

Scope of report

This Annual Report covers the financial year from 1 July 2009 to 30 June 2010 (FY10). Harmony Gold Mining Company Limited (Harmony) is committed to the principle of integrated reporting and has, for the first time, incorporated an account of broader social, environmental and economic performance throughout this report. Together with this annual report, the company has also produced:

- An online Sustainable Development Report 2010, which provides a more detailed account of the environmental, social and governance (ESG) aspects of Harmony's business. The Sustainable Development Report 2010 has been compiled in accordance with the G3 guidelines of the Global Reporting Initiative (GRI) and in alignment with the principles of integrated reporting as recommended by the King Report on Governance for South Africa and the King Code of Governance Principles (collectively King II). This report on sustainable development may be found at www.harmony.co.za/sd/reports/2010.
- An annual report prepared on a Form 20-F, which has been filed with the US Securities and Exchange Commission (SEC), in compliance with the listings regulations of the NYSE.

The joint aim of these reports is that in combination they seek to provide to all Harmony's stakeholders – shareholders, investors, employees, suppliers, regulatory authorities and governments around the world – an informative description of Harmony's business and its operations, and their impacts.

Operational and financial information in this report covers the period FY10 with comparative annual data provided for information purposes. The annual financial statements included in this report have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, the South African Companies Act 1973, the Company Laws Amendment Act (No 24 of 2006), the listings requirements of the JSE Limited and the guidelines of King II.

The mineral resource and mineral reserve information provided in this annual report has been compiled in accordance with the South African Code for Reporting of Exploration Results, Mineral Reserves and Mineral Resources (SAMREC), the Australian Code for Reporting Mineral Resources and Mineral Reserves (JORC) and Industry Guide 7 of the United States' SEC. This information has been gathered, reviewed and confirmed by the relevant Competent Persons as defined by SAMREC.

These reports, as well as additional detailed information on Harmony, including its regulatory filings, press releases, stock exchange announcements and quarterly reports, are available on the company's website at www.harmony.co.za.

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

Forward-looking statement

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

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

Although Harmony's management believes that the expectations reflected in such forward-looking statements are reasonable, investors are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Harmony, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. Certain of these risks and uncertainties are discussed in this report on pages 190 to 203 and in the Form 20-F that Harmony has filed with the SEC. The Form 20-F may be downloaded from the company's website at www.harmony.co.za.

This report has been printed on Titan Hi-Q, which was produced in an ISO 14001 accredited facility that ensures all processes involved in production are of the highest environmental standards. FSC Mixed Sources CoC certification ensures fibre is sourced from certified and well managed forests.

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Target, South Africa

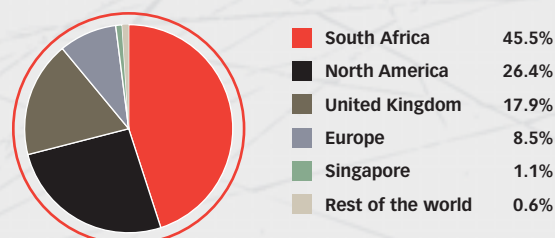
Corporate profile



* The former Pamodzi Gold assets in the Free State, Steyn 2 and Target 3 have been included in Harmony's Bambanani and Target operations respectively.

Harmony, one of the world's ten largest gold mining companies, operates in South Africa and in Papua New Guinea (PNG), where the Hidden Valley mine recently came into production. In FY10, Harmony produced 1.43 million ounces* of gold (FY09:1.46 million ounces).

Geographic distribution of shareholders – 30 June 2010



In South Africa, the company has 10 underground and several surface operations. In PNG, Harmony has a 50% interest in Morobe Mining Joint Ventures (MMJV), which include Hidden Valley, an open-cast gold and silver mine which began production in FY10, the Wafi-Golpu project, and extensive exploration tenements. Harmony's partner in MMJV is Newcrest Mining Limited (Newcrest), which acquired its interest in this venture from Harmony, the original developer, in FY09. Harmony's exploration portfolio focuses principally on highly prospective areas in PNG, through MMJV and the 8 000km² of exploration tenements which are 100% owned by Harmony, as well as exploration projects in South Africa.

At year-end (30 June 2010), the company employed 42 597 people, mostly in South Africa, of whom 36 893 were full-time employees and 5 704 contractors (FY09: 45 685 people, including contractors).

Harmony's corporate headquarters are located in Randfontein, Gauteng, South Africa.

Significant capital expenditure in recent years has aimed at accessing the group's extensive resources and extending the lives of its mines. As at 30 June 2010, Harmony reported mineral reserves of 48.1 million ounces and mineral resources of 189.2 million ounces.

Strategy

Harmony's strategy is to produce 2 million safe and profitable ounces of gold by 2013. Following a review of assets during FY10, action was taken and capital committed to increase production at existing operations, further the development of current projects and advance scoping studies so as to ensure the future production pipeline of tomorrow's gold by growing reserves and resources and strengthening the quality of our asset base. See both the *Chairman's letter* and the *Chief executive officer's review* for further details on Harmony's strategy.

Our challenge going forward is to meet our targets and objectives and, more specifically, to deliver consistent production results, improve productivity, curb costs and to create and deliver value to shareholders.

Shareholder information

Harmony is a public listed company with its primary listing on the JSE Limited (share code: HAR) in South Africa. Harmony's ordinary shares are also listed on the London Stock Exchange (HRM) and are quoted in the form of American Depositary Receipts on the New York Stock Exchange (HMY). They are also traded over the counter on the Brussels and Berlin exchanges. Harmony voluntarily delisted from Nasdaq in the United States and Euronext Paris on 21 June 2010 and 30 August 2010 respectively.

Harmony's shareholders are located around the world, primarily in South Africa (45%), United States (26%) and the United Kingdom (18%). At 30 June 2010, there were 428.7 million ordinary shares in issue and the company had a market capitalisation of R34.89 billion (US\$4.5 billion).

* Of this, 51 046 ounces were capitalised

Key features – 2010

Operating and financial Strategy

- Safety remains a priority
- Restructured company
- Improving grades
- Positioned to deliver

Operations

- Production of 1.43Moz* of gold
- Commercial production begins at Hidden Valley
- Wafi-Golpu resource increases significantly
- Projects start to gear up
- Mineral reserve levels maintained

Financials

- Revenue of R11.3 billion (US\$1.5 billion)
- Operating margins maintained at a healthy 26%
- Dividend of 50 SA cents per share

** Of this, 51 046 ounces were capitalised*

Sustainability

- Integrated approach to reporting

Safety and health

- 21 fatalities in South Africa and one in PNG
- Illegal miners remain an important area of concern at Free State operations
- Focus on occupational health and employee well-being

Labour practices and human rights

- 7% decrease in employee numbers, a result of shaft closures in South Africa and end of construction in PNG
- In South Africa:
 - HDSAs made up 40% of management and women, 12% of total workforce

Community

- In South Africa, R58.8 million spent on local economic development projects and R23.1 million on corporate social responsibility projects
- In PNG, US\$1.1 million was spent on community programmes
- BBBEE procurement expenditure totalled R2.04 billion (38% of total expenditure)

Environment

- Formal environmental management systems are being rolled out across the group
- Studies undertaken and plans being developed to mitigate impact of operations on Watut River in PNG
- New environmental strategy developed, with group targets set for reductions in fresh water consumption, energy usage, CO₂ emissions, among others.
- Good progress with implementation of Cyanide Code
- Framework developed to establish an internal GHG management strategy for PNG

Key statistics – 2010

Operating and financial

Operating performance		FY10	FY09
Ore milled	000t	17 963	17 888
– Underground	000t	8 519	9 021
– Surface	000t	9 444	8 867
Gold produced ⁽¹⁾	kg	44 433	45 437
	000oz	1 429	1 461
– Underground	kg	38 799	41 871
	000oz	1 248	1 346
– Surface	kg	5 634	3 566
	000oz	181	115
Operating cost	R/kg	195 162	168 661
	US\$/oz	801	583
Yield	g/t	2.39	2.54
– Underground	g/t	4.54	4.64
– Surface	g/t	0.44	0.40
Financial performance			
Revenue	R million	11 284	11 496
	US\$ million	1 489	1 277
Production costs	R million	8 358	7 657
	US\$ million	1 103	850
Cash operating profit	R million	2 926	3 839
	US\$ million	386	427
Operating margin	%	26	33
Net (loss)/profit for the year ⁽²⁾	R million	(192)	2 927
	US\$ million	(24)	311
Total basic (loss)/earnings per share ⁽²⁾	SA cents	(46)	707
	US cents	(6)	75
Total headline (loss)/earnings per share ⁽²⁾	SA cents	(7)	262
	US cents	(1)	29
Capital expenditure	R million	3 353	4 382
	US\$ million	442	487
Market performance			
Average gold price received	R/kg	266 009	250 826
	US\$/oz	1 092	867
R/US\$ exchange rate (average for period)	US\$/oz	7.58	9.00
R/US\$ exchange rate – at end of the period	US\$/oz	7.63	7.72

(1) 1 588 kilograms (51 046 ounces) capitalised.

(2) Includes discontinued operations.

Note: All statistics are for continuing operations unless otherwise stated.



Target, South Africa

Sustainability

Economic		FY10	FY09
Total payments to employees	R million	4 912	5 261
Dividends paid to shareholders	R million	213	–
Payments made to government(taxation and royalties) ⁽²⁾	R million	116	1 335
Equity ownership in the company by HDSAs	%	36	36
BBBEE procurement expenditure in South Africa	R million	2 036	3 190
Occupational health and safety			
FIFR	Per 200 000		
– South Africa	hours	0.04	0.04
– PNG	worked	0.04	0
LTIFR	Per 200 000		
– South Africa	hours	1.54	1.87
– PNG	worked	0.14	0.02
FIFR	Per million		
– South Africa	hours	0.21	0.21
– PNG	worked	0.20	0
LTIFR	Per million		
– South Africa	hours	7.73	9.35
– PNG	worked	0.70	0.20
South Africa			
Shifts lost as a result of occupational illness and injury		27 254	33 432
Noise-induced hearing loss (NIHL) cases identified	Per 1 000 employees	12	10
Silicosis cases identified	Per 1 000 employees	25	11
Total number of new TB cases reported	Per 100 000 employees	3 638	3 628
Number of people on HAART		3 226	4 255
People			
Number of employees and contractors			
– Total		42 597	45 685
– South Africa		40 119	42 278
– PNG		2 478	3 497
Community			
South Africa			
– Corporate social responsibility (CSR) projects	R million	23	17
– Local economic development (LED)	R million	59	11
PNG	US\$ million	1.1	NR
Environment			
Total energy usage			
– South Africa	000MWh	3 659	3 434
– PNG	000MWh	105	NR
Total CO ₂ emissions			
– South Africa	000t CO ₂ e	4 403	4 183
– PNG	000t CO ₂ e	128	44
Total amount of water used for primary activities			
– South Africa	000m ³	44 339	32 971
– PNG	000m ³	1 843	1 312
Total cyanide usage			
– South Africa	t	7 884	6 304
– PNG	t	3 429	NR
Provisions allocated for rehabilitation and closure			
– South Africa	R million	1 987	1 597
– PNG	US\$ million	53	–

(2) Excludes value-added tax/general sales tax
NR= not reported

Operations at a glance

South Africa

Underground operations



Bambanani

Production ⁽¹⁾	4 137kg	133 007oz
Cash operating cost	R176 253/kg	US\$723/oz
Operating profit	R369 million	US\$49 million
Capital expenditure	R207 million	US\$28 million
Mineral resources at year-end	7.4Moz	
Mineral reserves at year-end	1.4Moz	
No of employees (including contractors)	3 887	



Doornkop

Production	1 950kg	62 694oz
Cash operating cost	R200 324/kg	US\$822/oz
Operating profit	R107 million	US\$14 million
Capital expenditure	R342 million	US\$45 million
Mineral resources at year-end	21.6Moz	
Mineral reserves at year-end	0.4Moz	
No of employees (including contractors)	2 649	



Evander

Production	3 475kg	111 724oz
Cash operating cost	R248 190/kg	US\$1 018/oz
Operating profit	R51 million	US\$7 million
Capital expenditure	R175 million	US\$23 million
Mineral resources at year-end	35.1Moz	
Mineral reserves at year-end	12.8Moz	
No of employees (including contractors)	3 331	



Joel

Production	2 006kg	64 495oz
Cash operating cost	R193 019/kg	US\$792/oz
Operating profit	R145 million	US\$19 million
Capital expenditure	R88 million	US\$10 million
Mineral resources at year-end	4.8Moz	
Mineral reserves at year-end	0.5Moz	
No of employees (including contractors)	1 470	



Kusasaletu

Production	5 444kg	175 029 oz
Cash operating cost	R208 864/kg	US\$857/oz
Operating profit	R301 million	US\$40 million
Capital expenditure	R430 million	US\$57 million
Mineral resources at year-end	11.6Moz	
Mineral reserves at year-end	7.5Moz	
No of employees (including contractors)	5 685	



Masimong

Production	4 840kg	155 609oz
Cash operating cost	R146 674/kg	US\$602/oz
Operating profit	R575 million	US\$75 million
Capital expenditure	R177 million	US\$23 million
Mineral resources at year-end	19.2Moz	
Mineral reserves at year-end	1.2Moz	
No of employees (including contractors)	3 205	



Phakisa

Production	1 371 kg	44 079oz
Cash operating cost	R232 190/kg	US\$953/oz
Operating profit	R49 million	US\$6 million
Capital expenditure	R486 million	US\$64 million
Mineral resources at year-end	23Moz	
Mineral reserves at year-end	5.2Moz	
No of employees (including contractors)	3 034	



Target

Production ⁽²⁾	3 539 kg	113 781oz
Cash operating cost	R190 720/kg	US\$783/oz
Operating profit	R214 million	US\$28 million
Capital expenditure	R382 million	US\$51 million
Mineral resources at year-end	12.5Moz	
Mineral reserves at year-end	2.8Moz	
No of employees (including contractors)	3 078	



Tshepong

Production	6 749kg	216 986oz
Cash operating cost	R164 938/kg	US\$677/oz
Operating profit	R676 million	US\$90 million
Capital expenditure	R261 million	US\$35 million
Mineral resources at year-end	12.4Moz	
Mineral reserves at year-end	3.9Moz	
No of employees (including contractors)	5 097	



Virginia

Production	5 288kg	170 013oz
Cash operating cost	R252 537/kg	US\$1 036/oz
Operating profit	R75 million	US\$10 million
Capital expenditure	R180 million	US\$24 million
Mineral resources at year-end	12.7Moz	
Mineral reserves at year-end	0.6Moz	
No of employees (including contractors)	4 036	

Surface operations



Kalgold

Production	1 526kg	49 063oz
Cash operating cost	R182 215/kg	US\$748/oz
Operating profit	R116 million	US\$15 million
Capital expenditure	R11 million	US\$1 million
Mineral resources at year-end	3.7Moz	
Mineral reserves at year-end	0.8Moz	
No of employees (including contractors)	480	



Phoenix

Production	647kg	20 801oz
Cash operating cost	R185 762/kg	US\$762/oz
Operating profit	R52 million	US\$7 million
Capital expenditure	R5 million	US\$1 million
Mineral resources at year-end	0.9Moz	
Mineral reserves at year-end	0.9Moz	
No of employees (including contractors)	1 193	



Other

Production	1 558kg	50 090oz
Cash operating cost	R140 965/kg	US\$622/oz
Operating profit	R183 million	US\$24 million
Capital expenditure	R69 million	US\$9 million
Mineral resources at year-end	8.1Moz	
Mineral reserves at year-end	6.3Moz	
No of employees (including contractors)		

Papua New Guinea

Open pit operation



Hidden Valley (50% attributable)

Gold – Production ⁽¹⁾	1 903kg	61 173oz
Silver – Production ⁽²⁾	6 927kg	222 717oz
Cash operating cost	R244 544/kg	US\$1 003/oz
Operating profit	R16 million	US\$2 million
Capital expenditure	R541 million	US\$71 million
Gold – Mineral resources at year-end	2.5Moz	
Mineral reserves at year-end	1.6Moz	
Silver – Mineral resources at year-end	51.2Moz	
Mineral reserves at year-end	32.0Moz	
No of employees (including contractors)	2 476	



Resources and reserves attributable (50%) to Harmony (Hamata, Wafi, Golpu and Nambonga)

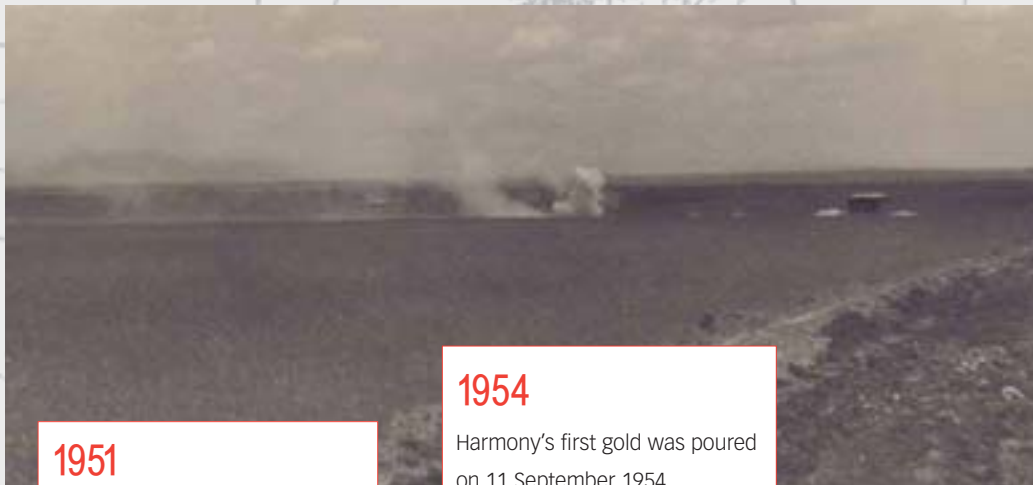
Gold – Mineral resources at year-end	8.3Moz
Gold – Mineral reserves at year-end	0.9Moz

- (1) *Bambanani includes Steyn 2 which has not yet reached commercial levels of production. Consequently 33kg (1 061oz) of Bambanani's production was capitalised.*
- (2) *Target includes Target 3 which has not yet reached commercial levels of production. Consequently 117kg (3 762oz) of Target's production was capitalised.*
- (3) *Includes production for first 10 months while commercial production has not yet been reached. 1 438kg (46 234oz) of gold and 4 504kg (144 821oz) of silver were capitalised.*

Harmony – 60 years on

1950

Harmony is incorporated and registered as a public company in South Africa on 25 August 1950. Initially part of the Rand Mines stable, Harmony later became a Randgold-managed company, exploiting the single Harmony mine lease in the then Orange Free State.



1954

Harmony's first gold was poured on 11 September 1954

1951

Harmony listed on the JSE.



1970s

In the early 1970s, Harmony merged with the then Anglovaal mines, Merriespruit and Virginia, to establish the Harmony Gold Mine with a lease area of 9 933.67ha



1994

On 22 February 1994, following a period of heavy rain, a tailings dam wall just outside Merriespruit, a suburb of the town of Virginia in the Free State, collapsed. This led to the tragic deaths of 17 people.

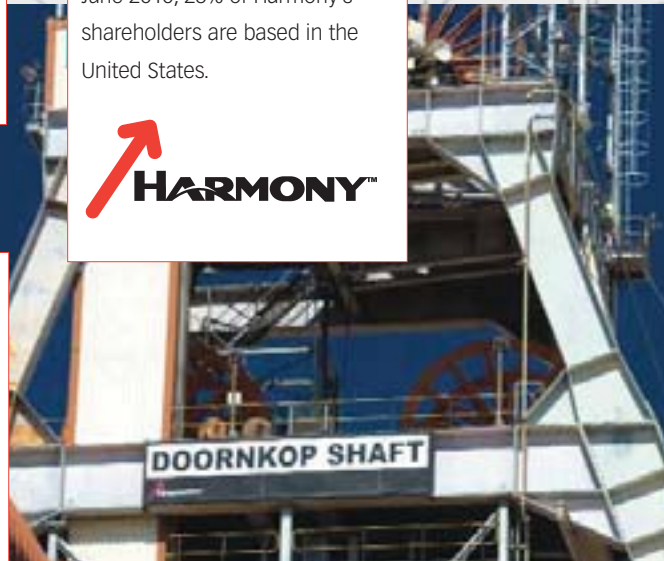
1996

Harmony entered the United States by listing initially on Nasdaq. In 2002, an ADR program was launched on the NYSE. By June 2010, 26% of Harmony's shareholders are based in the United States.



1997

With the dissolution of the service agreement between Randgold and Harmony, Harmony begins operating as a completely independent gold mining company.





1998 – 2004

Harmony embarks on an acquisition strategy in 1997 that sees the company expand from a single, lease-bound mining operation into an independent, world-class gold producer. Between 1998 and 2004, Harmony acquired mining rights in the Free State, Mpumalanga, Gauteng and North West Province in South Africa. These acquisitions included Evander and Masimong in 1998, Kalgold in 1999, Randfontein in 2000 and transactions with AngloGold/Freegold (Joel, 50% of Tshepong) in 2002, ARMgold (Bambanani, Phakisa and Tshepong in its entirety) in 2003 and Avgold (Target) in 2004.

2003

The merger with ARMgold is announced in May of this year and approved by shareholders in August of the same year.

2002

Abelie Limited, together with the Hidden Valley project, was acquired.

2007

Harmony announces in March that it intends to buy back the royalty rights for Hidden Valley in PNG from Rio Tinto. In December of the same year, the company announces an agreement with the Pamodzi Resources Fund in terms of which a new gold and uranium company, Rand Uranium (Pty) Ltd, is established as a stand alone company in which Harmony has a 40% interest.



2008

The Morobe Mining Joint Ventures is established. This is a 50:50 partnership between Harmony and Australian mining company, Newcrest Mining Limited. Following the granting of approval by the PNG government in July 2008, the joint venture officially began in August 2008.

2010

25 August – Harmony is 60 years old – one of the foremost gold mining companies in the world with reserves of 48.1Moz of gold, employing more than 42 000 people at 12 operations in South Africa and one in Papua New Guinea. Gold production in FY10 totalled 1.4Moz*. It is listed on exchanges around the world and at 30 June had 13 474 shareholders and a market capitalisation of close on R35 billion (US\$4.5 billion)

* Of this, 51 046 ounces were capitalised