Notes to the group financial statements

For the years ended 30 June 2010

1 General information

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

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

The consolidated and company financial statements (on page 314 to 351 in the annual report) were authorised for issue by the board of directors on 11 October 2010.

2 Accounting policies

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

2.1 Basis of preparation

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

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

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

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

IFRS 7 (Amendment) – Financial Instruments disclosures: Improving Disclosures about Financial Instruments (effective from periods beginning 1 January 2009).
The amendment increases the disclosure requirements about fair value measurement and reinforces existing principles for disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosure and requires some specific quantitative disclosures for financial instruments in the lowest level in the hierarchy. In addition, the amendment clarifies and enhances existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. The effect of the amendment has been disclosed in note 4, Financial Risk Management.

- The following standards or amendments to standards have become effective but were not relevant to the group:

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

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

IFRIC 15 – Agreements for the Construction of Real Estate.

2 Accounting policies cont.

2.1 Basis of preparation cont.

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

IFRS 2 (Amendment) – Share-Based Payment: Vesting Conditions and Cancellations (effective from periods beginning 1 January 2009).
The amendment deals with two matters. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

IFRS 3 (Revised) – Business Combinations (effective from periods beginning 1 July 2009).
The new standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed.

IAS 18 (Amendment) – Revenue (no effective date, amendment is made to the appendix which is not part of the standard, effective on date of publication)
The amendment is part of the IASB's annual improvements project published in April 2009. An additional paragraph has been added to the appendix to IAS 18, providing guidance on whether an entity is acting as principal or agent.

IAS 27 (Revised) – Consolidated and separate financial statements (effective from periods beginning 1 July 2009)
The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. A corresponding amendment to IAS 21 was made as a result of IAS 27 (Revised) that clarifies that upon partial disposal of a subsidiary that includes a foreign operation, the group is required to re-attribute the proportionate share of the cumulative exchange differences recognised in other comprehensive income to the non-controlling interests in that foreign operation (i.e., the transaction is recognised in equity). Only upon loss of control of a subsidiary that includes a foreign operation is the cumulative amount of exchange differences relating to that foreign operation reclassified from other comprehensive income to profit and loss.

IAS 32 and IAS 1 (Amendment) – IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of financial statements: Puttable Financial Instruments and Obligations Arising on Liquidation (effective from periods beginning 1 January 2009).
The amendments require entities to classify the following types of financial instruments as equity, provided they have particular features and meet specific conditions: a) puttable financial instruments (for example, some shares issued by co-operative entities); b) instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation (for example, some partnership interests and some shares issued by limited life entities). Additional disclosures are required about the instruments affected by the amendments.

IFRIC 9 and IAS 39 – Embedded Derivatives
The amendment results in a mandatory assessment of any embedded derivatives following reclassification of a financial asset out of the fair value through profit or loss category. The assessment will not have taken place at initial recognition, as the entire asset was accounted for at fair value. The amendment is necessary to ensure that, following a reclassification from the fair value category, entities apply the requirements for separation of an embedded derivative that is not closely related to the host contract. The assessment should be made on the basis of the circumstances that existed when the entity first became a party to the contract. In addition, if the fair value of the embedded derivative that would have to be separated cannot be reliably measured, the hybrid financial asset in its entirety should remain in the fair value through profit or loss category.

2 Accounting policies cont.

2.1 Basis of preparation cont.

IFRIC 16 – Hedges of a Net Investment in a Foreign Operation (effective from periods beginning 1 October 2008)
IFRIC 16 provides guidance on identifying the foreign currency risks that qualify as a hedged risk (in the hedge of a net investment in a foreign operation). It secondly provides guidance on where, within a group, hedging instruments that are hedges of a net investment in a foreign operation can be held to qualify for hedge accounting. Thirdly, it provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

IFRIC 17 – Distributions of Non-cash Assets to Owners (effective from periods beginning 1 July 2009)
IFRIC 17 applies to the accounting for distributions of non-cash assets (commonly referred to as dividends in specie) to the owners of the entity. The interpretation clarifies that: a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; an entity should measure the dividend payable at the fair value of the net assets to be distributed; and an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.

IFRIC 18 – Transfers of assets from customers (effective from periods beginning 1 July 2009)
The interpretation clarifies the accounting treatment for transfers of property, plant and equipment received from customers. This Interpretation applies to agreements with customers in which the entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment and the entity must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with on-going access to a supply of goods and services, or to do both.

Improvement projects:
These amendments are the result of conclusions the Board reached on proposals made in its annual improvement project. Unless otherwise specified, the amendments are effective for annual accounting periods beginning on or after 1 January 2009, although entities are permitted to adopt them earlier. The directors believe that none of the new or revised statements and revised interpretations will have a significant effect on the group's accounting policies.

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

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

IFRS 1 (Amendment): First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters (effective for financial periods beginning on/after 1 January 2010)
The amendments address the retrospective application of IFRSs to particular situations including: the use of deemed cost for oil and gas assets; determination of whether an arrangement contains a lease; and decommissioning liabilities included in the cost of property, plant and equipment and are aimed at ensuring that entities applying IFRSs will not face undue cost or effort in the transition process. This amendment will not have an impact on the group.

IFRS 1 (Amendment): First-time Adoption of International Financial Reporting Standards – Limited Exemptions from Comparative IFRS 7 Disclosures for First-time Adopters (effective for financial periods beginning on/after 1 July 2010)
The additional amendment relieves first-time adopters of IFRSs from presenting comparative information for new three level classification disclosures required by the March 2009 amendments to IFRS 7 'Financial Instruments: Disclosures'. It thereby ensures that first-time adopters benefit from the same transition provisions that amendments to IFRS 7 provides to current IFRS preparers. This amendment will not have an impact on the group.

2 Accounting policies cont.

2.1 Basis of preparation cont.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2 Accounting policies cont.

2.1 Basis of preparation cont.

IAS 32 (Amendment) – Classification of rights issues (effective from periods beginning 1 February 2010)
The amendment recognises that the previous requirement to classify foreign-currency denominated rights issued to all existing shareholders on a pro rata basis as derivative liabilities is not consistent with the substance of the transaction, which represents a transaction with owners acting in their capacity as such. The amendment therefore creates an exception to the 'fixed for fixed' rule in IAS 32 and requires rights issues within the scope of the amendment to be classified as equity.

IAS 36 (Amendment) – Impairment of Assets (effective from periods beginning 1 January 2010)
The amendment is part of the IASB's annual improvements project published in April 2009. The amendment clarifies that the largest cash generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined by paragraph 5 of IFRS 8 – 'Operating segments', that is; before the aggregation of segments with similar economic characteristics permitted by paragraph 12 of IFRS 8.

IAS 38 (Amendment) – Intangible assets (effective from periods beginning 1 January 2010)
The amendment is part of the IASB's annual improvements project published in April 2009. The amendment clarifies the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination, where there is no active market. The effect of the amendment will be recorded in future periods when such transactions are entered into.

IAS 39 (Amendment) – Financial instruments: Recognition and measurement (effective from periods beginning 1 January 2010)
Three amendments were made to IAS 39 as part of the IASB's annual improvements project published in April 2009.

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

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

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

IFRIC 14 (Amendment): The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayment of minimum funding requirements (effective for financial periods beginning on/after 1 January 2011)
This amendment applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset. The group does not believe the amendment will have an impact on the group.

IFRIC 19 – Extinguishing financial liabilities with equity instruments (effective from periods beginning 1 July 2010)
This interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. It does not address the accounting by the creditor, nor does it apply to situations where the liability may be extinguished with equity instruments in accordance with the agreed terms of the instrument (for example, convertible bonds). The group currently does not expect this interpretation to have a material effect on the financial statements.

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

2 Accounting policies cont.

2.2 Consolidation

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

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

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

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

Intercompany transactions, balances and 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 over which the group has significant influence, but not control over operational and financial policies, generally accompanying a shareholding of between 20% and 50% of the voting rights.

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

The group's share of the associates' post-acquisition profits or losses is 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 share 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, net of any accumulated impairment losses.

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

2 Accounting policies cont.

2.2 Consolidation cont.

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

The group 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 ventures. 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.

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

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

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

2.3 Foreign currency translation

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

For translation of the rand financial statement items to US dollar, the average of R7.58 (2009: R9.00) per US$1.00 was used for income statement items (unless this average was not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case these items were translated at the rate on the date of the transactions) and the closing rate of R7.63 (2009: R7.72) per US$1.00 for asset and liability items. Equity items were translated at historic rates.

2 Accounting policies cont.

2.3 Foreign currency translation cont.

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 Guinean currency.

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

Changes in the fair value of monetary securities denominated in a foreign currency classified as available for sale are 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 related to the changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are 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 comprehensive income; and

d) equity items are translated at historic 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 comprehensive income. When a foreign operation is sold or control is otherwise lost, exchange differences that were recorded in other comprehensive income are recognised in profit or loss in the period in which the foreign operation is sold or control is otherwise lost.

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

2.4 Segmental reporting

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

2 Accounting policies cont.

2.5 Property, plant and equipment

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

At the group's surface mines, when it has been determined that a mineral property can be economically developed as a result of establishing proved and probable reserves, costs incurred to develop the property are capitalised as incurred until the mine is considered to have moved into the production phase. 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 change in estimates. The cost of "excess stripping" is capitalised as a mine development cost 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. These costs include the cost of shaft sinking and access, the cost of building access ways, lateral development, drift development, ramps, box cuts and other infrastructure development.

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

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 mine's 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.

2 Accounting policies cont.

2.5 Property, plant and equipment cont.

(iii) **Undeveloped properties** are initially valued at the fair value of resources obtained through acquisitions. The carrying value of these properties is tested annually 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.

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

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

(v) **Leased assets:** The group leases certain property, plant and equipment. Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. The assets are 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 non-current 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 mineral property interests, mineral and surface rights, mine development costs and mine plant facilities are computed principally by the units of production method over the life of mine, based on estimated quantities of economically recoverable proved and probable reserves, which can be recovered in future from known mineral deposits.

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

2 Accounting policies cont.

2.5 Property, plant and equipment cont.

Changes in management's estimates of economically recoverable reserves and resources impact depreciation and amortisation on a prospective basis. During the 2010 financial year, the group revised its estimate of the useful lives of the Doornkop and Masimong operations to include certain resources in addition to proved and probable reserves. The inclusion of such resources resulted from increased confidence in the economic extraction of resources due to additional surface and underground drilling undertaken in the current year. The effect of including such resources in the useful life of these operations decreased annual depreciation by approximately R9 million (US$1 million).

(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;
- commercial, off-the-shelf software at 50% per year; and
- furniture and equipment at 16.67% per year.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised 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.

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

2.6 Exploration costs

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

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

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

2 Accounting policies cont.

2.6 Exploration costs cont.

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. This information when combined with existing knowledge of the mineral property already being mined or developed allow the directors to conclude that more likely than not the group will obtain future economic benefit from the expenditures.

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

2.7 Intangible assets

Intangible assets consist of all identifiable non-monetary assets without physical substance. They are stated at cost less accumulated 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 identifiable assets of the acquired subsidiary, associate, joint venture or business at the date of acquisition. Goodwill on acquisition of subsidiaries, joint ventures and businesses is 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 recognised immediately in the income statement and are not reversed. The impairment testing is performed annually on 30 June or when events or changes in circumstances indicate that it may be required.

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 that requires further internal development are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Cost to bring to use specific software includes software development employee costs and attributable overheads. Development expenditure incurred that will not likely generate probable future economic benefits and cannot be reliably measured is recognised as an expense as incurred. 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 Accounting policies cont.

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 annually on 30 June for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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

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

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

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

2.9 Financial instruments

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

A financial asset is 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.

2 Accounting policies cont.

2.9 Financial instruments cont.

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 or loss.

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

Financial assets

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

Purchases and sales of financial assets are 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.

Cash and cash equivalents

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

Restricted cash

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

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. A provision for impairment of receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial 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 uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

2 Accounting policies cont.

2.9 Financial instruments cont.

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

Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are 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 comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

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

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

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

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

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

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

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

2 Accounting policies cont.

2.9 Financial instruments cont.

(iv) **Financial assets at fair value through profit or loss have two sub-categories:** financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management in terms of specified criteria. Derivatives are also 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. Dividend income from these assets is recognised in the income statement as part of investment income when the group's right to receive payment is established.

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. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest rate method.

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

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

Trade and other payables

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

2.10 Inventories

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

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

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

2 Accounting policies cont.

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

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

Upon classification of a non-current asset or disposal group as held for sale, it is reviewed for impairment. The impairment charged to the income statement is the excess of the carrying value of the non-current asset or disposal group over its expected net selling price (fair value less costs to sell). At each subsequent reporting date, the carrying values are remeasured for possible impairment. A reversal of impairment is 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. No restatement of balance sheet comparative amounts are done.

If a non-current asset or disposal group is classified as held for sale but the criteria for classification as held for sale are no longer met, the disclosure of such a 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 unit as determined in accordance with the group's policy on impairment of non-financial assets.

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

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

2.12 Environmental obligations

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

Based on disturbances to date, the net present value of expected rehabilitation cost estimates are 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. If a decrease in liability exceeds the carrying amount of the asset, the excess is recognised immediately in the income statement. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed in accordance with the accounting policy dealing with impairments of non financial assets. Rehabilitation projects undertaken, included in the estimates are charged to the provision as incurred. The cost of on-going current programmes to prevent and control pollution is charged against income as incurred. Over time, the liability is increased to reflect an interest element, and the capitalised cost is depreciated over the life of the related asset.

2 Accounting policies cont.

2.13 Environmental trust funds

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

2.14 Provisions

Provisions are 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 using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. This estimate takes into account the associated risks and uncertainties. The increase in the provision due to the passage of time is recognised as interest expense.

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

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 on tax returns with respect to situations in which applicable tax regulations are 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 the balance sheet carrying amount, except to the extent that a deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and does not affect the accounting or taxable profit or loss at the time of the transaction. Deferred tax is charged to profit and loss, except where the tax relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity. 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, unutilised 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 unutilised tax losses and unutilised capital allowances can be utilised.

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

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

2 Accounting policies cont.

2.16 Employee benefits

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

(ii) **Medical plans:** The group provides medical cover to current employees and certain retirees through certain funds. The medical accounting costs for the defined benefit plan are assessed using the projected unit credit method. The health care obligation is measured as the present value of the estimated future cash outflows using high quality government bond interest rates consistent with the terms and risks of the obligation less the fair value of plan assets together with adjustments for unrecognised past service costs. 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 in exchange for services received. Equity share-based payments are measured at fair value that includes market performance conditions but excludes the impact of any service and non market performance conditions of the equity instruments at the date of the grant. The share-based payments are expensed over the vesting period, based on the group's estimate of the shares that are expected to eventually vest. The group used an appropriate option pricing model in determining the fair value of the options granted. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the estimates of the number of options that are expected to become exercisable are revised. The impact of the revision of original estimates, if any, are 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 the cost of 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 risks 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 Accounting policies cont.

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.

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

(ii) **Interest income:** Interest is 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 board of directors. Dividends are payable in South African rands.

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, market risk, asset specific risks and country risk in determining the fair value.

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

During the year under review, the group calculated the recoverable amounts (generally fair value less costs to sell) based on updated life-of-mine plans, a gold price of R275 000 per kilogram (US$1050 per ounce) and a post-tax real discount rate, which ranges between 5.92% and 10.72% depending on the asset (2009: R225 000 per kilogram (US$750 per ounce) and a 9.34% discount rate). 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.

3 Critical accounting estimates and judgements cont.

3.1 Impairment of mining assets cont.

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

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

Sensitivity analysis

One of the most significant assumptions influencing life-of-mine plans and therefore impairments, is the expected gold price. A 10% decrease in the gold price at the reporting date would have resulted in an additional impairment at Steyn 2 shaft of R14 million (US$1.8 million). This analysis assumes that all other variables remain constant.

3.2 Impairment of investments in associates

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

3.3 Valuation of available-for-sale financial assets

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

3.4 Estimate of exposure and liabilities with regard to rehabilitation costs

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

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

Management used an inflation rate of 6.23 % (2009: 6%) 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 dependent on the shaft's life of mine and are as follows: for 12 months – 6.75% (2009: 6.75%); for 1 – 5 years – 8% (2009: 8.25%); for 6 – 9 years – 8.5% (2009: 8.25%) and for 10 years or more – 9% (2009: 8.75%). 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 include a discount rate of 10.3%, no increases in employer subsidies (in terms of the agreement) and mortality rates according to the SA 1956/62 mortality table (SA "a mf" tables) (60 years) and a medical inflation rate of 8.14% (2009: discount rate of 10%, 60 years and 7.8% inflation rate).

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

3 Critical accounting estimates and judgements cont.

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 queries based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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 recognised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which the temporary differences are expected to reverse. At the group's South African operations, such average tax rates are directly impacted by the profitability of the relevant mine. The deferred tax rate is therefore based on the current estimate of future profitability of an operation when temporary differences will reverse, based in tax rates and tax laws that have been enacted at the balance sheet date. Refer to note 13 for further details.

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

3.7 Fair value of share-based payments

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

3.8 Impairment of goodwill

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

3.9 Gold in lock-up

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

3.10 Assessment of contingencies

Contingencies will only 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 and resources

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

3 Critical accounting estimates and judgements cont.

3.11 Gold mineral reserves and resources cont.

Estimating the quantities and/or grades of the reserves and resources 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 and resources change from year to year, and because additional geological data is generated during the course of operations, estimates of the mineral reserves and resources may change from year to year. Changes in the reserves and resources may affect the group's financial results and financial position in a number of ways, including:

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

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

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 to move into the production phase. Some of the criteria would include but are not limited to the following:

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

4 Financial risk management

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

The group's financial instruments are set out below:

Figures in million (SA rand)	Loans and receivables	Available-for-sale financial assets	Held-to-maturity investments	Fair value through profit or loss	Financial liabilities at amortised cost
At 30 June 2010					
Restricted cash	**146**	**–**	**–**	**–**	**–**
Restricted investments	**–**	**–**	**410**	**1 332**	**–**
Investments in financial assets	**–**	**12**	**–**	**–**	**–**
Trade and other receivables	**741**	**–**	**–**	**–**	**–**
Cash and cash equivalents	**770**	**–**	**–**	**–**	**–**
Borrowings	**–**	**–**	**–**	**–**	**1 190**
Trade and other payables	**–**	**–**	**–**	**–**	**455**
At 30 June 2009					
Restricted cash	161	–	–	–	–
Restricted investments	–	–	1 640	–	–
Investments in financial assets	–	57	–	–	–
Trade and other receivables	693	–	–	–	–
Cash and cash equivalents	1 950	–	–	–	–
Borrowings	–	–	–	–	362
Trade and other payables	–	–	–	–	553

4 Financial risk management cont.

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

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

(a) Market risk

(i) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar (US$). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. Harmony's revenues are sensitive to the R/US$ exchange rate as all revenues are generated by gold sales denominated in US$. Harmony generally does not enter into forward sales, derivatives or other hedging arrangements to establish exchange rates in advance for the sale of its future gold production.

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

4 Financial risk management cont.

(a) Market risk cont.

(i) Foreign exchange risk cont.

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	
2009	2010	Figures in million	2010	2009
		A$ against US$		
11	**9**	Increase by ten percent	**1**	1
(11)	**(9)**	Decrease by ten percent	**(1)**	(1)
0.81	**0.85**	Closing rate	**0.85**	0.81
		Kina against A$		
130	**226**	Increase by ten percent	**30**	17
(130)	**(226)**	Decrease by ten percent	**(30)**	(17)
2.71	**2.31**	Closing rate	**2.31**	2.71

(ii) Other price risk

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

Sensitivity analysis

A one percent increase in the share price at the reporting date, with all other variables held constant, would have increased other comprehensive income by R13.4 million (US$1.8 million) (2009: R0.6 million; US$0.01 million); an equal change in the opposite direction would have decreased other comprehensive income by R13.4 million (US$1.8 million) (2009: R0.6 million; US$0.1 million). The analysis is performed on the same basis for 2009.

Commodity price sensitivity

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

(iii) Cash flow and fair value Interest rate risk

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

Sensitivity analysis

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

SA rand			US dollar	
2009	2010	Figures in million	2010	2009
4	**12**	Increase by 100 basis points	**2**	–
(4)	**(12)**	Decrease by 100 basis points	**(2)**	–

4 Financial risk management cont.

(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.

Cash and cash equivalents and restricted cash

Financial institutions' credit rating by exposure:

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		Credit rating		
		South African operations		
711	**437**	AAA	**57**	92
98	**53**	AA[1]	**7**	13
628	**192**	AA[1]	**25**	81
364	**38**	A+	**5**	47
–	**13**	A	**2**	–
1 801	**733**	**Total South African operations**	**96**	233
		International operations		
310	**183**	AA[1]	**24**	40
310	**183**	**Total international operations**	**24**	40
2 111	**916**	**Total cash and cash equivalents and restricted cash**	**120**	273
		[1] *Includes restricted cash*		
71	**56**	AA	**7**	9
90	**90**	AA-	**12**	12
161	**146**	**Total restricted cash**	**19**	21

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

The group's maximum exposure to credit risk is represented by the carrying amount of all financial assets determined to be exposed to credit risk, amounting to R3 399 million (US$445.5 million) as at 30 June 2010 (2009: R4 445 million (US$575.8 million)).

(c) Liquidity risk

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

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

4 Financial risk management cont.

(c) Liquidity risk cont.

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

SA rand More than 1 year	SA rand Current	Figures in million	US dollar Current	US dollar More than 1 year
		2010		
1 155	**319**	Borrowings[1; 2; 3]	**41**	**152**
–	**455**	Trade and other payables (excluding non-financial liabilities)	**59**	**–**
1 155	**774**		**100**	**152**
		2009		
112	254	Borrowings[1; 2]	33	15
–	553	Trade and other payables (excluding non-financial liabilities)	71	–
112	807		104	15

[1] *R160 million (US$21 million) is due between 0 to 6 months. (2009: nil).*

[2] *R155 million (US$20 million) is due between 6 to 12 months. (2009: R254 million (US$32.9 million)).*

[3] *R305 million (US$40 million) is due between 1 to 2 years. (2009: R36 million (US$4.6 million)).*

(d) Capital risk management

The primary objective of managing the group's capital is to ensure that there is sufficient capital available to support the funding requirements of the group, in a way that 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 and equity as and when borrowings mature or when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof. The group may also adjust the amount of dividends paid, sell assets to reduce debt or schedule projects to manage the capital structure.

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

(e) Fair value determination

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

1) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
2) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
3) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

4 Financial risk management cont.

(e) Fair value determination cont.

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

Assets	Figures in million Level 1	Level 2	Level 3
SA rand			
Available-for-sale financial assets	**–**	**2**	**10**
Fair value through profit or loss	**–**	**1 332**	**–**
US dollar			
Available-for-sale financial assets	**–**	**–**	**2**
Fair value through profit or loss	**–**	**175**	**–**

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

Assets	Figures in million Level 1	Level 2	Level 3
SA rand			
Available-for-sale financial assets	–	48	9
US dollar			
Available-for-sale financial assets	–	6	1

SA rand 2009	2010	Figures in million	US dollar 2010	2009
		5 Cost of sales		
7 657	**8 358**	Production costs (a)	**1 103**	850
1 176	**1 326**	Amortisation and depreciation of mining properties, mine development costs and mine plant facilities	**175**	130
77	**49**	Amortisation and depreciation of assets other than mining and mining related assets (b)	**6**	9
5	**29**	Rehabilitation expenditure (c)	**4**	1
44	**57**	Care and maintenance cost of restructured shafts	**8**	5
39	**205**	Employment termination and restructuring costs (d)	**27**	4
113	**148**	Share-based payments (e)	**20**	13
546	**331**	Impairment of assets (f)	**43**	71
2	**(19)**	Provision for post retirement benefits (g)	**(3)**	–
9 659	**10 484**	**Total cost of sales**	**1 383**	1 083

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		5 Cost of sales cont.		
		(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:		
4 857	**5 776**	Labour costs, including contractors	**762**	540
1 937	**2 284**	Stores and materials	**302**	215
840	**1 212**	Water and electricity	**160**	93
222	**178**	Insurance	**24**	25
136	**140**	Transportation	**19**	15
(14)	**(20)**	Changes in inventory	**(3)**	(2)
(953)	**(1 187)**	Capitalisation of mine development costs	**(157)**	(106)
–	**6**	Deferred mining	**1**	–
(25)	**(35)**	By-products sales	**(5)**	(3)
–	**33**	Royalty expense	**4**	–
657	**(29)**	Other	**(4)**	73
7 657	**8 358**	**Total production cost**	**1 103**	850
		(b) Amortisation and depreciation of assets other than mining and mining related assets		
8	**16**	Other non-mining assets	**2**	1
24	**30**	Intangible assets	**4**	3
45	**3**	Amortisation of issue costs	**–**	5
77	**49**	**Total amortisation and depreciation**	**6**	9
		(c) For the assumptions used to calculate the rehabilitation costs, refer to note 3.4.		
		This expense includes the change in estimate for the rehabilitation provision as well as ongoing rehabilitation cost.		
		(d) Employment termination and restructuring costs consist of the following:		
10	**72**	Harmony Gold Mining Company Limited (Harmony)	**9**	1
9	**4**	Randfontein Estates Limited (Randfontein)	**1**	1
8	**116**	Evander Gold Mines Limited (Evander)	**15**	1
12	**12**	ARMGold/Harmony Freegold Joint Venture Company (Proprietary) Limited (Freegold)	**2**	1
–	**1**	Avgold Limited (Avgold)	**–**	–
39	**205**	**Total employment termination and restructuring cost**	**27**	4

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009

5 Cost of sales cont.

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

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

(f) Impairment consists of the following:

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
52	**249**	Virginia[1]	**33**	7
236	**11**	Target[1]	**1**	31
258	**70**	Evander[1]	**9**	33
–	**1**	Australia	**–**	–
546	**331**	**Total impairment of assets**	**43**	71

[1] During the 2010 financial year impairments to the value of R300 million (US$40 million) were recognised mainly as a result of the shaft closures discussed under note 5(d) above. The remaining balance in 2010 and the impairment in 2009 resulted from revised business (life-of-mine) plans, which are completed in June of each year, and included increases in electricity and labour costs. Included in 2009 for Evander and Target was additional capital expenditure that was needed to access reserve ounces in areas where geological anomalies have been discovered.

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

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009

5 Cost of sales cont.

(g) The net credit of R19 million (US$2.5 million) is a result of curtailments in 124 members' post employment subsidies due to renegotiation of employment contracts. These members were transferred from Freegold employment conditions to Harmony employment conditions.

6 Profit on sale of property, plant and equipment

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
947	**104**	Profit on sale of property, plant and equipment	**14**	114

During the 2010 financial year, the group concluded the sale of the Jeanette prospecting rights to Taung Gold Limited for a total consideration and profit of R75 million (US$10 million).

During June 2010, the group concluded a sale of royalty rights in Australia to Regis Resources Limited for a total consideration and profit of R27 million (US$3.5 million).

Included in the total for 2009 is R931 million (US$111.9 million) profit on sale of 50% of Harmony's gold and copper assets in Morobe province, Papua New Guinea (PNG), to Newcrest Mining Limited (Newcrest) in terms of the Master Purchase and Farm-in agreement. The sale was concluded in three stages. Refer to note 22.

7 Other expenses – net

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
(56)	**75**	Foreign exchange loss/(gain) – net (a)	**10**	(14)
100	**(16)**	Bad debts provision (credit)/expense (b)	**(2)**	11
31	**29**	Bad debts written off (b)	**4**	3
26	**(30)**	Other (income)/expenses – net	**(4)**	3
101	**58**	**Total other expenses – net**	**8**	3

(a) (i) During the 2010 financial year, foreign exchange losses relating to the Australasia intercompany loans amounting to R93 million (US$12.2 million) (2009: loss of R201 million (US$22.3 million) were recognised in the consolidated income statement.

SA rand			US dollar	
2009	2010	Figures in million	2010	2009

7 Other expenses – net cont.

During the 2008 financial year, two intercompany loans, previously designated as forming part of the net investment of the group's international operations, were de-designated, mainly as a result of the expected repayment of these loans. In accordance with the group's accounting policies, accumulated exchange gains that arose while the loans were considered to form part of the group's net investment in its international operations remain in equity and are only reclassified to the consolidated income statements as and when the loans are repaid. The repayment of these loans resulted in an exchange gain of R418 million (US$53.1 million) being recognised in the consolidated income statement in the 2009 financial year. Following the adoption of the amendment to IAS 21 – *The Effects of Changes in Foreign Exchange Rates* on 1 July 2009, the remaining accumulated exchange reserves relating to these de-designated loans will remain in equity until the Australian and/or PNG operations are sold, or control is otherwise lost.

(ii) In the 2010 financial year, foreign exchange gains amounting to R22 million (US$2.9 million) were realised on the liquidation of Harmony Gold Peru SA and Harmony Precious Metal Services SAS, wholly owned subsidiaries of Harmony.

(iii) During the 2009 financial year, foreign exchange losses of R292 million (US$30.0 million) were recognised relating to the exchange movements on the US$ denominated Pamodzi Resources Fund 1 LLP (PRF) loan for the Cooke transaction. Refer to note 21 for further detail.

In anticipation of the receipt of the purchase consideration for the Cooke assets, the group arranged a forward exchange contract, allowing the group to sell the proceeds at R10.27 per US$1 on 21 April 2009. The gain on this arrangement was R205 million (US$21.1 million).

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009

7 Other expenses – net cont.

(b) In the 2010 financial year, trade debt and loans of R29 million (US$3.8 million) (2009: R31 million (US$3.4 million)) were written off as the group considered the debts irrecoverable. During 2010 a net credit to the doubtful debt provision of R16 million (US$2.1 million) was recorded, where debt was no longer considered doubtful. During the 2009 financial year a provision of R100 million (US$11.2 million) was made where the group considered the recoverability of the debts to be doubtful. Refer to note 24.

8 Operating profit

The following have been included in operating profit:

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
25	**23**	**Auditors' remuneration**	**3**	3
		External		
15	**16**	Fees – current year	**2**	2
1	**–**	Fees – prior year under provision	**–**	–
2	**2**	Fees – other services	**–**	–
		Internal		
7	**5**	Fees – current year	**1**	1

9 Loss on sale of investment in subsidiary

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
–	**24**	Loss on sale of Big Bell Operations (Proprietary) Limited	**3**	–

During January 2010, the group concluded the sale of Big Bell Operations (Proprietary) Limited (Big Bell), an operation in Western Australia, for a total consideration of R24 million (US$3.2 million). The group realised a net loss of R24 million (US$3.3 million) after recycling a foreign currency reserve of R29 million (US$4 million) on disposal date from other comprehensive income to the consolidated income statement.

An amount of R23 million (US$3.0 million) was released to the group as a result of performance bonds being replaced by the purchaser.

Notes to the group financial statements cont.

For the years ended 30 June 2010

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009

10 Net gain/(loss) on financial instruments

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		Available-for-sale		
(115)	**(3)**	Impairment recognised in profit or loss (a)	**–**	(12)
–	**(1)**	Loss on sale of investments (b)	**–**	–
14	**11**	Realised portion of fair value movement (b)	**1**	2
–	**31**	Fair value gain on environmental trust funds	**4**	–
(101)	**38**	**Total net gain/(loss) on financial instruments**	**5**	(10)

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

(b) The group disposed of its entire shareholding in Avoca Resources Limited (Avoca), Alloy Resources Limited (Alloy) and various other smaller investments during the 2010 financial year for a total consideration of R50 million (US$6.6 million). Total fair value gains of R11 million (US$1 million) relating to these investment were reclassified from other reserves to the income statement. Refer to note 20 and 26 in this regard.

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

11 Investment income

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
441	**184**	*Interest received*	**25**	49
94	**22**	Loans and receivables	**3**	10
169	**72**	Held-to-maturity investments	**10**	19
178	**90**	Cash and cash equivalents	**12**	20
2	**3**	*Dividend income on available-for-sale investments*	**–**	–
443	**187**	**Total investment income**	**25**	49

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		12 Finance costs		
		Financial liabilities		
17	**1**	Bank and short-term facilities	**–**	2
135	**–**	Convertible unsecured fixed rate bonds	**–**	15
208	**83**	Nedbank Limited	**11**	23
5	**2**	Westpac Bank	**–**	–
365	**86**	Total finance costs from financial liabilities	**11**	40
		Non-financial liabilities		
15	**15**	Post-retirement benefits	**2**	2
98	**135**	Time value of money and inflation component of rehabilitation costs	**17**	11
16	**12**	South African Revenue Services (SARS)	**2**	2
129	**162**	Total finance costs from non-financial liabilities	**21**	15
494	**248**	**Total finance cost before interest capitalised**	**32**	55
(282)	**(2)**	Interest capitalised	**–**	(31)
212	**246**	**Total finance costs**	**32**	24

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

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		13 Taxation		
		SA normal taxation		
		Mining tax (a)		
130	**44**	– current year	**6**	14
41	**(1)**	– prior year	**–**	5
		Non-mining tax (b)		
159	**40**	– current year	**5**	18
5	**1**	– prior year	**–**	1
		Deferred tax (c)		
358	**364**	– deferred tax	**48**	40
		Foreign normal taxation		
(505)	**(113)**	– deferred tax (d)	**(15)**	(56)
188	**335**	**Total normal taxation**	**44**	22

(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.

SA rand			US dollar	
2009	2010	Figures in million	2010	2009

13 Taxation cont.

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

The formulas for determining the South African gold mining tax rates for the 2009 and 2010 financial years are:

$Y = 43 - 215/X$ (entities whom elected not to pay STC)
$Y = 34 - 170/X$ (entities whom did not make the election)

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

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

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

	2010	2009
Harmony Gold Mining Company Limited	**23.1%**	17.1%
Randfontein Estates Limited	**20.9%**	20.2%
Evander Gold Mines Limited	**22.9%**	6.9%
ARMGold/Harmony Freegold Joint Venture Company (Proprietary) Limited	**29.4%**	28.8%
Avgold Limited	**0.0%**	0.0%
Kalahari Goldridge Mining Company Limited	**21.0%**	24.0%

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		13 Taxation cont.		
		(d) Mining and non-mining income of Australian and PNG operations are taxed at a standard tax rate of 30%.		
		Income and mining tax rates		
		The tax rates remained unchanged for the 2010 and 2009 financial years.		
		Major items causing the group's income tax provision to differ from the maximum mining statutory tax rate of 43% (2009: 43%) were:		
(900)	**(75)**	Tax on net profit from continuing operations at the maximum mining statutory tax rate	**(10)**	(102)
(305)	**(144)**	Non-allowable deductions	**(19)**	(33)
5	**24**	Profit from associates	**3**	1
126	**16**	Difference between effective mining tax rate and statutory mining rate on mining income	**2**	14
100	**22**	Difference between non-mining tax rate and statutory mining rate on non-mining income	**3**	11
479	**(726)**	Effect on temporary differences due to changes in effective tax rates	**(95)**	53
(45)	**–**	Prior year adjustment – mining and non-mining tax	**–**	(5)
352	**548**	Capital allowance, sale of business and other rate differences	**72**	39
(188)	**(335)**	**Income and mining taxation**	**(44)**	(22)
9%	**191%**	**Effective income and mining tax rate**	**183%**	9%
		Deferred tax		
		Deferred tax liabilities and assets on the balance sheet as at 30 June 2010 and 30 June 2009 relate to the following:		
4 963	**5 422**	Gross deferred tax liability	**711**	643
4 786	**5 406**	Amortisation and depreciation	**709**	620
92	**–**	Product inventory not taxed	**–**	12
85	**16**	Other	**2**	11
(1 712)	**(1 887)**	Gross deferred tax asset	**(248)**	(222)
(1 409)	**(1 506)**	Unredeemed capital expenditure	**(198)**	(183)
(231)	**(269)**	Provisions, including non-current provisions	**(35)**	(30)
(72)	**(112)**	Tax losses	**(15)**	(9)
–	**(1)**	Disposal groups classified as held for sale	**–**	–
3 251	**3 534**	**Net deferred tax liability**	**463**	421

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		13 Taxation cont.		
		Movement in the net deferred tax liability recognised in the balance sheet is as follows:		
2 990	**3 251**	Balance at beginning of year	**421**	383
258	**251**	Total charge per income statement	**33**	29
1	**32**	Foreign currency translation	**9**	9
2	**–**	Tax directly charged to equity	**–**	–
3 251	**3 534**	**Balance at end of year**	**463**	421
		The following amounts that are expected to realise or be recovered in the next 12 months have been included in the deferred tax liabilities and assets:		
113	**284**	Deferred tax liabilities	**37**	15
(94)	**(187)**	Deferred tax assets	**(25)**	(12)
19	**97**	**Net current deferred tax liability**	**12**	3
		As at 30 June, certain subsidiaries in the group had the following tax credits:		
12 245	**13 604**	Unredeemed capital expenditure available for utilisation against future mining taxable income	**1 783**	1 586
190	**394**	Tax losses carried forward utilisable against taxable income	**52**	25
571	**469**	Capital Gains Tax (CGT) losses available to be utilised against future CGT gains.	**61**	74
2 927	**2 947**	As at 30 June, the group had not recognised the following deferred tax asset amounts	**386**	379
		The unrecognised temporary differences are:		
7 155	**8 165**	Unredeemed capital expenditure	**1 070**	926
207	**114**	Tax losses	**15**	27
571	**469**	CGT losses	**61**	74
1 190	**1 190**	Temporary differences relating to investments in associates	**156**	154
		Secondary Taxation on Companies		
		STC is a tax levied on South African companies at a rate of 10% with effect from 1 October 2007 on dividends distributed.		
		Current and deferred tax are measured at the tax rate applicable to undistributed income and therefore only take STC into account to the extent that dividends have been received or paid.		
		On declaration of a dividend, the company includes the STC on this dividend in its computation of the income tax expense in the period of such declaration.		
273	**141**	Available STC credits at end of year	**18**	35

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009

13 Taxation cont.

On 13 August 2010, the board of directors approved a final dividend for the 2010 financial year of 50 SA cents per share. The total dividend amounts to R214 million (US$29.3 million: calculated using the exchange rate on declaration date). As the dividends declared exceed the STC credits available, STC on the amount of R73 million is payable at a rate of 10%.

14 Disposal groups classified as held for sale and discontinued operations

i) The assets and liabilities relating to the Mount Magnet operation (operation in Western Australia) have been presented as held for sale following the approval of the group's management on 17 May 2010, on which date the formal process was started to find a willing buyer. These operations also met the criteria to be classified as discontinued operations. Consequently, the consolidated income statements, earnings per share and related notes for comparative periods have been re-presented to include income and expenses relating to the Mount Magnet operation in discontinued operations.

The conditions precedent for the sale of Mount Magnet assets were fulfilled and the transaction became effective on 20 July 2010. Refer to note 37.

ii) The assets and liabilities relating to the Cooke 1, Cooke 2, Cooke 3, Cooke plant and related surface operations (operations in Gauteng province) have been presented as held for sale following the approval by the group's management on 16 October 2007 to sell these assets to Rand Uranium (Proprietary) Limited (Rand Uranium). These operations were also deemed to be discontinued operations. The two part sale was concluded on 21 November 2008 and 22 April 2009. Refer to note 21.

The assets and liabilities for the operations classified as held for sale at the reporting dates are as follows:

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		Balance sheet		
		Assets of disposal groups classified as held for sale		
–	**226**	Property, plant and equipment	**29**	–
–	**12**	Deferred income tax	**2**	–
–	**7**	Inventories	**1**	–
–	**245**	**Total assets of disposal groups classified as held for sale**	**32**	–

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		14 Disposal groups classified as held for sale and discontinued operations cont.		
		Balance sheet		
		Liabilities of disposal groups classified as held for sale		
–	**13**	Deferred income tax	**2**	–
–	**119**	Provision for environmental rehabilitation	**16**	–
–	**3**	Trade and other payables	**–**	–
–	**135**	**Total liabilities of disposal groups classified as held for sale**	**18**	–
		The analysis of the results and cash flows of discontinued operations disclosed in the tables below:		
		Income statement		
614	**–**	Revenue	**–**	69
216	**–**	Reversal of impairment (a)	**–**	28
(876)	**(33)**	Expenses – net	**(4)**	(103)
1 786	**–**	Profit on sale of shares	**–**	171
18	**1**	Profit on sale of property, plant and equipment	**–**	2
1 758	**(32)**	(Loss)/profit from discontinued operations before tax	**(4)**	167
(736)	**–**	Taxation	**–**	(72)
1 022	**(32)**	**(Loss)/profit for the year from discontinued operations**	**(4)**	95
		Cash flows		
141	**(48)**	Operating cash flows	**(6)**	8
2 076	**1**	Investing cash flows	**–**	202
(2)	**2**	Foreign exchange translation adjustment	**–**	77
2 215	**(45)**	**Total cash flows**	**(6)**	287

a) Mount Magnet was previously classified as held for sale for a period until June 2009. On ceasing to be classified as held for sale, the carrying value was re-measured as per IFRS 5 (see note 2.11) and depreciation amounting to R219 million (US$28 million) was recorded in 2009. This also led to the recording of a reversal of impairment of R216 million (US$28 million).

15 (Loss)/earnings per share

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		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.		
414 121	**426 382**	Weighted average number of ordinary shares in issue (000)	**426 382**	414 121
1 905	**(160)**	Net (loss)/profit from continuing operations	**(20)**	216
1 022	**(32)**	Net (loss)/profit from discontinued operations	**(4)**	95
2 927	**(192)**	**Total net (loss)/profit attributable to shareholders**	**(24)**	311
460	**(38)**	Basic (loss)/earnings per share from continuing operations (cents)	**(5)**	52
247	**(8)**	Basic (loss)/earnings per share from discontinued operations (cents)	**(1)**	23
707	**(46)**	**Total basic (loss)/earnings per share (cents)**	**(6)**	75
		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.		
414 121	**426 382**	Weighted average number of ordinary shares in issue (000)	**426 382**	414 121
1 842	**1 465**	Potential ordinary shares (000)	**1 465**	1 842
415 963	**427 847**	**Weighted average number of ordinary shares for fully diluted earnings per share (000)**	**427 847**	415 963
458	**(38)**	Fully diluted (loss)/earnings per share from continuing operations (cents)	**(5)**	51
246	**(8)**	Fully diluted (loss)/earnings per share from discontinued operations (cents)	**(1)**	23
704	**(46)**	**Total fully diluted (loss)/earnings per share (cents)**	**(6)**	74
		The inclusion of share options issued to employees, as potential ordinary shares, has a dilutive effect on the earnings per share.		

Notes to the group financial statements cont.

For the years ended 30 June 2010

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		15 (Loss)/earnings per share cont.		
		Headline earnings per share		
		The calculation of headline earnings, net of tax, per share is based on the basic earnings per share calculation adjusted for the following items:		
		Continuing operations		
1 905	**(160)**	Net (loss)/profit	**(20)**	216
		Adjusted for:		
(947)	**(104)**	Profit on sale of property, plant and equipment	**(14)**	(114)
(15)	**22**	Taxation effect of profit on sale of property, plant and equipment	**3**	(2)
(418)	**(22)**	Foreign exchange gain reclassified from other comprehensive income	**(3)**	(47)
34	**–**	Taxation effect of foreign exchange gain reclassified from other comprehensive income	**–**	4
(1)	**–**	Profit on sale of investment in associate	**–**	–
–	**–**	Taxation effect of profit on sale of investment in associate	**–**	–
112	**–**	Impairment of investment in associate	**–**	14
–	**–**	Taxation effect of impairment of investment in associate	**–**	–
–	**24**	Loss on sale of investment in subsidiary	**3**	–
–	**(7)**	Taxation effect of loss on sale of investment in subsidiary	**(1)**	–
546	**331**	Impairment of assets	**43**	71
(27)	**(75)**	Taxation effect of impairment of assets	**(9)**	(3)
101	**(7)**	Net (gain)/loss on financial instruments	**(1)**	10
(30)	**2**	Taxation effect of (gain)/loss on financial instruments	**–**	(2)
1 260	**4**	**Headline profit from continuing operations**	**1**	147
		Discontinued operations		
1 022	**(32)**	Net (loss)/profit	**(4)**	95
		Adjusted for:		
(18)	**(1)**	Profit on sale of property, plant and equipment	**–**	(2)
6	**–**	Taxation effect of profit on sale of property, plant and equipment	**–**	–
(1 786)	**–**	Profit on sale of shares	**–**	(171)
664	**–**	Taxation effect on profit on sale of shares	**–**	63
(62)	**–**	Reversal of impairment	**–**	(10)
–	**–**	Taxation effect of reversal of impairment	**–**	–
(174)	**(33)**	**Headline (loss)/profit from discontinued operations**	**(4)**	(25)
1 086	**(29)**	**Total headline (loss)/profit**	**(3)**	122
304	**1**	Basic headline earnings per share from continuing operations (cents)	**–**	35
(42)	**(8)**	Basic headline loss per share from discontinued operations (cents)	**(1)**	(6)
262	**(7)**	**Total basic headline (loss)/earnings per share (cents)**	**(1)**	29

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		15 (Loss)/earnings per share cont.		
303	**1**	Fully diluted headline earnings per share from continuing operations (cents)	**–**	35
(42)	**(8)**	Fully diluted headline loss per share from discontinued operations (cents)	**(1)**	(6)
261	**(7)**	Total fully diluted headline (loss)/earnings per share (cents)	**(1)**	29
		Dividend per share		
–	**50 cents**	Dividend declared on 13 August 2009 in terms of dividend notice no. 79 (to all registered shareholders).	**6.2 cents**	–
		16 Property, plant and equipment		
12 574	**22 198**	Mining properties, mine development costs and mine plant facilities	**2 910**	1 628
5 602	**824**	Mining assets under construction	**108**	725
9 678	**6 403**	Undeveloped properties	**839**	1 253
–	**71**	Deferred stripping	**9**	–
58	**60**	Other non-mining assets	**8**	8
27 912	**29 556**	**Total property, plant and equipment**	**3 874**	3 614
		Mining properties, mine development costs and mine plant facilities		
		Cost		
19 674	**24 991**	Balance at beginning of year	**3 236**	2 521
–	**280**	Acquisition – Pamodzi Gold Free State (Proprietary) Limited (Pamodzi FS) assets (a)	**37**	–
1 971	**2 870**	Additions	**379**	219
(3 127)	**(390)**	Disposals	**(52)**	(324)
205	**184**	Adjustment to rehabilitation asset	**24**	27
1 232	**8 183**	Transfers and other movements	**1 060**	160
(727)	**241**	Translation	**82**	(113)
5 763	**(1 725)**	Net reclassification (to)/from held for sale	**(226)**	746
24 991	**34 634**	Balance at end of year	**4 540**	3 236
		Accumulated depreciation and impairments		
7 719	**12 417**	Balance at beginning of year	**1 608**	989
546	**330**	Impairment of assets	**43**	71
(1 471)	**(124)**	Disposals	**(17)**	(141)
1 390	**1 328**	Depreciation (b)	**175**	153
46	**42**	Depreciation capitalised to mining assets under construction	**6**	5
(602)	**123**	Translation	**35**	(89)
4 789	**(1 680)**	Net reclassification (to)/from held for sale	**(220)**	620
12 417	**12 436**	Balance at end of year	**1 630**	1 608
12 574	**22 198**	**Net book value**	**2 910**	1 628

16 Property, plant and equipment cont.

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		Mining assets under construction		
		Cost		
4 378	**5 602**	Balance at beginning of year	**725**	561
2 699	**384**	Additions (c)	**51**	300
282	**2**	Finance costs capitalised	**–**	31
(1 512)	**–**	Disposals	**–**	(186)
104	**(5 153)**	Transfers and other movements	**(667)**	13
(349)	**(11)**	Translation	**(1)**	6
5 602	**824**	**Book value**	**108**	725
		Undeveloped property		
		Cost		
11 206	**10 194**	Balance at beginning of year	**1 320**	1 436
208	**–**	Additions	**–**	23
(311)	**(71)**	Disposals	**(9)**	(39)
(1 336)	**(3 030)**	Transfers and other movements	**(393)**	(173)
(449)	**25**	Translation	**15**	(40)
876	**(211)**	Net reclassification (to)/from held for sale	**(28)**	113
10 194	**6 907**	Balance at end of year	**905**	1 320
		Accumulated depreciation and impairment		
14	**516**	Balance at beginning of year	**67**	2
(62)	**–**	Reversal on impairment of assets (b)	**–**	(10)
(108)	**17**	Translation	**3**	(12)
672	**(29)**	Net reclassification (to)/from held for sale	**(4)**	87
516	**504**	Balance at end of year	**66**	67
9 678	**6 403**	**Net book value**	**839**	1 253
		Deferred stripping		
		Cost		
–	**–**	Balance at beginning of year	**–**	–
–	**77**	Additions	**10**	–
–	**(6)**	Transferred to production cost	**(1)**	–
–	**71**	**Book value**	**9**	–
		Other non-mining assets		
		Cost		
347	**382**	Balance at beginning of year	**49**	44
32	**22**	Additions	**3**	4
(1)	**(5)**	Disposals	**(1)**	–
(1)	**–**	Translation	**1**	–
5	**–**	Net reclassification from held for sale	**–**	1
382	**399**	Balance at end of year	**52**	49

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		16 Property, plant and equipment cont.		
		Other non-mining assets cont.		
		Accumulated depreciation and impairments		
316	**324**	Balance at beginning of year	**41**	40
–	**(2)**	Disposals	**–**	–
8	**16**	Depreciation	**2**	1
–	**1**	Impairment of assets	**–**	–
–	**–**	Translation	**1**	–
324	**339**	Balance at end of year	**44**	41
58	**60**	**Net book value**	**8**	8
27 912	**29 556**	**Total net book value**	**3 874**	3 614

(a) During the 2010 financial year the group concluded separate purchase agreements with the liquidators of Pamodzi FS for the purchase of its Free State assets and inventories (refer to note 23). The consideration paid for the mining assets was R280 million (US$37 million) and R120 million (US$16 million) was paid for the inventories.

(b) For the 2009 and 2010 financial years, the amounts include both continuing and discontinued operations.

(c) On 1 December 2008, Harmony issued 3.4 million shares to Rio Tinto Limited to cancel the Rio Tinto royalty rights over Wafi-Golpu in Papua New Guinea. The value of the issued shares were R242 million (US$23.4 million).

(d) Additional disclosures

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		Leased assets		
131	**110**	Carrying value of capitalised leased assets (included in mining properties, mine development cost and mine plant facilities)	**14**	17
162	**163**	Cost	**21**	21
(31)	**(53)**	Accumulated depreciation	**(7)**	(4)
7	**16**	Finance lease additions	**2**	1

Except for the leased assets mentioned above, none of the assets listed above have been pledged or otherwise committed as security for any liabilities.

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		17 Intangible assets		
		Goodwill		
		Cost		
2 372	**2 373**	Balance at beginning of year	**307**	304
1	**–**	Acquired through purchase of subsidiaries	**–**	–
–	**–**	Translation	**4**	3
2 373	**2 373**	Balance at end of year	**311**	307
		Accumulated amortisation and impairments		
210	**210**	Balance at beginning of year	**27**	27
–	**–**	Translation	**1**	–
210	**210**	Balance at end of year	**28**	27
2 163	**2 163**	**Net book value (a)**	**283**	280
		Computer software (b)		
		Cost		
63	**101**	Balance at beginning of year	**13**	8
38	**16**	Acquired during the year	**2**	4
–	**–**	Translation	**1**	1
101	**117**	Balance at end of year	**16**	13
		Accumulated amortisation and impairments		
16	**40**	Balance at beginning of year	**5**	2
24	**30**	Amortisation charge for the year	**4**	3
40	**70**	Balance at end of year	**9**	5
61	**47**	**Net book value**	**7**	8
2 224	**2 210**	**Total net book value**	**290**	288
		(a) The net book value of goodwill has been allocated to the cash generating units:		
224	**224**	Bambanani	**29**	29
558	**558**	Tshepong	**73**	72
1 330	**1 330**	Phakisa	**174**	172
41	**41**	Joel	**5**	5
10	**10**	Other	**2**	2
2 163	**2 163**		**283**	280
		(b) The amount relates to the implementation of an Oracle ERP software application.		

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		18 Restricted cash		
112	**112**	Environmental guarantees call account (a)	**15**	15
2	**2**	Security deposits (b)	**–**	–
47	**32**	Cash management account (c)	**4**	6
161	**146**	**Total restricted cash**	**19**	21

(a) The amount relates to funds set aside for guarantees made to the Department of Mineral Resources in South Africa for environmental and rehabilitation obligations.

(b) The amount relates to security deposits on mining tenements.

(c) The amount relates to funds set aside by the international operations for guarantee related performance bonds for Australia environmental obligations. Following the sale of Mount Magnet this cash will again be available for general corporate purposes. Refer to note 37.

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		19 Restricted investments		
1 597	**1 702**	Investments held by Environmental Trust Funds (a)	**223**	207
43	**40**	Investments held by Social Trust Fund (b)	**5**	5
1 640	**1 742**	**Total restricted investments**	**228**	212
		(a) *Environmental Trust Funds consist of:*		
1 597	**370**	– Held-to-maturity financial assets	**48**	207
–	**1 332**	– Fair value through profit or loss financial assets	**175**	–
1 597	**1 702**	**Total Environmental Trust Funds**	**223**	207

The environmental trust funds are irrevocable trusts under the group's control. Contributions to the trusts are invested in interest-bearing short-term investments or medium-term equity-linked notes issued by commercial banks that provide guaranteed interest and additional interest or growth linked to the growth of the Shareholder Weighted Top 40 index (SWIX 40) of the JSE. The equity-linked notes are designated fair value through profit or loss investments and recorded at fair value whilst the interest-bearing short-term investments are classified as held-to-maturity and recorded at amortised cost. These investments provide for the estimated cost of rehabilitation at the end of the life of the group's mines. Income earned on the investments is retained in the funds and reinvested.

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009

19 Restricted investments cont.

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		Reconciliation of the movement in the Environmental Trust Funds:		
1 603	**1 597**	Balance at beginning of year	**207**	206
178	**69**	Interest income	**9**	21
–	**31**	Fair value movement	**4**	–
(184)	**–**	Disposal of business	**–**	(20)
–	**5**	Contributions made	**1**	–
–	**–**	Translation	**2**	–
1 597	**1 702**	**Balance at end of year**	**223**	207

(b) The social trust fund is an irrevocable trust under the group's control and is classified as a held-to-maturity investment. The group has undertaken to donate over a period of 10 years to The Harmony Gold Mining Group Social Plan Trust in terms of an agreement signed on 3 November 2003. An initial donation of R19 million (US$2.7 million) was made during the 2004 year. Thereafter instalments of R3.5 million (US$0.45 million) per annum was and will be made with the final instalment 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 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		Reconciliation of the movement in the Social Trust Fund:		
36	**43**	Balance at beginning of year	**5**	5
4	**4**	Contributions made*	**1**	–
4	**3**	Interest accrued*	**–**	–
(1)	**(10)**	Claims paid*	**(1)**	–
43	**40**	**Balance at end of year**	**5**	5

* Note that for the 2009 financial year when these amounts were translated into US dollars, the amounts were less than US$0.5 million and were rounded down, resulting in no movement being shown for the year.

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		20 Investment in financial assets		
69	**57**	Balance at beginning of year	**7**	9
64	**1**	Additions	**–**	8
(37)	**(51)**	Disposals	**(6)**	(4)
(30)	**2**	Fair value movement of available-for-sale investments	**–**	(3)
(9)	**3**	Translation	**1**	(3)
57	**12**	**Balance at end of year**	**2**	7
		The carrying amount consists of the following:		
		Available-for-sale financial assets		
1	**–**	Investment in Alloy (a)	**–**	–
41	**–**	Investment in Avoca (b)	**–**	5
15	**12**	Investment in other listed and unlisted shares (c)	**2**	2
57	**12**	**Total available-for-sale financial assets**	**2**	7

(a) During 2006, the group received 5 million shares, valued at A$0.20 per share in Alloy as consideration for the sale of mining tenements. During the 2009 financial year, the investment was considered permanently impaired, resulting in a cumulative loss of R4 million (US$0.4 million), net of tax, recognised in other reserves, being reclassified from other reserves equity to the consolidated income statement. Subsequent to the impairment, a gain of R0.35 million (US$0.04 million) was recognised in other comprehensive income. Tax on this revaluation amounted to R0.1 million (US$0.01 million), which has been charged directly to equity.

During the 2010 financial year these shares were sold, resulting in a net loss of R0.1 million (US$0.1 million). Refer to note 10.

(b) On 17 April 2009, the group received 3 809 524 Avoca shares, valued at A$1.50 per share, as consideration for the disposal of its Dioro shares. During the 2010 financial year, a fair value loss of R2 million (US$0.3 million) (2009: R4.5 million (US$0.5 million) fair value gain) was recognised in other comprehensive income, net of tax.

During the 2010 financial year, these shares were sold resulting in a net profit of R0.7 million (US$0.1 million). Refer to note 10.

20 Investment in financial assets cont.

(c) These investments are valued by the directors on an annual basis to ensure that no significant prolonged decline in the value of the investments has occurred. During the 2010 financial year the group disposed of certain listed investments for a net loss of R2 million (US$0.2 million). Refer to note 10. Fair value gains recognised in other comprehensive income for the year totalled R6 million (US$0.8 million) (2009: Rnil). During the 2010 financial year, the group did not receive any income from these investments (2009: Nil).

21 Investment in associates

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
145	**329**	Balance at beginning of year	**43**	19
284	**–**	Subsidiary becoming associate	**–**	25
12	**56**	Share of profit after tax	**7**	1
(112)	**–**	Impairment of share in associate	**–**	(14)
–	**–**	Translation	**–**	12
329	**385**	**Balance at end of year**	**50**	43
		The carrying amount consists of:		
–	**–**	Pamodzi Gold Limited (a)	**–**	–
329	**385**	Rand Uranium (Proprietary) Limited (b)	**50**	43
329	**385**	**Total investment in associates**	**50**	43

(a) On 27 February 2008, Pamodzi Gold Limited (Pamodzi) bought the Orkney operations from the group for a consideration of 30 million Pamodzi shares. This resulted in Harmony owning 32.4% of Pamodzi valued at R345 million (US$46.5 million) being R11.50 (US$1.54) per share on acquisition date. Pamodzi was listed on the JSE and had interests in operating gold mines in South Africa.

21 Investment in associates cont.

On 30 September 2008, an impairment test was performed and an impairment of R112 million (US$13.5 million) was recorded, bringing the total impairment recorded on the investment to date to R207 million (US$25.8 million). After taking into account the group's share of losses of R33 million (US$3.7 million), the carrying value at 31 December 2008 was R0. Total share in losses to date was R110 million (US$14.3 million). Subsequently, the group has not recognised its share of any further losses.

Pamodzi was placed in liquidation and the trading of its shares on the JSE was suspended.

At the time of this report being finalised no audited financial statements were available for years ending 31 December 2009 and 2008. The extract below represents unaudited information for the nine months ended 31 March 2009. No financial information subsequent to this date is available and therefore no information has been disclosed for 2010.

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
100%				100%
623		Revenue		69
(801)		Production costs		(89)
(178)		Operating loss		(20)
(361)		**Net loss**		(40)
		The financial position as at 31 March 2009 is disclosed below:		
2 005		Non-current assets		260
145		Current assets		18
2 150		**Total assets**		278
1 863		Current liabilities		241
478		Non-current liabilities		62
2 341		**Total liabilities**		303

SA rand			US dollar	
2009	2010	Figures in million	2010	2009

21 Investment in associates cont.

(b) The group owns a 40% share of Rand Uranium, which is an unlisted company registered in South Africa, with gold mining operations in the Gauteng province of South Africa.

The group's interest was obtained by the completion of two transactions, discussed below.

On 21 November 2008, the company's wholly-owned subsidiary Randfontein Estates Limited disposed of its Randfontein Cooke assets to a newly formed wholly-owned subsidiary Rand Uranium, for a consideration of US$328 million (R3 484 million), settled with Rand Uranium shares. In a related transaction on the same date, 60% of these shares were sold to PRF for US$197 million (R2 093 million). US$40 million was paid on the effective date and the balance of US$157 million was paid on 20 April 2009. Interest was charged on the outstanding balance at 5% per annum, resulting in R32 million (US$3.3 million) being recognised in the income statement. The interest was also received on 20 April 2009.

The conditions precedent for the second part of the Rand Uranium transaction relating to the sale of the Old Randfontein assets to Rand Uranium were fulfilled on 22 April 2009. These assets were valued at US$20 million (R212 million). Additional shares were issued in settlement and 60% of these shares were sold to PRF in terms of the agreement. PRF paid its portion of the purchase price, US$12 million (R109 million), in cash on 20 April 2009.

The shareholders' agreement includes certain restrictions on the group's ability to dispose of its shares in Rand Uranium for a period of up to four years from the effective date, being 21 November 2008. In addition, PRF has the right, for a period of up to four years after the effective date, to have first claim on the proceeds, up to a specified amount, in the event of a disposal of the operations. Harmony has first right of refusal in such an event. However due to the contingent nature of the provision, the group has made no adjustments to the associate's carrying amount.

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009

21 Investment in associates cont.

The group recognised a profit of R1 786 million (US$171 million) (before tax) on these transactions during the 2009 financial year. This profit is included in the profit from discontinued operations. Refer to note 14.

The group recognised its share of the post-acquisition profits of R56 million (US$7 million) (7 months ending 30 June 2009: R46 million (US$5.1 million)).

Rand Uranium has a year end of 30 June. The audited financial information of Rand Uranium for the years ended 30 June 2010 and at 30 June 2010 and 30 June 2009 is as follows:

2009	2010	Figures in million	2010	2009
100%	**100%**		**100%**	100%
913	**1 691**	Revenue	**223**	101
(678)	**(1 306)**	Production costs	**(172)**	(75)
235	**385**	Gross profit	**51**	26
112	**137**	**Net profit**	**18**	12
4 456	**4 666**	Non-current assets	**612**	577
222	**206**	Current assets	**27**	29
4 678	**4 872**	**Total assets**	**639**	606
183	**173**	Current liabilities	**23**	24
699	**766**	Non-current liabilities	**100**	91
882	**939**	**Total liabilities**	**123**	115

22 Investment in joint venture

Morobe Mining Joint Ventures (MMJV) partnership agreement (50%)

The group has a 50% interest in gold and copper assets located in the Morobe province, PNG. Newcrest owns the remaining 50% interest in these assets. This partnership was formed during the 2009 financial year through a range of transactions, which are discussed below.

On 22 April 2008, Morobe Consolidated Goldfields Limited and Wafi Mining Limited, subsidiaries of Harmony Australia, entered into a Master Purchase and Farm-in Agreement with Newcrest. This agreement provided for Newcrest to purchase a 30.01% participating interest (stage 1) and a further farm-in of an additional 19.99% participating interest in Harmony's Morobe gold and copper assets, giving them a 50% interest. The total value of the transaction was estimated at US$530 million.

SA rand		Figures in million	US dollar	
2009	2010		2010	2009

22 Investment in joint venture cont.

On 16 July 2008, the conditions to the Master Purchase and Farm-in agreement were finalised, which included regulatory and statutory approvals by the PNG Government. Stage 1 completion took place on 31 July 2008, and a total consideration of R1 792 million (US$229.8 million) was received on 7 August 2008, of which R390 million (US$50.0 million) was placed in a jointly controlled escrow account. This amount was subsequently released to Harmony following confirmation of approval of an exploration license during September 2008 by the PNG mining authorities.

Harmony recognised a profit of R416 million (US$58 million) on the completion of stage 1, which represented a sale of a 30.01% undivided interest of Harmony's Morobe gold and copper assets and liabilities comprising the joint venture.

During the farm-in period, Harmony agreed to transfer a further 19.99% interest to Newcrest in consideration for an agreement by Newcrest to meet certain expenditure which would otherwise have to be undertaken by Harmony. The interest to be transferred was conditional on the level of capital expenditures funded by Newcrest at certain milestones, and by the end of February 2009, Newcrest acquired another 10% through the farm-in arrangement. The final 9.99% was acquired by 30 June 2009.

At the date of completion of each party's obligations under the farm-in arrangement, Harmony derecognised the proportion of the mining assets and liabilities in the joint venture that it had sold to Newcrest, and recognised its interest in the capital expenditure at fair value. The difference between the net disposal proceeds and the carrying amounts of the asset disposed of during the farm-in arrangement amounted to a gain of R515 million (US$54 million), which has been included in the consolidated income statement for 2009.

The following are the group's effective share of income, expenses, assets and liabilities, which are included in the 2010 consolidated financial statements:

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		22 Investment in joint venture cont.		
50%	**50%**		**50%**	50%
–	**79**	Revenue	**10**	–
–	**(63)**	Production costs	**(8)**	–
–	**16**	Gross profit	**2**	–
(108)	**(302)**	Other costs	**(40)**	(12)
(108)	**(286)**	**Net loss**	**(38)**	(12)
1 427	**2 910**	Non-current assets	**382**	185
343	**364**	Current assets	**48**	44
1 770	**3 274**	**Total assets**	**430**	229
1 241	**168**	Non-current liabilities	**22**	161
281	**148**	Current liabilities	**19**	36
1 522	**316**	**Total liabilities**	**41**	197
		23 Inventories		
283	**205**	Gold in lock-up	**27**	37
332	**526**	Gold in process, ore stockpiles and bullion on hand	**68**	43
420	**477**	Stores and materials at weighted average cost	**63**	54
1 035	**1 208**	Total inventories	**158**	134
–	**(214)**	Non-current portion of gold in lock-up and gold in-process	**(28)**	–
1 035	**994**		**130**	134
–	**(7)**	Net reclassification to held for sale	**(1)**	–
1 035	**987**	**Total current portion of inventories**	**129**	134
		Included in the balance above is:		
231	**205**	**Inventory valued at net realisable value**	**27**	30

During the year, the group acquired a waste rock dump valued at R20 million (US$2.7 million) and a gold plant containing gold in lock-up valued at R100 million (US$13.3 million) from Pamodzi FS, which have been included in the cost of inventory.

During the year, R29 million (US$3.9 million) (2009: R5 million (US$0.6 million)) was provided for slow moving stock. The total provision at 30 June 2010 was R57 million (US$7.5 million) (2009: R28 million (US$3.6 million)).

Notes to the group financial statements cont.

For the years ended 30 June 2010

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		24 Trade and other receivables		
		Current		
		Financial assets:		
251	**337**	Trade receivables (gold)	**44**	33
259	**227**	Other trade receivables (a)	**30**	34
(112)	**(96)**	Provision for impairment	**(13)**	(15)
398	**468**	Trade receivables – net	**61**	52
112	**40**	Loans to associates and joint ventures (b)	**5**	15
85	**89**	Interest and other receivables (c)	**12**	11
20	**15**	Employee receivables	**2**	2
3	**54**	Insurance claims receivable (d)	**7**	–
		Non-financial assets:		
74	**65**	Prepayments	**9**	10
193	**201**	Value added tax	**26**	25
885	**932**	**Total current trade and other receivables**	**122**	115
		Non-current		
		Financial assets:		
182	**179**	Loans to associates (e)	**23**	24
18	**12**	Other loans receivable	**2**	2
(125)	**(116)**	Provision for impairment (f)	**(15)**	(16)
75	**75**	**Total non-current trade and other receivables**	**10**	10

(a) Included in other trade receivables is an amount of R6 million (US$0.7 million) (2009: R70 million (US$9.1 million)) owed by Rand Uranium.

(b) An amount of R40 million (US$5 million) (2009: R37 million (US$4.8 million)) is due from Rand Uranium for services and goods supplied in terms of the service level agreements entered into between the group and Rand Uranium. Also included in 2009 is an amount of R75 million (US$9.7 million) receivable by Harmony's Australian operations, from Newcrest for their portion of the loan to the MMJV companies.

(c) Included in interest and other receivables is an amount of R17 million (US$2.2 million) owing by Pamodzi FS in terms of the asset purchase agreements, for rehabilitation trust funds to be released to the group.

(d) The insurance claim receivable of R54 million (US$7.1 million) relates to damage caused by an underground fire at the Bambanani operation. The claim was settled subsequent to the 2010 financial year end.

SA rand			US dollar	
2009	2010	Figures in million	2010	2009

24 Trade and other receivables cont.

(e) Included in the balance for 2010 is a loan of R63 million (US$8.3 million) (2009: R66 million (US$8.5 million)) to Rand Uranium. The loan bears interest at a three-month JIBAR plus 250 basis points and is repayable on 21 November 2015. The loan has been subordinated. Also included in this balance is a loan of R116 million (US$15.2 million), (2009: R116 million (US$15.0 million)) owed by Pamodzi. The loan bore interest at prime rate until March 2009 when Pamodzi was placed into liquidation. Harmony is a concurrent creditor in the Pamodzi Orkney liquidation.

(f) Included in this balance is the amount of R116 million (US$15.2 million), (2009: R116 million (US$15.0 million)) relating to the loan owed by Pamodzi. In 2009, an amount of R9 million (US$1.1 million) relating to the loan owed by Ubuntu included in other loans receivable, was also provided for and subsequently written off during the 2010 financial year. Interest of R13 million (US$1.5 million) was charged on these loans in the 2009 financial year. No interest was charged in 2010.

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		The movement in the provision for impairment of trade receivables during the year was as follows:		
132	**112**	Balance at beginning of year	**15**	17
36	**13**	Provision for impairment of receivables	**2**	4
(53)	**(29)**	Unused amounts reversed	**(4)**	(6)
(3)	**–**	Receivables written off during the year	**–**	–
112	**96**	**Balance at end of year**	**13**	15
		The movement in the provision for impairment of loans receivables during the year was as follows:		
15	**125**	Balance at beginning of year	**16**	2
117	**–**	Provision for impairments of loans	**–**	13
(7)	**(9)**	Loans written off during the year	**(1)**	(1)
–	**–**	Translation	**–**	2
125	**116**	**Balance at end of year**	**15**	16

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009

24 Trade and other receivables cont.

The ageing of trade receivables at the reporting date was:

Impairment	Gross		Gross	Impairment
		30 June 2010		
–	**418**	Fully performing	**55**	–
–	**21**	Past due by 1 to 30 days	**3**	–
–	**17**	Past due by 31 to 60 days	**2**	–
–	**7**	Past due by 61 to 90 days	**1**	–
27	**27**	Past due by more than 90 days	**4**	4
69	**74**	Past due by more than 361 days	**9**	9
96	**564**		**74**	13

Impairment	Gross		Gross	Impairment
		30 June 2009		
–	**268**	Fully performing	**35**	–
–	**106**	Past due by 1 to 30 days	**14**	–
–	**8**	Past due by 31 to 60 days	**1**	–
–	**6**	Past due by 61 to 90 days	**1**	–
39	**49**	Past due by more than 90 days	**7**	6
73	**73**	Past due by more than 361 days	**9**	9
112	**510**		**67**	15

The ageing of loans receivable at the reporting date was:

Impairment	Gross		Gross	Impairment
		30 June 2010		
–	**75**	Fully performing	**10**	–
–	**–**	Past due by 1 to 30 days	**–**	–
–	**–**	Past due by 31 to 60 days	**–**	–
–	**–**	Past due by 61 to 90 days	**–**	–
–	**–**	Past due by more than 90 days	**–**	–
116	**116**	Past due by more than 361 days	**15**	15
116	**191**		**25**	15

Impairment	Gross		Gross	Impairment
		30 June 2009		
–	**75**	Fully performing	**10**	–
–	**–**	Past due by 1 to 30 days	**–**	–
–	**–**	Past due by 31 to 60 days	**–**	–
–	**–**	Past due by 61 to 90 days	**–**	–
14	**14**	Past due by more than 90 days	**2**	2
111	**111**	Past due by more than 361 days	**14**	14
125	**200**		**26**	16

SA rand			US dollar	
2009	2010	Figures in million	2010	2009

24 Trade and other receivables cont.

Based on past experience, the group believes that no impairment allowance is necessary in respect of fully performing receivables as the amount relates to customers that have a good track record with the group. Similarly, the other loans and receivables noted above, other than those provided for, are fully performing and considered to be a low credit risk.

During the 2008 financial year, the balance of R50 million (US$6 million) due from Ogoerion Construction CC for the purchase of the Deelkraal surface assets was impaired. In the 2009 financial year, the deal was renegotiated and the Deelkraal plant was excluded from the transaction. The purchase price was revised and as a result, the balance due and the related provision for impairment of trade receivables was reversed.

During the year 2010 and 2009 financial years there was no renegotiation of the terms of any receivable, other than as discussed above.

As at 30 June 2010 and 30 June 2009 financial years, there was no collateral pledged or held for any of the receivables.

25 Share capital

Authorised

1 200 000 000 (2008: 1 200 000 000) ordinary shares of SA 50 cents each
10 958 904 (2009: 10 958 904) redeemable convertible preference shares of SA 50 cents each.

Issued

428 654 779 (2009: 425 986 836) ordinary shares of SA 50 cents each. All issued shares are fully paid.

Included in the total of issued shares is an amount of 2 314 shares held by Lydenburg Exploration Limited, a wholly owned subsidiary of the Company.

10% of the authorised but unissued shares are under the control of the directors until the forthcoming annual general meeting. The Directors' Report and note 34 set out details in respect of the share option scheme and shares held in trust for employees of the group.

SA rand			US dollar	
2009	2010	Figures in million	2010	2009

25 Share capital cont.

The directors of the company have a general authority to issue shares for cash up to a maximum of 5% of the issued share capital in any one financial year. This is in terms of the annual general meeting of shareholders held on 23 November 2009 and valid until the forthcoming annual general meeting. 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.

Share issues

2010 financial year

On 19 March 2010, Harmony concluded an agreement with Africa Vanguard Resources (Doornkop) (Proprietary) Limited (AVRD) for the purchase of its 26% share of the mining titles of the Doornkop South Reef. Part of the purchase consideration was the issuance of 2 162 359 Harmony shares to AVRD. In terms of the purchase agreement 975 419 Harmony shares are held in escrow until 1 May 2014. Refer to note 26.

2009 financial year

On 1 December 2008, Harmony issued 3 364 675 shares to Rio Tinto. The Harmony shares were issued to cancel the Rio Tinto royalty rights over Wafi-Golpu in PNG. The value of issued shares was R242 million (US$23 million) at R71.98 per share.

Harmony engaged in capital raising by issuing two tranches of shares following the resolution passed by shareholders at the annual general meeting held on 24 November 2008. The first tranche was issued into the open market between 25 November 2008 and 19 December 2008. In this tranche, 10 504 795 Harmony shares were issued at an average subscription price of R93.20, resulting in R979 million (US$97.9 million) before costs being raised. The cost of the issue was R15 million (US$1.9 million), or 1.5%, of the value of shares issued.

A second tranche of shares was issued for cash into the open market between 10 February 2009 and 6 March 2009. This tranche consisted of 7 540 646 Harmony shares at an average subscription price of R124.45, resulting in R938 million (US$93.5 million) before costs being raised. The cost of the issue was R15 million (US$1.6 million) or 1.6% of the value of shares issued. The combined share issue amounts to R1.9 billion (US$192 million), or 4.5%, of the issued share capital as at 30 September 2008.

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		26 Other reserves		
78	**(49)**	Foreign exchange translation reserve (a)	**(86)**	(111)
8	**4**	Fair value movement of available-for-sale financial assets (b)	**4**	4
277	**277**	Equity component of convertible bond (c)	**41**	41
(381)	**(381)**	Acquisition of non-controlling interest in subsidiary (d)	**(57)**	(57)
388	**536**	Share-based payments (e)	**75**	55
–	**(98)**	Repurchase of equity interest (f)	**(13)**	–
(31)	**(31)**	Other	**(4)**	(4)
339	**258**	**Total other reserves**	**(40)**	(72)
		The different categories of other reserves are made up as follows:		
		Foreign exchange translation reserve		
575	**78**	Balance at beginning of year	**(111)**	(216)
(418)	**6**	Realised portion reclassified through profit or loss	**1**	(53)
(79)	**(133)**	Current year's foreign exchange movement	**24**	158
78	**(49)**	**Balance at end of year**	**(86)**	(111)
		Fair value movement of available-for-sale financial assets		
(39)	**8**	Balance at beginning of year	**4**	(2)
115	**3**	Impairment recognised in profit or loss	**–**	12
(35)	**–**	Tax on impairment	**–**	(3)
(14)	**(11)**	Realised portion reclassified through profit or loss	**(1)**	(2)
1	**1**	Tax on realised portion	**–**	–
(30)	**2**	Fair value movement – unrealised	**–**	(3)
7	**–**	Tax on fair value movement	**–**	1
3	**1**	Translation	**1**	1
8	**4**	**Balance at end of year**	**4**	4
		Equity component of convertible bond		
277	**277**	Balance at beginning/end of year	**41**	41
		Acquisition of non-controlling interest in subsidiary		
(381)	**(381)**	Balance at beginning/end of year	**(57)**	(57)
		Share-based payments		
275	**388**	Balance at beginning of year	**55**	42
113	**148**	Share-based payments expensed	**20**	13
388	**536**	**Balance at end of year**	**75**	55
		Repurchase of equity interest		
–	**(98)**	Acquired equity interest during the year	**(13)**	–
–	**(98)**	**Balance at end of year**	**(13)**	–
		Other reserves		
(31)	**(31)**	Balance at beginning/end of year	**(4)**	(4)

SA rand			US dollar	
2009	2010	Figures in million	2010	2009

26 Other reserves cont.

(a) The balance of the foreign exchange translation reserve movement represents the cumulative translation effect of the group's off-shore operations. The US dollar amount includes the translation effect from rand to US dollar.

The realised portion reclassified through profit or loss relates to the sale of Big Bell operations in Australia and the liquidation of Harmony Gold Peru SA. and Harmony Precious Metal Services SAS. Refer to note 7 for further detail.

(b) The balance of the fair value movement reserve represents the movement in the fair value of the available-for-sale financial assets. For details on the movement, refer to note 20. For details regarding the realised portion reclassified to profit or loss refer to note 10(b).

(c) On 24 May 2004, the group issued a convertible bond. The amount representing the value of the equity conversion component is included in other reserves, net of deferred income taxes. The equity conversion component is determined on the issue of the bonds and is not changed in subsequent periods.

(d) On 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 the non-controlling interest acquired, amounting to R381 million (US$55 million), has been accounted for under other reserves.

SA rand			US dollar	
2009	2010	Figures in million	2010	2009

26 Other reserves cont.

(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 the 2010 financial year, a share-based payment expense of R148 million (US$19.5 million) (2009: R113 million (US$12.6 million)) was charged to the income statement. (Refer to note 34 for more detail).

(f) On 19 March 2010, Harmony Gold Mining Company Limited concluded an agreement with AVRD, for the purchase of its 26% share of the mining titles of the Doornkop South Reef. From an accounting perspective, the sale of the 26% share in the mining titles was never recognised and accounted for as an in-substance call option by AVRD over the 26% mineral right. This was due to AVRD not being exposed to any losses relating to the Doornkop mineral right, and entitled at any point in time to repay the Nedbank loan guaranteed by Harmony – thereby becoming unconditionally entitled to the 'upside' in the mineral right. The agreement to purchase AVRD's 26% interest during the 2010 financial year is therefore considered to be a repurchase of the option (equity interest). The difference between the value of the shares issued of R152 million (US$20.5 million) (see note 25), the liability to African Vanguard Resources (Proprietary) Limited (see note 29(a)) and transaction costs, have been taken directly to equity.

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009

27 Provision for environmental rehabilitation

The group's mining and exploration activities are subject to extensive environmental laws and regulations. These laws and regulations are continually changing and 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 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		Provision raised for future rehabilitation		
1 523	**1 530**	Balance at beginning of year	**198**	196
(294)	**(45)**	Disposal of assets	**(6)**	(32)
207	**56**	Change in estimate – Balance sheet	**7**	27
3	**28**	Change in estimate – Income statement	**4**	–
–	**128**	Additions to assets	**17**	–
120	**118**	Time value of money and inflation component of rehabilitation costs (a)	**16**	13
(29)	**(4)**	Translation	**2**	(6)
1 530	**1 811**	Balance at end of year	**238**	198
–	**(119)**	Disposal groups classified as held for sale	**(16)**	–
1 530	**1 692**	**Total provision for environmental rehabilitation**	**222**	198

(a) Includes both continuing and discontinued operations. During the financial year 2010 the group recognised time value of money credit adjustments of R17 million relating to both the sale of Big Bell and reclassification of Mount Magnet to held for sale.

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, the group has estimated that, based on current environmental and regulatory requirements, the total cost for the mines, in current monetary terms, is approximately R2 644 million (US$346.6 million) (2009: R2 203 million (US$285.4 million)). Refer to note 3.4 for the estimations and judgements used in the calculations.

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		27 Provision for environmental rehabilitation cont.		
		Included in the charge to the income statement is an amount R26 million (US$3 million) (2009: R33 million (US$4 million)) relating to the time value of money.		
		Future net obligations		
2 203	**2 644**	Ultimate estimated rehabilitation cost	**347**	285
(1 597)	**(1 702)**	Amounts invested in environmental trust funds (Refer to note 19)	**(223)**	(207)
606	**942**	**Total future net obligations**	**124**	78
		The group intends to finance the ultimate rehabilitation costs from the money invested in environmental trust funds, ongoing contributions, as well as the proceeds on sale of assets and gold from plant clean-up at the time of mine closure. The group has guarantees in place relating to the environmental liabilities. Refer to notes 19 and 36.		
		28 Retirement benefit obligation and other provisions		
		Non-current		
152	**153**	Retirement benefit obligation (Refer to note 32)	**20**	20
14	**16**	Other	**2**	2
166	**169**	Total non-current provisions	**22**	22
		29 Borrowings		
		Unsecured borrowings		
32	**–**	Africa Vanguard Resources (Proprietary) Limited (a)	**–**	4
32	**–**	**Total unsecured non-current borrowings**	**–**	4

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		29 Borrowings cont.		
		Secured borrowings		
–	**–**	Nedbank Limited (b)	**–**	–
224	**–**	Liability amount	**–**	29
(224)	**–**	Less: current portion	**–**	(29)
78	**59**	Westpac Bank (c)	**8**	10
106	**91**	Liability amount	**12**	14
(28)	**(32)**	Less: current portion	**(4)**	(4)
–	**922**	Nedbank Limited (d)	**121**	–
–	**1 110**	Principal amount	**146**	–
–	**(11)**	Less: unamortised issue costs	**(2)**	–
–	**(177)**	Less: current portion	**(23)**	–
78	**981**	**Total secured non-current borrowings**	**129**	10
110	**981**	Total non-current borrowings	**129**	14
252	**209**	Total current portion of borrowings	**27**	33
362	**1 190**	**Total borrowings**	**156**	47

(a) The loan to AVRD from its holding company African Vanguard Resources (Proprietary) Limited has been derecognised during the year. Refer to note 26(f). The loan was unsecured and interest free.

(b) On 30 July 2003, AVRD partially funded the purchase of an undivided 26% share of the Mining titles relating to the Doornkop South Reef project, with a R140 million (US$19.1 million) Nedbank term loan facility. This facility to AVRD was guaranteed by Harmony and certain of its subsidiaries. As a result of this guarantee and other factors, the company was required to consolidate AVRD into the group.

On 31 March 2010, the company settled this facility as part of the purchase consideration. Refer to note 26(f). Interest on the loan facility accrued at a variable rate equal to JIBAR plus 2% and was payable on settlement of the loan amount. Interest accrued and capitalised during the year, up to settlement date, amounted to R18 million (US$2.2 million) (2009: R30 million (US$3.3 million)).

Following the settlement of the loan facility Harmony is no longer required to consolidate AVRD as part of the group.

SA rand			US dollar	
2009	2010	Figures in million	2010	2009

29 Borrowings cont.

(c) In July 2007, Morobe Consolidated Goldfields (MCG) entered into a finance lease agreement with Westpac Bank for the purchase of mining fleet to be used on the Hidden Valley project.

During the financial year 2009, MCG sold 50% of the finance lease liability to Newcrest in terms of the Master Purchase and Farm-In agreement.

Interest is charged at US – LIBOR plus 1.25% per annum. Interest is accrued monthly and lease instalments are repayable quarterly terminating 30 June 2013. The mining fleet financed is used as security for these loans.

The future minimum lease payments are as follows:

2009	2010		2010	2009
30	**33**	Due within one year	**4**	4
36	**40**	Due between one and two years	**5**	5
44	**20**	Due between two and five years	**3**	6
110	**93**		**12**	15
(4)	**(2)**	Future finance charges	**–**	(1)
106	**91**		**12**	14

(d) On 11 December 2009, the company entered into a loan facility with Nedbank Limited, comprising a term facility of R900 million (US$119.4 million) and a revolving credit facility of R600 million (US$79.6 million). The facility was utilised to fund the acquisition of the Pamodzi FS assets (refer to note 16) as well as the group's major capital projects and working capital requirements. Interest accrues on a day to day basis over the term of the loan at a variable interest rate, equal to 3 month JIBAR plus 3.5%. Interest is repayable quarterly.

The term facility is repayable bi-annually in equal instalments of R90 million (US$11.8 million) over five years. The revolving credit facility is repayable after three years. The term facility is fully drawn and R300 million (US$40.5 million) was drawn on the revolving credit facility.

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009

29 Borrowings cont.

(e) On 12 November 2009, the Australian operations raised a new loan with BMW Finance of R27 million (US$3.6 million) for insurance premium funding. A deposit of R5 million (US$0.7 million) was paid. The loan bore interest at 6.1% and was repayable monthly in equal instalments of R2.8 million (US$0.4 million) with the last instalment paid in June 2010.

The exposure of the group's borrowings to changes in interest rates and contractual repricing is as follows:

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
78	**1 190**	Variable	**156**	10
252	**–**	Current	**–**	33
–	**–**	Between 1 to 2 years	**–**	–
–	**–**	Between 2 to 5 years	**–**	–
32	**–**	Over 5 years	**–**	4
362	**1 190**	**Total borrowings**	**156**	47
21.6%	**100.0%**	Variable	**100.0%**	21.6%
69.6%	**0.0%**	Current	**0.0%**	69.6%
0.0%	**0.0%**	Between 1 to 2 years	**0.0%**	0.0%
0.0%	**0.0%**	Between 2 to 5 years	**0.0%**	0.0%
8.8%	**0.0%**	Over 5 years	**0.0%**	8.8%
100.0%	**100.0%**	**Total borrowings**	**100.0%**	100.0%

The maturity of borrowings is as follows:

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
252	**209**	Current	**27**	33
35	**215**	Between 1 to 2 years	**28**	4
43	**766**	Between 2 to 5 years	**101**	6
32	**–**	Over 5 years	**–**	4
362	**1 190**	**Total borrowings**	**156**	47

The effective interest rates at balance sheet date were as follows:

	US dollar 2010	US dollar 2009
Africa Vanguard Resources (Proprietary) Limited (a)#	**0.0%**	0.0%
Nedbank Limited (b)*	**0.0%**	11.9%
Westpac Bank (c)	**2.0%**	2.0%
Nedbank Limited (d)	**10.1%**	0.0%
BMW Financing (e)*	**0.0%**	0.0%

 # Derecognised as AVRD is no longer a SPE

** Loan repaid in full*

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009

29 Borrowings cont.

Other borrowings

The level of Harmony's borrowing powers, as determined by its Articles of Association, shall not except with the consent of Harmony's general meeting, exceed R40 million or the aggregate from time to time of the issued and paid-up share capital of the company, together with the aggregate of the amounts standing to the credit of all distributable and non-distributable reserves (including minority interests in subsidiary companies and provisions for deferred taxation) and any share premium accounts of the group.

30 Trade and other payables

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		Financial liabilities:		
486	**417**	Trade payables	**54**	63
67	**38**	Other liabilities	**5**	8
		Non-financial liabilities:		
298	**333**	Payroll accruals	**44**	39
236	**260**	Leave liabilities	**34**	31
156	**159**	Shaft-related accruals	**21**	20
206	**175**	Other accruals	**23**	27
11	**31**	Value added tax	**4**	1
1 460	**1 413**		**185**	189
–	**(3)**	Disposal groups classified as held for sale	**–**	–
1 460	**1 410**	**Total trade and other payables**	**185**	189

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 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
232	**236**	Balance at beginning of year	**31**	29
(252)	**(262)**	Benefits paid	**(35)**	(27)
(20)	**–**	Movement due to sale of business	**–**	(2)
(9)	**(2)**	Translation	**–**	(1)
285	**289**	Total expense per income statement	**38**	32
236	**261**		**34**	31
–	**(1)**	Disposal groups classified as held for sale	**–**	–
236	**260**	**Balance at end of year**	**34**	31

Notes to the group financial statements cont.

For the years ended 30 June 2010

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		31 Cash generated by operations		
		All amounts disclosed include discontinued operations.		
		Reconciliation of profit before taxation to cash generated by operations:		
3 851	**143**	Profit before taxation[1]	**20**	405
		Adjustments for:		
1 467	**1 375**	Amortisation and depreciation	**181**	167
484	**331**	Impairment of assets	**43**	61
(2 751)	**(104)**	Profit on sale of mining assets	**(14)**	(287)
6	**(14)**	Net (decrease)/increase in provision for post retirement benefits	**(3)**	1
3	**18**	Net increase in provision for environmental rehabilitation	**2**	–
(12)	**(56)**	(Profit)/loss from associates	**(7)**	(1)
112	**–**	Impairment of investment in associate	**–**	14
113	**148**	Share-based payments	**20**	13
101	**(38)**	Net (gain)/loss on financial instruments	**(5)**	10
(1)	**–**	Profit on sale of investment in associate	**–**	–
–	**24**	Loss on sale of investment in subsidiary	**3**	–
(2)	**(3)**	Dividends received	**–**	–
(455)	**(184)**	Interest received	**(25)**	(51)
232	**229**	Interest paid	**30**	26
100	**(16)**	Provision for doubtful debts	**(2)**	11
31	**29**	Bad debts written off	**4**	3
5	**42**	Other non cash transactions	**8**	–
		Effect of changes in operating working capital items:		
(132)	**(100)**	Receivables	**(13)**	(15)
(177)	**(153)**	Inventories	**(20)**	(20)
(162)	**(60)**	Accounts payable and accrued liabilities	**(8)**	(18)
2 813	**1 611**	**Cash generated by operations**	**214**	319

[1] Includes discontinued operations

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009

31 Cash generated by operations cont.

Additional cash flow information

The income and mining taxes paid in the statement of cash flow represents actual cash paid less refunds received.

Acquisitions and disposals of subsidiaries/businesses:

For the financial year ended June 2010

(a) Disposal of Big Bell Operations

On 10 January 2010, the group concluded the sale of Big Bell Operations (Proprietary) Limited, a wholly owned subsidiary operating in Western Australia, for a total consideration of R24 million (US$3.2 million).

The aggregate fair values of assets and liabilities sold were:

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
–	**64**	Property, plant and equipment	**8**	–
–	**(45)**	Rehabilitation liability	**(6)**	–
–	**5**	Profit on disposal	**1**	–
–	**24**	**Proceeds received in cash**	**3**	–

(b) Acquisition of Pamodzi FS assets.

On 18 February 2010, the group concluded the acquisition of the Pamodzi FS assets for a total consideration of R405 million, of which R280 million (US$36 million) is attributable to property, plant and equipment and R120 million (US$16 million) to inventories.

The principal non-cash transactions for the year were the issue of shares for the acquisition of 26% share of the mining titles on Doornkop South Reef from AVRD (refer to note 25) and share-based payments (refer to note 34).

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		31 Cash generated by operations cont.		
		For the financial year ended June 2009		
		(a) Disposal of Randfontein Cooke Assets		
		During the year, the group disposed of its Cooke and Old Randfontein assets to Rand Uranium, a wholly owned subsidiary. In a related transaction, 60% of Rand Uranium's shares were disposed of to PRF in two tranches. For details, refer to note 21(b).		
		The aggregate fair value of the assets and liabilities sold were:		
		Transaction one		
449	–	Property, plant and equipment	–	42
35	–	Environmental trust fund	–	3
(41)	–	Rehabilitation liability	–	(4)
(19)	–	Other costs	–	(2)
(25)	–	Foreign exchange movements	–	5
1 627	–	Profit on disposal	–	153
2 026	–	**Proceeds received in cash**	–	197
		Transaction two		
12	–	Property, plant and equipment	–	1
73	–	Environmental trust fund	–	8
(116)	–	Rehabilitation liability	–	(13)
(19)	–	Foreign exchange movements	–	(2)
159	–	Profit on disposal	–	18
109	–	**Proceeds received in cash**	–	12
		(b) MMJV		
		During the year Harmony and Newcrest entered into a joint venture agreement, which provided that Newcrest would purchase a 30.01 participating interest and a further buy-out of an additional 19.99% participating interest in Harmony's MMJV gold and copper assets.		
		The aggregate fair value of the assets and liabilities sold were:		
		Stage 1: 30.01% participating interest		
1 404	–	Property, plant and equipment	–	185
42	–	Trade and other receivables	–	6
7	–	Inventory	–	1
(74)	–	Long-term loans	–	(10)
(3)	–	Rehabilitation liability	–	–
–	–	Foreign exchange movements	–	(11)
416	–	Profit on disposal	–	58
1 792	–	**Proceeds received in cash**	–	229

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		31 Cash generated by operations cont.		
		Stage 2: 10% participating interest		
512	–	Property, plant and equipment	–	52
7	–	Trade and other receivables	–	1
8	–	Inventory	–	1
(30)	–	Long-term loans	–	(3)
(50)	–	Trade and other payables	–	(5)
(1)	–	Rehabilitation liability	–	–
439	–	Profit on disposal	–	44
885	–	Disposal proceeds	–	90
-	–	Proceeds received in cash	–	–
885	–	**Proceeds received by way of the farm-in agreement**	–	90
		Stage 3: 9.99% Participating interest		
556	–	Property, plant and equipment	–	72
13	–	Trade and other receivables	–	2
24	–	Inventory	–	3
(21)	–	Long-term loans	–	(3)
(45)	–	Trade and other payables	–	(6)
(22)	–	Rehabilitation liability	–	(3)
76	–	Profit on disposal	–	10
581	–	Disposal proceeds	–	75
(47)	–	Proceeds received in cash	–	(6)
534	–	**Proceeds received by way of the farm-in agreement**	–	69

The principal non-cash transactions for the year were the acquisition of PNG royalty agreement (refer to note 16(c)), share-based payments (refer to note 34) and share exchange of Dioro for Avoca (refer to note 20(b)).

SA rand		Figures in million	US dollar	
2009	2010		2010	2009

32 Retirement benefit obligations

(a) **Pension and provident funds:** The group contributes to several pension and provident funds governed by the Pension Funds Act, 1956 for the employees of its South African subsidiaries. The pension funds are multi-employer industry plans. The group's liability is limited to its annually determined contributions.

The provident funds are funded on a ''money accumulative basis" with the members' 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) fund in accordance with the Superannuation Guarantee Scheme (SGS). The SGS is a Federal Government initiative enforced by law which compels employers to make regular payments to regulated funds providing for each employee on their retirement. The SGS were set at a minimum of 9% of gross salary and wages for the 2010 financial year (2009: 9%). The fund is a defined contribution plan.

Substantially all the group's employees are covered by the above mentioned retirement benefit plans. Funds contributed by the group for the 2010 financial year amounted to R418 million (US$55.2 million) (2009: R358 million (US$39.8 million)).

(b) **Post-retirement benefits other than pensions:** Most of the supervisory and managerial workers in South Africa participate in the Minemed medical scheme, as well as other medical schemes. The group contributes to these schemes on behalf of current employees and 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 R106 million (US$13.9 million) for 2010 and R78 million (US$8.6 million) for 2009.

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009

32 Retirement benefit obligations cont.

Harmony inherited a post-retirement medical benefit obligation, which existed at the time of the Freegold acquisition in 2002. The group's obligation in this regard, is to pay a subsidy of 2% for every completed year of employment up to a maximum of 50% of total medical aid contributions, commencing on date of retirement. Should the employee die, either in service or after retirement, this benefit will transfer to his/her dependants. The medical aid tariffs are based on the Minemed medical scheme options. Except for the pre-mentioned employees, Harmony has no other post-retirement obligation for the other group employees.

Assumptions used to determine this liability include a discount rate of 10.3%, a mortality rate according to the SA 1956/62 mortality table and a medical inflation rate of 8.1%. It is also assumed that all members will retire at the age of 60 and remain on the current benefit option.

The liability is based on an actuarial valuation conducted during the financial year ended 30 June 2010, using the projected unit credit method. The next actuarial valuation will be performed on 30 June 2011.

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
152	**153**	Present value of unfunded obligations	**20**	20
		Movement in liability recognised in the balance sheet		
130	**152**	Balance at beginning of year	**20**	17
(3)	**(4)**	Contributions paid	**(1)**	–
10	**4**	Other expenses included in staff costs/ current service cost	**1**	1
15	**15**	Interest cost	**2**	2
–	**7**	Net actuarial loss recognised during the year[1]	**1**	–
–	**(21)**	Curtailments[2]	**(3)**	–
152	**153**	**Balance at end of year**	**20**	20

[1] The net actuarial loss recognised during the 2008 year was R12 million (US$2 million), 2007 year a gain of R12 million (US$2 million) and in the 2006 financial year a loss of R9 million (US$1.3 million).

[2] The terms of employment of 124 members changed, resulting in a reduction of the liability of R21 million (US$2.8 million).

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		32 Retirement benefit obligations cont.		
		The principal actuarial assumptions used for accounting purposes were:		
10.0%	**10.3%**	Discount rate	**10.3%**	10.0%
7.8%	**8.1%**	Healthcare inflation rate	**8.1%**	7.8%
60	**60**	Normal retirement age	**60**	60
		The net liability of the defined benefit plan is as follows:		
152	**153**	Present value of defined benefit obligation	**20**	20
–	**–**	Fair value of plan assets	**–**	–
152	**153**	**Net liability**	**20**	20
		The present value of the defined benefit obligation was R130 million (US$17 million) in the 2008 financial year, R107 million (US$15.2 million) in 2007 and R107 million (US$14.9 million) in 2006.		
		The effect of a one percentage point increase and decrease in the assumed medical cost trend rates is as follows:		
1% Increase	**1% Increase**		**1% Increase**	1% Increase
		Effect on:		
3	**4**	Aggregate of service cost and interest cost	**1**	–
26	**25**	Defined benefit obligation	**4**	3
1% Decrease	**1% Decrease**		**1% Decrease**	1% Decrease
		Effect on:		
3	**3**	Aggregate of service cost and interest cost	**1**	–
21	**20**	Defined benefit obligation	**4**	3

The group expects to contribute approximately R4.5 million (US$0.6 million) to its benefit plan in 2011.

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		33 Employee benefits		
		Number of permanent employees as at 30 June:		
		South African operations*	**36 204**	37 316
		International operations**	**1 105**	979
		Total number of permanent employees	**37 309**	38 295
		Aggregated earnings		
		The aggregate earnings of employees including directors were:		
4 585	**5 428**	Salaries and wages and other benefits	**716**	509
363	**414**	Retirement benefit costs	**55**	40
78	**106**	Medical aid contributions	**14**	9
5 026	**5 948**	**Total aggregated earnings**	**785**	558

Directors' remuneration is fully disclosed in the Directors' report.

* No employees were attributable to the discontinued operations at 30 June 2010 (2009: 0)

** The total number of employees at the Australian operations at 30 June 2010 was 56 (2009: 48). Of this total, 12 employees (2009: 0) were attributable to the discontinued operations. The total for the international operations includes the joint venture employees.

During the 2010 financial year, R39 million (US$5 million) (2009: R14 million (US$2 million)) was included in the payroll cost for termination costs. This excludes the cost of the voluntary retrenchment process (refer to note 5).

34 Share option scheme

The group currently has the 2001, 2003 schemes and the 2006 share plan that are active. The objective of these schemes is to recognise the contributions of senior staff to the group's financial position and performance and to retain key employees.

The options granted under the 2001 and 2003 schemes

A fifth of the options granted under the 2001 and 2003 schemes are exercisable annually from grant date with an expiry 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	2010	2009
Share options granted	**28 442 420**	28 442 420
Exercised	**19 133 887**	18 570 971
Vested but not exercised	**2 264 585**	1 791 215
Unvested	–	1 059 343
Forfeited and lapsed	**7 043 948**	7 020 891
Vesting periods of unvested shares		
Within one year	–	1 059 343
Total number of shares unvested	–	1 059 343

No options were granted in the 2010 and 2009 financial years for the 2001 and 2003 option schemes.

Activity on share options granted but not yet exercised	Shares	Weight average option price (SA rand)
For the year ended 30 June 2010		
Balance at beginning of year	**2 850 558**	**47.58**
Options exercised	**(562 916)**	**44.16**
Options forfeited and lapsed	**(23 057)**	**43.75**
Balance at end of year	**2 264 585**	**48.47**
For the year ended 30 June 2009		
Balance at beginning of year	4 528 239	49.14
Options exercised	(1 321 303)	51.42
Options forfeited and lapsed	(356 378)	53.12
Balance at end of year	2 850 558	47.58

The details pertaining to share options issued and exercised by directors during the year are disclosed in the Directors' report.

34 Share option scheme cont.

List of options granted but not yet exercised (listed by grant date)	As at 30 June 2010	Option plan (SA rand)	Remaining life (years)
24 April 2001	**17 000**	36.50	0.8
20 November 2001	**167 901**	49.60	1.4
23 September 2002	**–**	66.00	2.2
27 March 2003	**125 300**	91.60	2.7
10 August 2004	**482 967**	66.15	4.1
26 April 2005	**1 471 417**	39.00	4.8
Total option granted but not yet exercised	**2 264 585**		

The number of shares held by the Harmony Share Trust at year end amounted to 63 500 (2009: 63 500). This trust is considered to be an SPE and is therefore consolidated in accordance with the group's accounting policies.

List of options granted but not yet vested (listed by grant date)	2010	2009
10 August 2004	**–**	316 498
26 April 2005	**–**	742 845
Total options granted but not yet vested	**–**	1 059 343

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
102	**44**	Average market price options traded during the year	**6**	11
128	**61**	Average fair value of share options vested during the year	**8**	14
6	**3**	Share-based cost recognised	**–**	1

	Option allocation 10 August 2004	Option allocation 26 April 2005
The share-based cost is calculated using the binominal valuation model based on the following assumptions at grant date:		
Price at date of grant (SA rand per share)	66.15	39.00
Risk-free interest rate:	9.9%	8.4%
Expected volatility:	40.0%	35.0%
Expected dividend yield:	0.0%	0.0%
Vesting period:	5 years	5 years

Share-based payments are measured at the fair value of the equity instruments at the date of the grant. The cost is expensed over the vesting period, based on the group's estimate of the options that are expected to eventually vest.

The only vesting conditions for the 2001 and 2003 schemes is that the employees should be in the employment of the group.

The volatility measured at the standard deviation of expected share price returns were based on statistical analysis of daily share prices over the last three years before grant date.

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 performance conditions have been satisfied. The SARs will vest in equal thirds in year 3, 4 and 5 after grant date, subject to the performance conditions having been satisfied. The SARs have an expiry date of six 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.

34 Share option scheme cont.

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 2010, 4 361 937 PS and 7 992 023 SARS (2009: 3 718 127 PS and 5 284 500 SARs) had been allocated to participating employees.

Termination of employees participation in the share plan is based on "No Fault" and "Fault" definitions.

In the case of SARs, if employment is terminated for No Fault reasons, then the value of the appreciation in all unvested and unexercised SARs is settled in shares or cash at the option of the employer as at the date of termination of employment, after the deduction of any tax payable. The employer has no past practice of settling in cash.

In the case of performance shares, if employment is terminated for No Fault reasons, then

- First the maximum number conditionally awarded is pro-rated for the time period until the termination date;
- Then this adjusted number is reduced to a third on the assumption that Harmony's performance was a median one with one third vesting, after taking into account any portion of shares that have banked already in terms of the 2009 issue;
- And then settled in shares sold on the market for cash, and paid to the participant after the deduction of any tax payable.

In either case, if employment is terminated for Fault reasons, all unvested and un-exercised SARs and all PS not yet vested are lapsed and cancelled.

Number of shares relating to the 2006 share plan at 30 June	2010	2009
Shares granted	**12 353 960**	9 002 627
Vested	**185 473**	–
Performance shares	**–**	–
Share appreciation rights	**185 473**	–
Unvested	**10 082 512**	7 854 749
Performance shares	**3 492 402**	3 302 163
Share appreciation rights	**6 590 110**	4 552 586
Shares forfeited	**2 085 975**	1 147 878
Performance shares	**869 536**	415 964
Share appreciation rights	**1 216 439**	731 914
Vesting periods of unvested shares:		
Within one year	**1 550 416**	503 589
One to two years	**3 463 496**	1 651 892
Two to three years	**2 728 330**	3 675 954
Three to four years	**1 492 598**	1 329 960
Four to five years	**847 672**	693 354
Total number of unvested shares	**10 082 512**	7 854 749

34 Share option scheme cont.

For the year ended 30 June	2010 Shares	2010 Weighted average option price (SA rand)	2009 Shares	2009 Weighted average option price (SA rand)
Balance at beginning of year	**7 854 749**		**4 236 938**	
Performance shares Share appreciation rights	**3 302 164** **4 552 585**	n/a 79.38	**1 341 444** **2 895 494**	n/a 81.04
Options granted	**3 351 333**		**4 325 907**	
Performance shares Share appreciation rights	**643 810** **2 707 523**	n/a 77.28	**2 206 026** **2 119 881**	n/a 77.81
Options lapsed	**(938 097)**		**(708 096)**	
Performance shares Share appreciation rights	**(453 572)** **(484 525)**	n/a 78.54	**(245 306)** **(462 790)**	n/a 92.79
Options vested	**(185 473)**		**–**	
Performance shares Share appreciation rights	**–** **(185 473)**	n/a 112.64	**–** **–**	– –
Balance at end of year	**10 082 512**		**7 854 749**	
Performance shares Share appreciation rights	**3 492 402** **6 590 110**	n/a 77.65	**3 302 164** **4 552 585**	n/a 79.38

List of shares granted but not yet exercised (listed by grant date)	As at 30 June 2010	Strike price (SA rand)	Remaining life (years)
Performance shares			
15 November 2007	**777 910**	n/a	0.40
7 March 2008	**12 308**	n/a	0.70
5 December 2008	**2 058 372**	n/a	1.40
15 November 2009	**643 810**	n/a	2.40
Share appreciation rights			
15 November 2006	**336 552**	112.64	2.38
15 November 2007	**1 729 611**	70.54	3.38
7 March 2008	**46 154**	102.00	3.69
5 December 2008	**1 934 780**	77.81	4.44
16 November 2009	**2 543 015**	77.28	5.40
Total options granted but not yet exercised	**10 082 512**		

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
–	**21**	Average fair value of share options vested during the year	**3**	–
107	**146**	Share-based cost recognised	**19**	12

The share-based cost is calculated using the Monte Carlo simulation on the market-linked PS and Black-Scholes on the SARs. For the 2009 PS allocation the group linked 50% of the share allocation to market conditions and the remaining 50% to non-market internal conditions. The following assumptions were applied at grant date:

34 Share option scheme cont.

	Performance shares	SARs
Price at date of grant (SA rand per share)		
– 15 November 2006 share allocation	n/a	112.64
– 15 November 2007 share allocation (valuation date 21 December 2007)	n/a	68.44
– 15 November 2007 share allocation (valuation date 21 April 2008)	n/a	92.25
– 7 March 2008 share allocation	n/a	102.00
– 5 December 2008 share allocation (valuation date 5 December 2008)	n/a	77.81
– 5 December 2008 share allocation (valuation date 16 February 2009)	n/a	116.90
– 16 November 2009 share allocation (valuation date 27 November 2009)	n/a	81.50
– 16 November 2009 share allocation (valuation date 23 December 2009)	n/a	75.60
– 16 November 2009 share allocation (valuation date 3 May 2010)	n/a	72.14
Risk-free interest rate:		
– 15 November 2006 share allocation	9.58%	8.79%
– 15 November 2007 share allocation (valuation date 21 December 2007)	10.81%	9.84%
– 15 November 2007 share allocation (valuation date 21 April 2008)	11.71%	10.68%
– 7 March 2008 share allocation	11.04%	10.44%
– 5 December 2008 share allocation (valuation date 5 December 2008)	8.55%	8.43%
– 5 December 2008 share allocation (valuation date 16 February 2009)	8.18%	8.30%
– 16 November 2009 share allocation (valuation date 27 November 2009)	0.00%	8.63%
– 16 November 2009 share allocation (valuation date 23 December 2009)	0.00%	8.57%
– 16 November 2009 share allocation (valuation date 3 May 2010)	7.29%	0.00%
Expected volatility*:		
– 15 November 2006 share allocation	34.71%	26.37%
– 15 November 2007 share allocation (valuation date 21 December 2007)	46.32%	35.10%
– 15 November 2007 share allocation (valuation date 21 April 2008)	49.52%	41.72%
– 7 March 2008 share allocation	50.49%	54.50%
– 5 December 2008 share allocation (valuation date 5 December 2008)	56.62%	48.61%
– 5 December 2008 share allocation (valuation date 16 February 2009)	70.86%	49.03%
– 16 November 2009 share allocation (valuation date 27 November 2009)	–	49.29%
– 16 November 2009 share allocation (valuation date 23 December 2009)	–	49.21%
– 16 November 2009 share allocation (valuation date 3 May 2010)	37.34%	–
Expected dividend yield:		
– for all allocations	0.00%	0.00%
Vesting period (from grant date):		
– for all allocations	3 years	5 years

* The volatility is measured as an annualised standard deviation of historical share price returns, using an exponentially weighted moving average (EWMA) model, with a lambda of 0.99. The volatility is calculated on the grant date, and takes into account the previous three years of historical data.

Share-based costs are measured at the fair value of the equity instruments at the date of the grant as defined in IFRS 2. The grant date is the date at which the entity and counterparty have a shared understanding of the terms and conditions of the share-based payment arrangement. The cost is expensed over the vesting period, based on the group's estimate of the options that are expected to eventually vest, within the rules of IFRS 2.

For 15 November 2006, 15 November 2007 and 7 March 2008 issue:
The performance criteria imposed by the board and which must be satisfied before settlement of any PS under these awards are linked to the company's TSR in comparison to the Philadelphia XAU index of international gold and precious metal mining companies (50%) and the JSE Gold Mining index (50%).

The following performance criteria were imposed per the Harmony (2006) Share Plan and must be satisfied before the settlement of any SARs

- that the company's headline earnings per share have grown since the allocation date by a minimum of CPI plus 3%;
- that the company's performance has since the allocation date been a satisfactory achievement in terms of the company's sustainability index.

34 Share option scheme cont.

For 5 December 2008 issue:

The performance criteria, imposed by the board and which must be satisfied before the settlement of any PSs under this award, are linked to the company's TSR (total shareholder return) in comparison to the JSE Gold Index (50%) and the JSE Resource Index (50%);

The following performance criteria were imposed per the Harmony (2006) Share Plan and must be satisfied before the settlement of any SARs:

- that the company's headline earnings per share have grown since the allocation date by more than the CPI.

For 16 November 2009 issue:

The performance criteria, imposed by the board and which must be satisfied before the settlement of any PSs Shares under this award, are as follows:

- 50% of the number shares awarded are to be linked to annual gold production by the company in relation to the targets set annually.
- 50% of the number shares awarded are to be linked to the company's TSR in comparison to the South African gold peers.

The following performance criteria were imposed per the Harmony (2006) Share Plan and must be satisfied before the settlement of any SARs:

- the company's headline earnings per share should grow, since the allocation date, by more than the CPI.

For options granted during the year, the following fair values were used as a basis to recognise share-based payment cost:

- For options measured on 27 November 2009, the value is R44.52 per share for SARs.
- For options measured on 23 December 2009, the value is R39.26 for SARs.
- For options measured on 3 May 2010, the value is R38.49 for PS.

35 Related parties

None of the directors or major shareholders of Harmony or, to the knowledge of Harmony, their families, had interest, direct or indirectly, in any transaction since 1 July 2008 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.

Director and executive management's remuneration is fully disclosed in the Directors' report.

African Rainbow Minerals Limited (ARM) currently holds 14.6% of Harmony's shares. Patrice Motsepe, Andre Wilkens, Joaquim Chissano and Frank Abbott are directors of ARM.

Harmony currently holds 40% of the shares of Rand Uranium. Graham Briggs, Hannes Meyer and Fikile De Buck are directors of Rand Uranium. Dr Simo Lushaba is a member of the Rand Uranium Investment Committee.

A list of the major shareholders can be found on page 357.

A list of the group's subsidiaries, associates and joint ventures has been included in Annexure A.

Notes to the group financial statements cont.

For the years ended 30 June 2010

35 Related parties cont.

Material transactions with associates and joint ventures:

Besides the transactions disclosed below, the group concluded the following transactions with related parties:

- Pamodzi – Refer to note 16.
- AVRD – Refer to note 26.
- On 10 July 2008, the group disposed of its interest in Village Reef Gold Mining Company to To the Point Growth Specialists Investments 2 (Pty) Ltd (To the Point). Bernard Swanepoel was an executive director of both Harmony and To the Point during 2008.

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		Sales and services rendered to related parties		
218	**440**	Associates	**58**	24
2	**6**	Joint venture	**1**	–
220	**446**		**59**	24
		Purchases and services acquired from related parties		
6	**30**	Associates	**4**	1
		Outstanding balances due by related parties		
173	**120**	Associates	**16**	22
75	**990**	Joint venture	**130**	10
248	**1 110**		**146**	32
		Outstanding balances due to related parties		
–	**27**	Associates	**4**	–

Refer to note 24 for detail on the items relating to the loans to/(from) associates and joint ventures and provisions raised against these loans.

36 Commitments and contingencies

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		Capital expenditure commitments		
248	**128**	Contracts for capital expenditure	**17**	32
230	**207**	Share of joint venture's contract for capital expenditure	**27**	30
734	**1 006**	Authorised by the directors but not contracted for	**132**	95
1 212	**1 341**	**Total capital commitments**	**176**	157

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

The group is contractually obliged to make the following payments in respect of operating leases, including for land and buildings, and for mineral tenement leases:

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
40	**28**	Within one year	**4**	5
10	**9**	Between one year and five years	**1**	1
50	**37**		**5**	6

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
		36 Commitments and contingencies cont.		
		This includes R7 million (US$0.9 million) for the MMJV. For details on the group's finance leases, refer to note 29.		
		Contingent liabilities		
25	**25**	Guarantees and suretyships	**3**	3
301	**513**	Environmental guarantees (i)	**67**	39
326	**538**		**70**	42

(i) Included in the balance for the 2010 financial year is an amount of R130 million (US$17.0 million) (2009: R130 million (US$16.8 million)) relating to guarantees provided for the Rand Uranium transaction. These guarantees will be cancelled once Rand Uranium puts its own guarantees in place. R112 million (US$14.6 million) has been pledged as collateral for environmental guarantees in favour of certain financial institutions for 2010 and 2009 financial years. Refer to note 18.

(a) **Class action:** On 18 April 2008, Harmony Gold Mining Company Limited was made aware that it had been named or might be named as a defendant in a lawsuit filed in the U.S. District Court in the Southern District of New York on behalf of certain purchasers and sellers of Harmony's American Depository Receipts (ADRs) and options with regard to certain of its business practices. Harmony has retained legal counsel.

During January 2009, the plaintiff filed an Amended Complaint with the United States District Court (Court). Subsequently, the company filed a Motion to Dismiss all claims asserted in the Class Action Case. On 19 March 2010, the Court denied the company's application for dismissal and subsequently the company filed a Motion for Reconsideration in which it requested the Court to reconsider its judgement. This matter was heard on 27 April 2010 and the company's request for reconsideration of judgement was denied. The company is defending the matter and the legal process is taking its course. It is currently not possible to estimate if there will be a financial effect, or what that effect might be.

(b) The group may have a potential exposure to rehabilitate groundwater and radiation that may exist where the group has and/or continues to operate. The group has initiated analytical assessments to identify, quantify and mitigate impacts if and when (or as and where) they arise. Numerous scientific, technical and legal studies are underway to assist in determining the magnitude of the contamination and to find sustainable remediation solutions. The group has instituted processes to reduce future potential seepage and it has been demonstrated that monitored natural attenuation (MNA) by the existing environment will contribute to improvement in some instances. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

(c) Due to the interconnected nature of mining operations, any proposed solution for potential flooding and potential decant risk posed by deep groundwater needs to be a combined one, supported by all the mines located in these goldfields. As a result, the Department of Mineral Resource and affected mining companies are involved in the development of a Regional Mine Closure Strategy. In view of the limitation of current information for the accurate estimation of a liability, no reliable estimate can be made for the obligation.

(d) On 1 December, 2008, we issued 3 364 675 shares to Rio Tinto for the purchase of Rio Tinto's rights to the royalty agreement entered into prior to our acquisition of the Wafi deposits in PNG. The shares were valued at R242 million (US$23 million) on the transaction date. An additional US$10 million in cash will be payable when the decision to mine is made. Of this amount, Harmony is responsible for paying the first US$6 million, with the balance of US$4 million being borne equally by the joint venture partners.

(e) In terms of the sale agreements entered into with Rand Uranium (refer to note 14), Harmony retained financial exposure relating to environmental disturbances and degradation caused by it before the effective date, in excess of R75 million (US$10 million) of potential claims. The likelihood of potential claims cannot be determined presently and no provision for any liability has been made in the financial statements.

37 Subsequent events

Sale of Mount Magnet

On 20 July 2010, the group concluded an agreement with Ramelius Resources Limited to sell its 100% share in Mount Magnet Gold NL (Mount Magnet) for a total consideration of R269 million (US$35 million). The group recognised a profit of R138 million (US$18.4 million). Refer to note 14 in this regard.

Dividends

On 13 August 2010, the board of directors approved a final dividend for the 2010 financial year of 50 SA cents per share. The total dividend amounts to R214 million. As this dividend was declared after the reporting date, it has not been reflected in the financial statements for the period ended 30 June 2010. The dividend was paid on 20 September 2010.

Merriespruit South region and Freegold option

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

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

Evander 6 and Twistdraai

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

Closure of Merriespruit 1

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

38 Segment report

The group has only one product, being gold. In order to determine operating and reportable segments, management reviewed various factors, including geographical location as well as managerial structure. It was determined that an operating segment consists of a shaft or a group of shafts managed by a single general manager and management team.

After applying the quantitative thresholds from IFRS 8, the reportable segments were determined as:

Bambanani, Doornkop, Evander, Joel, Kusasalethu, Masimong, Phakisa, Target, Tshepong, Virginia, Papua New Guinea and Mount Magnet (classified as held-for-sale and discontinued operation). For 2009 the Cooke operations were also classified as held for sale and discontinued operations. All other operating segments have been grouped together under *All other surface operations*, under their classification as either continuing or discontinued.

When assessing profitability, the chief operating decision maker (CODM) considers the revenue and production costs of each segment. The net of these amounts is the operating profit or loss. Therefore, operating profit has been disclosed in the segment report as the measure of profit or loss.

The CODM does not consider depreciation or impairment and therefore these amounts have not been disclosed in the segment report, but does consider capital expenditure which has been disclosed.

Segment assets consist of mining assets included under property, plant and equipment which can be attributed to the shaft or group of shafts. Current and non-current group assets that are not allocated at a shaft level, form part of the reconciliation to total assets.

A reconciliation of the segment totals to the group financial statements has been included in note 39.

38 Segment report cont.

Segment report – 2010 (Rand)

	Revenue Rm	Production cost Rm	Production profit Rm	Mining assets Rm	Capital expenditure Rm	Kilograms produced* kg	Tonnes milled* t'000
Continuing operations							
South Africa							
Underground							
Bambanani	1 114	745	369	954	207	4 137[1]	528
Doornkop	517	410	107	2 837	342	1 950	540
Evander operations	910	859	51	922	175	3 475	788
Joel	524	379	145	175	88	2 006	439
Kusasalethu	1 392	1 091	301	2 974	430	5 444	1 035
Masimong	1 277	702	575	799	177	4 840	899
Phakisa	375	326	49	4 065	486	1 371	339
Target	878	664	214	2 537	382	3 539[2]	777
Tshepong	1 823	1 147	676	3 645	261	6 749	1 518
Virginia operations	1 415	1 340	75	682	180	5 288	1 656
Surface							
All other surface operations	980	632	348	127	84	3 731	9 140
Total South Africa	**11 205**	**8 295**	**2 910**	**19 717**	**2 812**	**42 530**	**17 659**
International							
Papua New Guinea	79	63	16	3 771	541	1 903[3]	304
Total international	**79**	**63**	**16**	**3 771**	**541**	**1 903**	**304**
Total continuing operations	**11 284**	**8 358**	**2 926**	**23 488**	**3 353**	**44 433**	**17 963**
Discontinued operations							
Mount Magnet	–	–	–	226	–	–	–
Total discontinued operations	**–**	**–**	**–**	**226**	**–**	**–**	**–**
Total operations	**11 284**	**8 358**	**2 926**	**23 714**	**3 353**	**44 433**	**17 963**
Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 39)	–	–		15 509			
	11 284	**8 358**		**39 223**			

* Production statistics are unaudited.
[1] 33kg capitalised.
[2] 117kg capitalised.
[3] 1 438kg capitalised.

38 Segment report cont.

Segment report – 2010 (US dollar)

	Revenue US$m	Production cost US$m	Production profit US$m	Mining assets US$m	Capital expenditure US$m	Ounces produced* oz	Tons milled* t'000
Continuing operations							
South Africa							
Underground							
Bambanani	147	98	49	125	28	133 007[1]	582
Doornkop	68	54	14	372	45	62 694	595
Evander operations	120	113	7	121	23	111 724	869
Joel	69	50	19	23	10	64 495	484
Kusasalethu	184	144	40	390	57	175 029	1 141
Masimong	168	93	75	105	23	155 609	991
Phakisa	50	43	7	533	64	44 079	374
Target	116	88	28	333	51	113 782[1]	857
Tshepong	241	151	90	478	35	216 986	1 674
Virginia operations	187	177	10	89	24	170 013	1 826
Surface							
All other surface operations	129	84	45	17	11	119 954	10 077
Total South Africa	**1 479**	**1 095**	**384**	**2 586**	**371**	**1 367 372**	**19 470**
International							
Papua New Guinea	10	8	2	494	71	61 173[1]	335
Total international	**10**	**8**	**2**	**494**	**71**	**61 173**	**335**
Total continuing operations	**1 489**	**1 103**	**386**	**3 080**	**442**	**1 428 545**	**19 805**
Discontinued operations							
Mount Magnet	–	–	–	29	–	–	–
Total discontinued operations	**–**	**–**	**–**	**29**	**–**	**–**	**–**
Total operations	**1 489**	**1 103**	**386**	**3 109**	**442**	**1 428 545**	**19 805**
Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 39)	–	–		2 032			
	1 489	**1 103**		**5 141**			

* Production statistics are unaudited.
[1] 1 061oz capitalised.
[2] 3 762oz capitalised.
[3] 46 223oz capitalised.

38 Segment report cont.

Segment report – 2009 (Rand)

	Revenue Rm	Production cost Rm	Production profit Rm	Mining assets Rm	Capital expendi-ture Rm	Kilograms produced* kg	Tonnes milled* t'000
Continuing operations							
South Africa							
Underground							
Bambanani	924	651	273	705	52	3 780	517
Doornkop	343	281	62	2 544	395	1 311	549
Evander operations	1 514	998	516	940	210	5 912	1 125
Joel	503	366	137	240	56	2 043	513
Kusasalethu	1 422	1 056	366	2 715	422	5 422	962
Masimong	1 215	661	554	665	130	4 791	890
Phakisa	171	107	64	3 658	461	691	185
Target	688	536	152	2 218	342	2 713	644
Tshepong	1 780	978	802	3 634	249	7 178	1 375
Virginia operations	2 033	1 488	545	898	199	8 030	2 261
Surface							
All other surface operations	903	535	368	142	84	3 566	8 867
Total South Africa	**11 496**	**7 657**	**3 839**	**18 359**	**2 600**	**45 437**	**17 888**
International							
Papua New Guinea	–	–	–	3 540	1 782	–	–
Total international	**–**	**–**	**–**	**3 540**	**1 782**	**–**	**–**
Total continuing operations	**11 496**	**7 657**	**3 839**	**21 899**	**4 382**	**45 437**	**17 888**
Discontinued operations							
Cooke operations	614	447	167	–	87	2 500	1 287
Mount Magnet	–	–	–	259	–	–	–
Total discontinued operations	**614**	**447**	**167**	**259**	**87**	**2 500**	**1 287**
Total operations	**12 110**	**8 104**	**4 006**	**22 158**	**4 469**	**47 937**	**19 175**
Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 39)	(614)	(447)		15 867			
	11 496	**7 657**		**38 025**			

* Production statistics are unaudited.

Notes to the group financial statements cont.

For the years ended 30 June 2010

38 Segment report cont.

Segment report – 2009 (US dollar)

	Revenue US$m	Production cost US$m	Production profit US$m	Mining assets US$m	Capital expenditure US$m	Ounces produced* oz	Tons milled* t'000
Continuing operations							
South Africa							
Underground							
Bambanani	103	72	31	91	6	121 530	570
Doornkop	38	31	7	330	44	42 150	605
Evander operations	168	111	57	122	24	190 075	1 241
Joel	56	41	15	31	6	65 684	566
Kusasalethu	158	117	41	352	47	174 321	1 061
Masimong	135	73	62	86	14	154 034	981
Phakisa	19	12	7	474	51	22 216	204
Target	76	60	16	287	38	87 225	710
Tshepong	198	109	89	471	28	230 778	1 516
Virginia operations	226	165	61	116	22	258 170	2 493
Surface							
All other surface operations	100	59	41	18	9	114 648	9 778
Total South Africa	**1 277**	**850**	**427**	**2 378**	**289**	**1 460 831**	**19 725**
International							
Papua New Guinea	–	–	–	458	198	–	–
Total international	**–**	**–**	**–**	**458**	**198**	**–**	**–**
Total continuing operations	**1 277**	**850**	**427**	**2 836**	**487**	**1 460 831**	**19 725**
Discontinued operations							
Cooke operations	69	50	19	–	10	80 377	1 419
Mount Magnet	–	–	–	34	–	–	–
Total discontinued operations	**69**	**50**	**19**	**34**	**10**	**80 377**	**1 419**
Total operations	**1 346**	**900**	**446**	**2 870**	**497**	**1 541 208**	**21 144**
Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 39)	(69)	(50)		2 055			
	1 277	**850**		**4 925**			

* Production statistics are unaudited.

39 Reconciliation of segment information to consolidated income statements and balance sheet

SA rand			US dollar	
2009	2010	Figures in million	2010	2009
		The "reconciliation of segment data to consolidated financials" line item in the segment reports is broken down into the following elements, to give a better understanding of the differences between the income statement, balance sheet and the segment report.		
		Revenue from:		
614	–	Discontinued operations	–	69
		Production costs from:		
447	–	Discontinued operations	–	50
		Reconciliation of cash operating profit to consolidated profit before taxation and discontinued operations:		
12 110	**11 284**	Total segment revenue	**1 489**	1 346
(8 104)	**(8 358)**	Total segment production costs	**(1 103)**	(900)
4 006	**2 926**	Cash operating profit	**386**	446
(167)	–	Less discontinued operations	–	(19)
3 839	**2 926**		**386**	427
(2 002)	**(2 126)**	Cost of sales items other than production costs	**(280)**	(233)
(1 176)	**(1 326)**	Amortisation and depreciation of mining properties, mine development cost and mine plant facilities	**(175)**	(130)
(77)	**(49)**	Amortisation and depreciation of assets other than mining and mining related assets	**(6)**	(9)
(5)	**(29)**	Rehabilitation expenditure	**(4)**	(1)
(44)	**(57)**	Care and maintenance cost of restructured shafts	**(8)**	(5)
(39)	**(205)**	Employment termination and restructuring costs	**(27)**	(4)
(113)	**(148)**	Share-based payments	**(20)**	(13)
(546)	**(331)**	Impairment of assets	**(43)**	(71)
(2)	**19**	Provision for post retirement benefits	**3**	–
1 837	**800**	**Gross profit**	**106**	194

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

SA rand 2009	SA rand 2010	Figures in million	US dollar 2010	US dollar 2009
(329)	**(382)**	Corporate, administration and other expenditure	**(50)**	(36)
(33)	**(81)**	Social investment expenditure	**(11)**	(4)
(259)	**(219)**	Exploration expenditure	**(29)**	(29)
947	**104**	Profit on sale of property, plant and equipment	**14**	114
(101)	**(58)**	Other expenses – net	**(8)**	(3)
2 062	**164**	**Operating profit**	**22**	236
12	**56**	Profit/(loss) from associates	**7**	1
1	–	Profit on sale of investment in associate	**–**	–
(112)	–	Impairment of investment in associate	**–**	(14)
–	**(24)**	Loss on sale of investment in subsidiary	**(3)**	–
(101)	**38**	Net gain/(loss) on financial instruments	**5**	(10)
443	**187**	Investment income	**25**	49
(212)	**(246)**	Finance cost	**(32)**	(24)
2 093	**175**	**Profit before taxation and discontinued operations**	**24**	238
		Reconciliation of total segment assets to consolidated assets includes the following:		
		Non-current assets		
5 754	**6 068**	Property, plant and equipment	**794**	744
2 224	**2 210**	Intangible assets	**290**	288
161	**146**	Restricted cash	**19**	21
1 640	**1 742**	Restricted investments	**228**	212
57	**12**	Investment in financial assets	**2**	7
329	**385**	Investment in associates	**50**	43
1 712	**1 875**	Deferred tax asset	**246**	222
–	**214**	Inventories	**28**	–
75	**75**	Trade and other receivables	**10**	10
		Current assets		
1 035	**987**	Inventories	**129**	134
885	**932**	Trade and other receivables	**122**	115
45	**74**	Income and mining taxes	**10**	6
1 950	**770**	Cash and cash equivalents	**101**	253
–	**–**	Restricted cash	**–**	–
–	**19**	Assets of disposal groups classified as held for sale	**3**	–
15 867	**15 509**	**Total assets**	**2 032**	2 055