMgold in 2003. He began his career at Vaal Reefs Gold Mine as a mining graduate in training in 1993 and was appointed shift boss in 1995, gaining experience in remnant mining. Alwyn obtained a Mine Manager's Certificate of Competence in 1997 and his BSc in Industrial Engineering in 1998. Alwyn joined ARMgold in 1999 at its Orkney operations. He became a mine overseer at ARMgold and was later appointed section manager at the same operation. He was appointed mine manager in 2003. Alwyn was appointed Executive, South African Operations for Harmony in March 2007, and is the Chief Operating Officer for South African operations, North Region.

8. Abre van Vuuren (48), *BComm, MDP, DPLR. Executive: Services.* Abre joined Harmony in 1997 from Grootvlei Mine, where he was Human Resources Manager. He was appointed to the Executive Committee in November 2000 and is responsible for Services. He has approximately 26 years' experience in the mining industry.

9. Marian van der Walt (35), *BCom (Law), LLB, Higher Diploma in Tax, Diploma in Corporate Governance, Diploma in Insolvency Law, Certificate in Business Leadership. Executive: Corporate and Investor Relations.* Marian has 11 years of legal experience and was appointed Company Secretary on 3 February 2003. She completed her articles at Routledge Modise Attorneys and was admitted as an attorney and conveyancer in 1998. She then joined Deloitte and Touche as an insolvency practitioner/administrator. She held legal positions at the Standard Bank of South Africa Ltd in the Commercial Properties Division prior to joining Harmony in 2003. Marian was appointed to the Executive Committee in October 2005 with responsibility for legal, compliance and risk management. Internal audit and Sarbanes-Oxley compliance were added to her portfolio in September 2007. In October 2008, she was appointed executive: corporate and investor relations.

Corporate governance

Doornkop, South Africa

Phakisa, South Africa

Hidden Valley, Papua New Guinea

Corporate governance

Harmony is committed to achieving its objectives and at the same time applying and upholding best practice in terms of corporate governance. The company's primary listing is on the JSE Limited, in South Africa. Harmony's ordinary shares are also listed on stock exchanges in London, Paris and Berlin, and are quoted in the form of American Depositary Receipts on the New York and Nasdaq exchanges, and as International Depositary Receipts on the Brussels exchange. The company's disclosure practices and policies are guided by the South African Companies Act, the JSE and other exchange requirements, and the US Securities and Exchange Commission (SEC). Also of importance are, in particular, the King Report on Corporate Governance 2002 (King II) and the Public Company Accounting Reform and Investor Protection Act of 2002, more commonly known as the Sarbanes-Oxley Act of 2002 (SOx), as applicable to foreign companies listed in the United States.

Summary of compliance with King II

Board and directors		
Unitary structure, comprising executive and non-executive directors	Comply	See page 108
Guide strategy	Comply	See pages 108 to 109
Ensure legal compliance	Comply	See Board Charter
Address material issues and delegate through written authority to management	Comply	See pages 109 to 110
Access to independent professional advice	Comply	See page 110
Identifies and monitors non-financial performance of the company	Comply	See Board Charter.
Consideration of going concern	Comply	See Directors' Report on page 139
Explanation of special resolutions	Comply	No special resolutions are required
Attend and encourage attendance at AGM	Comply	See page 111 and the Notice of Meeting
Provide CVs of directors standing for re-election	Comply	See pages 98 to 101
Charter in place	Comply	See pages 108 to 109
Composition of the board		
Majority of independent non-executive directors	Comply	See page 108
SA demographics to be considered	Comply	See page 108
Formal and transparent procedures for nominations to the board, assisted by the Nominations Committee	Partially comply	See pages 114 to 115
Rotation of directors staggered	Comply	See page 111
Chairman and Chief Executive Officer		
Chairman should be an independent non-executive director	Non-compliant	See page 110
Separation of roles of chief executive officer and chairman	Comply	See page 110
Annual appraisal of chairman by board	Non-compliant	See page 110
Performance of chief executive officer to be evaluated annually and results considered by Remuneration Committee	Compliant since January 2008	Technical and Remuneration Committees responsible (see charters)
Directors		
Formal induction and training provided for directors	Comply	See page 110
Remuneration		
Remuneration Committee to comprise independent non-executive directors only	Non-compliant; 75% of committee members are independent non-executive directors	See page 115
Chairman of Remuneration Committee to be an independent, non-executive director and to attend annual general meeting	Comply	See page 115
Full disclosure of directors' remuneration	Comply	See pages 143 to 145
Remuneration philosophy disclosed	Comply	See Directors' Report on pages 141 to 142
Remuneration of non-executive directors to be approved by shareholders prior to implementation	Comply	See Notice of Meeting

Corporate governance (continued)

Summary of compliance with King II cont

Board meetings		
To meet once per quarter and attendance to be disclosed	Comply	See page 110
Board should be briefed timeously and information should be subject to internal controls	Comply	See page 110
Non-executive directors to have access to management without executive directors present	Comply	See page 110
Board committees		
Board committees should assist the board, have clear terms of reference, ensure transparency in disclosure to the board, take independent advice as required and be subject to regular evaluation	Comply	See pages 111 to 112
Board and directors' evaluation		
Evaluation of board as a whole and individual directors to be undertaken	Board as a whole evaluated; individual directors not evaluated.	See page 110
All revised charters include provision for self-assessments/evaluations.	Comply	See page 110
Dealings in securities		
Appropriate measures in place	Comply	See page 119
Company secretary		
Access to company secretary by board members	Comply	See page 117
Risk management		
Appropriate processes and controls to be put in place	Comply	See page 120
Internal audit		
Independent assurance function to be in place, with direct access to the chairman	Comply	See page 122
Sustainability reporting		
Report to be developed in accordance with GRI	Comply	See Sustainable Development Report
Code of ethics		
Code of ethics to be in place	Comply	See page 119
Accounting and auditing		
To recommend appointment of auditors and approve use of auditors for non-financial audit work	Comply	See page 122
Reporting on non-financial information		
Statement of directors' responsibility	Comply	See page 136

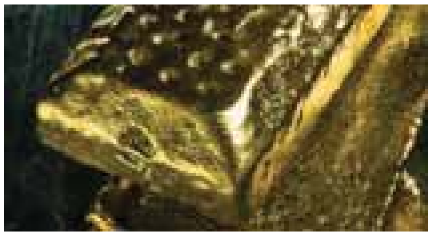
Board of directors

Harmony is governed by a unitary board which, in accordance with its Articles of Association, must comprise between four and twenty directors. As at the end of June 2008, the Harmony board was made up of twelve members, eight of whom have been determined as being independent and two of whom are executive directors. Two of the non-executive directors are women, and four directors are drawn from groups considered to be historically disadvantaged in South Africa. Determination of independence is done in accordance with King II and SOx.

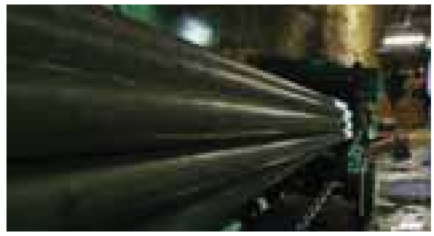
The board upholds sound principles of corporate governance, recognises the interests of communities that the company affects, ensures that the company acts as a responsible corporate citizen, and ensures the creation of optimal value for its shareholders.

Board purpose and function

The board is guided in its actions by the board charter which is reviewed on an annual basis and is available on the company's website at www.harmony.co.za. The charter serves as a guide to each member of the board



Doornkop, South Africa



Tshepong, South Africa

Members of Harmony's board of directors as at 30 June 2008:

Non-independent non-executive chairman	
	Patrice Motsepe
Executive directors	
	Graham Briggs (Chief Executive Officer)
	Frank Abbott (Interim Financial Director)
Independent non-executive directors	
	Joaquim Chissano
	Fikile De Buck
	Dr Cheick Diarra
	Ken Dicks
	Dr Simo Lushaba
	Cathie Markus
	Modise Motlaba
	Cedric Savage
Non-independent non-executive director	
	André Wilkens

in terms of the purpose and role of the board, its responsibilities, authority, composition and meetings as well as the need for self-assessment. In terms of this charter, each director is required to exercise leadership, enterprise, integrity and judgement based on fairness, accountability, responsibility and transparency. The board provides strategic direction to the company through the quarterly board meetings and the delegation of authority to the board committees. The board reviews and directs the company's strategic objectives, annual budget and plans. The board also guides and reviews the non-financial performance of the company.

Given the location of Harmony's operations and of the exchanges on which it is listed, a number of onerous duties, responsibilities and personal liabilities are imposed on Harmony's directors under both common and statutory law, not only in South Africa, but also in the United States, Australia and the United Kingdom.

Board appointments

The company believes that the non-executive and independent directors are of sufficient calibre, experience and number for their views to carry significant weight in the board's decisions. In considering new appointments to the board, Harmony takes cognisance of gender and racial mix of the board and believes that it has achieved an acceptable balance of such members. Consideration of new appointments to the board is undertaken by the board as a whole.

Board meetings

The board, in terms of its charter, is required to hold at least one meeting every quarter. Four meetings were held in FY08. Attendance at these is reflected in the table below. Resolutions requiring urgent decisions were passed by means of round-robin resolutions.

Corporate governance (continued)

Attendance at board meetings in FY2008

	21 Aug 07	29 Oct 07	13 Feb 08	6 May 08
Patrice Motsepe	✓	✓	✓	✓
Graham Briggs	✓	✓	✓	✓
Frank Abbott	✓	✓	✓	✓
Joaquim Chissano	✓	✗	✓	✓
Fikile De Buck	✓	✓	✓	✓
Dr Cheick Diarra	NA	NA	NA	✓
Ken Dicks	NA	NA	✓	✓
Dr Simo Lushaba	✓	✓	✓	✓
Cathie Markus	✓	✓	✓	✓
Modise Motloba	✓	✓	✓	✓
Cedric Savage	✓	✓	✓	✓
Andre Wilkens	✓	✓	✓	✓

Chairman and chief executive officer

The roles of chairman and chief executive officer are separate and distinct as required by King II. The chairman, however, is not considered to be independent. The board is of the view that the value added by Mr Motsepe as chairman to the company is significant, and that the board as a whole is sufficiently independent in nature.

Induction to the board

The board accepts responsibility for the monitoring and supervision of executive management and the induction of new or inexperienced directors. As part of the company's induction programme, a new director is briefed by the company secretary and provided with a comprehensive company information pack containing, among other documentation, committee charters, Articles of Association, corporate governance guidelines, the Toolkit for Directors (provided by internal auditors KPMG) and a summary of the JSE Listings Requirements. Furthermore, each director has unrestricted access to the advice and services of senior management. All non-executive directors appointed to the board during FY08 were briefed accordingly.

All non-executive directors have an open invitation to visit Harmony's operations at any time and attend management meetings at their discretion. Specific training sessions are arranged as and when these are requested by directors.

Delegation of authority

The board delegate authority for certain matters through the charters to its board committees. These matters are monitored and evaluated by the board at each meeting. Board members have unrestricted access to all group information, records, documents and property. If necessary, a board member may take independent professional advice at the group's expense.

Assessment

The board, in terms of its charter, is required to conduct a self-assessment or self-evaluation annually. The chairman is required to assess the performance of individual board members and the board is required to evaluate the chairman, based on several factors, including expertise, inquiring attitude, objectivity and independence, judgement, understanding of Harmony's business, understanding and commitment to the board's duties and responsibilities, willingness to devote the time needed to prepare for and participate in committee deliberations, timely responses and attendance at meetings.

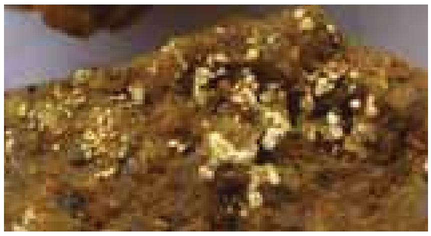
A board effectiveness self-evaluation was conducted in FY08, although a seperate evaluation of the chairman was not undertaken. It is the company's intention to undertake a third party review of the board effectiveness, including the effectiveness of the chairman, in FY09.

Following the review of the board, board charters and charters of board sub-committees, a clause relating to self-assessment was inserted into each charter. In addition, the Technical Committee was formed in January 2008 to assess the performance of the company and the chief executive officer.

Executive directors

Executive directors have standard employee service agreements and all include a notice period of at least one month. Their employment letters do not make provision for pre-determined compensation on termination. The executive directors have waived their rights to directors' fees.

Executive directors participate in Harmony's share scheme and also benefit from pension contributions (or provident fund), life insurance and medical aid. The number of share options held by executive directors



Edie Creek, Papua New Guinea

Bambanani, South Africa

during the financial year is detailed in the Directors' Report which may be found on pages 136 to 146.

Non-executive directors

None of the non-executive directors has a service contract with Harmony. Non-executive directors are entitled to fees as agreed at Harmony's annual general meeting and, from time to time, to reimbursement for out-of-pocket expenses incurred on the company's behalf as well as remuneration for other services, such as serving on committees. Details may be found in the Directors' report on page 142 and the Notice of Meeting

Shareholders approved an increase in non-executive directors' remuneration at the annual general meeting held on 26 November 2007. The increased fees were payable effective from 1 July 2007. Other than what has been stipulated under 'Related party transactions' in the Directors' Report on page 141, the company is not aware of any other director, or the families of any other directors, having any interest, direct or indirect, in any transaction during the last financial year or in any proposed transaction with any company in the Harmony group which has affected or will materially affect Harmony or its investment interest or subsidiaries.

Annual general meeting

The notice of the annual general meeting is posted timeously to all shareholders, with clear instructions of the responsibility of shareholders and the resolutions being voted for. Full details of the directors to be nominated/re-nominated are provided. Directors are encouraged to attend the annual general meeting, particularly the chairmen of the various board committees.

Rotation of directors

The rotation of directors is staggered and is provided for on an annual basis at the company's annual general meeting. In terms of the company's Articles of Association, one-third of the longest standing directors on the board must retire from office at the annual general meeting. Retiring directors usually make themselves available for re-election and are re-elected at the annual general meeting at which they retire. There are provisions in place within the Articles of Association for the exemption from retirement for executive directors in terms of their employment contracts. Currently, no directors are exempted from retirement under these provisions.

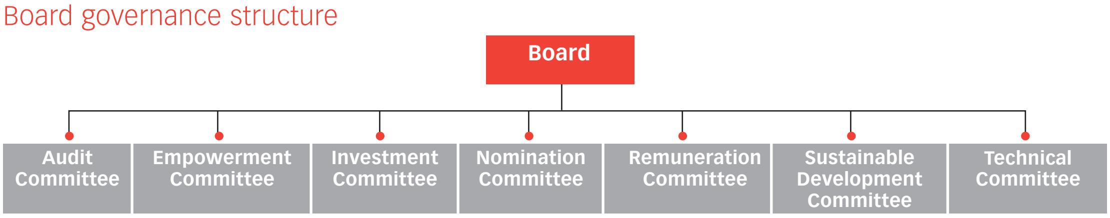
At the annual general meeting to be held on 24 November 2008, the following directors, Messrs Cedric Savage and Frank Abbott, will retire and have made themselves available for re-election. Full details may be found on pages 98 to 101 of this report and in the Notice of Meeting.

Board committees

To enable the board to properly discharge its responsibilities and duties, certain responsibilities of the board have been delegated to board sub-committees. These committees are:

- Audit Committee
- Empowerment Committee
- Investment Committee
- Nomination Committee
- Remuneration Committee
- Sustainable Development Committee
- Technical Committee

Board governance structure



Corporate governance (continued)

The creation of these committees does not reduce the directors' overall responsibility and the chairmen of all sub-committees report and make recommendations to the board via designated reporting slots at each board meeting. The minutes of all committee meetings are made available to all board members in their board information pack prior to the board meeting.

Each board committee is guided by that committee's charter. Copies of these charters are available on the Harmony website at www.harmony.co.za. In order to discharge its responsibilities and fulfil its duties, each committee has adopted an agenda plan. Each plan is approved by the board on an annual basis. Reporting by each committee to the board takes place against the approved agenda plan. All board committees are chaired by an independent non-executive director, except for the Nomination Committee. A discussion of the areas of partial and non-compliance with King II appear in the relevant sections below.

AUDIT COMMITTEE

Members

In terms of its charter this committee must comprise at least three members.

As at 30 June 2008, the members of this committee were:

Cedric Savage (chairman):	Appointed to the committee on 26 January 2004 and chairman on 5 August 2005
Fikile de Buck:	Appointed to the committee on 30 March 2006
Dr Simo Lushaba	Appointed to the committee on 24 January 2003
Modise Motloba	Appointed to the committee on 30 July 2004

The internal auditors, the external auditors, the chief executive officer and executive managers are invited to the meeting.

Frequency of meetings

In terms of its charter, the Audit Committee is required to meet at least four times a year, or more frequently as circumstances dictate. During the 2008 financial year, the committee met on eight occassions.

Purpose and function

The Audit Committee was established to assist the board in discharging its duties relating to the safeguarding of assets; the operation of adequate system and internal controls and control processes; the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements, corporate governance and accounting standards. It also provides support to the board on the risk profile and risk management of the group.

The Audit Committee reports and makes recommendations to the board, and the board retains responsibility for implementing such recommendations.

Independence/compliance

All members of the Audit Committee are independent, non-executive directors.

At this time Harmony does not have an individual audit committee financial expert as defined by the rules of the SEC. It is the company's contention that the audit committee members, through their collective experience, do meet the majority of the definitions of the SEC for an audit committee financial expert in both the public and private 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, overseeing the preparation, audit and evaluation of financial statements. Harmony believes that the combined knowledge, skills and experience of the Audit committee, and their authority to engage outside experts to provide them with advice on matters relating to their responsibilities as they deem appropriate, enables them as a group to act effectively in the fulfillment of tasks and responsibilities required under SOx.

Attendance at Audit Committee meetings in FY08

Name	2 Aug 07	6 Aug 07	20 Aug 07	25 Sept 07	26 Oct 07	26 Nov 07	11 Feb 08	5 May 08
Cedric Savage	✓	✓	✓	✓	✓	✓	✓	✗
Fikile De Buck	✓	✓	✓	✓	✗	✗	✓	✓
Dr Simo Lushaba	✓	✓	✗	✓	✗	✓	✓	✓
Modise Motloba	✓	✓	✓	✗	✗	✗	✓	✓

Bambanani, South Africa

Hidden Valley, Papua New Guinea

EMPOWERMENT COMMITTEE

Members

The Empowerment Committee should have three members.

As at 30 June 2008, the members of this committee were as follows:

Joaquim Chissano (Chairman)	Appointed as member and chairman with effect from 3 May 2006
Modise Motloba	Appointed to the committee on 3 May 2006
Cathie Markus	Appointed to the committee on 29 October 2007

Bernard Swanepoel resigned from this committee on 6 August 2007.

The chief executive officer and executive managers are invited to attend meetings.

Frequency of meetings

The Empowerment Committee met on two occasions during FY08.

Purpose and function

The Empowerment Committee was established by the board to ensure that the company meets not only regulations stipulated in the Employment Equity Act, the Labour Relations Act and the Mineral and Petroleum Resources Development Act's Mining Charter Scorecard, but also in fulfilment of Harmony's own empowerment imperatives.

The responsibilities of the Empowerment Committee include ensuring that a sustainable organisational culture, structures and processes are in place to support the development of empowerment in the company in line with the company's needs and requirements; to monitor the development and progress of empowerment within the company; to address inequalities that may exist in staff profiles and organisational practices; and to review and monitor whether appropriate support is given to previously disadvantaged staff in order to equip them for successful careers in the company.

Independence/compliance

The committee is chaired by an independent non-executive director and comprises of independent non-executive directors.

Attendance at Empowerment Committee meetings in FY08

Name	3 Aug 07	24 April 08
Joaquim Chissano	✓	✓
Modise Motloba	✓	✓
Cathie Markus	NA	✓

Corporate governance (continued)

INVESTMENT COMMITTEE

Members

In terms of its charter, this committee must comprise at least three members.

As at 30 June 2008, the members were:

Dr Simo Lushaba (chairman)	Appointed to the committee on 26 January 2004 and as chairman with effect from 5 August 2005
Frank Abbott	Appointed to the committee on 30 July 2004 and resigned from the committee following his appointment as interim financial director on 21 August 2007
Fikile De Buck	Appointed to the committee on 3 May 2006
Cedric Savage	Appointed to the committee on 26 January 2004
André Wilkens	Appointed to the committee on 7 August 2007
Cathie Markus	Appointed to the committee on 29 October 2007
Ken Dicks	Appointed to the committee on 13 February 2008

The chief executive officer and executive managers are invited to attend the meetings.

Frequency of meetings

The committee should meet at least four times a year, but may at its discretion meet more often depending on the circumstances. The committee met on eight occasions in FY08.

Purpose and function

The Investment Committee's purpose was reviewed, following the implementation of the Technical Committee in February 2008. The primary purpose of the Investment Committee is to consider projects, acquisitions and the disposal of assets in line with the Group's overall strategy. This includes performing such other investment related functions as may be designated by the board from time to time, considering the viability of the capital project and/or acquisition and/or disposal and the effect it may have on the Group's cash flow, as well as whether it will fit the Group's overall strategy and ensuring that due diligence procedures are followed when acquiring or disposing of assets.

Independence/compliance

The Investment Committee consists of six non-executive members, of which five are independent. The chairman is an independent, non-executive director. The chief executive officer, interim financial director and members of the Executive Management Committee attend all Investment Committee meetings.

NOMINATION COMMITTEE

Members

In terms of its charter, this committee must at all times comprise at least three members.

As at 30 June 2008, the members of this committee were:

Patrice Motsepe (chairman)	Appointed to the committee on 24 October 2003 as chairman
Joaquim Chissano	Appointed to the committee on 3 May 2006
Frank Abbott	Appointed to the committee on 5 August 2005

Frequency of meetings

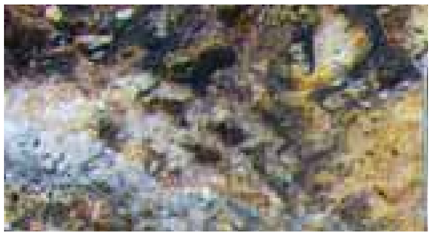
Members of this committee are required to meet annually or more often at the committee's discretion, depending on prevailing circumstances. In view of the fact that only one member of the committee is an independent non-executive director, any decisions by the Nomination Committee are approved by the board, either through a round robin resolution or at a board meeting.

Purpose and function

The primary purpose of the Nomination Committee is to ensure that the procedures for appointments to the board are formal and transparent, by making recommendations to the board on all new board

Attendance at Investment Committee meetings in FY08

Name	7 Aug 07	25 Sept 07	26 Oct 07	20 Nov 07	11 Feb 08	3 April 08	17 April 08	5 May 08
Dr Simo Lushaba	✓	✓	✓	✓	✓	✓	✓	✓
Fikile de Buck	✓	✓	✗	✗	✓	✓	✓	✓
Cedric Savage	✓	✓	✓	✓	✓	✓	✓	✗
André Wilkens	NA	✓	✓	✓	✓	✓	✓	✓
Cathie Markus	NA	NA	NA	✓	✓	✗	✗	✓
Ken Dicks	NA	NA	NA	NA	NA	✓	✓	✓



Hidden Valley, Papua New Guinea

Doornkop, South Africa

appointments and reviewing succession planning for directors. The duties and responsibilities of this committee are set out in the Nomination Committee charter, with which the committee is fully compliant.

Independence/compliance

The chairman of the Nomination Committee is non-executive, but is not independent. To ensure appropriate levels of governance, the potential directors identified by the nominations committee are considered by the board as a whole, the majority of whom are non-executive, independent directors.

REMUNERATION COMMITTEE

Members

In terms of its charter, this committee must comprise a minimum of three members.

As at 30 June 2008, the members of this committee were:

Cedric Savage (chairman)	Appointed to the committee on 24 January 2004 and as chairman from 3 May 2006
Dr Simo Lushaba	Appointed to the committee on 5 August 2005
Patrice Motsepe	Appointed to the committee on 26 January 2004
André Wilkens	Appointed to the committee on 7 August 2007

The chief executive officer, human resources executive and company secretary are invited to attend all meetings.

Frequency of meetings

The Remuneration Committee is expected to meet at least on a quarterly basis or, alternatively, to pass resolutions by round robin if and when a formal meeting cannot be held. In FY08, the committee met once and a number of round robin resolutions were passed.

Purpose and function

The primary purposes of the Remuneration Committee are to ensure that the group's directors and senior executives are fairly rewarded for their individual contributions to Harmony's overall performance and to demonstrate to all stakeholders that the remuneration of senior executive members of Harmony is set by a committee of board members who have no personal interest in the outcome of their decisions, and who will give due regard to the interests of the shareholders and to the financial and commercial health of the company.

The committee's primary objectives are to monitor and strengthen the objectivity and credibility of Harmony's directors' and senior executives' remuneration system, and to make recommendations to the board on remuneration packages and policies applicable to directors. A formal reward philosophy was adopted by the Remuneration Committee in March 2006. This philosophy is reviewed annually by the committee.

Independence/compliance

The committee comprises three non-executive directors, of which two are independent. It is therefore not compliant with King II which requires that the committee comprise independent directors only. The chairman of the Remuneration Committee is, however, an independent non-executive director and ensures that decisions are non-bias and fair. The chairman attended the annual general meeting which was held on 26 November 2007 to respond to any queries from shareholders.

Corporate governance (continued)

SUSTAINABLE DEVELOPMENT COMMITTEE

Members

In terms of its charter this committee should comprise at least three members.

As at 30 June 2008, the following were members of this committee:

Modise Motloba (chairman)	Appointed as chairman on 5 August 2005
Joaquim Chissano	Appointed to the committee on 3 May 2006
Fikile de Buck	Appointed to the committee on 3 May 2006

The chief executive officer and executives managers are invited to attend all meetings.

Frequency of meetings

The Sustainable Development Committee should meet at least four times a year, or more frequently as circumstances dictate. In FY08, four meetings of this committee were held.

Purpose and function

The objective of the Sustainable Development Committee is to assist the board in ensuring that Harmony is and remains a committed socially responsible corporate citizen. The committee's primary role is to supplement, support, advise and provide guidance on the effectiveness or otherwise of management's efforts in respect of sustainable development.

The committee considers the following sustainable development issues: occupational health, safety, HIV/Aids, social investment and environmental management.

Independence/compliance

Members of the committee are all independent, non-executive directors.

TECHNICAL COMMITTEE

Members

In terms of its charter this committee should comprise at least three members.

As at 30 June 2008, the following were members of this committee:

André Wilkens (chairman)	Appointed chairman on 22 January 2008
Fikile de Buck	Appointed to the committee on 14 July 2008
Ken Dicks	Appointed to the committee on 13 February 2008
Modise Motloba	Appointed to the committee on 22 January 2008
Cedric Savage	Appointed to the committee on 22 January 2008

The chief executive officer and executive managers are all invited to attend meetings.

Frequency of meetings

The committee should meet at least six times a year. The committee, at its discretion, may decide to change this requirement, depending on the circumstances. Bearing in mind the Technical Committee was only established on 22 January 2008, three meetings were held between then and year-end.

Purpose and function

The Technical Committee was formed in January 2008 to provide a platform for the chief executive officer to discuss the company's strategy, its performance against targets, its operational results and projects. The Technical Committee keeps the board informed of the developments, progress and challenges facing the company's operations. The strategic plans are considered by the Technical Committee and recommended for approval to the Investment Committee and the Board. In addition, the Technical Committee provides guidance and support to management to ensure that the company remains sustainable and successful.

The committee considers and reviews the company's strategy, its performance targets and its projects on an annual basis; reviews the performance of the company

Attendance at Sustainable Development Committee meetings in FY08

Name	6 Aug 07	25 Oct 07*	12 Feb 08	24 Apr 08
Modise Motloba	✓	✗	✓	✓
Joaquim Chissano	✗	✗	✓	✓
Fikile De Buck	✓	✓	✓	✓

** Cancelled*

Tshepong, South Africa

Morobe, Papua New Guinea

Attendance at Technical Committee* meetings in FY08

Name	13 Feb 08	27 Mar 08	5 May 08
André Wilkens	✓	✓	✓
Ken Dicks	✓	✓	✓
Modise Motloba	✓	✓	✓
Cedric Savage	✓	✓	✗

** The Technical Committee was only formed in January 2008*

and the chief executive officer; reports to the board on the developments, progress and challenges facing the company's operations on a quarterly basis and provides guidance and support to management to ensure that the company remains sustainable and successful.

Independence/compliance

The committee comprises of three independent, non-executive directors. The chairman is not independent, but it was agreed that he was best suited to be appointed as chairman, due to his vast knowledge of the company's assets and his years' of mining experience.

Company secretary

Harmony's company secretary plays a pivotal role in the achievement of good corporate governance and the board has empowered her accordingly.

The company secretary supports the chairman in:

- Ensuring the effective functioning of the board.
- Providing guidance to the chairman, the board and the directors of Harmony's subsidiaries on their responsibilities and duties within the prevailing regulatory and statutory environment.
- providing the board with guidance as to how they can, in the best interests of Harmony, discharge these responsibilities and duties.
- Raising matters that may warrant the attention of the board.

Marian van der Walt served as company secretary until 30 September 2008 and was also the executive responsible for legal matters, compliance, risk management, internal audit, document retention and ensures compliance with all relevant statutory and regulatory requirements (including SOx) and internal audit. Marian has accepted the position of executive: corporate and investor relations officer from 1 October 2008. Khanya Maluleke has been appointed company secretary from 1 October 2008. The balance of Marian's responsibility will be taken on by the senior manager: corporate governance and internal audit.

The company secretary assists in the carrying out of corporate strategies by ensuring that the board's decisions and instructions are clearly communicated to the relevant people, and is available to provide a central source of guidance and advice within Harmony on matters of ethics and good governance.

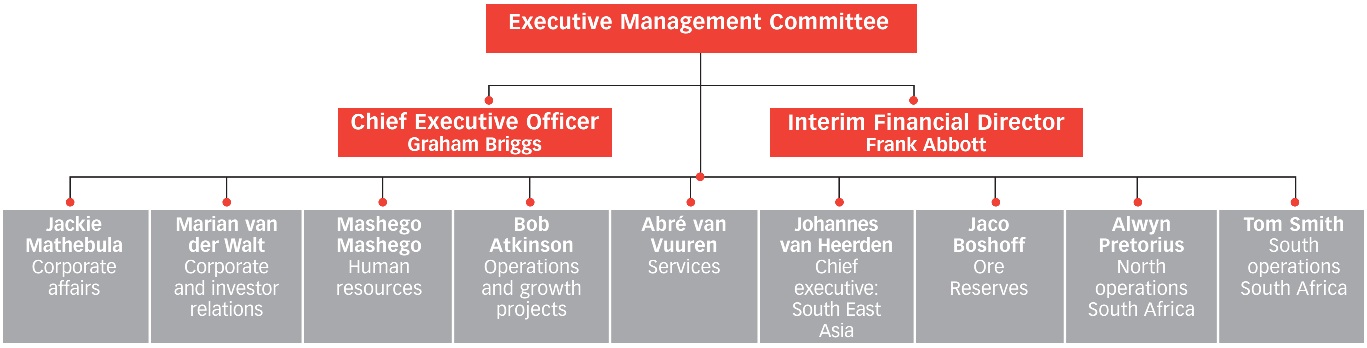
Other committees

EXECUTIVE MANAGEMENT COMMITTEE

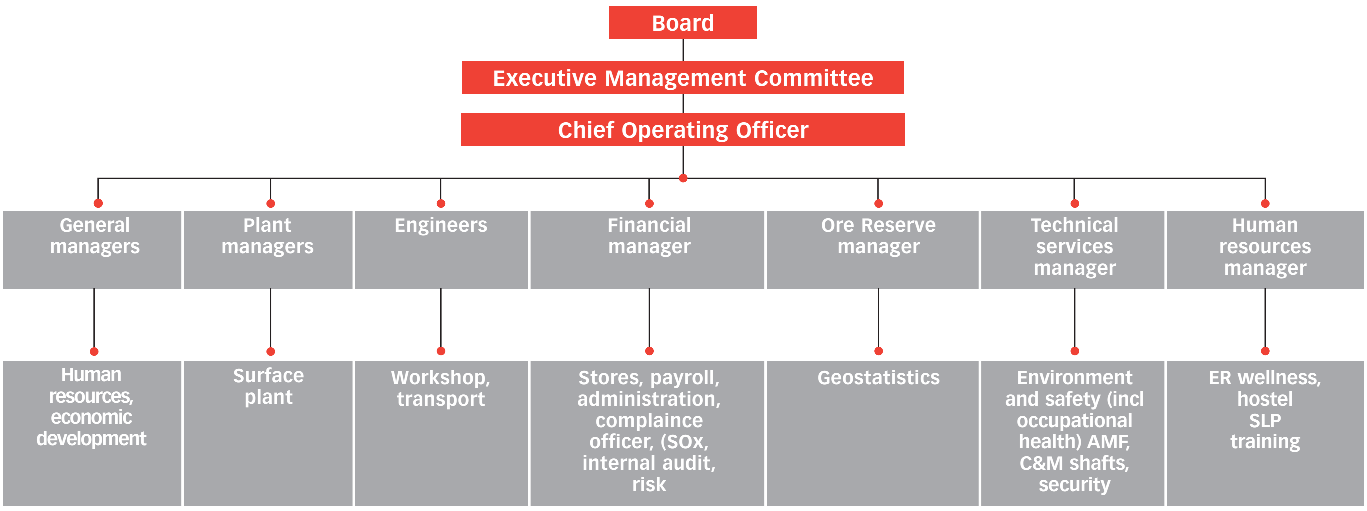
Members of the Executive Management Committee meet on a weekly basis. Standard items on the agenda are: operational results, cash flow, people issues and matters arising.

Corporate governance (continued)

The Executive Management Committee structure is as follows:



Following the decentralisation of services in December 2007, Harmony's reporting structure at an operational level is currently as follows:



Certain members of the Executive Management Committee belong to the following committees, which meet regularly. These committees are considered to be vital to the functioning of the company and ensuring the appropriate control and provision of information to the board.

Committee name	Members	Purpose and function	Frequency of meetings
Group Operational Committee	Chief operating officers and group operations teams	Review operations, safety performance, environmental issues and human resources	Weekly
Operations Committee	Chief operating officers, group operations teams and general managers	Oversees the execution of detailed shaft plans, employee relations, procurement, costs, cash flows	Monthly
Shaft Review Committee	Chief operating officers, shaft teams and members of the executive	Reviews shaft-specific operational performance, major capital expenditure and forecasts	Monthly at each shaft
Ethics Committee	Company secretary, human resources executive, corporate affairs executive, services executive	Monitors the ethical culture and levels of integrity	Quarterly within the Harmony group
IT Steering Committee	Chief executive officer, interim financial director, chief operating officers and chief information officer	Oversees IT within the company	Quarterly
Tender Committee	General manager procurement, group technical managers	Monitors all procurement procedures and reviews increases on contract items	Monthly
White Collar Crime Committee	Heads of services departments	Considers confidential reports received on code of ethics, violations, fraud and inappropriate behavior	Monthly
SOx Steering Committee	Company secretary, senior manager: internal audit and governance, financial managers	Review of SOx compliance	Monthly


Doornkop, South Africa


Elandsrand, South Africa

The Brand Committee and Enterprise Risk Management Committee were discontinued during the year. Risk is managed on shaft level and monitored by the Executive Management Committee on a regular basis.

Code of ethics

Harmony places a great deal of emphasis on instilling and maintaining the highest levels of integrity in the conduct of its business. Harmony has, through a process of constructive employee engagements enshrined the following values as those which the company and its employees subscribe to. These are:

- honesty
- resilience
- passion
- determination
- decisiveness
- inspirational
- focused
- ingenuity

Harmony's code of ethics was adopted to respond to the challenge of ethical conduct in a business environment. All employees and contractors are expected to comply with its contents. The code of ethics is available on the company's website at www.harmony.co.za. All employees are provided with a copy of the code of ethics when they join the company as well as each time an employee's renumeration is changed. Compliance with the code is a condition of service. The code of ethics is also applicable to all the company's suppliers, contractors and directors. An Ethics Committee meeting at executive management level is held every quarter. Their duties and responsibilities include the following:

- Monitoring the ethical behaviour within Harmony's business environment.
- Taking measures to ensure that the code of ethics is distributed to and signed by all employees of Harmony, and all contracting parties concluding any agreements with Harmony.
- Monitoring disciplinary action taken against any employee who does not act in accordance with the code.
- Reviewing the gift registers.
- Reviewing the reports received from the White Collar Crime Committee.
- Reviewing the code of ethics on an annual basis.

To enhance awareness of the code of ethics, an ethics alert is sent to employees who have access to e-mails, from the chief executive officer's desk on a monthly basis. The ethics alert provides information on fraudulent activity within the company and how employees can assist in preventing fraud. Harmony protects the identity of the employees who report non-compliance with our code of ethics and encourage employees to make use of the company's whistle-blowing line.

Restrictions on share dealings

Harmony employees and directors are prohibited from dealing in Harmony shares during price sensitive periods. The company secretary regularly distributes written notices, via e-mail, to advise employees and directors of restricted periods. Employees are obliged, in terms of regulatory and governance requirements, to disclose any dealings in Harmony shares by them or their concert parties to the company secretary. There is a formal clearance procedure in place with respect to directors dealing in Harmony shares.

Corporate governance (continued)

Risk management

It is Harmony's policy to manage all categories of risk associated with its business operations through the development and maintenance of a formal risk policy framework.

The Harmony board has committed the organisation to a process of risk management that is aligned to the principles of the King II. A comprehensive report on risk factors and their management may be found on pages 124 to 133.

Group structure and internal control

Given the breakdown of controls experienced in FY07 (see the Directors' Report), re-establishing controls and, in particular, ensuring that the appropriate levels of authority and responsibility are in place for all eventualities, was a primary area of focus for the year.

These controls have been integrated with the group's risk management processes to ensure that control measures to ensure effective measures to mitigate the risks identified are in place on the one hand and to ensure compliance with legislation and securities exchange listing requirements on the other.

Synergies between compliance testing, enterprise risk management and legal compliance proved that these functions could be integrated into one compliance team, eliminating duplication of compliance assurance.

To this end an Integrated Compliance Assurance Plan has been developed with its primary function of providing the Executive Management (Exco) and Audit Committees with confirmation that internal controls and risk mitigations are appropriately designed and implemented. This will ultimately enable these governance bodies to provide assurance to the board on the adequacy of the internal control and compliance environment. A compliance-based assurance plan follows the outputs of the exposure identification, assessment and control evaluation processes while encouraging the allocation of assurance resources based on compliance priorities.

There are several objectives of the integrated compliance assurance approach, namely to:

- Identify and specify the sources of assurance for risks and compliance exposures that have been identified by the organisation;
- Provide the Audit Committee, Exco and the board with information and comfort on the completeness and effectiveness of the assurance being obtained from the various assurance parties;
- Demonstrate good governance through the linking of compliance activities with assurance. This will also assist the Audit Committee and Exco to form their opinion on the effectiveness of the integrated compliance systems;
- Provide a basis for identifying any areas where additional assurance may be required; and
- Allow for the elimination of duplicated and/or excessive assurance where this is not considered cost effective.

The implementation of this combined approach requires that Harmony's business units utilise a spread of assurance providers for each risk or compliance element. These sources of control provide information and communication to Exco and the board to enable them to monitor the business and maintain stewardship responsibilities to investors. Internal audit provides support to this process by addressing the gaps in the control effort rather than replicating management activity or that of the other assurance providers. At the same time, however, the internal audit function provides objective and robust challenge with regard to the effectiveness of management reporting and monitoring processes.

In February 2008, the roll-out of this compliance plan began. Training workshops were scheduled with general managers and their operational teams to create an understanding and awareness of the approach. Each general manager and the operations teams were provided with a compliance toolkit. Several workshops were held to ensure an acceptable operational compliance report for the operations. A generic checklist which includes all activities on a typical operation determined a standard on which the operations could measure their compliance and prioritise actions to address high, medium and low compliance risks. SOx requirements are also addressed in the compliance register.

Operational compliance registers are updated by the general managers and their teams on a monthly basis and included in their monthly review packs. The information from the operational compliance registers are used to indicate compliance levels in the quarterly Audit Committee report.


Hidden Valley, Papua New Guinea


Wafi-Golpu, Papua New Guinea


Elandsrand, South Africa

Corporate governance (continued)

Internal audit

Internal Audit is an independent appraisal function established by the board to evaluate the adequacy and effectiveness of controls, disciplines, systems and procedures, within Harmony, in order to reduce business risks to an acceptable level in a cost-effective manner. In achieving its independent organisational status, the internal audit function reports to the Audit Committee. The relationship between the Audit Committee and the internal audit function encompasses reporting and oversight activities.

Harmony has established an internal audit function, which has been outsourced to KPMG Services (Pty) Limited.

The procedures and systems, which act as checks and balances in respect of the provision/gathering of information, are reviewed by the board from time to time. This process has been supplemented by the Integrated Compliance Assurance Plan, set out on page 120.

Audits are conducted in accordance with the Code of Ethics and Standards of the Professional Practice of Internal Auditing, as laid down by the Institute of Internal Auditors, Inc. Although the role of internal audit is to review internal controls, systems, procedures, risks, among others, management and, ultimately, the board retain full responsibility for ensuring that Harmony maintains an appropriate framework of controls to reduce business risks to an acceptable level.

External audit

The appointment of external auditors is undertaken under the auspices of the Audit Committee, which also has oversight of and responsibility for the appointment of external auditors for functions other than the financial audit. The company's external auditors PricewaterhouseCoopers Inc, were engaged to undertake the following non-financial activities during the year:

- ensure corporate tax compliance;
- advise from tax persepctive on sale of Cooke assets;
- review quality assurance on SOx 404 documentation;
- provide effective evaluation of Rand Uranium (Pty) Ltd;
- advise on possible structuring of the Wafi-Golpu project;
- advise on potential investor in PNG mining assets; and
- assist with offering memorandum and comfort letter on bond.

The Sarbanes-Oxley Act of 2002

In terms of Section 302 of SOx, the chief executive officer and chief financial officer are required to certify that:

- they have reviewed the Annual Report;
- based on their knowledge, the report contains no material misstatements or omissions;
- based on their knowledge, financial statements and other financial information included in the Annual Report fairly present in all material respects the financial condition, results of operations and cash flows of the issuer (being Harmony) for the periods presented in this report;
- they are responsible for establishing and maintaining internal controls and procedures, and have properly designed and evaluated them;
- they have advised their auditors and Audit Committee of all significant deficiencies and material weaknesses; and
- they have identified any significant changes in internal controls in the report.

Section 404 of SOx

Section 404 requires management to develop and monitor procedures and controls to ensure its required assertion about the effectiveness of internal control over financial reporting, as well as the required attestation by an external auditor of management's assertion. To comply with Section 404 of SOx, Harmony management implemented an effective and efficient assessment process to manage reporting obligations:

The assessment process followed entails:

- Scoping to identify significant accounts, key risks and locations which have an impact on the financial statements.
- Updating of documentation and sign off by process owners.
- Testing of key controls for operating effectiveness and remediation of deficiencies identified. Deficiencies are evaluated and classified into the following categories:
  - Internal control deficiency
  - Significant deficiency
  - Material weakness. All significant deficiencies and potential material weaknesses are reported to the SOx Steering Committee and Audit Committee.

Full details of the processes are reported in the Form 20F under Item 15. Refer to Harmony's website to download the Form 20F. The SOx process was supported during the year by the implementation of an Integrated Compliance Assurance Plan (see page 120). An overview of SOx can be found in the Directors' Report.

Employee and stakeholder participation

Harmony is committed to maintaining a positive relationship with the unions and associations represented at its operations, with employees directly and with the communities within which it operates.

In respect of employee participation and relations with employee representatives, Harmony has both formal and informal employee participation structures in place to deal with a broad range of issues. The company actively encourages open communication, consultation, and the identification and resolution of conflicts through workplace forums.

The group plays an active role in the communities in which it operates. Social and Labour Plans (SLPs) and Local Economic Development (LED) plans have been developed in line with the company's compliance with the MPRDA and the Mining Charter. Further information on these elements is provided in the separate Sustainability Report which may be found at www.harmony.co.za.

Information management and access to information

Records are maintained to meet Harmony's legal and financial obligations and to manage the affairs of the company.

Harmony complies with the Promotion of Access to Information Act of 2002. All Harmony's shareholders and stakeholders have access to the website-based Information Manual at www.harmony.co.za.

Sustainable development reporting

Harmony recognises that financial reporting is only one facet of its responsibility to its stakeholders and that reporting on the economic, social and environmental impacts of the company, the so-called 'triple bottom line' is an important part of its responsibility to its shareholders and other stakeholders and to society as a whole. Harmony has for the third consecutive year, produced a separate Sustainability Report. As is recommended by King Report II and in line with best practice, Harmony has adopted the Global Reporting Initiative's (GRI) G3 guidelines as the basis for its sustainable development reporting.

The company is committed to incremental levels of reporting in line with GRI. In FY08, an independent assurance of key sustainability indicators was undertaken by external auditors PricewaterhouseCoopers. In FY08, the company self-declared a B+ level of reporting, reflecting a significant increase in disclosure on FY07 and the external assurance. This level of reporting was confirmed by the external auditors and will be submitted to GRI for an independent review.

Harmony's Sustainable Development Report for FY08 has been produced as a separate document and is available on the company's website at www.harmony/sustainability.co.za or as a printed document on request.

Reporting in compliance with the Mining Charter

As a South African company, Harmony takes seriously reporting of its compliance with the MPRDA and the Mining Charter and reports such compliance to the South African Department of Minerals and Energy (DME). A summary report dealing with the status of the various issues required by the Charter is provided in the company's Sustainability Report at www.harmony/sustainability.co.za

Awards and recognition

Harmony has qualified for the JSE's Socially Responsible Index for three consecutive years and will be considered for inclusion in the 2008 assessment. Harmony also received the PMR Award for socio-economic development in the Free State.

Sponsor

As required by the listing requirements of the JSE Limited, Merrill Lynch South Africa (Pty) Ltd is Harmony's appointed sponsor.

Significant ways in which Harmony's corporate governance practices differ from the practices followed by companies listed on the NYSE under Section 303A.11 of the New York Stock Exchange Listed Company Manual (the NYSE Listing Standards).

Harmony's NYSE 303A.11 disclosure may be found on the company's website at www.harmony.co.za under the heading Corporate Governance.

Corporate governance (continued)

Risk factors

Harmony has a formal risk policy framework in place, the maintenance and development of which is undertaken on an ongoing basis so as to assist management and to ensure that wherever possible all categories of risk associated with its business operations are managed. All of the Group's business, financial, technological, legal and operational risk exposures, be they insurable or not, are identified, assessed and appropriately managed. The overall aim of Harmony's risk management policy is to reduce the risk it is exposed to as much as reasonably possible. Equally it ensures compliance with the relevant legislation and fulfils the expectations of employees, communities, shareholders and other stakeholders in terms of corporate governance.

The realisation of the company's business strategy depends on it being able to take calculated risks in a way that does not jeopardise the direct interests of shareholders. Harmony's enterprise risk management system enables the company to anticipate and respond to changes in its business environment and to make informed decisions in conditions of uncertainty.

There may be risks in addition to the ones reported that Harmony does not currently know of or that Harmony currently deems immaterial based on information currently available to it. Any of these risks could have a materially adverse effect on Harmony's business, financial condition or operational results, leading to a decline in the trading prices of Harmony's ordinary shares or its ADSs. The risks described below may, in retrospect, turn out to be incomplete and therefore may not be the only risks to which we are exposed. Additional risks and uncertainties not presently known to us or that we now believe are immaterial, could also adversely affect our businesses, results of operations or financial condition. The order of presentation of the risk factors below does not indicate the likelihood of their occurrence or the magnitude or the significance of the individual risks. The risks described below could occur individually or cumulatively and intensify in case of a cumulative occurrence.

Risks relating to Harmony and the gold mining industry

The profitability of our operations, and the cash flows generated by those operations, are affected by changes in the rand price of gold, such that a fall in the of gold below our cash cost of production for any sustained period may lead us to experience losses and to curtail or suspend certain operations.

Substantially all of Harmony's revenues come from the sale of gold. Historically, the market price for gold has fluctuated widely and has been affected by numerous factors over which Harmony has no control, including:

- the demand for gold for industrial uses and for use in jewellery;
- international or regional political and economic trends;
- the strength or weakness of the U.S. dollar (the currency in which gold prices generally are quoted) and of other currencies;
- financial market expectations regarding the rate of inflation;
- interest rates;
- speculative activities;
- actual or expected purchases and sales of gold bullion held by central banks or other large gold bullion holders or dealers;
- forward sales by other gold producers; and
- the production and cost levels for gold in major gold-producing nations, such as South Africa, China, the United States and Australia.

In addition, the current demand for and supply of gold affects the price of gold, but not necessarily in the same manner as current demand and supply affect the prices of other commodities. Historically, gold has retained its value in relative terms against basic goods in times of inflation and monetary crisis. As a result, central banks, financial institutions and individuals hold large amounts of gold as a store of value and production in any given year constitutes a very small portion of the total potential supply of gold. Since the potential supply of gold is large relative to mine production in any given year, normal variations in current production will not necessarily have a significant effect on the supply of gold or its price.

The volatility of gold prices is illustrated in the following table, which shows the annual high, low and average of the afternoon London Bullion Market fixing price of gold in US dollars for the past ten calendar years:

Bambanani, South Africa

Hidden Valley, Papua New Guinea

Annual gold price: 1998 – 2008

	Price per ounce ($)		
Calendar year	High	Low	Average
1998	313	273	294
1999	326	253	279
2000	313	264	282
2001	293	256	271
2002	332	278	309
2003	412	322	361
2004	427	343	389
2005	476	411	434
2006	725	525	604
2007	841	608	695
2008 (to 10 October 2008)	1 011	741	896

On 10 October 2008, the afternoon gold price fix on the London Bullion Market was $900.50 per ounce.

While the aggregate effect of these factors is impossible to predict, if gold prices should fall below Harmony's cash cost of production and remain at such levels for any sustained period, Harmony may experience losses and be forced to curtail or suspend some or all of its operations. In addition, Harmony would also have to assess the economic impact of low gold prices on its ability to recover any losses that may be incurred during that period and on its ability to maintain adequate reserves. Harmony's average cash cost per ounce of gold sold from continuing operations was $591 in FY08, $479 in FY07 and $440 in FY06.

As the majority of its production costs are incurred in South African rands and other non-US currencies, and gold is sold in US dollars, Harmony's financial condition could be materially harmed by an appreciation in the value of the rand and other non-US currencies against the US dollar.

Gold is sold throughout the world in US dollars, but most of Harmony's operating costs are incurred in rands and other non-US currencies. As a result, any significant and sustained appreciation of the rand and other non-US currencies against the dollar will serve to materially reduce Harmony's revenues and overall net income.

Estimations of Hamony's gold reserves are based on a number of assumptions, including assumptions as to mining and recovery factors, future cash costs of production and the price of gold. As a result, quantities of gold produced may differ from current estimates.

The ore reserve estimates contained in this annual report are estimates of the mill delivered quantity and grade of gold in Harmony's deposits and stockpiles. They represent the amount of gold which Harmony believes can be mined, processed and sold at prices sufficient to recover its estimated future cash costs of production, remaining investment and anticipated additional capital expenditures. Estimates of Harmony's ore reserves are based upon a number of factors which have been stated in accordance with SAMREC, JORC and SEC Industry Guide 7. Calculations of Harmony's ore reserves are based on estimates of:

- future cash costs (which in some cases are assumed to decrease significantly);
- future gold prices; and
- future exchange rates.

These factors, which significantly impact ore reserve estimates, are beyond Harmony's control. As a result, the reserve estimates contained in this annual report should not be interpreted as assurances of the economic life of Harmony's gold and other precious metal deposits or the future profitability of operations.

Since these ore reserve estimates are based on assumptions related to the factors detailed above, should there be changes to these, Harmony may in future need to revise these estimates. In particular, if Harmony's cash operating and production costs increase or do not decrease as assumed (whether in terms of dollars, rands or other non-US currencies, or in relative terms due to the appreciation of the rand and other non-US currencies against the US dollar) or the gold price decreases, the recovery of a portion of Harmony's ore reserves may become uneconomical. This will lead, in turn, to a reduction in estimated reserves.

In order to maintain gold production beyond the expected lives of Harmony's existing mines or to

Corporate governance (continued)

increase production materially above projected levels, Harmony will need to access additional reserves through exploration or discovery.

Harmony's operations have limited proven and probable reserves, and exploration and discovery are necessary to maintain current gold production levels at these operations. Exploration for gold and other precious metals is speculative in nature, is frequently unsuccessful and involves many risks, including those related to:

- locating orebodies;
- identifying the metallurgical properties of orebodies;
- estimating the economic feasibility of mining orebodies;
- developing appropriate metallurgical processes;
- obtaining necessary governmental permits; and
- constructing mining and processing facilities at any site chosen for mining.

Harmony's exploration efforts might not result in the discovery of mineralisation, and any mineralisation discovered might not result in an increase in proven and probable reserves. To access additional reserves, Harmony will need to successfully complete development projects, including extensions to existing mines and, possibly, that of new mines. Development projects would also be necessary to access any new mineralisation discovered as a result of exploration activities around the world. Harmony typically uses feasibility studies to determine whether or not to undertake significant development projects. Feasibility studies include estimates of expected or anticipated economic returns, which are based on assumptions about:

- future gold and other metal prices;
- anticipated tonnage, grades and metallurgical characteristics of ore to be mined and processed;
- anticipated recovery rates of gold and other metals from the ore, and
- anticipated total costs of the project, including capital expenditure and cash costs.

Actual cash costs of production, production and economic returns may differ significantly from those anticipated by feasibility studies for new development projects.

It can take a number of years from the initial feasibility study until development is completed and, during that time, the economic feasibility of production may change. In addition, there are a number of uncertainties inherent in the development and construction of an extension to an existing mine or any new mine, including:

- the availability and timing of necessary environmental and governmental permits;
- the timing and cost of constructing mining and processing facilities, which can be considerable;
- the availability and cost of skilled labor, power, water and other materials;
- the accessibility of transportation and other infrastructure, particularly in remote locations;
- the availability and cost of smelting and refining arrangements; and
- the availability of funds to finance construction and development activities.

Harmony currently maintains a range of focused exploration programmes, concentrating on areas not too distant from its operational mines, as well as a number of prospective known gold mineralised regions around the world. During FY08 and FY07, the bulk of exploration expenditure was allocated to activities in South Africa, Papua New Guinea (PNG) and Australia. However, there is no assurance that any future development projects will extend the life of our existing mining operations or result in any new commercial mining operations.

The costs associated with the pumping of water inflows from closed mines adjacent to our operations could adversely affect Harmony's operational results.

Certain of Harmony's mining operations are located adjacent to the mining operations of other mining companies. A mine closure may have an adverse effect on the continued operations at an adjacent mine if appropriate preventative steps are not taken. In particular, this could include the ingress of underground water when pumping operations at the closed mine are suspended. Such ingress can result in damage to property, operational disruptions and additional pumping costs, which would adversely affect any one of our adjacent mining operations.

The supply of electricity and increases in the cost of power may adversely affect Harmony's operational results and financial condition.

Each of Harmony's mining operations is dependant on a sufficient supply of electricity. The electricity supply was interrupted by the South African governmental entity, ESKOM, during FY08 thereby halting production at certain Harmony mines. This led to management restructuring operating processes to control and reduce Harmony's consumption of electricity at all its operations. Nevertheless, an insufficient supply of electricity may adversely affect Harmony's operational results and financial condition.

As a result of ESKOM's planned capital expansion programme to deal with the current power constraints, an increase in rates charged to consumers has been approved by the National Energy Regulator South Africa (NERSA). More increases are anticipated in the future, which will also be driven by increases in input costs, primarily coal. These increases will have a negative impact on Harmony's operational results going forward.

As Harmony currently does not enter into forward sales, commodity, derivatives or hedging arrangements with respect to its future gold production, it is exposed to the impact of any significant decreases in the gold price.

As a general rule, Harmony sells its gold at the prevailing market price. Currently, the company does not generally enter into forward sales, commodity, derivative or hedging arrangements to establish a price in advance for the sale of future gold production, although Harmony may do so in the future. As a result, Harmony may realise the benefit of any short-term increase in the gold price, but is not protected against decreases in the gold price, and if the gold price should decrease significantly, Harmony's revenues may be materially adversely affected.

Harmony may experience problems in identifying, financing and managing new acquisitions and integrating them with its existing operations.

Acquiring new gold mining operations involves a number of risks including:

- Harmony's ability to identify appropriate assets for acquisition and/or to negotiate acquisitions on favourable terms;
- obtaining the financing necessary to complete future acquisitions;
- difficulties in assimilating the operations of the acquired business;
- difficulties in maintaining Harmony's financial and strategic focus while integrating the acquired business;
- problems in implementing uniform standards, controls, procedures and policies;
- increasing pressures on existing management to oversee a rapidly expanding company; and
- to the extent tha Harmony acquires mining operations outside South Africa or Australasia, encountering difficulties relating to operating in countries in which it has not previously operated.

Harmony's ability to make successful acquisitions and any difficulties or time delays in achieving successful integration of any such acquisitions could have a material adverse effect on its business, operating results, financial condition and share price.

Certain factors may affect Harmony's ability to support the carrying value of its property, plant and equipment, goodwill and other assets on its balance sheet.

Harmony's reviews and tests the carrying value of its assets on an annual basis when events or changes in circumstances suggest that the carrying amount may not be recoverable.

If there are indications that impairment may have occurred, estimates of expected future cash flows for each group of assets are prepared. These estimates of future cash flows are prepared at the lowest level at which identifiable cash flows are identified as being independent of the cash flows of other mining assets and liabilities. Expected future cash flows are inherently uncertain, and could materially change over time. Such cash flows are significantly affected by reserve and production estimates, together with economic factors such as spot and forward gold prices, discount rates, currency exchange rates, estimates of costs to produce reserves and future capital expenditures.

As of 30 June 2008, Harmony had substantial amounts of property, plant and equipment, goodwill and other assets on its consolidated balance sheets. Impairment charges relating to these assets were recorded and if any one or a combination of the uncertainties described above should occur, management may be required to recognise further impairment charges, which could adversely affect Harmony's financial results and condition.

Given the nature of mining and the type of gold mines operated by Harmony, it faces a material risk of liability, delays and increased cash costs of production from environmental and industrial accidents and pollution.

The business of gold mining by its nature involves significant risks and hazards, including environmental hazards and industrial accidents. In particular, hazards associated with underground mining include:

- rock bursts;
- seismic events;
- underground fires;
- cave-ins or falls of ground;
- discharges of gases and toxic chemicals;
- release of radioactive hazards;
- flooding;
- pillar mining
- accidents; and
- other conditions resulting from drilling, blasting and the removal and processing of material from a deep-level mine.

Hazards associated with open-cast mining (also known as open-pit mining) include:

- flooding of the open-pit;
- collapse of the open-pit walls;
- accidents associated with the operation of large open-pits and rock transportation equipment; and

Corporate governance (continued)

- accidents associated with the preparation and ignition of large-scale open-pit blasting operations.

Hazards associated with waste-rock mining include:

- accidents associated with operating a waste dump and rock transportation;
- pillar mining; and
- production disruptions caused by weather.

Harmony is at risk of experiencing any or all of these environmental or other industrial hazards. The occurrence of any of these hazards could delay production, increase cash costs and result in financial liability to Harmony.

The nature of Harmony's mining operations presents safety risks.

The environmental and industrial risks identified above also present safety risks for Harmony's operations and its employees and could lead to the suspension and potential closure of operations for indeterminate periods. For example, in October 2007, an incident occurred at the Elandsrand operation involving a compressed pipe column which broke off below the shaft surface bank and fell to the bottom of the men-and-material shaft. This caused extensive damage to the shaft steel work and electrical cables. The incident resulted in 3 000 workers being underground for more than 30 hours. Mining operations were temporarily suspended for 42 days to allow for repairs to be undertaken at the shaft. These and other safety risks, even in situations where no injuries occur, can have a material adverse effect on Harmony's operations and production.

Harmony's insurance coverage may prove inadequate to satisfy future claims against it.

Harmony has third-party liability coverage for most potential liabilities, including environmental liabilities. While it believes that its current insurance coverage for the hazards described above is adequate and consistent with industry practice, Harmony may be subject to liability for pollution (excluding sudden and accidental pollution) or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities. Further, Harmony maintains and intends to continue to maintain, property and liability insurance consistent with industry practice, but such insurance contains exclusions and limitations on coverage. In addition, there can be no assurance that insurance will continue to be available at economically acceptable premiums. As a result, in the future, Harmony's insurance coverage may not cover the extent of claims against it for environmental or industrial accidents or pollution.

Harmony's operations may be negatively impacted by inflation.

The company's operations have been materially affected by inflation in recent years. At year-end, inflation in South Africa was 11.6%, a high level in recent years, and may rise further. In addition, working costs and wages especially, have increased considerably over the past three years resulting in significant cost pressures for the mining industry. Harmony's profits and financial condition could also be adversely affected in the absence of a concurrent devaluation of the rand against the US dollar and an increase in the price of gold.

The socio-economic framework in the regions in which Harmony operates may have an adverse effect on its operations and profits.

Harmony has operations in South Africa and PNG. As a result, changes or instability to the economic or political environment in any of these countries or in neighbouring countries could affect an investment in Harmony. It is difficult to predict the future political, social and economic direction in these countries, or any other country in which Harmony operates, and the impact government decisions may have on its business.

Actual and potential shortages of production inputs may have an adverse effect on Harmony's operations and profits.

Harmony's operational results may be affected by the availability and pricing of raw materials and other essential production inputs. The price of raw materials may be substantially affected by changes in global supply and demand, along with weather conditions, governmental controls and other factors. A sustained interruption to the supply of any of these materials would require Harmony to find acceptable substitute suppliers and could require it to pay higher prices for such materials. Any significant increase in the prices of these materials would increase operating costs and affect production considerations.

Harmony's financial flexibility could be materially constrained by exchange control regulations as imposed by the South African Reserve Bank (SARB).

In terms of South Africa's exchange control regulations, the export of capital from South Africa is restricted. As a result, Harmony's ability to raise and deploy capital outside South Africa is limited. In particular, Harmony is:

- generally not permitted to export capital from South Africa, to hold foreign currency or incur indebtedness denominated in foreign currencies without the approval of the South African exchange control authorities;
- generally not permitted to acquire an interest in a foreign venture without the approval of the South African exchange control authorities and first having

complied with the investment criteria of the South African exchange control authorities;

- generally required to repatriate profits of foreign operations to South Africa; and
- limited in its ability to utilise the profits of one foreign business to finance operations of a different foreign business.

These restrictions could hinder Harmony's normal corporate functioning, including its ability to make foreign investments and procure foreign currency denominated financings in the future.

Since 1995, certain exchange controls in South Africa have been relaxed. The extent to which the South African government may further relax such exchange controls cannot be predicted with certainty, although the government has committed itself to a gradual approach to the relaxation of exchange control. Because South Africa has a fully floating exchange rate and a flexible interest rate policy, this could result in a rapid depreciation of the rand exchange rate relative to world's currencies which could serve to stem this withdrawal and could also result in an increase in interest rates due to the depreciation of the rand.

Harmony competes with mining and other companies for key human resources.

Harmony competes with mining and other companies on a global basis to attract and retain key human resources at all levels with the appropriate technical skills and operating and managerial experience necessary to continue to operate its business. The global shortage of key mining industry human resource skills, including geologists, mining engineers, metallurgists and skilled artisans has been exacerbated in the current environment of increased mining activity across the globe. There can be no assurance that we will attract and retain skilled and experienced employees and, should Harmony lose any of its key personnel, its business may be harmed and its operational results and financial condition could be adversely affected.

Since the South African labour force has substantial trade union participation, Harmony faces the risk of disruption from labour disputes and new South African labour laws.

Despite a history of positive and constructive engagement with labour unions, there are periods during which the various stakeholders are unable to agree on dispute resolution processes. Disruptive activities on the part of labour, which normally differ in intensity, then become unavoidable. Given the high level of union membership among our employees, Harmony is at risk of having, and has experienced in recent years, production stoppages for indefinite periods due to strikes and other disputes. Significant labour disruptions have affected operations and Harmony's financial condition before and Harmony cannot predict whether or not it will experience significant labour disputes in the future.

South African employment law sets out minimum terms and conditions of employment for employees. Though these minimum terms and conditions may be improved by agreements between Harmony and the trade unions, the prescribed minimum terms and conditions set the benchmark for all employment contracts.

Harmony is required to submit a report in terms of South African employment law detailing the progress made towards achieving employment equity in the workplace. In the event this report is not submitted, Harmony could incur substantial penalties.

Developments in South African employment law may increase the cash costs of production or alter Harmony's relationship with its employees and trade unions, which may have an adverse effect on its business, operating results and financial condition.

Harmony may suffer adverse consequences as a result of its reliance on outside contractors to conduct operations.

A portion of Harmony's operations are currently conducted by outside contractors. As a result, its operations are subject to a number of risks, including:

- negotiating agreements with contractors on acceptable terms;
- the inability to replace a contractor and its operating equipment in the event that either party terminates the agreement;
- reduced control over those aspects of operations which are the responsibility of the contractor;
- failure by a contractor to perform in terms of its agreement with us;
- interruption of operations in the event that a contractor ceases to operate due to insolvency or other unforeseen events;
- failure of a contractor to comply with applicable legal and regulatory requirements, to the extent it is responsible for such compliance; and
- contractor problems regarding management of its workforce, labor unrest or other employment issues.

In addition, Harmony may incur liability to third parties as a result of the actions of its contractors. The occurrence of one or more of these risks could have a material adverse effect on Harmony's business, operational results and financial condition.

Corporate governance (continued)

HIV & AIDS poses risks to Harmony in terms of productivity and costs.

The incidence of HIV & AIDS in South Africa and PNG, which is forecast to increase over the next decade, poses risks in terms of potentially reduced productivity, and increased medical and other costs. If a significant increase in the incidence of HIV & AIDS infection and HIV & AIDS-related diseases among the workforce over the next several years occurs, then this may have an adverse impact on Harmony's operations, projects and financial status

The cost of occupational healthcare services may increase in the future.

Harmony's operations in South Africa are subject to health and safety regulations which could impose significant costs and burdens. The present Mine Health and Safety Act 29 of 1996, or the Mine Health and Safety Act, imposes various duties on mines and grants the authorities broad powers to, among other things, close unsafe mines and order corrective action relating to health and safety matters.

The Occupational Diseases in Mines and Works Act 78 of 1973, or the Occupational Diseases Act, governs the payment of compensation and medical costs related to certain illnesses contracted by persons employed in mines or at sites where activities ancillary to mining are conducted.

Occupational healthcare services are available to Harmony employees at its existing healthcare facilities in South Africa. There is a risk that the cost of providing such services could increase in future depending on changes in the nature of underlying legislation and the profile of its employees. This increased cost, should it transpire, is currently indeterminate. Harmony has embarked on a number of initiatives focused on improving the quality of life of its workforce, although there can be no guarantee that such initiatives will not be adversely affected by increased costs.

Laws governing mineral rights affect Harmony's business.

Harmony is governed by the South African Mineral and Petroleum Resources Development Act 2002 (MPRDA).

Under the MPRDA, tenure over established mining operations is secured for up to 30 years (and renewable for periods not exceeding 30 years each thereafter), provided that mining companies apply for new order mining rights over existing operations within five years of 1 May 2004 or before the existing right expires, whichever is the earlier date and fulfils requirements specified in the MPRDA and the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (Mining Charter).

The Mining Charter was signed by government and stakeholders in October 2002, and contains principles relating to the transfer, over a 10-year period, of 26% of South Africa's mining assets (as equity or attributable units of production) to historically disadvantaged South Africans (HDSAs), as defined in the Mining Charter. An interim target of 15% HDSA participation over five years has also been set and to this end, the South African mining industry has committed to securing financing to fund participation by HDSAs in an amount of R100 billion within the first five years of the Mining Charter's tenure. The Mining Charter provides for the review of the participation process after five years to determine what further steps, if any, are needed to achieve target participation of 26%. In order to measure progress in meeting the requirements of the Mining Charter, companies are required to complete a Scorecard, in which the levels of compliance with the objectives of the Mining Charter can be 'ticked off' after five and ten years, respectively. The Mining Charter and Scorecard require programmes for black economic empowerment and the promotion of value-added production, such as jewellery-making and other gold fabrication, in South Africa. In particular, targets are set out for broad-based black economic empowerment in the areas of human resources and skills development; employment equity; procurement and beneficiation. In addition, the Mining Charter addresses socio-economic issues, such as migrant labour, mine community and rural development and housing and living conditions.

Harmony actively carries out mining and exploration activities in all of its material mineral rights areas. All of its 13 South African operations have been granted their mining licences. Harmony will be eligible to apply for new licences over existing operations, provided that it complies with the Mining Charter. Harmony has taken steps to comply with the expected provisions of the Mining Charter, such as promoting value-added production, exploring black empowerment initiatives and increasing worker participation. Failure to comply with the conditions of the mining licences could have a material adverse effect on operations and Harmony's financial condition.

The MPRDA also makes reference to royalties payable to the South African state in terms of the envisaged Mineral and Petroleum Resources Royalty Bill which has not yet been enacted. The fourth draft of the Mineral and Petroleum Resources Royalty Bill was tabled by the South African government on 21 August 2008 and provides for the payment of a royalty according to a formula based on earnings before interest, tax and depreciation, after the deduction of capital expenditure. This rate is then applied to revenue to calculate the royalty amount due, with a minimum of 0.5% and a maximum of 5% for gold. It is estimated that the formula could translate to a royalty rate of more than 2% of gross sales in terms of current pricing assumptions. The latest proposal results in a large

Elandsrand, South Africa

Hidden Valley, Papua New Guinea

Masimong, South Africa

Corporate governance (continued)

increase from the 1.5% rate proposed in the second draft in 2006. The royalty is to become effective on 1 May 2009, if the Bill is passed by the South African government in its current form. The introduction of the Mining and Petroleum Royalty Act will have an adverse impact on the profits generated by our operations in South Africa.

In PNG, the mining licence for Hidden Valley was approved in March 2005. Once production in PNG begins, Harmony's PNG mining operations will be subject to royalty payments to the government of PNG. Should Harmony desire to expand any of its initiatives in PNG operations into additional areas under exploration, these operations would need to convert the existing exploration licences prior to the start of mining, and that process could require landowner title approval. There can be no assurance that any approval would be received.

Harmony is subject to extensive environmental regulations.

As a gold mining company, Harmony is subject to extensive environmental regulation, and has experienced and expects to continue to experience increased cash costs of production arising from compliance with South African and PNG environmental laws and regulations. The MPRDA, certain other environmental legislation and the administrative policies of the South African government regulate the impact of the company's prospecting and mining operations on the environment.

Pursuant to these regulations, upon the suspension, cancellation, termination or lapsing of a prospecting permit or mining authorisation in South Africa, Harmony will remain liable for compliance with the provisions of the MPRDA, including any rehabilitation obligations. This liability will continue until such time as the South African Department of Minerals and Energy (DME) certifies that the company has complied with such provisions.

In the future, Harmony may incur significant costs regarding compliance with the increasingly stringent requirements being imposed under new legislation and regulations. This may include the need to increase and accelerate expenditure on environmental rehabilitation and to alter provisions for this expenditure, which could have a material adverse effect on its results and financial condition. Harmony may also face increased environmental costs should other mines in the vicinity of its mines fail to meet their obligations with regard to the pumping or treatment of water.

The South African government has reviewed requirements imposed upon mining companies to ensure environmental restitution. For example, following the introduction of an environmental rights clause in South Africa's constitution, a number of environmental legislative reform processes have been initiated. Legislation passed as a result of these initiatives has tended to be materially more onerous than laws previously applied in South Africa. Examples of such legislation include the MPRDA, the South African National Nuclear Regulator Act 1999, the South African National Water Act of 1998 and the South African National Environmental Management Act 1998, which include stringent 'polluter-pays' provisions. The adoption of these or additional or more comprehensive and stringent requirements, in particular with regard to the management of hazardous waste, the pollution of ground and ground-water systems and the duty to rehabilitate closed mines, may result in additional costs and liabilities.

Harmony's PNG operations are also subject to various laws and regulations relating to the protection of the environment, which are similar in scope to those of South Africa.

Investors in the United States may have difficulty bringing actions, and enforcing judgements, against Harmony, its directors and executive officers based on the civil liabilities provisions of the federal securities laws or other laws of the United States or any state thereof.

Harmony is incorporated in South Africa. Each of its directors and executive officers (and its independent registered public accounting firm) reside outside of the United States. Substantially all of the assets of these persons and substantially all of Harmony's assets are located outside the United States. As a result, it may not be possible for investors to enforce a judgement against these persons or the company obtained in a court of the United States predicated upon the civil liability provisions of the federal securities or other laws of the United States or any state thereof. A foreign judgement is not directly enforceable in South Africa, but constitutes a course of action which will be enforced by South African courts provided that:

- the court that pronounced the judgement had jurisdiction to entertain the case according to the principles recognised by South African law with reference to the jurisdiction of foreign courts;
- the judgement is final and conclusive;
- the judgement has not lapsed;
- the recognition and enforcement of the judgement by South African courts would not be contrary to public policy, including observance of the rules of natural justice which require that the documents initiating the United States proceedings were properly served on the defendant and that the defendant was given the right to be heard and represented by counsel in a free and fair trial before an impartial tribunal;

- the judgement does not involve the enforcement of a penal or revenue law; and
- the enforcement of the judgement is not otherwise precluded by the provisions of the Protection of Business Act 99 of 1978, as amended, of the Republic of South Africa.

Compliance with new and changing corporate governance and public disclosure requirements adds uncertainty to Harmony's compliance policies and increases its costs of compliance.

Laws, regulations and standards relating to accounting, corporate governance and public disclosure, new SEC regulations and other listing regulations applicable to Harmony are subject to change and can create uncertainty for companies such as Harmony. New or changed laws, regulations and standards could lack specificity or be subject to varying interpretations. Their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs of compliance as a result of ongoing revisions to such governance standards.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, Harmony is required to furnish an annual management report on internal controls over financial reporting. The annual report contains, among other matters, an assessment of the effectiveness of Harmony's internal control over financial reporting as of the end of the fiscal year, including a statement as to whether or not its internal controls over financial reporting are effective. Harmony is required to have its independent auditors publicly disclose their conclusions regarding the evaluation.

During FY07, Harmony identified certain material weaknesses in its internal controls over financial reporting, in particular relating to the information technology control environment and the financial reporting closing process which led to material adjustments being required in our financial statements and which also negatively impacted the report issued by its auditors regarding Harmony's internal controls over financial reporting. Improvements were made to Harmony's internal control over financial reporting during FY08 to mediate these material weaknesses. It was concluded that the control related to the remediation of the material weaknesses previously disclosed in the 2007 Annual Report on Form 20-F were designed, in place and operating effectively for a sufficient period of time for management to determine that each of the material weaknesses was remediated as of 30 June 2008.

Harmony is committed to maintaining high standards of corporate governance and public disclosure, and its efforts to comply with evolving laws, regulations and standards in this regard have resulted in, and are likely to continue to result in, increased general and administrative expenses.

Investors may face liquidity risks in trading Harmony's ordinary shares on the JSE Limited.

The primary listing of Harmony's ordinary shares is on the JSE Limited. Historically, the trading volumes and liquidity of shares listed on the JSE have been low relative to other major markets. The ability of a holder to sell a substantial number of Harmony's ordinary shares on the JSE in a timely manner, especially in a large block trade, may be restricted by this limited liquidity.

Because Harmony has a significant number of outstanding share options and convertible debt instruments, its ordinary shares are subject to dilution.

Harmony has employee share option schemes as well as other share schemes. The employee share option schemes came into effect in 1994, 2001 and 2003 respectively, and a new share scheme was introduced in 2006. The Harmony Board has authorised up to 14% of the issued share capital to be used for these plans. Additionally, it has convertible unsecured fixed rate bonds in the amount of R1.6 billion which are due on 21 May 2009. These bonds may be converted into equity at the option of the bondholder at any time after 1 July 2004 and up to and including 15 May 2009 at a specific conversion price in effect on that date. As a result, shareholders' equity interests in Harmony are subject to dilution to the extent of the future exercises of the options, through share schemes and convertible debt instruments.

Directors' report

Doornkop, South Africa


Tshepong, South Africa


Tshepong, South Africa

Directors' report (continued)

The directors of Harmony Gold Mining Company Limited are responsible for the preparation, integrity and fair presentation of the financial statements of Harmony and its subsidiaries (the Group). The financial statements presented on pages 152 to 232 and pages 234 to 262 have been prepared in accordance with International Financial Reporting Standards (IFRS). In addition, the accounts include amounts based on judgements and estimates made by management.

The directors consider that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all aspects of IFRS have been complied with. The directors are satisfied that the information contained in the financial statements fairly represents the results of operations for the year and the financial position for the group at year-end. The directors have also prepared the additional information included in the annual report and are responsible for both its accuracy and consistency with the financial statements.

The directors are responsible for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the company to enable the directors to ensure that the financial statements comply with the relevant legislation.

Harmony and its subsidiaries operate in a well-established financial environment, which is well-documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the group are monitored and, where possible, managed. The Sarbanes-Oxley compliance process assisted in identifying potential deficiencies in controls.

The going-concern criterion has been adopted in preparing the financial statements. Based on current plans as compiled and various initiatives to improve cash flow, the company and the group will be able to continue as a going concern.

Based on current forecasts and available cash resources, barring any unforeseen event or sharp decrease in the gold price, the directors have no reason to believe that the group or any company within the group will not be going concerns in the foreseeable future. These financial statements support the viability of the company and the group.

The Code of Ethics has been adhered to. Please refer to the Corporate Governance Report on page 119 for more information.

The group's external auditors, PricewaterhouseCoopers Incorporated, have audited the financial statements and their report is presented on page 150. The financial statements were approved by the Board of Directors on 10 October 2008 and signed on its behalf by:

GP Briggs
Chief Executive Officer
Randfontein,
South Africa

F Abbott
Interim Financial Director
Randfontein,
South Africa

Board of directors

Name	Date of appointment
Patrice Motsepe* (Chairman)	23 September 2003
Graham Briggs (Chief executive officer)	6 August 2007
Frank Abbott**	1 October 1994
Joaquim Chissano*#	20 April 2005
Fikile De Buck*#	30 March 2006
Dr Cheick Diarra*#	5 March 2008
Ken Dicks*#	13 February 2008
Dr Simo Lushaba*#	18 October 2002
Cathie Markus*#	31 May 2007
Modise Motloba*#	30 July 2004
Nomfundo Qangule [1]	26 July 2004
Cedric Savage*#	23 September 2003
Bernard Swanepoel [2]	16 May 1995
André Wilkens*	6 August 2007

* Non-executive directors

** Frank Abbott served as a non-executive director until 20 August 2007 and was appointed interim financial director on 21 August 2007.

\# Independent

1. Resigned on 21 August 2007
2. Resigned on 6 August 2007

Directorate

The directors referred to above have served on Harmony's board during FY08. Abridged CVs of all directors appear on pages 98 to 101 of this report. In terms of the company's Articles of Association, Messrs CML Savage and F Abbott qualify for retirement by rotation at the forthcoming annual general meeting. The retiring directors are eligible and have made themselves available for re-election to the board.

Directors' interests

The Board of Directors indicated that, at the date of this report, other than André Wilkens, neither they, nor any of their immediate families and associates, held any direct shareholding in the company's issued share capital. No executive director held or acquired any shares in the company, other than through share incentive schemes for the year under review and up to 30 June 2008. André Wilkens holds 203 000 shares in Harmony

The company and its subsidiaries

Harmony and its subsidiaries conduct underground and surface gold mining and related activities, including exploration, processing and smelting. Harmony's principal mining operations are located in South Africa and Papua New Guinea. Exploration and evaluation programmes are undertaken in both countries.

The company does not have a major controlling shareholder and is managed by its directors for and on behalf of its stakeholders.

Financial statements and results

The directors have pleasure in submitting the financial statements of the company, together with those of the group, for the year ended 30 June 2008. These appear on pages 152 to 232 and 234 to 262 of this report. These financial statements have been prepared using appropriate accounting policies, conforming to International Financial Reporting Standards, supported by reasonable and prudent judgements and estimates where required.

Basis of presentation of the financial information

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and in the manner required by the South African Companies Act. The consolidated financial statements are presented in both South African rands and US dollars for the benefit of local and international investors.

The amounts discussed below are for continuing operations, unless otherwise stated.

Exchange rates

The average exchange rate for the year ended 30 June 2008 was R7.26/US$1 compared to R7.20/US$1 in 2007. The closing rate at 30 June 2008 was R7.80/US$1, compared to R7.04/US$1 at 30 June 2007. The average value of the rand versus the Australian dollar for FY08 was R6.51/A$1 compared with R5.66/A$1 in FY07.

Directors' report (continued)

Commodity prices

The average gold price received for FY08 was US$818/oz or R190 958/kg, compared to US$639/oz or R147 808/kg for 2007. Gold closed at a low of US$648/oz and a high of US$/1 011/oz during the year under review.

Production

Kilograms produced decreased by 6 113kg to 48 227kg during 2008. This was mainly due to a 16% reduction in tonnes milled at our underground operations as the recovery grade remained fairly constant at 4.82g/t. Gold production from surface operations increased by 77% to 4 632kg in FY08 from 2 620kg in FY07.

Income statement

Revenue

Gold sales increased by R1 173 million, or 15%, in the 2008 financial year, from R8 037 million in FY07 to R9 210 million. In US dollar terms, gold revenue increased from US$1 116 million in FY07 to US$1 269 million in 2008. These increases were due to the rise in commodity prices during the period.

Cost of sales

Cost of sales increased by 22% in rand terms from R6 687 million in 2007 to R8 184 million in 2008. Included in this increase is R360 million relating to the impairment of assets.

In US dollar terms, cost of sales increased from US$929 million in FY07 to US$1 122 million in FY08. This increase includes $40 million relating to impairment of assets.

The main changes in the cost of sales are analysed as follows:

- Production costs rose by R652 million (US$82 million) in 2008, from R6 021 million (US$836 million) to R6 673 million (US$918 million). This equates to an increase in cash costs of R27 534/kg (US$112/oz) year-on-year. This was largely due to the escalating price of consumables such as steel and fuel, as well as increases in electricity rates. The upsurge in labour costs also had a significant effect on the increase in production costs.
- Employment termination and restructuring costs for the year amounted to R212 million (US$29 million). These costs relate to the voluntary retrenchment process initiated by the group in the December 2007 quarter. No costs were recorded in FY07.
- Impairment of assets amounted to R316 million (US$40 million) for FY08, an increase of R450 million (US$59 million) when compared with a net credit of R134 million (US$19 million) in FY07. The impairments in FY08 relate to shafts that are nearing the end of their lives and include a portion of goodwill.
- Amortisation and depreciation increased by R83 million (US$11 million) from R763 million (US$106 million) to R846 million (US$117 million) in FY08.

Operating profit

The group reported an operating profit of R503 million (US$73 million) in FY08, a decrease of R602 million (US$81 million) when compared to an operating profit of over R1.1 billion (US$154 million) in 2007. This was due to the increase in cost of sales, including the increase in the impairment charge, as well as other expenses, but which were countered by the increase in revenue.

Other income and expenses

- Loss from associates increased from R19 million (US$3 million) to R78 million (US$11 million). The loss for FY08 relates primarily to losses attributable to Pamodzi Gold.
- An impairment of the investment in associate of R95 million (US$12 million) was recorded in FY08, primarily as a result of the decrease in fair value of the investment in Pamodzi Gold.
- A loss of sale of listed investments of R459 million (US$63 million) was recorded in FY08 as a result of the sale of the remaining Gold Fields shares. In FY07, the loss recorded was R35 million (US$5 million).
- Investment income increased from R188 million (US$27 million) to R282 million (US$39 million). This was primarily due to the increase in interest rates on restricted investments, representing the group's environmental trust funds.
- Finance costs rose from R454 million (US$65 million) to R514 million (US$70 million), due to the increase in interest rates and balances of outstanding debt.
- The taxation expense increased from R277 million (US$39 million) to R465 million (US$65 million), primarily due to an increase in deferred taxation and prior year adjustments.
- A profit from discontinued operations of R551 million (US$74 million) was recorded, compared to a loss of R473 million (US$66 million) in FY07. This was due to an increase in profits for the year from the Cooke operations and Mt Magnet in Australia as well as the cessation of depreciation on reclassification as held for sale in terms of IFRS 5. Included in this amount is the profit and loss on the sale of discontinued operations, a net credit of R15 million (US$2 million).

Headline earnings

Headline earnings from continuing operations decreased by 87 SA cents (10 US cents) per share in 2008, from earnings of 105 SA cents (14 US cents) per share to 18 SA cents (4 US cents) per share.

Total headline earnings including discontinued operations rose by 73 SA cents (12 US cents) per share in 2008, from earnings of 53 SA cents (6 US cents) per share to 126 SA cents (18 US cents) per share.

Cash flows

The discussion on cash flows is the aggregate of continuing and discontinued operations.

Operating activities

Net cash generated from operating activities was R1 738 million (US$236 million) in 2008, an increase of R552 million (US$77 million) when compared to the corresponding amount of R1 186 million (US$159 million) in FY07.

Investing activities

Total capital expenditure for FY08 was R3 955 million (US$552 million), of which R1 428 million (US$197 million) of this expenditure was incurred at the Hidden Valley mine project in Papua New Guinea. This is an increase of R1 257 million (US$169 million) on the amount spent in 2007, reflecting the group's significant investment in its future project pipeline.

Financing activities

Loans raised during the year amounted to R2 234 million (US$323 million), including a loan of R2 billion from Nedbank. During the year, loans from Rand Merchant Bank totalling R1 820 million (US$256 million) were repaid.

The net result of Harmony's operating, investing and financing activities was an outflow of R140 million (US$15 million), which combined with the opening balance of R494 million (US$70 million) and a positive translation of R61 million (negative translation of US$2 million), resulted in a closing cash and cash equivalents balance of R415 million (US$53 million).

Outlook

Capital expenditure for FY09 is estimated at R3 082 million (US$395 million), 22% less than in FY08. The decrease in Harmony's capital profile is mainly as a result of Newcrest's substantial funding of the balance of the construction expenditure at Hidden Valley.

Going concern

The directors believe that Harmony has sufficient resources and expected cash flows to continue operating as a going concern.

Sarbanes-Oxley

Harmony is required, pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 (SOx), to report on the company's internal controls regarding financial reporting. The report will contain, among other matters, an assessment of the effectiveness of Harmony's internal controls of its financial reporting as at the end of the financial year, including a statement as to this effectiveness. This report will only be finalised with the 20F filing. The assessment of the effectiveness of internal controls over financial reporting will be based on criteria established in the 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 report on internal control over financial reporting. Harmony'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 the authorisation of management and directors of the company; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 in the 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 failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. 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.

Capital

Full details of the authorised, issued and unissued share capital of the company as at 30 June 2008 are set out in the statements of shareholders' equity on page 155 of this report.

Shareholders

Information on shareholder spread, the range of shareholdings and public shareholders, as well as major shareholders, is presented on pages 265 to 267 of this report.

Investments

A schedule of investments in subsidiaries and associates appears on pages 260 to 262 of this report.

Contingencies

None of Harmony's properties is the subject of pending material legal proceedings. We receive a number of claims and are involved in legal and arbitration proceedings that are incidental to the normal conduct of our business, such as those described below. The directors do not, however, 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

We have been informed of a pending class action in the United States of America against Harmony, whereby certain ADR holders are seeking damages pertaining to the company's business practices. We have retained legal professionals in that country to advise Harmony.

Borrowings

Movements in borrowings

See note 28 to the group financial statements.

Borrowing powers

The level of the company's borrowing powers, as determined by its Articles of Association, shall not, except with the consent of the company's shareholders, exceed 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 interests in subsidiary companies and provisions for deferred taxation) and any share premium account of the Group. At year-end, total borrowings amounted to R4 099 million (FY07: R4 598 million).

Acquisitions

Rio Tinto royalty rights

During March 2007, Harmony announced that it had concluded negotiations with Rio Tinto Limited (Rio Tinto) in terms of which the parties have agreed that Harmony purchase the Rio Tinto right under the royalty agreement, which was entered into prior to the acquisition by Harmony of the Hidden Valley and Kerimenge deposits in Papua New Guinea. In terms of the royalty agreement, Rio Tinto had the rights to receive a portion of between 2% and 3.5% of future ounces produced by the Hidden Valley mine in Papua New Guinea. The transaction between Harmony and Rio Tinto was concluded in March 2008 and the consideration paid by Harmony to Rio Tinto amounted to US$22 million.

Disposals

Sale of South Kal to Dioro

During July 2007, Harmony signed an agreement with Dioro Exploration NL (Dioro) for the sale to all rights, title and interest of the South Kalgoorlie (South Kal) Mine Operations located near Kalgoorlie, Western Australia.

The purchase consideration for the acquisition of the South Kal project was A$45 million. Harmony received A$25 million cash and 11.43 million Dioro shares with a market value of A$20 million. During December 2007, Harmony announced that Harmony and Dioro had satisfied all the conditions required to settle the South Kal Sale agreement.

Sale of Orkney assets to Pamodzi Gold

During September 2007, Harmony signed formal agreements with Pamodzi Gold Limited (Pamodzi Gold) for the sale to all rights, title and interest of Orkney shafts located near Orkney in North West Province. The purchase consideration was R345 million which was settled in shares. As a result, Harmony holds an interest of 32.4% in Pamodzi Gold. Pamodzi Gold is therefore


Elandsrand, South Africa


Hidden Valley, Papua New Guinea

regarded as an associate of Harmony for accounting purposes (refer to note 20). The effective date of the Pamodzi Gold transaction was 27 February 2008, on which date Pamodzi Gold took full control of the Orkney assets.

Harmony provided goods and services to Pamodzi Gold at cost plus an applicable margin as set out in a service agreement entered into between Harmony and Pamodzi Gold. The balance of the unsecured loan at 30 June 2008 was R103 million (US$13 million).

Related party transactions

None of the directors or major shareholders of Harmony or, to the knowledge of Harmony, their families, has had an interest, direct or indirect, in any transaction since 1 July 2007, or in any proposed transaction that has affected or will materially affect Harmony or its subsidiaries, other than as stated below. African Rainbow Minerals Limited (ARM) currently holds 16% of Harmony's shares. Patrice Motsepe, André Wilkens and Frank Abbott are directors of ARM Limited.

Property

Harmony holds freehold and leasehold properties in a number of jurisdictions. No single property is considered to be the principal establishment of Harmony or the Group. Full details of the property, mineral and participation rights of the company and the Group are available on request.

Dividends

No dividend was declared during FY08.

Special resolutions

No special resolutions were passed during FY08

Shareholdings exceeding 5%

As at 30 June 2008 those shareholders with holdings of more than 5% were as follows:

Institution	Shares held	% shareholding
Allan Gray Ltd	74 820 914	18.62%
ARM Ltd	63 632 922	15.84%
Blackrock Investment Management (UK) Ltd	33 298 000	8.29%
Orbis Investment Management Ltd	26 623 844	6.63%

Remuneration

1. Annual incentive scheme

Harmony's Remuneration Committee ensures that Harmony's directors and senior executives are fairly rewarded for their individual contributions to Harmony's overall performance. In September 2006, the Remuneration Committee approved an annual incentive scheme as part of Harmony's Reward Philosophy to benefit executive directors and members of management.

2. Long-term incentives

In addition to employees' annual salaries, Harmony has implemented various share option schemes including the Harmony 2006 Share Plan. In all, 14% of Harmony's share capital is reserved for long-term incentive schemes, which were approved by shareholders at the annual general meeting held in November 2005.

2.1 Existing share option schemes

Harmony has two share option schemes, namely the 2001 share option scheme and the 2003 share option scheme (collectively, the existing schemes), which both have similar rules. Since the implementation of the 2006 Share Plan, no options have been nor will be issued in terms of the existing schemes. Options granted before the implementation of the 2006 Share Plan remain open for acceptance for 10 years after the date of grant, subject to the terms of the relevant option scheme.

A share purchase trust was established in 2002 which is controlled by Harmony. Recourse loans are provided by the trust to employees to enable them to acquire shares or exercise their options under the share option schemes. Since 27 March 2003, share option scheme participants are no longer allowed to place their shares in the share purchase trust.

The share purchase trust is funded by a loan from Harmony, which it repays once it receives repayment of the recourse loans granted to employees. Members of the Remuneration Committee serve as trustees. The trustees are not eligible to receive loans from the trust. Participants are not allowed to use structures to lock-in profits as the options are meant to align employees with our shareholders.

2.2 Broad-Based Employee Share Scheme

The total number of shares to be reserved for the Broad-Based Employee Share Scheme (Broad-Based Scheme) will be 5% of our

Directors' report (continued)

current issued share capital, subject to certain employee performance-linked milestones which can be realistically achieved. Once achieved, the value is unlocked to the Broad-Based Scheme for the ultimate benefit of non-managerial employees. The company intends to structure the Broad-Based Scheme so as to maximise the recognition of black participation therein, both from the perspective of the MPRDA and the Broad-Based Black Economic Empowerment Act. Discussions relating to option benefits for non-managerial employees are ongoing with unions representing these employees.

2.3 The Harmony 2006 Share Plan

The Harmony 2006 Share Plan (the Plan) was adopted by shareholders at the annual general meeting held on 10 November 2006. The plan incorporates the following elements: equity-settled share appreciation rights, performance shares and performance allocated restricted shares. The Plan is in line with global best practice and emerging South African practice, which in combination serves to reward the required attributes of shareholder alignment and long-term, sustained performance.

In terms of the Plan, executive directors and senior employees of Harmony and its subsidiaries and associates are awarded rights to receive shares in Harmony, based on the value of these awards when time and performance conditions have been met, the awards have vested and, in the case of Share Appreciation Rights (SARs), the restricted shares, have been exercised.

The primary intent of the Plan is to reward executives and senior management for long-term, sustained performance achievements which are aligned to shareholder value, and at the same time to ensure optimal positioning in terms of the accounting and regulatory environment.

In order to minimise volatility in earnings dilution due to IFRS 2, it is envisaged that rewards will be settled in shares. The nature of the Plan, which is linked to performance conditions, is not as dilutive as a normal share option scheme.

Annual allocations of SARs awards of performance shares and grants of restricted shares are governed by Harmony's reward philosophy, in which (inter alia) the 'expected value' of long-term incentive rewards is set for defined categories of executives and senior management. The expected value is defined as the present value of the future reward outcome of an allocation/award/grant, given the targeted future performance of Harmony and its share price. See table on pages 144-145 for details of executive directors and management long-term incentives.

3. Directors' emoluments

Harmony's Remuneration Committee (see page 115 for details) ensures that Harmony's directors and senior executives are fairly rewarded for their individual contributions to Harmony's overall performance. See table on page 143.

The board has agreed to an increase in non-executive directors' fees, effective from 1 July 2008. The increase granted is to ensure that non-executive directors' fees remain competitive. Shareholders will be required to approve the increase in fees, as set out in the Notice of Meeting, at the annual general meeting to be held on 24 November 2008.

Post balance sheet events

Sale of Randfontein's Cooke assets

During December 2007, Harmony announced that its wholly owned subsidiary, Randfontein Estates Limited (Randfontein), had entered into an agreement with Pamodzi Resources Fund (PRF), in terms of which, certain of Randfontein's uranium and gold assets would be sold into a newly formed company, Rand Uranium (Proprietary) Limited (Rand Uranium). This transaction is in line with Harmony's strategy of realising value from its uranium assets.

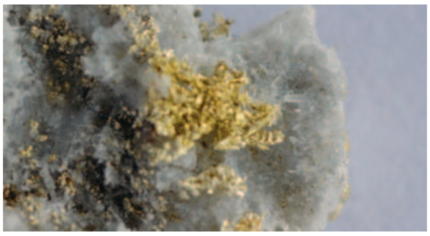
Since entering into the agreement with PRF, Rand Uranium has been established as a stand-alone company, information on the building of a potential uranium plant has been compiled and consultants have been involved with feasibility, metallurgical and environmental studies regarding uranium extraction.

Sale of Mount Magnet

Harmony announced on 8 November 2007 that it had signed a letter of intent with Monarch Gold Mining Company for the sale of its Mount Magnet operations for A$65 million. On 8 July 2008 Harmony further announced a revision to the deal and an extension of the period in which the conditions precedent is to be met. Subsequent to this announcement Harmony was advised that Monarch had placed itself in voluntary administration.

On 1 August 2008, the Administrator indicated that Monarch would not proceed with the proposed purchase and consequently the purchase agreement was terminated. Harmony received from Monarch a deposit of A$5 million of which A$2.5 million has been refunded and A$2.5 million has been recorded as revenue. Harmony has resumed management of the operation and has re-commenced the sale process. The assets are now under care and maintenance.

Hidden Valley, Papua New Guinea



Edie Creek, Papua New Guinea

The price in the binding purchase agreement with Monarch was considered to be the best evidence of the fair value less cost to sell of the Mount Magnet operations at 30 June 2008. Due to the significant changes in economic circumstances that occurred after 1 July 2008, including the availability and cost of funding to any potential buyer, management obtained an external indicative valuation for the selling price of the Mt Magnet operations in October 2008. This external valuation indicated that the fair value less costs to sell decreased by an estimated R152 million (US$18.3 million) in the period subsequent to 30 June 2008. As a result, Harmony recognised additional impairments of its Mount Magnet operations in the September 2008 quarter.

Contineud on page 146

Directors' remuneration

Name	Total remune-ration (R000) FY07	Directors' fees (R000) FY08	Salaries (R000) FY08	Retirement contributions (R000) FY08	Bonuses paid during the year (R000) FY08	Total remune-ration (R000) FY08
Non-Executive						
Patrice Motsepe	615	631	–	–	–	631
Mr J Chissano	275	259	–	–	–	259
Ms F De Buck	260	243	–	–	–	243
Dr Cheick Diarra (1)	–	–	–	–	–	–
Ken Dicks	–	80	–	–	–	80
Dr Simo Lushaba	280	264	–	–	–	264
Cathie Markus	–	186	–	–	–	186
Modise Motloba	300	316	–	–	–	316
Cedric Savage	325	333	–	–	–	333
Andre Wilkens	–	228	–	–	–	228
Executive						
Nomfundo Qangule (2)	2 000	–	1 816	25	–	1 841
Bernard Swanepoel (3)	3 655	–	1 797	130	605	2 532
Frank Abbott (4)	–	–	1 448	217	–	1 665
Graham Briggs (5)	–	–	2 578	–	1 589	4 167
Total	**7 710**	**2 540**	**7 639**	**372**	**2 194**	**12 745**

(1) Dr Cheick Diarra has waived his directors' fees

(2) Nomfundo Qangule resigned as Financial Director on 21 August 2007

(3) Bernard Swanepoel resigned as Chief Executive Officer on 1 August 2007

(4) Repayment of a portion of Frank Abbott's salary to ARM Limited

(5) Graham Briggs was appointed Acting Chief Executive Officer on 6 August 2007 and Chief Executive Officer on 1 January 2008

Directors' report (continued)

Share allocation as at 30 June 2008

See pages pages 141 and 142 for details of Harmony's long-term share incentive schemes.

Executive directors' and management share options

	GP Briggs		ZB Swanepoel		N Qangule	
	Amount	Avg price (SA Rand)	Amount	Avg price (SA Rand)	Amount	Avg price (SA Rand)
Opening balance as at 1 July 2007	**106 737**		**381 605**		**139 692**	
Share options	91 938	48.55	340 967	50.59	122 900	56.23
Share appreciations rights	3 473	112.64	6 536	112.64	3 941	112.64
Performance shares	11 326	n/a	34 102	n/a	12 851	n/a
Options granted	**260 475**	**–**	**–**	**–**	**–**	
Share options	–	–	–	–	–	–
Share appreciations rights	205 638	77.60	–	–	–	–
Performance shares	54 837	n/a	–	n/a	–	n/a
Options exercised	**–**		**(165 506)**		**(37 224)**	
Share options[1]	–	–	(165 506)	53.33	(37 224)	57.96
Share appreciations rights	–	–	–	–	–	–
Performance shares	–	n/a	–	n/a	–	n/a
Options forfeited and lapsed	**–**		**(216 099)**		**(102 468)**	
Share options	–	–	(175 461)	48.01	(85 676)	55.48
Share appreciations rights	–	–	(6 536)	112.64	(3 941)	112.64
Performance shares	–	n/a	(34 102)	n/a	(12 851)	n/a
Closing balance as at 30 June 2008	**367 212**		**–**		**–**	
Share options	91 938	48.55	–	–	–	–
Share appreciations rights	209 111	78.18	–	–	–	–
Performance shares	66 163	n/a	–	n/a	–	n/a
Grant date						
Share options	**91 938**	**48.55**	**–**	**–**	**–**	**–**
24 April 2001	–	–	–	–	–	–
20 November 2001	–	–	–	–	–	–
23 September 2002	–	–	–	–	–	–
27 March 2003	–	–	–	–	–	–
10 August 2004	32 340	66.15	–	–	–	–
26 April 2005	59 598	39.00	–	–	–	–
Share appreciation rights	**209 111**	**78.18**	**–**	**–**	**–**	**–**
15 November 2006	3 473	112.64	–	–	–	–
15 November 2007	159 484	70.54	–	–	–	–
7 March 2008	46 154	102.00	–	–	–	–
Performance shares	**66 163**	**n/a**	**–**	**n/a**	**–**	**n/a**
15 November 2006	11 326	n/a	–	n/a	–	n/a
15 November 2007	42 529	n/a	–	n/a	–	n/a
7 March 2008	12 308	n/a	–	n/a	–	n/a
Closing balance as at 30 June 2008	**367 212**		**–**		**–**	

1 The following are the average selling prices received (SA Rand):

ZB Swanepoel	78.50
N Qangule	70.33
Exco members	94.12
Other management	92.77

Exco members		Other management		Total	
Amount	Avg price (SA Rand)	Amount	Avg price (SA Rand)	Amount	Avg price (SA Rand)
791 486		**8 178 659**		**9 598 179**	
704 001	52.55	6 869 863	47.70	8 129 669	48.38
23 074	112.64	892 970	112.64	929 994	112.64
64 411	n/a	415 826	n/a	538 516	n/a
674 074		**2 261 064**		**3 195 613**	
–	–	–	–	–	–
518 939	70.54	1 497 450	70.54	2 222 027	71.19
155 135	n/a	763 614	n/a	973,586	n/a
(99 298)		**(1 462 104)**		**(1 764 132)**	
(99 298)	46.95	(1 462 104)	48.61	(1 764 132)	49.16
–	–	–	–	–	–
–	n/a	–	n/a	–	n/a
–	**–**	**(1 945 916)**		**(2 264 483)**	
–	–	(1 576 161)	45.00	(1 837 298)	45.77
–	–	(246 050)	111.36	(256 527)	110.27
–	n/a	(123 705)	n/a	(170 658)	n/a
1 366 262		**7 031 703**		**8 765 177**	
604 703	53.47	3 831 598	48.46	4 528 239	49.14
542 013	72.33	2 144 370	83.52	2 895 494	81.04
219 546	n/a	1 055 735	n/a	1 341 444	n/a
604 703	**53.47**	**3 831 598**	**48.46**	**4 528 239**	**49.14**
–	–	21 000	36.50	21 000	36.50
–	–	221 260	49.60	221 260	49.60
7 667	66.00	26 101	66.00	33 768	66.00
50 000	91.60	211 000	91.60	261 000	91.60
217 873	66.15	816 500	66.15	1 066 713	66.15
329 163	39.00	2 535 737	39.00	2 924 498	39.00
542 013	**72.33**	**2 144 370**	**83.52**	**2 895 494**	**81.04**
23 074	112.64	661 333	112.64	687 880	112.64
518 939	70.54	1 483 037	70.54	2 161 460	70.54
–	102.00	–	–	46 154	102.00
219 546	**n/a**	**1 055 735**	**n/a**	**1 341 444**	**n/a**
64 411	n/a	298 369	n/a	374 106	n/a
155 135	n/a	757 366	n/a	955 030	n/a
–	n/a	–	n/a	12 308	n/a
1 366 262		**7 031 703**		**8 765 177**	

Directors' report (continued)

Village Main Reef Gold Mining Company (1934) Limited (Village)

During July 2008, Harmony entered into a sale of shares agreement with To The Point Growth Specialists Investments 2 (Proprietary) Limited (To The Point) in terms of which Harmony sold its 37.8% shareholding in Village to To The Point. Bernard Swanepoel, former chief executive officer of Harmony, is a director of To The Point. To The Point acquired 2 295 663 shares of 12.5 cents each, fully paid up, constituting 37.8% of the entire issued ordinary and listed share capital of Village. The purchase price of R1 million was paid in July 2008.

Joint venture transactions: Harmony/Newcrest Papua New Guinea Joint Venture

During April 2008, Harmony and Australasia's largest gold company, Newcrest Mining Limited (Newcrest), signed an agreement allowing Newcrest to earn a 50% interest in Harmony's Papua New Guinea (PNG) gold assets. Newcrest will earn its 50% interest in the new joint venture by contributing US$525 million in two stages: stage 1 involves the purchase of a 30.01% participating interest for US$229 million; stage 2 involves the buy-out of an additional 19.99% participating interest by Newcrest's funding of capital expenditure of approximately US$300 million.

On 16 July 2008, the conditions precedent, which included the regulatory and statutory approvals by the PNG government, were finalised. Stage 1 completion took place on 31 July 2008, with the receipt of US$229 million cash, US$ 50 million of which was placed in an escrow account. This was subsequently released to Harmony in September 2008 on approval of the exploration licence by the PNG mining authorities.

Company secretary

Marian van der Walt served as secretary of the company until 30 September 2008. She accepted the position of Executive: Corporate and Investor Relations in September 2008 and Khanya Maluleke was appointed as secretary of the company from 1 October 2008. Khanya's business and postal addresses appear on the inside back cover of this report. The secretary has, in terms of section 268G(d) of the Companies Act, 1973, certified that: "All such returns as are required of a public company in terms of the Act have been made and are true, correct and up to date".

Independent auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 270(2) of the Companies Act of South Africa.

Their address is:
2 Eglin Road
Sunninghill 2157
South Africa

Doornkop, South Africa

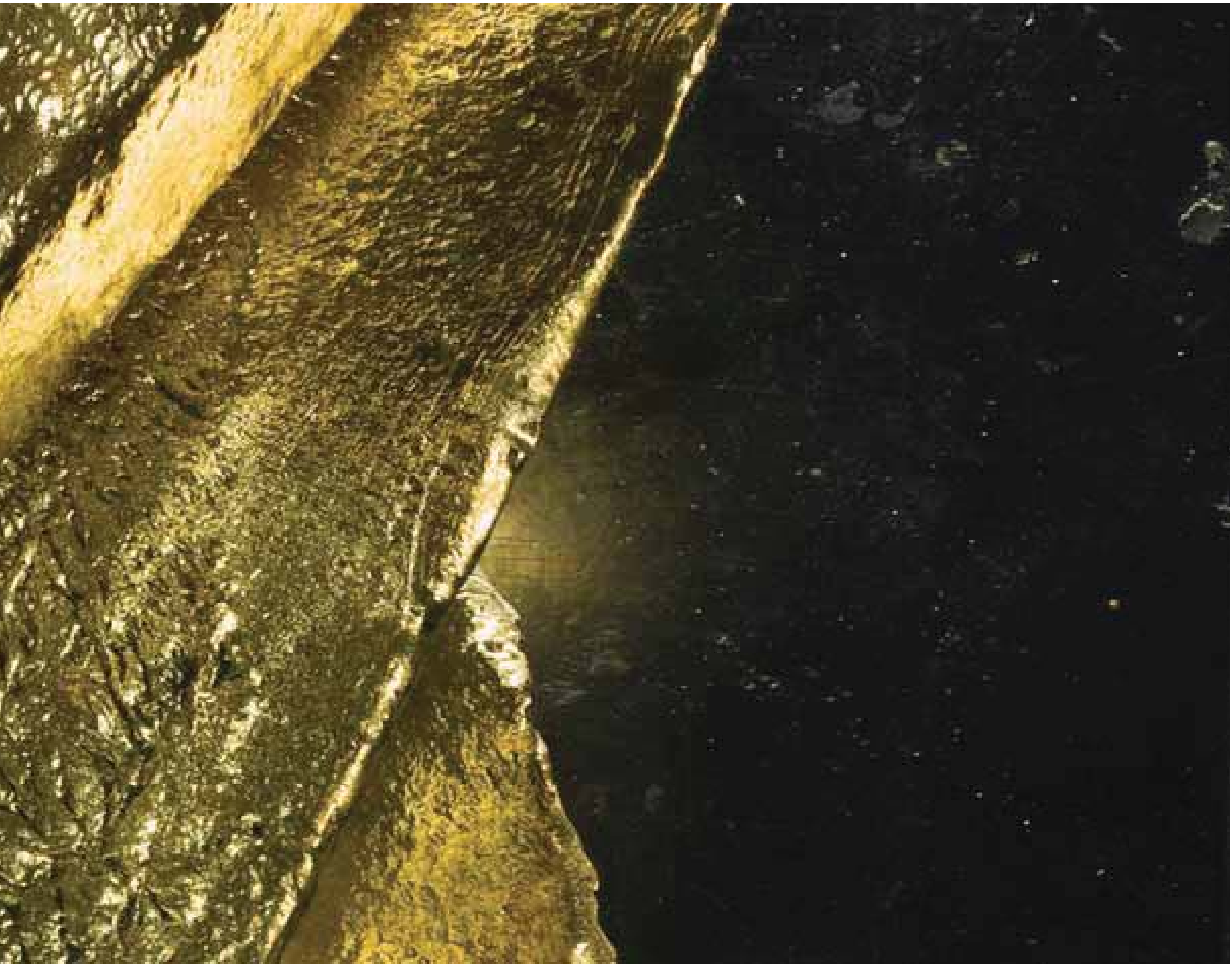
Hidden Valley, Papua New Guinea

Doornkop, South Africa

Annual financial statements

Doornkop, South Africa

Doornkop, South Africa



Doornkop, South Africa

Report of the independent auditors

to the members of Harmony Gold Mining Company Limited

We have audited the annual financial statements and group annual financial statements of Harmony Gold Mining Company Limited, which comprise the directors' report, the balance sheet and the consolidated balance sheet as at 30 June 2008, the income statement and the consolidated income statement, the statement of other comprehensive income and consolidated statement of other comprehensive income, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 136 to 146 and pages 152 to 232 and 234 to 262.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company and of the Group as of 30 June 2008 and their financial performance and their cash flows for the year then ended, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

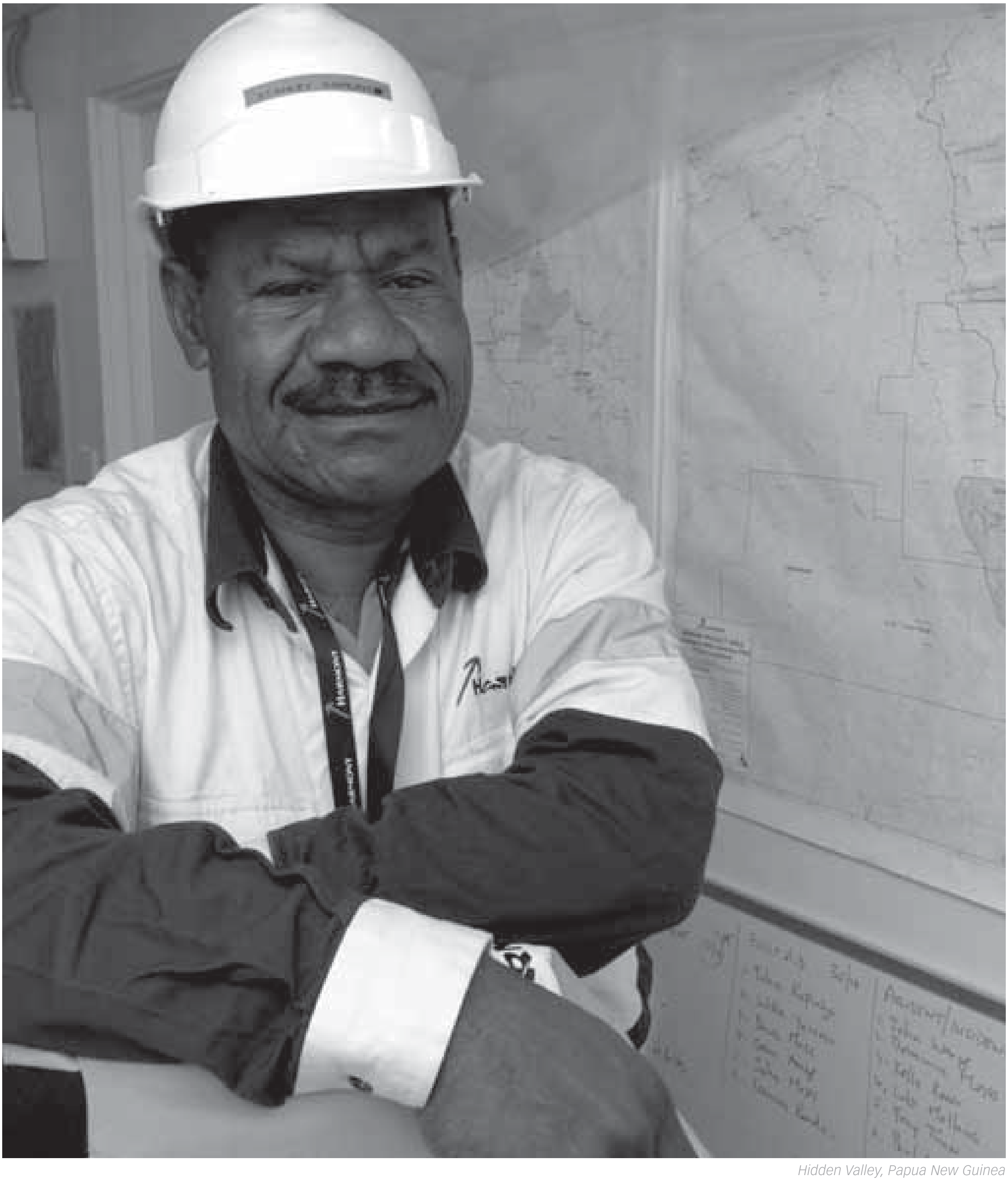
PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: HP Odendaal
Registered Auditor
Johannesburg

27 October 2008

Elandsrand, South Africa

Doornkop, South Africa



Hidden Valley, Papua New Guinea

Group income statements

For the years ended 30 June

SA RAND 2007	SA RAND 2008	Figures in million	NOTE	US DOLLAR 2008	US DOLLAR 2007
		Continuing operations			
8 037	9 210	Revenue		1 269	1 116
(6 687)	(8 184)	Cost of sales	5	(1 122)	(929)
(6 021)	(6 673)	Production costs		(918)	(836)
(763)	(846)	Amortisation and depreciation		(117)	(106)
134	(316)	Impairment of assets		(40)	19
–	(212)	Employment termination and restructuring costs		(29)	–
(37)	(137)	Other items		(18)	(6)
1 350	1 026	Gross profit		147	187
(226)	(228)	Corporate, administration and other expenditure		(31)	(31)
(194)	(205)	Exploration expenditure		(28)	(27)
175	(90)	Other (expenses)/income – net	6	(15)	25
1 105	503	Operating profit	7	73	154
(19)	(78)	Loss from associates	20	(11)	(3)
236	–	Profit on sale of investment in associate	8	–	33
–	(95)	Impairment of investment in associate	20	(12)	–
–	(2)	Loss on sale of investment in joint venture	21	–	–
111	33	Fair value of non-derivative financial instruments	9	5	15
(35)	(459)	Loss on sale of listed investments	10	(63)	(5)
–	(1)	Impairment of investments		–	–
188	282	Investment income	11	39	27
(454)	(514)	Finance cost	12	(70)	(65)
1 132	(331)	(Loss)/profit before taxation		(39)	156
(277)	(465)	Taxation	13	(65)	(39)
855	(796)	Net (loss)/profit from continuing operations		(104)	117
		Discontinued operations			
(473)	551	Profit/(loss) from discontinued operations	14	74	(66)
382	(245)	Net (loss)/profit		(30)	51
		(Loss)/earnings per ordinary share (cents):	15		
215	(199)	(Loss)/profit from continuing operations		(26)	29
(119)	137	Profit/(loss) from discontinued operations		18	(17)
96	(62)	Total (loss)/profit for the period		(8)	12
		Diluted (loss)/earnings per ordinary share (cents):	15		
212	(199)	(Loss)/profit from continuing operations		(26)	29
(119)	137	Profit/(loss) from discontinued operations		18	(17)
93	(62)	Total (loss)/profit for the period		(8)	12

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

Group statements of other comprehensive income

For the years ended 30 June

SA RAND			US DOLLAR	
2007	2008	Figures in million	2008	2007
382	(245)	**Net (loss)/profit for the period**	(30)	51
		Attributable to:		
382	(245)	Owners of the parent	(30)	51
–	–	Non-controlling interest	–	–
(123)	982	Other comprehensive (loss)/income for the period, net of income tax	(204)	41
205	686	Foreign exchange translation profit and loss	(246)	87
(328)	296	Mark-to-market of available-for-sale investments	42	(46)
259	737	**Total comprehensive (loss)/income for the period**	(234)	92
		Attributable to:		
259	737	Owners of the parent	(234)	92
–	–	Non-controlling interest	–	–

Group balance sheets

As at 30 June

SA RAND 2007	SA RAND 2008	Figures in million	NOTE	US DOLLAR 2008	US DOLLAR 2007
		Assets			
		Non-current assets			
24 538	27 556	Property, plant and equipment	16	3 531	3 484
2 307	2 209	Intangible assets	17	283	328
5	78	Restricted cash	24	10	1
1 373	1 465	Restricted investments	18	188	195
55	67	Investments in financial assets	19	9	8
7	145	Investments in associates	20	19	1
1 521	1 485	Deferred tax	13	190	216
54	137	Trade and other receivables	22	18	8
29 860	33 142	Total non-current assets		4 248	4 241
		Current assets			
742	693	Inventories	23	89	105
2 484	–	Investments in financial assets	19	–	353
918	875	Trade and other receivables	22	112	130
66	82	Income and mining taxes		11	9
274	–	Restricted cash	24	–	39
711	413	Cash and cash equivalents	25	53	101
5 195	2 063			265	737
1 284	1 537	Non-current assets classified as held for sale	14	197	182
6 479	3 600	Total current assets		462	919
36 339	36 742	**Total assets**		4 710	5 160
		Equity and liabilities			
		Share capital and reserves			
25 636	25 895	Share capital	26	3 787	3 752
(349)	676	Other reserves	27	(196)	2
(1 581)	(1 832)	Accumulated loss		(419)	(388)
23 706	24 739	Total equity		3 172	3 366
		Non-current liabilities			
1 743	242	Borrowings	28	31	248
4 240	4 475	Deferred tax	13	573	602
1 092	1 129	Provision for environmental rehabilitation	29	145	156
124	144	Provisions for other liabilities and charges	30	18	18
7 199	5 990	Total non-current liabilities		767	1 024
		Current liabilities			
1 812	1 659	Trade and other payables	31	213	257
2 855	3 857	Borrowings	28	494	405
220	–	Bank overdraft	25	–	31
4 887	5 516			707	693
547	497	Liabilities directly associated with non-current assets classified as held for sale	14	64	77
5 434	6 013	Total current liabilities		771	770
36 339	36 742	**Total equity and liabilities**		4 710	5 160

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

Group statements of changes in shareholders' equity

For the years ended 30 June

Figures in million (SA Rand)

	Number of ordinary shares issued	Share capital	Share premium	Accumulated loss	Other reserves	Total
Notes		26			27	
Balance – 30 June 2006 (as previously reported)	396 934 450	199	25 290	(2 015)	(271)	23 203
Change in accounting policy for the capitalisation of interest on assets under construction (note 2.1)	–	–	–	59	–	59
Balance – 30 June 2006 (restated)	396 934 450	199	25 290	(1 956)	(271)	23 262
Dividends declared	–	–	–	(7)	–	(7)
Issue of shares						
– Exercise of employee share options	2 673 934	1	137	–	–	138
Deferred share-based payments	–	–	9	–	45	54
Total comprehensive income for the year	–	–	–	382	(123)	259
Balance – 30 June 2007	**399 608 384**	**200**	**25 436**	**(1 581)**	**(349)**	**23 706**
Dividends declared	–	–	–	(6)	–	(6)
Issue of shares						
– Exercise of employee share options	1 786 213	1	86	–	–	87
– Exchange for PNG royalty	1 859 159	1	148	–	–	149
Deferred share-based payments	–	–	23	–	43	66
Total comprehensive income for the year	–	–	–	(245)	982	737
Balance – 30 June 2008	**403 253 756**	**202**	**25 693**	**(1 832)**	**676**	**24 739**

Figures in million (US Dollar)

	Number of ordinary shares issued	Share capital	Share premium	Accumulated loss	Other reserves	Total
Notes		26			27	
Balance – 30 June 2006 (as previously reported)	396 934 450	32	3 700	(446)	(45)	3 241
Change in accounting policy for the capitalisation of interest on assets under construction (note 2.1)		–	–	8	–	8
Balance – 30 June 2006 (restated)	396 934 450	32	3 700	(438)	(45)	3 249
Dividends declared	–	–	–	(1)	–	(1)
Issue of shares						
– Exercise of employee share options	2 673 934	–	19	–	–	19
Deferred share-based payments	–	–	1	–	6	7
Total comprehensive income for the year	–	–	–	51	41	92
Balance – 30 June 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
Deferred share-based payments	–	–	3	–	6	9
Total comprehensive income for the year	–	–	–	(30)	(204)	(234)
Balance – 30 June 2008	**403 253 756**	**32**	**3 755**	**(419)**	**(196)**	**3 172**

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

Group cash flow statements

For the years ended 30 June

SA RAND 2007	SA RAND 2008	Figures in million		US DOLLAR 2008	US DOLLAR 2007
		Cash flow from operating activities			
1 221	1 978	Cash generated by operations	32	268	164
183	273	Interest received		38	25
21	33	Dividends received		5	3
(226)	(417)	Interest paid		(57)	(31)
(13)	(129)	Income and mining taxes paid		(18)	(2)
1 186	1 738	Cash generated by operating activities		236	159
		Cash flow from investing activities			
(12)	(89)	Amounts invested in restricted investments		(11)	(2)
(29)	205	Decrease/(increase) in restricted cash		28	(4)
–	127	Proceeds on disposal of South Kal Mine	32	18	–
395	1 310	Proceeds on disposal of available-for-sale financial assets		184	55
(42)	(21)	Increase in intangible assets		(3)	(6)
(32)	(81)	(Increase)/decrease in other non-current investments		(11)	(5)
190	131	Proceeds on disposal of property, plant and equipment		18	27
(2 698)	(3 955)	Additions to property, plant and equipment		(552)	(383)
(2 228)	(2 373)	Cash utilised by investing activities		(329)	(318)
		Cash flow from financing activities			
1 804	2 234	Long-term borrowings raised		323	253
(1 002)	(1 820)	Long-term borrowings paid		(256)	(139)
138	87	Ordinary shares issued		12	19
(7)	(6)	Dividends paid		(1)	(1)
933	495	Cash generated by financing activities		78	132
(48)	61	Foreign currency translation adjustments		(2)	6
(157)	(79)	Net decrease in cash and equivalents		(17)	(21)
651	494	Cash and equivalents – beginning of period		70	91
494	415	Cash and equivalents – end of period		53	70

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

Notes to the group financial statements

For the years ended 30 June

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. As discussed in note 14, Harmony classified its Australian operations as non-current assets held for sale. One of these operations were disposed of during the 2008 financial year.

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

These consolidated and company financial statements (on page 152 to 232 and 234 to 262 in the annual report) were authorised for issue by the Board of Directors on 10 October 2008.

2 Accounting policies

The principal accounting policies applied in the preparation of the consolidated and company financial statements are set out below which have been consistently applied in all years presented. IAS 23 and IFRS 8 have been retrospectively applied.

2.1 Basis of preparation

The annual financial statements are prepared on a historical cost basis as modified by available-for-sale financial assets and financial assets and liabilities, which have been brought to account at fair value. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB and in the manner required by the South African Companies Act.

New accounting standards and IFRIC interpretations

During the current financial year, the following new and revised accounting standards, amendments to standards and new interpretations were adopted by the Group:
IFRS 7 – Financial Instruments: Disclosure

In addition, the following new and revised accounting standards and amendments to standards were early adopted by the Group during the current financial year:
IAS 1 (Revised) – Presentation of Financial Statements
IAS 23 (Revised) – Borrowing Costs
IFRS 8 – Operating Segments

The effects of the adoption of these standards, amendments to standards and interpretations are as follows:

IFRS 7 – Financial Instruments: Disclosure

The Group adopted this standard as of 1 July 2007. The standard introduces new disclosures to improve the information regarding financial instruments. It requires the disclosures of qualitative and quantitative information about the exposure to risks arising from financial instruments, including a sensitivity analysis to market risk. There was no effect on the financial position or performance of the Group as a result of the adoption of this standard.

IAS 1 (Revised) – Presentation of Financial Statements

The Group early adopted this amendment as of 1 July 2007. The amendment requires that changes in equity resulting from transactions with owners (holders of instruments classified as equity) be presented separately from non-owner changes in equity (also known as other comprehensive income). There are also additional disclosures for components of other comprehensive income. There was no effect on the financial position or performance of the Group as a result of the adoption of this amendment.

Notes to the group financial statements

For the years ended 30 June

2 Accounting policies (continued)

2.1 Basis of preparation (continued)

IAS 23 (Revised) – Borrowing Costs

The Group early adopted the revised standard on Borrowing Costs as of 1 July 2007. The standard requires that all borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset be capitalised as part of the cost of the asset. All other borrowing costs are recognised as an expense in the period in which they are incurred.

In accordance with the Revised Standard's transitional provisions, the Group designated 1 July 2000 (the earliest commencement date of current qualifying projects) as the effective date and applied the requirements of the Revised Standard to all qualifying projects for which the commencement date of capitalisation was on or after that date.

The impact of the adjustment was as follows:

SA RAND			US DOLLAR	
2007	2008	Figures in million	2008	2007
		Effect on net loss:		
58	128	Decrease in finance cost	18	8
(17)	(38)	Income tax	(5)	(2)
41	90		13	6
		Effect on Earnings per share (cents):		
10	22	Basic earnings per share	3	2
10	22	Diluted earnings per share	3	2
		Effect on opening accumulated loss:		
82		Decrease in finance cost		11
(23)		Income tax		(3)
59		Decrease in accumulated loss		8

The average capitalisation rate was 10.6% for 2008 (2007: 6.7%; 2006 7.3%).

IAS 1 (Revised) requires the presentation of a balance sheet as at the beginning of the earliest comparative period whenever the Group applies an accounting policy retrospectively. Such a balance sheet has been included in note 38.

IFRS 8 – Operating segments

The Group early adopted this standard as of 1 July 2007. The standard replaces IAS 14, "Segment Reporting", and aligns segment reporting with the requirements of the US GAAP standard SFAS 131, "Disclosures about segments of an enterprise and related information". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting to the chief operating decision maker.

At the date of authorisation of these financial statements, the standards, amendments 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.

For the years ended 30 June

2 Accounting policies (continued)

2.1 Basis of preparation (continued)

Title	Effective date
Amendments	
■ IAS 1 (Amendment) and IAS 32 (Amendment) – Puttable Financial Instruments and Obligations arising on Liquidation	^ Financial year commencing on or after 1 January 2009
■ IAS 27 (Revised) – Consolidated and Separate Financial Statements	# Financial year commencing on or after 1 July 2009
■ IAS 27 (Amendment) and IFRS 1 (Amendment) - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	# Financial year commencing on or after 1 January 2009
■ IAS 39 (Amendment) – Eligible Hedged items	^ Financial year commencing on or after 1 July 2009
■ IFRS 2 (Amendment) – Vesting conditions and cancellations	# Financial year commencing on or after 1 January 2009
■ IFRS 3 (Revised) – Business Combinations	# Prospectively commencing on or after 1 July 2009
■ Annual improvements to IFRS	# Financial year commencing on or after 1 July 2009
New interpretations	
■ IFRIC 14 – IAS19 The Limit on a Defined Benefit asset, Minimum Funding Requirements and their interactions	^ Financial year commencing on or after 1 January 2008
■ IFRIC 16 – Hedges of a Net Investment in a Foreign Operation	^ Financial year commencing on or after 1 October 2008

The Group plans to apply the above amendments and interpretations on their respective effective dates.

\# The impact of the amendment/interpretation is not currently known and cannot be reasonably estimated.
^ The amendment/interpretation is not expected to have a material impact on the Group's financial statements.

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 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 acquired 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 up, shares issued or liabilities assumed at the date of acquisition plus costs directly attributable to the acquisition.

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 (refer to 2.7).

Notes to the group financial statements (continued)

For the years ended 30 June

2 Accounting policies (continued)

2.2 Consolidation (continued)

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

Investments in subsidiaries are accounted for at cost and are adjusted for impairments where appropriate in the Company's separate financial statements.

(ii) **Associates** are those entities, other than a subsidiary, in which the Group has a material interest and in respect of which the Group exercises significant influence over operational and financial policies, normally owning between 20% and 50% of the voting equity, but which it does not control.

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

The Group's share of the associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movement in reserves is recognised 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 recognise 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.

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.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated and may provide evidence of an impairment that should be recognised.

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

Investments in associates are accounted for at cost and are adjusted for impairments where appropriate in the Company's separate financial statements.

(iii) **Joint ventures** are those entities in which the Group holds an interest and which is jointly controlled by the Group and one or more venturers 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 recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise 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 realisable value of current assets or an impairment loss, the loss is recognised immediately.

Investments in joint ventures are accounted for at cost and are adjusted for impairments where appropriate in the Company's separate 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.

For the years ended 30 June

2 Accounting policies (continued)

2.3 Foreign currency transactions

(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 the South African rand and US dollars for the benefit of local and international investors. The Company's financial statements are presented in its functional currency, being South African rand.

References to "A$" refer to Australian currency, "R" to South African currency, "$" or "US$" to United States currency and "K" or "Kina" to Papua New Guinea 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 recognised in the income statement. These transactions are included in the determination of other (expenses)/income – net.

Changes in the fair value of monetary securities denominated in a foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences are recognised in profit or loss, and other changes in carrying amount are recognised in other reserves.

Translation differences on non-monetary financial assets and liabilities are reported as part of fair value gains or losses. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised 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 recognised as a separate component of other reserves.

d) equity items are translated at historical rates.

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 reserves. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on sale.

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

Notes to the group financial statements (continued)

For the years ended 30 June

2 Accounting policies (continued)

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. The accounting policies of the segments are the same as those described in the accounting policy notes to the financial statements.

2.5 Property, plant and equipment

(i) **Mining assets** including mine development costs and mine plant facilities are initially recorded at cost, whereafter they are measured at cost less accumulated amortisation and impairment.

At the Group's surface mines, when it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, costs incurred to develop the property are capitalised as incurred until the mine is considered to have moved into the production phase, are amortised using the units-of-production method over the estimated life of the orebody based on estimated recoverable ounces or pounds mined from proven and probable reserves. These costs include costs to further delineate the orebody and remove overburden to initially expose the orebody. 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 changes in estimates. The cost of "excess stripping" is capitalised 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 capitalised to the extent that such costs will provide future economic benefits as a result of establishing proven and probable reserves associated with specific ore blocks or areas of operations. 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.

Borrowing costs are capitalised 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 capitalised 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 capitalised 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.

(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 capitalised 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.

For the years ended 30 June

2 Accounting policies (continued)

2.5 Property, plant and equipment (continued)

Production phase mineral interests represent interests in operating properties that contain proven and probable reserves. Development phase mineral interests represent interests in properties under development that contain proven and probable reserves. Exploration phase mineral interests represent interests in properties that are believed to potentially contain (i) other mineralised material such as inferred material within pits; measured, indicated and inferred material with insufficient drill spacing to qualify as proven and probable reserves; (ii) around-mine exploration potential such as inferred material not immediately adjacent to existing reserves and mineralisation 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 proven 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 proven 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 proven 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 capitalised 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 Borrowings, with the current portion included under Current Liabilities.

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

(vi) Depreciation and amortisation of mining assets: Depreciation and amortisation of mineral property interests, mineral and surface rights, mine development costs and mine plant facilities are computed principally by the units of production method based on estimated proved and probable reserves. Changes in management’s estimates of the quantities of economically recoverable reserves impact amortisation and depreciation on a prospective basis.

Costs incurred and capitalised to enable access to specific ore blocks or areas of the mine, and which only provide an economic benefit over the period of mining that ore block or area, are amortised using the units-of-production method where the denominator is estimated recoverable ounces of gold contained in proven and probable reserves within that ore block or area.

If capitalised underground development costs provide an economic benefit over the entire life-of-mine, the costs are amortised using the unit-of-production method, where the denominator is the estimated recoverable ounces of gold contained in total accessible proven and probable reserves.

Proved and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits. Amortisation is first charged on mining ventures from the date on which the mining ventures are considered to have moved into the production phase.

Notes to the group financial statements (continued)

For the years ended 30 June

2 Accounting policies (continued)

2.5 Property, plant and equipment (continued)

(vii) **Depreciation and amortisation 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;
- 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. These are included in the income statement.

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

2.6 Exploration costs

The Group expenses all exploration and evaluation expenditures until the directors conclude that a future economic benefit is more likely to be realised than not, ie is 'probable'. The information that the directors use to make this determination depends on the level of exploration as well as the degree of confidence in the ore body.

Exploration and evaluation expenditure on green fields 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 expenditure is capitalised within development costs if the final feasibility study demonstrates that future economic benefits are probable.

Exploration and evaluation expenditure on brownfields sites, being those adjacent to mineral deposits which are already being mined or developed, is expensed as incurred until the directors are able to demonstrate that future economic benefits are probable through the completion of a pre-feasibility study, after which the expenditure is capitalised as a mine development cost. A 'pre-feasibility study' consists of a comprehensive study 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 pre-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 directors to conclude that it is more likely than not that the Group will obtain future economic benefit from the expenditure.

Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised 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.

For the years ended 30 June

2 Accounting policies (continued)

2.6 Exploration costs (continued)

The information when combined with existing knowledge of the mineral property already being mined or developed allows the directors to conclude that more likely than not the Group will obtain future economic benefit from the expenditures. Costs relating to property acquisitions are also capitalised. These costs are capitalised within development costs.

2.7 Intangible assets

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

(i) Intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life are not amortised 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 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 not reversed. The impairment testing is performed on 30 April.

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-organisation, 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 licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Intangible assets with a finite useful life are amortised on a straight line basis 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 amortisation and are tested annually for impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised 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.

The assets' recoverable amount is generally determined 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.

Notes to the group financial statements (continued)

For the years ended 30 June

2 Accounting policies (continued)

2.8 Impairment of non-financial assets (continued)

The term "recoverable minerals" refers to the estimated amount of gold that will be obtained from proven and probable reserves 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 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.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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 derecognised 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 derecognised 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 recognised in equity is recognised 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 recognised in profit and loss.

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 recognised 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 amortised 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.

For the years ended 30 June

2 Accounting policies (continued)

2.9 Financial instruments (continued)

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 held for performance bonds, as security deposits on mining tenements, cash held to acquire shares in subsidiaries as part of the compulsory takeover of shares as well as cash held on margin call in terms of certain conditions of borrowing agreements.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. 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 reorganisation, 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 recognised 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.

(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 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 analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in other reserves. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other reserves.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other reserves are reclassified in the income statement as profit or loss on sale of listed investments. Dividends on available-for-sale equity instruments are recognised in the income statement as part of investment income when the Group's right to receive payments is established.

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, in the opinion of the directors, permanent diminution in value exists for available-for-sale financial assets, 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 recognised in profit or loss – is removed from other reserves and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Notes to the group financial statements (continued)

For the years ended 30 June

2 Accounting policies (continued)

2.9 Financial instruments (continued)

(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 amortised cost using the effective interest method.

The restricted investments (refer note 18) are classified as held-to-maturity investments.

(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 and 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 categorised 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 realised 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 recognised in the income statement in the period in which they arise.

Financial liabilities

Borrowings

Borrowings are initially recognised at fair value net of transaction costs incurred and subsequently measured at amortised cost, comprising original debt less principal payments and amortisation, using the effective yield method.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds are allocated to the conversion option. This is recognised and included in equity, net of income tax effects.

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 recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.10 Inventories

Inventories which include bullion on hand, gold in process and stores and materials, are measured at the lower of cost and net realisable value after appropriate allowances for redundant and slow moving items. Cost of bullion and gold in process is determined by reference to production cost, including amortisation and depreciation at the relevant stage of production.

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

Net realisable 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. Bullion on hand and gold in process at certain of the underground operations include gold in lockup which can be reliably measured, and generally this is from the smelter onwards. Where mechanised 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, normally from when ore is broken underground. 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.

For the years ended 30 June

2 Accounting policies (continued)

2.11 Non-current assets or disposal group held for sale

A non-current asset or disposal group (a business grouping of assets and their related liabilities) is designated as held for sale 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 gain is recognised for any subsequent increase in net selling price but not in excess of the cumulative impairment loss already recognised.

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

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.

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 amortisation that would have been recognised 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 recognised after the allocation of any impairment loss arising on the cash generating units 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 operations, the subsequent classification as held for sale and used also requires that the discontinued operation be included in continuing operations. Comparative information in the income statement relating to the classification as a discontinued operation is restated accordingly.

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 damage done to date the net present value of expected rehabilitation cost estimates are recognised 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 capitalised to mining assets against an increase in the rehabilitation provision. Rehabilitation projects undertaken, included in the estimates are charged to the provision as incurred. The cost of ongoing 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 capitalised cost is depreciated over the life of the related asset.

Notes to the group financial statements (continued)

For the years ended 30 June

2 Accounting policies (continued)

2.13 Environmental trust funds

Annual 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. Contributions are determined on the basis of the estimated environmental obligation over the life of the mine. The trusts are consolidated into the Group. Income earned on monies paid to environmental trust funds is accounted for as investment income. The funds contributed to the trusts plus growth in the trust funds are included under restricted investments on the balance sheet.

2.14 Provisions

Provisions are recognised 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 recognised as a provision is the present value of the best estimate of the expenditure required to settle the present obligation at balance sheet date. This estimate takes into account the associated risks and uncertainties. The increase in the provision due to the passage of time is recognised as an 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.

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 recognised 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. Deferred tax is charged to the income statement 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. The effect on deferred tax of any changes in tax rates is recognised 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 amortisation and depreciation on property, plant and equipment, provisions, post retirement benefits, tax losses and unutilised capital allowances carried forward. Deferred tax assets relating to the carry forward of unutilised tax losses and unutilised capital allowances are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unutilised capital allowances can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries 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.

2.16 Employee benefits

(i) **Pension and provident plans** are funded through annual contributions. The Group's contributions to the defined contribution pension and provident plans are charged to the income statement in the year to which they relate. The Group's liability is limited to its annually determined contributions.

For the years ended 30 June

2 Accounting policies (continued)

2.16 Employee benefits (continued)

(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 market yields consistent with the term and risks of the obligation. Actuarial gains and losses as a result of these valuations are recognised 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. Equity share-based payments are measured at 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. 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 recognised 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 recognises 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.

(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 recognised 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.

Revenues from silver and other by-products sales are credited to production costs as a by-product credit.

Notes to the group financial statements (continued)

For the years ended 30 June

2 Accounting policies (continued)

2.19 Revenue recognition (continued)

(ii) **Interest income:** Interest is recognised 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 recognised when the shareholder's right to receive payment is established. This is recognised at the last date of registration.

2.20 Dividends declared

Dividends declared are recognised in the period in which they are approved by the shareholders. Dividends are payable in South African rand.

Dividends declared which are payable to foreign shareholders are subject to approval by the South African Reserve Bank in terms of South African foreign exchange control regulations. In practice, dividends are freely transferable to foreign shareholders.

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 utilising discounted future cash flows. Management also considers such factors as the quality of the individual orebody and country risk in determining the fair value.

Key assumptions for the calculation of mining assets' recoverable amounts are the forward gold price 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 forward gold price. The life of mine plans are based on the proven and probable reserves as included in the Reserve Declaration, which are determined in terms of SAMREC and JORC.

During the year under review, the Group calculated the recoverable amount (generally fair value less costs to sell) based on updated life of mine plans, a gold price of R180 000 per kilogram and a discount rate of 11.36% (2007: R115 000 per kilogram and a 9.18% discount rate). 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.

For the years ended 30 June

3 Critical accounting estimates and judgements (continued)

3.1 Impairment of mining assets (continued)

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

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

It is impracticable to disclose the extent of the possible effects the changes in assumptions for the forward gold price and life of mine plans at 30 June 2008, as these assumptions are inextricably linked.

3.2 Impairment of investment in associate

The investments in associates are evaluated 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. In calculating fair value less cost to sell, the cash flows from disposal are looked at with reference to the closing share price at year-end, the average share price over a reasonable period thereafter as well as recent transactions.

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.

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.

Management used a short-term (two years) inflation rate of 9%, a long-term inflation rate of 6% (2007: 5%) 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 – 12.25% (2007: 13.77%); for 1 – 5 years – 11.75% (2007:10.61%); for 5 – 9 years – 10.5% (2007: 9.49%) and for 10 years or more – 10.25% (2007: 9.25%). 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 12%, 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 9.8% (2007: discount rate of 9%, 60 years and 6.34% inflation rate).

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

Notes to the group financial statements (continued)

For the years ended 30 June

3 Critical accounting estimates and judgements (continued)

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 recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is 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.

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 raised.

3.7 Fair value of share-based payments

The fair value of options granted are being determined using either a binomial or a Monte Carlo valuation model. The significant inputs into the model are: vesting period and conditions, risk free interest rate, volatility, price on date of grant and dividend yield. (Refer to note 35 for detail on each of the share option schemes.)

3.8 Impairment of goodwill

The Group tests annually whether separately identifiable goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.8. Refer to note 17 for the method used in determining the recoverable amounts of cash-generating units. These calculations require the use of estimates as stated in note 3.1.

3.9 Gold in lock-up

Gold in lock-up in certain plants is estimated based on the calculated plant call factor. Plant call factor is the efficiency measurement of the percentage of gold extracted from the ore.

3.10 Assessment of contingencies

Contingencies will only realise 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

Gold mineral reserves 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, 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 requires the size, shape and depth of the orebodies to be determined by analysing 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 change from year to year, and because additional geological data is generated during the course of operations, estimates of the mineral reserves may change from year to year. Changes in the proven and probable reserves 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 amortisation charged in the income statement may change as they are calculated on the units-of-production method;
- 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 proven and probable gold mineral reserves is updated. Depreciation of mining assets is prospectively adjusted, based on these changes.

For the years ended 30 June

3 Critical accounting estimates and judgements (continued)

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);
- the ability to sustain the ongoing production of gold.

4 Financial risk management

The Group's activities 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.

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

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Harmony generally does not enter into forward sales, derivatives or other hedging arrangements to manage this risk.

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.

SA RAND			US DOLLAR	
2007	2008	Figures in million	2008	2007
		A$ against the US$		
–	26	Increase by ten percent	3	–
–	(26)	Decrease by ten percent	(3)	–
0.85	0.96	Closing rate	0.96	0.85
		A$ against the rand		
102	235	Increase by ten percent	30	14
(102)	(235)	Decrease by ten percent	(30)	(14)
6.00	7.51	Closing rate	7.51	6.00
		Kina against the A$		
83	268	Increase by ten percent	35	12
(83)	(268)	Decrease by ten percent	(35)	(12)
2.43	2.42	Closing rate	2.42	2.43

Notes to the group financial statements (continued)

For the years ended 30 June

4 Financial risk management

(a) Market risk (continued)

(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

The equity investments are listed on the Australian Securities Exchange. 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 R1 million (US$0.1 million) (2007: R25 million; US$3.5 million); an equal change in the opposite direction would have decreased other comprehensive income by R1 million (US$0.1 million) (2007: R 25 million; US$3.5 million). The analysis is performed on the same basis for 2007.

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 both fixed and variable interest rate borrowings. Fixed rate borrowings expose the Group to fair value interest rate risk. 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 2007.

SA RAND			US DOLLAR	
2007	2008	Figures in million	2008	2007
114	25	Increase in 100 basis points	3	16
(114)	(25)	Decrease in 100 basis points	(3)	(16)

The above table excludes the fixed rate convertible bond. As it is accounted for at amortised cost, interest rate changes do not affect reported profit and loss.

(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.

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.

For the years ended 30 June

4 Financial risk management (continued)

(b) Credit risk (continued)

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 R2 811 million (US$361.2 million) as at 30 June 2008 (2007: R2 885 million; US$409.4 million).

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

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.

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

SA RAND			US DOLLAR	
More than 1 year	Current	Figures in million	Current	More than 1 year
		2008		
228	4 038	Borrowings [1] [2]	518	29
–	787	Trade and other payables (excluding non-financial instruments)	101	–
228	4 825		619	29
		2007		
1 953	2 970	Borrowings	422	277
–	807	Trade and other payables (excluding non-financial instruments)	114	–
–	220	Bank overdraft	31	–
1 953	3 997		567	277

[1] R1 769 million (US$226.8 million) is due between 6 to 12 months. (2007: R41 million; US$5.8 million).

[2] R58 million (US$7.4 million) is due between 1 to 2 years. (2007: R1 953 million; US$277.4 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 optimises 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 (borrowings and bank overdraft) 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.

The Group is subject to externally imposed capital requirements in the form of loan covenants relating to interest cover, which may have an impact on the manner in which capital is utilised. The Group has complied with these capital requirements during the periods under review.

Notes to the group financial statements (continued)

For the years ended 30 June

4 Financial risk management (continued)

(e) Fair value determination

The carrying values (less any impairment allowance) of short-term financial instruments are assumed to approximate their fair values.

The fair value of available-for-sale financial assets and derivative financial instruments are determined by reference to quoted market prices. The fair value of other non-current financial instruments are determined using a discounted cash flow model with market observable inputs, such as market interest rates.

Comparison between carrying value and fair value of financial assets and liabilities:

SA RAND			US DOLLAR	
Carrying value	Fair value	Figures in million	Fair value	Carrying value
		2008		
		Financial assets		
1 639	1 639	Restricted investments	211	211
67	67	Investment in financial assets	9	9
681	681	Trade and other receivables	87	87
78	78	Restricted cash	10	10
413	413	Cash and cash equivalents	53	53
2 878	2 878		370	370
		Financial liabilities		
4 099	4 106	Borrowings *	526	526
736	736	Trade and other payables	94	94
4 835	4 842		620	620
		2007		
		Financial assets		
1 432	1 432	Restricted investments	195	195
55	55	Investment in financial assets	8	8
463	463	Trade and other receivables	65	65
284	284	Restricted cash	41	41
711	711	Cash and cash equivalents	101	101
2 945	2 945		410	410
		Financial liabilities		
4 598	4 797	Borrowings *	682	653
701	701	Trade and other payables	96	96
220	220	Bank overdraft	31	31
5 519	5 718		809	780

* Included under borrowings is an unsecured convertible fixed rate bond which has a fair value of R1 632 million (US$209.2 million) being 96% of the nominal value of R1 700 million as at 30 June 2008 (2007: R1 740 million (US$24.72 million) being 102.36% of the nominal value).

For the years ended 30 June

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		5 Cost of sales		
6 021	6 673	Production costs (a)	918	836
734	779	Amortisation and depreciation of mining properties, mine development costs and mine plant facilities	107	102
29	67	Amortisation and depreciation of assets other than mining properties, mine development costs and mine plant facilities (b)	10	4
(47)	12	Provision/(reversal of provision) for rehabilitation costs (c)	1	(6)
56	74	Care and maintenance cost of restructured shafts	10	8
–	212	Employment termination and restructuring costs (d)	29	–
41	42	Share-based payments	6	6
(134)	316	Impairment/(reversal of impairment) of assets (e)	40	(19)
(13)	9	Provision for former employees' post retirement benefits	1	(2)
6 687	8 184	Total cost of sales	1 122	929
		(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, analysed by nature, consist of the following:		
4 407	4 591	Labour costs, including contractors	632	612
1 412	1 666	Stores and materials	229	196
654	656	Water and electricity	90	91
27	73	Hospital costs	10	4
(69)	80	Changes in inventory	11	(10)
(461)	(793)	Capitalisation of mine development costs	(109)	(64)
(19)	(26)	By-products sales	(4)	(3)
70	426	Other	59	10
6 021	6 673	Total production cost	918	836
		(b) Amortisation and depreciation of assets other than mining properties, mine development costs and mine plant facilities consist of the following:		
15	30	Other non-mining assets	4	2
5	11	Intangible assets	2	1
9	26	Borrowings' issue costs	4	1
29	67	Total amortisation and depreciation	10	4

Notes to the group financial statements (continued)

For the years ended 30 June

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		5 Cost of sales (continued)		
		(c) For the assumptions used to calculate the rehabilitation costs, refer to note 3.4.		
		(d) Employment termination and restructuring costs consist of the following:		
–	73	Free State	10	–
–	38	Randfontein and Elandskraal	5	–
–	23	Evander	3	–
–	73	Freegold	10	–
–	5	Avgold	1	–
–	212	Total employment termination and restructuring cost	29	–

During the December 2007 quarter, a voluntary retrenchment process was begun, following the Group's decision to decentralise central services, as well as the restructuring of shafts due to the cessation of Conops. This process was completed by year-end.

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		(e) Impairment/(reversal of impairment) consist of the following:		
13	–	Free State	–	2
–	125	Evander	16	–
(133)	65	Kalgold	8	(19)
(14)	21	Other underground – assets	3	(2)
–	105	Other underground – goodwill	13	–
(134)	316	Total impairment/(reversal of impairment)	40	(19)

During the 2008 financial year, impairments were recognised at several of the Group's operations, which resulted primarily from changes to the life of mine plans. Goodwill relating to certain underground operations was also impaired. For further details on the allocation of goodwill, refer to note 17. For assumptions used to calculate the recoverable amount, refer to note 3.1.

During the year ended 30 June 2007, the Group recorded an impairment at the Free State operations relating to the cessation of operations at the Refinery. The Group also reversed impairments previously recorded at its Kalgold and Freegold operations, where the recoverable amounts calculated using fair value less costs to sell exceeded the carrying values.

For the years ended 30 June

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		6 Other (expenses)/income – net		
11	99	Foreign exchange profits/(losses) – net (a)	13	2
41	(6)	Gain/(loss) on financial instruments (b)	(1)	6
182	4	Profit on sale of property, plant and equipment (c)	–	25
(10)	(97)	Non-mining bad debts (d)	(14)	(1)
(49)	(90)	Other expenses – net	(13)	(7)
175	(90)	Total other (expense)/income – net	(15)	25

(a) Included in 2008 is a R111 million (US$15.3 million) foreign exchange gain related to the two loans to the international operations. The loans, which were previously designated as net investments of the Group's international operations, were de-designated in 2008, mainly as a result of the expected proceeds from the PNG Partnership Agreement (see note 39). Foreign exchange gains/(losses) arising after de-designation of the loans have been included in the consolidated income statements. Accumulated exchange gains/(losses) that arose while the loans were considered to form part of the Group's net investment in its international operations, will be reclassified to the consolidated income statements as and when the loans are repaid.

(b) The amount mainly relates to the Australian hedge book which was closed in 2007.

(c) The amount for 2008 relates to scrap sales.

The Randfontein 4 Shaft was sold to Ezulwini Mining Company (Pty) Ltd on 29 December 2006, resulting in a profit of R69 million (US$9.8 million).

The Deelkraal surface assets were disposed of at a profit of R98 million (US$13.7 million) to Ogoerion Construction CC on 5 April 2007.

(d) The amount in 2008 includes a provision for the outstanding balance of R50 million (US$6.4 million) on the sale of Deelkraal to Ogoerion Construction CC.

7 Operating profit/(loss)

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		The following have been included in operating profit/(loss):		
14	32	Auditors' remuneration	4	2
11	16	Fees – current year	2	2
–	9	Fees – prior year under provision	1	–
3	7	Fees – other services	1	–

Notes to the group financial statements (continued)

For the years ended 30 June

8 Profit on sale of investment in associate

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
236	–	Profit on the sale of Western Areas Limited	–	33

On 8 December 2006, the Group disposed of its interest in Western Areas Limited (Western Areas). Refer to note 20.

9 Fair value of non-derivative financial instruments

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
111	33	Mark-to-market adjustment	5	15

The sale agreement of African Rainbow Minerals Ltd (ARM) shares gave rise to a non-derivative financial instrument that is designated as at "fair value through profit and loss" and included in "investment in financial assets" on the balance sheet. The fair value movement recognised is equivalent to the interest paid on the Nedbank loans. (Refer to note 19 (c) and 28 (d) and (e)).

10 Loss on sale of investment

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
(35)	(459)	Loss on sale of investment in Gold Fields Limited	(63)	(5)

On 8 December 2006, the Group received 15 745 079 ordinary shares in Gold Fields, issued at R135.02 per share, in exchange for its interest in Western Areas. Refer to note 20 on associates and note 19 on investments in financial assets for further detail.

The Group disposed of 2 650 000 shares during 2007, and the remaining 7 348 079 shares in 2008, resulting in realised losses of R35 million (US$5 million) and R459 million (US$63 million), respectively. For further detail, refer to note 19.

11 Investment income

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
167	249	Interest received	34	24
6	35	Loans and receivables	5	1
99	134	Held-to-maturity investments	18	14
62	80	Cash and cash equivalents	11	9
21	33	Dividend income on available for sale	5	3
188	282	Total investment income	39	27

For the years ended 30 June

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		12 Finance costs		
		Financial instruments		
3	37	Bank and short-term facilities	5	–
151	159	Convertible unsecured fixed-rate bonds	22	21
127	277	Nedbank Limited	38	18
94	17	Rand Merchant Bank	2	13
22	6	Other creditors	1	5
397	496		68	57
		Non-financial instruments		
10	10	Post-retirement benefits	1	1
105	107	Time value of money and inflation component of rehabilitation costs	15	15
16	59	South African Revenue Services (SARS)	8	2
131	176		24	18
528	672		92	75
(74)	(158)	Interest capitalised	(22)	(10)
454	514		70	65
		13 Taxation		
		SA normal taxation		
		Mining tax (a)		
–	(35)	– current year	(5)	–
–	(112)	– prior year	(15)	–
		Non-mining tax (b)		
(13)	(7)	– current year	(1)	(2)
4	(6)	– prior year	(1)	1
		Deferred tax (c)		
(423)	(394)	– deferred tax	(55)	(60)
		Foreign normal taxation		
155	89	– deferred tax (d)	12	22
(277)	(465)	Total normal taxation	(65)	(39)

(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.

Notes to the group financial statements (continued)

For the years ended 30 June

SA RAND			US DOLLAR	
2007	2008	Figures in million	2008	2007

13 Taxation (continued)

All qualifying mining capital expenditure is deducted from taxable mining income to the extent that it does not result in an assessed loss and 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 utilised against mining income generated from the relevant ring-fenced mine.

The formulas for determining the South African gold mining tax rates are:
Y = 43 – 215/X (elect not to pay STC)
Y = 45 – 225/X (elect not to pay STC for 2007)
Y = 34 – 170/X (no election made)
Y = 35 – 175/X (no election made for 2007)

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) (2007: 37%) and 28% (no election made) (2007: 29%). Non-mining companies are taxed at the statutory corporate rate of 28% (2007: 29%).

(c) The 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 tax rate can consequently be significantly different from year to year.

(d) Mining and non-mining income of Australia operations are taxed at a standard rate of 30% (2007: 30%). Deferred tax is provided at the estimated expected future mining tax rate for temporary differences, based on tax rates (and tax laws) that have been enacted at balance sheet date.

The taxation rates in South African were changed in the 2008 year after an announcement of a reduction in the applicable rates by the Finance Minister in his annual budget speech in February 2008.

For the years ended 30 June

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		13 Taxation (continued)		
		Major items causing the Group's income tax provision to differ from the maximum mining statutory tax rate of 43% (2007: 45%) were:		
(242)	(223)	Tax on net income at the maximum mining statutory tax rate	(33)	(34)
(86)	(366)	Non-taxable income/non-allowable deductions	(50)	(12)
–	30	Difference between effective mining tax rate and statutory mining rate on mining income	4	–
7	2	Difference between non-mining tax rate and statutory mining rate on non-mining income	–	1
40	(64)	Effect on temporary differences due to changes in effective tax rates	(8)	5
4	(118)	Prior year adjustment – mining and non-mining tax	(16)	1
–	274	Capital allowance and sale of business	38	–
(277)	(465)	Income and mining taxation	(65)	(39)
-25%	140%	**Effective income and mining tax rate**	172%	-25%
		Deferred tax liabilities and assets on the balance sheet as of 30 June 2008 and 30 June 2007, relate to the following:		
		Deferred tax liabilities		
4 219	4 525	Gross deferred tax liability	579	599
4 090	4 219	Amortisation and depreciation	540	581
101	99	Product inventory not taxed	13	14
22	8	Convertible bonds	1	3
6	199	Other	25	1
(1 521)	(1 485)	Gross deferred tax assets	(190)	(216)
(25)	–	Deferred financial liability	–	(4)
(872)	(817)	Unredeemed capital expenditure	(105)	(124)
(262)	(212)	Provisions, including non-current provisions	(27)	(37)
(362)	(456)	Tax losses	(58)	(51)
21	(50)	Non-current assets reclassified as held for sale	(6)	3
2 719	2 990	**Net deferred tax liability**	383	386
		Movement in the net deferred tax liability recognised in the balance sheet is as follows:		
2 323	2 719	At the beginning of the year	386	324
333	341	Total charge per income statement (a)	47	46
42	(6)	Foreign currency translation adjustments	(41)	13
–	(28)	Tax directly charged to equity (b)	(4)	–
21	(36)	Non-current assets reclassified as held for sale	(5)	3
2 719	2 990	**At the end of the year**	383	386
		The following amounts that will realise or be recovered in the next 12 months have been included in the deferred tax liabilities and assets:		
116	297	Deferred tax liabilities	38	16
(123)	(167)	Deferred tax assets	(21)	(17)
(7)	130		17	(1)

Notes to the group financial statements (continued)

For the years ended 30 June

SA RAND			US DOLLAR	
2007	2008	Figures in million	2008	2007

13 Taxation (continued)

As at 30 June 2008, certain subsidiaries in the Group had unredeemed capital expenditure of R9 323 million (US$1 195.2 million) (2007: R8 696 million (US$1 235.2 million)) available against future mining taxable income, tax losses carried forward of R2 636 million (US$337.9 million) (2007: R1 391 million (US$197.6 million)) and Capital Gains Tax (CGT) losses of R571 million (US73.2 million) (at 50%) are available to be utilised against future CGT gains and taxable income. These future deductions are utilisable against income.

As at 30 June 2008, the Group has not recognised the deferred tax asset amount of R2 575 million (US$330.1 million) resulting from unredeemed capital expenditure of R6 206 million (US$795.6 million), tax losses of R1 037 million (US$132.9 million) and CGT losses of R571 million (US$73.2 million) in the determination of the net deferred tax liability.

(a) The charge includes the amounts for both continuing and discontinued operations.

(b) The charge relates to deferred tax asset on the downward mark-to-market adjustment during the year on available-for-sale financial assets by Australian operations. See note 19 and 27 in this regard.

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

The assets and liabilities related to Mt Magnet and South Kal (operations in Australia), Orkney operations (operations in North West Provinces), have been presented as held for sale following approval of the Group's management and Board of Directors on 20 April 2007.

On 6 December 2007, the sale relating to the South Kal operation (operation in Australia) was concluded at a loss, net of tax, of R51 million (US$7.6 million) and the assets were derecognised.

On 27 February 2008, the sale relating to the Orkney operations (operations in the Northwest province) was concluded at a profit of R66 million (US$8.9 million) and the assets were derecognised.

For the years ended 30 June

14 Non-current assets held for sale and discontinued operations (continued)

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 16 October 2007. These operations were also deemed to be discontinued operations. As a result the comparative income statements have been restated for this reclassification.

Management is still intent on the disposal of Mt Magnet despite the assets being classified as held for sale for more than 12 months. Refer to note 39 for more detail.

The following represents the assets and liabilities of operations classified as held for sale.

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		Balance sheet		
		Non-current assets classified as held for sale		
876	1 183	Property, plant and equipment	152	124
5	–	Restricted cash	–	1
59	175	Restricted investments	22	8
5	2	Investment financial assets	–	1
120	–	Deferred tax	–	17
121	171	Inventories	22	17
84	4	Trade and other receivables	1	12
11	–	Income and mining taxes	–	2
3	2	Cash and cash equivalents	–	–
1 284	1 537	Total non-current assets classified as held for sale	197	182
		Balance sheet		
		Liabilities directly associated with non-current assets classified as held for sale		
1	1	Borrowings	–	–
99	50	Deferred tax	6	14
257	394	Provisions for other liabilities and charges	50	36
136	52	Trade and other payables	8	19
54	–	Accrued liabilities	–	8
547	497	Total liabilities directly associated with non-current assets classified as held for sale	64	77

Notes to the group financial statements (continued)

For the years ended 30 June

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		14 Non-current assets held for sale and discontinued operations (continued)		
		The trade and other receivables reflected above are fully performing. The results of operations and cash flows relating to assets held for sale have been classified as discontinued operations as follows:		
		Income statement		
		Analysis of the results of discontinued operations, and the results recognised on the re-measurement of assets for disposal by the Group		
2 678	2 263	Revenue	312	372
(2 693)	(1 712)	Expenses – net	(238)	(373)
(391)	36	Reversal of impairment/(impairment)	5	(56)
(406)	587	Profit/(loss) from discontinued operations before tax	79	(57)
(67)	(36)	Taxation	(5)	(9)
117	(11)	Taxation on impairment	(2)	16
(184)	(25)	Taxation on discontinued operations	(3)	(25)
(473)	551	Profit/(loss) for the year from discontinued operations	74	(66)
		Cash flows		
(126)	503	Operating cash flows	71	(17)
–	(127)	Investing cash flows	(16)	–
23	62	Foreign exchange translation adjustment	(7)	–
(103)	438	Total cash flows	48	(17)

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.

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
397 911	400 750	Weighted average number of ordinary shares in issue ('000)	400 750	397 911
855	(796)	Net (loss)/profit from continuing operations	(104)	117
(473)	551	Net profit/(loss) from discontinued operations	74	(66)
382	(245)	Total net (loss)/profit attributable to shareholders	(30)	51
215	(199)	Basic (loss)/earnings per share from continuing operations (cents)	(26)	29
(119)	137	Basic earnings/(loss) per share from discontinued operations (cents)	18	(17)
96	(62)	Total basic (loss)/earnings per share (cents)	(8)	12

For the years ended 30 June

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007

15 (Loss)/earnings per share (continued)

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.

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
397 911	400 750	Weighted average number of ordinary shares in issue ('000)	400 750	397 911
4 471	2 144	Potential ordinary shares ('000)	2 144	4 471
402 382	402 894	Weighted average number of ordinary shares for fully diluted earnings per share ('000)	402 894	402 382
212	(199)	Fully diluted (loss)/earnings per share from continuing operations (cents)	(26)	29
(119)	137	Fully diluted earnings/(loss) per share from discontinued operations (cents)	18	(17)
93	(62)	Total fully diluted (loss)/earnings per share (cents)	(8)	12

The inclusion of share options issued to employees as at 30 June 2008, as potential ordinary shares, had an anti-dilutive effect on the diluted loss per share. Additionally the potential ordinary shares to be issued upon the conversion of the convertible unsecured fixed-rate bond (refer to note 28) had an anti-dilutive effect on the diluted earnings per share. Accordingly, such additional shares were not taken into account in the determination of the diluted loss per share.

Headline earnings per share

The calculation of headline earnings per share is based on the basic earnings per share calculation adjusted for the following items:

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		Continuing operations		
855	(796)	Net (loss)/profit	(104)	117
		Adjusted for (net of tax):		
(129)	(2)	Profit on sale of property, plant and equipment	–	(18)
30	459	Loss/(profit) on sale of listed investment	63	4
(220)	–	Profit on sale of investment in associate	–	(31)
(117)	159	Impairment/(reversal of impairment) of assets	22	(16)
–	105	Impairment of intangible assets	15	–
–	95	Impairment of investment in associates	13	–
–	52	Provision for doubtful debt	7	–
–	2	Loss/(profit) on sale of Joint venture	–	–
419	74	**Headline profit**	16	56

Notes to the group financial statements (continued)

For the years ended 30 June

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		15 (Loss)/earnings per share (continued)		
		Discontinued operations		
(473)	551	Net profit/(loss)	74	(66)
		Adjusted for (net of tax):		
–	(95)	Profit on sale of property, plant and equipment	(13)	–
(6)	–	Profit on sale of listed investment	–	(1)
274	(25)	Impairment of assets	(3)	38
(205)	431	Headline profit/(loss)	58	(29)
214	505	Total headline profit	74	27
105	18	Basic headline earnings per share from continuing operations (cents)	4	14
104	18	Fully diluted headline earnings per share from continuing operations (cents)	4	14
(52)	108	Basic headline earnings/(loss) per share from discontinued operations (cents)	14	(8)
(52)	107	Fully diluted headline earnings/(loss) per share from discontinued operations (cents)	14	(8)
53	126	Total basic headline earnings per share (cents)	18	6
52	125	Total fully diluted headline earnings per share (cents)	18	6

16 Property, plant and equipment

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
10 131	11 955	Mining properties, mine development costs and mine plant facilities	1 532	1 438
2 846	4 378	Mining assets under construction	561	404
11 416	11 192	Undeveloped properties	1 434	1 621
87	–	Deferred stripping	–	12
58	31	Other non-mining assets	4	9
24 538	27 556	Total property, plant and equipment	3 531	3 484
		Mining properties, mine development costs and mine plant facilities		
		Cost		
19 998	19 338	Balance at beginning of year	2 745	2 791
1 468	2 294	Additions	316	204
(15)	(1 227)	Disposals	(174)	(2)
380	100	Adjustment to rehabilitation asset	13	54
–	1 208	Transfers and other movements	166	–
392	839	Translation	(176)	108
(2 885)	(2 878)	Net reclassification from/(to) held for sale	(369)	(410)
19 338	19 674	Balance at end of year	2 521	2 745

For the years ended 30 June

16 Property, plant and equipment (continued)

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		Accumulated depreciation		
9 939	9 207	Balance at beginning of year	1 307	1 387
390	104	Impairment of fixed assets (a)	13	55
(3)	(725)	Disposals	(104)	–
1 137	850	Depreciation for the year (a)	118	158
–	47	Depreciation for the year capitalised to mining assets under construction	6	–
–	(2)	Transfers and other movements	–	–
58	714	Translation	(34)	36
(2 314)	(2 476)	Net reclassification from/(to) held for sale	(317)	(329)
9 207	7 719	Balance at end of year	989	1 307
10 131	11 955	Net book value	1 532	1 438
		Mining assets under construction		
		Cost		
1 489	2 706	Balance at beginning of year as previously reported	384	208
81	140	Effect of change in accounting policy (note 2.1)	20	11
1 570	2 846	Restated balance at beginning of year	404	219
1 192	1 692	Additions (b)	233	166
59	158	Finance costs capitalised	22	8
–	(26)	Disposals	(4)	–
–	(609)	Transfers and other movements	(84)	–
49	293	Translation	(13)	14
(24)	24	Net reclassification from/(to) held for sale	3	(3)
2 846	4 378	Book value	561	404
		Undeveloped property		
		Cost		
12 213	11 479	Balance at beginning of year	1 630	1 705
35	–	Additions	–	5
(20)	(167)	Disposals	(24)	(3)
–	(535)	Transfers and other movements	(74)	–
(1)	557	Translation	(80)	29
(748)	(128)	Net reclassification from/(to) held for sale	(16)	(106)
11 479	11 206	Balance at end of year	1 436	1 630
		Accumulated depreciation		
544	63	Balance at beginning of year	9	76
(68)	(37)	Reversal on impairment of fixed assets (a)	(6)	(10)
5	–	Depreciation for the year (a)	–	1
–	68	Transfers and other movements	9	–
53	121	Translation	16	9
(471)	(201)	Net reclassification from/(to) held for sale	(26)	(67)
63	14	Balance at end of year	2	9
11 416	11 192	Net book value	1 434	1 621

Notes to the group financial statements (continued)

For the years ended 30 June

SA RAND			US DOLLAR	
2007	2008	Figures in million	2008	2007
		16 Property, plant and equipment (continued)		
		Deferred stripping		
		Cost		
93	87	Balance at beginning of year	12	13
–	–	Translation	(1)	–
(6)	(22)	Reversal of deferred costs	(3)	(1)
87	65	Balance at end of year	8	12
		Accumulated depreciation		
65	–	Balance at beginning of year	–	9
(65)	65	Impairment/(reversal of impairment) of fixed assets	8	(9)
–	65	Balance at end of year	8	–
87	–	Net book value	–	12
		Other non-mining assets		
		Cost		
345	321	Balance at beginning of year	46	48
3	11	Additions	2	–
(1)	(40)	Disposals	(5)	–
–	32	Transfers and other movements	4	–
1	1	Translation	(6)	2
(27)	22	Net reclassification from/(to) held for sale	3	(4)
321	347	Balance at end of year	44	46
		Accumulated depreciation		
271	263	Balance at beginning of year	37	38
–	(30)	Disposals	(4)	–
15	30	Depreciation for the year (a)	4	2
–	30	Transfers and other movements	4	–
–	–	Translation	(4)	–
(23)	23	Net reclassification from/(to) held for sale	3	(3)
263	316	Balance at end of year	40	37
58	31	Net book value	4	9
24 538	27 556	Total net book value	3 531	3 484

(a) The amounts include both continuing and discontinued operations.

(b) Included in these additions are royalty agreements that Rio Tinto had over the Hidden Valley and Kerimenge deposits in Papua New Guinea. In terms of the royalty agreement, Rio Tinto had the rights to receive a portion of between 2% and 3.5% of future ounces produced by the Hidden Valley mine in Papua New Guinea. During March 2008, Harmony concluded the buy back of these royalty rights for US$22 million through the issue of R149 million (US$20 million) Harmony shares and R18 million (US$2 million) in cash.

For the years ended 30 June

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		16 Property, plant and equipment (continued)		
		(c) Additional disclosures		
		Leased assets		
–	266	Carrying value of capitalised leased assets (included in mining assets under construction)	34	–
–	291	Cost	37	–
–	(25)	Accumulated depreciation	(3)	–
–	253	Finance lease additions	35	–
		17 Intangible assets		
		Goodwill		
		Cost		
2 375	2 375	Balance at beginning of year (a)	337	331
–	(3)	Disposal (b)	–	–
–	–	Translation	(33)	6
2 375	2 372	Balance at end of year	304	337
		Accumulated impairment		
105	105	Balance at beginning of year	15	15
–	105	Impairment loss (c)	13	–
–	–	Translation	(1)	–
105	210	Balance at end of year	27	15
2 270	2 162	Net book value	277	322
		Computer software		
		Cost		
–	42	Balance at the beginning of year (d)	6	–
42	21	Acquired during the year (e)	3	7
–	–	Translation	(1)	–
42	63	Balance at end of year	8	7
		Accumulated amortisation		
–	5	Balance at the beginning of year	1	–
5	11	Amortisation charge for the year	2	1
–	–	Translation	(1)	–
5	16	Balance at end of year	2	1
37	47	Net book value	6	6
2 307	2 209	Total net book value	283	328

(a) The opening carrying value of goodwill consists of an amount of R2 372 million (US$330 million) relating to the acquisition of ARMgold on 22 September 2003 and the balance related to the acquisition of MP Britz Pharmacy and H Taute Pharmacy by Healthshare Health Solutions (Pty) Ltd.

Notes to the group financial statements (continued)

For the years ended 30 June

17 Intangible assets (continued)

The net book value amount of goodwill has been allocated to the each of the cash generating units as follows:

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
224	224	Bambanani	29	32
1 073	558	Tshepong	72	152
815	1 330	Phakisa	170	116
158	50	Other	6	22
2 270	2 162		277	322

During the 2008 financial year, a resource transfer took place between Tshepong and Phakisa and an adjustment was made to the related goodwill.

(b) On 1 January 2008, Harmony Gold Mining Company Limited sold its investment in Healthshare Health Solutions (Pty) Ltd and the related goodwill was derecognised.

(c) The impairment of goodwill relates to goodwill allocated to other underground segments. The related mining assets have also been impaired. Refer to note 5(e).

(d) The opening net book value relates to the development of the Oracle ERP software implemented in December 2006.

(e) The amount above relates to additional development costs for the Oracle ERP software during the year.

18 Restricted investments

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		Investments held by:		
1 395	1 603	Environmental trust funds (a)	206	198
37	36	Social Trust Fund (b)	5	5
1 432	1 639	Total restricted investments	211	203
(59)	(174)	Reclassified as non-current assets held for sale	(23)	(8)
1 373	1 465		188	195

(a) The environmental trust funds are irrevocable trusts under the Group's control. Contributions to the trust are invested primarily in interest-bearing short-term investments. The costs of these investments approximate their fair value. These investments provide for the estimated cost of rehabilitation during and at the end of the life of the Group's mines. Income earned on the investments are restricted in use and may only be used to fund the Group's approved rehabilitation costs.

For the years ended 30 June

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007

18 Restricted investments (continued)

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		Reconciliation of the movement in the Environmental Trust Fund:		
1 287	1 391	Opening balance	197	180
112	152	Interest accrued	21	16
–	(29)	Disposal of business	(4)	–
12	89	Contributions made	11	2
(16)	–	Reimbursement of costs incurred	–	(2)
–	–	Translation	(19)	2
1 395	1 603	Closing balance	206	198
(59)	(174)	Non-current assets held for sale	(23)	(8)
1 336	1 429		183	190

(b) The social trust fund is an irrevocable trust under the Group's control. 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. The balance will be donated in instalments of R3.5 million per annum with the final instalments 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 minimise the effect of job losses and a decline in employment through turnaround or redeployment strategies.

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		Reconciliation of the movement in the Social Trust Fund:		
30	37	Opening balance	5	4
4	4	Contributions made	1	1
3	3	Interest accrued	–	–
–	(8)	Claims paid	(1)	–
37	36	Closing balance	5	5

19 Investment in financial assets

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
984	2 544	Beginning of the year	361	137
2 176	135	Additions	20	309
(368)	(2 567)	Disposals	(362)	(50)
(357)	(60)	Mark-to-market	(8)	(50)
111	33	Profit/loss on non-derivative financial instrument (refer note 9)	5	16
(2)	(16)	Translation	(7)	–
2 544	69		9	362
(2 484)	–	Reclassified as current assets	–	(353)
(5)	(2)	Reclassified as non-current assets held for sale	–	(1)
55	67	End of the year	9	8

Notes to the group financial statements (continued)

For the years ended 30 June

SA RAND			US DOLLAR	
2007	2008	Figures in million	2008	2007
		19 Investment in financial assets (continued)		
		The carrying amount consists of the following:		
		Available-for-sale financial assets		
50	–	Investment in Clidet No. 700 (Pty) Ltd (a)	–	7
5	2	Investment in Alloy Resources (b)	–	1
1 433	–	Investment in Gold Fields Limited (c)	–	204
–	62	Investment in Dioro Exploration NL (d)	8	–
5	5	Investment in other unlisted shares (e)	1	1
1 493	69		9	213
(2 484)	–	Reclassified as current assets	–	(353)
(5)	(2)	Reclassified as non-current assets held for sale	–	(1)
(996)	67	Total available-for-sale financial assets	9	(141)
		At fair value through profit and loss		
1 051	–	Investment in African Rainbow Minerals Limited (f)	–	149
55	67		9	8

(a) On 11 December 2006, Harmony subscribed to 50 000 cumulative redeemable participating preference shares in Clidet No 700 (Proprietary) Limited (Clidet 700) for R50 million (US$7.1 million). The purchase consideration was paid on 3 January 2007. Clidet 700 used these funds to purchase 4 106 667 ordinary shares in Pamodzi Gold Limited (Pamodzi), which listed on the JSE Limited (JSE) on 11 December 2006. Clidet 700 has ceded the Pamodzi shares to Harmony as security for the amounts owing in terms of the redemption of the preference shares. The preference shares may be redeemed after 1 May 2009 by Clidet 700, or after three years and one day from the issue date by Harmony. Dividends are accumulated and are payable on the redemption date, if not paid before.

The preference shares were redeemed on 10 April 2008 for R57 million (US$7.3 million).

(b) On 3 April 2006, Big Bell Gold Operations (Pty) Ltd, a subsidiary of Harmony Gold (Australia) (Proprietary) Limited, received 5 000 000 shares, valued at A$0.20 per share, in Alloy Resources, as partial consideration for the sale of Comet tenements. The market value of the investment was R2 million (US$0.3 million) (A$0.05 per share) on 30 June 2008 (2007: R4.5 million (US$0.6 million) (A$0.15 per share)), resulting in a decrease of R2.5 million (US$0.3 million) for the year (2007: R0.5 million), which was reflected as other comprehensive income. This investment has now been included in non-current assets held for sale.

(c) On 8 December 2006, the Group received 15 745 079 ordinary shares in Gold Fields (GFI), issued at R135.02 per share, in exchange for its interest in Western Areas. This was in terms of the offer by Gold Fields to exchange every 100 Western Areas shares held for 35 Gold Fields shares. Gold Fields is a mineral resources company, primarily gold, which is listed on the JSE and has a secondary listing on the New York Stock Exchange.

For the years ended 30 June

SA RAND			US DOLLAR	
2007	2008	Figures in million	2008	2007

19 Investment in financial assets (continued)

The Group disposed of 1 150 000 shares for R143 million (US$19.7 million) in four transactions between 26 January 2007 and 12 February 2007. The total cost of these shares was R155.3 million (US$21.4 million), resulting in a realised loss of R12.3 million (US$1.7 million). During May and June 2007, a further 1 500 000 shares with a cost of R202.5 million (US$28.3 million) were disposed of for R179.6 million (US$25.1 million), resulting in a realised loss of R22.9 million (US$3.2 Million). After this transaction, the Group still held 7 348 079 shares in Gold Fields, after taking into account the 5 747 000 shares pledged to RMB Morgan Stanley (RMB) in terms of the financing. See note 28(f) in this regard.

On the 24 August 2007, the Group entered into an agreement with RMB to sell the remaining GFI ordinary shares at R100 per ordinary share, resulting in a realised loss of R35.02 (US$4.84) per share. The proceeds of R1 310 million (US$182.9 million) were used to settle the Randfontein redeemable preference shares issued to RMB on 5 April 2007, as well as the RMB financing. See note 28.

(d) On 5 December 2007, the Group concluded an agreement with Dioro Exploration NL (Dioro) to sell its South Kal operation (Australia) in exchange for 11 428 571 shares in Dioro, constituting an investment of 17.6%. At that date the shares were valued at R135 million (US$18.9 million) being A$1.75 (R11.80) per share. The shares are listed on the Australian Securities Exchange. At year end the shares were valued at A$0.74 (R5.77), resulting in R58 million (US$8.1 million) being recognised in other comprehensive income, net of tax.

(e) Investments are held in various shares of unlisted industry-related companies. These investments have been valued by the directors by performing independent valuations on an annual basis to ensure that no permanent impairment in the value of the investments has occurred. During the financial year under review, the group did not receive any income from these investments (2007: Nil).

(f) During the 2005 financial year, the Group transferred its remaining 13.68% of the investment in ARM to the ARM Broad-Based Economic Empowerment Trust (the ARM Trust) for an aggregate cash consideration of R829.8 million ($132.1 million), representing a price of R29 per ARM share.

Notes to the group financial statements (continued)

For the years ended 30 June

19 Investment in financial assets (continued)

The acquisition of the shares by the ARM Trust was financed through two term loan facilities with Nedbank Limited (Nedbank). The first term loan facility of R473.6 million ($75.4 million) previously contained a put option whereby Nedbank could have put the loan to the Company in the event of default by the ARM Trust. The Company was also entitled, at any time up to the facilities discharge date, to call the loan and "step into the shoes of Nedbank as the lender". During the 2006 financial year, this put and call option was replaced by a guarantee from Harmony to the value of R367 million ($54.0 million), plus interest accrued at the applicable funding rate. On the same date, the Company received an indemnity from ARM to the value of 50% of the Company's liability under the guarantee. The second term loan facility amounting to R356.2 million ($56.7 million) continued to be collateralised by the underlying ARM shares in the ARM Trust. Nedbank is entitled to force the trust to sell the shares if the market price of the ARM shares decrease to a certain level.

For accounting purposes, the Company did not account for the transfer of the shares to the ARM Trust as a sale. This is because the previous put and call option on the first term loan facility, as well as the guarantee, resulted in the majority of the risks not being transferred away from Harmony, and the 13.68% investment therefore continued to be accounted for as "available-for-sale". Harmony also considered the appropriate accounting for the fact that, in terms of the stated objective of the ARM Trust, the upside on appreciation of the ARM shares legally belongs to the intended beneficiaries of the ARM Trust and therefore limited the increase in fair value of the shares to its obligations under the Nedbank loans.

On 28 September 2007, the guarantee to Nedbank was cancelled and, as a result, Harmony has no further obligation to Nedbank. The investment in ARM and the associated Nedbank loans have been de-consolidated from that date.

20 Investments in associates

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
1 909	7	Opening carrying amount	1	266
(1 890)	–	Disposal of share in associate (a)	–	(268)
7	–	Joint venture becoming associate (c)	–	1
–	345	Shares acquired at cost (d)	46	–
	(34)	Elimination of unrealised profits	(5)	–
(19)	(78)	Share of loss after tax	(11)	(3)
–	(95)	Impairment of share in associate	(12)	–
–	–	Foreign currency translation reserve	–	5
7	145	Total investments in associates	19	1

For the years ended 30 June

SA RAND			US DOLLAR	
2007	2008	Figures in million	2008	2007
		20 Investments in associates (continued)		
		The carrying amount consists of the following:		
1	–	Village Main Reef Gold Mining Company Ltd (b)	–	–
6	–	Orpheo (c)	–	1
–	145	Pamodzi Gold Limited (d)	19	–
7	145	Total investments in associates	19	1

(a) On 9 March 2006, the Group acquired a 29.2% interest in the issued share capital of Western Areas (44 985 939 shares) through its subsidiary, the ARMgold/Harmony Joint Investment Company Pty Ltd, for a total cost of R2 012 million (US$321.4 million). Western Areas was listed on the JSE Limited, with interests in operating gold mines in South Africa.

On 8 December 2006, the Group disposed of its interest in Western Areas in exchange for Gold Fields ordinary shares. This was in terms of an offer by Gold Fields whereby every 100 Western Areas was exchanged for 35 Gold Fields shares. The Group received 15 745 079 Gold Fields shares for its 44 985 939 Western Areas shares. The net profit on the transaction was R236 million (US$34.7 million), calculated after the investment was reduced by the share of post-acquisition loss of R123 million (US$18.1 million).

(b) On 21 June 2006, Harmony acquired 37.8% of the issued share capital of Village Main Reef Gold Mining Company (1934) Limited at a total cost of R0.5 million (US$0.07 million). The equity stake was purchased from African Rainbow Minerals Limited at a price of 20 cents per share (US$3 cents per share). Village is listed on the JSE Limited in the gold sector and has been dormant for some time without any operating mines.

At 30 June 2008, the fair value of the investment was R0.7 million (US$0.09 million), calculated on a share price of 30 cents (US$: 4 cents) per share.

During the 12 months to June 2008, the Group did not recognise its share of losses from the associate. This unrecognised share amounted to R0.6 million (US$0.08 million)

The unaudited summarised aggregated financial information for the twelve months ended 30 June 2008 is as follows:

100%	100%		100%	100%
–	–	Revenue	–	–
–	(1)	Net loss	–	–
5	5	Total assets	1	1
3	5	Total equity and liabilities	1	–

Notes to the group financial statements (continued)

For the years ended 30 June

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007

20 Investments in associates (continued)

(c) During 2007, the Group disposed of 17% of its share in Orpheo by Harmony (Pty) Limited (Orpheo), which had been accounted for as a joint venture. After the transaction, the Group held a 33% interest in Orpheo.

The Group originally purchased its 50% share for R5 million (US$0.7 million). The consideration for the disposal was R1.7 million (US$0.2 million) and the fair value of the portion disposed was R1.5 million (US$0.2 million), resulting in a R0.2 million (US$0.03 million) profit.

At 30 June 2008, the fair value of the investment was evaluated by management. It was determined that the carrying value exceeded the fair value and an impairment of R0.5 million (US$0.06 million) was recognised.

During the 12 months ended 30 June 2008, the Group's share of post-acquisition profit was R0.3 million (US$0.04 million)

The unaudited summarised financial information for the twelve months ended 30 June 2008 is as follows:

2007 100%	2008 100%		2008 100%	2007 100%
6	7	Revenue	1	1
1	1	Net profit	–	–
5	6	Total assets	1	1
3	5	Total liabilities	1	–

(d) On 27 February 2008, Pamodzi Gold Limited (Pamodzi) bought the Orkney operations from the Harmony Group for a consideration of 30 000 000 Pamodzi shares. This resulted in Harmony owning 32.4% of Pamodzi. On the purchase date the value of the investment was R11.50 per share (US$1.54 per share) resulting in R345 million (US$46.5 million) investment. Pamodzi is listed on the JSE and has interests in operating gold mines in South Africa.

As at 30 June 2008, the fair value of the investment was calculated at R145 million (US$18.6 million) (R4.85 per share)(US$0.62 per share). The carrying value exceeded the fair value and as a result, an impairment of R95 million (US$12.3 million) was recognised. During the four months to June 2008, the Group's share of the post acquisition losses was a loss of R77 million (US$10.6 million).

For the years ended 30 June

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007

20 Investments in associates (continued)

Pamodzi has a 31 December year-end and the latest audited financials are for the year ended 31 December 2007. The unaudited financial information of Pamodzi (100%) for the period since acquisition of the investment on the 27 February 2008 to June 2008 and as at 30 June 2008 as follows:

SA RAND 2008		US DOLLAR 2008
100%		100%
414	Revenue	57
(536)	Production costs	(74)
(122)	Operating loss	(17)
(246)	Net loss	(34)
1 671	Non-current assets	214
166	Current assets	21
1 837	Total assets	235
1 327	Current liabilities	170
239	Non-current liabilities	31
1 566	Total liabilities	201

21 Investment in joint venture

The Group held a joint venture interest in Healthshare Health Solutions (Pty) Ltd (45%). The interest in Healthshare was acquired on 20 December 2005. On 1 January 2008, the Group disposed of its interest to the remaining shareholders of Healthshare and derecognised its share in assets and liabilities. A loss of R2 million (US$0.3 million) was recognised.

For the six-month period ending 31 December 2007 the Group's share of the joint venture profit amounted to R3 million (US$0.4 million).

22 Trade and other receivables

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		Current		
		Financial assets:		
80	235	Trade receivables (gold)	30	11
150	340	Other trade receivables	44	20
(24)	(132)	Provision for impairment	(17)	(3)
206	443	Trade receivables – net	57	28
–	75	Interest and other receivables	9	–
54	24	Employee receivables	3	8
114	2	Insurance claims receivable	–	16
32	–	Deferred consideration for sale of Buffalo Creek (a)	–	5
		Non-financial assets:		
33	36	Prepayments	5	5
479	295	Value added tax	38	68
918	875	Total current trade and other receivables	112	130

Notes to the group financial statements (continued)

For the years ended 30 June

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		22 Trade and other receivables (continued)		
		Non-current		
		Financial assets:		
67	152	Loans receivables (b)	20	10
(13)	(15)	Provision for impairment	(2)	(2)
54	137	Total non-current trade and other receivables	18	8

(a) On 31 March 2006, the Group disposed of the entire share capital of Buffalo Creek for R106 million (US$17.2 million). The last instalment of the receivable was settled in cash on 30 September 2007.

(b) Loans comprise various loans, which have been valued by the directors. These loans are unsecured with interest charged at prime. These loans are due within two years. Included in this balance is R103 million (US$13.2 million) owed by Pamodzi.

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		The movement in the provision for impairment of trade receivables during the year was as follows:		
13	24	Balance at 1 July	3	2
11	108	Impairment loss recognised	14	1
24	132	Balance at 30 June	17	3
		The movement in the provision for impairment of loans receivables during the year was as follows:		
–	13	Balance at 1 July	2	–
13	4	Impairment loss recognised	1	2
–	(2)	Loans written off during the year	(1)	–
13	15	Balance at 30 June	2	2

Impairment	Gross		Gross	Impairment
		The ageing of trade and other receivables at the reporting date was:		
		30 June 2008		
–	395	Fully performing	51	–
–	26	Past due by 1 to 30 days	3	–
–	2	Past due by 31 to 60 days	–	–
–	4	Past due by 61 to 90 days	1	–
132	148	Past due by more than 90 days	19	17
132	575	Balance at 30 June 2008	74	17
		30 June 2007		
–	160	Fully performing	23	–
–	9	Past due by 1 to 30 days	1	–
–	1	Past due by 31 to 60 days	–	–
–	27	Past due by 61 to 90 days	3	–
24	33	Past due by more than 90 days	5	3
24	230	Balance at 30 June 2007	32	3

For the years ended 30 June

SA RAND 2007 Impairment	SA RAND 2008 Gross	Figures in million	US DOLLAR 2008 Gross	US DOLLAR 2007 Impairment
		22 Trade and other receivables (continued)		
		The ageing of loans receivables at the reporting date was:		
		30 June 2008		
–	137	Fully performing	18	–
–	–	Past due by 1 to 30 days	–	–
–	–	Past due by 31 to 60 days	–	–
–	–	Past due by 61 to 90 days	–	–
15	15	Past due by more than 90 days	2	2
15	152	Balance at 30 June 2008	20	2
		30 June 2007		
–	54	Fully performing	8	–
–	–	Past due by 1 to 30 days	–	–
–	–	Past due by 31 to 60 days	–	–
–	–	Past due by 61 to 90 days	–	–
13	13	Past due by more than 90 days	2	2
13	67	Balance at 30 June 2007	10	2

Trade receivables that are less than 90 days past due are not considered to be impaired.

Based on past experience, the Group believes that no impairment allowance is necessary in respect of fully performing trade receivables as the amount relates to customers that have a good track record with the Group.

The Group holds the Deelkraal surface assets as collateral for the balance outstanding on the sale of these assets to Ogoerion Construction CC (included in trade receivables above). The balance of R50 million (US$6.4 million) was impaired during the 2008 financial year.

Management expect to recover the full amount outstanding on loans receivable.

During 2008 and 2007, there was no renegotiation of the terms of any receivable, other than as discussed above.

Notes to the group financial statements (continued)

For the years ended 30 June

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		23 Inventories		
165	203	Gold in lock-up	26	23
341	131	Gold in-process and bullion on hand	17	49
236	359	Stores and materials at weighted average cost	46	33
742	693	Total inventories	89	105
		Gold in-process at the following operations is valued at net realisable value:		
28	–	Free State	–	4
77	–	Evander	–	11
87	–	Freegold	–	12
92	–	Target	–	13
284	–	Gold in-process carried at net realisable value	–	40

Gold in-process includes immaterial amounts of stockpile inventories.

During the year, R10 million (US$1.4 million) (2007: R6 million (US$0.8 million)) was provided for slow moving and obsolete stock. The total provision for 2008 was R23 million (US$3.3 million) (2007: R14 million (US$1.9 million)).

24 Restricted cash

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
274	–	Rand Merchant Bank margin call account (a)	–	39
10	–	Security deposits (b)	–	2
–	78	Cash Management Account (c)	10	–
(274)	–	Reclassified as current	–	(39)
(5)	–	Reclassified as non-current assets held for sale	–	(1)
5	78	Total restricted cash	10	1

(a) In terms of the financing agreement with Rand Merchant Bank, R274 million (US$39 million) was placed in a security deposit account with Rand Merchant Bank. Refer to note 28 (f).

(b) The amount was held in respect of security deposits on mining tenements.

(c) The amount relates to funds set aside by the International operations for performance bonds related to guarantees for environmental obligations.

25 Cash and cash equivalents

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
714	415	Cash at bank and deposits on call	53	101
(3)	(2)	Non-current asset held for sale	–	–
711	413		53	101
(220)	–	Overdraft facilities	–	(31)
491	413	Total cash and cash equivalents	53	70

All deposits are on twenty-four hour call.

For the years ended 30 June

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007

26 Share capital

Authorised

1 200 000 000 (2007: 1 200 000 000) ordinary shares of 50 cents each

10 958 904 (2007: 10 958 904) redeemable convertible preference shares of 50 cents each

Issued

403 253 756 (2007: 399 608 384) ordinary shares of 50 cents each

The unissued shares are under the control of the directors until the forthcoming annual general meeting. The Directors' Report and note 35 set out details in respect of the share option scheme.

The Company has a general authority to purchase its shares up to a maximum of 10% of the issued share capital in any one financial year. This is in terms of the annual general meeting of shareholders on 26 November 2007. 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.

27 Other reserves

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		Other reserves comprises:		
(111)	575	Foreign exchange translation reserve (a)	(216)	30
(335)	(39)	Mark-to-market of available-for-sale financial instruments (b)	(2)	(44)
277	277	Equity component of convertible bond (c)	41	41
(381)	(381)	Acquisition of non-controlling interest in subsidiary (d)	(57)	(57)
232	275	Deferred share-based payments (e)	42	36
(31)	(31)	Other	(4)	(4)
(349)	676	**Total other reserves**	(196)	2
		The different categories are made up as follows:		
		Foreign exchange translation reserve		
(316)	(111)	At the beginning of the year	30	(57)
205	686	Current year's foreign exchange movement	(246)	87
(111)	575	**At the end of the year**	(216)	30
		Mark-to-market of available-for-sale financial assets		
(7)	(335)	At the beginning of the year	(44)	2
29	335	Realised portion reclassified through profit or loss	47	4
(357)	(67)	Mark-to-market – unrealised	(9)	(50)
–	28	Deferred tax asset	4	–
(335)	(39)	At the end of the year	(2)	(44)

Notes to the group financial statements (continued)

For the years ended 30 June

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		27 Other reserves (continued)		
		Equity component of convertible bond		
277	277	At the beginning/end of the year	41	41
		Acquisition of non-controlling interest in subsidiary		
(381)	(381)	At the beginning/end of the year	(57)	(57)
		Deferred share-based payments		
187	232	At the beginning of the year	36	30
45	43	Share-based payments expensed	6	6
232	275	At the end of the year	42	36
		Other reserves		
(31)	(31)	At the beginning/end of the year	(4)	(4)

(a) The movement of the foreign exchange translation reserve represents the cumulative translation effect of the Group's off-shore operations. The US dollar amounts includes the translation effect from rand to US dollar.

(b) The balance of the mark-to-market reserve represents the movement in the fair value of the available-for-sale financial assets. For details on the movement, refer to note 19.

(c) On 24 May 2004, the Group issued a convertible bond. As a result, an amount representing the value of the equity conversion component is included in other reserves, net of deferred tax. The equity conversion component is determined on the issue of the bonds and is not changed in subsequent periods. Refer to note 28 (a) for more detail.

(d) On 15 March 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 R579 million (US$86.5 million) (A$123 million) over the carrying amount of non-controlling interest acquired, amounting to R381 million (US$55 million), has been accounted for under other reserves.

(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 2008 a share-based payment expense of R43 million (US$5.9 million) (2007: R45 million (US$6.3 million) was charged to the income statement. (Refer to note 35 for more detail)

For the years ended 30 June

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		28 Borrowings		
		Unsecured borrowings		
1 541	–	Convertible unsecured fixed rate bonds (a)	–	219
1 700	1 700	Principal amount	218	241
(277)	(277)	Equity conversion component, net of deferred tax liability	(41)	(41)
(60)	(60)	Deferred tax liability	(9)	(9)
1 363	1 363	Liability component on initial recognition	168	191
195	271	Unwinding of time value of money portion	40	29
(17)	(8)	Less: amortised bond issue costs	(1)	(2)
–	–	Translation	1	1
1 541	1 626		208	219
–	(1 626)	Less: current portion	(208)	–
32	32	Africa Vanguard Resources (Proprietary) Limited (b)	4	5
1 573	32	Total unsecured long-term borrowings	4	224
		Secured borrowings		
170	–	Nedbank Limited (c)	–	24
170	194	Liability amount	25	24
–	(194)	Less: current portion	(25)	–
–	–	Nedbank Limited (d)	–	–
601	–	Liability amount	–	85
(601)	–	Less: current portion	–	(85)
–	–	Nedbank Limited (e)	–	–
450	–	Liability amount	–	64
(450)	–	Less: current portion	–	(64)
–	–	Rand Merchant Bank (f)	–	–
752	–	Liability amount	–	107
(752)	–	Less: current portion	–	(107)
–	–	Rand Merchant Bank (g)	–	–
550	–	Liability amount	–	78
(550)	–	Less: current portion	–	(78)
–	–	Rand Merchant Bank (h)	–	–
500	–	Liability amount	–	71
(500)	–	Less: current portion	–	(71)
–	–	Westpac Bank (i)	–	–
2	–	Liability amount	–	–
(2)	–	Less: current portion	–	–
–	210	Westpac Bank (j)	27	–
–	258	Liability amount	33	–
–	(48)	Less: current portion	(6)	–
–	–	Nedbank Limited (k)	–	–
–	2 000	Principal amount	256	–
–	(11)	Less: amortised issue costs	(1)	–
–	1 989		255	–
–	(1 989)	Less: current portion	(255)	–
170	210	Total secured long-term borrowings	27	24
1 743	242	Total long-term borrowings	31	248
2 855	3 857	Total current portion of borrowings	494	405
4 598	4 099	Total borrowings	525	653

Notes to the group financial statements (continued)

For the years ended 30 June

28 Borrowings (continued)

(a) On 21 May 2004, Harmony issued an international unsecured fixed rate convertible bond in an aggregate principal amount of R1 700 million (US$251.9 million). Interest at a rate of 4.875% per annum is payable semi-annually in arrears on 21 May and 21 November of each year, commencing 21 November 2004. The bonds mature five years from the issue date at their nominal value of R1 700 million unless converted into the Company's ordinary shares. The bonds are convertible at the option of the bondholders at any time on or after 1 July 2004 and up to and including 15 May 2009, unless previously redeemed, converted or purchased and cancelled, into fully paid ordinary shares. The number of ordinary shares to be issued at such a conversion shall be determined by dividing the principal amount of each bond by the conversion price in effect on the relevant conversion date. The initial conversion price is R121 per ordinary share subject to certain standard anti-dilutive provisions such as a rights offering, that are designed to maintain the value of the conversion option. The fair values of the liability component and the equity conversion component were determined on the issue of the bond. The fair value of the liability component, included in long term borrowings, was calculated using a market interest rate for an equivalent non-convertible bond (10%).

The residual amount, representing the value of the equity conversion component, is included in other reserves net of deferred taxes. In subsequent periods, the liability component continues to be presented on the amortised cost basis, until extinguished on conversion or maturity of the bonds. The equity conversion component is determined on the issue of the bonds and is not changed in subsequent periods. The bonds are listed on the London Stock Exchange for Bonds. The terms and conditions of the bonds prohibit Harmony and its material subsidiaries from creating any encumbrance or security interest over any of its assets to secure any relevant debt (defined as bonds, notes, debentures, loan stock or other securities which are tradable on a securities market) without according the same security to the bondholders or without obtaining the prior approval of the bondholders. Included in the amortisation charge as per the income statement is R9 million (US$1.2 million) (2007: R9 million (US$1.2 million) for amortisation of the bond issue costs.

(b) The loan to Africa Vanguard Resources (Doornkop) (Proprietary) Limited (AVRD) from its holding company African Vanguard Resources (Proprietary) Limited remained unchanged from the previous year. In 2005 AVRD borrowed an additional R18 million (US$2.3 million) to service working capital commitments. This increased the initial loan of R14 million (US$1.8million) to R32 million (US$4.1 million). The loan is unsecured and interest free, with no fixed terms of repayment over the short term. Refer to note 28 (c).

(c) On 30 July 2003, AVRD entered into a term loan facility of R140 million (US$19.1 million) with Nedbank Limited for the purpose of partially funding AVRD's purchase of an undivided 26% share of the Mining titles, to be contributed to the Doornkop South Reef project. Interest at a variable rate equal to JIBAR plus 2% shall be repayable to the extent that AVRD received a portion of the profit from the project. Unpaid interest shall be capitalised and repaid with the loan amount. The loan amount and any interest accrued is repayable on 30 July 2008. Interest capitalised during the year ended 30 June 2008 amounted to R30 million (US$4.1 million) (2007: R16 million (US$2.2 million).

The facility from Nedbank to AVRD is guaranteed by Harmony and certain of its subsidiaries. As a result of this guarantee and other factors, the Company is required to consolidate AVRD and has therefore included the loans from Nedbank and Africa Vanguard Resources (Proprietary) Limited in its consolidated borrowings.

(d) On 15 April 2005, the ARM Empowerment Trust (the Trust) entered into term loan facility of R474 million (US$75.4 million) with Nedbank Limited for the purpose of funding the balance of the Trust's acquisition of the shares the Company held in ARM. The loan bears interest, compounded monthly, at a rate of JIBAR plus 1.5% per annum. Interest capitalised during the year ended 30 June 2008 amounted to R18 million (US$2.5 million) (2007: R62 million (US$8.6 million)) (Refer to note 12). On 28 September 2007, the Trust guarantee was cancelled by Nedbank and consequently Harmony has no further obligation to Nedbank in this regard. The ARM investment and associated Nedbank loans was deconsolidated from this date. Refer to note 19 (c).

(e) On 15 April 2005, the Trust entered into a second term loan facility of R356 million (US$56.7 million) with Nedbank Limited for the purpose of funding the Trust's partial acquisition of the shares the Company held in ARM (Refer note 19 (c)). The loan bears interest, compounded monthly, at a rate of JIBAR plus 1.5% per annum. Interest capitalised during the year ended 30 June 2008 amounted to R15 million (US$2.1 million) (2007: R49 million (US$6.8 million) (Refer to note 12). The loan is repayable on the fifth anniversary of the advance date. On 28 September 2007, the loan was deconsolidated as per note 28 (d).

(f) During March 2007, the Group entered into a financing agreement with RMB. In terms of the financing agreement, 5 747 000 Gold Fields ordinary shares were pledged as security. The financing amounted to R752 million (US$103.4 million). Of this amount, R600 million (US$82.3 million) was used to repay a portion of the term loan obtained in March 2006.

For the years ended 30 June

28 Borrowings (continued)

Interest is payable to RMB at a rate equal to the SAFEX Financial Derivatives overnight deposit rate (SAFEX overnight rate) plus 35 basis points.

The Group placed a 20% deposit of the notional amount with RMB in an initial margin account for any change in the Gold Fields share price below the reference price of R130.88 per share. Interest is payable by RMB to the Group at the SAFEX overnight rate less 15 basis points.

On 24 August 2007, the Group entered into an agreement to sell its Gold Fields ordinary shares for a consideration of R1.3 billion (US$185 million). The proceeds were used to settle the Randfontein redeemable preference shares issued to RMB in April 2007, as well as the financing arranged with RMB in March 2007. Refer to note 28 (g).

(g) During April 2007, Randfontein Estates Limited (Randfontein) (a wholly owned subsidiary of Harmony) issued 55 000 000 cumulative, floating rate, redeemable preference shares to RMB for R550 million (US$75.4 million). R400 million (US$54.9 million) of the consideration was used to repay a portion of the term loan obtained in March 2006. The obligation to redeem the preference shares is secured by the cession of shares in Gold Fields in a ratio of 1.5:1.

The preference shares are redeemable on the date that falls three years and a day after the issue date, but may be redeemed by Randfontein at any time before this date. The amount to be redeemed is the issue price together with any accumulated dividends and dividends that have been declared but not paid.

The first dividend date is 1 March 2008. The dividend rate is variable and is set out as follows:

- for the period from the issue date until 31 August 2007, the variable dividend rate is equal to 35% of the prime rate;
- for the period from 1 September 2007 until 29 February 2008, the variable dividend rate is equal to 50% of the prime rate;
- on 1 March 2008, the variable dividend rate is equal to 83% of the prime rate.

In August 2007, the preference shares were redeemed as per note 28(f).

(h) On 29 June 2007, RMB advanced R500 million (US$68.6 million) in terms of a short term bridging loan. The loan became due on 31 July 2007 along with interest, calculated at the rate equal to the SAFEX Overnight rate plus 2.4%. In the event that Harmony elected to extend the loan facility until 30 September 2007, the interest would be calculated at the rate equal to the SAFEX overnight rate plus 3.6% during the extension period.

On 29 September 2007, the short term bridging loan from RMB was repaid. Refer to note 28 (k) for details on the funds utilised.

(i) On 27 June 2007, the Group entered into an overdraft facility agreement with Westpac Bank for the Papua New Guinea operations. The limit is Kina 3 million (US$0.9 million) and interest is payable at 9.45%. In August 2007, the facility was repaid and then cancelled.

(j) During July 2007, Morobe Consolidated Goldfields entered into a finance lease agreement with Westpac Bank for the purchase of mining fleet to be used on the Hidden Valley project.

Interest is charged at US – LIBOR plus 1.25% per annum. Interest is accrued monthly and lease instalments are repayable quarterly terminating 30 June 2013. The mining fleet financed is used as security for these loans.

Notes to the group financial statements (continued)

For the years ended 30 June

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		28 Borrowings (continued)		
		The future minimum lease payments are as follows:		
–	57	Due within one year	7	–
	58	Due between one and two years	7	
–	170	Due between two and five years	23	–
–	285		37	–
–	(27)	Future finance charges	(4)	–
–	258		33	–

(k) On 28 September 2007, Harmony Gold Mining Company Limited entered into a term loan facility of R2 billion (US$283.9 million) with Nedbank Limited, for the purpose of partially funding capital expenditure in respect of projects, as well as to repay the short term bridging loan amounting to R500 million (US$68.6 million) (refer to note 28 (h)). Interest accrues on a day to day basis over the term of the loan at a variable interest rate, which is fixed for three month periods, equal to the JIBAR plus 2.75% plus banking costs. The loan is repayable on 29 December 2008 and interest is repayable every quarter commencing on 28 September 2007.

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		The exposure of the Group's borrowings to changes in interest rate and contractual repricing is as following:		
170	210	Variable rate	27	24
2 855	3 857	Current	494	405
1 541	–	Between 1 to 2 years	–	219
–	–	Between 2 to 5 years	–	–
32	32	Over 5 years	4	5
4 598	4 099	Total borrowings	525	653
3.7%	5.1%	Variable rate	5.1%	3.7%
62.2%	94.1%	Current	94.1%	62.1%
33.4%	0.0%	Between 1 to 2 years	0.0%	33.5%
0.0%	0.0%	Between 2 to 5 years	0.0%	0.0%
0.7%	0.8%	Over 5 years	0.8%	0.7%
100.0%	100.0%	Total borrowings	100.0%	100.0%
		The maturity of borrowings is as follows:		
2 855	3 857	Current	494	405
1 711	50	Between 1 to 2 years	6	243
–	160	Between 2 to 5 years	21	–
32	32	Over 5 years	4	5
4 598	4 099	Total borrowings	525	653

For the years ended 30 June

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007

28 Borrowings (continued)

The effective interest rates at the balance sheet date were as follows:

	2008 %	2007 %
Convertible unsecured fixed rate bonds (a)	10.0	10.0
Africa Vanguard Resources (Proprietary) Limited (b)	0.0	0.0
Nedbank Limited (c)	13.4	11.9
Nedbank Limited (d)*	0.0	9.5
Nedbank Limited (e)*	0.0	10.0
Rand Merchant Bank (f)*	0.0	9.4
Rand Merchant Bank (g)*	0.0	4.6
Rand Merchant Bank (h)*	0.0	12.7
Westpac Bank (i)*	0.0	9.5
Westpac Bank (j)	4.1	0.0
Nedbank Limited (k)	14.5	0.0

* Loan repaid in full

Other borrowings

The level of Harmony's borrowing powers, as determined by its Articles of Association, shall not, except with the consent Harmony's general meeting, exceed 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 non-controlling interests in subsidiary companies and provisions for deferred taxation) and any share premium accounts of the company and its subsidiaries. At year end, total borrowings amounted to R4 099 million (US$525 million) (2007: R4 598 million (US$652 million).

29 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:

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		Provision raised for future rehabilitation		
860	1 349	Opening balance	192	120
(29)	(115)	Disposal of assets	(16)	(4)
373	91	Change in estimate – Balance sheet	12	53
(9)	11	Change in estimate – Income statement	1	(1)
119	154	Inflation present value adjustment and time value of money component	22	17
35	33	Foreign currency translation adjustments	(15)	7
1 349	1 523	Closing balance	196	192
(257)	(394)	Provision associated with non-current assets held for sale	(51)	(36)
1 092	1 129		145	156

Notes to the group financial statements (continued)

For the years ended 30 June

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007

29 Provision for environmental rehabilitation (continued)

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 R2 102 million (US$269 million) (2007: R1 941 million (US$276 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 R40 million (US$6 million) (2007: R65 million (US$9 million)) relating to the time value of money.

Future net obligations

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
1 941	2 102	Ultimate estimated rehabilitation cost	269	276
(1 395)	(1 603)	Amounts invested in environmental trust funds (note 18)*	(206)	(198)
546	499	Total future obligations	63	78

The Group intends to finance the ultimate rehabilitation costs from the money invested with 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.

* This includes amounts related to assets held for sale.

30 Provision for other liabilities and charges

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		Non-current		
107	130	Retirement benefit obligation (Refer to note 33)	17	15
17	14	Other	1	3
124	144	Closing balance	18	18

31 Trade and other payables

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		Financial liabilities		
618	675	Trade payables	86	88
53	61	Other liabilities	8	8
		Non-financial liabilities		
465	282	Payroll accruals	37	65
241	214	Leave liabilities	27	34
120	128	Shaft related accruals	16	17
147	159	Other accruals	21	21
118	44	Value added tax	6	17
50	96	Taxation	12	7
1 812	1 659	Total trade and other payables	213	257

For the years ended 30 June

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007

31 Trade and other payables (continued)

Leave liability

Employee entitlements to annual leave are recognised 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 recognised in the balance sheet is as follows:

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
221	258	At the beginning of the year	36	31
(184)	(286)	Benefits paid	(38)	(26)
–	5	Foreign currency translation adjustments	(1)	–
221	255	Total expense per income statement	32	31
258	232		29	36
(17)	(18)	Reclassified as non-current assets held for sale	(2)	(2)
241	214	At the end of the year	27	34

32 Cash generated by operations

The following represents a reconciliation of profit before taxation to cash generated by operations from continuing and discontinued operations. Details regarding cash flows from discontinued operations are presented in note 14.

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
727	256	Profit before taxation	33	90
		Adjustments for:		
1 172	896	Amortisation and depreciation	123	163
268	280	Impairment of assets	36	38
(41)	6	Loss/(gain) on financial instruments	1	(6)
(183)	(110)	Profit on sale of mining assets	(15)	(25)
(13)	9	Net increase/(decrease) in provision for post retirement benefits	1	(2)
(9)	16	Net increase/(decrease) in provision for environmental rehabilitation	2	(1)
19	78	Loss from associates	11	3
–	95	Impairment of investment in associate	12	–
45	43	Share-based payments	6	6
(111)	(33)	Fair value of non-derivative financial instruments	(4)	(15)
25	459	Loss on sale of listed investments	63	3
(236)	–	Profit on sale of investment in associate	–	(33)
(21)	(33)	Dividends received	(5)	(3)
(183)	(273)	Interest received	(38)	(25)
226	417	Interest paid – cash	57	31
254	140	Interest paid – non cash	19	35
(576)	–	Cost on closure of hedge positions	–	(80)
(101)	2	Other non cash transactions	–	(15)
		Effect of changes in operating working capital items:		
(212)	(76)	Receivables	4	(27)
(198)	(41)	Inventories	7	(30)
369	(153)	Accounts payable and accrued liabilities	(45)	57
1 221	1 978	Cash generated by operations	268	164

Notes to the group financial statements (continued)

For the years ended 30 June

SA RAND	Figures in million	US DOLLAR
	32 Cash generated by operations (continued)	
	Additional cash flow information	
	The income and mining taxes paid in the statement of cash flow represents actual cash paid.	
	Acquisitions and disposals of subsidiaries/businesses:	
	For the year ended June 2008	
	On 6 December 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:	
337	Property, plant and equipment	50
23	Consumables	3
21	Shares	3
(55)	Rehabilitation liability	(8)
(81)	Loss on disposal	(12)
245	Disposal proceeds	36
(118)	Proceeds received by way of shares	(18)
127	Proceeds received in cash	18
	On 27 February 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:	
291	Property, plant and equipment	38
28	Rehabilitation trust fund	4
(13)	Leave liability	(2)
(60)	Provision for environmental rehabilitation liability	(7)
99	Profit on disposal	13
345	Disposal proceeds	46
(345)	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 note 16), share-based payments (refer note 35) and the purchase of assets under finance lease. (Refer note 16 and 28).

For the years ended 30 June

SA RAND	Figures in million	US DOLLAR

32 Cash generated by operations (continued)

For the year ended June 2007

On 28 May 2007, the Group disposed of 17% of its 50% share in Orpheo to AngloGold Ashanti Limited. The aggregate fair value of the assets acquired and liabilities assumed, and subsequently disposed of, were :

SA RAND		US DOLLAR
1	Inventories	–
6	Property, plant and equipment	1
(5)	Investment in associate	(1)
(1)	Accounts payable and accrued liabilities	–
1	Total purchase price	–
(1)	Proceeds received by way of accounts receivable	–
–	Cash and cash equivalents at disposal	–

The principal non-cash transactions for the year were the share-based payments (refer note 35) and the disposal of the investment in associate in Western Areas (note 8).

33 Retirement benefit obligations

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 operations. 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 2008 year (2007: 9%).

Substantially all the Group's employees are covered by the above mentioned retirement benefit plans. Funds contributed by the Group for the 2008 financial year amounted to R338 million (US$46.5 million) (2007: R301 (US$41.8) million).

Notes to the group financial statements (continued)

For the years ended 30 June

33 Retirement benefit obligations (continued)

Post-retirement benefits other than pension: 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 31 December 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 R71 million (US$9.8 million) for 2008 and R64 million (US$8.9 million) for 2007.

With the exception of some Freegold employees included from date of acquisition, no post-retirement benefits are available to other current workers. No liability exists for employees who were members of these schemes who retired after the date noted above. The medical schemes pay certain medical expenses for both current and retired employees and their dependents. Current and retired employees pay an annual fixed contribution to these schemes.

Assumptions used to determine the liability relating to the Minemed medical scheme included, a discount rate of 12%, no increases in employer subsidies (in terms of the agreement) and mortality rates according to the SA "a mf" tables and a medical inflation rate of 9.80%. 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 year ended 30 June 2008, using the projected unit credit method. The next actuarial valuation will be performed on 30 June 2009.

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
107	130	Present value of unfunded obligations	17	15
		Movement in the liability recognised in the balance sheet		
107	107	Opening balance as previously stated	15	15
(2)	(3)	Contributions paid	–	–
4	4	Other expenses included in staff costs/current service cost	1	1
10	10	Interest cost	1	1
(12)	12	Net actuarial loss/(gains) recognised during the year	2	(2)
–	–	Foreign currency translation reserve	(2)	–
107	130	Balance at the end of the year	17	15

For the years ended 30 June

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		33 Retirement benefit obligations (continued)		
		The principal actuarial assumptions used for accounting purposes were:		
9.0%	12.0%	Discount rate	12.0%	9.0%
6.3%	9.8%	Healthcare inflation rate	9.8%	6.3%
60	60	Normal retirement age	60	60
		The history of the defined benefit plan is as follows:		
107	130	Present value of defined benefit obligation	17	15
–	–	Fair value of plan assets	–	–
107	130	Net liability	17	15

The present value of defined benefit obligation was R89 million (US$13.3 million) in 2005 and R10 million (US$1.6 million) in 2004.

The effect of a one percentage point increase (and decrease) in the assumed medical cost trend rates for 2008 is as follows:

1% Increase/ decrease	1% Increase/ decrease		1% Increase/ decrease	1% Increase/ decrease
		Effect on:		
3	3	Aggregate of service cost and interest cost	–	–
19	23	Defined benefit obligation	3	3

The Group expects to contribute approximately R3 million (US$0.4 million) to its benefit plan in 2009.

34 Employee benefits

		Number of permanent employees as at 30 June:		
		South African operations*	36 839	41 118
		International operations**	871	466
		Total	37 710	41 584
		Aggregate earnings:		
		The aggregate earnings of employees including directors were:		
3 152	4 242	Salaries and wages and other benefits	584	432
301	338	Retirement benefit costs	47	42
67	71	Medical aid contributions	10	9
3 520	4 651	Total aggregate earnings	641	483

Directors' remuneration is fully disclosed in the Director's report.

* The number of employees attributable to the discontinued operations was 3 618 (2007: 6 313).

** The total number of employees at Australian operations at 30 June 2008 was 873 (2007: 695). Of this total, two employees (2007: 229) were attributable to the discontinued operations.

Notes to the group financial statements (continued)

For the years ended 30 June

35 Share option scheme

The Group currently has the 2001, 2003 schemes and the 2006 share plan that are still 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 expire date of 10 years from the grant date. The offer price of these options equalled 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	2008	2007
Share options granted	28 442 420	28 442 420
Exercised	17 249 668	15 485 536
Vested but not exercised	1 792 796	1 843 156
Unvested	2 735 443	6 286 513
Forfeited and lapsed	6 664 513	4 827 215
Vesting periods of unvested options:		
Within one year	1 367 722	2 186 819
One to two years	1 367 721	2 049 847
Two to three years	–	2 049 847
Total number of unvested options	2 735 443	6 286 513

There was no movement on options granted regarding the 2001 and 2003 option schemes.

Activity on share options granted but not yet exercised	Shares	Weighted average option price (SA Rand)
For the year ended 30 June 2007		
Balance at beginning of year	12 543 207	49.38
Options exercised	(2 627 249)	51.82
Options forfeited and lapsed	(1 786 289)	50.37
Closing balance	8 129 669	48.38
For the year ended 30 June 2008		
Balance at beginning of year	8 129 669	48.38
Options exercised	(1 764 132)	49.16
Options forfeited and lapsed	(1 837 298)	45.77
Closing balance	4 528 239	49.14

The details pertaining to share options issued and exercised by directors during the year are disclosed in the directors report.

For the years ended 30 June

35 Share option scheme (continued)

List of options granted but not yet exercised (listed by grant date)	At 30 June 2008	Option price (SA Rand)	Remaining life (years)
24 April 2001	21 000	36.50	2.8
20 November 2001	221 260	49.60	3.4
23 September 2002	33 768	66.00	4.2
27 March 2003	261 000	91.60	4.7
10 August 2004	1 066 713	66.15	6.1
26 April 2005	2 924 498	39.00	6.8
Total option granted but not yet exercised	4 528 239		

The number of shares held by the Harmony Share Trust at year end amounted to 107 400 (2007: 109 400). 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)	2008	2007
23 September 2002	–	35 371
27 March 2003	–	101 600
10 August 2004	817 660	1 763 665
26 April 2005	1 917 783	4 385 877
Total options granted but not yet vested	2 735 443	6 286 513

SA RAND			US DOLLAR	
2007	2008	Figures in million	2008	2007
287	163	Average market price options traded during the year	22	40
521	297	Average fair value of share options vested during the year	41	72
39	3	Share-based payments	–	5

	Option allocation 27 March 2003	10 August 2004	26 April 2005
The share-based payments are calculated using the binomial valuation model based on the following assumptions at grant date:			
Price at date of grant (SA rand per share)	91.60	66.15	39.00
Risk-free interest rate:	11.6%	9.9%	8.4%
Expected volatility:	45.0%	40.0%	35.0%
Expected dividend yield:	0.0%	0.0%	0.0%
Vesting period:	5 years	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 group financial statements (continued)

For the years ended 30 June

35 Share option scheme (continued)

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 years 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 SARs 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 30 June 2008, 1 512 101 PS and 3 164 619 SARs had been allocated to participating employees.

Termination of employees is based on "No Fault" and "Fault" definitions.

In the case of share appreciation rights, if employment is terminated for No Fault reasons, then the value of the appreciation in all unvested and unexercised SARs is settled in shares or cash as at the date of termination of employment, after the deduction of any tax payable.

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;
- And then settled in cash or shares 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 30 June	2008	2007
Shares granted	4 676 720	1 481 107
Unvested	4 236 938	1 468 510
Performance shares	1 341 444	538 516
Share appreciation rights	2 895 494	929 994
Share forfeited	439 782	12 597
Performance shares	170 658	–
Share appreciation rights	269 124	12 597
Vesting periods of unvested shares:		
One to two years	603 399	–
Two to three years	1 932 502	848 514
Three to four years	965 165	309 998
Four to five years	735 872	309 998
Total number of unvested shares	4 236 938	1 468 510

For the years ended 30 June

35 Share option scheme (continued)

Activity on PS and SARs granted but not yet exercised	Shares	Weighted average share price (SA Rand)
For the year ended 30 June 2007		
Opening balance		
Performance shares	–	N/A
Share appreciation rights	–	–
Options granted	1 481 107	
Performance shares	538 516	N/A
Share appreciation rights	942 591	112.64
Options lapsed	(12 597)	
Performance shares	–	N/A
Share appreciation rights	(12 597)	112.64
Closing balance	1 468 510	
Performance shares	538 516	N/A
Share appreciation rights	929 994	112.64
For the year ended 30 June 2008		
Opening balance	1 468 510	
Performance shares	538 516	N/A
Share appreciation rights	929 994	112.64
Options granted	3 195 613	
Performance shares	973 586	N/A
Share appreciation rights	2 222 027	71.19
Options lapsed	(427 185)	
Performance shares	(170 658)	N/A
Share appreciation rights	(256 527)	110.27
Closing balance	4 236 938	
Performance shares	1 341 444	N/A
Share appreciation rights	2 895 494	81.04

List of shares granted but not yet exercised (listed by grant date)	At 30 June 2008	Strike price (SA Rand)	Remaining life (years)
Performance shares			
15 November 2006	374 106	n/a	1.4
15 November 2007	955 030	n/a	2.4
7 March 2008	12 308	n/a	2.7
Share appreciation rights			
15 November 2006	687 880	112.64	4.4
15 November 2007	2 161 460	70.54	5.4
7 March 2008	46 154	102.00	5.7
Total option granted but not yet exercised	4 236 938		

None of the allocations for the 2006 share plan have vested yet.

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
6	39	Share-based payments	5	1

Notes to the group financial statements (continued)

For the years ended 30 June

35 Share option scheme (continued)

	Performance shares	SARs
The share-based cost is calculated using the Monte Carlo simulation, based on the following assumptions at grant date.		
Price at date of grant (SA rand per share)		
– 15 November 2006 share allocation	n/a	112.64
– 15 November 2007 share allocation	n/a	70.54
– 7 March 2008 share allocation	n/a	102.00
Risk-free interest rate:		
– 15 November 2006 share allocation	9.6%	8.8%
– 15 November 2007 share allocation (valuation date 21 December 2007)	10.8%	9.8%
– 15 November 2007 share allocation (valuation date 21 April 2008)	11.7%	10.7%
– 7 March 2008 share allocation	11.0%	10.4%
Expected volatility*:		
– 15 November 2006 share allocation	34.7%	26.4%
– 15 November 2007 share allocation (valuation date 21 December 2007)	46.3%	35.1%
– 15 November 2007 share allocation (valuation date 21 April 2008)	49.5%	41.7%
– 7 March 2008 share allocation	50.5%	54.5%
Expected dividend yield:		
– 15 November 2006 share allocation	0.0%	0.0%
– 15 November 2007 share allocation (valuation date 21 December 2007)	0.0%	0.0%
– 15 November 2007 share allocation (valuation date 21 April 2008)	0.0%	0.0%
– 7 March 2008 share allocation	0.0%	0.0%
Vesting period (from grant date):		
– 15 November 2006 share allocation	3 years	5 years
– 15 November 2007 share allocation	3 years	5 years
– 7 March 2008 share allocation	3 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 performance criteria imposed for the performance shares by the Board and which must be satisfied before settlement of any performance shares are linked to the Company's Total Shareholders Return (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 share appreciation rights:

- that the Group's headline earnings per share have grown since the allocation date by a minimum of CPIX plus 3%;

- that the Group's performance has since the allocation date been a satisfactory achievement in terms of the Company's sustainability index.

* 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.

For the years ended 30 June

36 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 1 July 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' remuneration is fully disclosed in the Directors' report.

African Rainbow Minerals Limited (ARM) currently holds 16% of Harmony's shares. Patrice Motsepe, Andre Wilkens and Frank Abbott are directors of ARM.

On 27 February 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 (refer to note 20). Subsequent to this, Harmony 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 30 June 2008 was R103 million (US$13.2 million). The terms of the loan are being renegotiated, with payment expected within two years. Interest is charged at prime rate; however should an event of default occur the rate will be prime plus 2% from then.

The Group sold its 45% joint venture in Healthshare Health Solutions (Pty) Ltd on the 1 January 2008, (refer to note 21).

A list of the major shareholders can be found on page 266.

A list of the Group's subsidiaries, associates and joint ventures has been included in Annexure A.

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		37 Commitments and contingencies		
		Capital expenditure commitments		
352	1 164	Contracts for capital expenditure	149	50
1 881	1 720	Authorised by the directors but not contracted for	221	267
2 233	2 884	Total capital commitments	370	317
		This expenditure will be financed from existing resources and where appropriate borrowings.		
		Contingent liabilities		
18	18	Guarantees and suretyships	2	3
129	171	Environmental guarantees	22	18
147	189		24	21

Notes to the group financial statements (continued)

For the years ended 30 June

37 Commitments and contingencies (continued)

Contingent liability

On 18 April 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 US District Court in the Southern District of New York on behalf of certain purchasers and sellers of Harmony's American Depositary Receipts (ADRs). Harmony has retained legal counsel, who will advise Harmony on further developments in the US. It is currently too early in the proceedings to estimate if there will be a financial effect, or what the effect might be.

SA RAND 2006	Figures in million	US DOLLAR 2006
	38 Third year balance sheet	
	As discussed in note 2.1, the Group adopted the requirements of IAS 23 (Revised) in the current year by retroactively adjusting prior year financial statements. The following represents the Group's balance sheet as at 1 July 2006 – the beginning of the earliest comparative period – in accordance with the requirements on IAS 1 (Revised).	
	Assets	
	Non-current assets	
23 399	Property, plant and equipment (a)	3 263
2 270	Intangible assets	316
255	Restricted cash	36
1 319	Restricted investments	184
984	Investments in financial assets	137
1 909	Investments in associates	266
1 393	Deferred income tax	194
61	Trade and other receivables	8
31 590	Total non-current assets	4 404
	Current assets	
666	Inventories	93
735	Trade and other receivables	103
27	Income and mining taxes	4
651	Cash and cash equivalents	91
2 079	Total current assets	291
33 669	**Total assets**	4 695

For the years ended 30 June

SA RAND 2006	Figures in million	US DOLLAR 2006
	38 Third year balance sheet (continued)	
	Equity and liabilities	
	Share capital and reserves	
25 489	Share capital	3 732
(271)	Other reserves	(45)
(1 956)	Accumulated loss	(438)
23 262	Total equity	3 249
	Non-current liabilities	
2 591	Borrowings	361
3 719	Deferred income tax-net (b)	518
630	Derivative financial instruments	87
860	Provision for environmental rehabilitation	120
123	Provisions for other liabilities and charges	17
7 923	Total non-current liabilities	1 103
	Current liabilities	
1 478	Trade and other payables	204
1 006	Borrowings	139
2 484	Total current liabilities	343
33 669	**Total equity and liabilities**	4 695

(a) The opening balance of assets under construction (included in Property, Plant and Equipment) increased by R57 million (US$8.9 million). The interest capitalised for 2006 amounted to R23 million (US$3.6 million).

(b) Deferred tax liability increased by R17 million (US$2.7 million).

39 Subsequent events

Village Main Reef

On 11 July 2008, Harmony sold its 37.8% share in Village Main Reef Gold Mining Company (1934) Limited for R1.1 million to To The Point Investments. Z B Swanepoel, Harmony's previous Chief Executive Officer, is a director and founder of To The Point Investments.

PNG Partnership agreement

On 22 April 2008 Morobe Consolidated Goldfields Limited and Wafi Mining Limited, subsidiaries of Harmony Gold (Australia) Pty Ltd entered into a Master Purchase and Farm-in Agreement with Newcrest Mining Limited (Newcrest). This agreement provides 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 Papua New Guinea (PNG) gold and copper assets.

On 16 July 2008 the conditions precedent were finalised, which included regulatory and statutory approvals by the PNG Government. Stage 1 Completion has now taken place with an effective date of 31 July 2008. Total consideration for Stage 1 completion of US$229 million was received during August 2008, of which US$50 million was placed in a jointly controlled Escrow account. This amount was subsequently released to Harmony following confirmation of approval of an exploration licence during September 2008 by the PNG Mining Authorities.

Notes to the group financial statements (continued)

For the years ended 30 June

39 Subsequent events (continued)

Sale of Mount Magnet

Harmony announced on 8 November 2007 that it had signed a letter of intent with Monarch Gold Mining Company for the sale of its Mount Magnet operations for A$65 million. On 8 July 2008 Harmony further announced a revision to the deal and an extension of the period in which the conditions precedent is to be met. Subsequent to this announcement Harmony was advised that Monarch had placed itself in voluntary administration.

On 1 August 2008, the Administrator indicated that Monarch would not proceed with the proposed purchase and consequently the purchase agreement was terminated. Harmony received from Monarch a deposit of A$5 million of which A$2.5 million has been refunded and A$2.5 million has been recorded as revenue. Harmony has resumed management of the operation and has re-commenced the sale process. The assets are now under care and maintenance.

The price in the binding purchase agreement with Monarch was considered to be the best evidence of the fair value less cost to sell of the Mount Magnet operations at 30 June 2008. Due to the significant changes in economic circumstances that occurred after 1 July 2008, including the availability and cost of funding to any potential buyer, management obtained an external indicative valuation for the selling price of the Mt Magnet operations in October 2008. This external valuation indicated that the fair value less costs to sell decreased by an estimated R152 million (US$18.3 million) in the period subsequent to 30 June 2008. As a result, Harmony recognised additional impairments of its Mount Magnet operations in the September 2008 quarter.

40 Segment report

The Group early adopted IFRS 8 – Operating Segments in the 2008 financial year, the standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting to the chief operating decision maker (CODM).

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 the standard, the reportable segments were determined as:

> Tshepong, Phakisa, Bambanani, Masimong, Target, Doornkop, Elandskraal, Evander operations, Virginia operations, Cooke operations (held for sale and discontinued) and Papua New Guinea. All other operating segments have been grouped together under other – underground and other – surface, together with their classification as either continuing or discontinued.

The comparative segment reports have been restated for these changes.

When assessing profitability, the CODM considers the revenue and production costs of each segment. The net of these amounts is the cash operating profit or loss. Therefore, cash 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.

Segment assets consist of mining assets which can be attributed to the shaft or group of shafts. Items such as trade and other receivables and investments in financial assets are not allocated at a shaft level and therefore form part of the reconciliation to total assets.

A reconciliation of the segment totals to the Group financial statements has been included in note 41.

For the years ended 30 June

Segment report 2008

	Revenue Rm	Production cost Rm	Cash operating profit Rm	Mining assets Rm	Capital expenditure Rm	Kilograms*	Tonnes milled* t'000
Continuing operations							
South Africa							
Underground							
Tshepong	1 621	906	715	3 157	195	8 495	1 495
Phakisa	28	17	11	2 444	293	131	31
Bambanani	932	741	191	762	107	4 945	827
Doornkop	258	225	33	2 128	349	1 373	448
Elandsrand	964	751	213	2 370	318	4 934	890
Target	503	374	129	2 147	256	2 644	622
Masimong	698	637	61	733	114	3 657	809
Evander operations	1 402	916	486	1 023	242	7 466	1 312
Virginia operations	1 488	1 308	180	831	152	7 786	2 130
Other operations	416	376	40	230	43	2 164	485
Surface							
Other operations	900	422	478	153	150	4 632	8 637
Total South Africa	9 210	6 673	2 537	15 978	2 219	48 227	17 686
International							
Papua New Guinea	–	–	–	4 521	1 428	–	–
Total international	–	–	–	4 521	1 428	–	–
Total continuing operations	9 210	6 673	2 537	20 499	3 647	48 227	17 686
Discontinued operations							
Cooke operations	1 406	887	519	667	162	7 348	3 541
Other operations	857	781	76	515	146	5 039	1 827
Total discontinued operations	2 263	1 668	595	1 182	308	12 387	5 368
Total Harmony operations	11 473	8 341	3 132	21 681	3 955	60 614	23 054
Reconciliation of segment data to consolidated financial statements (refer note 41):	(2 263)	(1 668)		15 061			
	9 210	6 673		36 742			

* Production statistics are unaudited.

Notes to the group financial statements (continued)

For the years ended 30 June

Segment report 2008

	Revenue US$m	Cash operating cost US$m	Cash operating profit US$m	Mining assets US$m	Capital expenditure US$m	Ounces*	Tons milled* t'000
Continuing operations							
South Africa							
Underground							
Tshepong	223	125	98	404	27	273 119	1 649
Phakisa	4	2	2	312	40	4 212	34
Bambanani	128	102	26	98	15	158 985	912
Doornkop	35	31	4	273	48	44 143	494
Elandsrand	133	103	30	304	44	158 631	981
Target	69	51	18	275	35	85 006	686
Masimong	96	88	8	94	16	117 575	892
Evander operations	193	127	66	131	33	240 037	1 447
Virginia operations	204	180	24	107	20	250 324	2 349
Other operations	58	52	6	29	6	69 574	535
Surface							
Other operations	126	57	69	19	19	148 921	9 524
Total South Africa	1 269	918	351	2 046	303	1 550 527	19 503
International							
Papua New Guinea	–	–	–	580	197	–	–
Total international	–	–	–	580	197	–	–
Total continuing operations	1 269	918	351	2 626	500	1 550 527	19 503
Discontinued operations							
Cooke operations	194	123	71	86	22	236 242	3 906
Other operations	115	107	8	66	20	162 007	2 014
Total discontinued operations	309	230	79	152	42	398 249	5 920
Total Harmony operations	1 578	1 148	430	2 778	542	1 948 776	25 423
Reconciliation of segment data to consolidated financial statements (refer note 41):	(309)	(230)		1 932			
	1 269	918		4 710			

* Production statistics are unaudited.

For the years ended 30 June

Segment report 2007

	Revenue Rm	Production cost Rm	Cash operating profit Rm	Mining assets Rm	Capital expenditure Rm	Kilograms*	Tonnes milled* t'000
Continuing operations							
South Africa							
Underground							
Tshepong	1 460	807	653	3 114	188	9 919	1 654
Phakisa	–	–	–	2 131	227	–	–
Bambanani	902	831	71	737	125	6 129	1 164
Doornkop	263	181	82	1 739	270	1 784	541
Elandsrand	895	738	157	2 102	238	6 056	1 013
Target	657	380	277	2 023	121	4 430	820
Masimong	681	596	85	554	109	4 602	974
Evander operations	1 088	816	272	1 005	204	7 322	1 511
Virginia operations	1 232	1 049	183	474	135	8 303	2 274
Other operations	478	371	107	198	38	3 149	675
Surface							
Other operations	381	252	129	465	120	2 646	4 155
Total South Africa	8 037	6 021	2 016	14 542	1 775	54 340	14 781
International							
Papua New Guinea	–	–	–	2 244	526	–	–
Total international	–	–	–	2 244	526	–	–
Total continuing operations	8 037	6 021	2 016	16 786	2 301	54 340	14 781
Discontinued operations							
Cooke operations	1 114	846	268	505	191	7 565	2 110
Other operations	1 566	1 294	272	875	303	10 697	3 821
Total discontinued operations	2 680	2 140	540	1 380	494	18 262	5 931
Total Harmony operations	10 717	8 161	2 556	18 166	2 795	72 602	20 712
Reconciliation of segment data to consolidated financial statements (refer note 41):	(2 680)	(2 140)		18 173			
	8 037	6 021		36 339			

* Production statistics are unaudited.

Notes to the group financial statements (continued)

Segment report 2007

	Revenue US$m	Production cost US$m	Cash operating profit US$m	Mining assets US$m	Capital expenditure US$m	Ounces*	Tons milled* t'000
Continuing operations							
South Africa							
Underground							
Tshepong	203	112	91	442	26	318 887	1 824
Phakisa	–	–	–	303	32	–	–
Bambanani	126	115	11	105	17	197 060	1 283
Doornkop	37	25	12	247	38	57 364	597
Elandsrand	124	103	21	299	33	194 710	1 117
Target	91	53	38	287	16	142 433	904
Masimong	95	82	13	79	15	147 958	1 074
Evander operations	151	113	38	143	28	235 443	1 667
Virginia operations	172	147	25	67	19	266 948	2 507
Other operations	65	51	14	28	6	104 507	770
Surface							
Other operations	52	35	17	66	17	81 761	4 557
Total South Africa	1 116	836	280	2 066	247	1 747 071	16 300
International							
Papua New Guinea	–	–	–	320	73	–	–
Total international	–	–	–	320	73	–	–
Total continuing operations	1 116	836	280	2 386	320	1 747 071	16 300
Discontinued operations							
Cooke operations	154	118	36	72	19	243 219	2 327
Other operations	219	180	39	125	42	343 908	4 213
Total discontinued operations	373	298	75	197	61	587 127	6 540
Total Harmony operations	1 489	1 134	355	2 583	381	2 334 198	22 840
Reconciliation of segment data to consolidated financial statements (refer note 41):	(373)	(298)		2 577			
	1 116	836		5 160			

* Production statistics are unaudited.

41 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 are broken down in the following elements, to give a better understanding of the differences between the income statement, balance sheet and the segment report.

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		Revenue from:		
2 680	2 263	Discontinued operations	309	373
		Production costs from:		
2 140	1 668	Discontinued operations	230	298
		Reconciliation of cash operating profit to consolidated loss before taxation and discontinued operations:		
10 717	11 473	Total segment revenue	1 578	1 489
(8 161)	(8 341)	Total segment production costs	(1 148)	(1 134)
2 556	3 132	Cash operating profit	430	355
(540)	(595)	Less discontinued operations	(79)	(75)
2 016	2 537		351	280
(666)	(1 511)	Cost of sales items other than production costs	(204)	(93)
(734)	(772)	Amortisation and depreciation of mining properties, mine development cost and mine plant facilities	(106)	(102)
(29)	(74)	Amortisation and depreciation of other than mining properties, mine development cost and mine plant facilities (b)	(11)	(4)
47	(12)	Provision/(reversal of provision) for rehabilitation cost	(1)	6
(56)	(74)	Care and maintenance cost of restructured shafts	(10)	(8)
–	(212)	Employment termination and restructuring costs	(29)	–
(41)	(42)	Share-based payments	(6)	(6)
134	(316)	Impairment/(reversal of impairment) of assets	(40)	19
13	(9)	Provision for post retirement benefits	(1)	2
1 350	1 026		147	187
(226)	(228)	Corporate, administration and other expenditure	(31)	(31)
(194)	(205)	Exploration expenditure	(28)	(27)
175	(90)	Other expenses/income	(15)	25
1 105	503	Operating profit	73	154
(19)	(78)	Loss from associate	(11)	(3)
236	–	Profit on sale of investment in associate	–	33
–	(95)	Impairment of investment in associate	(12)	–
–	(2)	Loss on sale of investment in joint venture	–	–
111	33	Fair value of non-derivative financial instruments	5	15
(35)	(459)	Loss on sale of listed investments	(63)	(5)
–	(1)	Impairment of investments	–	–
188	282	Investment income	39	27
(454)	(514)	Finance cost	(70)	(65)
1 132	(331)	(Loss)/profit before taxation and discontinued operations	(39)	156

Notes to the group financial statements (continued)

For the years ended 30 June

SA RAND 2007	SA RAND 2008	Figures in million	US DOLLAR 2008	US DOLLAR 2007
		41 Reconciliation of segment information to consolidated income statements and balance sheet (continued)		
		Reconciliation of total segment assets to consolidated assets includes the following:		
		Non-current assets		
7 248	7 057	Property, plant and equipment not allocated to a segment	906	1 026
2 307	2 209	Intangible assets	283	328
5	78	Restricted cash	10	1
1 373	1 465	Restricted investments	188	195
55	67	Investment in financial assets	9	8
7	145	Investments in associates	19	1
1 521	1 485	Deferred tax asset	190	216
54	137	Trade and other receivables	18	8
		Current assets		
742	693	Inventories	89	105
2 484	–	Investment in financial assets	–	353
918	875	Trade and other receivables	112	130
66	82	Income and mining taxes	11	9
274	–	Restricted cash	–	39
711	413	Cash and cash equivalents	53	101
408	355	Non-current assets classified as held for sale excluding mining assets	44	57
18 173	15 061		1 932	2 577

Tshepong, South Africa

Target, South Africa

Elandsrand, South Africa

Company income statements

For the years ended 30 June

Figures in million	NOTE	SA RAND 2008	SA RAND 2007
Revenue		2 423	2 011
Cost of sales	1	(2 403)	(1 986)
Production costs		(2 041)	(1 710)
Amortisation and depreciation		(272)	(202)
Employment termination and restructured shafts		(73)	–
Other costs		(17)	(74)
Gross profit		20	25
Corporate, administration and other expenditure		(52)	(50)
Other expenses – net	2	(39)	(2)
Operating loss	3	(71)	(27)
Impairment of investment in associate	11	(200)	–
Investment income	4	465	41
Finance costs	5	(471)	(265)
Loss before taxation		(277)	(251)
Taxation	6	(52)	(24)
Net loss for the period		(329)	(275)

Company statements of other comprehensive income

For the years ended 30 June

Figures in million	SA RAND 2008	SA RAND 2007
Net loss for the period	(329)	(275)
Other comprehensive loss for the period, net of income tax	–	–
Total comprehensive loss for the period	(329)	(275)

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

Company balance sheets

For the years ended 30 June

Figures in million	NOTE	SA RAND 2008	SA RAND 2007
Assets			
Non-current assets			
Property, plant and equipment	7	1 772	1 695
Intangible assets	8	47	37
Restricted investments	9	226	184
Investments in financial assets	10	2	52
Investments in associates	11	146	1
Investments in subsidiaries	12	20 400	20 400
Trade and other receivables	14	134	20
Total non-current assets		22 727	22 389
Current assets			
Inventories	15	216	305
Trade and other receivables	14	7 603	6 281
Income and mining taxes		29	19
Cash and cash equivalents	16	200	522
Total current assets		8 048	7 127
Total assets		30 775	29 516
Equity and liabilities			
Share capital and reserves			
Share capital	17	25 899	25 663
Other reserves	18	403	392
Retained earnings		10	339
Total equity		26 312	26 394
Non-current liabilities			
Borrowings	19	–	1 541
Deferred tax	6	98	90
Provision for environmental rehabilitation	20	351	285
Provisions for other liabilities and charges	21	17	21
Total non-current liabilities		466	1 937
Current liabilities			
Trade and other payables	22	382	465
Borrowings	19	3 615	500
Bank overdraft	16	–	220
Total current liabilities		3 997	1 185
Total equity and liabilities		30 775	29 516

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

Company statements of changes in shareholders' equity

For the years ended 30 June

Figures in million (SA Rand)	Number of ordinary shares issued	Share capital	Share premium	Retained earnings	Other reserves	Total
Notes		17			18	
Balance – 30 June 2006	396 934 450	199	25 322	614	372	26 507
Issue of shares						
– Exercise of employee share options	2 673 934	1	137	–	–	138
Sale of excess shares in share trust	–	–	4	–	–	4
Deferred share-based payments	–	–	–	–	20	20
Total comprehensive income for the year	–	–	–	(275)	–	(275)
Balance – 30 June 2007	399 608 384	200	25 463	339	392	26 394
Issue of shares						
– Exercise of employee share options	1 786 213	1	86	–	–	87
– Exchange for PNG royalty*	1 859 159	1	148	–	–	149
Deferred share-based payments	–	–	–	–	11	11
Total comprehensive income for the year	–	–	–	(329)	–	(329)
Balance – 30 June 2008	403 253 756	202	25 697	10	403	26 312

* Refer to note 16 of the group financial statements for details.

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

Company cash flow statements

For the years ended 30 June

Figures in million	NOTE	SA RAND 2008	SA RAND 2007
Cash flow from operating activities			
Cash generated/(utilised) by operations	23	284	(250)
Interest received		96	29
Dividends received		24	12
Interest paid		(359)	(168)
Income and mining taxes (paid)/refund		(44)	6
Cash generated/(utilised) by operating activities		1	(371)
Cash flow from investing activities			
Amounts invested in environmental trusts		(26)	(8)
Decrease in restricted cash		–	1
Increase in intangible assets		(21)	(42)
Increase in loans to subsidiaries		(1 299)	(1 305)
(Increase)/decrease in other non-current investments		(68)	2 502
Proceeds on disposal of property, plant and equipment		2	2
Additions to property, plant and equipment		(278)	(276)
Cash (utilised)/generated by investing activities		(1 690)	874
Cash flow from financing activities			
Long-term borrowings raised		2 000	500
Long-term borrowings paid		(500)	(1 000)
Ordinary shares issued		87	142
Cash generated/(utilised) by financing activities		1 587	(358)
Net (decrease)/increase in cash and equivalents		(102)	145
Cash and equivalents – beginning of period		302	157
Cash and equivalents – end of period	16	200	302

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

Notes to the company financial statements

For the years ended 30 June

Figures in million	SA RAND 2008	SA RAND 2007

1 Cost of sales

	2008	2007
Production costs (a)	2 041	1 710
Amortisation and depreciation of mining properties, mine development costs and mine plant facilities	234	188
Amortisation and depreciation of assets other than mining properties, mine development costs and mine plant facilities (b)	37	14
(Reversal of provision)/provision for rehabilitation costs (c)	(1)	41
Care and maintenance cost of restructured shafts	9	–
Employment termination and restructuring costs (d)	73	–
Share-based payments	11	20
Impairment of assets (e)	–	13
Provision for post retirement benefits	(1)	–
Total cost of sales	2 403	1 986

(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. Ongoing employee termination costs are included, however employee termination costs associated with major restructuring and shaft closures are excluded. Production costs, analysed by nature, consist of the following:

	2008	2007
Labour costs, including contractors	1 366	1 249
Stores and materials	527	365
Water and electricity	160	149
Hospital costs	73	21
Changes in inventory	3	66
Capitalisation of mine development costs	(218)	(128)
By-products sales	(4)	(2)
Other	134	(10)
Total production cost	2 041	1 710

(b) Amortisation and depreciation of assets other than mining properties, mine development costs and mine plant facilities consist of the following:

	2008	2007
Intangible assets	11	5
Borrowings' issue costs	26	9
Total amortisation and depreciation	37	14

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

(d) During the December 2007 quarter, a voluntary retrenchment process was initiated due to the Company's decision to decentralise central services and restructuring due to the cessation of Conops. This process had been completed by year-end.

(e) During the year ended 30 June 2008, the Company neither recorded on impairment nor reversed any of its previously recorded impairment at its operations. Refer to note 3.1 of the Group financial statements for the assumptions used in the impairment calculations.

During the year ended 30 June 2007, the Company recorded an impairment at its Free State operations relating to the Refinery when operations were ceased.

For the years ended 30 June

Figures in million	SA RAND 2008	SA RAND 2007

2 Other expenses – net

	2008	2007
Foreign exchange (losses)/gains – net	(4)	14
Profit on sale of property, plant and equipment (a)	2	2
Non-mining bad debts (b)	(19)	–
Unrecoverable claims (c)	(10)	–
Social trust expense	(4)	–
Other expenses – net	(4)	(18)
Total other expense – net	(39)	(2)

(a) Profit on sale of property, plan and equipment relates to scrap sales.

(b) Non-mining bad debts relates to impairment of trade receivables and loans.

(c) Unrecoverable claims relates to stale claims for Rand Mutual Assurance.

3 Operating loss

	2008	2007
The following have been included in operating loss:		
Auditors' remuneration	8	2
Fees – current year	4	2
Fees – prior year under provision	2	–
Fees – other services	2	–

4 Investment income

	2008	2007
Interest received	96	29
Loans and receivables	11	–
Held-to-maturity investments	19	14
Cash and cash equivalents	66	15
Dividend income on available-for-sale (a)	369	12
Total investment income	465	41

(a) Included in the amount for 2008 is the dividend in species declared by ARMGold, a wholly owned subsidiary of Harmony, of the shares held in Pamodzi Gold Limited, which ARMGold received as a consideration for its Orkney assets.

5 Finance costs

	2008	2007
Financial instruments		
Bank and short-term facilities	20	3
Convertible unsecured fixed-rate bonds	159	151
Nedbank Limited	215	–
Rand Merchant Bank	17	65
Other creditors	6	5
	417	224

Notes to the company financial statements (continued)

For the years ended 30 June

Figures in million	SA RAND 2008	SA RAND 2007
5 Finance costs (continued)		
Non-financial instruments		
South African Revenue Services (SARS)	19	12
Time value of money and inflation component of rehabilitation costs	35	29
	54	41
Total finance costs	471	265

6 Taxation

Figures in million	2008	2007
SA normal taxation		
Mining tax (a)		
– prior year	(44)	–
Non-mining tax (b)		
– prior year	–	(4)
Deferred tax (c)		
– Deferred tax	(8)	(20)
Total normal taxation	(52)	(24)

(a) Mining tax on gold mining income in South Africa is determined according to a formula, based on the taxable income from mining operations. The Company had made no election to be exempt from Secondary Tax on Companies (STC) and therefore is taxed at a lower rate.

All qualifying mining capital expenditure is deducted from taxable mining income to the extent that it does not result in an assessed loss and accounting depreciation is eliminated when calculating the Company's mining taxable income. Excess capital expenditure is carried forward as unredeemed capital to be claimed from future mining taxable income.

The formula for determining the South African gold mining tax rate is:

$Y = 34 - 170/X$

($Y = 35 - 175/X$ for 2007)

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

(b) Non-mining income is taxed at 28% (2007: 29%).

(c) The tax rate used to calculate deferred tax is based on the current estimate of future profitability when temporary differences will reverse. Depending on the profitability of the operations, the tax rate can consequently be significantly different from year to year.

For the years ended 30 June

Figures in million	SA RAND 2008	2007

6 Taxation (continued)

The taxation rates were changed in the 2008 year after an announcement of a reduction in the applicable rates by the Finance Minister in his annual budget speech in February 2008.

Major items causing the income tax provision to differ from the maximum mining statutory tax rate of 34% (2007: 35%) were:

	2008	2007
Tax on net income at the maximum mining statutory tax rate	101	88
Non-taxable income/non-allowable deductions	(178)	(94)
Effect on temporary differences due to changes in effective tax rates	69	(14)
Prior year adjustment – mining and non-mining tax	(44)	(4)
Income and mining taxation	(52)	(24)
Effective income and mining tax rate	17%	8%

Deferred tax liabilities and assets on the balance sheet as of 30 June 2008 and 30 June 2007, relate to the following:

	2008	2007
Deferred tax liabilities		
Gross deferred tax liability	178	225
Amortisation and depreciation	166	198
Product inventory not taxed	3	4
Convertible bonds	8	22
Other	1	1
Gross deferred tax assets	(80)	(135)
Unredeemed capital expenditure	(38)	(42)
Provisions, including non-current provisions	(29)	(33)
Tax losses	(13)	(60)
Net deferred tax liability	98	90

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

	2008	2007
At the beginning of the year	90	70
Total charge per income statement	8	20
At the end of the year	98	90

The following amounts that will realise or be recovered in the next 12 months have been included in the deferred tax liabilities and assets:

	2008	2007
Deferred tax liabilities	4	6
Deferred tax assets	(10)	(13)
	(6)	(7)

As at 30 June 2008, the Company has unredeemed capital expenditure of R312 million (2007: R270 million) and tax losses carried forward of R108 million (2007: R387 million) available for deduction against future mining taxable income. These future deductions are utilisable against mining taxable income generated only from the Company's current mining operations and does not expire unless the Company ceases to trade for a period longer than one year.

As at 30 June 2008, the Company had recognised all deferred tax assets in the determination of the net deferred tax liability.

During the years ended 30 June 2008 and 2007, there was no tax charged directly to equity.

Notes to the company financial statements (continued)

For the years ended 30 June

Figures in million	SA RAND 2008	SA RAND 2007
7 Property, plant and equipment		
Mining properties, mine development costs and mine plant facilities	1 362	1 258
Undeveloped properties	410	437
Other non-mining assets	–	–
Total property, plant and equipment	1 772	1 695
Mining properties, mine development costs and mine plant facilities		
Cost		
Balance at beginning of year	3 214	2 834
Additions	279	276
Adjustment to rehabilitation asset	32	104
Transfers and other movements	45	–
Balance at end of year	3 570	3 214
Accumulated depreciation		
Balance at beginning of year	1 956	1 759
Impairment of fixed assets	–	13
Depreciation for the year	234	184
Transfers and other movements	18	–
Balance at end of year	2 208	1 956
Net book value	1 362	1 258
Undeveloped property		
Cost		
Balance at beginning of year	467	467
Transfers and other movements	(57)	–
Balance at end of year	410	467
Accumulated depreciation		
Balance at beginning of year	30	25
Depreciation for the year	–	5
Transfers and other movements	(30)	–
Balance at end of year	–	30
Net book value	410	437
Other non-mining assets		
Cost		
Balance at beginning of year	28	28
Transfers and other movements	12	–
Balance at end of year	40	28
Accumulated depreciation		
Balance at beginning of year	28	28
Transfers and other movements	12	–
Balance at end of year	40	28
Net book value	–	–
Total net book value	1 772	1 695

For the years ended 30 June

Figures in million	SA RAND 2008	SA RAND 2007

8 Intangible assets

Computer software

	2008	2007
Cost		
Balance at the beginning of year (a)	42	–
Additions during the year (b)	21	42
Balance at end of year	63	42
Accumulated depreciation		
Balance at the beginning of year	5	–
Amortisation charge for the year	11	5
Balance at end of year	16	5
Total net book value	47	37

(a) The opening net book value relates to the acquisition of the Oracle ERP software implemented in December 2006.

(b) The amount above relates to additional development costs for the Oracle ERP software during the year.

9 Restricted investments

	2008	2007
Investments:		
Environmental trust fund (a)	190	147
Social Trust Fund (b)	36	37
Total restricted investments	226	184

(a) The environmental trust fund is an irrevocable trust under the Company's control. Contributions to the trust are invested primarily in interest-bearing short-term and other investments. The costs of these investments approximate their fair value. These investments provide for the estimated cost of rehabilitation during and at the end of the life of the Company's mines. Income earned on the investments are restricted in use and may only be used to fund the Company's approved rehabilitation costs.

	2008	2007
Reconciliation of the movement in the Environmental Trust Fund:		
Opening balance	147	128
Interest accrued	17	11
Contributions made	26	8
Closing balance	190	147

(b) The social trust fund is an irrevocable trust under the Company's control. The Company has undertaken to donate over a period of 10 years to The Harmony Gold Mining Company Social Plan Trust in terms of an agreement signed on 3 November 2003. An initial donation of R19 million was made during the 2004 year. The balance will be donated in instalments of R3.5 million per annum with the final instalments 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 Company's workforce, to put measures in place to ensure that the technical and life skills of the Company's workforce are developed and to develop the Company's workforce in such a manner to avoid or minimise the effect of job losses and a decline in employment through turnaround or redeployment strategies.

	2008	2007
Reconciliation of the movement in the Social Trust Fund:		
Opening balance	37	30
Contributions made	4	4
Interest accrued	2	3
Claims paid	(7)	–
Closing balance	36	37

Notes to the company financial statements (continued)

For the years ended 30 June

Figures in million	SA RAND 2008	SA RAND 2007

10 Investment in financial assets

	2008	2007
Beginning of the year	52	2
Additions	–	50
Disposals	(50)	–
End of the year	2	52
The carrying amount consists of the following:		
Available-for-sale financial assets		
Investment in other unlisted shares (a)	2	2
Investment in Clidet No. 700 (Pty) Ltd (b)	–	50
	2	52

(a) Investments are held in various shares unlisted industry-related companies. These investments have been valued by the directors by performing independent valuations on an annual basis to ensure that no permanent impairment in the value of the investments has occurred. During the financial year under review, the Company did not receive any income from these investments (2007: Nil).

(b) On 11 December 2006, Harmony subscribed to 50 000 cumulative redeemable participating preference shares in Clidet No 700 (Proprietary) Limited (Clidet 700) for R50 million. The purchase consideration was paid on 3 January 2007. Clidet 700 used these funds to purchase 4 106 667 ordinary shares in Pamodzi Gold Limited (Pamodzi), which listed on the JSE Limited (JSE) on 11 December 2006. Clidet 700 has ceded the Pamodzi shares to Harmony as security for the amounts owing in terms of the redemption of the preference shares. The preference shares may be redeemed after 1 May 2009 by Clidet 700, or after three years and one day from the issue date by Harmony. Dividends are accumulated and are payable on the redemption date, if not paid before.

The preference shares were redeemed on 10 April 2008 for R57 million.

11 Investments in associates

	2008	2007
Opening carrying amount	1	1
Shares acquired at cost (a)	345	–
Impairment of share in associate	(200)	–
Total investments in associates	146	1
The carrying amount consists of the following:		
Pamodzi Gold Limited (a)	145	–
Village Main Reef Gold Mining Company Ltd (b)	1	1
Total investments in associates	146	1

(a) On 27 February 2008, Pamodzi Gold Limited (Pamodzi) bought the Orkney operations from ARMgold for a consideration of 30 000 000 Pamodzi shares. ARMgold declared these shares to Harmony as a dividend in species. This resulted in Harmony Gold Mining Company owning 32.4% of Pamodzi. On the purchase date the value of the investment was R11.50 per share resulting in R345 million investment. Pamodzi is listed on the JSE and has interests in operating gold mines in South Africa.

On 30 June 2008, the fair value of the investment was calculated at R145 million (R4.85 per share). The carrying value exceeded the fair value and as a result, an impairment of R200 million was recognised.

For the years ended 30 June

Figures in million	SA RAND 2008	SA RAND 2007

11 Investments in associates (continued)

Refer to note 20 of the Group financial statements for further details.

(b) On 21 June 2006, Harmony acquired 37.8% of the issued share capital of Village Reef Gold Mining Company (1934) Limited at a total cost of R0,5 million. The equity stake was purchased from African Rainbow Minerals Limited at a price of 20 cents per share. Village is listed on the JSE Limited in the gold sector and has been dormant for some time without any operating mines.

Refer to note 20 of the Group financial statements for further details.

12 Investments in subsidiaries

	2008	2007
Shares at cost (refer to Annexure A)	20 400	20 400
Total investments in subsidiaries	20 400	20 400

13 Investment in joint venture

The Company had a joint venture agreement with Healthshare Health Solutions (Pty) Ltd (45%).

On 1 January 2008, the Company disposed of its 45% interest in Healthshare to the remaining shareholders of Healthshare. The joint venture was disposed for a consideration of R100, the cost of which was R45, resulting in a profit of R55.

14 Trade and other receivables

	2008	2007
Current		
Financial assets:		
Trade receivables (gold)	236	72
Other trade receivables	10	3
Provision for impairment	(10)	(3)
Trade receivables – net	236	72
Interest and other receivables	33	–
Loans to subsidiaries (refer to Annexure A)	7 304	6 072
Employee receivables	25	44
Insurance claims receivable	1	9
Non-financial assets:		
Prepayments	4	84
Total current trade and other receivables	7 603	6 281
Non-current		
Financial assets:		
Loans receivables (a)	144	26
Provision for impairment	(14)	(10)
Loans receivables – net	130	16
Loan to Harmony Share Trust	4	4
Total non-current trade and other receivables	134	20

(a) Loans comprise various loans, which have been valued by the directors. These loans are unsecured with interest charged at prime. These loans are due within two years. Included in this balance is R103 million owed by Pamodzi.

Notes to the company financial statements (continued)

For the years ended 30 June

Figures in million	SA RAND 2008	SA RAND 2007

14 Trade and other receivables (continued)

	2008	2007
The movement in the provision for impairment of trade receivables during the year was as follows:		
Balance at 1 July	3	2
Impairment loss recognised	7	1
Balance at 30 June	10	3
The movement in the provision for impairment of loans receivable during the year was as follows:		
Balance at 1 July	10	–
Impairment loss recognised	4	10
Balance at 30 June	14	10

	Gross	Impairment
The ageing of trade and other receivables at the reporting date was:		
30 June 2008		
Fully performing	236	–
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	10	10
Balance at 30 June 2008	246	10
30 June 2007		
Fully performing	72	–
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	3	3
Balance at 30 June 2007	75	3
The ageing of loans receivable at the reporting date was:		
30 June 2008		
Fully performing	130	–
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	14	14
Balance at 30 June 2008	144	14
30 June 2007		
Fully performing	16	–
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	10	10
Balance at 30 June 2007	26	10

Trade receivables that are less than 90 days past due are not considered to be impaired.

Based on past experience, the Company 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 Company.

The Company does not hold any collateral in respect of financial assets.

During the year 2008 and 2007 there was no renegotiation of the terms of any long-standing receivable, other than as discussed above.

For the years ended 30 June

Figures in million	SA RAND 2008	2007

15 Inventories

	2008	2007
Gold in-process and bullion on hand	25	28
Stores and materials at weighted average cost	191	277
Total inventories	216	305

Gold-in-process was valued at net realisable value in 2007.

16 Cash and cash equivalents

	2008	2007
Cash at bank and deposits on call	200	522
Overdraft facilities	–	(220)
Total cash and cash equivalents	200	302

All deposits are on twenty-four hour call.

17 Share capital

Authorised

1 200 000 000 (2007: 1 200 000 000) ordinary shares of 50 cents each

10 958 904 (2007: 10 958 904) redeemable convertible preference shares of 50 cents each

Issued

403 253 756 (2007: 399 608 384) ordinary shares of 50 cents each

The unissued shares are under the control of the directors until the forthcoming annual general meeting. The Director's Report and note 26 set out details in respect of the share option scheme.

The Company has a general authority to purchase its shares up to a maximum of 10% of the issued share capital in any one financial year. This is in terms of the annual general meeting of shareholders on 26 November 2007. The general authority is subject to the Listings Requirements of the JSE Limited and the Companies Act no 61 of 1973 of South Africa, as amended.

18 Other reserves

	2008	2007
Other reserves comprise:		
Equity component of convertible bond (a)	277	277
Deferred share-based compensation (b)	126	115
Total other reserves	403	392
Equity component of convertible bond		
At the beginning/end of the year	277	277
Deferred share-based payments		
At the beginning of the year	115	95
Share-based payments expensed	11	20
At the end of the year	126	115

(a) Equity component of convertible bond. Refer to note 27(c) in the Group financial statements.

(b) Equity component of convertible bond. Refer to note 27(e) in the Group financial statements.

Notes to the company financial statements (continued)

For the years ended 30 June

19 Borrowings

Figures in million	SA RAND 2008	SA RAND 2007
Unsecured borrowings		
Convertible unsecured fixed rate bonds (a)	–	1541
Principal amount	1 700	1 700
Equity conversion component, net of deferred tax liability	(277)	(277)
Deferred tax liability	(60)	(60)
Liability component on initial recognition	1 363	1 363
Unwinding of time value of money portion	271	195
Less: unamortised bond issue costs	(8)	(17)
	1 626	1 541
Less: current portion	(1 626)	–
Total unsecured long-term borrowings	–	1 541
Secured borrowings		
Rand Merchant Bank (b)	–	–
Liability amount	–	500
Less: current portion	–	(500)
Nedbank Limited (c)	–	–
Principal amount	2 000	–
Less: unamortised issue costs	(11)	–
	1 989	–
Less: current portion	(1 989)	–
Total secured long-term borrowings	–	–
Total long-term borrowings	–	1 541
Total current portion of borrowings	3 615	500
Total borrowings	3 615	2 041

(a) For details on the convertible bond, refer to note 28 (a) of the Group financial statements.

(b) For details on the RMB loan, refer to note 28 (h) of the Group financial statements.

(c) For details on the Nedbank loan, refer to note 28 (k) of the Group financial statements.

For the years ended 30 June

Figures in million	SA RAND 2008	SA RAND 2007

20 Provision for environmental rehabilitation

Provision raised for future rehabilitation	2008	2007
Opening balance	285	115
Change in estimate – Balance sheet	32	100
Change in estimate – Income statement	(1)	41
Inflation present value adjustment and time value of money component	35	29
	351	285

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, the Company has estimated that, based on current environmental and regulatory requirements, the total cost for the mines, in current monetary terms, is approximately R428 million (2007: R387 million). Refer to note 3.4 of the Group consolidated financial statements for estimations and judgements used in the calculation.

Included in the charge to the income statement is an amount of R7 million (2007: R15 million) relating to the time value of money.

Future net obligations	2008	2007
Ultimate estimated rehabilitation cost	428	387
Amounts invested in environmental trust funds (refer to note 9)	(190)	(147)
Total future obligations	238	240

The Company intends to finance the ultimate rehabilitation costs from the money invested with 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.

21 Provision for other liabilities

Non-current	2008	2007
Retirement benefit obligation (refer to note 24)	3	4
Other	14	17
Closing balance	17	21

22 Trade and other payables

	2008	2007
Financial liabilities		
Trade payables	3	(138)
Other	18	51
Non-financial liabilities		
Payroll accruals	180	310
Leave liabilities	68	75
Shaft related accruals	76	44
Other accruals	6	5
Value added tax	31	118
Total trade and other payables	382	465

Notes to the company financial statements (continued)

For the years ended 30 June

Figures in million	SA RAND 2008	SA RAND 2007

22 Trade and other payables (continued)

Leave liability

Employee entitlements to annual leave are recognised 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 recognised in the balance sheet is as follows:

	2008	2007
At the beginning of the year	75	61
Benefits paid	(70)	(55)
Total expense per income statement	63	69
At the end of the year	68	75

23 Cash utilised by operations

Reconciliation of loss before taxation to cash utilised by operations:

	2008	2007
Loss before taxation	(277)	(251)
Adjustments for:		
Amortisation and depreciation	271	202
Impairment of assets	–	13
Profit on sale of mining assets	(2)	(2)
Net decrease in provision for post retirement benefits	(1)	–
Net (decrease)/increase in provision for environmental rehabilitation	(1)	38
Impairment of associates	200	–
Share-based payments	11	20
Dividends received	(369)	(12)
Interest received	(96)	(29)
Interest paid – cash	359	168
Interest paid – non cash	112	97
Other non cash transactions	7	(11)
Effect of changes in operating working capital items:		
Receivables	(45)	(31)
Inventories	86	(58)
Accounts payable and accrued liabilities	29	(394)
Cash utilised by operations	284	(250)

24 Retirement benefit obligations

Pension and provident funds: The Company contributes to several pension and provident funds governed by the Pension Funds Act, 1946 for its employees. The pension funds are multi-employer industry plans. The Company'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.

Substantially all the Company's employees are covered by the above mentioned retirement benefit plans. Funds contributed by the Company for the 2008 financial year amounted to R114 million (2007: R87 million).

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 Company contributes to these schemes on behalf of current employees and retired employees who retired prior to 31 December 1996 (Minemed scheme). The annual contributions for these retired employees are fixed. The Company's contributions to these schemes on behalf of current employees amounted to R23 million for 2008 and R14 million for 2007.

For the years ended 30 June

Figures in million	SA RAND 2008	SA RAND 2007

24 Retirement benefit obligations (continued)

No post-retirement benefits are available to other current workers. No liability exists for employees who were members of these schemes who retired after the date noted above. The medical schemes pay certain medical expenses for both current and retired employees and their dependents. Current and retired employees pay an annual fixed contribution to these schemes.

Assumptions used to determine the liability relating to the Minemed medical scheme included, a discount rate of 12%, no increases in employer subsidies (in terms of the agreement) and mortality rates according to the SA "a mf" tables and a medical inflation rate of 9.80%.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 year ended 30 June 2008, using the projected unit credit method. The next actuarial valuation will be performed on 30 June 2009.

	2008	2007
Present value of unfunded obligations	3	4
Movement in the liability recognised in the balance sheet		
Opening balance at beginning of year	4	4
Contributions paid	(1)	(1)
Interest cost	–	1
Balance at the end of the year	3	4
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	12.00%	9.00%
Healthcare inflation rate	9.80%	6.34%
Normal retirement age	60	60
The history of the defined benefit plan is as follows:		
Present value of defined benefit obligation	3	4
Fair value of plan assets	–	–
Net pension liability	3	4

The present value of defined benefit obligation was R4 million in 2006, R4 million in 2005 and R5 million in 2004.

The effect of a one percentage point increase (and decrease) in the assumed medical cost trend rates for 2008 is as follows:

	1% Increase/ decrease	1% Increase/ decrease
Effect on:		
Aggregate of service cost and interest cost	–	–
Defined benefit obligation	1	1

The Company expects to contribute approximately R0.57 million to its benefit plan in 2009.

Notes to the company financial statements (continued)

For the years ended 30 June

Figures in million	SA RAND 2008	SA RAND 2007

25 Employee benefits

	2008	2007
Number of permanent employees as at 30 June:		
Harmony Free State	10 970	13 138
Aggregate earnings:		
The aggregate earnings of employees including directors were:		
Salaries and wages and other benefits	1 206	980
Retirement benefit costs	96	87
Medical aid contributions	18	14
Total aggregate earnings	1 320	1 081

Directors' remuneration is fully disclosed in the Director's report on pages 143 to 145.

26 Share option scheme

The Group currently has the 2001 and 2003 schemes and the 2006 share plan that are still active. The objective of these schemes is to recognise the contributions of senior staff to the value added for the Group's financial position and performance and to retain key employees.

The options granted under the 2001 and 2003 schemes

Refer to the note 35 of the Group notes for the information relating to the 2001 and 2003 schemes, the following information relates specifically to the Company.

Number of share options relating to the 2001 and 2003 option schemes

	2008	2007
Share options granted	18 815 365	18 815 365
Exercised	12 143 025	11 319 186
Vested but not exercised	1 048 194	1 036 644
Unvested	1 362 435	3 052 423
Forfeited and lapsed	4 261 711	3 407 112
Vesting periods of unvested options granted:		
Within one year	681 217	1 074 057
One to two years	681 218	989 183
Two to three years	–	989 183
Total number of shares granted	1 362 435	3 052 423

For the years ended 30 June

26 Share option scheme (continued)

There was no movement on options granted regarding the 2001 and 2003 option schemes.

Activity on share options granted but not yet exercised	Shares	Weighted average option price (SA rand)
For the year ended 30 June 2007		
Balance at beginning of year	6 398 645	51.52
Options exercised	(1 254 146)	41.57
Options forfeited and lapsed	(1 055 432)	55.67
Closing balance	4 089 067	49.76
For the year ended 30 June 2008		
Balance at beginning of year	4 089 067	49.76
Options exercised	(823 839)	50.24
Options forfeited and lapsed	(854 599)	50.47
Closing balance	2 410 629	49.34

List of options granted but not yet exercised (listed by grant date)	At 30 June 2008	Option price (SA Rand)	Remaining life (years)
24 April 2001	17 000	36.50	2.8
20 November 2001	179 460	49.60	3.4
23 September 2002	31 508	66.00	4.2
27 March 2003	114 600	91.60	4.7
10 August 2004	595 877	66.15	6.1
26 April 2005	1 472 184	39.00	6.8
Total options granted but not yet exercised	2 410 629		

List of options granted but not yet vested (listed by grant date)	2008	2007
23 September 2002	–	28 272
27 March 2003	–	56 600
10 August 2004	427 591	1 016 228
26 April 2005	934 844	1 951 323
Total options granted but not yet vested	1 362 435	3 052 423

Figures in million	SA RAND 2008	SA RAND 2007
Average market price options traded during the year	76	137
Average fair value of share options vested during the year	149	110
Share-based payments recognised	1	18

Notes to the company financial statements (continued)

For the years ended 30 June

Figures in million	SA RAND 2008	2007

26 Share option scheme (continued)

The shares granted under the 2006 share plan
Refer to the note 35 of the Group notes for the information relating to the 2006 share plan, the following information relates specifically to the Company.

	2008	2007
Number of shares relating to the 2006 share plan at 30 June		
Shares granted	2 494 753	743 889
Unvested	2 237 522	740 094
Performance shares	737 523	339 785
Share appreciation rights	1 499 999	400 309
Shares forfeited	257 231	3 795
Performance shares	131 888	–
Share appreciation rights	125 343	3 795
Vesting periods of shares granted:		
One to two years	304 535	–
Two to three years	1 027 375	473 222
Three to four years	500 000	133 436
Four to five years	405 612	133 436
Total number of shares granted	2 237 522	740 094

Activity on PS and SARs granted but not yet exercised	Number of shares	Weighted average option price (SA Rand)
For the year ended 30 June 2007		
Opening balance	–	
Performance shares	–	–
Share appreciation rights	–	–
Options granted	743 889	
Performance shares	339 785	N/A
Share appreciation rights	404 104	112.64
Options lapsed	(3 795)	
Performance shares	–	N/A
Share appreciation rights	(3 795)	112.64
Closing balance	740 094	
Performance shares	339 785	N/A
Share appreciation rights	400 309	112.64
For the year ended 30 June 2008		
Opening balance	740 094	
Performance shares	339 785	N/A
Share appreciation rights	400 309	112.64
Options granted	1 750 864	
Performance shares	529 626	N/A
Share appreciation rights	1 221 238	71.73
Options lapsed	(253 436)	
Performance shares	(131 888)	N/A
Share appreciation rights	(121 548)	111.12
Closing balance	2 237 522	
Performance shares	737 523	N/A
Share appreciation rights	1 499 999	79.46

For the years ended 30 June

26 Share option scheme (continued)

List of shares granted but not yet exercised (listed by grant date)	At 30 June 2008	Strike price (SA Rand)	Remaining life (years)
Performance shares			
15 November 2006	210 148	n/a	1.4
15 November 2007	515 067	n/a	2.4
7 March 2008	12 308	n/a	2.7
Share appreciation rights			
15 November 2006	283 160	112.64	4.4
15 November 2007	1 170 685	70.54	5.4
7 March 2008	46 154	102.00	5.7
Total options granted but not yet exercised	2 237 522		

None of the allocations for the 2006 share plan have vested yet.

	SA RAND 2008	SA RAND 2007
Share-based payments recognised	10	2

27 Commitments and contingencies

	2008	2007
Capital expenditure commitments		
Contracts for capital expenditure	2	2
Authorised by the directors but not contracted for	21	112
Total capital commitments	23	114

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

	2008	2007
Contingent liabilities		
Environmental guarantees	28	28

28 Related parties

Refer to note 36 of the Group notes.

29 Subsequent events

Refer to note 39 of the Group notes.

Notes to the company financial statements (continued)

For the years ended 30 June

Figures in million	SA RAND 2008	SA RAND 2007

30 Financial risk management

The Company's activities 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 Company may use derivative financial instruments to hedge certain risk exposures.

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 financial risks in close co-operation with the Group 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 Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar (US$). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. Harmony's revenues are sensitive to the rand/US$ exchange rate as all revenues are generated by gold sales denominated in US$. Harmony generally, does not enter into forward sales, derivatives or other hedging arrangements to establish a rand/US$ exchange rate in advance for the sale of its future gold production.

The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Harmony generally does not enter into forward sales, derivatives or other hedging arrangements to manage this risk.

During 2007 and 2008, the Company had no other significant exposure to foreign exchange risk.

For the years ended 30 June

Figures in million	SA RAND 2008	SA RAND 2007

30 Financial risk management (continued)

(a) Market risk (continued)

(ii) Other price risk

The Company 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.

During 2007 and 2008, the Company's exposure to changes in market prices was not significant.

Commodity price sensitivity

The profitability of the Company'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 Company's interest rate risk arises mainly from long-term borrowings. The Company has both fixed and variable interest rate borrowings. Fixed rate borrowings expose the Company to fair value interest rate risk. Variable rate borrowings expose the Company to cash flow interest rate risk. The Company 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 2007.

	2008	2007
Increase by 100 basis points	20	5
Decrease by 100 basis points	(20)	(5)

The above table excludes the fixed rate convertible bond. As it is accounted for at amortised cost, interest rate changes do not affect reported profit and loss.

Notes to the company financial statements (continued)

For the years ended 30 June

30 Financial risk management (continued)

(b) Credit risk

Credit risk is the risk that a counterparty may default or not meet its obligations timeously. Financial instruments, which subject the Company 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 Company has policies that limit the amount of credit exposure to any one financial institution.

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

The Company'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 R721 million as at 30 June 2008 (2007: R831 million).

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

In the ordinary course of business, the Company 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 Company is able to actively source financing at competitive rates.

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

	SA RAND	
Figures in million	Current	More than 1 year
2008		
Borrowings [1]	3 741	–
Trade and other payables (excluding non-financial instruments)	21	–
	3 762	–
2007		
Borrowings	583	1 783
Trade and other payables (excluding non-financial instruments)	(87)	–
Bank overdraft	220	–
	716	1 783

[1] R1 741 million is due between 6 to 12 months.

For the years ended 30 June

30 Financial risk management (continued)

(d) Fair value determination

The carrying values (less any impairment allowance) of short-term financial instruments are assumed to approximate their fair values.

The fair value of available-for-sale financial assets and derivative financial instruments are determined by reference to quoted market prices. The fair value of other non-current financial instruments are determined using a discounted cash flow model with market observable inputs, such as market interest rates.

	SA RAND	
Figures in million	Carrying value	Fair value
2008		
Financial assets		
Restricted investments	226	226
Investment in financial assets	2	2
Trade and other receivables	7 733	7 733
Cash and cash equivalents	200	200
	8 161	8 161
Financial liabilities		
Borrowings *	3 615	3 621
Trade and other payables	21	21
Bank overdraft	–	–
	3 636	3 642
2007		
Financial assets		
Restricted investments	184	184
Investment in financial assets	52	52
Trade and other receivables	6 217	6 217
Cash and cash equivalents	522	522
	6 975	6 975
Financial liabilities		
Borrowings *	2 041	2 240
Trade and other payables	(87)	(87)
Bank overdraft	220	220
	2 174	2 373

* Included under borrowings is a unsecured convertible fixed rate bond which had a fair value of R1 632 million being 96% of the nominal value of R1 700 million as at 30 June 2008 (2007: R1 740 million being 102.38% of the nominal value).

Annexure A

Statement of subsidiary companies

Company and description		Issued share capital R'000	Effective group interest 2008 %	Effective group interest 2007 %	Cost of investment by holding company 2008	Cost of investment by holding company 2007	Loans from/(to) holding company 2008	Loans from/(to) holding company 2007
					Figures in million			
Direct subsidiaries:								
Dormant companies:								
Clidet 726 (Pty) Ltd	(a)	#	100	–	–	–	–	–
Harmony Gold Ltd	(f)	#	100	100	–	–	–	–
Harmony Gold (Management Services) (Pty) Ltd	(a)	1	100	100	–	–	–	–
Harmony Gold Netherlands BV	(i)	#	100	100	–	–	–	–
Virginia Salvage (Pty) Ltd	(a)	2	90	90	–	–	–	–
Unisel Gold Mines Ltd	(a)	23 136	100	100	89	89	(89)	(80)
Exploration company:								
Harmony Gold Peru SA	(b)	2	100	100	6	6	–	–
Lydenburg Exploration Ltd	(a)	42 792	100	100	204	204	4	(10)
Gold mining companies:								
African Rainbow Minerals Gold Ltd	(a)	96	100	100	7 081	7 081	129	74
ArmGold/Harmony Freegold Joint Venture Company (Pty) Ltd	(a)	20	100	100	17	17	1 694	1 960
Avgold Ltd	(a)	6 827	100	100	6 935	6 935	217	66
Evander Gold Mines Ltd	(a)	39 272	100	100	545	545	(187)	30
Randfontein Estates Ltd	(a)	19 882	100	100	1 311	1 311	1 783	1 249
Investment holding companies:								
Harmony Gold Australia (Pty) Ltd	(c)	3 886 933	100	100	3 887	3 887	2 348	1 019
ARMgold/Harmony Joint Investment Company (Pty) Ltd	(a)	#	100	100	1	1	1 622	1 714
West Rand Consolidated Mines Ltd	(a)	17 967	100	100	321	321	(26)	(26)
Marketing companies:								
Authentic Beverage (Pty) Ltd	(a)	#	100	100	–	–	–	–
Harmony Gold (Marketing) (Pty) Ltd	(a)	#	100	100	–	–	56	58
Harmony Precious Metal Services SAS	(d)	62	100	100	–	–	–	–
Mining related services companies:								
Harmony Engineering (Pty) Ltd	(a)	#	100	100	3	3	(3)	(3)
Harmony HIV/Aids Company (Pty) Ltd	(a)	#	100	100	–	–	10	9
Musuku Benefication Systems (Pty) Ltd	(a)	#	100	100	–	–	32	39
Property holding companies:								
La Riviera (Pty) Ltd	(a)	#	100	100	–	–	–	–
Coreland Development Company (Pty) Ltd	(a)	#	100	100	–	–	–	–
Coreland Management Company (Pty) Ltd	(a)	#	100	100	–	–	2	–
Coreland Property Investment Company	(a)	#	100	100	–	–	–	–
Indirect subsidiaries:								
Dormant companies:								
Aurora Gold Finance Ltd	(c)	#	100	100	–	–	–	–
Aurora Gold Services (Pty) Ltd	(c)	#	100	100	–	–	–	–
Arai Liki Offshore (Pty) Ltd	(c)	293	100	100	–	–	–	–
Big Bell Gold Operations (Pty) Ltd	(c)	#	100	100	–	–	–	–
Bracken Mines Ltd	(a)	#	100	100	–	–	–	–
Garden Gully (Pty) Ltd	(c)	#	100	100	–	–	–	–
Garnkirk (Pty) Ltd	(c)	#	100	100	–	–	–	–
Jeanette Gold Mines Ltd	(a)	#	96	96	–	–	–	–
Aurora Custodians (Pty) Ltd	(a)	#	100	100				
Hampton Gold Mining Areas Ltd	(c)	#	100	100	–	–	–	–
Harmony Victoria (Pty) Ltd	(c)	#	100	100	–	–	–	–
Jubilee Minerals (Pty) Ltd	(c)	2	100	100	–	–	–	–
Leslie Gold Mines Ltd	(a)	#	100	100	–	–	–	–
Loraine Gold Mines Ltd	(a)	#	100	100	–	–	–	–
Muro Baru (Pty) Ltd	(c)	#	100	100	–	–	–	–
NHG Investments (Pty) Ltd	(c)	#	100	100	–	–	–	–
Selcast Nickel (Pty) Ltd	(c)	#	100	100	–	–	–	–
South Kal Mines (Pty) Ltd	(c)	6	100	100	–	–	–	–
Swaziland Gold (Pty) Ltd	(e)	#	100	100	–	–	–	–
Winkelhaak Mines Ltd	(a)	#	100	100	–	–	–	–

Statement of subsidiary companies (continued)

Company and description		Issued share capital R'000	Effective group interest 2008 %	Effective group interest 2007 %	Cost of investment by holding company 2008	Cost of investment by holding company 2007	Loans from/(to) holding company 2008	Loans from/(to) holding company 2007
					Figures in million			
Indirect subsidiaries: (continued)								
Exploration company:								
Harmony Gold (Exploration) (Pty) Ltd	(a)	10	100	100	–	–	(3)	–
Morobe Exploration Limited			100					
Gold mining companies:								
Buffalo Creek Mines (Pty) Ltd	(c)	#	–	100	–	–	–	–
Kalahari Goldridge Mining Company Ltd	(a)	1 275	100	100	–	–	(283)	(26)
Mt Magnet Gold NL	(c)	79 710	100	100	–	–	–	–
Investment holding companies:								
Abelle Ltd	(c)	488 062	100	100	–	–	–	–
Aurora Gold Ltd	(c)	685 006	100	100	–	–	–	–
Aurora Gold Australia (Pty)Ltd	(c)	58	100	100	–	–	–	–
Aurora Gold (WA) (Pty) Ltd	(c)	163 115	100	100	–	–	–	–
Harmony Gold (PNG Services) (Pty) Ltd	(c)	#	100	100	–	–	–	–
Aurora Gold (Wafi) (Pty) Ltd	(c)	#	100	100	–	–	–	–
Aurora Gold Administration (Pty) Ltd	(c)	293	100	100	–	–	–	–
Evander Stone Holdings (Pty) Ltd	(a)	#	100	100	–	–	–	–
Harmony Gold (Isle of Man) Ltd	(f)	550	100	100	–	–	–	–
Harmony Gold Investments (Pty) Ltd	(c)	#	100	100	–	–	–	–
Harmony Gold Operations Ltd	(c)	405 054	100	100	–	–	–	–
Harmony Gold Securities (Pty) Ltd	(c)	#	100	100	–	–	–	–
Harmony Gold WA (Pty) Ltd	(c)	#	100	100	–	–	–	–
New Hampton Goldfields Ltd	(c)	196 248	100	100	–	–	–	–
Potchefstroom Gold Areas Ltd	(a)	8 407	100	100	–	–	–	–
Vadessa (Pty) Ltd	(c)	#	100	100	–	–	–	–
Marketing company:								
Harmony Precision Casting (Pty) Ltd	(a)	357	70	70	–	–	(1)	(1)
Mineral right holding companies:								
Australian Ores & Minerals (Pty) Ltd	(c)	8 766	100	100	–	–	–	–
Carr Boyd Minerals (Pty) Ltd	(c)	402 414	100	100	–	–	–	–
Cogent (Pty) Ltd	(a)	#	100	100	–	–	–	–
Kwazulu Gold Mining Company (Pty) Ltd	(a)	#	100	100	–	–	–	–
Morobe Consolidated Goldfields Ltd	(h)	#	100	100	–	–	–	–
Portions 1 and 3 Wildebeesfontein (Pty) Ltd	(a)	2	100	100	–	–	–	–
Potchefstroom Gold Holdings (Pty) Ltd	(a)	2	100	100	–	–	–	–
Remaining Extent and Portion 15 Wildebeesfontein (Pty) Ltd	(a)	1	90	90	–	–	–	–
The Kunana Mining Company (Pty) Ltd	(a)	#	100	100	–	–	–	–
Trodex Platinum (Pty) Ltd	(a)	4	100	100	–	–	–	–
Venda Gold Mining Company (Pty) Ltd	(a)	#	100	100	–	–	–	–
Wafi Mining Ltd	(h)	#	100	100	–	–	–	–
Property holding companies:								
Evander Township Ltd	(a)	1 340	100	100	–	–	(1)	–
Evander Township Development Ltd	(a)	3	100	100	–	–	–	–
Quarrytown Ltd	(a)	#	100	100	–	–	–	–
Salt Holdings Ltd	(a)	60	100	100	–	–	–	–
Total					20 400	20 400	7 304	6 072
Total investments							27 770	26 323

Annexure A (continued)

Statement of subsidiary companies (continued)

Company and description		Issued share capital R'000	Effective group interest 2008 %	Effective group interest 2007 %	Cost of investment by holding company 2008	Cost of investment by holding company 2007	Loans from/(to) holding company 2008	Loans from/(to) holding company 2007
					Figures in million			
Joint venture company – direct:								
Healthshare Health Solutions (Pty) Ltd **	(a)	#	–	45	–	–	–	–
Joint venture company – indirect:								
Dormant company:								
MP Britz Pharmacy Pty Ltd [2]	(a)	#	–	45	–	–	–	–
H Taute Pharmacy Pty Ltd	(a)	#	–	45	–	–	–	–
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 in the relevant components of the financial statements on a line by line basis.								
Associate company – indirect:								
Gold mining company:								
Pamodzi Gold Limited	(a)	30	32	–	145	–	103	–
Mining related services company								
Orpheo by Harmony (Pty) Ltd	(a)	#	33	50	–	–	–	–
Village Main Reef Gold Mining Company Ltd †	(a)	758	38	38				

Investments in associates are accounted for by using the equity method of accounting. Equity accounting involves recognising in the income statement the Group's share of the associates' profit or loss for the period. The Group's interest in the associate is carried on the balance sheet at an amount that reflects the cost of the investment, the share of post acquisition earnings and other movement in the reserves.

† The investment in in Village Main Reef Gold Mining Company Ltd was sold subsequent to year-end for R1.1 million
# Indicates issued share capital of less than R1 000

(a) Incorporated in the Republic of South Africa
(b) Incorporated in the Republic of Peru
(c) Incorporated in Australia
(d) Incorporated in France
(e) Incorporated in Swaziland
(f) Incorporated in the Isle of Man
(g) Incorporated in the United Kingdom
(h) Incorporated in the Papua New Guinea
(i) Incorporated in the Netherlands

The above investments are valued by the directors at book value.


Hidden Valley, Papua New Guinea


Phakisa, South Africa


Masimong, South Africa

Investor relations

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This Annual Report, as well as the Sustainable Development Report, are available on request in printed format from Harmony's Investor Relations team or in electronic format on the internet at www.harmony.co.za.

In addition, Harmony will produce the Form 20-F (a report required by the United States Securities and Exchange Commission, copies of which will be available from the end of October 2008, free of charge on EDGAR at www.sec.gov or from our website: www.harmony.co.za.

Stock exchange listings and ticker codes

Harmony's primary listing is on the JSE Limited. The company's shares are also listed on the stock exchanges in London, Paris and Berlin, and are quoted in the form of American Depositary Receipts (ADRs) on the New York and Nasdaq exchanges and as International Depositary Receipts (IDRs) on the Brussels exchange.

Harmony's quoted share codes on these exchanges are as follows:

JSE Limited	HAR
New York Stock Exchange and Nasdaq	HMY
London Stock Exchange	HRM
Euronext Brussels	HMY
Euronext Paris	HG
Berlin Stock Exchange	HAM1

Share price analysis

Overall, the Harmony share price rose during the course of the year, trading on the JSE between a low of R61.75 and a high of R115.00 per share during the 2008 financial year.

On the NYSE, the share traded between a low of US$8.48 and a high of US$15.19 per share. At the end of the financial year, the share price on the JSE and NYSE closed at R95.00 and US$12.25 per share, respectively. As at 30 June 2008, the resulting market capitalisation was R38.3 billion and US$4.9 billion respectively.

For the years ended 30 June

Share information

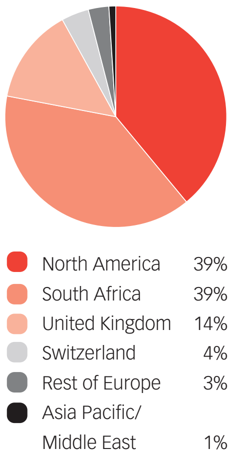
Sector		Resources
Sub-sector		Gold
Nature of business		Harmony Gold Mining Company Limited and its subsidiaries are engaged in underground and open-pit gold mining, exploration and related activities in South Africa and Papua New Guinea.
Issued share capital as at 30 June 2008		403 253 756 shares in issue
Market capitalisation		
JSE:	at 30 June 2008	R38.31 billion
	at 30 June 2007	R39.92 billion
NYSE:	at 30 June 2008	US$4.90 billion
	at 30 June 2007	US$5.68 billion
Share price statistics – FY08		
JSE:	12-month high	R115.00
	12-month low	R61.75
	Closing price	R95.00
NYSE:	12-month high	US$15.19
	12-month low	US$8.48
	Closing price	US$12.25
Free float		100%
ADR ratio		1:1
Performance on JSE		
Number of shares traded (millions)		367
Percent of total issued shares		91%
Value of shares traded		R30.95 billion
ADR performance		
Number of ADRs traded (millions)		639
Total number of ADRs outstanding (millions)		105
Value of ADRs traded		US$7.27 billion

Shareholder spread

	Number of shareholders	% of shareholders	Number of shares held	% shares held
Public	13 211	99.99	339 420 294	84.03
Non-public	2	0.01	63 833 462	15.97
Holding 10%+	1	0.01	63 632 922	15.92
Share options scheme	1	0.01	201 303	0.05
Employees share trust	1	0.01	200 540	0.05
Totals	13 213	100.00	403 253 756	100.00

Investor relations (continued)

Geographical distribution of shareholders – 30 June 2008



Shareholder profile

As at 30 June 2008, a total of 403 253 756 shares or 100% of the total number of shares in issue were outstanding. The largest shareholder is Allan Gray Limited which had a holding of 18.62% (74 820 914 shares) at the end of June 2008.

In terms of non-institutional ownership, ARM Ltd controls 63 632 922 shares or 15.84% of the issued share capital.

Our South African shareholder base increased from 34% to 39% for the year ended 30 June 2008. The combined institutional and retail ownership in the United States totalled 39% of Harmony's issued share capital. European ownership amounted to 21% of the shares outstanding, which included the 14% held by UK institutions.

Top 20 shareholders

	Shareholder	Combined	% holding of shares outstanding
1	Allan Gray Ltd.	74 820 914	18.62
2	ARM Ltd	63 632 922	15.84
3	Blackrock Investment Management (UK) Ltd.	33 298 000	8.29
4	Orbis Investment Management Ltd.	26 623 844	6.63
5	Capital International, Inc.	17 008 394	4.23
6	Public Investment Commissioners	11 418 906	2.84
7	Sanlam Investment Management (Pty) Ltd.	8 971 339	2.23
8	Arnhold & S. Bleichroeder Advisers LLC	8 924 358	2.22
9	Soges Fiducem (IDRs)	8 319 280	2.07
10	Euroclear (French Listing)	8 286 886	2.06
11	Van Eck Global	7 186 462	1.79
12	Fidelity Management & Research	6 889 706	1.71
13	Investec Asset Management (South Africa)	6 551 860	1.63
14	Barclays Global Investors, N.A.	6 108 397	1.52
15	Capital Guardian Trust Co.	5 862 469	1.46
16	Dimensional Fund Advisors, Inc.	5 846 152	1.46
17	Old Mutual Asset Managers (Pty) Ltd.	5 435 915	1.35
18	State Street Global Advisors	5 418 536	1.35
19	Capital International S A	5 143 186	1.28
20	Capital World Investors	5 119 710	1.27

Analysis of ordinary shares (Strate) as at 30 June 2008

Shares held	Number of shareholders	% of shareholders	Number of shares held	% of issued share capital
1 to 10 000	12 604	95.39	5 435 892	1.35
10 001 to 100 000	373	2.82	13 775 937	3.42
100 001 to 1 000 000	191	1.45	55 455 941	13.75
over 1 000 000	45	0.34	328 585 986	81.48
Total	13 213	100.00	403 253 756	100.00

Historic performance of shares on the JSE

	FY08	FY07	FY06	FY05	FY04
As at 30 June:					
(R/share)	95.00	100.27	114.10	58.25	65.25
High (R/share)	115.00	123.00	117.05	93.30	122.60
Low (R/share)	61.75	86.10	46.62	36.40	59.50
Number of ordinary shares					
Issued (000)	403 253	398 113	396 934	393 232	320 742
Number of deals recorded	293.682	183 004	148 746	85 487	87 918
Volume of shares traded (000)	367 286	323 417	351 555	303 414	279 660
Volume of shares traded as % of total issued shares	91.1	80.9	88.6	77.0	87.0

Currency conversion guide as at 30 June 2008 (R)

	2008	2007	2006	2005
Australian dollar	7.51	4.3029	6.0128	5.3080
US dollar	7.80	7.0379	7.2701	6.6670

Shareholders' diary

Financial year-end:	30 June
Annual financial statements issued:	20 October 2008
Form 20-F issued :	20 October 2008
Annual general meeting:	24 November 2008

The dates of our quarterly results announcements will be published on our website: www.harmony.co.za

Glossary of terms and abbreviations

Available-for-sale financial asset	A financial asset that has been designated as available-for-sale or a financial asset other than those classified as loans and receivables, held-to-maturity investments or derivative instruments.
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
Capital expenditure	Total capital expenditure on tangible assets which includes ongoing and project capital.
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)	Gold is leached conventionally from a slurry of gold ore with cyanide in agitated tanks. The leached slurry then passes into the CIP circuit where carbon granules are mixed with the slurry and gold is adsorbed on to the carbon. The granules are separated from the slurry and treated in an elution circuit to remove the gold.
Cut-off grade (surface mines)	The minimum grade at which a unit of ore will be mined to achieve the desired economic outcome.
Depletion	The decrease in quantity of ore in a deposit or property resulting from extraction or production.
Development	The process of accessing an orebody through shafts and/or tunnelling in underground mining operations.
Discontinued operation	A component of an entity that, has been disposed of or abandoned or is classified as held for sale until conditions precedent to the sale have been fulfilled.
Elution	Recovery of the gold from the activated carbon into solution before zinc precipitation or electro-winning.
EBITDA	Earnings before interest, tax, depreciation and amortisation
Effective tax rate	Current and deferred taxation as a percentage of profit before taxation.
Equity	Shareholders' equity adjusted for other comprehensive income and deferred taxation.
Financial asset	Cash or cash equivalents, an equity instrument, a contractual right to receive cash, or a contractual right to exchange a financial instrument under favourable conditions.
Financial liability	A contractual obligation to pay cash or transfer other benefits or a contractual obligation to exchange a financial instrument under unfavourable conditions. This includes debt.
Gold produced	Refined gold as derived from the mining process that is measured in either ounces or kilograms in a saleable form.
Grade	The quantity of gold contained within a unit weight of gold-bearing material generally expressed in ounces per short ton of ore (oz/t), or grams per metric tonne (g/t).

Indicated Mineral Resource An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

Inferred Mineral Resource An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

Interest cover EBITDA divided by finance costs and unwinding of obligations.

Leaching Dissolution of gold from crushed or milled material, including reclaimed slime, prior to adsorption on to activated carbon.

Life of Mine (LOM) Number of years that an operation is scheduled to mine and treat ore, and is based on the current mine plan.

Loans and receivables A financial asset with fixed or determinable repayments that are not quoted in an active market, other than, a derivative instrument, or a financial asset classified as available-for-sale.

Marked-to Market The fair value change of all financial instruments since initial recognition.

Measured Mineral Resource A 'Measured Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

Metallurgical plant A processing plant erected to treat ore and extract gold.

Milling A process of reducing broken ore to a size at which concentrating can be undertaken. (see also "Comminution").

Mine call factor The ratio, expressed as a percentage, of the total quantity of recovered and unrecovered mineral product after processing with the amount estimated in the ore based on sampling. The ratio of contained gold delivered to the metallurgical plant divided by the estimated contained gold of ore mined based on sampling.

Mineral deposit A mineral deposit is a concentration (or occurrence) of material of possible economic interest in or on the Earth's crust.

Mineral Resource A 'Mineral Resource' is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

Glossary of terms and abbreviations (continued)

Ore Reserve	An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate that at the time of reporting, extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.
Ounce (oz) (troy)	Used in imperial statistics. A kilogram is equal to 32.1507 ounces. A troy ounce is equal to 31.1035 grams.
Pay limit	The grade of a unit of ore at which the revenue from the recovered mineral content of the ore is equal to the total cash cost including Ore Reserve Development and stay-in-business capital. This grade is expressed as an in-situ value in grams per tonne or ounces per short ton (before dilution and mineral losses).
Probable Ore Reserve	A 'Probable Ore Reserve' is the economically mineable part of an indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.
Productivity	An expression of labour productivity based on the ratio of grams of gold produced per month to the total number of employees in underground mining operations
Proved reserve	A 'proved ore reserve' is the economically mineable part of a measured mineral resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.
Project capital	Capital expenditure to either bring a new operation into production; to materially increase production capacity; or to materially extend the productive life of an asset.
Reclamation	In the South African context, reclamation describes the process of reclaiming slimes (tailings) dumps using high-pressure water cannons to form a slurry which is pumped back to the metallurgical plants for processing.
Recovered grade	The recovered mineral content per unit of ore treated.
Reef	A gold-bearing sedimentary horizon, normally a conglomerate band that may contain economic levels of gold.
Refining	The final purification process of a metal or mineral.
Rehabilitation	The process of reclaiming land disturbed by mining to allow an appropriate post-mining use. Rehabilitation standards are defined by country-specific laws that address among other issues, ground and surface water, topsoil, final slope gradient, waste handling and re-vegetation issues.
Related party	Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Seismic event	A sudden inelastic deformation within a given volume of rock that radiates detectable seismic energy.
Shaft	A vertical or subvertical excavation used for accessing an underground mine; for transporting personnel, equipment and supplies; for hoisting ore and waste; for ventilation and utilities; and/or as an auxiliary exit.
Smelting	A pyro-metallurgical operation in which gold is further separated from impurities.
On-going capital	Capital expenditure to maintain existing production assets. This includes replacement of vehicles, plant and machinery, ore reserve development and capital expenditure related to safety, health and the environment.
Stope	Underground excavation where the orebody is extracted.
Stoping	The process of excavating ore underground.
Stripping ratio	The ratio of waste tonnes to ore tonnes mined calculated as total tonnes mined less ore tonnes mined divided by ore tonnes mined.
Tailings	Finely ground rock of low residual value from which valuable minerals have been extracted.
Tailings dam (slimes dam)	Dam facilities designed to store discarded tailings.
Tonne	Used in metric statistics. Equal to 1,000 kilograms.
Ton	Used in imperial statistics. Equal to 2,000 pounds. Referred to as a short ton.
Tonnage	Quantity of material measured in tonnes or tons.
Cash costs	Total cash costs include site costs for all mining, processing and administration, reduced by contributions from by-products and are inclusive of royalties and production taxes. Amortisation, rehabilitation, corporate administration, retrenchment, capital and exploration costs are excluded. Total cash costs per ounce are the attributable total cash costs divided by the attributable ounces of gold produced.
Waste	Material that contains insufficient mineralisation for consideration for future treatment and, as such, is discarded.
Weighted average number of ordinary shares	The number of ordinary shares in issue at the beginning of the year, increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the group, and increased by share options that are virtually certain to be exercised.
Yield	The amount of valuable mineral or metal recovered from each unit mass of ore expressed as ounces per short ton or grams per metric tonne.
$	United States dollar
A$	Australian dollar
ADR	American Depositary Receipt
ADS	American Depositary Share
ASX	Australian Securities Exchange
BEE	Black economic empowerment
Capex	Capital expenditure
CLR	Carbon Leader Reef
DME	Department of Minerals and Energy in South Africa
FIFR	Fatal injury frequency rate per million hours worked
g	Grams

Glossary of terms and abbreviations (continued)

g/t	Grams per tonne
g/TEC	Grams per total employee costed
HDSAs	Historical Disadvantaged South Africans - definition
JIBAR	Johannesburg interbank agreed rate
JORC	Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves
JSE	JSE Limited
kg	Kilograms
Kina	Papua New Guinean Kina
King Code	South African King Code on Corporate Governance, 2002
LIBOR	London interbank offer rate
LOM	Life of mine
LSE	London Stock Exchange
LTIFR	Lost-time injury frequency rate per million hours worked
M or m	Metre or million, depending on the context
m2/TEC	Square metres per total employee costed
Moz	Million ounces
MPRDA	Minerals and Petroleum Resource Development Act of 2002
Mt	Million tonnes or tons
Mtpa	Million tonnes/tons per annum
NYSE	New York Stock Exchange
oz	Ounces (troy)
oz/t	Ounces per ton
PNG	Papua New Guinea
R or Rand	South African rand
SAMREC	South African Code for the Reporting of
SEC	United States Securities and Exchange Commission
SOx	Sarbanes-Oxley Act of 2002
SRP	South African Securities Regulation Panel
t	Tons (short) or tonnes (metric)
tpa	Tonnes/tons per annum
tpd	Tonnes/tons per day
tpm	Tonnes/tons per month
VCR	Ventersdorp Contact Reef
VCT	Voluntary counselling and testing

Directorate and administration

Registration No. 1950/038232/06
Incorporated in the Republic of South Africa
ISIN: ZAE000015228

Directors

Executive
G Briggs (Chief Executive Officer)
F Abbott (Interim Financial Director)
Non-Executive
P T Motsepe (Chairman)
J A Chissano *#
F T De Buck*
Dr C M Diarra*##
K V Dicks*
Dr D S Lushaba *
C Markus *
M Motloba *
C M L Savage *
A Wilkens
* Independent, # Mozambican, ## Mali/US Citizen

Company Secretary

N Y Maluleke

Registered Office

Cnr of Main Reef and Ward Avenue
Randfontein Office Park
Randfontein, 1760
South Africa
Telephone: +27 11 411 2000

Postal

PO Box 2
Randfontein, 1760
South Africa

United Kingdom Secretaries

St James's Corporate Services Limited
6 St James's Place
London SW1A 1NP
United Kingdom
Telephone: +44 207 499 3916
Fax: +44 207 491 1989

Attorneys

Cliffe Dekker Incorporated

Bankers

ABSA Bank Limited

Independent Auditors

PricewaterhouseCoopers Incorporated

Share Registrars

South Africa
Link Market Services South Africa (Pty) Ltd
PO Box 4844
Johannesburg, 2000
South Africa
Telephone: +27 11 630 0800
Fax: +27 11 834 4398

United Kingdom
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
United Kingdom
Telephone: +44 870 162 3100
Fax: +44 208 639 2342

ADR Depositary

The Bank of New York
Shareholder Relations Department
101 Barclay Street, 22nd Floor
New York, NY 10286
United States of America
Telephone: +1 888 269 2377
Fax: +1 212 571 3050

Global BuyDIRECTSM
The Bank of New York maintains a direct share purchase and dividend reinvestment plan for Harmony. Global BuyDIRECTSM, a direct and sale/dividend reinvestment plan sponsored and administered by the Bank of New York, offers investors the opportunity to purchase depositary receipts at commissions that are typically less than a retail broker. For additional information, please visit the Bank of New York's website at www.globalbuydirect.com or call Shareholder Relations at 1-888-BNY-ADRS or write to:

Shareholder Relations Department
101 Barclay Street, 22nd Floor
New York, NY 10286
United States of America

www.harmony.co.za