

Review of operations



Hidden Valley, PNG

Phakisa, South Africa

Introduction

Harmony's gold mining operations are located in South Africa and Papua New Guinea (PNG). In South Africa these operations are found on the world- renowned Witwatersrand Basin and the Kraaipan Greenstone Belt. In PNG, Harmony's assets are in located in Morobe Province, a highly prospective gold mining region.

Harmony produced 1 428 544 ounces of gold (44 433 kilograms)* in FY10 at an overall grade of 2.39g/t, generating revenue of R11.28 billion and an operating profit of R2.93 billion. Operating cash costs for the group as a whole were R195 162/kg (US\$801/oz) to give an operating margin of 26%.

The largest contributors to group production were the South African operations Tshepong (15%), Kusasaletu (12%), Virginia (12%) and Masimong (11%), which together accounted for half of total production.

Harmony has in recent years embarked on a process to transform itself into a sustainable, lower-cost, high-margin gold producer with a significant production pipeline. In line with this, a review of the asset portfolio was conducted during FY10, following which certain of the Virginia and Evander shafts ceased production sooner than initially planned. In addition, given the focus on profitability, the group's strategic production target was revised to 2 million ounces by FY13. More importantly, the plan is for Harmony's South African assets to generate sufficient cash to fund the company's growth ambitions.

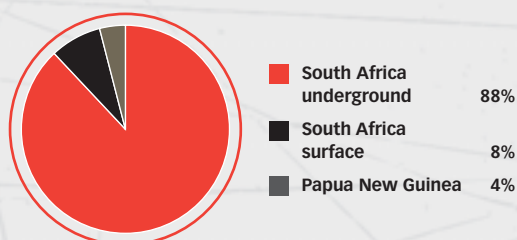
More detailed information on the economic performance and consequences of Harmony's operations is provided in the online *Sustainable Development Report* which is available on the corporate website, www.harmony.co.za. A summary of this report is to be found in this annual report on pages 26 to 46.

* Of this total production, 51 046 ounces (1 588 kilograms) were capitalised

Note: In the key statistics tables throughout this section, the term operating profit is comparable to the term production profit in the segment report, and not the operating profit line item in the income statement

Contribution to production

FY10



Contribution to group production

FY10

